

**We reiterate our BUY call on BIRD and raise our end-of-FY19 TP to IDR 4,000**, deriving from its three years average PER of 19.0x which provides potential upside of 17.3% from current market price. We slightly raised our earnings by 4.7%/5.5% in FY19/FY20 as we see potential increase on the utilization rate by 1% to 71%/73% as well as earnings increase from recent Cititrans Shuttle acquisition (1.8%-2.8% of BIRD's NPAT). Easing competition and diminishing discount gap pricing with online ride hailing should lift utilization rate for this year. Note that BIRD's utilization rate were at 75%-80% before online ride hailing first established in 2016.

**Cititrans shuttle should provide decent growth.** BIRD recently acquired a transportation shuttle company called Cititrans as part of their expansion plan to monetize the completion of Trans-Java toll road. Citytrans currently owns 130 vehicles that operates in Jakarta-Bandung route. Going forward, the company plans to expand their route network across Java region, especially toward the Central and Eastern Java area. In two years ahead, BIRD is planning to expand their network to 10 different locations, in which company plans to add around 100-120 more vehicles. We estimate Cititrans to book IDR 10 bn NPAT in FY19F, with 21% CAGR growth in the next five years.

**Numerous expansion projects on the pipeline.** We see the company is currently quite aggressive to expand their business. Apart from acquiring Cititrans, BIRD has recently established a joint venture, operating in car auction with Mitsubishi UFJ Lease & Finance Co. Ltd and PT Takari Kokoh Sejahtera, to provide synergy with their existing taxi business. In addition, they are currently in discussion to develop a partnership with one conglomerate group from Japan, though there is no further details being provided at current time.

**Contract renewal and extended scope of partnership with Gojek.** BIRD is currently on discussion with Gojek to renew their contracts and possibly extend their partnership beyond existing scheme (i.e: potential synergy on the payment system). The new contract should provide more volume for BIRD with no significant changes in the revenue/fee scheme.

Highlights (IDR Bn)	2017	2018E	2019F	2020F	2021F
Revenue	4,204	4,215	4,497	4,763	4,941
% growth	-12.3%	0.3%	6.7%	5.9%	3.7%
Gross Profit	1,138	1,186	1,323	1,441	1,515
Net Profit	425	456	528	589	618
% growth	-16.2%	7.4%	15.7%	11.7%	4.8%
Gross Margin (%)	27.1%	28.1%	29.4%	30.2%	30.7%
Net Margin (%)	10.1%	10.8%	11.7%	12.4%	12.5%
Return on Equity (%)	8.6%	8.7%	9.5%	9.9%	9.7%
Return on Assets (%)	6.5%	6.8%	7.6%	8.0%	7.9%
EPS (IDR)	170	182	211	236	247

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Sector	Transportation
Bloomberg Ticker	BIRD IJ
Market Cap. (IDR tn)	7.78
Share Out./Float (mn)	2,502/468
Current Price	IDR 3,410
End-of-FY19 Target Price	IDR 4,000
Upside (%)	17.3%

**Share Price Performance**

52W High (03/21/19)	3,500
52W Low (09/07/18)	2,230
52W Beta	0.69
YTD Change (%)	18.8%

**Relative Valuations**

Trailing P/E	18.8x
Forward P/E	16.2x
P/BV	1.4x
EV/EBITDA	7.6x

<b>Income Statement (IDR Bn)</b>	<b>2017</b>	<b>2018E</b>	<b>2019F</b>	<b>2020F</b>	<b>2021F</b>
<b>Revenue</b>	<b>4,204</b>	<b>4,215</b>	<b>4,497</b>	<b>4,763</b>	<b>4,941</b>
Direct cost	3,066	3,029	3,274	3,470	3,603
<b>Gross Profit</b>	<b>1,138</b>	<b>1,186</b>	<b>1,323</b>	<b>1,441</b>	<b>1,515</b>
Operating Expense	570	594	649	693	729
Gain on disposals of fixed assets	47	38	39	39	39
Penalties and claims	17	18	19	20	21
Other Income/Expense	42	41	44	46	48
<b>EBIT</b>	<b>673</b>	<b>689</b>	<b>775</b>	<b>853</b>	<b>895</b>
<b>EBITDA</b>	<b>857</b>	<b>861</b>	<b>945</b>	<b>1,026</b>	<b>1,070</b>
Net Financing	-111	-77	-62	-55	-57
<b>EBT</b>	<b>562</b>	<b>612</b>	<b>713</b>	<b>798</b>	<b>837</b>
Tax	135	153	182	205	215
Non controlling interest	3	3	3	4	4
<b>Net Profit</b>	<b>425</b>	<b>456</b>	<b>528</b>	<b>589</b>	<b>618</b>

<b>Balance Sheet (IDR Bn)</b>	<b>2017</b>	<b>2018E</b>	<b>2019F</b>	<b>2020F</b>	<b>2021F</b>
Cash & equivalents	474	795	1,033	1,388	1,857
Trade receivables	256	235	262	278	288
Other CA	40	32	35	37	38
<b>Total current assets</b>	<b>771</b>	<b>1,062</b>	<b>1,330</b>	<b>1,702</b>	<b>2,184</b>
Fixed assets	5,606	5,395	5,375	5,385	5,365
Other LT Assets	140	220	282	298	295
<b>Total Assets</b>	<b>6,516</b>	<b>6,677</b>	<b>6,987</b>	<b>7,385</b>	<b>7,844</b>
Trade payables	68	82	89	94	98
ST loans	269	211	180	167	173
Other CL	98	99	106	112	116
<b>Total Current Liabilities</b>	<b>436</b>	<b>392</b>	<b>375</b>	<b>373</b>	<b>387</b>
LT loans	495	421	360	333	346
Other	655	633	675	716	742
<b>Total Liabilities</b>	<b>1,586</b>	<b>1,447</b>	<b>1,410</b>	<b>1,422</b>	<b>1,475</b>
Share & APIC	2,763	2,763	2,763	2,763	2,763
Retained Earnings	2,092	2,389	2,732	3,115	3,517
NCI	75	78	82	85	89
<b>Total Equity</b>	<b>4,931</b>	<b>5,230</b>	<b>5,577</b>	<b>5,963</b>	<b>6,369</b>
<b>Total Equity &amp; Liabilities</b>	<b>6,516</b>	<b>6,677</b>	<b>6,987</b>	<b>7,385</b>	<b>7,844</b>

Cash Flow (IDR Bn)	2017	2018E	2019F	2020F	2021F
<b>Net Income</b>	<b>425</b>	<b>456</b>	<b>528</b>	<b>589</b>	<b>618</b>
Depreciation	184	172	170	173	175
Chg. in NWC	4	45	-17	-6	-4
<b>CF from Operating</b>	<b>613</b>	<b>673</b>	<b>681</b>	<b>756</b>	<b>789</b>
Capital Expenditure	396	39	-150	-183	-155
Chg. in LT Assets	93	-80	-62	-16	3
Chg in LT Liabilities	17	-22	42	40	27
<b>CF from Investing</b>	<b>506</b>	<b>-64</b>	<b>-169</b>	<b>-160</b>	<b>-126</b>
Chg. in Share & APIC	0	0	0	0	0
Chg. in ST Loans	-389	-59	-31	-13	6
Chg. in LT Loans	-691	-73	-62	-26	12
Dividends Paid	-158	-160	-185	-206	-216
Others	2	3	3	4	4
<b>CF from Financing</b>	<b>-1,236</b>	<b>-289</b>	<b>-274</b>	<b>-242</b>	<b>-194</b>
Beginning Cash	592	474	795	1,033	1,388
Change in Cash	-118	321	238	355	470
<b>Ending Cash</b>	<b>474</b>	<b>795</b>	<b>1,033</b>	<b>1,388</b>	<b>1,857</b>

Financial Ratio & Key Assumptions	2017	2018E	2019F	2020F	2021F
<b>Profitability</b>					
ROE	8.6%	8.7%	9.5%	9.9%	9.7%
ROA	6.5%	6.8%	7.6%	8.0%	7.9%
Gross Margin	27.1%	28.1%	29.4%	30.2%	30.7%
Operating Margin	13.5%	14.0%	15.0%	15.7%	15.9%
Net Profit Margin	10.1%	10.8%	11.7%	12.4%	12.5%
<b>Liquidity</b>					
Current Ratio	1.8	2.7	3.5	4.6	5.6
<b>Solvency</b>					
Debt to Equity	0.2	0.1	0.1	0.1	0.1
Debt to Assets	0.1	0.1	0.1	0.1	0.1
<b>Valuation</b>					
Price to Earning (PE)	23.6	21.9	19.0	17.0	16.2
Price to Book (PBV)	1.5	1.5	1.4	1.4	1.3
<b>Key Assumptions</b>					
Utilization rate	66%	67%	71%	73%	73%
Average fleet in operation	15,927	15,434	15,330	15,996	15,997
Average revenue per car per day	605,225	629,434	654,611	664,430	674,397

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