

UNTD IJ • Transportation & Logistics

# Terang Dunia Internusa

## Lacking catalyst leads to disappointing 1Q24 result

**Not Rated**

Target price  
**N/A**

Upside  
**N/A**

Current price (8/7/24)  
**IDR121**

JCI Index	7,212	Market cap (IDRbn)	807	Shares outstanding (mn)	6,667	Free Float (%)	25.0
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### Report summary

#### 1Q24 result was disappointing

UNTD's 1Q24 result was disappointing. Net revenue dropped drastically to IDR105.1bn (-55.4% YoY). As a result, gross profit also decreased substantially to IDR27.4bn (-54.0% YoY). Operating expenses also increase to -IDR12.3bn (+12.8% YoY). This resulted to decrease in operating income to IDR15.6bn (-68% YoY). Net income for the period ended up at IDR3.2bn (-90% YoY). The extremely poor result for 1Q24 is mainly due to weaker automotive result and weak demand for 2W EV.

#### 2W EV demand require government incentive to take off

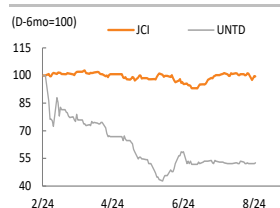
The Indonesian government allocated a USD455mn subsidy to make electric motorcycles more affordable, covering sales of 800,000 electric bikes and converting 200,000 conventional motorcycles. This initiative aims to increase electric motorcycle sales to 13mn and electric car sales to 2mn by 2030.

#### Valuation & Recommendation

Due to weaker result and potentially lacking catalyst, we decided to not provide a rating for UNTD. However, if government incentive to encourage use of 2W EV is further strengthened, we do expect that this becomes a potential catalyst to boost UNTD's performance.

### Key data

#### Price performance



(%)	1M	6M	12M
Absolute	-1.6	-47.8	N/A
Relative	-1.1	-47.5	N/A

#### Earnings and valuation metrics

(FY Dec. 31)	2020A	2021A	2022A	2023A	1Q24
Revenue (IDR bn)	647	502	419	767	105
Operating Profit (IDR bn)	89	91	89	128	16
Net Profit (IDR bn)	47	41	42	70	3
EPS	-	-	3.37	4.24	0.47
P/E (x)	-	-	-	-	368.1
P/BV (x)	-	-	-	-	1.89
ROA (%)	7.9	6.1	5.6	8.3	0.25
ROE (%)	39.0	29.0	25.5	34.6	0.52
ROIC (%)	112.7	51.5	40.9	41.1	3.06

Source: Company data, Mirae Asset Sekuritas Indonesia Research estimates

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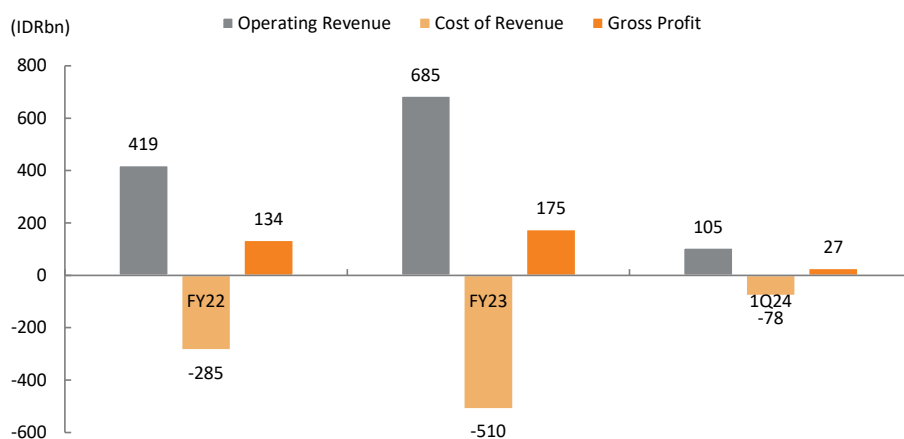
## 1Q24 Financial Performance Result

### Operating Revenue, Cost of Revenue & Gross Profit

As of 1Q24, UNTD recorded revenue of IDR105.1bn in 1Q24 (-55.4% YoY) from IDR235.4bn in 1Q23. The major contributors to UNTD earnings come from the electric motorcycle at IDR42.4bn (-67.0% YoY) followed by electric bicycle at IDR30.9bn (-40.2% YoY). Bicycle sales also go down to IDR30.2bn (-41.4% YoY). Spare parts only reached IDR1.61bn (-44.5% YoY). Overall, a set of disappointing results from UNTD given the reduced purchasing power and reduced popularity of bikes post pandemic.

In 1Q24, the cost of revenue decreased from IDR175.7bn in 1Q23 to IDR77.7bn in 1Q24. We attribute this decline due to a lower net revenue in general. Despite the lower cost of revenue, gross profit still declined to IDR27.4bn (-54.0% YoY).

**Figure 1. Operating Revenue, Cost of revenue & Gross Profit**

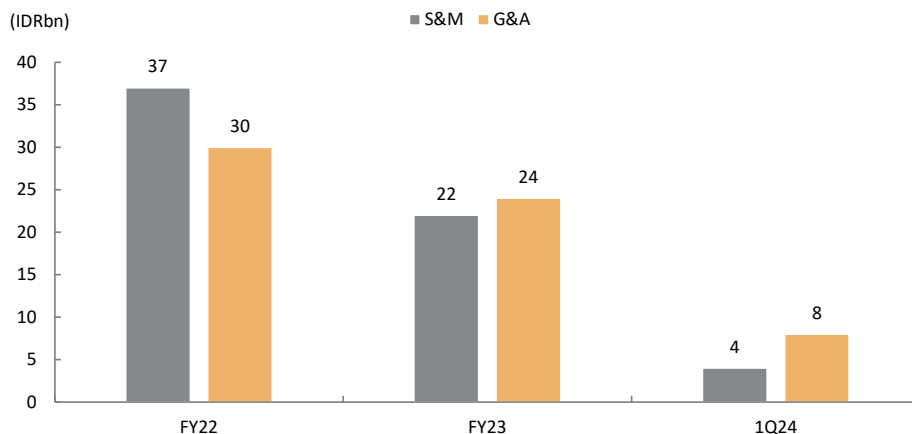


Source: Mirae Asset Sekuritas Indonesia Research

### Operating Expenses

In 1Q24, operating expenses increased to -IDR12.3bn (+12.8% YoY). Selling & marketing (S&M) expenses increased from IDR3.6bn to IDR4.2bn in 1Q24 (+15.5% YoY). General & administrative expenses also increased to IDR8.1bn in 1Q24 (+12.4% YoY). Taking a deeper look into S&M, we see that promotion and marketing increased to IDR4.2bn (+15.5% YoY). General & administrative expenses increase was mainly attributable increased in office supplies (+84.6% YoY), professional fees (+47.0% YoY) and licenses (+229.8% YoY). In terms of selling and marketing expenses, Promotion and marketing increased to IDR1.77bn (+32.5% YoY) and salaries and allowances to IDR1.69bn (+39.9% YoY).

**Figure 2. Operating Expenses**

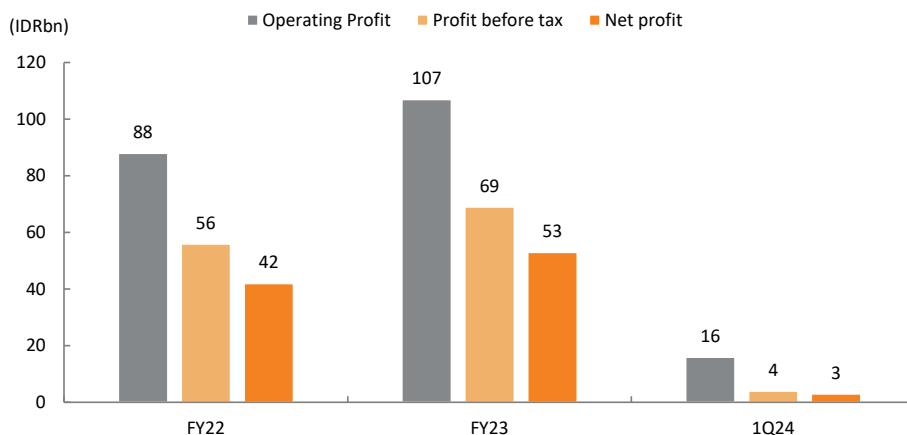


Source: Mirae Asset Sekuritas Indonesia Research

**Operating Profit, Profit Before Tax and Net Profit**

Due to a weaker revenue growth for 1Q24, operating income falls from IDR48.7bn in 1Q23 to IDR15.6bn in 1Q24 (-68.0% YoY). Income before tax decreased from IDR39.7bn in 1Q23 to IDR4.01bn in 1Q24 (-90.0% YoY). This decrease is mainly attributable to lower operating profit and increased financing cost from IDR9.02bn in 1Q23 to IDR12.0bn in 1Q24 (+33.1% YoY) mainly due to increase of bank loans from IDR8.89bn in 1Q23 to IDR11.7bn in 1Q24. As a result, Net income for the period falls drastically to IDR3.16bn for 1Q24 (-90.0% YoY).

**Figure 3. Operating Profit, Profit Before Tax and Net Profit**



Source: Mirae Asset Sekuritas Indonesia Research

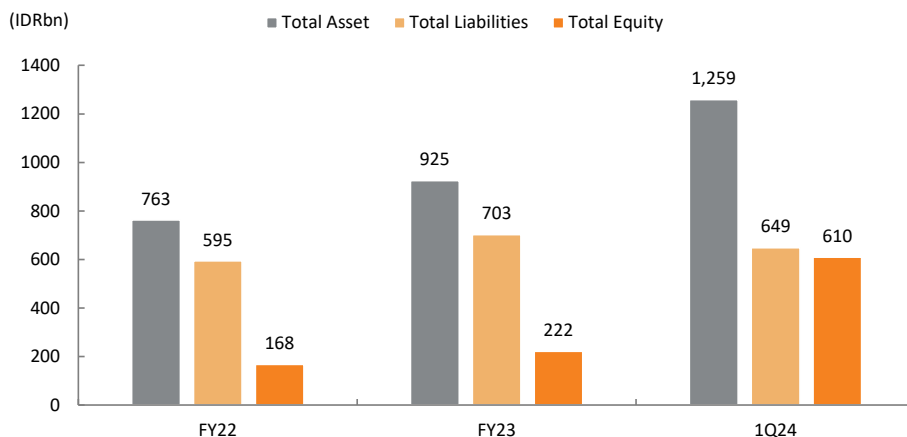
### Balance Sheet

UNTD’s current asset increased from IDR787bn in FY23 to IDR1.11tr in 1Q24. The majority of this increase in current asset can be attributed to an increase in cash and cash equivalent from IDR245mn in FY23 to IDR323bn in 1Q24. The increase in cash and cash equivalent is due to bank loans and proceeds from IPO. Non-current assets increased from IDR137.9bn in FY23 to IDR153.4bn in 1Q24 (+11.3% YoY). This increase is mainly due to advance for acquisition of fixed assets and claim for income tax refund of IDR14.7bn and IDR3.47bn, respectively. Total assets amounted to IDR1.26tr in 1Q24 from IDR925.1bn in FY23.

In terms of current liabilities, UNTD managed to decrease their current liabilities from IDR644.8bn in FY23 to IDR519.7bn in 1Q24. This decline is mainly attributable to smaller bank loans at IDR421.1bn, lower trade payables from IDR87.4bn in FY23 to IDR28.1bn in 1Q24 and advances from customers that decrease from IDR42.7bn in FY23 to IDR18.9bn in 1Q24. For Non-current liabilities , it increased from IDR55.0bn in FY23 to IDR129.6bn in 1Q24. Majority of this increase is mainly attributed to long term debts from bank loans that increased from IDR51.3bn in FY23 to IDR122.8bn in 1Q24. Overall, total liabilities decreased from IDR703.3bn in FY23 to IDR649.4bn in 1Q24.

Total equity manage to increase substantially increase to IDR609.6bn in 1Q24 from IDR221.8bn in FY23 mainly due to proceeds from IPO to the additional in paid in capital of about IDR342.9bn.

**Figure 4. Total Asset, Liabilities and Equity**



Source: Mirae Asset Sekuritas Indonesia Research

## Investment Thesis

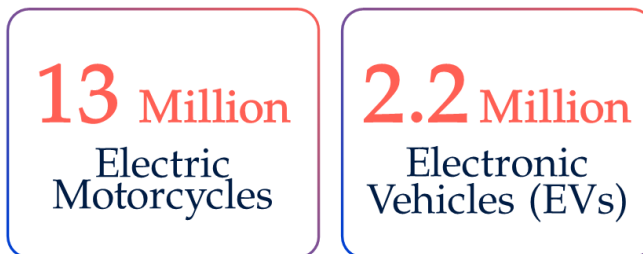
### Government subsidy should help 2W EV sales

#### Indonesia allocates USD455mn for EV motorcycle subsidy

The Indonesian government committed USD455mn to subsidize electric motorcycles, announced at the IEA's 9th Annual Global Conference on Energy Efficiency. The subsidy covers 800,000 new electric motorcycles and converting 200,000 combustion ones. As of mid-May 2024, 30,083 electric motorcycles were acquired. The goal is to subsidize 50,000 electric motorcycles by mid-August/early September 2024. The program provides an IDR7mn discount per electric motorcycle. Indonesia aims for 13mn electric motorcycles and 2 million electric cars by 2030, saving 29.79mn barrels of oil and reducing CO2 emissions by 7.23mn tons. The initiative supports Indonesia's net-zero emissions target by 2060. Infrastructure development includes plans for 48,118 charging stations and 196,179 battery swap units by 2030. We do see this as a positive towards EV motorcycle due to their low volume and penetration rate compared to conventional motorcycle. Incentives to make EV even more affordable would potentially boost sales number.

Figure 5. Indonesia Automotive Electrification Goals for 2030

## Indonesia's Automotive Electrification Goals for 2030



Source: Mirae Asset Sekuritas Indonesia Research, YCP Solidiance

## Case Study: Strong 2W EV adoption in India

India is making significant strides in decarbonizing its road transportation by implementing progressive policies to limit greenhouse gas emissions. With nearly 80% of vehicles on Indian roads being two-wheelers, the country represents the largest untapped EV market in this segment. Currently, electric two-wheelers (e-2Ws) make up about 61% of total EV sales, leading the EV adoption drive. The FAME-II subsidy revision from INR 10,000 to 15,000 per kilowatt-hour (kWh) has reduced the upfront purchase cost of e-2Ws, and several states have introduced their own EV policies to further accelerate adoption.

Despite a dip in overall sales due to the pandemic, the e-2W segment in India is experiencing year-on-year growth. The shift towards cleaner e-2Ws from polluting internal combustion engine variants has increased their market penetration to 0.95%. Although only 28.5% of the 144,000 e-2Ws sold in FY21 benefited from the FAME-II subsidy due to strict guidelines, the market share for high-speed e-2Ws is projected to grow to 46% in the next five years.

The future of two-wheelers in India, such as motorcycles and scooters, is expected to be predominantly electric. These vehicles, which constitute over 70% of all vehicles in the country due to their accessibility and affordability, are set to see a significant shift towards electrification. By 2030, electric two-wheelers are projected to account for 60 to 70 percent of new sales in India. Consumers are not only ready to purchase more electric two-wheelers but are also embracing omnichannel experiences in their buying journeys.

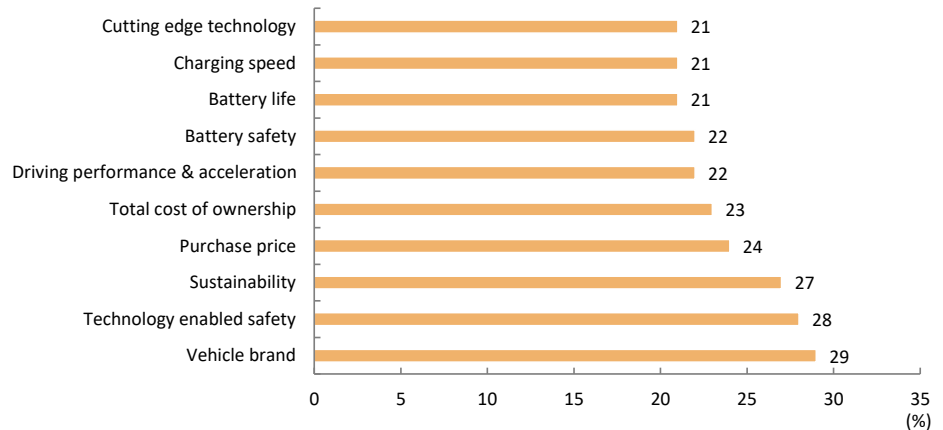
## Current EV business landscape in India

When purchasing their next two-wheeler, Indian consumers prioritize vehicle brand, safety, and sustainability. While they continue to trust established brands, they are also open to new electric vehicle (EV) companies, with over 50% of the electric two-wheeler market now dominated by new entrants. This contrasts with the internal-combustion engine two-wheeler market, historically dominated by incumbents.

Key concerns for electric two-wheeler buyers include battery life, safety, and charging speed, similar to the criteria for four-wheeler EVs. A significant issue is the perceived lack of charging infrastructure, with 35% of consumers feeling their area lacks sufficient facilities. Since 58% of consumers express the need for public charging, better public charger penetration and adequate safety protocols are essential for accelerating electric two-wheeler adoption.

The Indian electric two-wheeler (e-2W) market, while still emerging, has seen significant adoption primarily from private consumers due to price parity with internal combustion engine (ICE) counterparts and increased demand in last-mile connectivity and delivery. E-2Ws offer lower total cost of ownership for commercial use, leading to the rise of startups like Bounce, Vogo, YULU, and Rapido in Tier-I and Tier-II cities, focusing on bike rentals and aggregation models. During the pandemic, these ventures adapted by expanding into e-commerce deliveries and introducing long-term rental and subscription plans, boosting e-2W adoption for both commercial and private use.

**Figure 6. Key Criteria for 2W purchase**



Source: Mirae Asset Sekuritas Indonesia Research, McKinsey & Company

### Challenges that 2W EV adoption in India might face

We spot several challenges that 2W EV in India might face as to the other neighboring SEA countries had faced for 2W EV adoption. A critical issue is the **lack of a common charging infrastructure standard**, essential for commercial applications requiring intra-day charging. Many brands are developing proprietary charging protocols, creating isolated ecosystems that hinder mass adoption and market expansion. Disruptors with innovative partnership models could drive the adoption of a uniform charging standard.

Additionally, the **absence of established dealership and post-sale support networks**, unlike those of incumbent ICE brands, poses a significant hurdle. The availability of aftermarket and OEM parts and maintenance expertise is essential for consumer trust. Startups are beginning to recognize the importance of building robust dealership and post-sale support networks to foster consumer confidence and support mass adoption.

Another challenge is the **lack of an established secondary market ecosystem** for EVs in SEA, which impacts financing and insurance pricing due to the absence of data on residual values and depreciation rates. This presents an opportunity for used EV marketplaces to assure buyers, particularly regarding battery condition.

Moreover, **disruptive financing models** are needed across the on-demand and logistics industries, where employees typically finance their motorcycles at high-interest rates. Enterprise customers could play a key role by financing EVs at lower rates and leasing them to employees, reducing costs and aiding the electric transition and net zero commitments of large platforms.

### Forecast for EV 2W in India going forward

The electric two-wheeler (e-2W) market in India is growing at a CAGR of 66% (until FY 2020). With this growth trajectory, it is estimated that there will be approximately 34.7 million e-2Ws on Indian roads by 2030, achieving a penetration rate of 47%. The Indian government’s think tank, NITI Aayog, aims to electrify 80% of two-wheeler sales by 2030, which would result in about 54.4 million e-2Ws. An optimistic scenario, phasing out ICE two-wheelers by 2030, estimates an e-2W stock of 65.8 million. To achieve complete decarbonization of the two-wheeler segment, India needs to increase the CAGR to around 80% and double the e-2W stock by 2030.

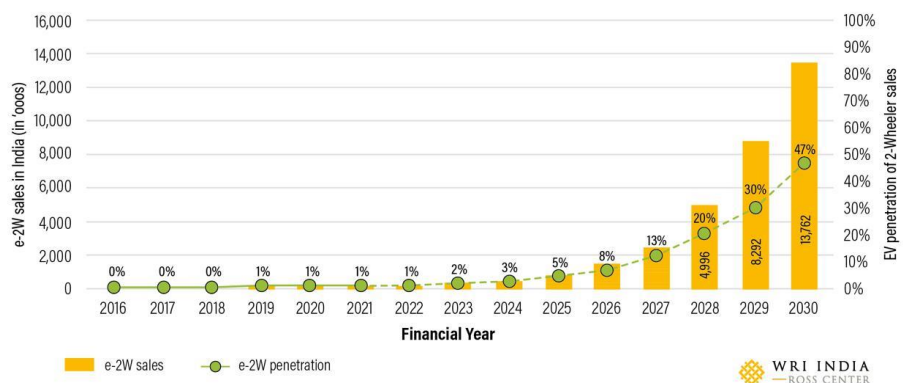


### Conclusion

The future of 2W EV in India is promising, with a significant shift towards electrification driven by consumer readiness and supportive government policies. Challenges such as charging infrastructure, vehicle safety, and battery life need to be addressed to achieve full market penetration. However, the growing consumer preference for premium features and the willingness to pay for upgrades indicate a robust demand for electric two-wheelers. With continued investment in infrastructure and innovative solutions from new market entrants, India is well-positioned to lead the transition to sustainable mobility in the two-wheeler segment.

**Figure 7. Projection of 2W EV adoption in India by 2030**

#### Projected annual e-2W sales under realistic sales scenario by 2030



Source: Mirae Asset Sekuritas Indonesia Research, WRI India Ross Center

## Valuation and Recommendation

### Valuation

At this current moment, we have decided not to give any rating for UNTD given their disappointing performance and lacking enough catalyst to warrant any potential positive share price movement. Despite our less positive view towards UNTD, we remain optimistic towards the industry as we do believe that the future of mobility will require full electrification vehicles in order to run more efficiently. Thus, UNTD should receive some benefit in the future when 2W EV demand increases.

UNTD is currently trading at 1.33x P/BV and 368.09x P/E. At current price, we do think that it is trading at premium price hence our not rated recommendation. Key investment risks include: 1) lower-than-expected performance in the EV product segment; 2) potential challenges arising from relationships and performance issues with related parties; and 3) intense competition within the industry.

Table 1. Peers' comparison

Company name	Market Cap (USDmn)	ROE (%)	Current P/S*	Current P/E*	P/E		EV/EBITDA	
					2024F	2025F	2024F	2025F
<b>Bicycle Manufacturing</b>								
AIMA Technology Group Co Ltd	3,430	23.79	1.01	13.70	11.03	8.97	9.64	8.26
Bafang Electric Suzhou Co Ltd	620	3.45	2.99	45.44	-	-	19.48	11.90
Giant Manufacturing Co Ltd	2,651	10.15	3.93	27.76	25.59	19.37	-	-
HL Corp Shenzhen	207	1.23	1.58	125.62	-	-	-	-
Ideal Bike Corp	93	-11.53	0.90	-	-	-	-	-
Joy Kie Corp Ltd	307	9.98	1.08	19.37	14.54	11.45	8.63	6.68
KMC Kuei Meng International Inc	528	8.42	3.82	26.57	19.17	15.15	10.61	8.26
Merida Industry Co Ltd	2,232	7.20	2.95	47.24	24.95	19.95	19.86	17.60
Shimano Inc	16,287	6.42	5.64	44.28	30.52	29.18	20.17	15.97
Tandem Group PLC	11	-4.89	0.39	-	22.22	-	8.80	-
<b>Motorcycle/Motor Scooter</b>								
Eicher Motors Ltd	14,956	24.22	7.73	31.35	27.85	24.74	25.30	22.45
Gogoro Inc	350	-58.70	1.84	6.76	-	-	20.83	11.43
Hero MotoCorp Ltd	12,480	21.80	2.79	27.98	21.74	19.45	-	-
Niu Technologies	142.7	-22.61	0.76	-	9.61	5.91	2.46	1.81
Pierer Mobility AG	999	8.85	0.34	11.41	-	-	10.25	5.15
TVS Motor Co Ltd	14,507	27.45	3.11	72.23	41.56	29.99	25.20	20.81
Yadea Group Holdings Ltd	4,032	35.10	0.81	10.69	9.34	7.77	4.80	4.00
Zhejiang Qianjiang Motorcycle Co Ltd	1,123	12.23	1.56	14.88	13.36	10.97	6.87	5.56
Gaya Abadi Sempurna Tbk PT	13	7.03	0.26	8.09	-	-	-	-
Allegion plc	11,117	43.22	3.04	19.37	17.62	16.58	13.85	13.16
<b>Bicycle / Motorcycle spare parts</b>								
Fox Factory Holding Corp	1,672	3.43	1.25	27.15	25.48	14.58	12.84	9.71
Jiangsu Xinri E-Vehide Co Ltd	305	5.16	0.59	30.59	-	-	-	-
Giant Network Group Co Ltd	2,602	9.95	5.08	13.36	12.68	11.18	12.31	10.82
Halfords Group PLC	400	3.03	0.18	10.79	15.14	10.81	3.78	3.42
Bridgestone Corp	27,301	9.98	0.89	11.96	10.27	9.47	4.94	4.64
Araya Industrial Co Ltd	204	5.01	0.62	16.37	-	-	-	-
<b>Mean</b>	<b>4,560</b>	<b>7.28</b>	<b>2.12</b>	<b>28.82</b>	<b>19.59</b>	<b>15.62</b>	<b>12.66</b>	<b>10.09</b>
<b>Median</b>	<b>1,061</b>	<b>7.81</b>	<b>1.41</b>	<b>19.37</b>	<b>18.40</b>	<b>14.58</b>	<b>10.61</b>	<b>8.99</b>

Note: \*Data as of August 7<sup>th</sup>, 2024

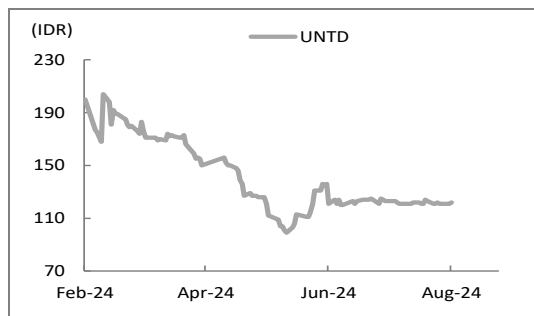
Source: Bloomberg, Mirae Asset Sekuritas Indonesia

# Appendix 1

## Important disclosures and disclaimers

### Two-year rating and TP history

Company	Date	Rating	TP (IDR)
Terang Dunia Internusa (UNTD JJ)	8/8/2024	Not rated	



### Stock ratings

Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

### Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

\* Our investment rating is a guide to the expected return of the stock over the next 12 months.

\* Outside of the official ratings of PT Mirae Asset Sekuritas Indonesia, analysts may call trading opportunities should technical or short-term material developments arise.

\* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

\* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

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