Adi Sarana Armada (ASSA IJ)

Recovery Ahead; Attractive Valuation And Yield

Highlights

- 9M26 results missed on weaker auction segment, softer logistics margins and a one-off pension provision.
- We expect profit to recover next year as auction volumes recover and Caroline sustains its double-digit growth. the B2B logistics segment should continue to scale up.
- Maintain BUY with a lower SOTP-based target price of Rp1,000 (from Rp1,700). It currently trades at 4.3x 2027F P/E with a ~9% dividend yield.

Analysis

- **9M26 results missed on the weaker auction segment, softer logistics margins and a one-off pension provision.** Revenue still grew 6.8% yoy to Rp4.7t, led by rental (+6.3%), logistics (+7.4%) and used cars (+17.4%), while auction revenue fell 27.9% as tighter leasing credit cut the supply of repossessed vehicles.Net profit fell 16.1% yoy to Rp292b as operating margin narrowed to 15.1% (from 18.4%). The auction segment drove 65% of the decline in segment operating profit, falling 84% on a largely fixed cost base, while rising expedition costs and Caroline's shift to cheaper cars weighed on logistics and used-car margins. Excluding a one-off pension provision of about Rp40b, net profit was about Rp322b (-7.7% yoy), or 58% of our previous forecast.
- **Expect a recovery in 2027, albeit with a more conservative outlook.** After booking a record net profit of Rp418b (+71% yoy) in 2025 as it scaled up its end-to-end logistics business, Adi Sarana Armada (ASSA) has seen growth normalise this year, and the company has turned more conservative amid an uncertain macro backdrop, prioritising efficiency and the quality of delivery on existing contracts over aggressive expansion. Going into 2027, the company guides for its usual high single-digit rental growth, double-digit growth in Caroline volume and stable logistics, while auction is starting to show an early sign of recovery as leasing companies stepped up disbursements in 3Q26. We forecast net profit to return to growth at 14% yoy to Rp413b, driven by the absence of the pension provision, a gradual recovery in auction volumes and continued growth in Caroline and logistics.

Key Financials

Year to 31 Dec (Rpb)	2024	2025	2026F	2027F	2028F
Net turnover	4,956	5,989	6,384	7,003	7,572
EBITDA	1,642	1,978	1,916	2,075	2,206
Operating profit	705	1,018	925	1,046	1,141
Net profit	244	418	363	413	475
EPS (Rp)	66.0	113.2	98.3	111.9	128.8
PE (x)	7.3	4.3	4.9	4.3	3.7
P/B (x)	0.9	0.8	0.7	0.7	0.6
EV/EBITDA (x)	3.2	2.5	2.6	2.2	1.9
Dividend yield (%)	10.4	10.4	8.2	9.3	10.7
Net margin (%)	4.9	7.0	5.7	5.9	6.3
Net debt/(cash) to equity (%)	175.4	143.2	132.3	106.4	82.1
Interest cover (x)	2.4	3.5	2.9	3.1	3.4
ROE (%)	12.5	19.1	15.3	15.7	16.2
UOBKH/Consensus (x)	-	-	1.11	1.15	1.23

Source: ASSA, Bloomberg, UOB Kay Hian

Analyst(s)

Willinoy Sitorus
willinoysitorus@kh.co.id
+6221 2993 3845

Audrey Celia
audreycelia@kh.co.id
+6221 2993 3860

BUY (Maintained)

Share Price	Rp482
Target Price	Rp1,000
Upside	+107.5%
Previous TP	Rp1,700

Stock Data

Sector	Transportation & Logistic
Bloomberg ticker	ASSA IJ
Shares issued (m)	3,691
Market cap (Rpb)	1,779
Market cap (US$m)	98
3-mth avg daily t'over (US$m)	0.32

Price Performance (%)

52-week high/low				Rp1,315/Rp452
1mth	3mth	6mth	1yr	YTD
(8.2)	(25.3)	(30.1)	(56.2)	(57.2)

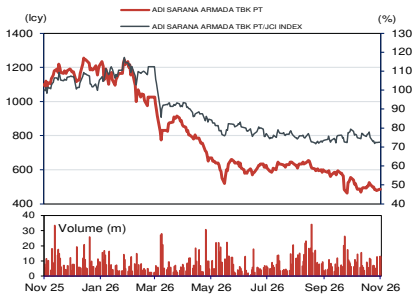
Major Shareholders (%)

Adi Dinamika Investindo	23.1
Daya Adicipta Mustika	17.7
Public	46.6

Balance Sheet Metrics

FY26 NAV/Share (Rp)	643
FY26 Net Debt/Share (Rp)	851

Price Chart



Source: Bloomberg

Company Description

PT Adi Sarana Armada Tbk is a transportation and logistic company based in Indonesia. The Company specializes in providing transportation solutions that encompass car rental for individuals and corporations, logistic transporter, and driver management services.

- **We remain constructive on ASSA's pivot towards B2B integrated logistics.** HM Sampoerna, its first end-to-end client onboarded last year with an initial Rp330b contract covering mid-mile distribution and warehousing, is tracking well. Its contract value has risen about 15% yoy this year as it expanded into raw material warehousing and last-mile delivery to Sampoerna's retail outlets, reflecting a broadening scope of services. We see this as a scalable model to replicate across new clients. The company also noted that several FMCG players have already made enquiries, and a new client could potentially come on board next year. However, management remains conservative, focusing on full delivery of HMSP first. We do not include any new major clients in our forecasts, which presents upside risk.
- **Logistics continues to shift its focus towards efficiency.** Ever since its logistics segment returned to profitability in 2024, ASSA has focused on cost discipline, which we view as increasingly important as intense competition in express delivery limits tariff increases. During our site visit last year, we note that ASSA has deployed robotic sorting in selected hubs, roughly doubling productivity vs manual sorting. More importantly, they are building a megahub in Bekasi, due by end-27, to consolidate its rented hubs in Sunter, Halim, Karawang and Serang, into a single site. This will eliminate multiple sorting layers and lower costs for both express and B2B clients.
- **Auction segment set to recover gradually from 2027, with Caroline still in early growth stage.** Tighter leasing credit cut JBA's auction revenue by 27.9% yoy in 9M26, but conditions are improving. The contraction in car financing has narrowed from 3.6% yoy in May 26 to 2.4% by Jul 26 (OJK), with management seeing a pickup since 3Q26. Given the 8-12-month lag, we expect the auction segment to gradually recover in 2027, although BI's rate hikes may slow the pace. Caroline sold about 4,900 units in 9M26 (vs 4,500 in 2025), albeit at thinner margins, and should sustain a double-digit growth given its large growth potential, with less than 1% share of a ~1.8m-unit used-car industry.
- **Continued deleveraging and an attractive dividend yield.** ASSA guides for capex to normalise to Rp1.3t-1.4t in 2027 (from Rp1.6t this year), as land and megahub spending is largely complete and the business shifts away from capex-heavy rental. Net gearing should fall to 1.1x by end-27, from 1.4x at 9M26 and a peak of 2.2x in 2019 (when rental still made up 66% of revenue). The company maintains its 40% payout policy, implying a 9% 2027 dividend yield; we see room for a higher payout as lower capex lifts free cash flow.

Earnings Revision/Risk

- **We lower our 2026 and 2027 net profit forecasts by 34% each, with revenue broadly unchanged**. The cut mainly reflects lower margin as we assume lower auction volume, normalised logistics growth with no new major B2B clients factored in, and thinner used-car margins as Caroline moves into lower-priced cars. We also factor in the Rp40b one-off pension provision and higher funding costs. Every 25bp change will affect 2027 net profit by about 2% (Rp8b), based on our rough estimate.
- **Key risks:** a) higher interest rates, b) prolonged slowdown in leasing credit, c) competition from EVs, d) competition in the last-mile delivery, and e) execution risks of the integrated B2B logistics.

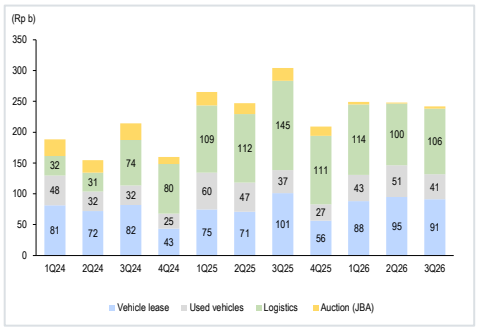
Valuation/Recommendation

- **Maintain BUY with a lower SOTP-based target price of Rp1,000 (from Rp1,700),** reflecting our earnings cut and a wider 40% discount (from 25%) to median regional peer multiples for logistics (8.1x PE), JBA (2.8x PS) and Caroline (1.0x PS), with rental valued at 6.0x PE (-1SD of its three-year average). The wider discount reflects ASSA's high leverage amid the higher interest rate environment, rising EV competition, low trading liquidity and heightened country risk. Our target price implies 8.9x 2027F PE (below its three-year average of 9.6x). Having fallen 57.2% ytd, the stock trades at only 4.3x 2027F PE, below -1SD of its three-year average, suggesting much of the downside is already priced in.

Share Price Catalyst

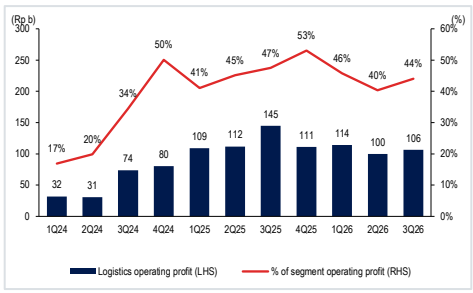
- **Catalysts:** a) recovery in auction volume, b) potential new major B2B logistics client, c) potential higher dividend payout as capex normalises.

Operating Profit by Segment



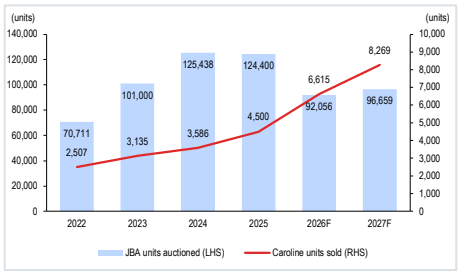
Source: ASSA, UOB Kay Hian

Logistics Operating Profit and % to Group Operating Profit



Source: ASSA, UOB Kay Hian

Caroline and JBA Unit Sold



Source: ASSA, UOB Kay Hian

Earnings Revision

(Rpb)	New 2026F	Old 2026F	Chg (%) 2026F
Revenue	6,384	6,342	0.7
Gross profit	1,896	2,087	-9.1
GP margin (%)	29.7	32.9	
Op. profit	925	1,212	-23.7
Op. margin (%)	14.5	19.1	
Pre-tax profit	643	966	-33.4
PBT margin (%)	10.1	15.2	
Net profit	363	551	-34.1
Net margin (%)	5.7	8.7	

(Rpb)	New 2027F	Old 2027F	Chg (%) 2027F
Revenue	7,003	7,046	-0.6
Gross profit	2,051	2,276	-9.9
GP margin (%)	29.3	32.3	
Op. profit	1,046	1,336	-21.7
Op. margin (%)	14.9	19.0	
Pre-tax profit	735	1,097	-33.0
PBT margin (%)	10.5	15.6	
Net profit	413	627	-34.2
Net margin (%)	5.9	8.9	

Source: UOB Kay Hian

Profit & loss

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Net turnover	**5,989**	**6,384**	**7,003**	**7,572**
EBITDA	1,978	1,916	2,075	2,206
Deprec. & amort.	960	991	1,029	1,065
EBIT	1,018	925	1,046	1,141
Total other non-operating income/(expense)	0	(8)	(8)	(5)
Net interest income/(expense)	(257)	(274)	(303)	(289)
Pre-tax profit	**762**	**643**	**735**	**847**
Tax	(165)	(148)	(165)	(190)
Minorities	(179)	(132)	(157)	(181)
Net profit	418	363	413	475

Balance Sheet

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Fixed assets	5,550	5,919	6,003	6,083
Other LT assets	914	834	810	793
Cash/ST investment	1,085	1,021	1,252	1,618
Other current assets	923	1,091	1,190	1,293
Total assets	**8,473**	**8,865**	**9,255**	**9,786**
ST debt	1,350	1,423	1,390	1,381
Other current liabilities	681	722	783	839
LT debt	2,875	2,738	2,661	2,640
Other LT liabilities	374	425	455	488
Shareholders' equity	2,193	2,372	2,630	2,928
Minority interest	1,001	1,185	1,336	1,511
Total liabilities & equity	**8,473**	**8,865**	**9,255**	**9,786**

Cash flow

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Operating	**1,976**	**1,814**	**1,998**	**2,117**
Net profit	418	363	413	475
Deprec. & amort.	960	991	1,029	1,065
Working capital changes	21	(127)	(38)	(47)
Other operating cashflows	577	587	595	623
Investing	**(1,443)**	**(1,582)**	**(1,387)**	**(1,423)**
Capex (growth)	(1,449)	(1,634)	(1,386)	(1,422)
Investments	15	(30)	0	0
Others	(9)	82	(1)	(1)
Financing	**(41)**	**(295)**	**(381)**	**(328)**
Dividend payments	(191)	(189)	(161)	(184)
Proceeds & repay borrowings	204	(64)	(110)	(29)
Others	(53)	(42)	(110)	(115)
Net cash inflow (outflow)	**492**	**(64)**	**230**	**366**
Beginning cash & cash equivalent	**593**	**1,085**	**1,021**	**1,252**
Change due to forex impact	**0**	**0**	**0**	**0**
Ending cash & cash equivalent	**1,085**	**1,021**	**1,252**	**1,618**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	33.0	30.0	29.6	29.1
Pre-tax margin	12.7	10.1	10.5	11.2
Net margin	7.0	5.7	5.9	6.3
ROA	4.9	4.1	4.5	4.9
ROE	19.1	15.3	15.7	16.2
Growth				
Turnover	20.9	6.6	9.7	8.1
EBITDA	20.5	(3.2)	8.3	6.3
Pre-tax profit	77.4	(15.6)	14.3	15.1
Net profit	71.4	(13.1)	13.8	15.1
EPS	71.4	(13.1)	13.8	15.1
Leverage				
Debt to total capital (x)	0.6	0.5	0.5	0.5
Debt to equity (x)	1.9	1.8	1.5	1.4
Net debt/(cash) to equity (%)	143.2	132.3	106.4	82.1
Interest cover (x)	3.5	2.9	3.1	3.4

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at this link or by scanning the QR code below:

The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full.