

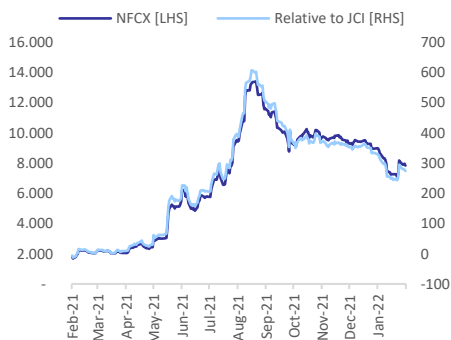
Monday, 07 February 2022  
**Not Rated**

## NFC Indonesia (NFCX IJ)

### Fueling the EV future

Last price (IDR)	7,800
<b>Stock Statistics</b>	
Sector	Tech
Bloomberg Ticker	NFCX IJ
No of Shrs (mn)	666.7
Mkt. Cap (IDRbn/USDmn)	5,200.0/361.7
Avg. daily T/O (IDRbn/USDmn)	5.3/0.3
<b>Major shareholders (%)</b>	
PT M Cash Integrasi Tbk	51.0
PT 1 Inti Dot Com	9.3

#### NFCX relative to JCI Index



Source : Bloomberg



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**NFC sets sail to disrupt the 2,3-wheeler market in Indonesia with EV. It will support B2B market with digital management of EV scooter fleets and build network of swap stations for charging batteries in economically sustainable manner. The swap stations will be for universal use, key catalyst in our view.**

**Ecosystem's bone structure still growing.** NFC offers digital product aggregation for Alfamart, SRC, and Kios Warga among others. It also offers VAS in content and IP content management for Bumilangit with Telkomsel and Mandiri bank as clients. NFC has developed 154k distribution points (9M21) by counting all its partner-clients and is in a growth trend, closing cloud deals with MCDonalds via DMMX. NFC and sister companies struck a multi-level partnership with Sicepat enhancing their ride-hailing and logistics capabilities.

**NFC now sets sail to disrupt the 2,3-wheeler market with EV.** The consortium with Volta & Sicepat is a less capital-intensive approach to build vehicles and swap station network with ample footprint available for selected B2B clients and markets. For comparison, Taiwanese-based EV producer has negative bottomline even after 7yrs of production running both EV wheelers and charging stations operations and selling for mass market. The Volta consortium partners are expected to produce positive FCF from early by focusing on B2B.

**Mileage & usage frequency challenges will define EV playing field.** Every country is a different playing field but the EV common parameters are price that defines the economics for a high performing battery, motorcycle mileage-durability-usage frequency and charging stations. Incumbents dominate in Indonesia of 119mn ICE motorcycles (2019) but EV can disrupt having no clear market leader and with little penetration. Local tech. follows European prototypes and continues to develop local content -@25% in 2022, 40% in 2023,- and talent in local universities. Retail prices range Rp15-17mn+ /EV 2-wheeler, not the lowest but affordable with no obligation to buy the battery.

**Colpo gross with swap stations (SGBs).** EBITDA margin can be at 58% in 2022 for swap stations biz. Sicepat & NFC are committed both owning 35% stake in the ESB entity who controls Volta and together plan to run 2,500 SGBs by end 2022 and have 5,500 SGBs by 2023 using their footprints. The key is that Indonesia aims for a standard battery issue for EV vehicles, and NFC will seek to cater not Volta only, but all EV vehicles running in Indonesia.

**Drive EV adoption with B2B.** Growth & blue-chip companies may participate in greener environment to boost their CSR and ESG values. Also, the cost of using EV is claimed to be 50-60% lower cost compared to ICE for the entirety of their lives. NFC will upsell fleet solutions tracking the scooter, the courier, their routes, hubs and 6,100+ drop points of Sicepat delivering efficiency gains. So far, PLN has ordered 3-wheelers. Balinese authorities agreed to full EV-services, whilst others order to manage waste collection digitally. Poxel is a pleased EV customer and now NFC is in talks to potentially support ride-hailers. Sicepat may soon put orders too.

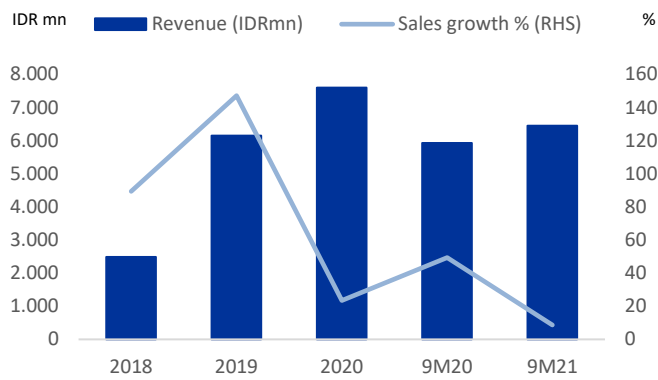
**EV payback by yr2.** Depending on the capex money raised (were advised for pre-IPO funding), NFC delivers ~Rp130bn in EBITDA from EV sales 2023. Swap stations deliver Rp200bn+ EBITDA in 2023 with payback in yr2 and 4yrs useful life in SGBs. PATMI is enhanced by ~+Rp40bn in 2023, other things constant.

#### Key Financials

Year to 31 Dec	2018A	2019A	2020A	9M20A	9M21A
Revenue (IDRbn)	2,490	6,154	7,597	5,930	6,446
EBITDA (IDRbn)	11	66	70	56	58
EBITDA Growth (%)	248	483	5	(21)	5
Net profit (IDRbn)	16	39	24	18	165
EPS (IDR)	24	58	36	36	330
EPS growth (%)	24,209	145	-38	-59	823
BVPS (IDR)	550	730	690	747	933
DPS (IDR)	-	-	-	-	-
PER (x)	330.0	134.5	217.1	163.8	17.7
PBV (x)	14.2	10.7	11.3	10.4	8.4
Dividend yield (%)	n/a	n/a	n/a	n/a	n/a
EV/EBITDA (x)	442.4	75.9	71.9	67.9	64.9

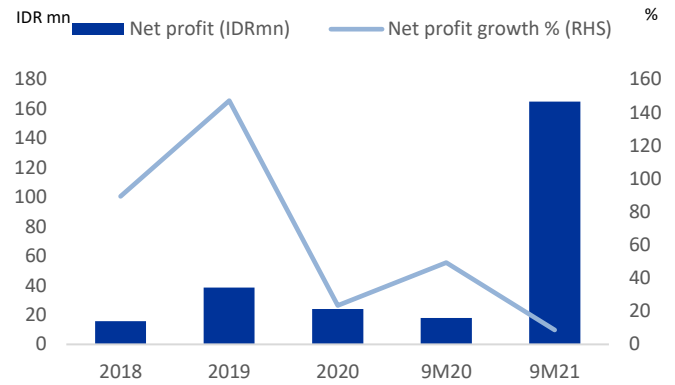
Source: NFCX, Bloomberg, Estimates

**Exhibit 1. Revenues and Growth**



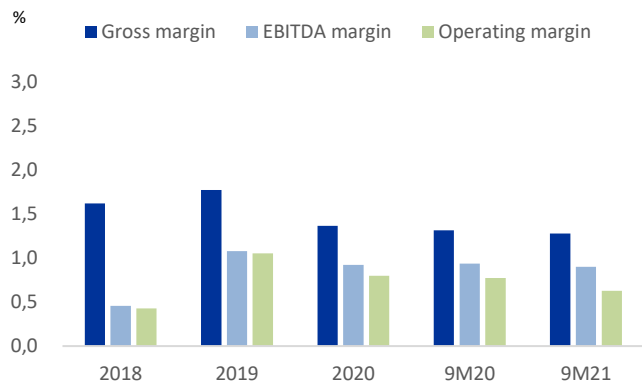
Source: Company

**Exhibit 2. Net Profits and Growth**



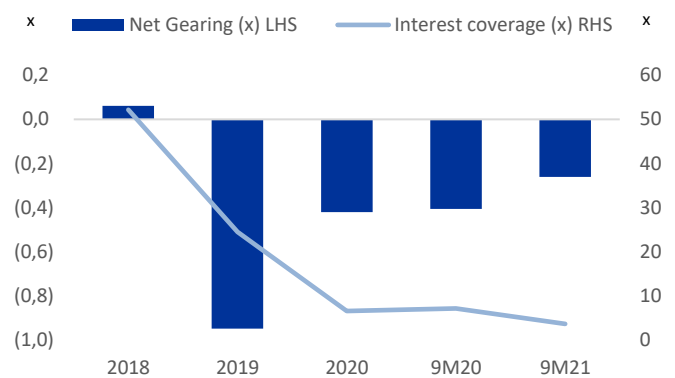
Source: Company

**Exhibit 3. Margins**



Source: Company

**Exhibit 4. Gearing Level**



Source: Company

**Exhibit 5. Volta 401 EV 2-wheelers and battery charging station SGB**



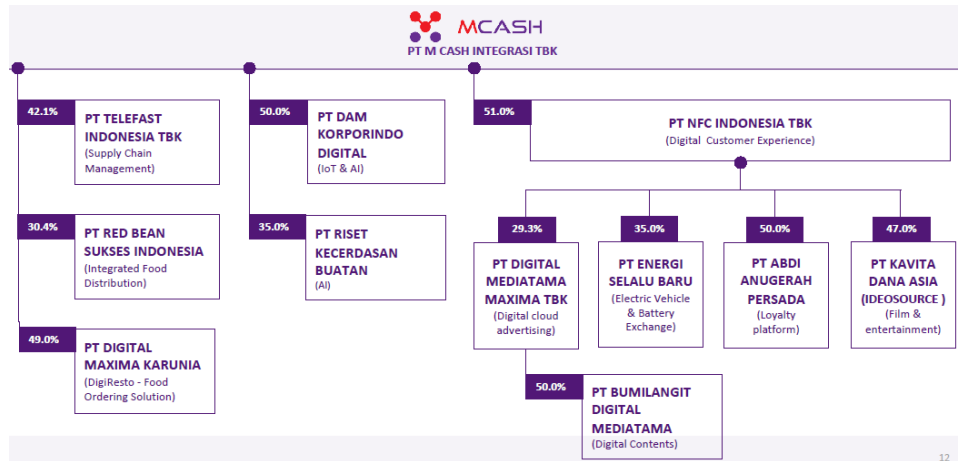
Source: Company

Exhibit 6. NFC P&L breakdown into 3 business pillars: Digital product aggregator, DMMX Cloud advertisements, and VOLTA.

NFCX IJ	Digital product aggregator					Digital Cloud advertisement - DMMX					Clean Energy products & Services - VOLTA		Consolidated NFCX IJ				
	2018	2019	2020	9M20	9M21	2018	2019	2020	9M20	9M21	9M20	9M21	2018	2019	2020	9M20	9M21
<b>P&amp;L</b>																	
Digital product aggregator	2,547	7,158	9,868	7,548	8,219								2,547	7,158	9,868	7,548	8,219
Digital Cloud advertisement						32	56	108	72	107			32	56	108	72	107
Clean Energy products & services											3						
Digital Media & Entertainment																	
<i>Intercompany</i>	(89)	(1,061)	(2,379)	(1,690)	(1,883)	-	-						(89)	(1,061)	(2,379)	(1,690)	(1,883)
<b>Net Revenue</b>	<b>2,458</b>	<b>6,098</b>	<b>7,489</b>	<b>5,858</b>	<b>6,335</b>	<b>32</b>	<b>56</b>	<b>108</b>	<b>72</b>	<b>107</b>	<b>3</b>		<b>2,490</b>	<b>6,154</b>	<b>7,597</b>	<b>5,930</b>	<b>6,446</b>
<b>Cost of revenue</b>	<b>(2,435)</b>	<b>(6,013)</b>	<b>(7,427)</b>	<b>(5,808)</b>	<b>(6,291)</b>	<b>(15)</b>	<b>(31)</b>	<b>(67)</b>	<b>(44)</b>	<b>(70)</b>	<b>(3)</b>		<b>(2,449)</b>	<b>(6,044)</b>	<b>(7,494)</b>	<b>(5,852)</b>	<b>(6,364)</b>
COGS	(2,524)	(7,074)	(9,806)	(7,498)	(8,175)								(2,524)	(7,074)	(9,806)	(7,498)	(8,175)
COGS						(15)	(31)	(67)	(44)	(70)			(15)	(31)	(67)	(44)	(70)
COGS											(3)		-	-	-	-	(3)
<i>Intercompany</i>	89	1,061	2,379	1,690	1,883	-	-	-	-	-	-		89	1,061	2,379	1,690	1,883
<b>Gross profit</b>	<b>23</b>	<b>85</b>	<b>62</b>	<b>50</b>	<b>44</b>	<b>17</b>	<b>24</b>	<b>42</b>	<b>28</b>	<b>38</b>	<b>0.7</b>		<b>40</b>	<b>109</b>	<b>104</b>	<b>78</b>	<b>82</b>
% revenue	0.9%	1.4%	0.8%	0.9%	0.7%	####	####	38.5%	####	####	20.8%		1.6%	1.8%	1.4%	1.3%	1.3%
G&A OPEX													(21)	(37)	(28)	(18)	(17)
													0.8%	0.5%	0.3%	0.2%	0.2%
Selling OPEX													(8.1)	(6)	(6)	(5)	(7)
													0.3%	0.1%	0.1%	0.1%	0.1%
<b>OPEX</b>													<b>(29.0)</b>	<b>(43)</b>	<b>(34)</b>	<b>(22)</b>	<b>(24)</b>
<b>EBITDA</b>													<b>11</b>	<b>66</b>	<b>70</b>	<b>56</b>	<b>58</b>
% revenue													0.5%	1.1%	0.9%	0.9%	0.9%
D&A													(1)	(2)	(9)	(10)	(18)
<b>EBIT</b>													<b>11</b>	<b>65</b>	<b>61</b>	<b>46</b>	<b>41</b>
% revenue													0.4%	1.1%	0.8%	0.8%	0.6%
<b>Other non-operating income (expense)</b>													<b>18</b>	<b>10</b>	<b>6</b>	<b>7</b>	<b>299</b>
<i>Finance Income</i>													5	8	16	13	6
<i>Finance expenses</i>													(0)	(3)	(9)	(5)	(8)
<i>Share in net loss of associates</i>														(0)	(2)	(2)	2
<i>Gain on bargain purchase</i>													7	4			
<i>Gain on other investments</i>													(0)	3			299
<i>Gain (loss) forex</i>													1	1			
<i>Loss on divestment of subsidiaries</i>														(3)			
<i>Dividend Income</i>													0				
<i>Gain on sale of investment in shares</i>													6				
<i>Others</i>													(0)	(0)	1	0	0
<b>PBT</b>													<b>29</b>	<b>75</b>	<b>67</b>	<b>53</b>	<b>339</b>
Income tax													(7)	(17)	(12)	(10)	(8)
Other effects													0	0			
Minorities													(7)	(22)	(30)	(25)	(166)
<b>PATMI</b>													<b>16</b>	<b>36</b>	<b>24</b>	<b>18</b>	<b>165</b>

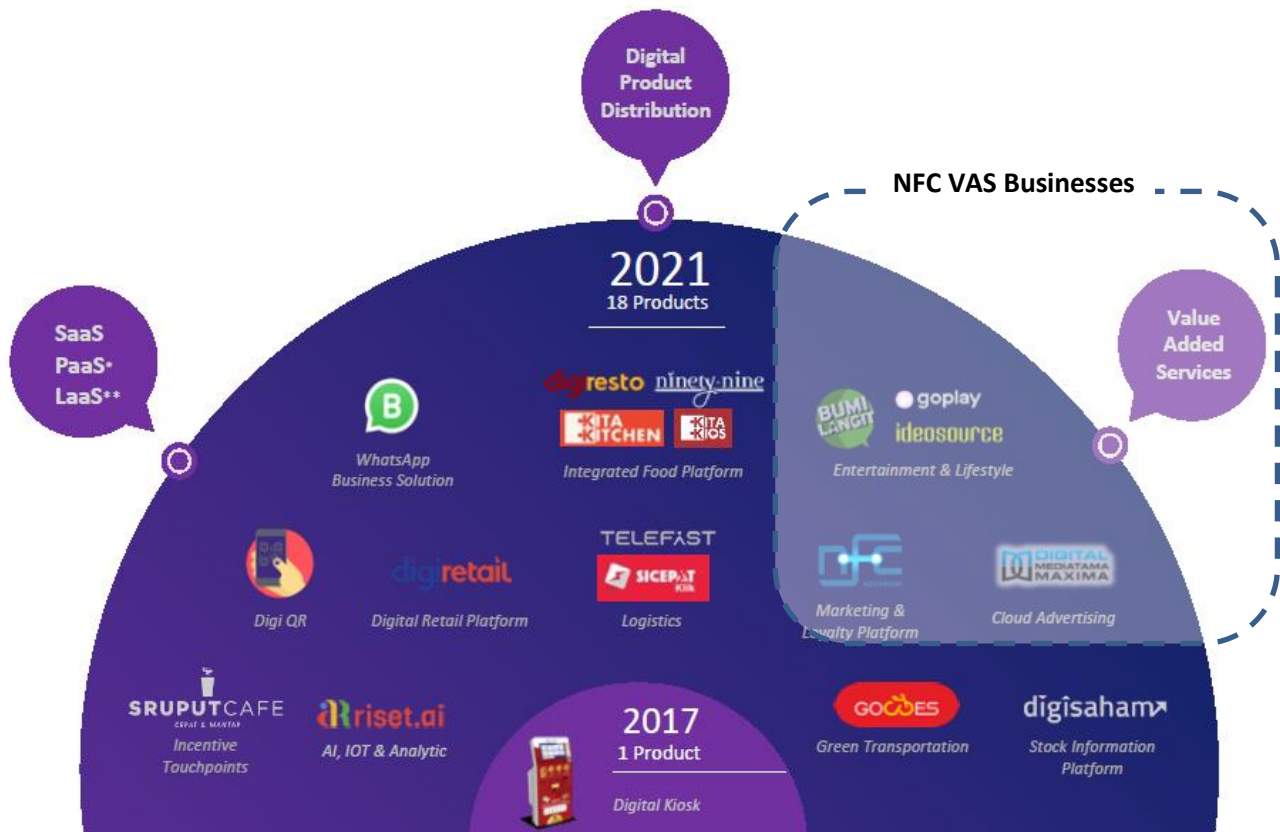
Source: Company

Exhibit 7. NFCX organizational position within MCAS group



Source: Company, MCAS

Exhibit 8. NFCX operational position within MCAS group



Source: Company, MCAS

**Exhibit 9. NFCX recent business developments**



**Official Partnership  
March 2021**

NFCX to provide Top-up and Billing Services to Line platform users



**Collaboration  
March 2021**

BLDX, JV of DMMX and Bumilangit, launches “Jagoan Bumilangit” stickers, in conjunction with Top-up & Billing Services



**Business Development  
April 2021**

Ideosource, subsidiary of NFCX, expands into animation with ‘Ini Budi’ series



**Business Development  
May 2021**

Digitalization of Kios Warga in collaboration with Taspen and BRI



**Business Development  
June 2021**

NFCX ventures into Electric Vehicles and Battery Exchange business in collaboration with Volta and SiCepat



**Business Development  
April 2021**

Paragon Pictures completes Pre-Series A funding, prepares to launch slate of new contents

*Source: Company, MCAS*

### Exhibit 10. Income Statement

Year to 31 Dec (IDRbn)	2018A	2019A	2020A	9M20A	9M21A
<b>Revenue</b>	<b>2,490</b>	<b>6,154</b>	<b>7,597</b>	<b>5,930</b>	<b>6,446</b>
COGS	(2,449)	(6,044)	(7,494)	(5,852)	(6,364)
<b>Gross profit</b>	<b>40</b>	<b>109</b>	<b>104</b>	<b>78</b>	<b>82</b>
<b>EBITDA</b>	<b>11</b>	<b>66</b>	<b>70</b>	<b>56</b>	<b>58</b>
<b>Oper. profit</b>	<b>11</b>	<b>65</b>	<b>61</b>	<b>46</b>	<b>41</b>
Interest income	5	8	16	13	6
Interest expense	(0)	(3)	(9)	(5)	(8)
Forex Gain/(Loss)	1	1	0	0	0
Income From Assoc. Co's	0	(0)	(2)	(2)	2
Other Income (Expenses)	13	7	1	0	299
<b>Pre-tax profit</b>	<b>29</b>	<b>78</b>	<b>67</b>	<b>53</b>	<b>339</b>
Income tax	(6)	(17)	(12)	(10)	(8)
Minority interest	(7)	(22)	(30)	(25)	(166)
<b>Net profit</b>	<b>16</b>	<b>39</b>	<b>24</b>	<b>18</b>	<b>165</b>
<b>Core Net Profit</b>	<b>2,490</b>	<b>6,154</b>	<b>7,597</b>	<b>5,930</b>	<b>6,446</b>

### Exhibit 11. Balance Sheet

Year to 31 Dec (IDRbn)	2018A	2019A	2020A	9M20A	9M21A
Cash & cash equivalent	44	465	267	272	223
Receivables	122	253	249	298	220
Inventory	43	177	336	215	275
Other Curr. Asset	311	362	267	338	695
Fixed assets - Net	11	31	187	146	195
Other non-curr.asset	2	53	100	87	121
<b>Total asset</b>	<b>532</b>	<b>1,341</b>	<b>1,404</b>	<b>1,355</b>	<b>1,729</b>
ST Debt	29	4	16	15	16
Payables	34	190	212	177	232
Other Curr. Liabilities	17	89	110	40	64
Long Term Debt	37	0	57	55	45
Other LT. Liabilities	0	1	14	1	12
<b>Total Liabilities</b>	<b>117</b>	<b>284</b>	<b>410</b>	<b>288</b>	<b>368</b>
Shareholder's Funds	366	487	460	498	622
Minority interests	48	570	534	570	739
<b>Total Equity &amp; Liabilities</b>	<b>532</b>	<b>1,341</b>	<b>1,404</b>	<b>1,355</b>	<b>1,729</b>

### Exhibit 12. Cash Flow

Year to 31 Dec (IDRbn)	2018A	2019A	2020A	9M20A	9M21A
Net income	16	39	24	18	165
Depreciation and Amort.	1	2	9	10	18
Change in Working Capital	(74)	(117)	(116)	(74)	69
Other Oper. Cash Flow	(42)	(53)	(53.0)	(57.4)	(43.7)
<b>Operating Cash Flow</b>	<b>(99)</b>	<b>(130)</b>	<b>(136)</b>	<b>(104)</b>	<b>208</b>
Capex	(6)	22	(54)	(37)	(25)
Others Inv. Cash Flow	(189)	(134)	13	(6)	(223)
<b>Investing Cash Flow</b>	<b>(196)</b>	<b>(112)</b>	<b>(42)</b>	<b>(43)</b>	<b>(248)</b>
Net change in debt	29	(11)	(1)	1	(12)
New Capital	47	0	0	0	0
Dividend payment	0	0	0	0	0
Other Fin. Cash Flow	257	675	(19)	(48)	8
<b>Financing Cash Flow</b>	<b>332</b>	<b>665</b>	<b>(21)</b>	<b>(47)</b>	<b>(4)</b>
<b>Net Change in Cash</b>	<b>37</b>	<b>422</b>	<b>(199)</b>	<b>(193)</b>	<b>(44)</b>
Cash - begin of the year	6	43	465	465	267
Cash - end of the year	43	465	267	272	223

### Exhibit 13. Key Ratios

Year to 31 Dec	2018A	2019A	2020A	9M20A	9M21A
<b>Growth (%)</b>					
Sales	89.4	147.2	23.5	49.4	8.7
EBITDA	248.1	483.0	5.5	-20.5	4.5
Operating profit	238.3	506.5	-6.1	-33.6	-11.7
Net profit	24,209.2	145.4	-38.1	-58.6	823.4
<b>Profitability (%)</b>					
Gross margin	1.6	1.8	1.4	1.3	1.3
EBITDA margin	0.5	1.1	0.9	0.9	0.9
Operating margin	0.4	1.1	0.8	0.8	0.6
Net margin	0.6	0.6	0.3	0.3	2.6
ROAA	5.4	4.1	1.7	1.3	10.5
ROAE	8.1	9.1	5.1	3.6	30.5
<b>Leverage</b>					
Net Gearing (x)	0.1	(0.9)	(0.4)	(0.4)	(0.3)
Interest Coverage (x)	52.2	24.5	6.6	7.2	3.7

Source : EXCL, Danareksa Estimates

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