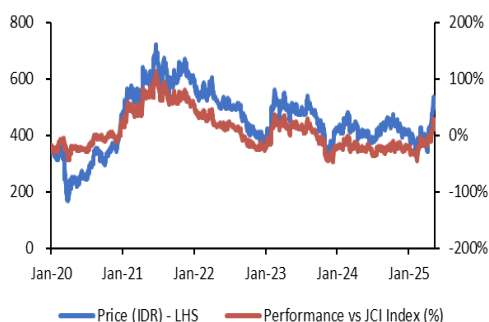


BUY (Maintained)
TP upside: +17.3%
Close: 21 May 2025

Price: **IDR520**
12M Target: **IDR610**
Prev Target: **IDR610**
JCI Index: **7,142**

Share price performance relative to JCI Index


Market cap	US\$505.7mn
6M avg. daily turnover	US\$6.0mn
Outstanding shares	3,190mn
Free float	45.2%
Major shareholders	Eralink Int'l
	54.5%
Net debt/equity	49.5
BVPS (2025F)	IDR622
P/B (2025F)	0.8x
P/E (2025F)	6.1x

Financial outlook

Year to Dec	2023	2024	2025F	2026F
Sales	60,139	65,280	71,660	74,532
Net profit*	857	1,119	1,283	1,398
EPS (IDR)	54	70	80	88
ROE (%)	11.2	13.0	13.5	13.4
Div. yield (%)	3.1	4.0	4.6	5.1

Source: Company data, Yuanta Research

Primary Analyst:
Chandra Pasaribu

+6221 515 3608 chandra.pasaribu@yuanta.co.id

<http://research.yuanta.com>

Bloomberg code: YUTA

Erajaya Swasembada (ERAA IJ)

Positive momentum

Event

ERAA conducted a 1Q25 conference call meeting at which it provided updates beyond the first quarter.

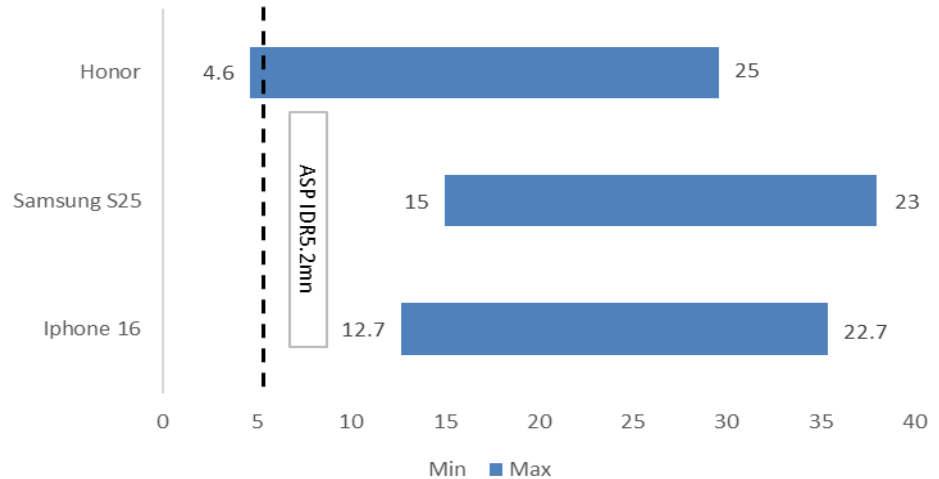
Our take

- ▶ **All about iPhone 16.** The iPhone 16 licensing issue has been resolved, which has allowed the device to be sold in Indonesia from April. The launching delay created pent-up demand, resulting iPhone 16 sales in the first two weeks to beat iPhone 15 sales by 1.5x. The trade war triggered by the US, has helped to smoothen the import process. The government relaxed local content requirements after the US implemented the reciprocal tariff, an issue that did affect the licensing of iPhone 16. Despite the backdrop of weaker purchasing power, the upper segment remains unaffected. ERAA's handset ASP increased to IDR5.2mn (c.US\$320) (+1.5% QoQ), and was supported by sales of the Samsung S25 and new brand acquisition in "Honor", that aimed at the >US\$300 segment. iPhone 16 sales are expected to fuel 2Q-3Q25 sales, before the anticipated launch in the Indonesian market of the iPhone 17, possibly in November.
- ▶ **Upbeat on Erablu.** Erablu is a JV with Vietnam's MWG to penetrate the electronics/white goods market. Contribution from this segment is via affiliates and not reflected in the P&L statement. Even so, it has recorded net profit of IDR4.5bn in 1Q25, a U-turn from loss-making since its operation in mid-2022. It plans to open 250-300 new outlets in FY2025, with emphasis on Era digital (including Erablu), followed by lifestyle and food, while international business will concentrate on consolidation and increased productivity. The company operates 100 EraBlue outlets as of April. The expansion strategy continues to penetrate the outskirts of main cities where penetration remains low.
- ▶ **Diversification toward non-digital products.** ERAA continues to diversify toward non-digital revenues that carry higher margins. To 1Q25, digital vs non-digital revenue was 72:28, close to its target of 70:30. ERAA sees promising prospects in the newly added food & nourishment brand, Chagee, a tea-based drink. Currently operating with only three stores but with plans to open up to 50 stores by the year's end, Grand Lucky Supermarket is showing a positive direction with profitability as the stores are maturing past their negative cash-flow cycle after their operation for 12-15 months. The lifestyle segment is another revenue stream that has seen positive growth, and ERAA expects to open 60-70 new stores in 2025. The international business segment will concentrate on consolidation to improve store productivity.
- ▶ **Re-iterate BUY with TP of IDR610.** Management has indicated sound reception of the iPhone16 since its delayed launch. Further diversification toward non-digital business should drive ERAA's margin expansion. We expect sound 2Q25 performance amid concerns over purchasing power, and thus re-iterate our BUY call with TP of IDR610 (US\$0.04), which offers a decent upside of +17.3% to its current price.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

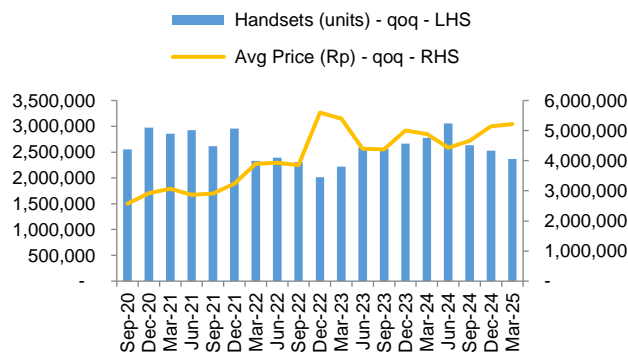
Yuanta does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Figure 1: Premium products to drive ASP higher



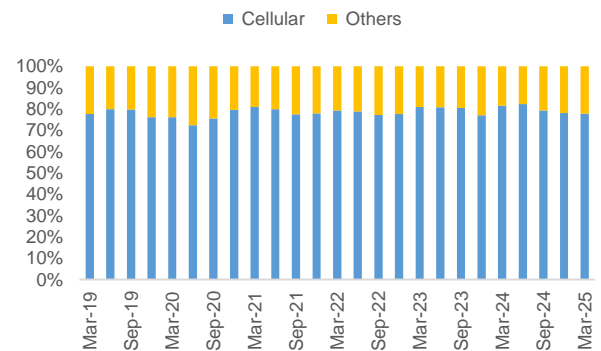
Source: ERAA, Yunta Investment

Figure 2: Handset volume and ASP



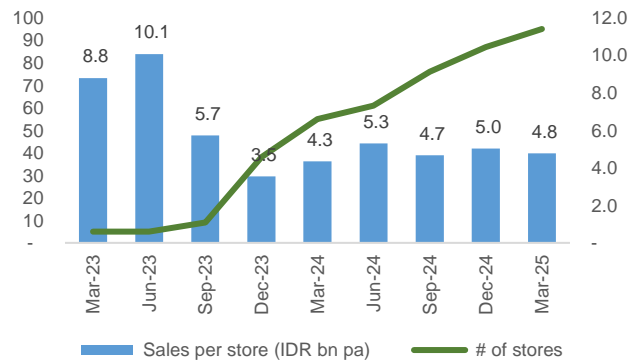
Source: ERAA

Figure 3: Revenue breakdown cellular vs non-cellular



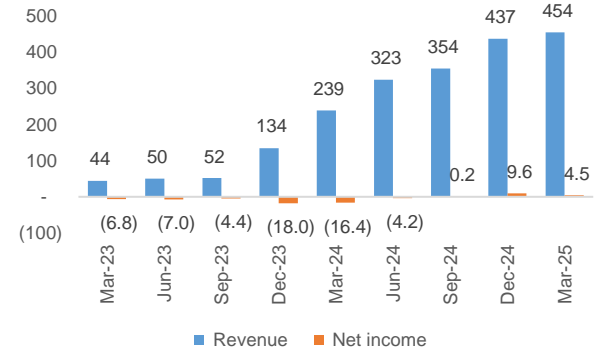
Source: ERAA

Figure 4: Erablu # of stores and average sales per store



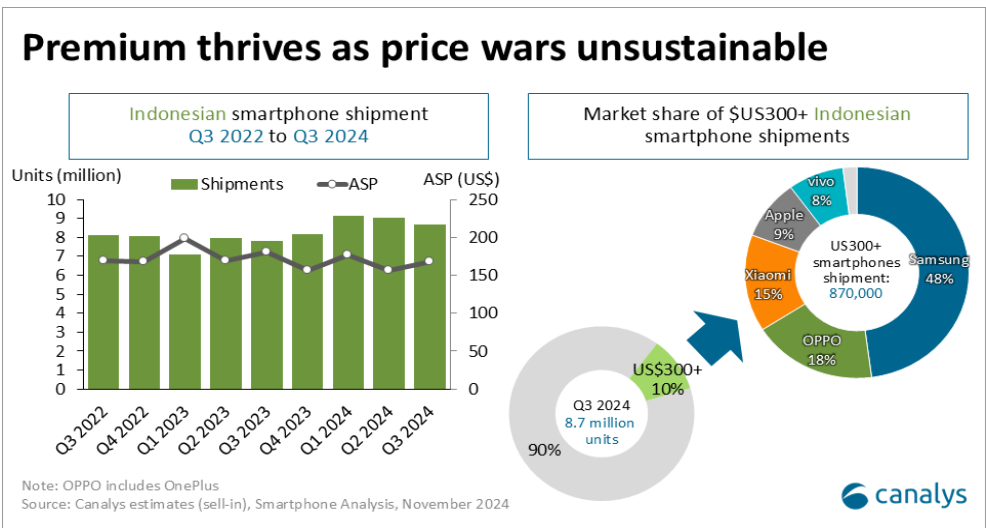
Source: ERAA

Figure 5: Quarterly sales and net income (IDR bn)



Source: ERAA

Figure 6: Premium products unaffected by global uncertainty



Source: Canalys

Balance Sheet					
Year as of Dec (IDRbn)	2023	2024	2025F	2026F	2027F
Cash & ST investments	1,766	1,766	527	880	1,592
Accounts receivable	2,037	1,582	1,737	1,807	1,879
Advances & prepaid	8,047	7,131	9,568	9,937	10,320
Inventories	1,035	1,460	1,603	1,667	1,733
Others	54	80	1,369	1,369	1,369
Current assets	12,938	12,019	14,803	15,660	16,894
LT investments	478	442	442	442	442
Net fixed assets	3,811	4,290	4,899	5,399	5,889
Others	3,194	3,735	3,777	3,820	3,867
Non current assets	7,483	8,466	9,119	9,661	10,197
Total assets	20,421	20,485	23,922	25,321	27,091
Accounts payable	5,076	5,527	6,050	6,284	6,526
ST borrowings	3,963	2,734	6,000	6,000	6,000
Others	1,292	2,615	337	357	377
Current liabilities	10,330	10,876	12,387	12,641	12,903
Long-term debts	1,713	1,463	1,182	1,284	1,386
Others	273	378	434	500	575
Long-term liabilities	1,986	1,841	1,617	1,784	1,961
Total liabilities	12,317	12,717	14,004	14,424	14,864
Paid-in capital	2,149	2,149	2,149	2,149	2,149
Retained earnings	5,181	5,945	6,759	7,651	8,895
Minority interest	807	923	1,010	1,097	1,184
Capital adjustment	(7)	40	-	-	-
Shareholders' equity	8,131	9,057	9,918	10,896	12,228

Source: Company data, Yuanta estimates

Cash Flow

Year as of Dec (IDRbn)	2023	2024	2025F	2026F	2027F
Net profit	857	1,119	1,283	1,398	1,917
Depr & amortization	834	1,065	1,090	1,100	1,110
Change in working	(110)	1,818	(2,087)	(214)	(222)
Others	(339)	(1,807)	(181)	(123)	(124)
Operating cash flow	1,242	2,196	106	2,161	2,681
Capex	(1,685)	(1,544)	(1,700)	(1,600)	(1,600)
Change in intangibles	(10)	32	60	60	60
Change in other assets	(782)	(536)	(103)	(103)	(107)
Investment cash flow	(2,476)	(2,048)	(1,743)	(1,643)	(1,647)
Change in equity	55	47	(40)	-	-
Net change in debt	1,755	(84)	678	102	102
Dividend	(254)	(330)	(383)	(420)	(586)
Other adjustments	399	220	144	152	162
Financing cash flow	1,955	(147)	399	(166)	(322)
Net cash flow	722	0	(1,239)	353	713
Free cash flow	(1,234)	147	(1,637)	518	1,035

Source: Company data, Yuanta estimates

Profit and Loss

Year as of Dec (IDRbn)	2023	2024	2025F	2026F	2027F
Revenues	60,139	65,280	71,660	74,532	77,515
Cost of goods sold	(53,692)	(58,004)	(63,494)	(65,949)	(68,488)
Gross profit	6,448	7,276	8,166	8,584	9,027
Operating expenses	(4,602)	(5,144)	(5,871)	(6,175)	(6,417)
Operating profit	1,846	2,132	2,295	2,409	2,610
Net interest	(583)	(611)	(582)	(543)	(53)
Net invest inc/ (loss)					
Net oth non-op inc/	(21)	(1)	(1)	(1)	(1)
Pretax income	1,242	1,519	1,711	1,864	2,556
Income taxes	(385)	(400)	(428)	(466)	(639)
Net profit	857	1,119	1,283	1,398	1,917

Source: Company data, Yuanta estimates

Key Ratios

Year as of Dec	2023	2024	2025F	2026F	2027F
Growth (% YoY)					
Revenues	21.6	8.5	9.8	4.0	4.0
Gross profit	20.3	12.8	12.2	5.1	5.2
Op profit	2.9	15.5	7.6	5.0	8.4
Net profit	(20.4)	30.6	14.6	8.9	37.1
EPS	(20.4)	30.6	14.6	8.9	37.1
Profitability (%)					
Gross margin	10.7	11.1	11.4	11.5	11.6
Operating margin	3.1	3.3	3.2	3.2	3.4
Net profit margin	1.4	1.7	1.8	1.9	2.5
ROA	4.6	5.3	5.6	5.7	7.3
ROE	11.2	13.0	13.5	13.4	16.6
Stability					
Gross debt/equity (%)	67.1	81.0	71.8	72.4	66.8
Net cash (debt)/equity (%)	52.6	59.3	52.3	67.1	58.8
Int. coverage (X)	3.2	3.5	3.9	4.4	49.5
Int. & ST debt cover (X)	0.7	0.5	0.5	0.5	0.5
Cash flow int. cover (X)	2.1	3.4	0.2	3.8	29.1
Cash flow/int & ST debt	0.3	0.6	0.0	0.3	0.4
Current ratio (X)	1.3	1.1	1.2	1.2	1.3
Quick ratio (X)	0.5	0.4	0.4	0.5	0.5
Net debt (IDR bn)	4,823	4,739	6,655	6,405	5,794
BVPS (IDR)	510	568	622	683	767
Valuation Metrics (x)					
P/E	9.7	7.4	6.5	5.9	4.3
P/B	1.0	0.9	0.8	0.8	0.7
Yield	3.1	4.0	4.6	5.1	7.1
EV/EBITDA	6.7	5.9	6.1	5.8	5.1

Source: Company data, Yuanta estimates

Appendix A: Important Disclosures

Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

Ratings Definitions

BUY: We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

HOLD-Outperform: In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

HOLD-Underperform: In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

SELL: We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

Under Review: We actively follow the company, although our estimates, rating and target price are under review.

Restricted: The rating and target price have been suspended temporarily to comply with applicable regulations and/or Yuanta policies.

Note: Yuanta research coverage with a Target Price is based on an investment period of 12 months. Greater China Discovery Series coverage does not have a formal 12 month Target Price and the recommendation is based on an investment period specified by the analyst in the report.

Global Disclaimer

© 2025 Yuanta. All rights reserved. The information in this report has been compiled from sources we believe to be reliable, but we do not hold ourselves responsible for its completeness or accuracy. It is not an offer to sell or solicitation of an offer to buy any securities. All opinions and estimates included in this report constitute our judgment as of this date and are subject to change without notice.

This report provides general information only. Neither the information nor any opinion expressed herein constitutes an offer or invitation to make an offer to buy or sell securities or other investments. This material is prepared for general circulation to clients and is not intended to provide tailored investment advice and does not take into account the individual financial situation and objectives of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities, investments or investment strategies discussed or recommended in this report. The information contained in this report has been compiled from sources believed to be reliable but no representation or warranty, express or implied, is made as to its accuracy, completeness or correctness. This report is not (and should not be construed as) a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on such business in that jurisdiction.

Yuanta research is distributed in the United States only to Major U.S. Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended and SEC staff interpretations thereof). All transactions by a US person in the securities mentioned in this report must be effected through a registered broker-dealer under Section 15 of the Securities Exchange Act of 1934, as amended. Yuanta research is distributed in Taiwan by Yuanta Securities Investment Consulting. Yuanta research is distributed in Hong Kong by Yuanta Securities (Hong Kong) Co. Limited, which is licensed in Hong Kong by the Securities and Futures Commission for regulated activities, including Type 4 regulated activity (advising on securities). In Hong Kong, this research report may not be redistributed, retransmitted or disclosed, in whole or in part or in any form or manner, without the express written consent of Yuanta Securities (Hong Kong) Co. Limited.

Taiwan persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities Investment Consulting
4F, 225,
Section 3 Nanking East Road, Taipei 104
Taiwan

Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities (Hong Kong) Co. Ltd
23/F, Tower 1, Admiralty Centre
18 Harcourt Road,
Hong Kong

Korean persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Head Office
Yuanta Securities Building
Euljiro 76 Jung-gu
Seoul, Korea 100-845
Tel: +822 3770 3454

Indonesia persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
PT YUANTA SEKURITAS INDONESIA
(A member of the Yuanta Group)
Equity Tower, 10th Floor Unit EFGH
SCBD Lot 9
Jl. Jend. Sudirman Kav. 52-53
Tel: (6221) – 5153608 (General)

Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Thailand)
127 Gaysorn Tower, 16th floor
Ratchadamri Road, Pathumwan
Bangkok 10330

Vietnam persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Vietnam)
4th Floor, Saigon Centre
Tower 1, 65 Le Loi Boulevard,
Ben Nghe Ward, District 1,
HCMC, Vietnam