UOBKayHian

Company – Update | Indonesia

Friday, 04 September 2026

Erajaya Swasembada (ERAA IJ)

Building New Growth Engines

Highlights

- **Erablue drives growth.** Strong SSSG and rapid store expansion should support continued growth.
- **Building new businesses.** ERAL, XPENG and new concepts such as Chagee highlight ERAA's ability to develop new growth platforms.
- **Maintain BUY** with a higher target price of Rp800.

Analysis

- **Erablue expands beyond smartphones.** Erablue, Erajaya Swasembada's (ERAA) home appliance and consumer electronics retail business, delivered 15.9% same-store sales growth (SSSG) in 7M26, while sales revenue grew 89% yoy in 1H26. The network reached 283 stores by July, with 102 stores added ytd. Rapid store expansion alongside strong SSSG should keep Erablue on a strong growth trajectory, while expanding its exposure beyond ERAA's traditional smartphone business.
- **ERAA continues to demonstrate its ability to build new consumer businesses.** Sinar Eka Selaras (ERAL) delivered 7.7% SSSG in 7M26, led by Urban Republic, DJI and JD Sports, while Levi's provides another established brand for further expansion. XPENG is a further example, having booked 1,682 units in 7M26 after only around a year in the Indonesian market, with monthly sales already ahead of BYD's. The upcoming Mona L03 and GX models should broaden XPENG's addressable market next year, particularly with Mona targeting a lower price segment. We see XPENG's rapid ramp-up as evidence that ERAA can scale up new brands effectively, while upcoming F&B concepts such as Oriental Kopi and I'm Donut provide further optionality beyond electronics.
- **Smartphone demand appears to be stabilising after the recent slowdown.** ERAA's July SSSG improved to -8.6% yoy from -11.6% in June, while management expects Aug-Sep 26 SSG to remain moderate ahead of new product launches. We expect the product cycle to support 4Q26 sales, with benefits potentially spilling into 2027. Global memory shortages could constrain iPhone 18 availability, but we see this mainly as a timing issue as deferred purchases could support demand once supply improves.

Key Financials

Year to 31 Dec (Rpb)	2024	2025	2026F	2027F	2028F
Net turnover	65,280	76,607	81,269	88,791	97,368
EBITDA	3,257	3,628	3,944	4,576	5,306
Operating profit	2,113	2,232	2,438	2,753	3,116
Net profit (rep./act.)	1,033	1,196	1,381	1,580	1,830
Net profit (adj.)	1,033	1,196	1,381	1,580	1,830
EPS (Rp)	65.4	75.7	87	99	115
PE (x)	9.1	7.9	6.9	6.0	5.2
P/B (x)	1.2	1.0	0.9	0.8	0.7
EV/EBITDA (x)	5.4	4.9	4.8	4.5	3.8
Dividend yield	3.2	3.2	3.3	3.8	4.3
Net margin (%)	1.6	1.6	1.7	1.8	1.9
Net debt/(cash) to equity (%)	52.3	71.4	42.7	43.1	34.1
Interest cover (x)	3.4	3.7	2.9	3.1	3.4
ROE (%)	13.4	13.8	12.4	12.7	13.1
Consensus net profit			1391	1557	1831
UOBKH/Consensus (x)			0.97	1.03	1.07

Source: ERAA, Bloomberg, UOB Kay Hian

Analyst(s)

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

Andrew Agita Buntoro, CFA
andrewagita@kh.co.id
+6221 2993 3907

BUY (Maintained)

Share Price	Rp595
Target Price	Rp800
Upside	+34.4%
Previous TP	Rp450

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	ERAA IJ
Shares issued (m)	15,950
Market cap (Rpb)	9,490
Market cap (US$m)	537
3-mth avg daily t'over (US$m)	1.9

Price Performance (%)

52-week high/low: Rp610/Rp314

1mth	3mth	6mth	1yr	YTD
39.7	64.4	37.7	38.4	45.8

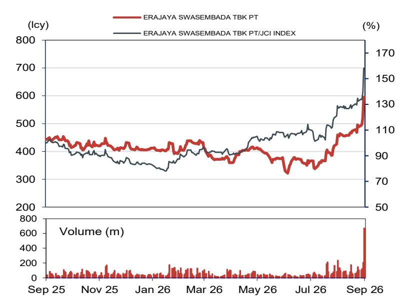
Major Shareholders (%)

Eralink	55.2

Balance Sheet Metrics

FY26 NAV/Share (Rp)	700
FY26 Net Debt/Share (Rp)	299

Price Chart



Source: Bloomberg

Company Description

Erajaya Swasembada is Indonesia's largest handset retailer and distributor, offering products from leading brands such as Apple, Samsung, Xiaomi, Oppo, and Vivo. The company is also expanding their verticals outside of handset retailer business partnering with brands like Xpeng, Chagee, etc.

- **ERAA resumes share buyback.** ERAA has just completed its previous Rp100b share buyback, which ran from Jun to Sep 26 and accumulated 236.3m shares, bringing the total shares repurchased under the two 2026 programmes to 601.6m. The company will now launch a new buyback of up to Rp500b from 4 Sep 26 to 4 Dec 26, potentially repurchasing up to 797.5m shares or 5% of outstanding shares. The programme will be funded through internal cash while maintaining sufficient liquidity for operations and expansion.

ERAA July Store Data

Total Stores	Jun 26	Opening	Closure	Nett	July 26
Erajaya Digital	1,920	48	12	36	1,956
ERAL	256	7	1	6	262
International Business	240	4	1	3	243
Erajaya Food & Nourishment	90	5	2	3	93
Total	**2,506**	**64**	**16**	**48**	**2,554**

Source: ERAA

Valuation/Recommendation

- **Maintain BUY with a higher target price of Rp800 (previously Rp450) as we upgrade our earnings outlook.** Our target price is based on 7.9x 2027F PE, or +0.5SD to its five-year mean. Notably, this multiple is broadly in line with ERAA's recent trading range before the recent de-rating, making our target multiple less aggressive despite the higher target price. We expect ERAA to increasingly benefit from store expansions completed in 2026, including Erablue, Chagee and other new concepts, while continued Erablue growth and stronger contributions from its newer businesses should support earnings growth and a re-rating.

Earnings Revision/Risk

- **Earnings revision.** We revise our earnings estimates upward to better reflect management's outlook and stronger contributions from the group's expanding businesses.

Earnings Revision

	------------- New -------------		------------- Old -------------		-------------- (%) --------------	
	2026F	2027F	2026F	2027F	2026F	2027F
Revenue (Rpb)	81,269	88,791	77,573	84,740	5%	5%
Operating Profit (Rpb)	2,438	2,753	2,250	2,542	8%	8%
Net Profit (Rpb)	1,381	1,580	1,234	1,425	12%	11%

Source: UOB Kay Hian

- **Downside risks:** a) Weaker-than-expected macroenvironment, and b) unfavourable changes in regulation.

Share Price Catalyst

- Release of flagship products, b) successful expansion of Erablue.

Levi's Grand Opening

Source: ERAA

XPENG L03 Model

Source: ERAA

Samsung Foldable Phones

Source: ERAA

Erablue Store

Source: ERAA

Profit & loss

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Net turnover	76,607	81,269	88,791	97,368
EBITDA	3,628	3,944	4,576	5,306
Deprec. & amort.	1,396	1,505	1,824	2,191
EBIT	2,232	2,438	2,753	3,116
Total other non-operating income	(378)	325	355	389
Associate contributions		(6)	(6)	(7)
Net interest income/(expense)	0	(788)	(836)	(875)
Pre-tax profit	1,854	1,969	2,266	2,623
Tax	(541)	(492)	(566)	(656)
Minorities	(117)	(96)	(119)	(138)
Net profit	1,196	1,381	1,580	1,830

Balance Sheet

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Fixed assets	4,447	3,844	4,502	5,161
Other LT assets	4,515	8,340	9,732	11,347
Cash/ST investment	2,131	2,642	2,298	3,214
Other current assets	17,763	12,361	13,438	13,893
Total assets	28,857	27,187	29,970	33,614
ST debt	8,366	6,858	7,132	7,418
Other current liabilities	8,790	6,855	7,596	8,854
LT debt	1,033	546	542	560
Other LT liabilities	489	1,768	2,233	2,797
Shareholders' equity	9,142	10,226	11,447	12,866
Minority interest	1,036	934	1,020	1,118
Total liabilities & equity	28,857	27,187	29,970	33,614

Cash flow

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Operating	1,674	2,102	2,015	3,255
Net profit	1,196	1,381	1,580	1830
Other operating cashflows	478	721	435	1,425
Investing	(1,785)	(1,755)	(1,857)	(2,379)
Capex (growth)	(1,125)	(1,129)	(1,130)	(1,528)
ROU	-	-	-	-
Others	(660)	(626)	(727)	(712)
Financing	268	86	226	30
Dividend payments	(268)	(212)	(358)	(424)
Proceeds & repay borrowings	586	413	369	365
Others	(50)	134	215	190
Net cash inflow (outflow)	342	682	284	1025
Beginning cash & cash equivalent	1766	2131	2,275	2,220
Change due to forex impact	23			
Ending cash & cash equivalent	2,131	2,813	2,559	3,245

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin (%)	4.2	4.9	5.2	5.4
Pre-tax margin (%)	2.2	2.4	2.6	2.7
Net margin (%)	1.6	1.7	1.8	1.9
ROA (%)	4.9	5.1	5.3	5.4
ROE (%)	13.1	13.5	13.8	14.2
Growth				
Turnover (%)	16.5	6.9	9.3	9.7
EBITDA (%)	14.4	23.1	16.0	15.9
Pre-tax profit (%)	2.3	2.2	2.4	2.6
Net profit (%)	12.2	15.6	15.0	15.8
Core profit (%)	12.2	15.6	15.0	15.8
Leverage				
Debt to equity (x)	26.5	26.1	24.7	22.8
Net debt/(cash) to equity (x)	71.0	69.3	64.7	59.6
Interest coverage (x)	52.3	45.5	42.7	43.1