Erajaya Swasembada Tbk. (ERAA IJ)

1Q26 Update · Equity Research Update · 14 July 2026

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Premium-Led Growth Holds Through the Festive Peak — Normalization On Track

Digital: 74% of 1Q26 Group sales | Group revenue +41.1% YoY to IDR22.4tn; NPATMI +122.7% YoY to IDR453bn | 5M2026 SSSG +7.2% YoY (normalizing off the iPhone 16 base) | Net Debt/Equity 0.64x (1Q26) | 2,404 stores across ID/SG/MY | Non-rated.

1Q26 Revenue	1Q26 NPATMI	5M26 Group SSSG	Net Debt/Equity
IDR22.4tn	**IDR453bn**	**+7.2%**	**0.64x**
+41.1% YoY	+122.7% YoY	YTD, YoY	1Q26 (0.54x 1Q25)

KEY TAKEAWAYS

- 1Q26 delivered a festive-driven surge: revenue **+41.1% YoY to IDR22.4tn and NPATMI +122.7% YoY to IDR453bn**, with growth broad-based as Erajaya Digital held 74% of Group sales, ERAL grew +24% YoY, and OPEX-to-sales improved to 7.1% (from 8.6% in 1Q25).
- The update through May 2026 shows the expected normalization taking hold: **cumulative 5M2026 same-store-sales growth moderated to +7.2% YoY** as the market laps last year's iPhone 16 launch base. Monthly SSSG swung from +27.5% (1Q26) to -22.8% (Apr) and -9.8% (May), reflecting a high prior-year comparison rather than demand deterioration.
- Premiumization continues to drive the mix: **group-wide smartphone volume +19.4% YoY to 2.83mn units and ASP +19.3% YoY to IDR6.23mn**, while retail contribution reached 71.0% of Group sales (vs. distribution's 29.0%), reinforcing the higher-margin direct-to-consumer shift.
- Leverage is the key swing factor: **Net Debt/Equity rose to 0.64x (1Q26) from 0.54x (1Q25)** as the Group funds accelerated store rollout (Capex +144% YoY), though this remains serviceable against ROIC of 13.85% (+2.25ppt YoY). This report is non-rated and carries no target price.

STORE NETWORK (Operational Update through May-2026)

Vertical	Unit	FY2025	May-2026	Net Adds YTD
Erajaya Digital	stores	1,808	1,899	+91
Erajaya Active Lifestyle (ERAL)	stores	205	230	+25
Erajaya Food & Nourishment (EFN)	stores	77	89	+12
International Business	stores	243	237	(6)
Total (Domestic + International)	**stores**	**2,333**	**2,455**	**+122**

Erajaya Digital's net adds were led by Erablue (+64), Xiaomi (+25), and Samsung (+23); ERAL's by Wilson (+7), ANTA (+6), and Garmin (+4); EFN's overwhelmingly by Chagee (+9 of 12 net adds). International trimmed count amid a Singapore/Malaysia portfolio rationalization.

SAME-STORE SALES GROWTH (SSSG)

Period	ERAA Group SSSG	ERAL SSSG
1Q2026 (cumulative)	+27.5%	+20.1%
March 2026 (month)	+29.6%	+17.8%
April 2026 (month)	(22.8%)	n/a
May 2026 (month)	(9.8%)	+4.8%
5M2026 (cumulative YTD)	**+7.2%**	**+10.8%**

INCOME STATEMENT SUMMARY (IDR bn)				
Item	FY23A	FY24A	FY25E	FY26E
Net Sales	60,139	65,280	76,000	89,680
Gross Profit	6,448	7,276	8,284	9,685
Gross Margin (%)	10.7%	11.1%	10.9%	10.8%
Operating Profit	1,846	2,132	2,257	2,663
Operating Margin (%)	3.1%	3.3%	3.0%	3.0%
NPAT	857	1,120	1,125	1,345
Net Margin (%)	1.4%	1.7%	1.5%	1.5%

Source: Company. FY25E/FY26E are Aldiracita Research model outputs, not company guidance. Non-rated: no target price.

ERAA remains attractively valued, trading at 3.75x TTM P/E, well below its 5-year historical average of 7.51x and the sector average of 8.43x, while EV/EBITDA of 3.0x also discounts the sector's 4.4x. Bloomberg consensus implies approximately 52.4% upside from the current share price, supported by continued premiumization, resilient same-store sales, and expansion across its Digital, ERAL, and EFN businesses.

BALANCE SHEET SUMMARY (IDR bn)			
Item	FY24A	FY25A	1Q26A
Total Current Assets	13,308	19,894	21,113
Total Non-Current Assets	8,466	8,962	10,473
Total Assets	**21,774**	**28,857**	**31,586**
Total Liabilities	12,717	18,679	20,634
Total Equity	**9,057**	**10,177**	**10,952**
Net Debt	n/a	n/a	8,637
Net Debt / Equity (x)	n/a	n/a	0.64x

KEY RATIOS			
Ratio	1Q25	1Q26	Δ Change
Average Trade Receivable Days	7	6	(1)
Average Inventory Days	62	58	(4)
Average Trade Payable Days	38	26	+12
Cash Conversion Cycle (days)	31	38	+7
ROIC (%)	11.6%	13.9%	+2.3ppt
Net Working Capital / Sales (%)	7.8%	9.5%	+1.7ppt

Source: ERAA FY2024 Annual Report; 1Q2026 Interim Financial Statements.

SWOT Analysis

STRENGTHS	WEAKNESSES
▪ Largest single-entity handset retailer/distributor in Indonesia; 74% of Group sales from Digital. ▪ Strong omni-channel infrastructure — 17.5mn Eraspace members, #1 online retail traffic (iBox). ▪ Improving cost discipline — OPEX/sales down to 7.1% (1Q26) from 8.6% (1Q25). ▪ Diversifying into higher-margin ERAL/EFN verticals with disciplined store-growth targets.	▪ Rising leverage — Net Debt/Equity up to 0.64x (1Q26) from 0.54x (1Q25). ▪ High revenue concentration in Cellular Phones & Tablets (78.6% of sales, 1Q26). ▪ Elevated cash-conversion cycle (CCC 38 days, 1Q26, up from 31 days). ▪ FY24A NPATMI/EPS split and full FY25A P&L not separately disclosed.
OPPORTUNITIES	**THREATS**
▪ Premiumization trend (ASP +19.3% YoY, 1Q26) favors ERAA's Apple/iBox-weighted mix. ▪ Continued Eastern Indonesia store expansion — base still 69% Java-concentrated. ▪ ERAL automotive (XPENG) and EFN F&B (Chagee, Grand Lucky) scaling as new growth engines. ▪ 5M26 SSSG normalization (+7.2%) suggests underlying demand resilience beyond the 1Q base effect.	▪ Indonesia rate-tightening cycle (BI rate to 5.75%, June 2026) raising funding costs. ▪ High-base effect risk into 2H2026 if premium demand normalizes faster than guided. ▪ Mid-to-low smartphone segment softness could pressure volume if premium demand cools. ▪ International store count declining (243→237 through May-2026) on SG/MY rationalization.

Industry Outlook

Handset Retail — Premiumization Continues, Mid-to-Low Lags. Group-wide smartphone volume grew 19.4% YoY to 2.83mn units in 1Q26, with ASP up 19.3% YoY to IDR6.23mn, pointing to a market where premium demand (led by Apple) is outperforming while the mid-to-low segment remains soft. Management expects the premium-led mix shift to persist, broadly supportive of ERAA's margin profile given Digital's high exposure to iBox/Apple channels.

Omni-Channel and Direct-to-Consumer Shift. Retail contribution reached 71.0% of Group sales in 1Q26 (vs. distribution's 29.0%), continuing a multi-year shift toward higher-margin direct channels. Eraspace ranks #1 in online retail quarterly traffic (iBox, 12mn visits) and #2 in online sneakers e-commerce (JD, 1.5mn visits). Indonesia's rate environment has tightened through 1H26 (BI policy rate to 5.75% by June 2026), pushing corporate borrowing costs higher — directly relevant given rising leverage funding store expansion.

Key Risks

Sharper-than-guided growth normalization. 1Q26's +41.1% revenue surge was an exceptional low-base festive effect; May-2026 SSSG (-9.8%) shows normalization underway. If 2H26 demand cools faster than the 5M2026 +7.2% cumulative SSSG suggests, FY2026E could prove too high.

Rising leverage in a higher-rate environment. Net Debt/Equity rose to 0.64x (1Q26) from 0.54x (1Q25) as ERAA funds accelerated store rollout (Capex +144% YoY). Indonesia's tightening cycle raises the cost of incremental and refinanced debt.

Revenue concentration in handsets. Cellular Phones & Tablets remain 78.6% of Group sales (1Q26); a slowdown in premium smartphone demand or a later/weaker iPhone cycle would disproportionately affect ERAA.

Limited historical disclosure. FY23A/FY24A NPATMI and a full FY25A income statement were not separately disclosed; FY25E/26E estimates are model outputs, not guidance.

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