



CHRISTMAS
CORPORATION



March 23, 2016

BEING AN UBER X DRIVER IN JAKARTA
A CORPORATE FINANCE PERSPECTIVE



CHRISTMAS

C O R P O R A T I O N

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THE OPENING

Protest? Chaos? Whatever... We only concern about numbers :)

Today is March 23, 2016. It was yesterday that thousands of taxi drivers were protesting “app-based taxi” such as Uber and Grab, such a chaos in Jakarta.

OK, let us just put aside the pro and contra. Now we are trying to calculate the rate of return of a full-time Uber driver in Jakarta, especially Uber X level. Certain assumptions and cases have to be made for sure. Up until today, Uber does not charge any fee from driver, unlike Uber in San Francisco (bay area, Silicon Valley, where this revolutionary new way of riding a car begins), where a driver is charged 20-25% of their revenue.

So, I have made several assumptions to estimate driver’s internal rate of return (IRR), based on fare change, consumer’s demand change caused by fare change, and also Uber’s fee charge to the driver.

Fixed Assumptions on Every Case

- > 15% interest rate per annum charged by finance/leasing company and 60-month credit period,
- > 175 million rupiah of car price with 20% down payment on car
- > 100 million rupiah of car value after 5 years
- > 5% annual inflation
- > 48 million rupiah living cost at year-1
- > 2% income tax rate based on Article 23 of Indonesia’s income tax act for services (incl. car rental)
- > 22 working days per month
- > 125 thousand rupiah of daily fuel expense

March 23, 2016

Author

CASE BY CASE

Case 1

What is best for drivers? Of course no fee charged by Uber. But Uber is still a business and it needs to make money, so we cannot assume that it will charge nothing forever.

Case 2

5% Uber charge with no fare change is also unlikely.

Case 3

10% Uber charge with +25% fare change is actually a good deal. My 'short-trips assumption' on Case 1 is Rp20,000 per trip, compared to Rp35,000 for regular taxi with the same distance and time consumed. A 25% fare upside will cost user Rp25,000. A good deal for users, and a 39.21% IRR for drivers.

Case 4

15% Uber charge with +35% fare change is also a good deal. A 35% fare upside will cost user Rp27,000 on my "short-trips assumption". Still a good deal, but may lower consumer demand on Uber, so I assume 24.95% drivers' IRR.

Case 5

20% Uber charge with +50% fare change which costs users Rp30,000 may lower consumer demand in a drastic manner, and may cause driver's IRR to be negative.

In consumers' perspective, Uber costs 40-50% lower than most recent taxi fare. Uber has to consider itself to make money in Indonesia (especially Jakarta) should it has to be formed as a foreign investment company (PMA) in Indonesia, while charging a consumer-friendly fare and good rate of return to its drivers.

Case 3 or Case 4 should be in Uber's consideration to operate in Indonesia, sustainably.

**please see next pages to view detailed estimation of all cases.*



APPENDIX

IRR for Each Case

CASE 1: 54.72% IRR

0% Fare Change | 0% Uber's Fee

	BEGINNING	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Short Trips		8	8	8	8	8
Average Revenue per Trip		20,000	21,000	22,050	23,153	24,310
Long Trips		5	5	5	5	5
Average Revenue per Trip		75,000	78,750	82,688	86,822	91,163
Daily Revenue		535,000	561,750	589,838	619,329	650,296
Driving Days per Month		22	22	22	22	22
GROSS MONTHLY REVENUE		11,770,000	12,358,500	12,976,425	13,625,246	14,306,509
Uber Fee, 0%		0	0	0	0	0
NET MONTHLY REVENUE		11,770,000	12,358,500	12,976,425	13,625,246	14,306,509
NET ANNUAL REVENUE		141,240,000	148,302,000	155,717,100	163,502,955	171,678,103
Tax, PPh 23		(2,824,800)	(2,966,040)	(3,114,342)	(3,270,059)	(3,433,562)
Annual Fuel Expense		(33,000,000)	(34,650,000)	(36,382,500)	(38,201,625)	(40,111,706)
Maintenance Expense		(6,000,000)	(6,300,000)	(6,615,000)	(6,945,750)	(7,293,038)
Interest Expense		(19,640,121)	(16,372,470)	(12,579,530)	(8,176,857)	(3,066,435)
Credit Installments		(20,326,961)	(23,594,612)	(27,387,553)	(31,790,226)	(36,900,648)
Living Cost		(48,000,000)	(50,400,000)	(52,920,000)	(55,566,000)	(58,344,300)
Car Down Payment	(35,000,000)					
Car Sale Value						100,000,000
ANNUAL CASH FLOWS	-35,000,000	11,448,118	14,018,878	16,718,175	19,552,438	122,528,414
IRR		54.72%				

CASE 2: 39.21% IRR

0% Fare Change | 5% Uber's Fee

	BEGINNING	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Short Trips		8	8	8	8	8
Average Revenue per Trip		20,000	21,000	22,050	23,153	24,310
Long Trips		5	5	5	5	5
Average Revenue per Trip		75,000	78,750	82,688	86,822	91,163
Daily Revenue		535,000	561,750	589,838	619,329	650,296
Driving Days per Month		22	22	22	22	22
GROSS MONTHLY REVENUE		11,770,000	12,358,500	12,976,425	13,625,246	14,306,509
Uber Fee, 5%		(588,500)	(617,925)	(648,821)	(681,262)	(715,325)
NET MONTHLY REVENUE		11,181,500	11,740,575	12,327,604	12,943,984	13,591,183
NET ANNUAL REVENUE		134,178,000	140,886,900	147,931,245	155,327,807	163,094,198
Tax, PPh 23		(2,683,560)	(2,817,738)	(2,958,625)	(3,106,556)	(3,261,884)
Annual Fuel Expense		(33,000,000)	(34,650,000)	(36,382,500)	(38,201,625)	(40,111,706)
Maintenance Expense		(6,000,000)	(6,300,000)	(6,615,000)	(6,945,750)	(7,293,038)
Interest Expense		(19,640,121)	(16,372,470)	(12,579,530)	(8,176,857)	(3,066,435)
Credit Installments		(20,326,961)	(23,594,612)	(27,387,553)	(31,790,226)	(36,900,648)
Living Cost		(48,000,000)	(50,400,000)	(52,920,000)	(55,566,000)	(58,344,300)
Car Down Payment	(35,000,000)					
Car Sale Value						100,000,000
ANNUAL CASH FLOWS	-35,000,000	4,527,358	6,752,080	9,088,037	11,540,793	114,116,187
IRR		39.21%				

CASE 3: 31.90% IRR

25% Fare Change | 10% Uber's Fee

	BEGINNING	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Short Trips		7	7	7	7	7
Average Revenue per Trip		25,000	26,250	27,563	28,941	30,388
Long Trips		4	4	4	4	4
Average Revenue per Trip		93,750	98,438	103,359	108,527	113,954
Daily Revenue		550,000	577,500	606,375	636,694	668,528
Driving Days per Month		22	22	22	22	22
GROSS MONTHLY REVENUE		12,100,000	12,705,000	13,340,250	14,007,263	14,707,626
Uber Fee, 10%		(1,210,000)	(1,270,500)	(1,334,025)	(1,400,726)	(1,470,763)
NET MONTHLY REVENUE		10,890,000	11,434,500	12,006,225	12,606,536	13,236,863
NET ANNUAL REVENUE		130,680,000	137,214,000	144,074,700	151,278,435	158,842,357
Tax, PPh 23		(2,613,600)	(2,744,280)	(2,881,494)	(3,025,569)	(3,176,847)
Annual Fuel Expense		(33,000,000)	(34,650,000)	(36,382,500)	(38,201,625)	(40,111,706)
Maintenance Expense		(6,000,000)	(6,300,000)	(6,615,000)	(6,945,750)	(7,293,038)
Interest Expense		(19,640,121)	(16,372,470)	(12,579,530)	(8,176,857)	(3,066,435)
Credit Installments		(20,326,961)	(23,594,612)	(27,387,553)	(31,790,226)	(36,900,648)
Living Cost		(48,000,000)	(50,400,000)	(52,920,000)	(55,566,000)	(58,344,300)
Car Down Payment		(35,000,000)				
Car Sale Value						100,000,000
ANNUAL CASH FLOWS	-35,000,000	1,099,318	3,152,638	5,308,623	7,572,408	109,949,383
IRR		31.90%				

CASE 4: 24.95% IRR

35% Fare Change | 15% Uber's Fee

	BEGINNING	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Short Trips		6	6	6	6	6
Average Revenue per Trip		27,000	28,350	29,768	31,256	32,819
Long Trips		4	4	4	4	4
Average Revenue per Trip		101,250	106,313	111,628	117,210	123,070
Daily Revenue		567,000	595,350	625,118	656,373	689,192
Driving Days per Month		22	22	22	22	22
GROSS MONTHLY REVENUE		12,474,000	13,097,700	13,752,585	14,440,214	15,162,225
Uber Fee, 15%		(1,871,100)	(1,964,655)	(2,062,888)	(2,166,032)	(2,274,334)
NET MONTHLY REVENUE		10,602,900	11,133,045	11,689,697	12,274,182	12,887,891
NET ANNUAL REVENUE		127,234,800	133,596,540	140,276,367	147,290,185	154,654,695
Tax, PPh 23		(2,544,696)	(2,671,931)	(2,805,527)	(2,945,804)	(3,093,094)
Annual Fuel Expense		(33,000,000)	(34,650,000)	(36,382,500)	(38,201,625)	(40,111,706)
Maintenance Expense		(6,000,000)	(6,300,000)	(6,615,000)	(6,945,750)	(7,293,038)
Interest Expense		(19,640,121)	(16,372,470)	(12,579,530)	(8,176,857)	(3,066,435)
Credit Installments		(20,326,961)	(23,594,612)	(27,387,553)	(31,790,226)	(36,900,648)
Living Cost		(48,000,000)	(50,400,000)	(52,920,000)	(55,566,000)	(58,344,300)
Car Down Payment	(35,000,000)					
Car Sale Value						100,000,000
ANNUAL CASH FLOWS	-35,000,000	-2,276,978	-392,473	1,586,257	3,663,924	105,845,474
IRR	24.95%					

CASE 5: -7.27% IRR

50% Fare Change | 20% Uber's Fee

	BEGINNING	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Short Trips		6	6	6	6	6
Average Revenue per Trip		30,000	31,500	33,075	34,729	36,465
Long Trips		3	3	3	3	3
Average Revenue per Trip		112,500	118,125	124,031	130,233	136,744
Daily Revenue		517,500	543,375	570,544	599,071	629,024
Driving Days per Month		22	22	22	22	22
GROSS MONTHLY REVENUE		11,385,000	11,954,250	12,551,963	13,179,561	13,838,539
Uber Fee, 20%		(2,277,000)	(2,390,850)	(2,510,393)	(2,635,912)	(2,767,708)
NET MONTHLY REVENUE		9,108,000	9,563,400	10,041,570	10,543,649	11,070,831
NET ANNUAL REVENUE		109,296,000	114,760,800	120,498,840	126,523,782	132,849,971
Tax, PPh 23		(2,185,920)	(2,295,216)	(2,409,977)	(2,530,476)	(2,656,999)
Annual Fuel Expense		(33,000,000)	(34,650,000)	(36,382,500)	(38,201,625)	(40,111,706)
Maintenance Expense		(6,000,000)	(6,300,000)	(6,615,000)	(6,945,750)	(7,293,038)
Interest Expense		(19,640,121)	(16,372,470)	(12,579,530)	(8,176,857)	(3,066,435)
Credit Installments		(20,326,961)	(23,594,612)	(27,387,553)	(31,790,226)	(36,900,648)
Living Cost		(48,000,000)	(50,400,000)	(52,920,000)	(55,566,000)	(58,344,300)
Car Down Payment		(35,000,000)				
Car Sale Value						100,000,000
ANNUAL CASH FLOWS	-35,000,000	-19,857,002	-18,851,498	-17,795,720	-16,687,152	84,476,845
IRR		-7.27%				



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