

Pemulihan Bertahap Pada Penjualan

ACES menunjukkan profitabilitas kuartalan yang lebih baik di 3Q20 meskipun pembatasan sosial berskala besar diberlakukan kembali. Kami berharap ACES dapat memberikan hasil yang kuat untuk kuartal yang akan datang ditambah dengan peningkatan SSSG karena penjualan musiman yang tinggi.

Pemulihan Bertahap dalam Penjualan

Ace Hardware (ACES) melaporkan penjualan 3Q20 sebesar Rp1,8triliun (-9,1% YoY; 8,6% QoQ) dan SSSG sebesar -19,4% di Sept20. Secara kumulatif, ACES mencapai penjualan dan laba bersih masing-masing sebesar IDR5,4tn (-8,3% YoY) dan IDR529bn (-27,2% YoY). Pada bulan September, keputusan Jakarta untuk memberlakukan kembali pembatasan sosial skala besar kemungkinan besar menurunkan penjualan ritel karena rendahnya jumlah pengunjung. Sebagai catatan, angka pengunjung di mal-mal di Jakarta baru mencapai 30% -40% selama masa PSBB transisi, menurut Asosiasi Pengelola Pusat Perbelanjaan Indonesia (APPBI). Namun, ACES masih membukukan laba bersih 3Q20 sebesar Rp170 miliar (-33% YoY; 48% QoQ). Menjelang liburan akhir tahun, kami berharap penjualan ACES dapat terangkat berkat promosi aktif mereka seperti "*Peringatan 25 Tahun ACE*", peningkatan margin dan SSSG.

Evaluasi Kinerja Segmen

Dari sisi kontribusi penjualan, produk perlengkapan rumah masih mendominasi dengan kontribusi 53,6% dari total penjualan dan mencatatkan kenaikan 15,8% QoQ menjadi Rp981 miliar. Sementara itu, produk gaya hidup mencatat pertumbuhan penjualan yang stabil karena banyak orang melakukan hobi baru seperti bersepeda, memasak, atau bahkan berkebun tahun ini. Oleh karena itu, kami yakin "gaya hidup baru" ini kemungkinan akan terus memberikan pengaruh langsung pada penjualan di masa mendatang. Di sisi lain, segmen mainan (3% dari total penjualan di 3Q20) turun -2,5% QoQ menjadi Rp55 miliar. Perusahaan juga menawarkan pengalaman berbelanja online melalui *Ace online* dan *Ruparupa.com*. Namun, kami melihat bahwa penjualan online tidak akan tumbuh secara substansial tidak seperti retailer lain karena sifat bisnisnya berbeda.

Tetap Membuka Toko Baru

Hingga 9M20, perusahaan telah berhasil membuka 12 gerai baru di tengah pandemi. Berdasarkan informasi BEI, ACES telah membuka 3 gerai baru selama 4Q, yang berlokasi di Bogor, Malang, dan Sulawesi Utara. Dengan demikian, perseroan memiliki total 208 gerai yang sejalan dengan rencana ekspansi awal mereka. Kami memperkirakan hal ini akan terlihat dalam pertumbuhan topline yang lebih tinggi setelah ekonomi tumbuh dengan mantap.

Rekomendasi Overweight dengan TP Rp1.900/saham

Kami melihat bahwa perusahaan telah menunjukkan peningkatan penjualan dan mempertahankan arus kas yang kuat. Selain itu, target utama ACES adalah pelanggan kelas menengah ke atas yang relatif tahan terhadap perubahan makroekonomi. Demikian, kami meneruskan valuasi kami ke 2021F dan mendapatkan target P/E sekitar 35,4x (+1SD dari rata-rata PE 3 tahun), kami merekomendasikan Overweight pada ACES dengan target harga Rp1.900/saham dengan potensi kenaikan 5,6%

Ace Hardware Tbk | Summary

	2019A	2020E	2021F	2022F
Net Sales	8,143	7,573	7,750	8,089
<i>Sales Growth</i>	12.5%	-7.0%	2.3%	4.4%
Net Profit	1,035	782	920	981
EPS (IDR)	60	46	54	57
<i>EPS Growth</i>	6.8%	-24.4%	17.7%	6.6%
NPM	12.7%	10.3%	11.9%	12.1%
ROE	23.0%	15.9%	17.1%	16.5%
ROA	18.4%	11.9%	12.1%	12.0%
P/E	24.8x	40.6x	34.5x	32.3x
P/BV	5.4x	6.2x	5.6x	5.1x
DPS (IDR)	28	18	23	27
<i>Dividend Yield</i>	1.9%	1.0%	1.2%	1.5%

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Overweight

Target Price (IDR)	1,900
Consensus Price (IDR)	1,817
TP to Consensus Price	+4.6%
vs. Last Price	+5.6%

Shares data

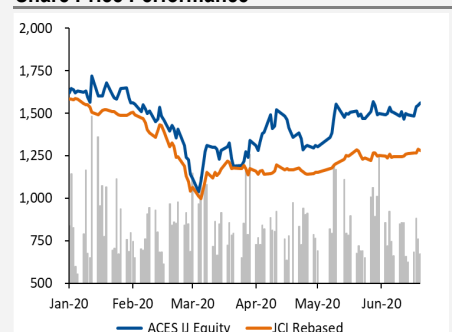
Last Price (IDR)	1,800
Price date as of	Dec 29, 2020
52 wk range (Hi/Lo)	1,850/ 1,040
Free float (%)	40.0
Outstanding sh.(mn)	17,150
Market Cap (IDR bn)	30.870
Market Cap (USD mn)	2,187
Avg. Trd Vol - 3M (mn)	15.30
Avg. Trd Val - 3M (bn)	25.60
Foreign Ownership	24.9%

Consumer Health

Retail Trade

Bloomberg	ACES IJ
Reuters	ACES.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	22.5%	6.0%	15.6%	16.0%
Rel. Ret.	25.4%	-3.8%	-5.0%	18.9%

Putu Chantika Putri Dhammayanti

(021) 5088 9129

putu.chantika@nhsec.co.id

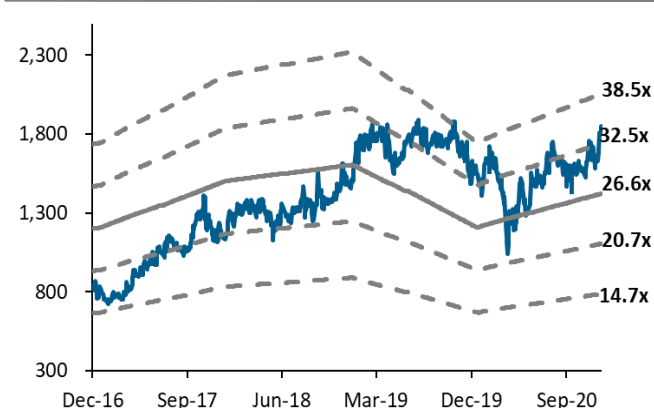
Valuation highlights in charts

3-year forward P/E band



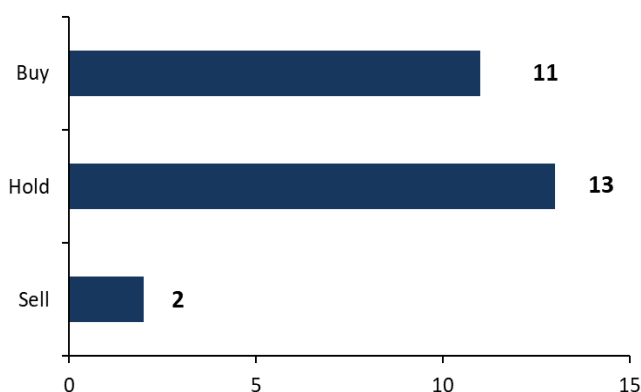
Source: NHKSI Research

3-year dynamic forward P/E band



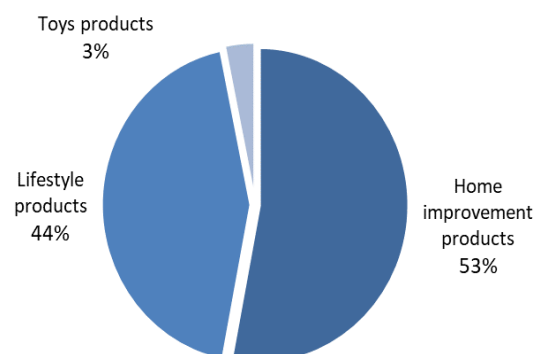
Source: NHKSI Research

Consensus of analyst recommendation



Source: Bloomberg, NHKSI Research

ACES's Revenue Breakdown



Source: Company Data, NHKSI Research

Quarterly review

	3Q19	4Q19	1Q20	2Q20	3Q20					4Q20E
					Actual	Estimate	Y-Y	Q-Q	Surprise	
Income statement										
Net Sales	2,012	2,169	1,967	1,685	1,829		-9.1%	8.6%		2,092
Gross Profit	968	1,052	975	829	902		-6.8%	8.8%		1,030
EBIT	322	377	315	154	219		-31.9%	42.5%		306
EBITDA	352	408	348	189	256		-19.8%	25.2%		338
Net Profit	255	301	247	115	170		-33.0%	48%		250
Margin										
Gross Margin	48.1%	48.5%	49.6%	49.2%	49.3%		1.2%	0.1%		49.2%
EBIT Margin	16.0%	17.4%	16.0%	9.1%	12.0%		-4.0%	2.9%		14.6%
EBITDA Margin	17.5%	18.8%	17.7%	11.2%	14.0%		-3.5%	2.8%		16.1%
Net Profit Margin	12.7%	13.9%	12.5%	6.8%	9.3%		-3.4%	2.5%		12.0%

Unit: IDR bn, %, USD/ton

Source: Company Data, NHKSI Research

Sekilas Tentang Ace Hardware

ACES adalah salah satu perusahaan yang bergerak di bidang ritel home improvement di Indonesia. Produk-produk yang ditawarkan dibagi menjadi segmen perlengkapan hunian dan segmen perlengkapan gaya hidup, dan sekitar 80% merupakan produk impor. Hingga kini, ACES memiliki 208 gerai di kota-kota besar Indonesia dengan menasar segmen menengah-atas.

Untuk menjangkau pasar yang lebih luas, ACES gencar melakukan strategi pemasaran berupa diskon besar yang tersebar di sepanjang tahun, seperti: Ace Boom Sale, Siap Sedia di Hari Raya, Clearance Sale Akhir Tahun dan kartu Ace Reward. Selain itu pada 2016, ACES memasuki segmen e-commerce melalui rupa.com, milik entitas induk ACES.

Closing and target price update



Source: NHKSI Research

Rating and target price update

Date	Rating	Target price	Consensus
2020.12.30	Overweight	IDR1,900 (12M)	IDR1,817

Source: NHKSI Research

Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E		2019/12A	2020/12E	2021/12E	2022/12E
Sales	8,143	7,573	7,750	8,089	ROE	23.0%	15.9%	17.1%	16.5%
<i>Growth</i>	12.5%	-7.0%	2.3%	4.4%	ROA	18.4%	11.9%	12.1%	12.0%
Cost of Good Sold	(4,256)	(3,837)	(3,865)	(4,061)	ROIC	22.3%	16.0%	15.9%	15.4%
Gross Profit	3,887	3,736	3,885	4,028	Cash Dividend (IDR bn)	484	309	390	460
<i>Gross Margin</i>	47.7%	49.3%	50.1%	49.8%	Dividend Yield	1.9%	1.0%	1.2%	1.5%
Operating Expenses	(2,582)	(2,742)	(2,766)	(2,859)	Payout Ratio	46.7%	39.6%	42.4%	46.9%
EBIT	1,305	994	1,119	1,169	DER	0.0x	0.0x	0.0x	0.0x
<i>EBIT Margin</i>	16.0%	13.1%	14.4%	14.5%	Net Gearing	0.0x	0.1x	0.1x	0.1x
Depreciation	97	122	126	151	LT Debt to Equity	0.0%	0.0%	0.0%	0.0%
EBITDA	1,402	1,116	1,245	1,320	Capitalization Ratio	0.0%	1.0%	0.9%	0.8%
<i>EBITDA Margin</i>	17.2%	14.7%	16.1%	16.3%	Equity Ratio	80.1%	70.5%	71.9%	73.4%
Interest Expenses	(53)	(131)	(25)	(21)	Debt Ratio	19.9%	29.5%	28.1%	26.6%
EBT	1,284	936	1,132	1,198	Financial Leverage	125.2%	133.7%	140.5%	137.6%
Income Tax	(243)	(160)	(208)	(212)	Current Ratio	8.1x	7.0x	7.1x	7.8x
Minority Interest	(7)	6	(4)	(4)	Par Value (IDR)	10	10	10	10
Net Profit	1,035	782	920	981	Total Shares (mn)	17,150	17,150	17,150	17,150
<i>Growth</i>	6.8%	-24.4%	17.7%	6.6%	Share Price (IDR)	1,495	1,850	1,850	1,850
<i>Net Profit Margin</i>	12.7%	10.3%	11.9%	12.1%	Market Cap (IDR tn)	25.6	31.7	31.7	31.7

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E		2019/12A	2020/12E	2021/12E	2022/12E
Cash	1,255	1,896	2,494	3,059	Price /Earnings	24.8x	40.6x	34.5x	32.3x
Receivables	89	84	91	78	Price /Book Value	5.4x	6.2x	5.6x	5.1x
Inventories	2,653	2,603	2,543	2,397	Price/Revenue	3.1x	4.2x	4.1x	3.9x
Total Current Assets	4,584	4,808	5,352	5,768	PE/EPS Growth	0.9x	-0.3x	-0.3x	0.4x
Net Fixed Assets	847	891	949	1,003	EV/EBITDA	15.9x	24.9x	22.5x	21.2x
Other Non Current Asset	489	1,548	1,612	1,683	EV/EBIT	17.1x	27.9x	25.0x	24.0x
Total Assets	5,920	7,248	7,913	8,453	EV (IDR bn)	22,330	27,735	28,026	28,033
Payables	178	71	225	220	Revenue CAGR (3-Yr)	18.2%	8.4%	2.3%	-0.2%
Other Current Liabilities	390	414	379	395	EPS CAGR (3-Yr)	13.3%	0.2%	-1.7%	-1.7%
ST Liabilities	-	151	102	77	Basic EPS (IDR)	60	46	54	57
Total Liabilities	1,178	2,141	2,227	2,247	Diluted EPS (IDR)	60	46	54	57
Capital Stock	172	172	172	172	BVPS (IDR)	276.53	298	332	362
Retained Earnings	4,170	4,574	5,153	5,674	Revenue PS (IDR)	475	442	452	472
Shareholders' Equity	4,742	5,107	5,686	6,206	DPS (IDR)	28.2	18.0	22.7	26.8

CASH FLOW STATEMENT					OWNERSHIP			
(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E	By Geography	% Shareholders	%	
Operating Cash Flow	1,160	1,213	1,220	1,293	Indonesia	75.1	PT Kawan Lama Sejaht	59.7
Investing Cash Flow	(158)	(272)	(232)	(241)	United States	14.6	Capital Grup Company	4.1
Financing Cash Flow	(548)	(294)	(390)	(486)	Luxembourg	3.5	Standard Life Aberdeer	1.8
Net Changes in Cash	454	647	598	565	Ireland	1.8	Vanguard Group Inc	1.3

Source: Company data, NHKSI Research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to 15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

DISCLAIMER

This document is strictly confidential and is being supplied to you solely for your information. The recipients of this report must make their own independent decisions regarding any securities or financial instruments mentioned herein. This document may not be quoted, reproduced, exhibited, redistributed, transmitted, edited, translated, or published, in whole or in part, for any purpose without notice. Any failure to comply with this restriction may constitute a violation of civil or criminal laws.

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein. All rights reserved by PT NH Korindo Sekuritas Indonesia.