

Mitra Adiperkasa Tbk (MAPI IJ)

Hampered by Tightening PPKM

BUY

Target Price (IDR)	825
Consensus Price (IDR)	893
TP to Consensus Price	-7.6%
Potential Upside	+33.1%

Shares data

Last Price (IDR)	620
Price date as of	30 July 2021
52 wk range (Hi/Lo)	945 / 555
Free float (%)	44.0%
Outstanding sh.(mn)	16,600
Market Cap (IDR bn)	13,363
Market Cap (USD mn)	925
Avg. Trd Vol - 3M (mn)	23.22
Avg. Trd Val - 3M (bn)	18.4
Foreign Ownership	22.4%

Consumer Cyclical

Retail

Bloomberg	MAPI IJ
Reuters	MAPI.JK

We see noticeable improvements from the company, reflected in its SSSG and earning performance in 1Q21. However, this excitement should come to a halt as MAPI will be hard-hit by the extension of emergency PPKM.

Revenue growth enters negative territory

- As of 1Q21, MAPI recorded revenue of IDR4.3tn (-8.4% YoY, -7.8% QoQ) and net profit of IDR26bn.
- Revenue growth returned to negative territory after showing noticeable quarterly improvement. This was attributed to tight public activity restriction (PPKM) implementation at the beginning of Jan'21.
- Retail sales grew above pre-pandemic levels in 1Q21, we suspect supported by the various sales promotions during Chinese New Year.
- However, department stores and café & restaurant segments continued to register negative growth of -21.9% YoY and -18.7% YoY, respectively.
- Among the costs, significant reduction in rental and employee expenses played a big role in narrowing net loss over the previous three quarters.
- On a yearly basis, operating and net profit margin in 1Q21 gauged higher at 4.4% and 0.6%, respectively (1Q20: 3.4% and 0.2%), but gross margin declined to 41.7% (vs. 45.6% in 1Q20).

Adjusting our forecast due to unfavorable conditions

- MAPI booked -21% SSSG in 1Q21, disappointing but somewhat expected due to prolonged PPKM measures.
- Despite continuous improvement, we see that this excitement is coming to an end as emergency PPKM was extended.
- We continue to eye the pressure points that are likely to suppress sales performance in 2H21 considering >50% of their total stores are located in first tiered malls.
- Thus, we slightly tone down our revenue forecast by -4%/7% for FY21E/22E due to the aforementioned reasons and a mild recovery in purchasing power.
- We also notice that MAPI has also improved most product deliveries from its principles since mid-March to capture the rise in demand during festive season in 2nd quarter.
- Meanwhile, MAPI's digital contribution increased to 10.9% of total sales (vs. 10.3% in 4Q20).
- MAPI is now focusing on strengthening its digital position through collaboration with Atome, providing online platforms (Mapemall and Mono-brand), as well as "chat and buy" online service.

Valuation

- Downward revisions on our revenue forecasts have led to our SOTP-based TP be cut to IDR825 (from IDR975).
- However, we maintain BUY rating on MAPI as the company has proven to recover faster compared to its peers.
- We are also relatively optimistic that the seasonality sales in 4Q will turn their performance around, boosted by the progress in Covid-19 vaccines rollouts.

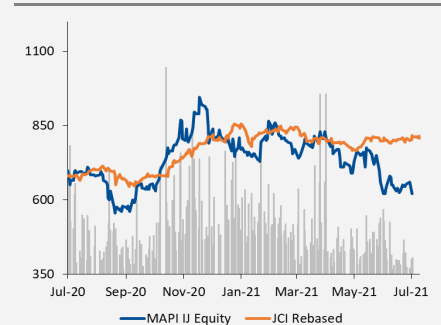
Mitra Adiperkasa Tbk | Summary (IDR bn)

	2020	2021F	2022F	2023F
Revenue	14,847	15,803	17,115	18,929
Growth	-31.2%	6.4%	8.3%	10.6%
Net Profit	(554)	330	418	454
Growth	N/A	159.5%	26.9%	8.6%
EPS (IDR)	(33)	20	25	27
P/E	-23.7x	41.5x	32.7x	30.2x
P/BV	2.4x	2.3x	2.2x	2.1x
EV/EBITDA	13.0x	6.8x	6.1x	6.1x
ROE	-8.5%	4.7%	5.7%	6.0%
DER	30.4%	26.4%	23.2%	21.2%
Dividend Yield	0.0%	0.0%	1.3%	1.6%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-21.5%	-0.8%	-22.5%	-9.5%
Rel. Ret.	-22.1%	-2.2%	-24.4%	-27.4%

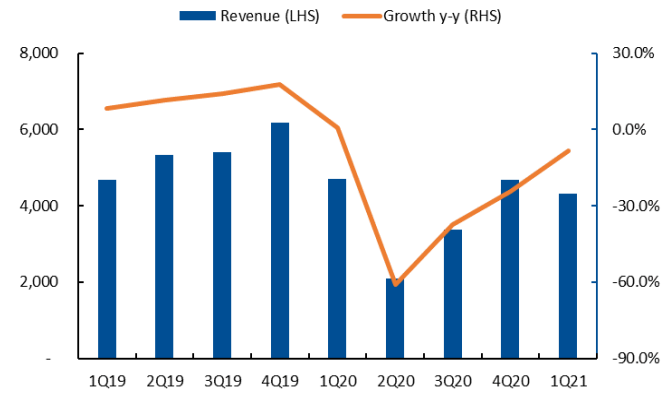
Putu Chantika Putri D

+62 21 5088 9129

Putu.chantika@nhsec.co.id

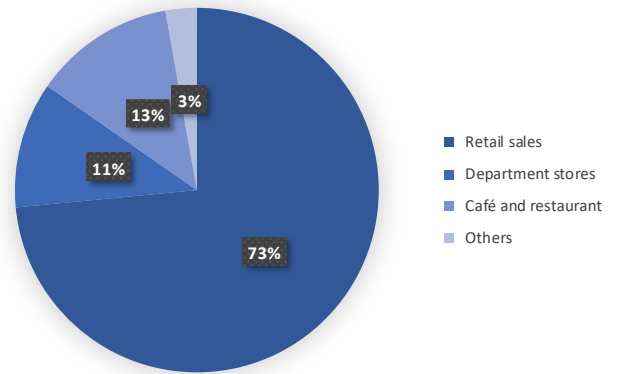
Performance Highlights

MAPI Quarterly Net Revenues | 1Q19 - 1Q21



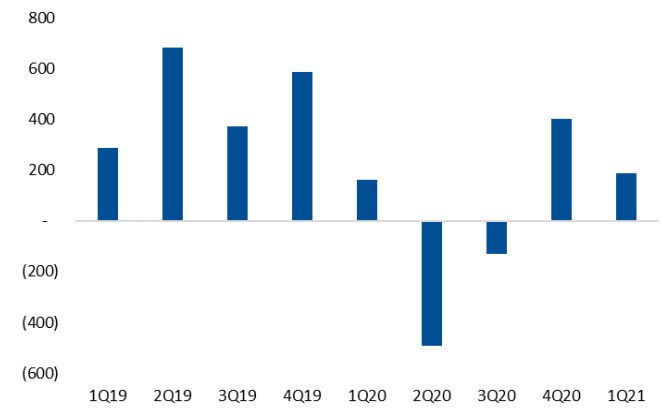
Source: Company, NHKSI Research

MAPI Revenue Breakdown | 1Q21



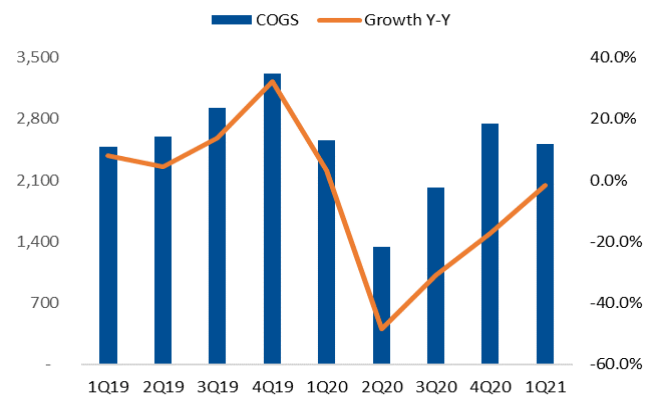
Source: Company, NHKSI Research

EBIT | 1Q19 - 1Q21



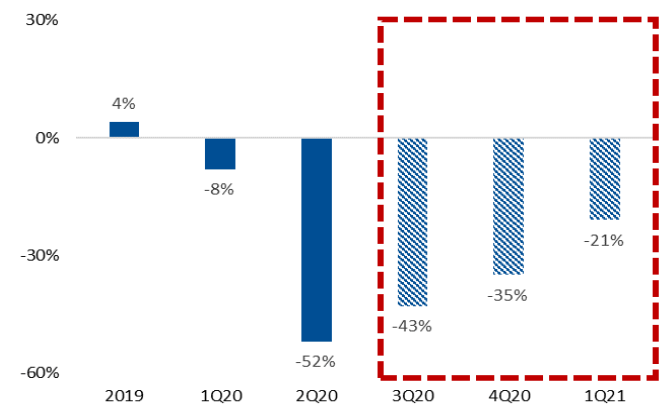
Source: Company, NHKSI Research

COGS | 1Q21



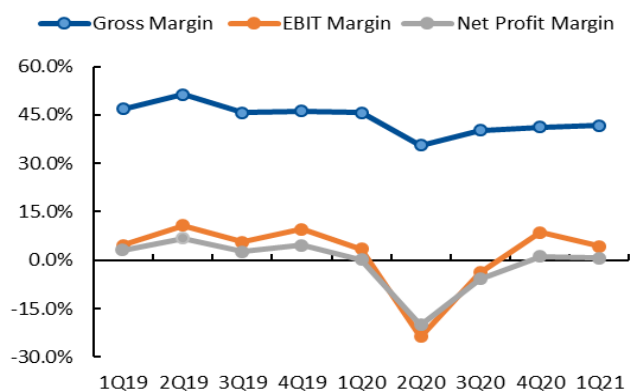
Source: Company, NHKSI Research

MAPI SSSG | 1Q21



Source: Company, NHKSI Research

Margin Ratios | 1Q19 - 1Q21



Source: Company, NHKSI Research

Company Overview



MAPI as one of the leading retailers in Indonesia boasts of its ample branded portfolios — more than 154 globally marketed brands. Founded in 1995, it initially focused only on sports products. Now, it establishes a well-nurtured business in vast lines of sports products, fashion, department stores, food & beverages, kids products, lifestyle targeted to the middle-to-high income individuals.

Not only does MAPI run its business in Indonesia but it also expands its markets in neighboring countries: Singapore, Malaysia, Thailand, Australia, etc. The launch of Zara's first store in Vietnam market in 2016 portrayed its agile market expansion. Indeed, it dominates the Indonesian market with more than 2,320 retail stores across 71 big cities

Indonesian Retail Industry in ASEAN

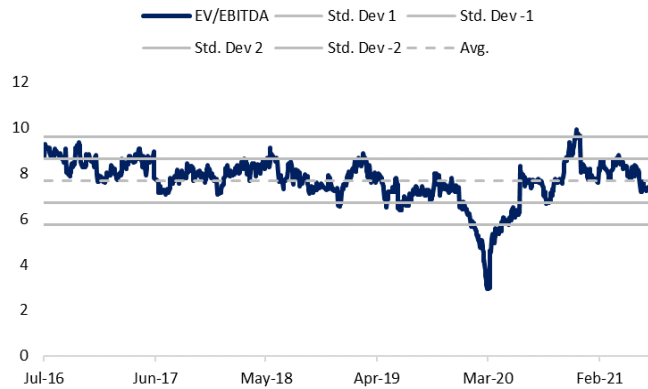
Indonesia is the first most populous nation in ASEAN; such characteristic develops Indonesia into a lucrative market for the retail business. Top retailers, i.e. LPPF, RALS, MAPI with their stores across Indonesia dominate the Indonesian market.

ASEAN Retailers

Company	Market Cap (USD mn)	Asset (USD mn)	Sales Growth	Gross Margin	Operating Margin	ROE LTM	P/E LTM	P/BV LTM	Dividend Yield
Indonesia									
LPPF	328	454	-52.91%	58.5%	-18.0%	-100.3%	N/A	11.1x	N/A
RALS	309	380	-54.83%	43%	-10.2%	-6.1%	N/A	1.2x	7.9%
MAPI	712	1,268	-31.38%	42%	-0.5%	-9.5%	N/A	1.9x	N/A
Singapore									
Metro Holdings	488	1,747	-53.71%	16%	-7%	2.4%	17.9x	0.4x	2.5%
Malaysia									
Parkson Holdings Bhd	48	2,440	-19.41%	N/A	4%	-23.0%	N/A	0.1x	N/A
Thailand									
Robinson PCL	N/A	878	17.54%	34%	10%	15.1%	N/A	N/A	N/A
Philippines									
SM Investments Corp	21,954	25,503	-20.75%	35%	11%	6.0%	46.0x	2.7x	0.5%

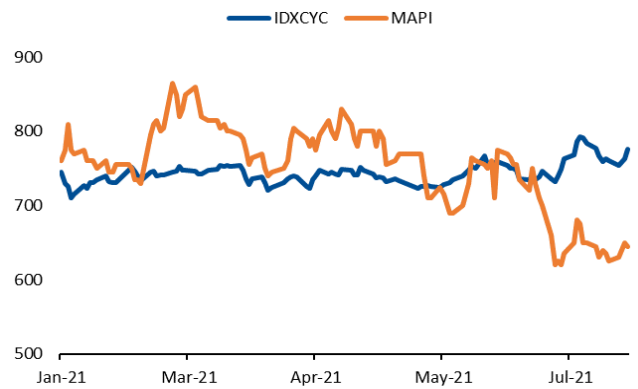
Valuation highlights in charts

5-year trailing EV/EBITDA band



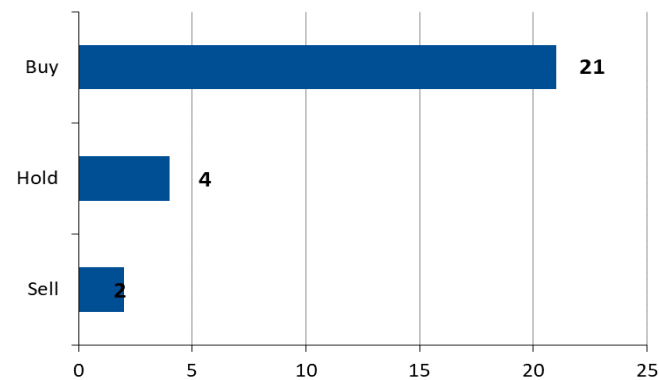
Source: Company Data, NHKSI Research

MAPI and IDX Cyclical Index



Source: Company Data, NHKSI Research

Consensus of analyst recommendation



Source: Bloomberg

Closing and Target Price Update



Source: NHKSI research

Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
8/19/2019	Buy	1,200	990	1,118	21.2%	7.4%
13/07/2020	Buy	870	720	857	20.8%	1.5%
16/12/2020	Buy	975	845	937	15.4%	4.0%
02/08/2021	Buy	825	620	893	33.1%	-7.6%

Source: NHKSI research, Bloomberg

Summary of Financials

INCOME STATEMENT				
(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Sales	14,847	15,803	17,115	18,929
<i>Growth</i>	-31.2%	6.4%	8.3%	10.6%
Cost of Good Sold	(8,666)	(8,862)	(9,276)	(10,411)
Gross Profit	6,181	6,941	7,839	8,518
<i>Gross Margin</i>	41.6%	43.9%	45.8%	45.0%
Operating Expenses	(6,238)	(6,051)	(6,734)	(7,335)
EBIT	(57)	890	1,105	1,183
<i>EBIT Margin</i>	-0.4%	5.6%	6.5%	6.2%
Depreciation	871	773	859	883
EBITDA	814	1,663	1,964	2,066
<i>EBITDA Margin</i>	5.5%	10.5%	11.5%	10.9%
Interest Expenses	(552)	(488)	(428)	(370)
EBT	(724)	333	608	661
Income Tax	139	(31)	(156)	(169)
Minority Interest	32	28	(34)	(38)
Net Profit	(554)	330	418	454
<i>Growth</i>	-159.3%	159.5%	26.9%	8.6%
<i>Net Profit Margin</i>	-3.7%	2.1%	2.4%	2.4%

BALANCE SHEET				
(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Cash	2,788	2,668	3,027	3,445
Receivables	342	351	343	331
Inventories	3,715	3,714	3,300	3,431
Total Current Assets	8,165	8,314	8,511	9,309
Net Fixed Assets	3,365	3,370	3,162	3,035
Other Non Current Asset	983	1,032	1,018	1,053
Total Non Current Assets	9,485	9,369	9,153	9,063
Total Assets	17,650	17,684	17,665	18,372
Payables	1,621	1,632	1,672	1,751
ST Bank Loan	2,497	2,129	1,906	1,790
Total Current Liabilities	7,345	6,909	6,753	7,207
LT Debt	2,873	2,534	2,191	2,106
Total Liabilities	11,151	10,644	10,363	10,850
Capital Stock	830	830	830	830
Retained Earnings	2,905	3,413	3,659	3,897
Shareholders' Equity	6,499	7,040	7,302	7,521

CASH FLOW STATEMENT				
(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Operating Cash Flow	(1,028)	756	1,506	1,528
Investing Cash Flow	(876)	(661)	(647)	(789)
Financing Cash Flow	3,181	(306)	(500)	(320)
Net Changes in Cash	1,277	(210)	359	418

Source: NHKSI Research

PROFITABILITY & STABILITY				
	2020/12A	2021/12E	2022/12E	2023/12E
ROE	-8.5%	4.7%	5.7%	6.0%
ROA	-3.1%	1.9%	2.4%	2.5%
Inventory Turnover	2.4x	2.4x	2.6x	3.1x
Receivable Turnover	39.6x	45.6x	49.3x	56.2x
Payables Turnover	5.1x	5.4x	5.6x	6.1x
Dividend Yield	0.0%	0.0%	1.3%	1.6%
Payout Ratio	0.0%	0.0%	51.5%	35.8%
DER	82.6%	66.2%	56.1%	51.8%
Net Gearing	28.2%	30.4%	21.4%	23.7%
Equity Ratio	36.8%	39.8%	41.3%	40.9%
Debt Ratio	0.3x	0.3x	0.2x	0.2x
Financial Leverage	2.3x	2.6x	2.5x	2.4x
Current Ratio	1.1x	1.2x	1.3x	1.3x
Quick Ratio	0.6x	0.7x	0.8x	0.8x
Par Value (IDR)	50	50	50	50
Total Shares (mn)	16,600	16,600	16,600	16,600
Share Price (IDR)	790	825	825	825
Market Cap (IDR tn)	13.1	13.7	13.7	13.7

VALUATION INDEX				
	2020/12A	2021/12E	2022/12E	2023/12E
Price /Earnings	-23.7x	41.5x	32.7x	30.2x
Price /Book Value	2.4x	2.3x	2.2x	2.1x
PE/EPS Growth	0.1x	-0.3x	1.2x	3.5x
EV/EBITDA	13.0x	6.8x	6.1x	6.1x
EV/EBIT	-184.5x	12.7x	10.9x	10.6x
EV (IDR bn)	10,549	11,331	12,034	12,537
Revenue CAGR (3-Yr)		-5.8%	-7.4%	8.4%
Net Income CAGR (3-Yr)		-23.4%	-23.5%	-193.6%
Basic EPS (IDR)	(33)	20	25	27
BVPS (IDR)	329	360	374	389
DPS (IDR)	-	-	10.3	13.1

OWNERSHIP	
Shareholders	%
Satya Mulia Gema	51.0
Employees Provident Fund	5.0
Schroder Investment	3.5
Norges Bank	3.0
By Geography	%
Indonesia	69.9
Malaysia	6.5
United States	5.9
Norway	3.8

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.