

Ace Hardware Indonesia Tbk (ACES IJ)

Tertahan oleh Penutupan Toko Sementara

Kami melihat ACES akan bersikap konservatif untuk sementara mengingat ketidakpastian seputar laju pemulihan permintaan konsumen dan pandemi Covid-19. Kami berharap penjualan digital dan efisiensi biaya akan menjadi pendorong pertumbuhan ke depan.

Kinerja Naik Tipis

- ACES membukukan penjualan bersih sebesar IDR1,7 triliun (+1,7% YoY, +1,9% QoQ) di 2Q21, sementara laba bersih mencapai IDR116 miliar (+0,9% YoY).
- Sepanjang 2Q21, ACES mengadakan berbagai promosi seperti *Boom Sale* dan *ACE Lebaran sale* yang bertujuan untuk mendukung pertumbuhan penjualan. Hal ini sejalan dengan SSSG yang akhirnya naik ke teritori positif selama dua bulan berturut-turut (Mei dan Juni).
- Kinerja penjualan dua kontributor terbesar untuk penjualan, *home improvement* (-2% YoY) dan produk gaya hidup (-2% YoY) lemah.
- Sementara itu, segmen mainan naik 24% YoY. Kami rasa segmen ini akan menikmati permintaan yang stabil mengingat produk yang ditawarkan menjadi alternatif rekreasi anak-anak dalam situasi saat ini.
- Semua margin profitabilitas merosot, meskipun perusahaan telah menjaga agar kenaikan COGS dan opex lebih lambat.
- Kami memperkirakan diskon sewa berlanjut sampai jumlah pengunjung kembali normal, paling cepat di 4Q.
- Secara kumulatif, penjualan dan laba bersih 1H21 turun sebesar -7% YoY dan -21,3% YoY. Ini di bawah ekspektasi kami terutama karena penerapan pembatasan aktivitas publik yang ketat.

Berharap pada Pembukaan Kembali Toko dan Pertumbuhan Penjualan Online

- Dengan jumlah kasus harian covid-19 yang mencapai rekor pada bulan Juli, pemerintah memutuskan untuk menerapkan kembali pembatasan ketat yang menyebabkan penutupan sementara untuk sejumlah toko ACES.
- Dengan demikian, kami memperkirakan tindakan pembatasan yang lebih ketat baru-baru ini di Jawa dan Bali akan menjadi hambatan pada kinerja penjualan mendatang mengingat sekitar 155 toko tetap tutup sementara (vs. 42 toko tahun lalu).
- Namun, penjualan online terus meningkat. Kontribusi penjualan online terhadap total penjualan mencapai sekitar 20% terutama di bulan Juli (vs. 2% tahun lalu), berkat layanan *personal shopper* ACES.
- SSSG menyusut ke -50,7% di bulan Juli, angka yang mengecewakan tetapi sesuai dengan ekpektasi kami mengingat jumlah pengunjung yang lebih rendah.

Valuasi

- Memperhitungkan estimasi kinerja yang akan datang, kami memangkas perkiraan penjualan kami sebesar -9%/-11% di FY21F/22F.
- Harga saham ACES *underperform* sebesar -18,2% YTD, yang kami yakini juga sudah mencerminkan kinerja yang lemah karena pembatasan sosial yang lebih ketat.
- Meskipun kami memangkas estimasi penjualan kami, rekomendasi kami tingkatkan ke BUY (dari Overweight) ditopang oleh pembukaan kembali pusat perbelanjaan dan peningkatan tingkat vaksinasi Covid-19.

Ace Hardware Indonesia Tbk | Summary (IDR bn)

	2020	2021F	2022F	2023F
Revenue	7,413	7,151	7,565	8,777
Growth	-9.0%	-3.5%	5.8%	16.0%
Net Profit	736	776	806	895
Growth	-28.9%	5.5%	3.9%	11.0%
EPS (IDR)	43	45	47	52
P/E	40.0x	35.4x	34.0x	30.7x
P/BV	5.6x	5.0x	4.9x	4.6x
EV/EBITDA	27.7x	26.9x	26.8x	25.4x
ROE	14.8%	14.5%	14.5%	15.5%
DER	16%	16%	18%	18%
Dividend Yield	1.6%	1.1%	2.0%	2.1%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

BUY

Target Price (IDR)	1,600
Consensus Price (IDR)	1,556
TP to Consensus Price	2.8%
Potential Upside	15.1%

Shares data

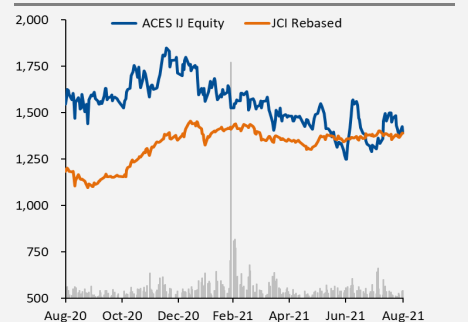
Last Price (IDR)	1,390
Price date as of	8/31/2021
52 wk range (Hi/Lo)	1,850/ 1,250
Free float (%)	40.0%
Outstanding sh.(mn)	17,150
Market Cap (IDR bn)	24,010
Market Cap (USD mn)	1,679
Avg. Trd Vol - 3M (mn)	17.1
Avg. Trd Val - 3M (bn)	24.0
Foreign Ownership	23.9%

Consumer Cyclical

Retail

Bloomberg	ACES IJ
Reuters	ACES.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-18.2%	5.3%	-7.0%	-10.0%
Rel. Ret.	-19.0%	4.3%	-10.4%	-27.4%

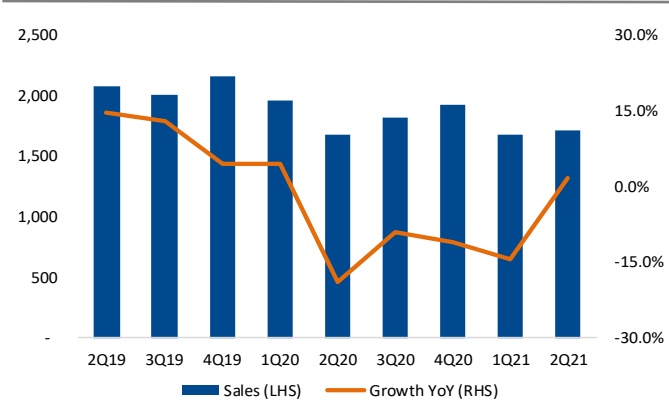
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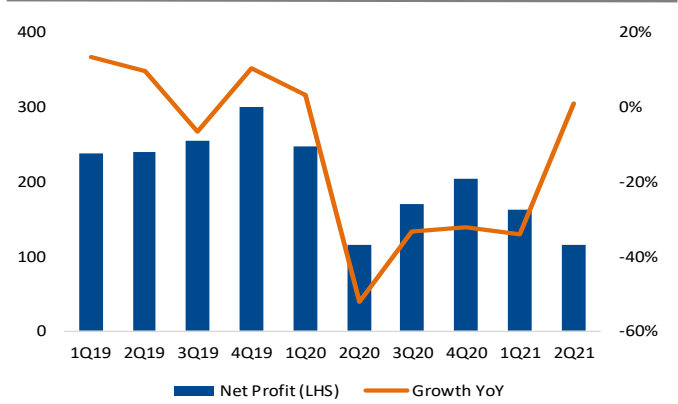
Performance Highlights

ACES Quarterly Net Revenues | 2Q19 - 2Q21



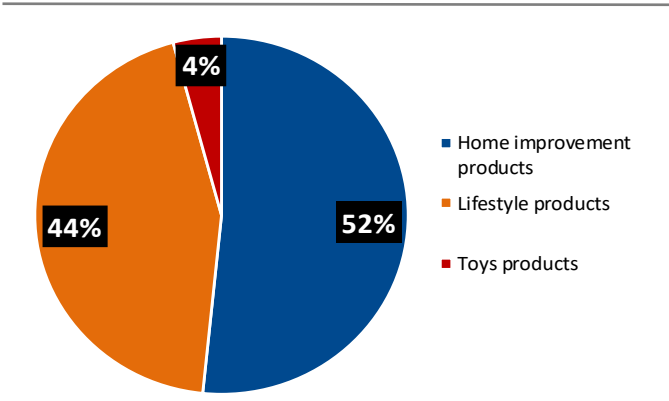
Source: Company, NHKSI Research

ACES Quarterly Net Profit | 2Q19 - 2Q21



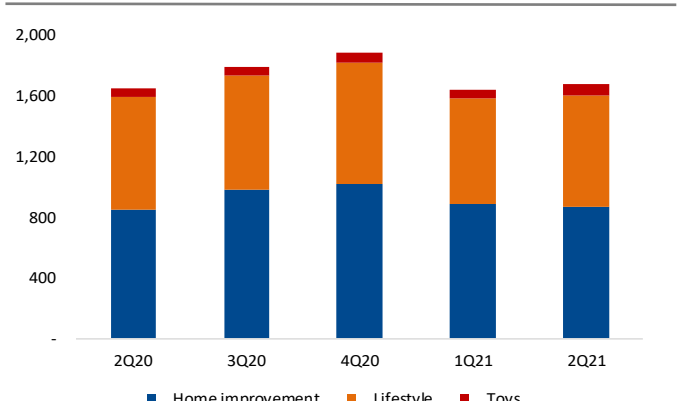
Source: Company, NHKSI Research

ACES Revenue Breakdown | 2Q21



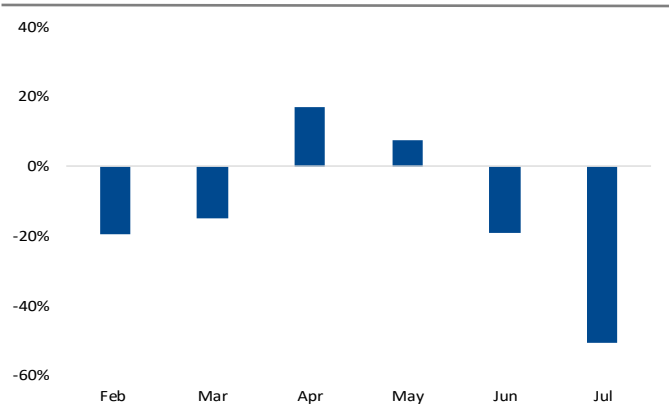
Source: Company, NHKSI Research

ACES Segment Contribution | 2Q20-2Q21



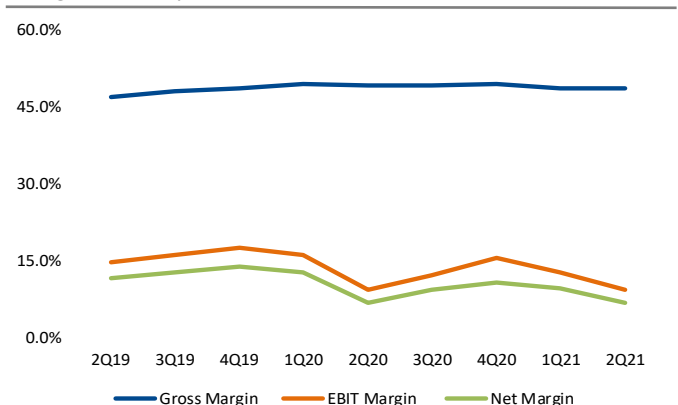
Source: Company, NHKSI Research

ACES SSSG | Feb-July'21



Source: Company, NHKSI Research

Margin Ratios | 2Q19 - 2Q21



Source: Bloomberg, NHKSI Research

Company Overview



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 ruparupa.com, milik entitas induk ACES.

Retail Companies Peers Analysis

	Market Cap (USD mn)	Asset	Sales LTM (USD mn)	Net Profit LTM	Net Profit Growth LTM	Net Profit Margin	ROE (LTM)	P/E LTM	P/BV
Indonesia									
MATAHARI DEPARTMENT STORE	540	454	427	1	N/A	0.3%	1.4%	0.3x	0.1x
RAMAYANA LESTARI SENTOSA	318	380	192	(0)	N/A	-0.2%	-0.2%	N/A	1.1x
ACE HARDWARE INDONESIA	1,679	520	497	45	-28.32%	9.1%	13.1%	36.8x	4.9x
MITRA ADIPERKASA	859	1,268	1,193	9	379.93%	0.7%	2.3%	92.1x	2.1x
Thailand									
HOME PRODUCT CENTER PCL	5,732	1,870	1,981	186	5.54%	9.4%	27.5%	32.2x	8.5x
SIAM GLOBAL HOUSE PCL	3,058	1,201	1,014	90	28.62%	8.9%	16.2%	35.4x	5.5x
Philippine									
WILCON DEPOT INC	2,059	588	558	48	58.11%	8.7%	15.5%	43.6x	6.4x

Source: Bloomberg, NHKSI research

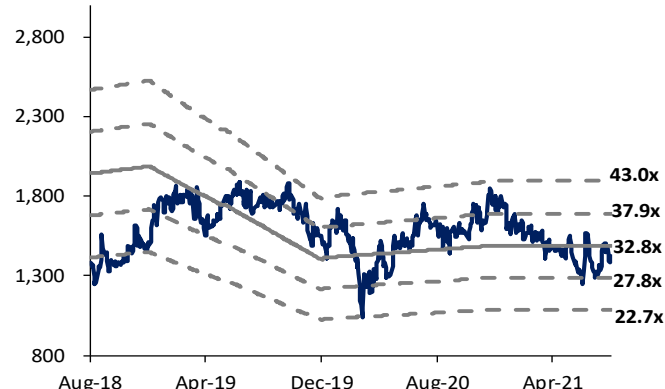
Valuation highlights in charts

Forward P/E Band | Last 3 Years



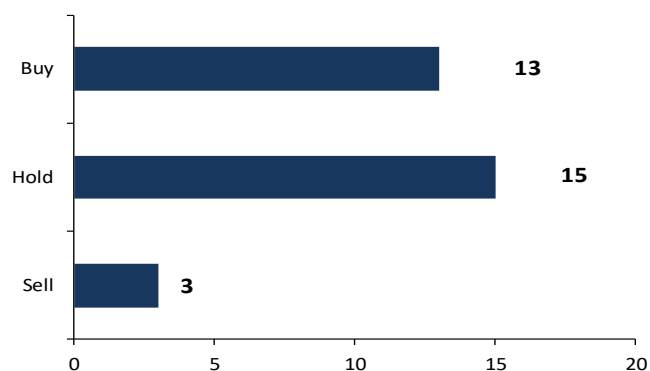
Source: Company Data, NHKSI Research

Dynamic Forward P/E Band | Last 3 Years



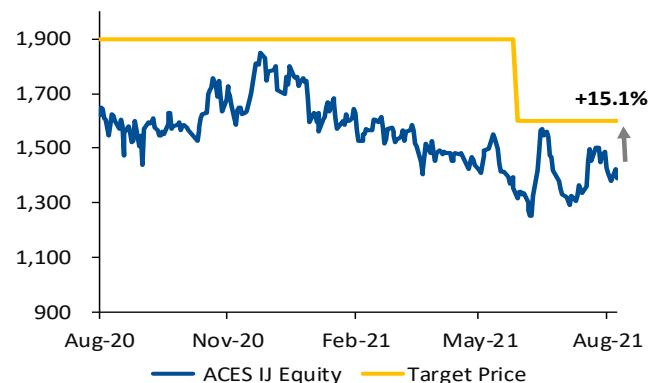
Source: Company Data, NHKSI Research

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
30/12/2020	Overweight	IDR1,900	IDR1,800	IDR1,817	+5.6%	+4.6%
19/7/2021	Overweight	IDR1,600	IDR1,420	IDR1,556	+12.7%	+2.8%
1/9/2021	Buy	IDR1,600	IDR1,390	IDR1,556	+15.1%	+2.8%

Source: NHKSI research, Bloomberg

Summary of Financials

INCOME STATEMENT				
(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Sales	7,413	7,151	7,565	8,777
<i>Growth</i>	-9.0%	-3.5%	5.8%	16.0%
Cost of Good Sold	(3,754)	(3,576)	(3,828)	(4,406)
Gross Profit	3,659	3,575	3,737	4,371
<i>Gross Margin</i>	49.4%	50.0%	49.4%	49.8%
Operating Expenses	(2,670)	(2,612)	(2,773)	(3,312)
EBIT	990	962	964	1,058
<i>EBIT Margin</i>	13.3%	13.5%	12.7%	12.1%
Depreciation	123	133	142	152
EBITDA	1,113	1,096	1,106	1,210
<i>EBITDA Margin</i>	15.0%	15.3%	14.6%	13.8%
Interest Expenses	(126)	(109)	(18)	(20)
EBT	926	926	950	1,005
Income Tax	(192)	(168)	(193)	(204)
Minority Interest	2	(5)	(6)	(4)
Net Profit	736	776	806	895
<i>Growth</i>	-28.9%	5.5%	3.9%	11.0%
<i>Net Profit Margin</i>	9.9%	10.9%	10.7%	10.2%

PROFITABILITY & STABILITY				
	2020/12A	2021/12E	2022/12E	2023/12E
ROE	14.8%	14.5%	14.5%	15.5%
ROA	10.2%	10.3%	10.0%	10.5%
Inventory Turnover	1.5x	1.6x	1.8x	2.2x
Receivable Turnover	63.7x	85.4x	96.1x	76.0x
Payables Turnover	22.0x	22.3x	18.3x	17.4x
Dividend Yield	1.6%	1.1%	2.0%	2.1%
Payout Ratio	29.9%	74.8%	74.9%	75.0%
DER	16%	16%	18%	18%
Net Gearing	0.0x	0.0x	0.0x	0.0x
Equity Ratio	72.1%	72.5%	70.1%	69.7%
Debt Ratio	11.5%	11.4%	12.7%	12.2%
Financial Leverage	1.3x	1.4x	1.4x	1.4x
Current Ratio	8.1x	6.0x	7.2x	5.8x
Quick Ratio	3.1x	4.5x	3.5x	4.3x
Par Value (IDR)	10	10	10	10
Total Shares (mn)	17,150	17,150	17,150	17,150
Share Price (IDR)	1,715	1,600	1,600	1,600
Market Cap (IDR tn)	29.4	27.4	27.4	27.4

BALANCE SHEET				
(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Cash	2,220	2,951	3,252	4,319
Receivables	143	24	134	97
Inventories	2,453	1,897	2,298	1,638
Total Current Assets	5,035	5,182	5,902	6,308
Net Fixed Assets	875	814	795	793
Other Non Current Assets	1,338	1,522	1,347	1,404
Total Non Current Asset	2,212	2,336	2,141	2,197
Total Assets	7,247	7,518	8,043	8,506
Payables	164	156	263	244
Other Current Liabilities	425	413	437	507
Total Current Liabilities	845	723	1,019	1,091
LT Liabilities	-	-	-	-
Total Liabilities	2,025	2,070	2,402	2,581
Capital Stock	172	172	172	172
Retained Earnings	4,629	4,853	5,045	5,329
Shareholders' Equity	5,222	5,448	5,641	5,925

VALUATION INDEX				
	2020/12A	2021/12E	2022/12E	2023/12E
Price /Earnings	40.0x	35.4x	34.0x	30.7x
Price /Book Value	5.6x	5.0x	4.9x	4.6x
PE/EPS Growth	-1.4x	6.4x	8.8x	2.8x
EV/EBITDA	27.7x	26.9x	26.8x	25.4x
EV/EBIT	31.1x	30.7x	30.8x	29.0x
EV (IDR bn)	30,784	29,518	29,654	30,700
Revenue CAGR (3-Yr)	7.7%	-0.4%	-2.4%	5.8%
Net Income CAGR (3-Yr)	-1.8%	-7.1%	-8.0%	6.8%
Basic EPS (IDR)	43	45	47	52
BVPS (IDR)	304.50	318	329	345
DPS (IDR)	28.2	18.0	32.1	33.9

CASH FLOW STATEMENT				
(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Operating Cash Flow	1,136	1,632	660	1,759
Investing Cash Flow	(101)	(159)	81	(101)
Financing Cash Flow	(370)	(370)	(699)	(440)
Net Changes in Cash	454	665	774	301

OWNERSHIP	
Shareholders	%
PT Kawan Lama Sejahtera	60.0
JP Morgan Chase &Co	2.6
Capital Grup Company Inc	2.0
Standard Life Aberdeen	1.6
By Geography	%
Indonesia	75.3
United States	12.7
Luxembourg	4.6
United Kindom	2.1

Source: 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%

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