

Mitra Adiperkasa Tbk (MAPI IJ)

Expanding Product Portfolios

Company Report | Sept 21, 2021

Overweight

Target Price (IDR)	825
Consensus Price (IDR)	893
TP to Consensus Price	-7.6%
Potential Upside	+11.5%

Shares data

Last Price (IDR)	740
Price date as of	20 Sept 2021
52 wk range (Hi/Lo)	945 / 560
Free float (%)	44.0%
Outstanding sh.(mn)	16,600
Market Cap (IDR bn)	12,201
Market Cap (USD mn)	857
Avg. Trd Vol - 3M (mn)	13.68
Avg. Trd Val - 3M (bn)	9.4
Foreign Ownership	22.4%

Consumer Cyclical

Retail

Bloomberg	MAPI IJ
Reuters	MAPI.JK

MAPI closed 2Q21 with an exciting performance, mainly driven by SSSG improvement and extensive margin expansion. We also believe MAPI's expansion initiatives may pave the way for a better outlook

Exciting Performance in 2Q21 Fueled by Festive Season

- In 2Q21, MAPI recorded a net sales of IDR4.8tn (+131.4% YoY, +11.8% QoQ), higher than our expectation, despite some headwinds to offline traffic.
- The exciting performance was driven by a surge in digital sales particularly during Lebaran festive season. The contribution of digital sales went up to 11.6% in 1H21 (vs. 10.3% in FY20)
- On margins side, GPM improved significantly by +786 bps YoY to 43.5%, due to better inventory management and sales of new product. In addition, inventory level in 1H21 was also maintained at 128 days (vs. FY20: 152 days) with less aging merchandise.
- Going forward, we expect the company to focus on keeping inventory level lean to reduce end-of-season markdowns.
- EBIT in 2Q21 reached IDR496bn, and EBIT margin expanded to 10.3% YoY as opex remains under control. Thus, we shall be able to see some cost savings from rental payment considering the limited operating hours and capacity from shopping mall as well as salaries expenses due to lower employee of 20,026/-12% (vs. 2Q20:22,730)
- MAPI posted 2Q21 net profit of IDR246bn, forming 59%/58% of our/consensus estimation. We saw the festive season help the company to accelerate recovery.

Expansion Initiatives Look Promising

- SSSG in 2Q21 came in at 139%, significantly improving from -21% in 1Q21 (worst at -52% in 2Q20). This impressive number is in line with the recovery in shopping malls footfall during festive season which is expected to doubled compare to last year, according to APPBI.
- Despite the current condition, MAPI has opened 115 stores up to 1H21, Active (40 stores) and F&B (23 stores), which have higher additional stores among other segments.
- The company has collaborated with some well-known beauty brand including Laneige, Innisfree, Sulwhasoo, and Boots. This is in line with one of company's primary focuses to expand its beauty product portfolio.
- In addition, the company launched Digiplus – the first multibrand electronic devices outlet to cater to the growing demand in smartphones amid stay at home and work from home culture.
- Last but not least, MAPI has embarked on an F&B expansion plan by signing an exclusive franchise agreement with Subway- a US based sandwich chain.
- This initiative shall benefit the F&B segment considering many Indonesian have been familiar with this brand due to its presence in the early 2000s

Valuation

- MAPI have shown a robust recovery in 2Q, reflected in margin expansion and SSSG improvement. However, stricter implementation of PPKM will hold back recovery in the upcoming quarter.
- Hence, we change our view to Overweight and maintain TP of IDR825/share.

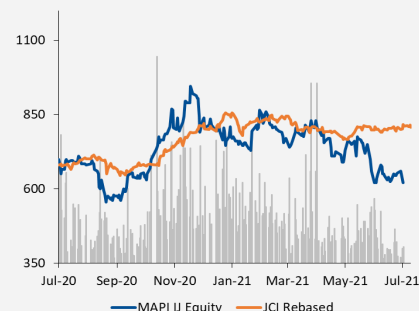
Mitra Adiperkasa Tbk | Summary (IDR bn)

	2020	2021F	2022F	2023F
Revenue	14,847	16,898	18,301	20,241
Growth	-31.2%	13.8%	8.3%	10.6%
Net Profit	(554)	413	551	645
Growth	-159.3%	174.6%	33.4%	17.0%
EPS (IDR)	(33)	25	33	39
P/E	-23.7x	33.1x	24.8x	21.2x
P/BV	2.4x	2.3x	2.1x	2.0x
EV/EBITDA	13.0x	6.2x	5.7x	5.5x
ROE	-8.5%	5.7%	7.3%	8.2%
DER	82.6%	66.2%	56.1%	51.8%
Dividend Yield	0.0%	0.0%	1.6%	2.1%

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%

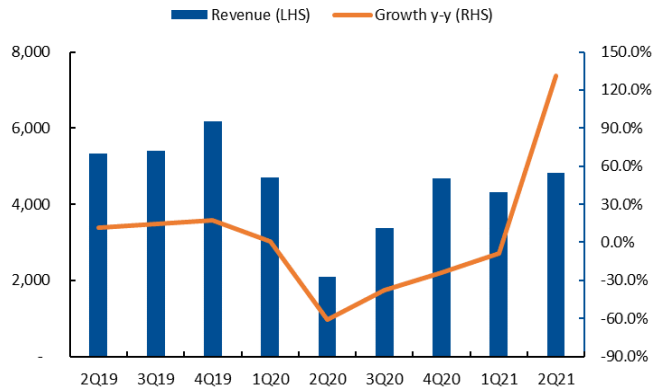
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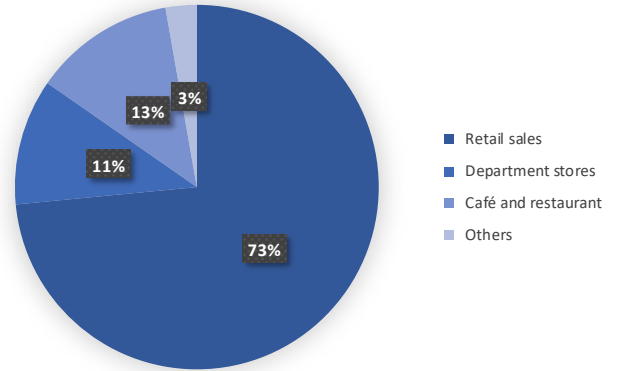
Performance Highlights

MAPI Quarterly Net Revenues | 2Q19 - 2Q21



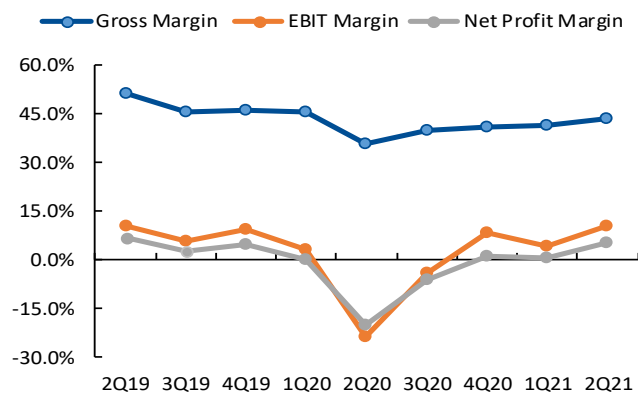
Source: Company, NHKSI Research

MAPI Revenue Breakdown | 2Q21



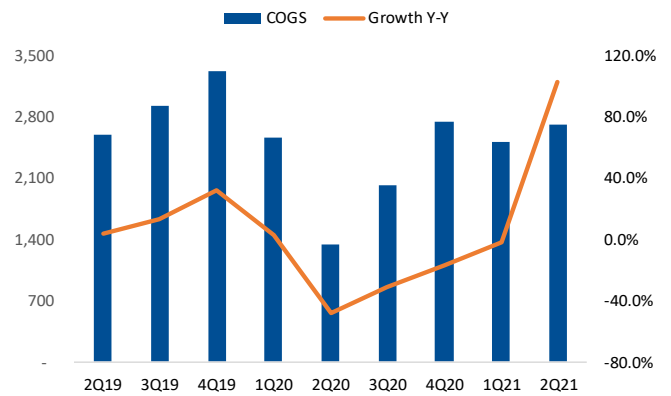
Source: Company, NHKSI Research

Margin Ratios | 2Q19 - 2Q21



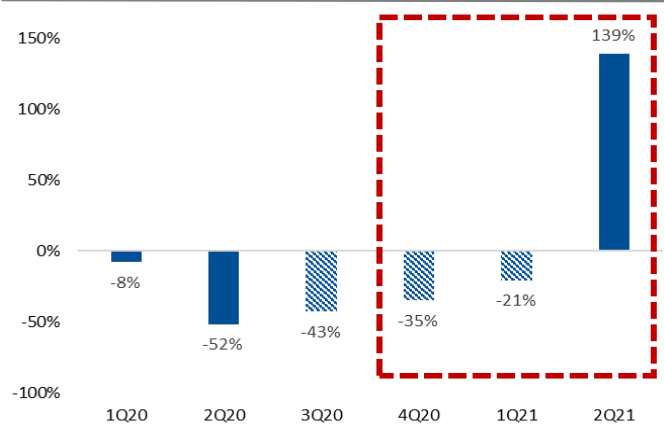
Source: Company, NHKSI Research

COGS | 2Q21



Source: Company, NHKSI Research

MAPI SSSG | 2Q21



Source: Company, NHKSI Research

Store Footfall Drops due to Tighter PPKM



Source: 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

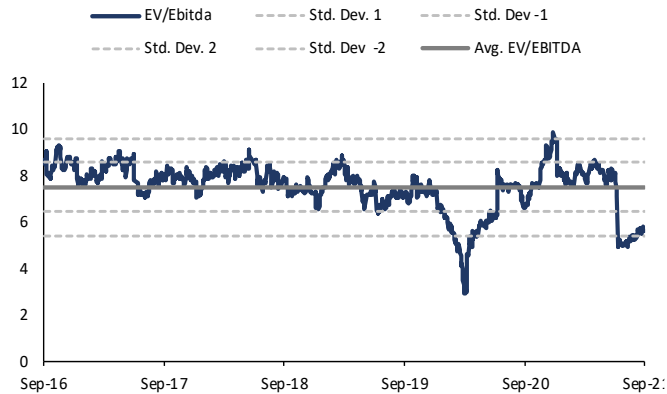
Indonesia is the first most populous nation in ASEAN; such characteristic develops Indonesia into a lucrative market for the retail business. Top retailers, i.e. LPPF, RALS, MAPI with their stores across Indonesia dominate the Indonesian market.

ASEAN Retailers

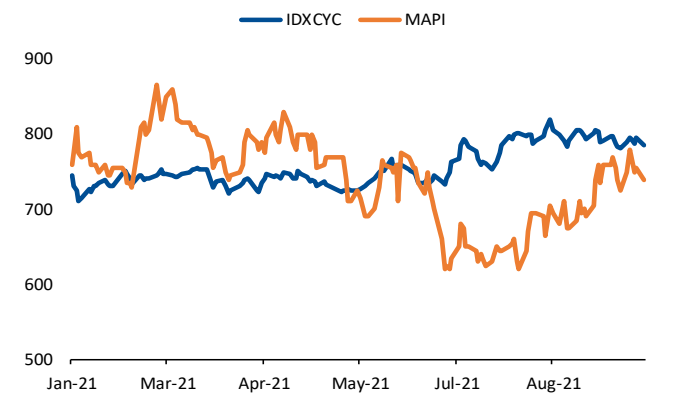
Company	Market Cap (USD mn)	Asset (USD mn)	Sales Growth	Gross Margin	Operating Margin	ROE LTM	P/E LTM	P/BV LTM	Dividend Yield
Indonesia									
LPPF	522	454	-52.91%	58.5%	-18.0%	1.4%	0.3x	0.1x	N/A
RALS	354	380	-54.83%	43%	-10.2%	-0.2%	N/A	1.3x	7.0%
MAPI	868	1,268	-31.38%	42%	-0.5%	2.3%	92.7x	2.2x	N/A
Singapore									
Metro Holdings	462	1,747	-53.71%	16%	-7%	2.4%	16.9x	0.4x	3.0%
Malaysia									
Parkson Holdings Bhd	52	2,381	3.29%	N/A	9%	-2.3%	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	23,757	25,503	-20.75%	35%	11%	9.1%	32.7x	2.8x	0.4%

Valuation highlights in charts

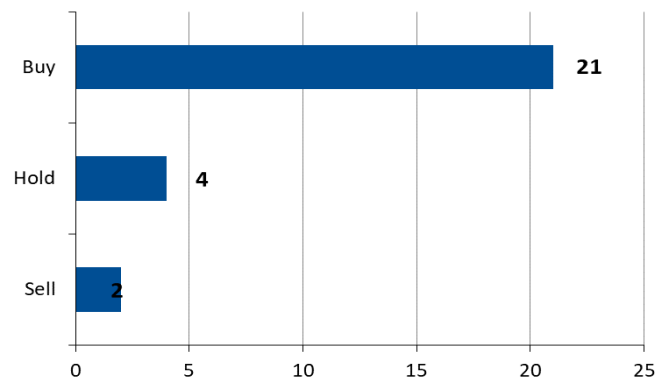
5-year trailing EV/EBITDA band



MAPI and IDX Cyclical Index



Consensus of analyst recommendation



Closing and Target Price Update



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%
21/09/2021	Overweight	825	740	893	11.5%	-7.6%

Source: NHKSI research, Bloomberg

Summary of Financials

INCOME STATEMENT

(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Sales	14,847	16,898	18,301	20,241
<i>Growth</i>	-31.2%	13.8%	8.3%	10.6%
Cost of Good Sold	(8,666)	(9,538)	(9,919)	(11,132)
Gross Profit	6,181	7,361	8,382	9,108
<i>Gross Margin</i>	41.6%	43.6%	45.8%	45.0%
Operating Expenses	(6,238)	(6,272)	(7,080)	(7,644)
EBIT	(57)	1,089	1,302	1,464
<i>EBIT Margin</i>	-0.4%	6.4%	7.1%	7.2%
Depreciation	871	826	884	924
EBITDA	814	1,914	2,185	2,389
<i>EBITDA Margin</i>	5.5%	11.3%	11.9%	11.8%
Interest Expenses	(552)	(494)	(439)	(381)
EBT	(724)	562	790	921
Income Tax	139	(94)	(202)	(236)
Minority Interest	32	(55)	(37)	(40)
Net Profit	(554)	413	551	645
<i>Growth</i>	-159.3%	174.6%	33.4%	17.0%
<i>Net Profit Margin</i>	-3.7%	2.4%	3.0%	3.2%

PROFITABILITY & STABILITY

	2020/12A	2021/12E	2022/12E	2023/12E
ROE	-8.5%	5.7%	7.3%	8.2%
ROA	-3.1%	2.2%	3.1%	3.3%
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%	1.6%	2.1%
Payout Ratio	0.0%	0.0%	38.2%	36.3%
DER	82.6%	66.2%	56.1%	51.8%
Net Gearing	28.2%	31.1%	22.0%	24.8%
Equity Ratio	36.8%	38.9%	42.0%	40.4%
Debt Ratio	0.3x	0.3x	0.2x	0.2x
Financial Leverage	2.3x	2.6x	2.5x	2.4x
Current Ratio	1.1x	1.3x	1.3x	1.3x
Quick Ratio	0.6x	0.7x	0.9x	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

BALANCE SHEET

(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Cash	2,788	3,136	3,467	4,045
Receivables	342	399	343	378
Inventories	3,715	4,281	3,220	3,978
Total Current Assets	8,165	9,421	8,921	10,578
Net Fixed Assets	3,365	3,226	3,038	2,922
Other Non Current Asset	983	961	1,018	1,053
Total Non Current Assets	9,485	9,112	8,977	8,885
Total Assets	17,650	18,533	17,898	19,463
Payables	1,621	1,880	1,652	2,008
ST Bank Loan	2,497	2,180	1,962	1,872
Total Current Liabilities	7,345	7,518	6,698	7,877
LT Debt	2,873	2,595	2,256	2,203
Total Liabilities	11,151	11,325	10,379	11,597
Capital Stock	830	830	830	830
Retained Earnings	2,905	3,496	3,832	4,192
Shareholders' Equity	6,499	7,208	7,519	7,867

VALUATION INDEX

	2020/12A	2021/12E	2022/12E	2023/12E
Price /Earnings	-23.7x	33.1x	24.8x	21.2x
Price /Book Value	2.4x	2.3x	2.1x	2.0x
PE/EPS Growth	0.1x	-0.2x	0.7x	1.2x
EV/EBITDA	13.0x	6.2x	5.7x	5.5x
EV/EBIT	-184.5x	10.8x	9.6x	8.9x
EV (IDR bn)	10,549	11,796	12,466	13,098
Revenue CAGR (3-Yr)		-3.7%	-5.3%	10.9%
Net Income CAGR (3-Yr)		-17.5%	-16.1%	-205.2%
Basic EPS (IDR)	(33)	25	33	39
BVPS (IDR)	329	365	385	407
DPS (IDR)	-	-	12.9	17.3

OWNERSHIP

Shareholders	%
Satya Mulia Gema	51.0
Employees Provident Fund	5.0
Schroder Investment	3.6
Norges Bank	3.0
By Geography	%
Indonesia	71.7
United States	6.6
Malaysia	6.7
Norway	4.0

CASH FLOW STATEMENT

(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Operating Cash Flow	(1,028)	892	1,664	1,759
Investing Cash Flow	(876)	(493)	(753)	(830)
Financing Cash Flow	3,181	(161)	(579)	(351)
Net Changes in Cash	1,277	238	332	578

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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