

Ace Hardware Indonesia Tbk (ACES IJ)

Penjualan 3Q21 Melambat

ACES menutup 3Q21 dengan hasil yang mengecewakan karena perlambatan SSSG, seiring angka penjualan terbaru dipengaruhi oleh kondisi yang tidak menguntungkan. Namun, kami optimistis perusahaan akan kembali ke jalur pemulihan pada kuartal mendatang.

Laba terhambat lantaran pertumbuhan SSSG yang lebih lambat

- Pendapatan ACES di bawah ekspektasi kami sebesar IDR1,3 triliun di 3Q21 (-29,0% YoY, -24,2% QoQ), terseret oleh SSSG negatif dan kinerja yang lemah di semua segmen.
- Pemerintah telah memberlakukan PPKM yang lebih ketat selama 3Q, yang berdampak buruk bagi pengecer karena penutupan toko sementara untuk beberapa pusat perbelanjaan yang berlokasi di kota lapis pertama.
- Akibatnya, SSSG ACES tetap berada di zona merah. Selain itu, Agustus adalah bulan terburuk bagi perusahaan mengingat *footfall* jauh lebih rendah, yang menekan SSSG di -30,4%.
- Menurut *update* SSSG terbaru pada Oktober 21, penurunan tajam SSSG terlihat terutama di Jawa luar Jakarta (-11,4%), diikuti oleh Jakarta (-7,5%), dan di luar Jawa (-6,9%).
- Saat ini, angka SSSG sudah membaik setelah aturan PPKM dilonggarkan (awal September). Secara keseluruhan, SSSG di 4Q diperkirakan akan kembali ke wilayah positif didukung oleh kegiatan regulernya seperti ACE Boom Sales dan Year-End Sale bersama dengan nilai belanja rata-rata yang lebih tinggi.
- Pada *bottom line*, ACES melaporkan laba bersih 3Q21 sebesar IDR47 miliar (-72,2% YoY), sehingga laba bersih FY21 menjadi IDR323 miliar (-38,1% YoY) atau 56% dari perkiraan setahun penuh kami.
- Dengan demikian, margin 3Q berkontraksi dengan margin EBIT yang lebih rendah (-670bps menjadi 5,3%) serta margin laba bersih (-570bps menjadi 9,3%). Sementara COGS turun 30,5% YoY, menyebabkan kenaikan GPM sebesar 110bps YoY.

Harapkan kinerja toko untuk menguat

- Kami melihat kontribusi online terhadap total penjualan meningkat tajam meskipun belum cukup untuk mengimbangi kerugian dari *walk-in store*. Namun, dengan tingkat vaksinasi yang meningkat, kami berharap pertumbuhan penjualan online akan mulai normal.
- Selain itu, program loyalitas telah membantu perusahaan untuk berhubungan dengan pelanggan melalui promosi dan acara khusus anggota. Hasilnya, *membership* ACES berkembang hingga lebih dari 3,6 juta pada 9M21.
- Selain itu, manajemen bersikap konservatif dalam target ekspansi tahun ini, di tengah situasi yang tidak stabil. Pada 9M21, perusahaan menambah 18.600m² ruang toko (vs. FY20: 41.000m²), dan sebagian besar berlokasi di Jawa.
- Dalam pandangan kami, peningkatan mobilitas dan pendapatan yang dapat dibelanjakan akan menjadi katalis pertumbuhan penting di masa depan, dan kami mengharapkan peningkatan margin dan penjualan lebih lanjut.
- Selain itu, kami percaya perusahaan akan kembali ke rencana ekspansi yang agresif di tahun depan didukung oleh pemulihan ekonomi.

Valuation

- Kami sedikit menurunkan perkiraan pendapatan kami untuk FY21F/FY22F, karena strategi konservatif dan pemulihan ekonomi bertahap. Karena itu, kami tetap merekomendasikan BUY dengan TP yang lebih rendah Rp1.460 berdasarkan target P/E kami sebesar 41,7x.
- Risiko utama dari rekomendasi kami adalah penerapan PPKM yang lebih ketat dan daya beli yang melemah.

Ace Hardware Indonesia Tbk | Summary (IDR bn)

	2020	2021F	2022F	2023F
Revenue	7,413	6,841	7,686	8,708
Growth	-9.0%	-7.7%	12.4%	13.3%
Net Profit	736	601	876	953
Growth	-28.9%	-18.3%	45.7%	8.9%
EPS (IDR)	43	35	51	56
P/E	40.0x	41.7x	28.6x	26.3x
P/BV	5.6x	4.7x	4.4x	4.2x
EV/EBITDA	27.7x	28.1x	21.5x	20.0x
ROE	14.8%	11.5%	16.0%	16.4%
DER	16%	16%	15%	15%
Dividend Yield	1.6%	1.2%	2.2%	1.8%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

BUY

Target Price (IDR)	1,460
Consensus Price (IDR)	1,536
TP to Consensus Price	-4.9%
Potential Upside	15.9%

Shares data

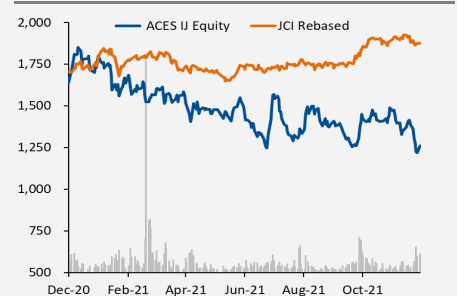
Last Price (IDR)	1,260
Price date as of	12/6/2021
52 wk range (Hi/Lo)	1,850/ 1,220
Free float (%)	40.0%
Outstanding sh.(mn)	17,150
Market Cap (IDR bn)	21,609
Market Cap (USD mn)	1,499
Avg. Trd Vol - 3M (mn)	20.0
Avg. Trd Val - 3M (bn)	27.1
Foreign Ownership	23.9%

Consumer Cyclical

Retail

Bloomberg	ACES IJ
Reuters	ACES.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-26.5%	-12.8%	-10.0%	-22.5%
Rel. Ret.	-36.0%	-12.2%	-16.9%	-35.1%

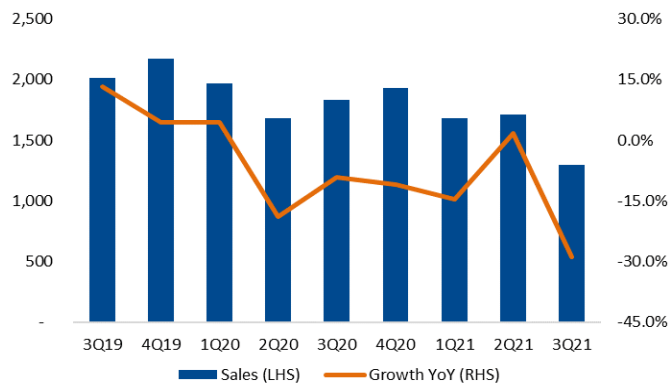
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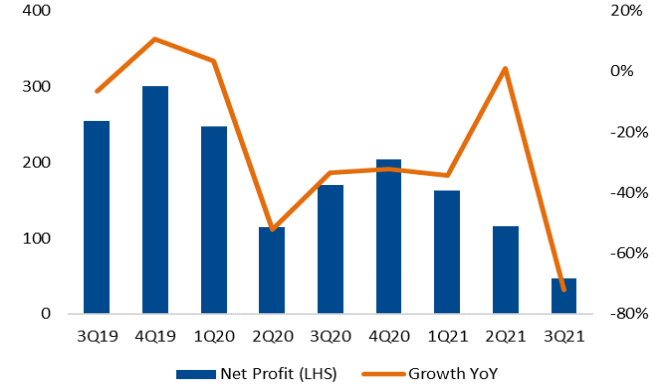
Performance Highlights

ACES Quarterly Net Revenues | 3Q19 - 3Q21



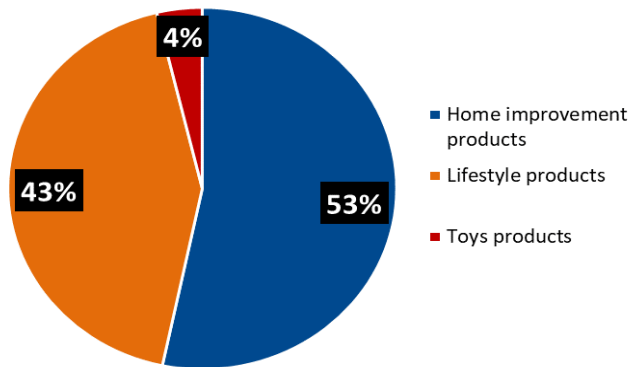
Source: Company, NHKSI Research

ACES Quarterly Net Profit | 3Q19 - 3Q21



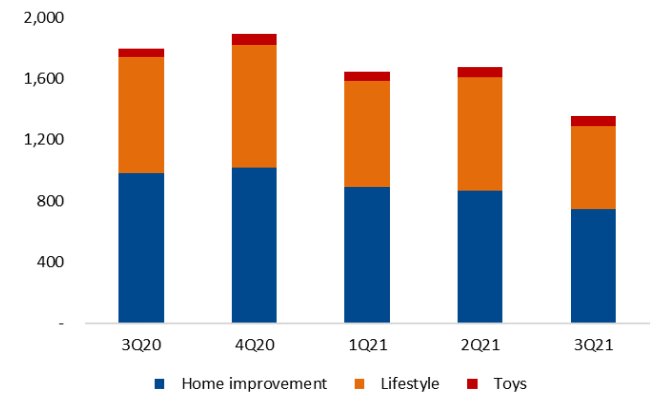
Source: Company, NHKSI Research

ACES Revenue Breakdown | 9M21



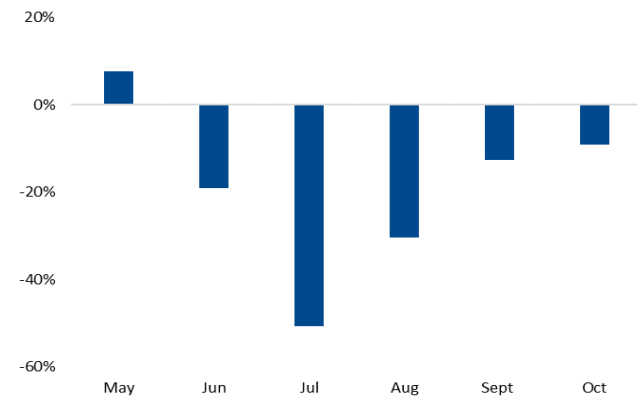
Source: Company, NHKSI Research

ACES Segment Contribution | 3Q20-3Q21



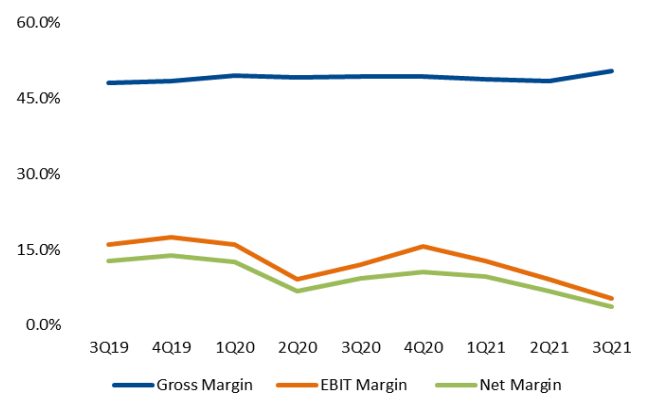
Source: Company, NHKSI Research

ACES SSSG | May-Oct'21



Source: Company, NHKSI Research

Margin Ratios | 3Q19 - 3Q21



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									
ACE HARDWARE INDONESIA	1,499	520	462	37	-36.22%	7.9%	10.7%	41.0x	4.3x
RAMAYANA LESTARI SENTOSA	335	380	182	4	#N/A	2.3%	1.6%	73.3x	1.2x
MATAHARI DEPARTMENT STORE	749	454	390	13	#N/A	3.3%	19.7%	59.6x	10.0x
MITRA ADIPERKASA	835	1,268	1,169	(2)	89.88%	-0.2%	-0.6%	#N/A	2.3x
Thailand									
HOME PRODUCT CENTER PCL	5,437	1,870	1,897	167	-2.75%	8.8%	25.4%	35.2x	8.7x
SIAM GLOBAL HOUSE PCL	2,650	1,201	1,048	95	36.95%	9.1%	16.8%	29.9x	4.6x
Philippine									
WILCON DEPOT INC	2,554	588	552	50	65.91%	9.0%	15.5%	41.9x	7.7x

Source: Bloomberg, NHKSI research

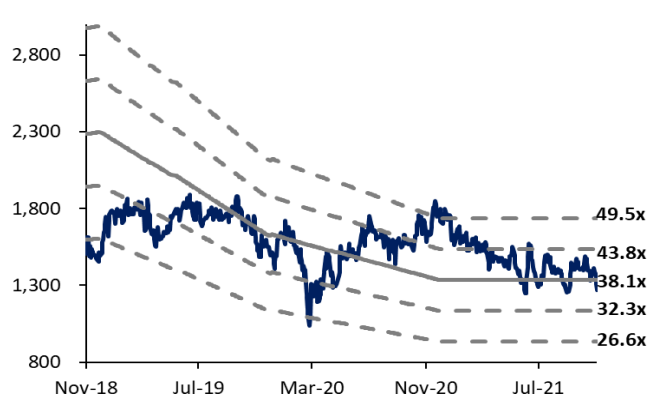
Valuation highlights in charts

Forward P/E Band | Last 3 Years



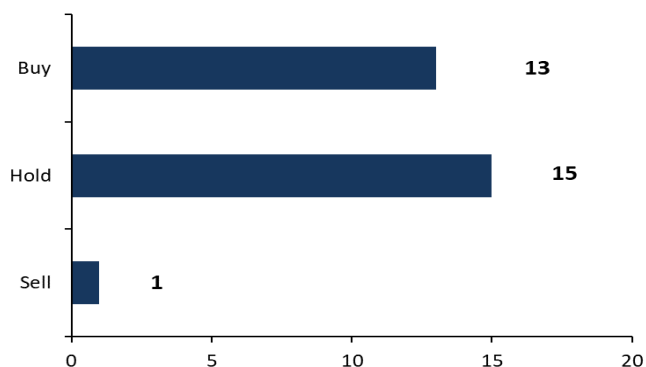
Source: Company Data, NHKSI Research

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%
07/12/2021	Buy	IDR1,460	IDR1,260	IDR1,536	+15.9%	-4.9%

Source: NHKSI research, Bloomberg

Summary of Financials

INCOME STATEMENT

(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Sales	7,413	6,841	7,686	8,708
<i>Growth</i>	-9.0%	-7.7%	12.4%	13.3%
Cost of Good Sold	(3,754)	(3,441)	(3,812)	(4,267)
Gross Profit	3,659	3,400	3,874	4,441
<i>Gross Margin</i>	49.4%	49.7%	50.4%	51.0%
Operating Expenses	(2,670)	(2,596)	(2,768)	(3,233)
EBIT	990	804	1,106	1,208
<i>EBIT Margin</i>	13.3%	11.8%	14.4%	13.9%
Depreciation	123	132	142	151
EBITDA	1,113	936	1,248	1,359
<i>EBITDA Margin</i>	15.0%	13.7%	16.2%	15.6%
Interest Expenses	(126)	(108)	(17)	(20)
EBT	926	926	762	1,131
Income Tax	(192)	(192)	(259)	(299)
Minority Interest	2	31	5	10
Net Profit	736	601	876	953
<i>Growth</i>	-28.9%	-18.3%	45.7%	8.9%
<i>Net Profit Margin</i>	9.9%	8.8%	11.4%	10.9%

PROFITABILITY & STABILITY

	2020/12A	2021/12E	2022/12E	2023/12E
ROE	14.8%	11.5%	16.0%	16.4%
ROA	10.2%	8.2%	11.0%	11.4%
Inventory Turnover	1.5x	1.4x	1.4x	1.5x
Receivable Turnover	63.7x	62.9x	96.1x	96.1x
Payables Turnover	22.0x	22.3x	18.3x	17.4x
Dividend Yield	1.6%	1.2%	2.2%	1.8%
Payout Ratio	29.9%	74.8%	74.7%	75.0%
DER	16%	16%	15%	15%
Net Gearing	0.0x	0.0x	0.0x	0.0x
Equity Ratio	72.1%	72.2%	71.0%	71.1%
Debt Ratio	11.5%	11.7%	10.9%	10.6%
Financial Leverage	1.3x	1.4x	1.4x	1.4x
Current Ratio	8.1x	6.0x	7.6x	6.6x
Quick Ratio	3.1x	3.7x	3.4x	3.9x
Par Value (IDR)	10	10	10	10
Total Shares (mn)	17,150	17,150	17,150	17,150
Share Price (IDR)	1,715	1,460	1,460	1,460
Market Cap (IDR tn)	29.4	25.0	25.0	25.0

BALANCE SHEET

(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Cash	2,220	2,114	2,709	3,095
Receivables	143	74	86	95
Inventories	2,453	2,637	2,794	2,747
Total Current Assets	5,035	5,163	5,812	6,190
Net Fixed Assets	875	810	798	795
Other Non Current Assets	1,338	1,331	1,368	1,393
Total Non Current Asset	2,212	2,141	2,166	2,189
Total Assets	7,247	7,305	7,978	8,378
Payables	164	144	274	217
Other Current Liabilities	425	408	458	519
Total Current Liabilities	845	676	877	894
LT Liabilities	-	-	-	-
Total Liabilities	2,025	2,033	2,311	2,421
Capital Stock	172	172	172	172
Retained Earnings	4,629	4,678	5,073	5,363
Shareholders' Equity	5,222	5,272	5,667	5,957

CASH FLOW STATEMENT

(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Operating Cash Flow	1,136	1,220	1,144	1,118
Investing Cash Flow	(101)	(192)	(90)	(81)
Financing Cash Flow	(370)	(758)	(459)	(651)
Net Changes in Cash	665	269	595	386

Source: NHKSI research

VALUATION INDEX

	2020/12A	2021/12E	2022/12E	2023/12E
Price /Earnings	40.0x	41.7x	28.6x	26.3x
Price /Book Value	5.6x	4.7x	4.4x	4.2x
PE/EPS Growth	-1.4x	-2.3x	0.6x	3.0x
EV/EBITDA	27.7x	28.1x	21.5x	20.0x
EV/EBIT	31.1x	32.7x	24.3x	22.6x
EV (IDR bn)	30,784	26,285	26,860	27,234
Revenue CAGR (3-Yr)	7.7%	-1.9%	-1.9%	5.5%
Net Income CAGR (3-Yr)	-1.8%	-14.7%	-5.4%	9.0%
Basic EPS (IDR)	43	35	51	56
BVPS (IDR)	304.50	307	330	347
DPS (IDR)	28.2	18.0	32.1	26.2

OWNERSHIP

	%
Shareholders	
PT Kawan Lama Sejahtera	60.0
JP Morgan Chase &Co	2.6
Standard Life Aberdeen	1.5
Vanguard Group	1.5
By Geography	
Indonesia	77.8
United States	9.8
Luxembourg	5.4
United Kindom	2.5

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2. Rating system based on a stock's potential upside from the date of publication
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 - Overweight : +5% to 15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

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