

Sumber Alfaria Trijaya (AMRT IJ)

Outlet Expansion Outside Java

In 1Q22, AMRT posted net revenue of IDR 22.9 trillion or grew by 19.1% YoY. Revenue in Java (excluding Greater Jakarta area), as the largest contributor, grew 34.4% YoY to IDR 9.2 trillion. Meanwhile, cost of revenue 19.6% YoY to IDR 17.9 trillion. Furthermore, AMRT posted a net profit of IDR 675.8 billion or grew by 35.3% YoY, taking advantage of the momentum of outlet expansion, particularly in areas outside Java.

Stable Growth with Maintained Costs

- AMRT is showing consistent revenue growth, growing 19.1% YoY in 1Q22, or growing at a 3-year CAGR of 9.2% in 2022E (Vs. 2021A 8.3%). Meanwhile, net profit grew 35.3% YoY in 1Q22, or grew at a 3-year CAGR of 46.5% in 2022E (Vs. 2021A 44.2%), as the Company was able to maintain selling and distributions expenses, such as employee salaries and wages.
- AMRT maintains the assumption of a salary increase rate of between 4%-8% in 1Q22 (Vs. 1Q21 3%-7%). Meanwhile, salaries, wages and employee benefits account for up to 53.7% of total sales and distribution expenses, valued at IDR 2.0 trillion or up 16.4% YoY, in line with the increase in the number of outlet.

Changes in People's Shopping Patterns

- Currently, people prefer to shop in smaller packaging sizes, or according to their needs. The surveys also stated that monthly and weekly shopping are no longer widely practiced. This change in people's shopping patterns is in accordance with the design of AMRT outlets.
- On the other hand, this new trend of public spending patterns requires the Company to continue to aggressively expand, especially to residential areas. Meanwhile, the DER ratio, which is 2.1x, is a challenge for the expansion.

Low Penetration Outside Java

- AMRT has prepared a capital expenditure of IDR 3.5 trillion in 2022, to add up to 1,000 outlets. The Company continued its store expansion, after adding 1,275 new outlets in 2021, or 317 new outlets during 1Q22. NHKSI Research sees that this expansion will still occur, as penetration is still low in the regions outside Java.
- Of the total new outlets in 1Q22, distribution in areas outside Java was only 32%, lower compared to non-Greater Jakarta area of Java which reached 41%. Meanwhile, distribution in Greater Jakarta is only 27%, because previously AMRT has aggressively expanded outlets in this area.

Recommend BUY with TP IDR 2,100

- NHKSI Research recommends BUY with a TP of IDR 2,100, with upside potential of up to 16.9%. This target is supported by AMRT's resilience in recording sales and net profit growth on a 3-year CAGR basis, growing 9.2% and 46.5% respectively in 2022E. Meanwhile, investors should keep a close eye on the intense competition in this industry. AMRT still has to have a clear service differentiation, in order to increase the number of customer visits.

Sumber Alfaria Trijaya, Tbk | Summary

	2021A	2022F	2023F	2024F
Sales	89,904	94,041	104,730	116,317
Sales Growth	12.0%	10.8%	11.4%	11.1%
EBITDA	4,896	4,919	5,759	6,240
Net Profit	1,951	2,052	2,346	2,571
EPS (IDR)	46.98	49.41	56.49	61.93
EPS Growth	83.8%	5.2%	14.3%	9.6%
BVPS (IDR)	216.49	239.79	267.05	296.59
EBITDA Margin	5.8%	5.2%	5.5%	5.4%
NPM	2.3%	2.2%	2.2%	2.2%
ROE	21.7%	20.6%	21.2%	20.9%
ROA	7.1%	6.7%	6.9%	6.8%
P/E	25.9x	42.5x	42.5x	42.5x
P/BV	5.6x	8.8x	9.0x	8.9x
EV/EBITDA	10.2x	10.7x	10.4x	10.5x
DPS (IDR)	9.30	9.78	11.18	12.26
DER	0.8%	0.5%	0.5%	0.5%

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Company Update | June 16, 2022

Buy

Target Price (IDR)	2,100
Consensus Price (IDR)	2,063
TP to Consensus Price	+1.7%
Potential Upside	+16.9%

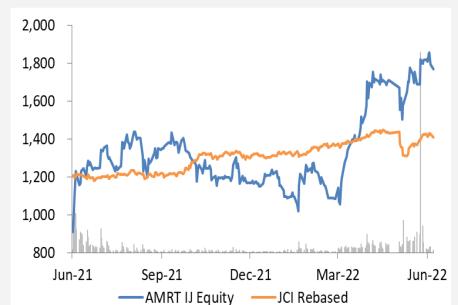
Shares data

Last Price (IDR)	1,795
Price Date as of	June 15, 2022
52 wk Range (Hi/Lo)	1,900/1,020
Free Float (%)	45.7
Outstanding sh. (mn)	41,525
Market Cap. (IDR bn)	73,498
Market Cap. (USD mn)	4,996
Avg. Trd Vol - 3M (mn)	97.39
Avg. Trd Val - 3M (bn)	164.14
Foreign Ownership	7.7%

Consumer Non-Cyclicals Food & Staples Retailing

Bloomberg	AMRT.IJ
Reuters	AMRT.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	45.7%	12.4%	48.1%	45.7%
Rel. Ret.	38.3%	5.0%	45.8%	29.6%

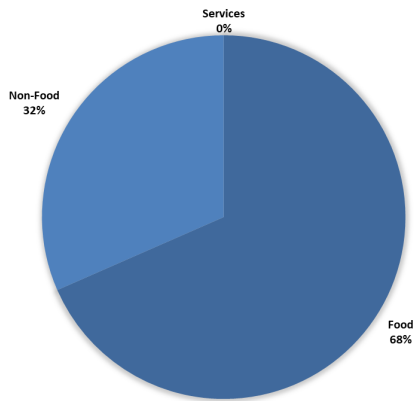
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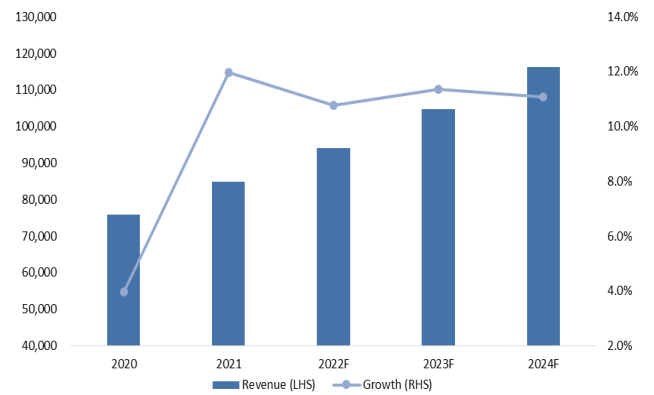
Performance Highlights in Charts

Revenue Breakdown | 1Q22



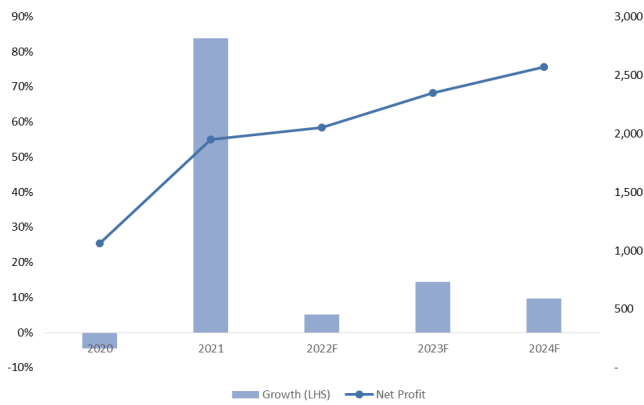
Source: Company Data, NHKSI Research

Revenue Growth (IDR Bn) | 2020 - 2024F



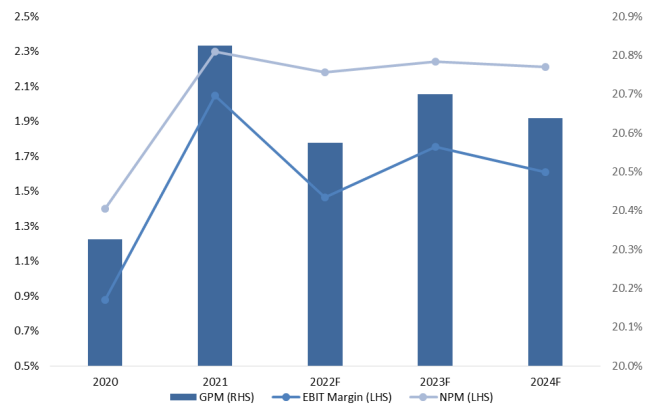
Source: Company Data, NHKSI Research

Net Profit Growth (IDR Bn) | 2020 - 2024F



Source: Company Data, NHKSI Research

Margin Ratio



Source: Company Data, NHKSI Research

P/E | Last 3 Years



Source: Company Data, NHKSI Research

P/B | Last 3 Years



Source: Company Data, NHKSI Research

Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E		2021/12A	2022/12E	2023/12E	2024/12E
Sales	84,904	94,041	104,730	116,317	ROE	21.7%	20.6%	21.2%	20.9%
<i>Growth</i>	12.0%	10.8%	11.4%	11.1%	ROA	7.1%	6.7%	6.9%	6.8%
COGS	67,223	74,692	83,051	92,312	Inventory Turnover	7.7x	7.7x	7.7x	7.7x
Gross Profit	17,681	19,349	21,679	24,005	Receivable Turnover	48.2x	48.2x	48.2x	48.2x
<i>Gross Margin</i>	20.8%	20.6%	20.7%	20.6%	Payables Turnover	6.9x	6.9x	6.9x	6.9x
Operating Expenses	15,942	17,974	19,841	22,134	Dividend Yield	0.8%	0.5%	0.5%	0.5%
EBIT	1,739	1,375	1,838	1,871	Payout Ratio	19.8%	19.8%	19.8%	19.8%
<i>EBIT Margin</i>	2.0%	1.5%	1.8%	1.6%	DER	2.1x	2.1x	2.1x	2.1x
Depreciation	3,157	3,544	3,920	4,369	Net Gearing	0.3x	0.3x	0.3x	0.3x
EBITDA	4,896	4,919	5,759	6,240	Equity Ratio	32.7%	32.7%	32.7%	32.7%
<i>EBITDA Margin</i>	5.8%	5.2%	5.5%	5.4%	Debt Ratio	9.8%	9.8%	9.8%	9.8%
Interest Expenses	-	-	-	-	Financial Leverage	3.1x	3.1x	3.1x	3.1x
EBT	2,423	2,573	2,927	3,217	Current Ratio	0.9x	0.9x	0.9x	0.9x
Income Tax	435	482	537	596	Quick Ratio	0.3x	0.3x	0.3x	0.3x
Minority Interest	38	46	49	55	Par Value (IDR)	10	10	10	10
Net Profit	1,951	2,052	2,346	2,571	Total Shares (mn)	41,525	41,525	41,525	41,525
<i>Growth</i>	83.8%	5.2%	14.3%	9.6%	Share Price (IDR)	1,215	2,100	2,401	2,632
<i>Net Profit Margin</i>	2.3%	2.2%	2.2%	2.2%	Market Cap (IDR tn)	50.5	87.2	99.7	109.3

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E		2021/12A	2022/12E	2023/12E	2024/12E
Cash	3,270	3,621	4,033	4,479	Price /Earnings	25.9x	42.5x	42.5x	42.5x
Receivables	1,761	1,950	2,172	2,412	Price /Book Value	5.6x	8.8x	9.0x	8.9x
Inventories	8,755	9,697	10,800	11,995	PE/EPS Growth	30.9x	823.7x	296.6x	441.7x
Total Current Assets	14,212	15,741	17,530	19,470	EV/EBITDA	10.2x	10.7x	10.4x	10.5x
Net Fixed Assets	12,054	13,351	14,869	16,514	EV/EBIT	28.7x	38.2x	32.6x	35.2x
Other Non Current Assets	875	969	1,080	1,199	EV (IDR bn)	49,907	52,482	60,004	65,778
Total Non Current Asset	13,282	14,711	16,383	18,196	Sales CAGR (3-Yr)	8.3%	9.2%	10.3%	11.4%
Total Assets	27,494	30,452	33,914	37,666	Net Income CAGR (3-Yr)	44.2%	46.5%	53.2%	58.3%
Payables	9,754	10,804	12,031	13,363	Basic EPS (IDR)	46.98	49.41	56.49	61.93
ST Bank Loan	2,080	2,304	2,566	2,850	BVPS (IDR)	216.49	239.79	267.05	296.59
Total Current Liabilities	16,376	18,138	20,200	22,435	DPS (IDR)	9	10	11	12
LT Debt	607	672	748	831					
Total Liabilities	18,504	20,495	22,825	25,350					
Capital Stock	2,895	2,895	2,895	2,895					
Retained Earnings	5,896	6,530	7,272	8,077					
Shareholders' Equity	8,990	9,957	11,089	12,316					

CASH FLOW STATEMENT					OWNERSHIP				
(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E					
Operating Cash Flow	6,138	6,240	6,189	6,215	Shareholders				%
Investing Cash Flow	(3,721)	(3,835)	(3,778)	(3,806)	Sigmantara Alfindo				52.7
Financing Cash Flow	(3,025)	(2,053)	(2,000)	(1,962)	Blackrock				0.9
Net Changes in Cash	(608)	352	412	446	T Rowe Price Group				0.8
					Others				45.6
					By Geography				%
					Indonesia				92.3
					United States				2.1
					Norway				1.0
					Others				4.6

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%

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