

Mitra Adiperkasa Tbk (MAPI IJ)

Multi-Channel Strategy Improves Company's Performance



Company Report | Dec 14, 2022

BUY

Target Price (IDR)	1,700
Consensus Price (IDR)	1,603
TP to Consensus Price	+6.1%
Potential Upside	+19.7%

Shares data

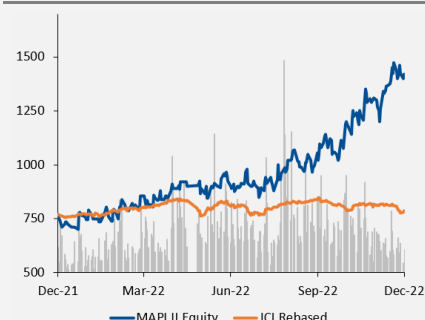
Last Price (IDR)	1,420
Price date as of	Dec 13, 2022
52 wk range (Hi/Lo)	1,530 / 690
Free float (%)	43.6
Outstanding sh.(mn)	16,600
Market Cap (IDR bn)	23,572
Market Cap (USD mn)	1,505
Avg. Trd Vol - 3M (mn)	22.9
Avg. Trd Val - 3M (bn)	27.5
Foreign Ownership	35.5%

Consumer Cyclical

Retail

Bloomberg	MAPI IJ
Reuters	MAPI.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	102.9%	9.2%	39.2%	84.4%
Rel. Ret.	100.7%	12.2%	46.2%	82.2%

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MAPI's sales were recorded at IDR6.6 trillion in 3Q22 (-0.6% QoQ; +123.1% YoY), and the 9M22 cumulatively grew by 55.8% YoY, supported by the growth of the Sports & Leisure, Fashion, Health & Beauty, Food & Beverage, and Digital Devices segments. As of 3Q22, MAPI has opened 91 new stores. Additionally, to improve its performance, MAPI continues strengthening its relations with leading international brand partners by investing in new technologies.

Net Income Turns Positive

- MAPI's sales in 3Q22 were recorded at IDR6.6 trillion (-0.6% QoQ; +123.1% YoY). Cumulatively, in 9M22, sales grew 55.8% YoY to IDR18.8 trillion. The significant growth in sales was seen in the Sports & Leisure, Fashion, Health & Beauty, Food & Beverage, and Digital Devices segments.
- Sales in all segments equally experienced growth, with Retail Sales leading the growth in 3Q22 with 145.9% YoY, followed by the miscellaneous segment (+118.4% YoY), the Café and restaurant segment (+89.2% YoY), and the Department Store segment (+56.5% YoY). Geographically, Indonesia (+113.0% YoY), Vietnam (+736.4% YoY), Philippines (+344.0% YoY), Thailand (+85.8% YoY), and others (+37.1% YoY) equally experienced sales growth in 3Q22 YoY.
- Amid an increase in the cost of goods sold in 3Q22 of 93.3% YoY, MAPI was able to record a 3Q22 gross profit of IDR3.1 trillion (+1.2% QoQ; +171.4% YoY) and caused 9M22 gross profit was recorded at IDR8.5 trillion or grew by 69.0% YoY.
- Operating profit and net profit were managed to record positive numbers in 3Q22, where the company recorded operating profit at IDR 853.8 billion (vs. 3Q21: -IDR 295.6 billion) and net profit was recorded at IDR 465.4 billion (vs 3Q21: -IDR 355.2 billion). Cumulatively, in 9M22, MAPI posted an operating profit of IDR2.2 trillion (vs 9M21: IDR 388.4 billion) and a net profit of IDR 1.5 trillion (vs 9M21: -IDR 83.4 billion).
- The profitability ratio was recorded higher in 3Q22, with a GPM of 46.5% (vs. 3Q21: 38.2%), indicating an increase in data analysis programs and merchandise planning ability. EBIT margin and NPM were able to turn positive by 12.9% and 7.1% respectively (vs 3Q21 EBIT margin: -10.1% and NPM: -12.1%).

Expand the Online Retail Penetration

- In 3Q22, the EBIT margin turned positive, with the Retail Sales segment leading at 13.4% (vs. 3Q21: -16.2%), followed by the miscellaneous segment, Cafés and Restaurants, and Department Stores, which recorded higher EBIT margins of 5.7%, 4.5%, and 0.8% respectively (vs 3Q21 miscellaneous: -18.9%; Cafés and Restaurants: -13.7%; and Department Store: -13.7%).
- Throughout 3Q22, MAPI has opened 91 new stores, including Foot Locker, Skechers, Boots, several Amore Pacific brands, Digimap, Starbucks and Subway. As for improving store performance, MAPI strengthens its relations with leading international brand partners by investing in new technologies with enhanced features.
- MAPI is expanding its online retail penetration through 25 proprietary independent sites. The company also added their online penetration on nine online marketplaces and three food delivery platforms. Furthermore, MAPI's digital sales (contribution to sales of 9.5%) throughout 9M22 had grown by 5.4% to Rp1.8 trillion. Additionally, the most significant contribution was from the Active category (37%), followed by Fashion (21%), F&B (18%), Department Store (13%), and Digimap (10%).
- In addition, MAPI also continues to take advantage of the MAP Club Rewards potential. The MAP Club members, as of September 30, 2022, were recorded at 5.9 million. With an average value per transaction of IDR858.0 thousand and an average shopping frequency of 1.7x annually.

BUY Recommendation with a TP of IDR1,700

- We suggest a BUY recommendation for MAPI with a TP of IDR1,700/share or P/E of 11.4x. This issuer has an upside potential of 19.7%. As for the risks are rupiah depreciation, consumer purchasing power, inflation, and a decrease in product demand.

Mitra Adiperkasa Tbk | Summary (IDR bn)

	2021	2022F	2023F	2024F
Revenue	18,424	25,773	28,422	31,171
Growth	24.1%	39.9%	10.3%	9.7%
Net Profit	439	2,399	2,488	2,836
Growth	179.3%	446.1%	3.7%	14.0%
EPS (IDR)	26	145	150	171
P/E	26.8x	11.8x	11.3x	9.9x
P/BV	2.0x	3.7x	3.1x	2.4x
EV/EBITDA	3.1x	5.0x	6.4x	6.3x
ROE	6.2%	26.2%	23.4%	21.3%
DER	37.7%	39.7%	35.4%	42.9%
Dividend Yield	0.0%	0.0%	1.3%	1.3%

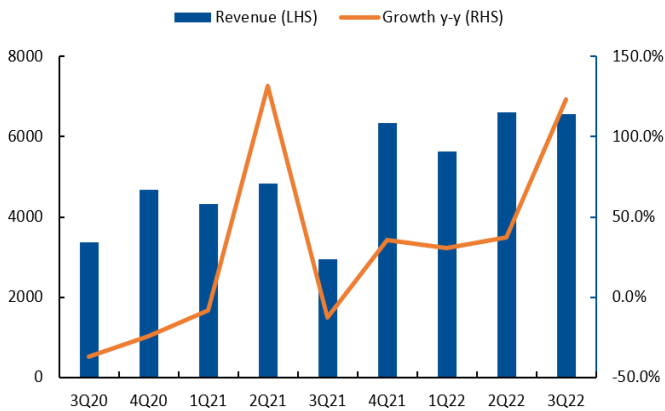
Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

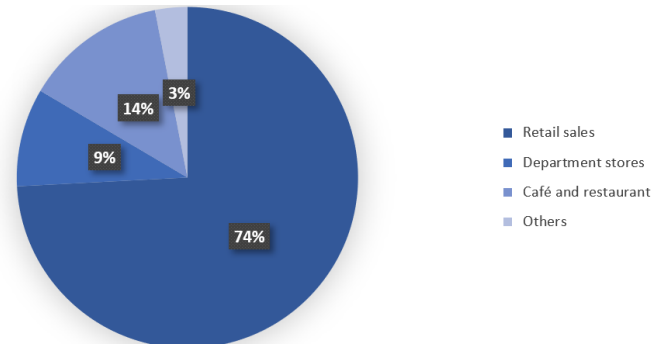
Performance Highlights

MAPI Net Revenues (IDR Bn) | 3Q20 - 3Q22



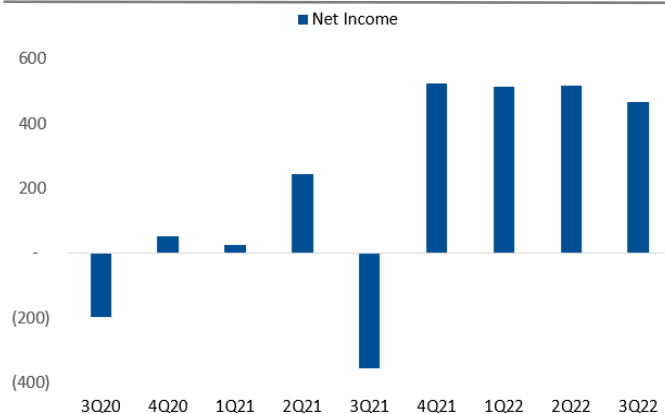
Source: Company, NHKSI Research

MAPI Revenue Breakdown | 3Q22



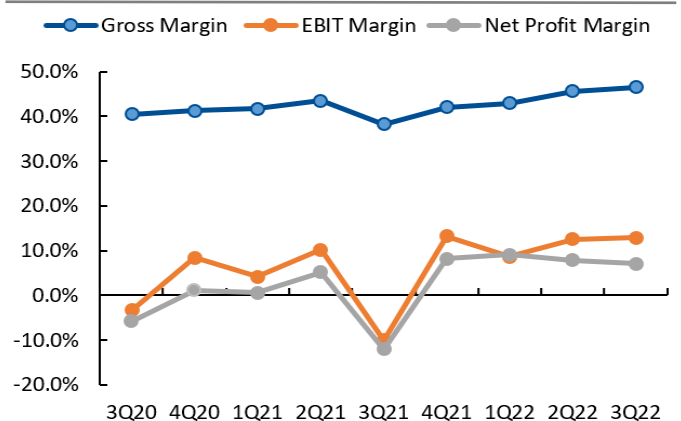
Source: Company, NHKSI Research

MAPI Net Income (IDR Bn) | 3Q20 - 3Q22



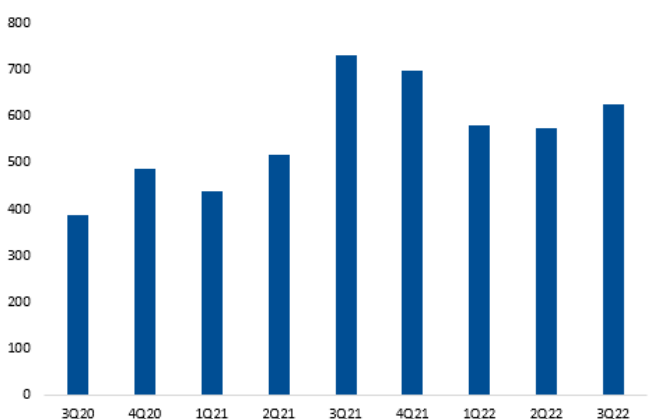
Source: Company, NHKSI Research

Margin Ratios | 3Q20 - 3Q22



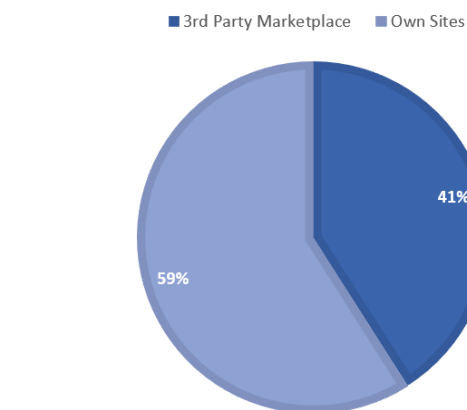
Source: Company, NHKSI Research

Digital Sales Performance (IDR Bn) | 3Q20 - 3Q22



Source: Company, NHKSI Research

Contribution by Channel | 3Q22



Source: Company, 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	18,424	25,773	28,422	31,171	ROE	6.2%	26.2%	23.4%	21.3%
<i>Growth</i>	24.1%	39.9%	10.3%	9.7%	ROA	2.6%	12.2%	11.3%	9.9%
Cost of Good Sold	(10,731)	(14,083)	(15,683)	(17,200)	Inventory Turnover	2.9x	2.8x	2.8x	2.9x
Gross Profit	7,693	11,690	12,739	13,971	Receivable Turnover	49.4x	57.2x	57.2x	54.3x
<i>Gross Margin</i>	41.8%	45.4%	44.8%	44.8%	Payables Turnover	6.4x	7.4x	7.4x	7.0x
Operating Expenses	(6,476)	(16,568)	(18,038)	(10,085)	Dividend Yield	0.0%	0.0%	1.3%	1.3%
EBIT	1,216	3,198	3,456	3,886	Payout Ratio	0.0%	0.0%	11.2%	12.1%
<i>EBIT Margin</i>	6.6%	12.4%	12.2%	12.5%	DER	37.7%	39.7%	35.4%	42.9%
Depreciation	2,208	2,026	1,339	1,455	Net Gearing	29.1%	32.1%	21.2%	40.9%
EBITDA	3,424	5,224	4,796	5,341	Equity Ratio	42.3%	46.5%	48.2%	46.5%
<i>EBITDA Margin</i>	18.6%	20.3%	16.9%	17.1%	Debt Ratio	0.2x	0.2x	0.2x	0.2x
Interest Expenses	(471)	(489)	(452)	(435)	Financial Leverage	2.5x	2.2x	2.1x	2.1x
EBT	692	3,199	3,091	3,514	Current Ratio	1.2x	1.4x	1.7x	1.8x
Income Tax	(201)	(492)	(476)	(541)	Quick Ratio	0.7x	0.6x	1.1x	1.2x
Minority Interest	(51)	(308)	(127)	(137)	Par Value (IDR)	50	50	50	51
Net Profit	439	2,399	2,488	2,836	Total Shares (mn)	16,600	16,600	16,600	16,600
<i>Growth</i>	179.3%	446.1%	3.7%	14.0%	Share Price (IDR)	710	1,700	1,700	1,700
<i>Net Profit Margin</i>	2.4%	9.3%	8.8%	9.1%	Market Cap (IDR tn)	11.8	28.2	28.2	28.2
BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E		2021/12A	2022/12E	2023/12E	2024/12E
Cash	2,778	2,393	7,366	11,639	Price /Earnings	26.8x	11.8x	11.3x	9.9x
Receivables	404	497	497	651	Price /Book Value	2.0x	3.7x	3.1x	2.4x
Inventories	3,731	6,153	4,854	7,172	PE/EPS Growth	-0.1x	0.0x	3.1x	0.7x
Total Current Assets	8,214	10,550	14,121	20,917	EV/EBITDA	3.1x	5.0x	6.4x	6.3x
Net Fixed Assets	3,034	3,487	2,374	2,098	EV/EBIT	8.7x	8.2x	8.9x	8.7x
Other Non Current Assets	870	918	785	744	EV (IDR bn)	10,593	26,110	30,630	33,669
Total Non Current Asset	8,569	9,162	7,942	7,648	Revenue CAGR (3-Yr)	-0.9%	6.1%	24.2%	19.2%
Total Assets	16,783	19,713	22,063	28,565	Net Income CAGR (3-Yr)	-15.8%	37.0%	-265.0%	86.2%
Payables	1,757	2,050	2,189	2,714	Basic EPS (IDR)	26	145	150	171
ST Bank Loan	1,142	1,009	1,608	2,577	BVPS (IDR)	355	465	554	713
Total Current Liabilities	6,661	7,289	8,211	11,726	DPS (IDR)	-	-	22	22
LT Debt	1,530	2,629	2,154	3,123					
Total Liabilities	9,687	10,544	11,429	15,274					
Capital Stock	830	830	830	830					
Retained Earnings	3,344	5,168	6,641	9,283					
Shareholders' Equity	7,096	9,169	10,634	13,292					
CASH FLOW STATEMENT					OWNERSHIP				
(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E					
Operating Cash Flow	3,666	3,280	5,553	4,313	Shareholders				%
Investing Cash Flow	(647)	(905)	(665)	(917)	Satya Mulia Gema				51.0
Financing Cash Flow	(5,027)	(2,730)	86	876	Employees Provident Fund				5.0
Net Changes in Cash	(2,009)	(354)	4,973	4,273	Schroder Investment				3.8
					Norges Bank				1.8
					By Geography				%
					Indonesia				64.5
					United States				7.2
					France				6.3
					Malaysia				6.1

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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