

Mitra Adiperkasa Tbk (MAPI IJ)

Solid Performance in 1Q23



Company Report | June 7, 2023

OVERWEIGHT

Target Price (IDR)	2,000
Consensus Price (IDR)	1,933
TP to Consensus Price	+3.5%
Potential Upside	+11.1%

Shares data

Last Price (IDR)	1,800
Price date as of	June 6, 2023
52 wk range (Hi/Lo)	1,865 / 830
Free float (%)	43.6
Outstanding sh.(mn)	16,600
Market Cap (IDR bn)	29,880
Market Cap (USD mn)	2,009
Avg. Trd Vol - 3M (mn)	29.6
Avg. Trd Val - 3M (bn)	45.5
Foreign Ownership	32.6%

Consumer Cyclical

Retail

Bloomberg	MAPI IJ
Reuters	MAPI.JK

MAPI began 1Q23 with a solid performance, reflected in sales that grew 32.5% YoY to IDR 7.5 trillion. The Retail Sales segment led the 1Q23 sales growth of 38.7% YoY. MAPI's solid performance was due to the low base effect from 1Q22, as well as brand portfolio strength and customer resilience, as MAPI is known to have a middle to upper-income target market. However, the 1Q23 net profit could not grow; it was recorded at IDR 404.6 billion (-30.6% YoY).

Strong Sales Propelled by Almost All Segments

- MAPI began 1Q23 with a solid performance, reflected in sales that grew 32.5% YoY to IDR 7.5 trillion (vs. 1Q22: IDR 5.6 trillion). The retail Sales segment led the 1Q23 sales growth with an increase of 38.7% YoY, followed by Cafes and Restaurants (+34.8% YoY) and Others (19.3% YoY), while only the Department Store segment recorded a 3.1% YoY decline in sales.
- Both domestic and global sales in 1Q23 also recorded an increase, with domestic sales growing 30.9% YoY to IDR 6.7 trillion, in line with sales growth in Vietnam (+10.0% YoY), Philippines (94.1% YoY) and Thailand (+87.5% YoY).
- Although the Cost of Goods Sold increased by 29.2% YoY, gross profit remained to record an increase of 36.8% YoY to IDR 3.3 trillion, bringing GPM higher in 1Q23 at 44.3% (vs. 1Q22: 42.9%).
- Operating profit was also increased to IDR 664.1 billion (+36.0% YoY) amidst a 37.0% YoY increase in operating expenses. This increase in operating profit was reflected in OPM, which recorded a slight increase of 8.8% in 1Q23 (vs 1Q22: 8.6%). However, 1Q23 net profit contracted 30.6% YoY to IDR 404.6 billion (vs. 1Q22: IDR 583.2 billion), bringing 1Q23 NPM lower at 5.4% (vs 1Q22: 10.4%).

Solid Growth as a Result of Low Base Effect

- MAPI's solid performance in 1Q23 was partly due to the low base effect from 1Q22, when the Covid-19 (omicron wave) case was still ongoing and in the early stage of the pandemic recovery. Aside from that, the strong performance in 1Q23 was supported by the brand portfolio strength and customer resilience, especially since MAPI is known to have a middle to upper-income target market.
- The government's revocation of the PPKM policy on December 30, 2022, positively impacted MAPI's performance in 2023, as it is expected to increase sales since people's mobility returns to normal. It is also likely that more customers will shop offline, and shopping trends will return to pre-pandemic levels.
- Regarding online sales, the company's digital channels also contributed 8.1% of total sales in 1Q23. MAPI also continues to carry out several strategies, one of which is from the omnichannel platform, which is known to be integrated with all distribution channels (malls, digital channels, or marketplace partners).
- In addition, in 1Q23, the EBIT margin of the Department Store segment was recorded higher at 11.4% (vs. 1Q22: 1.1%), followed by other segments, which recorded an increase to 8.0% (vs. 1Q22: 6.1%). Meanwhile, the Retail Sales segment recorded a lower EBIT margin of 8.9% (vs. 1Q22: 17.3%), followed by the Cafes and Restaurants segment, which also dropped to 2.8% (vs. 1Q22: 7.1%).

OVERWEIGHT Recommendation with a TP of IDR 2,000

- We provide an OVERWEIGHT recommendation for MAPI with a TP of IDR2,000/share or P/E of 14.3x with 11.1% upside potential. We project revenue and net profit for 2023F to reach IDR31.1 trillion and IDR2.1 trillion, respectively. Additionally, the risks include rupiah depreciation, consumer purchasing power, inflation, and decreased product demand.

Mitra Adiperkasa Tbk | Summary (IDR bn)

	2022	2023F	2024F	2025F
Revenue	26,937	31,060	34,166	38,266
Growth	46.2%	15.3%	10.0%	12.0%
Net Profit	2,110	2,132	2,364	2,597
Growth	382.9%	1.1%	10.9%	9.8%
EPS (IDR)	127	128	142	156
P/E	11.4x	15.6x	14.0x	12.8x
P/BV	3.0x	3.2x	2.9x	2.4x
EV/EBITDA	4.3x	6.2x	6.3x	6.0x
ROE	21.7%	17.3%	17.6%	16.8%
DER	21.6%	30.3%	27.9%	26.0%
Dividend Yield	0.0%	1.4%	1.5%	1.7%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	27.2%	20.0%	14.6%	87.5%
Rel. Ret.	30.6%	22.2%	17.4%	94.2%

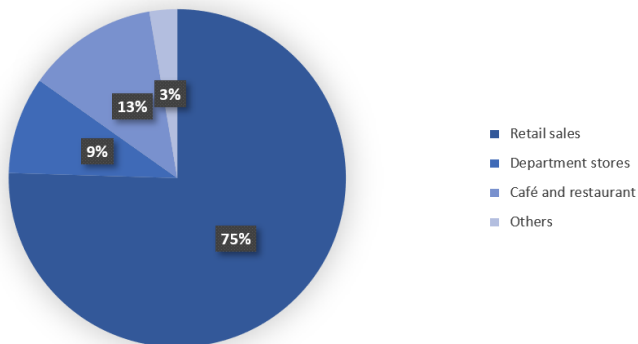
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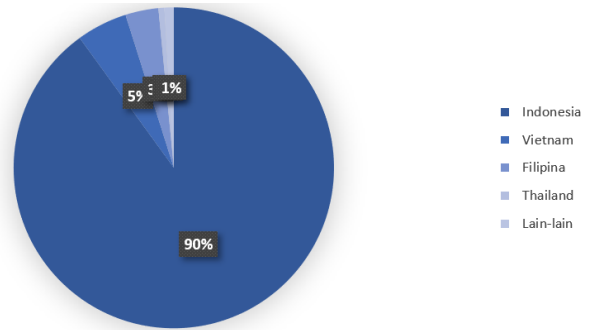
Performance Highlights

Revenue Breakdown by Segment



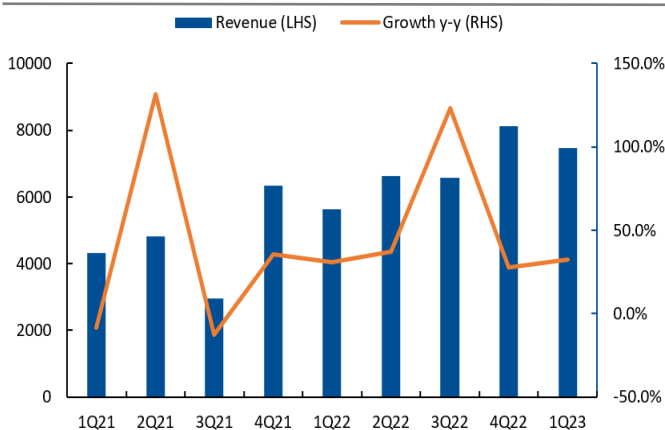
Source: Company, NHKSI Research

Revenue Breakdown by Geography



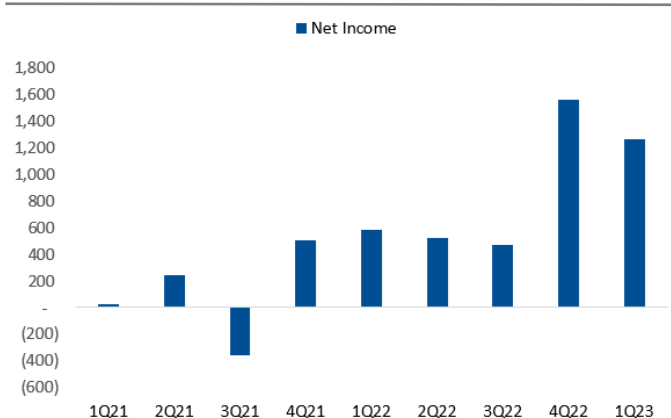
Source: Company, NHKSI Research

MAPI Net Revenues (IDR Bn) | 1Q21 - 1Q23



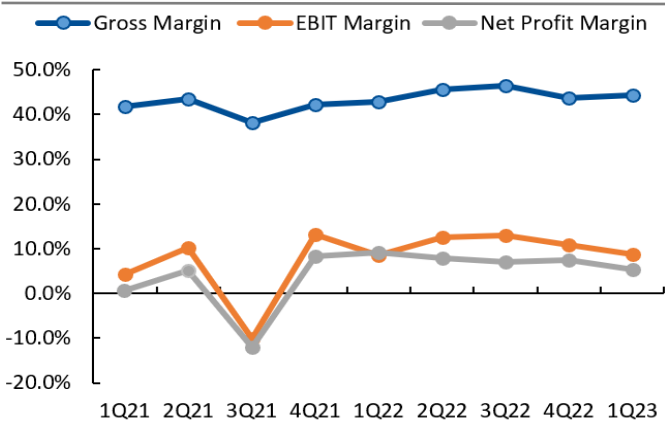
Source: Company, NHKSI Research

MAPI Net Income (IDR Bn) | 1Q21 - 1Q23



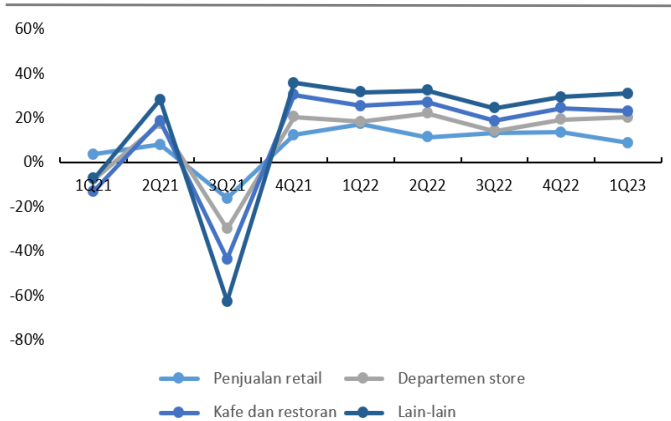
Source: Company, NHKSI Research

Margin Ratios | 1Q21 - 1Q23



Source: Company, NHKSI Research

EBIT Margin by Segment | 1Q21 - 1Q23



Source: Company, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Sales	26,937	31,060	34,166	38,266
<i>Growth</i>	46.2%	15.3%	10.0%	12.0%
Cost of Good Sold	(14,908)	(17,083)	(18,791)	(21,046)
Gross Profit	12,029	13,977	15,375	17,220
<i>Gross Margin</i>	44.7%	45.0%	45.0%	45.0%
Operating Expenses	(17,400)	(20,148)	(11,570)	(12,996)
EBIT	3,070	3,397	3,805	4,223
<i>EBIT Margin</i>	11.4%	10.9%	11.1%	11.0%
Depreciation	2,370	1,901	1,636	1,652
EBITDA	5,440	5,298	5,441	5,875
<i>EBITDA Margin</i>	20.2%	17.1%	15.9%	15.4%
Interest Expenses	(482)	(484)	(440)	(486)
EBT	3,173	3,202	3,487	3,903
Income Tax	(667)	(686)	(733)	(917)
Minority Interest	(396)	(383)	(389)	(389)
Net Profit	2,110	2,132	2,364	2,597
<i>Growth</i>	382.9%	1.1%	10.9%	9.8%
<i>Net Profit Margin</i>	7.8%	6.9%	6.9%	6.8%

BALANCE SHEET

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Cash	3,851	4,635	5,994	7,325
Receivables	689	605	781	1,022
Inventories	4,699	6,332	6,024	6,523
Total Current Assets	10,737	13,185	14,354	16,455
Net Fixed Assets	3,290	3,817	3,236	2,558
Other Non Current Assets	992	996	1,052	1,083
Total Non Current Asset	10,231	10,676	10,172	9,544
Total Assets	20,968	23,861	24,526	25,999
Payables	2,386	2,162	1,981	1,661
ST Bank Loan	601	1,235	1,189	1,212
Total Current Liabilities	7,564	8,039	7,643	7,075
LT Debt	1,497	2,494	2,554	2,821
Total Liabilities	11,240	11,547	11,094	10,514
Capital Stock	830	830	830	830
Retained Earnings	5,508	7,968	9,055	11,101
Shareholders' Equity	9,728	12,314	13,432	15,484

CASH FLOW STATEMENT

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Operating Cash Flow	4,076	3,078	3,840	2,888
Investing Cash Flow	(721)	(1,494)	(1,196)	(1,263)
Financing Cash Flow	(2,322)	(774)	(549)	(530)
Net Changes in Cash	1,033	810	2,095	1,096

PROFITABILITY & STABILITY

	2022/12A	2023/12E	2024/12E	2025/12E
ROE	21.7%	17.3%	17.6%	16.8%
ROA	10.1%	8.9%	9.6%	10.0%
Inventory Turnover	3.5x	3.5x	3.0x	3.4x
Receivable Turnover	49.3x	49.3x	49.3x	42.4x
Payables Turnover	7.2x	7.2x	6.4x	6.9x
Dividend Yield	0.0%	1.4%	1.5%	1.7%
Payout Ratio	0.0%	14.2%	15.6%	15.8%
DER	21.6%	30.3%	27.9%	26.0%
Net Gearing	29.4%	33.2%	30.6%	30.0%
Equity Ratio	46.4%	51.6%	54.8%	59.6%
Debt Ratio	0.1x	0.2x	0.2x	0.2x
Financial Leverage	2.2x	2.0x	1.9x	1.7x
Current Ratio	1.4x	1.6x	1.9x	2.3x
Quick Ratio	0.8x	0.9x	1.1x	1.4x
Par Value (IDR)	50	50	51	52
Total Shares (mn)	16,600	16,600	16,600	16,600
Share Price (IDR)	1,445	2,000	2,000	2,000
Market Cap (IDR tn)	24.0	33.2	33.2	33.2

VALUATION INDEX

	2022/12A	2023/12E	2024/12E	2025/12E
Price /Earnings	11.4x	15.6x	14.0x	12.8x
Price /Book Value	3.0x	3.2x	2.9x	2.4x
PE/EPS Growth	0.0x	14.4x	1.3x	1.3x
EV/EBITDA	4.3x	6.2x	6.3x	6.0x
EV/EBIT	7.7x	9.6x	9.0x	8.4x
EV (IDR bn)	23,592	32,683	34,123	35,439
Revenue CAGR (3-Yr)	7.7%	27.9%	22.9%	12.4%
Net Income CAGR (3-Yr)	31.2%	-256.7%	75.6%	7.2%
Basic EPS (IDR)	127	128	142	156
BVPS (IDR)	485	634	699	822
DPS (IDR)	-	27	30	33

OWNERSHIP

	%
Shareholders	
Satya Mulia Gema	51.0
Employees Provident Fund	5.0
Schroder Investment	2.7
Norges Bank	2.1
By Geography	
Indonesia	67.4
United States	7.7
Malaysia	6.9
United Kingdom	3.9

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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