

# Mitra Adiperkasa Tbk (MAPI IJ)

## Showing a Robust in Sales

Company Report | Oct. 5, 2023

## BUY

<b>Target Price (IDR)</b>	<b>2,400</b>
Consensus Price (IDR)	2,366
TP to Consensus Price	+1.4%
Potential Upside	+24.4%

### Shares data

Last Price (IDR)	1,930
Price date as of	Oct. 4, 2023
52 wk range (Hi/Lo)	2,070 / 1,015
Free float (%)	43.6
Outstanding sh.(mn)	16,600
Market Cap (IDR bn)	32,038
Market Cap (USD mn)	2,049
Avg. Trd Vol - 3M (mn)	21.2
Avg. Trd Val - 3M (bn)	39.9
Foreign Ownership	32.3%

### Consumer Cyclical

<b>Retail</b>	<b>MAPI IJ</b>
Bloomberg	MAPI IJ
Reuters	MAPI.JK

In 6M23, MAPI posted a 27.3% YoY increase in sales to IDR15.6 trillion, driven by Retail Sales segment which grew 28.5% YoY. MAPI's digital sales continued to record solid performance in 6M23, increasing by 11.2% YoY to IDR1.3 trillion. The bottom line of 6M23 was not yet able to improve as it contracted by 5.2% YoY to IDR1.0 trillion. However, we see that positive sentiment still remains until 4Q23, as there is usually a surge in sales ahead of Christmas and New Year. Moreover, the company itself has a strong customer base with a focus on the upper middle class. Therefore, we project 2023F net profit to reach Rp2.2 trillion (vs 2022: Rp2.1 trillion).

### Solid Sales Seen in All Segments

- In 6M23, MAPI posted a 27.3% YoY increase to IDR 15.6 trillion. All segments grew solidly with Retail Sales segment up 28.5% YoY, Department Store segment grew 14.0% YoY, and Café and Restaurant segment recorded a 28.4% YoY increase. On a quarterly basis, 2Q23 sales showed solid growth by increasing 22.9% YoY and 9.0% QoQ to IDR 8.1 trillion.
- Sales in Indonesia grew 26.5% YoY to IDR 14.1 trillion during 6M23, followed by sales in the Philippines and Thailand, which increased by 83.3% YoY and 65.3% YoY, respectively. Meanwhile, sales in Vietnam decreased by 6.6% YoY.
- 6M23 gross profit grew 30.2% YoY to IDR 7.1 trillion amid a 25.0% increase in cost of goods sold. This increase in gross profit resulted in a higher 6M23 GPM of 45.4% (vs. 6M22: 44.4%). Meanwhile, MAPI's gross profit in 2Q23 was recorded at IDR 3.8 trillion (+14.2% QoQ; +24.9% YoY).
- 6M23 operating profit increased by 30.9% YoY to IDR 1.7 trillion amid rising operating expense, yet EBIT margin recorded a slight decline to 10.1% (vs 6M22: 10.4%). 2Q23 operating profit was recorded at IDR 1.1 trillion (+61.0% QoQ; +27.9% YoY). Although 6M23 net profit was down 5.2% YoY to IDR 1.0 trillion, but on a quarterly basis, 2Q23 net profit was able to book an increase of 58.1% QoQ and 23.4% YoY to IDR 639.5 billion.
- However, we see that positive sentiment still remains until 4Q23, as there is usually a surge in sales ahead of Christmas and New Year. Moreover, the company itself has a strong customer base with a focus on the upper middle class. Therefore, we project 2023F net profit to reach Rp2.2 trillion (vs 2022: Rp2.1 trillion).

### Digital Sales Continue to Grow

- MAPI's digital sales continued to record a solid performance. In 6M23, digital sales (which contributed 8.2% of sales) increased by 11.2% YoY to IDR 1.3 trillion (vs 6M22: 1.2 trillion).
- From MAP CLUB itself, the total members recorded as of June 2023 were 6.9 million, with an average value per transaction of IDR 864 thousand and an average annual shopping frequency of 1.7x.
- 6M23 EBIT Margin for the Specialty Store segment recorded a slight increase of 11.9% (vs. 6M22: 11.8%) and sales increased by 28.5% YoY to IDR 12.0 trillion. The Food & Beverage segment recorded a lower 6M23 EBIT Margin of 4.5% (vs 6M22: 6.8%) amidst sales that grew 28.4% YoY. Meanwhile, the Department Store segment recorded a higher 6M23 EBIT Margin of 17.0% (vs 6M22: 12.0%) and sales rose 13.6% YoY to IDR 1.3 trillion.
- In June 2023, the Company officially began a partnership with Frasers Group through Sports Direct Malaysia to introduce and operate Sports Direct in Indonesia. Meanwhile, MAPI plans to open 700 new stores this year.

### BUY Recommendation with a TP of DR2,400

- We provide a BUY recommendation for MAPI with a TP of IDR2,400/share or reflecting a P/E of 17.2x and an upside potential of 24.4%. The risks of our recommendation are rupiah depreciation, consumer purchasing power, and decreased product demand.

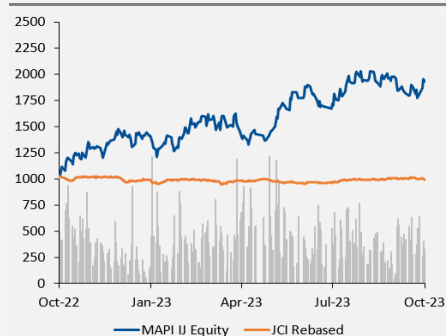
### Mitra Adiperkasa Tbk | Summary (IDR bn)

	2022	2023F	2024F	2025F
Revenue	26,937	32,451	36,507	40,888
Growth	46.2%	20.5%	12.5%	12.0%
Net Profit	2,110	2,169	2,373	2,702
Growth	382.9%	2.8%	9.4%	13.9%
EPS (IDR)	127	131	143	163
P/E	11.4x	18.4x	16.8x	14.7x
P/BV	3.0x	4.0x	3.3x	2.8x
EV/EBITDA	4.3x	7.1x	7.0x	6.6x
ROE	21.7%	18.0%	17.0%	16.9%
DER	21.6%	29.1%	26.9%	25.0%
Dividend Yield	0.0%	1.1%	1.3%	1.4%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	36.4%	-2.5%	12.5%	89.2%
Rel. Ret.	35.9%	-1.0%	9.5%	91.8%

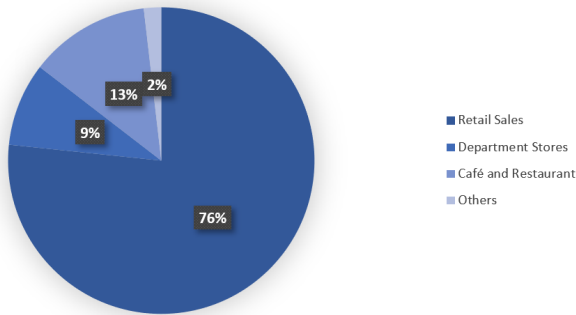
### Cindy Alicia Ramadhania

+62 21 5088 9129

cindy.alicia@nhsec.co.id

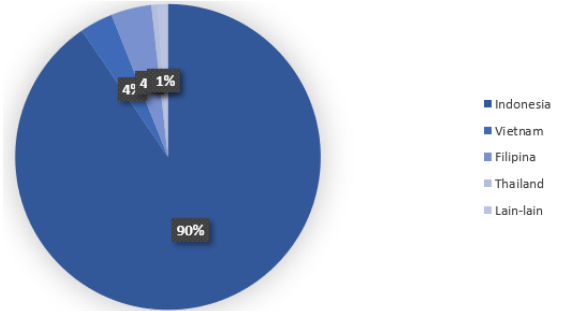
# Performance Highlights

## Revenue Breakdown by Segment



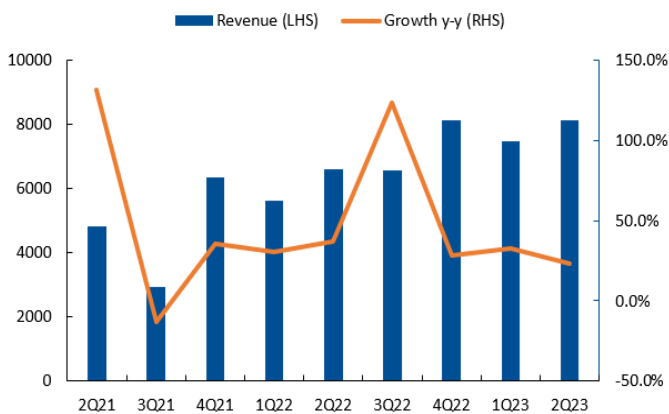
Source: Company, NHKSI Research

## Revenue Breakdown by Geography



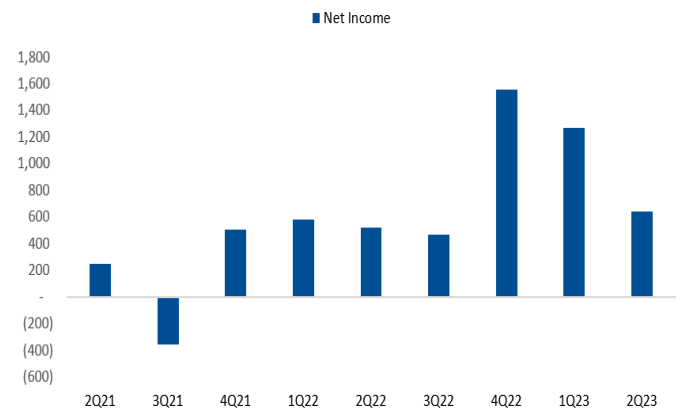
Source: Company, NHKSI Research

## MAPI Net Revenues (IDR Bn) | 2Q21 - 2Q23



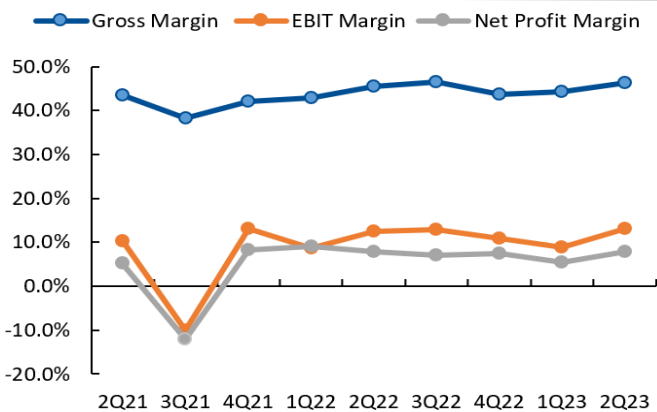
Source: Company, NHKSI Research

## MAPI Net Income (IDR Bn) | 2Q21 - 2Q23



Source: Company, NHKSI Research

## Margin Ratios | 2Q21 - 2Q23



Source: Company, NHKSI Research

## EBIT Margin by Segment | 2Q21 - 2Q23



Source: Company, NHKSI Research

## Summary of Financials

### INCOME STATEMENT

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
<b>Sales</b>	<b>26,937</b>	<b>32,451</b>	<b>36,507</b>	<b>40,888</b>
<i>Growth</i>	46.2%	20.5%	12.5%	12.0%
Cost of Good Sold	(14,908)	(17,793)	(19,714)	(22,079)
<b>Gross Profit</b>	<b>12,029</b>	<b>14,658</b>	<b>16,793</b>	<b>18,808</b>
<i>Gross Margin</i>	44.7%	45.2%	46.0%	46.0%
Operating Expenses	(17,424)	(21,019)	(12,704)	(14,269)
<b>EBIT</b>	<b>3,046</b>	<b>3,635</b>	<b>4,089</b>	<b>4,539</b>
<i>EBIT Margin</i>	11.3%	11.2%	11.2%	11.1%
Depreciation	2,394	1,799	1,620	1,636
<b>EBITDA</b>	<b>5,440</b>	<b>5,434</b>	<b>5,709</b>	<b>6,175</b>
<i>EBITDA Margin</i>	20.2%	16.7%	15.6%	15.1%
Interest Expenses	(455)	(466)	(460)	(481)
<b>EBT</b>	<b>3,173</b>	<b>3,312</b>	<b>3,542</b>	<b>4,086</b>
Income Tax	(667)	(690)	(745)	(960)
Minority Interest	(396)	(453)	(424)	(424)
<b>Net Profit</b>	<b>2,110</b>	<b>2,169</b>	<b>2,373</b>	<b>2,702</b>
<i>Growth</i>	382.9%	2.8%	9.4%	13.9%
<i>Net Profit Margin</i>	7.8%	6.7%	6.5%	6.6%

### PROFITABILITY & STABILITY

	2022/12A	2023/12E	2024/12E	2025/12E
ROE	21.7%	18.0%	17.0%	16.9%
ROA	10.1%	9.1%	9.5%	10.2%
Inventory Turnover	3.5x	3.5x	3.0x	3.2x
Receivable Turnover	49.3x	49.3x	49.3x	42.4x
Payables Turnover	7.2x	7.2x	6.4x	6.9x
Dividend Yield	0.0%	1.1%	1.3%	1.4%
Payout Ratio	0.0%	14.2%	15.1%	15.5%
DER	21.6%	29.1%	26.9%	25.0%
Net Gearing	29.4%	32.7%	30.4%	29.9%
Equity Ratio	46.4%	50.6%	55.7%	60.5%
Debt Ratio	0.1x	0.1x	0.1x	0.2x
Financial Leverage	2.2x	2.1x	1.9x	1.7x
Current Ratio	1.4x	1.5x	1.9x	2.3x
Quick Ratio	0.8x	0.8x	1.0x	1.3x
Par Value (IDR)	50	50	51	52
Total Shares (mn)	16,600	16,600	16,600	16,600
Share Price (IDR)	1,445	2,400	2,400	2,400
Market Cap (IDR tn)	24.0	39.8	39.8	39.8

### BALANCE SHEET

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Cash	3,851	4,070	5,026	5,928
Receivables	689	641	840	1,087
Inventories	4,699	6,340	6,622	7,291
<b>Total Current Assets</b>	<b>10,737</b>	<b>12,805</b>	<b>14,417</b>	<b>16,147</b>
Net Fixed Assets	3,290	4,041	3,631	3,142
Other Non Current Assets	992	1,003	1,052	1,083
<b>Total Non Current Asset</b>	<b>10,231</b>	<b>10,994</b>	<b>10,690</b>	<b>10,290</b>
<b>Total Assets</b>	<b>20,968</b>	<b>23,798</b>	<b>25,107</b>	<b>26,438</b>
Payables	2,386	2,442	2,051	1,696
ST Bank Loan	601	1,064	1,103	1,084
<b>Total Current Liabilities</b>	<b>7,564</b>	<b>8,269</b>	<b>7,676</b>	<b>7,006</b>
LT Debt	1,497	2,439	2,661	2,916
<b>Total Liabilities</b>	<b>11,240</b>	<b>11,758</b>	<b>11,112</b>	<b>10,431</b>
Capital Stock	830	830	830	830
Retained Earnings	5,508	7,577	9,487	11,496
<b>Shareholders' Equity</b>	<b>9,728</b>	<b>12,041</b>	<b>13,995</b>	<b>16,007</b>

### VALUATION INDEX

	2022/12A	2023/12E	2024/12E	2025/12E
Price /Earnings	11.4x	18.4x	16.8x	14.7x
Price /Book Value	3.0x	4.0x	3.3x	2.8x
PE/EPS Growth	0.0x	6.5x	1.8x	1.1x
EV/EBITDA	4.3x	7.1x	7.0x	6.6x
EV/EBIT	7.7x	10.7x	9.7x	8.9x
EV (IDR bn)	23,592	38,737	39,686	40,614
Revenue CAGR (3-Yr)	7.7%	29.8%	25.6%	14.9%
Net Income CAGR (3-Yr)	31.2%	-257.6%	75.8%	8.6%
Basic EPS (IDR)	127	131	143	163
BVPS (IDR)	485	607	722	843
DPS (IDR)	-	27	30	33

### OWNERSHIP

	%
<b>Shareholders</b>	
Satya Mulia Gema	51.0
Employees Provident Fund	5.0
Schroder PLC	2.6
Norges Bank	2.1
<b>By Geography</b>	
Indonesia	67.7
United States	7.7
Malaysia	6.4
United Kingdom	4.7

### CASH FLOW STATEMENT

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Operating Cash Flow	4,076	2,155	2,706	2,859
Investing Cash Flow	(721)	(1,210)	(1,301)	(1,384)
Financing Cash Flow	(2,322)	(774)	(448)	(573)
<b>Net Changes in Cash</b>	<b>1,033</b>	<b>171</b>	<b>957</b>	<b>902</b>

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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