

Mitra Adiperkasa Tbk (MAPI IJ)

Stable Performance in Almost All

Segments

MAPI successfully managed to book 9M23 sales growth of 26.4% YoY to IDR 23.8 trillion, with all segments showing growth. 9M23 GPM managed to increase to 45.6%, in line with 9M23 gross profit growth of 27.9% YoY to IDR 10.9 trillion. MAPI continued its focus on building strategic partnership with international leading brands. In Indonesia, MAPI strengthened its presence by launching the first ZARA store in Makassar. Besides Indonesia, the company also launched the first ZARA store in Cambodia, as well as the first Foot Locker stores in Thailand and Vietnam.

All Segments' Performance Still Appears to be Solid

- MAPI managed to book sales growth of 26.4% YoY to Rp23.8 trillion in 9M23, with all segments experiencing solid growth. The Retail Sales segment led the sales growth of 28.6% YoY to IDR18.4 trillion, followed by the Café and Restaurant segment (+25.0% YoY), and Department Stores (+11.7% YoY). On a quarterly basis, MAPI's 3Q23 sales were recorded at IDR8.2 trillion (+0.8% QoQ; +24.7% YoY).
- 9M23 GPM managed to increase to 45.6% (vs 9M22: 45.1%) in line with the growth of 9M23 gross profit by 27.9% YoY to IDR10.9 trillion even though the cost of goods sold also increased by 25.2% YoY to IDR12.9 trillion.
- Operating profit recorded a growth of 17.8% YoY to IDR2.6 trillion even though operating expenses increased along with the increase in selling expenses by 32.9% YoY to IDR7.0 trillion. Meanwhile, MAPI posted a 9M23 net profit of IDR1.5 trillion, contracted by 5.0% YoY. Meanwhile, MAPI's solid performance throughout 9M23 was supported by its diversified multi-brand business model and the resilience of its consumer base.
- On a quarterly basis in 3Q23, MAPI's gross profit managed to grow to Rp3.8 trillion (+0.4% QoQ; +23.9% YoY). However, operating profit decreased both QoQ (-22.2%) and YoY (-2.5%) to IDR832.3 billion amid increasing operating expenses. This decline was also evident in the 3Q23 net profit (-30.4% QoQ; -4.4% YoY) which was recorded at IDR445.1 billion.

Continue to Build Strategic Partnerships

- MAPI continued its focus on building strategic partnerships with leading international brands. In Indonesia, MAPI strengthened its presence by launching the first ZARA store in Makassar. Besides Indonesia, MAPI also launched the first ZARA store in Cambodia, as well as the first Foot Locker stores in Thailand and Vietnam.
- Geographically, sales in Indonesia grew 22.8% YoY in 9M23 to Rp21.0 trillion followed by increased sales in the Philippines and Thailand. However, sales in Vietnam decreased by 4.4% YoY to Rp897.2 billion.
- From the Specialty Store segment, sales managed to increase 28.6% YoY to IDR18.4 trillion but its EBIT Margin was recorded lower at 11.5% (vs 9M22: 12.6%). The Food & Beverage segment was also able to record sales growth of 25.0% YoY to IDR3.1 trillion and its EBIT margin fell to 5.8% (vs 9M22: 6.2%). Then, the Department Store segment managed to record a 12.7% YoY increase in sales to IDR1.9 trillion and its EBIT margin slightly decreased to 14.2% (vs 9M22: 14.7%).
- In addition, MAPI's digital sales continued to post solid performance. In 9M23, digital sales (which contributed 8.5% to sales) increased by 13.9% YoY to Rp2.0 trillion (vs 9M22: 1.8 trillion).
- In terms of MAP CLUB, the total members recorded as of September 2023 were 7.5 million with an average value per transaction of Rp857 thousand and an average annual shopping frequency of 1.7x.

BUY Recommendation with TP at IDR2,200

- We give a BUY recommendation for MAPI, with a TP of IDR2,200/share or reflecting a P/E of 15.7x and an upside potential of 18.6%. 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	33,282	37,443	41,936
Growth	46.2%	23.6%	12.5%	12.0%
Net Profit	2,110	2,177	2,353	2,674
Growth	382.9%	3.2%	8.1%	13.6%
EPS (IDR)	127	131	142	161
P/E	11.4x	16.8x	15.5x	13.7x
P/BV	3.0x	3.7x	3.0x	2.6x
EV/EBITDA	4.3x	6.5x	6.1x	5.9x
ROE	21.7%	17.7%	16.4%	16.2%
ROA	10.1%	8.8%	9.1%	9.7%
DER	21.6%	34.1%	28.9%	27.7%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

BUY

Target Price (IDR)	2,200
Consensus Price (IDR)	2,279
TP to Consensus Price	-3.5%
Potential Upside	+18.6%

Shares data

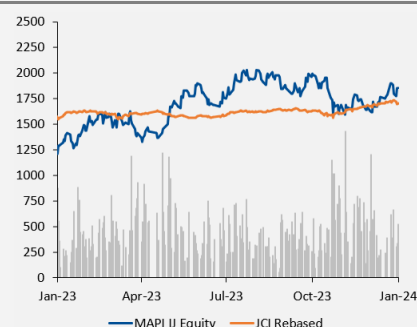
Last Price (IDR)	1,855
Price date as of	Jan. 10, 2023
52 wk range (Hi/Low)	2,070 / 1,195
Free float (%)	43.6
Outstanding sh.(mn)	16,600
Market Cap (IDR bn)	30,793
Market Cap (USD mn)	1,979
Avg. Trd Vol - 3M (mn)	26.3
Avg. Trd Val - 3M (bn)	45.4
Foreign Ownership	31.2%

Consumer Cyclical

Retail

Bloomberg	MAPI IJ
Reuters	MAPI.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-2.1%	13.8%	-6.3%	15.2%
Rel. Ret.	-0.8%	11.8%	-10.6%	9.5%

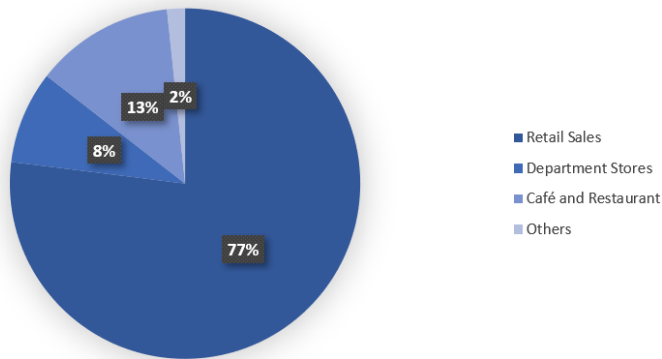
Cindy Alicia Ramadhania

+62 21 5088 9129

cindy.alicia@nhsec.co.id

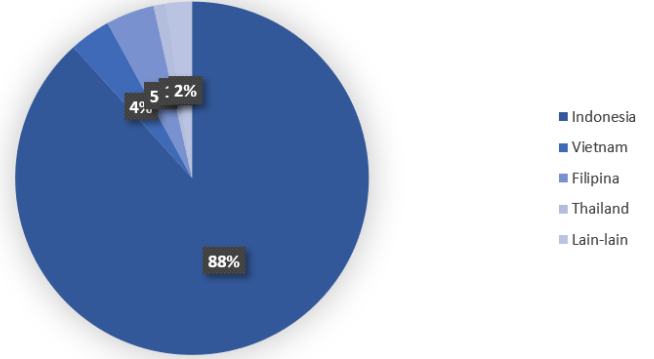
Performance Highlights

Revenue Breakdown by Segment



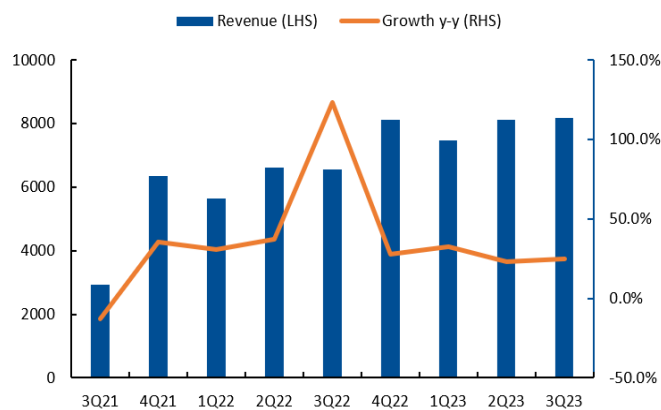
Source: Company, NHKSI Research

Revenue Breakdown by Geography



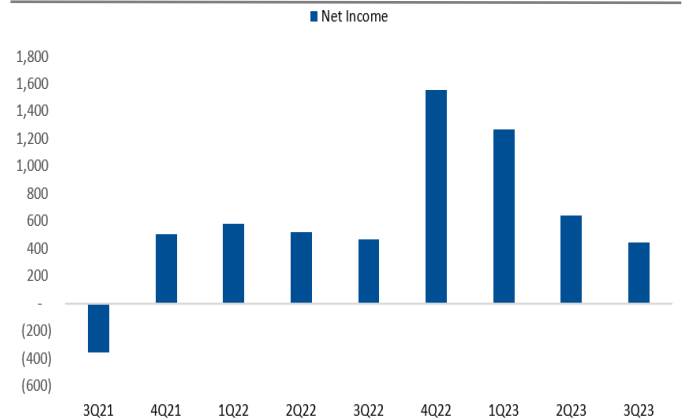
Source: Company, NHKSI Research

MAPI Net Revenues (IDR Bn) | 3Q21 - 3Q23



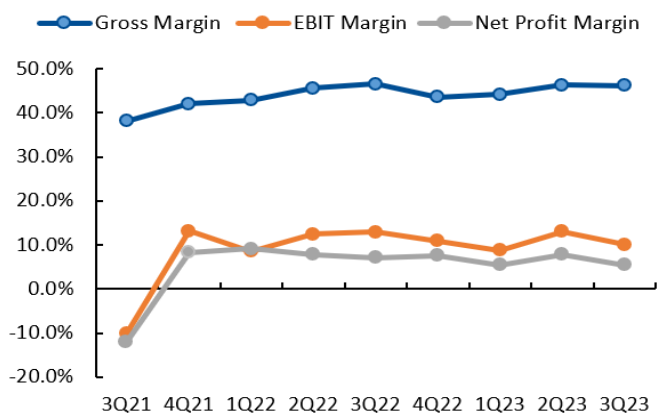
Source: Company, NHKSI Research

MAPI Net Income (IDR Bn) | 3Q21 - 3Q23



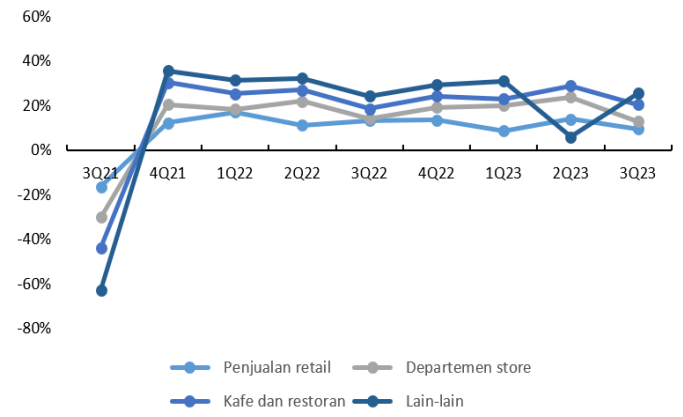
Source: Company, NHKSI Research

Margin Ratios | 3Q21 - 3Q23



Source: Company, NHKSI Research

EBIT Margin by Segment | 3Q21 - 3Q23



Source: Company, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Sales	26,937	33,282	37,443	41,936
<i>Growth</i>	46.2%	23.6%	12.5%	12.0%
Cost of Good Sold	(14,908)	(18,041)	(20,219)	(22,645)
Gross Profit	12,029	15,242	17,224	19,290
<i>Gross Margin</i>	44.7%	45.8%	46.0%	46.0%
Operating Expenses	(17,424)	(21,867)	(13,143)	(14,761)
EBIT	3,046	3,627	4,081	4,530
<i>EBIT Margin</i>	11.3%	10.9%	10.9%	10.8%
Depreciation	2,394	1,616	1,583	1,599
EBITDA	5,440	5,243	5,664	6,129
<i>EBITDA Margin</i>	20.2%	15.8%	15.1%	14.6%
Interest Expenses	(455)	(435)	(445)	(472)
EBT	3,173	3,329	3,549	4,083
Income Tax	(667)	(648)	(746)	(959)
Minority Interest	(396)	(503)	(450)	(450)
Net Profit	2,110	2,177	2,353	2,674
<i>Growth</i>	382.9%	3.2%	8.1%	13.6%
<i>Net Profit Margin</i>	7.8%	6.5%	6.3%	6.4%

BALANCE SHEET

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Cash	3,851	3,651	4,137	5,518
Receivables	689	573	946	1,030
Inventories	4,699	6,415	6,880	7,390
Total Current Assets	10,737	12,525	14,036	15,918
Net Fixed Assets	3,290	4,835	4,464	4,033
Other Non Current Assets	992	1,003	1,052	1,083
Total Non Current Asset	10,231	12,165	11,941	11,642
Total Assets	20,968	24,690	25,977	27,560
Payables	2,386	2,131	1,974	1,657
ST Bank Loan	601	1,705	1,424	1,564
Total Current Liabilities	7,564	8,725	7,993	7,505
LT Debt	1,497	2,497	2,735	2,999
Total Liabilities	11,240	12,358	11,592	11,098
Capital Stock	830	830	830	830
Retained Earnings	5,508	7,260	9,297	11,367
Shareholders' Equity	9,728	12,331	14,384	16,462

CASH FLOW STATEMENT

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Operating Cash Flow	4,076	1,071	2,460	3,144
Investing Cash Flow	(721)	(973)	(1,371)	(1,460)
Financing Cash Flow	(2,322)	(326)	(603)	(303)
Net Changes in Cash	1,033	(228)	485	1,382

PROFITABILITY & STABILITY

	2022/12A	2023/12E	2024/12E	2025/12E
ROE	21.7%	17.7%	16.4%	16.2%
ROA	10.1%	8.8%	9.1%	9.7%
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%	0.4%	0.9%	1.2%
Payout Ratio	0.0%	4.2%	9.8%	12.6%
DER	21.6%	34.1%	28.9%	27.7%
Net Gearing	29.4%	30.6%	29.7%	29.6%
Equity Ratio	46.4%	49.9%	55.4%	59.7%
Debt Ratio	0.1x	0.2x	0.2x	0.2x
Financial Leverage	2.2x	2.1x	1.9x	1.7x
Current Ratio	1.4x	1.4x	1.8x	2.1x
Quick Ratio	0.8x	0.7x	0.9x	1.1x
Par Value (IDR)	50	50	51	52
Total Shares (mn)	16,600	16,600	16,600	16,600
Share Price (IDR)	1,445	2,200	2,200	2,200
Market Cap (IDR tn)	24.0	36.5	36.5	36.5

VALUATION INDEX

	2022/12A	2023/12E	2024/12E	2025/12E
Price /Earnings	11.4x	16.8x	15.5x	13.7x
Price /Book Value	3.0x	3.7x	3.0x	2.6x
PE/EPS Growth	0.0x	5.3x	1.9x	1.0x
EV/EBITDA	4.3x	6.5x	6.1x	5.9x
EV/EBIT	7.7x	9.4x	8.5x	8.0x
EV (IDR bn)	23,592	33,992	34,771	36,014
Revenue CAGR (3-Yr)	7.7%	30.9%	26.7%	15.9%
Net Income CAGR (3-Yr)	31.2%	-257.8%	75.3%	8.2%
Basic EPS (IDR)	127	131	142	161
BVPS (IDR)	485	601	724	849
DPS (IDR)	-	8	20	27

OWNERSHIP

Shareholders	%
Satya Mulia Gema	51.0
Employees Provident Fund	5.0
Schroder PLC	2.6
Norges Bank	2.1
By Geography	%
Indonesia	68.9
United States	8.7
Malaysia	6.5
United Kingdom	3.3

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%

DISCLAIMER

This document is strictly confidential and is being supplied to you solely for your information. The recipients of this report must make their own independent decisions regarding any securities or financial instruments mentioned herein. This document may not be quoted, reproduced, exhibited, redistributed, transmitted, edited, translated, or published, in whole or in part, for any purpose without notice. Any failure to comply with this restriction may constitute a violation of civil or criminal laws.

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia