

BUY | TP : IDR2,060
Stock Price Data

Last Price	:	IDR1,505
52wk High	:	IDR2,070
52wk Low	:	IDR1,240
Share Out	:	16.6bn
Market Cap	:	IDR25.0tn

Stock Price Performance

1-Day	:	+7.1%
1-Week	:	+5.2%
1-Month	:	+11.9%
3-Month	:	-17.3%
Year-to-Date	:	-15.9%

Shareholders

PT Satya Mulia Gema Gemilang (P)	:	51.0%
Public	:	48.6%
Treasury	:	0.4%

PT Mitra Adiperkasa Tbk (MAPI IJ)
A Luxury Discount
1Q24; Net profit gained marginally by +2.4%QoQ/+5.9% YoY

MAPI delivered a net profit of IDR414.0 bn for 1Q24, marking an increase of +2.4% QoQ/+5.9% YoY. This accounts for 18.1%/17.3% of our/cons. target in FY24E. While generally 1Qs have lower contributions due to seasonality factor, a decline in GPM to 42.6% (vs 44.3% in 1Q23) also attributed to the softer bottom-line in this quarter. The drop in GPM was mainly due to: 1) normalization after a high base in 1Q23; 2) higher contribution from the lower-margin online sales; and 3) headwinds in the FnB segment. On a positive note, 1Q24 revenue stood at IDR8.8 tn, reflecting a -7.7% QoQ decline but a robust +17.8% YoY growth. This figure accounts for 22.8%/23.0% of our/cons estimate of FY24E target. The 1Q24 revenue was driven by the retail sales, which rose by +26.4% YoY, coupled with the department stores +3.8% YoY. Additionally, EBITDA grew by +14.2% YoY.

Active segment to provide profitability supports

- MAPI faced challenges from its FnB segment (MAPB) in 1Q24, which recorded another quarter of EBIT loss at IDR-26.4 bn (4Q23: IDR-8.3 bn). This downturn was exacerbated by negative consumer sentiment (a.k.a boycotts), resulting to a significant decrease in MAPB's revenue by -17.7% YoY. In 1Q24, which has likely contributed to the derating of its share price. Consequently, we cut our revenue forecast for the FnB segment by -19% for FY24E and an avg. of -34% for the following years.
- However, it is important to note that the FnB segment has historically contributed only 12-14% to MAPI's total turnover and approximately ~6% to EBIT over the past 3Y. Despite the current challenges, the overall impact of the FnB segment on MAPI's Post-Covid-19 performance remains relatively minimal, in our view.
- We anticipate the Active segment (MAPA) to play a more substantial role in supporting profitability moving forward. Post-Covid-19, the contribution of Active segment's revenue to MAPI's total turnover has seen a significant increase, rising from 29.6% in 1Q21 to 42.0% in 1Q24 (3Y CAGR of ~43%).
- As the Active segment expands its footprint in the domestic market (total stores: 1,392 in 1Q24), MAPI is also focusing on expanding its potential captive market overseas. This could bolster future revenue streams. We note that the total number of active stores overseas reached 327 units in 1Q24 (vs 143 in FY21).
- Additionally, we note that the Active segment overseas contributed ~11% to MAPI's total turnover in 1Q24. For FY24E, MAPI targets adding a total of 650 gross stores, with 400 for the Active segment (25% overseas). As of YTD, net store additions in 1Q24 totaled 127. Management targets SSSG for FY24E at mid-level, with the Active segment slightly higher.
- In FY23, the Active segment in overseas stores (Philippines, Thailand, Malaysia, and Cambodia) achieved a positive EBIT margin (single-digit). Moving forward, we expect that increasing store exclusivity overseas, alongside the implementation of data analytics, will lead to margin expansion and improvement in inventory aging levels.

A sizeable foreign inflow remains

MAPI's share price tumbled by -25% from its psychological level of 2,000, reflecting investor reactions to 1Q24 results, in our view. We believe the share price has bottomed out, offering a luxury discount to its fair value. Despite underperformance in the FnB segment, MAPI has potential for revenue and margin growth in overseas markets through the Active segment. This aligns with positive foreign inflows, maintained YTD through May-24 at IDR1.3 tn, the highest among retail companies in our universe (ACES: IDR242 bn, ERAA: IDR47 bn, while RALS saw an outflow of IDR-32.3 bn).

Valuation and recommendation: BUY with a TP of IDR2,060/share

We maintain our **BUY call on MAPI** with a lower **TP of IDR2,060/share (potential upside ~37%)**, implying a PE/PBV of 17.2x/2.5x in FY24E. The lower TP can be attributed to lower net profit expectations for FY24E/FY25F by -13.3%/-14.7%, respectively. However, we anticipate that rapid expansion in overseas markets through the Active segment will bolster sales and profitability. Downside risks include: 1) lower-than-expected net profit growth; 2) weak performance in overseas segment; and 3) lower-than-anticipated profitability margins.

Key Financial Highlight	FY21	FY22	FY23	FY24E	FY25F
Revenue (IDR bn)	18,423.8	26,937.3	33,318.8	37,562.1	42,203.0
EBITDA (IDR bn)	2,045.2	3,883.7	4,501.0	4,880.9	5,578.6
Net profit (IDR bn)	420.2	2,117.9	1,893.5	1,983.7	2,344.3
ROA (%)	2.5	10.1	6.9	6.8	7.5
ROE (%)	5.9	21.7	15.3	14.3	14.3
PE (x)	59.5	11.8	13.2	12.6	10.7
PBV (x)	3.5	2.6	2.0	1.8	1.5
DER (x)	0.7	0.6	0.7	0.6	0.5

Sources : Company, MNCS


Research Analyst

Raka Junico W.

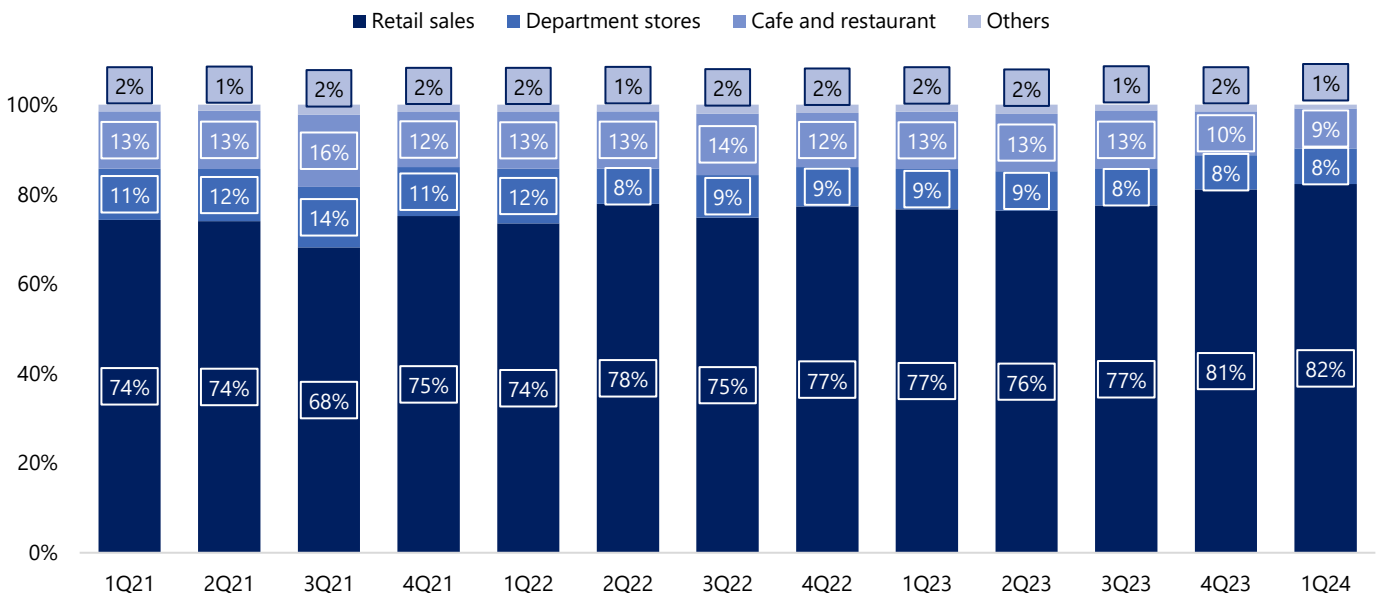
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Exhibit 01. MAPI's 1Q24 net profit came in below our/cons. estimates

IDR Bn	4Q23	1Q24	QoQ	1Q23	1Q24	YoY	FY24E Cons	FY24 MNCS	%Cons	%MNCS
Revenues	9,526.3	8,788.3	-7.7%	7,462.3	8,788.3	17.8%	38,141.4	38,564.2	23.0%	22.8%
COGS	5,291.7	5,040.5	-4.7%	4,160.2	5,040.5	21.2%				
Operating Profit	1,030.2	713.1	-30.8%	664.1	713.1	7.4%	4,127.1	4,273.0	17.3%	16.7%
Operating Profit Margin	10.8%	8.1%		8.9%	8.1%					
PBT	874.0	607.7	-30.5%	632.0	607.7	-3.8%	3,855.6	3,675.2	15.8%	16.5%
Net Profit	404.4	414.0	2.4%	390.8	414.0	5.9%	2,391.5	2,288.9	17.3%	18.1%
Net Margin	4.2%	4.7%		5.2%	4.7%					

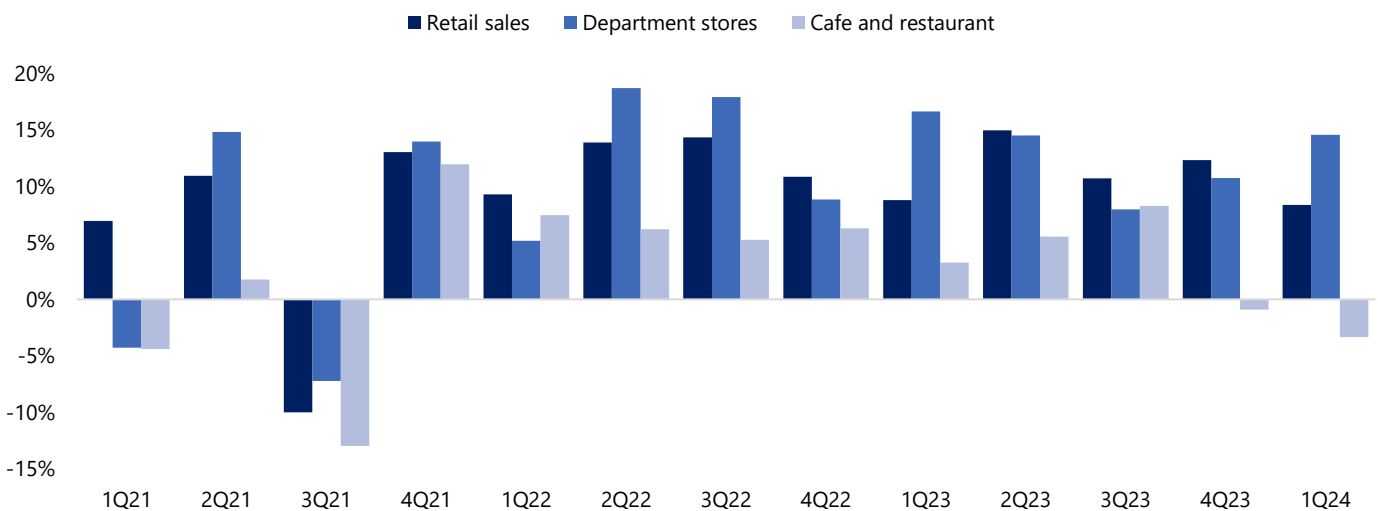
Sources : Company, Bloomberg, MNCS

Exhibit 02. The Cafe and Restaurant segment (representing The FnB) contributed significantly less to MAPI's revenue compared to the Retail Sales and Department Stores segments



Sources : Company, MNCS

Exhibit 03. Profitability standpoint, the Retail Sales and Department Stores segments delivered substantially higher margins than the Cafe and Restaurant segment



Sources : Company, MNCS

Exhibit 04. Financial Projections

Income Statement						Balance Sheet					
In Billion IDR	FY21	FY22	FY23	FY24E	FY25F	Revenue	FY21	FY22	FY23E	FY24F	FY25F
Revenue	18,423.8	26,937.3	33,318.8	37,562.1	42,203.0	Cash & Equivalents	2,778.4	3,850.8	3,674.8	2,950.4	2,923.9
COGS	(10,731.3)	(14,908.1)	(18,225.2)	(20,852.0)	(23,420.0)	Trade Receivables	606.1	841.6	1,085.4	1,252.1	1,383.3
Gross Profit	7,692.5	12,029.3	15,093.6	16,710.1	18,783.0	Inventory	3,731.4	4,698.7	8,088.0	9,325.5	10,408.9
Selling Expenses	(5,420.6)	(7,518.1)	(9,676.7)	(10,855.0)	(12,206.6)	Other Current Assets	1,097.7	1,345.9	2,143.5	2,416.5	2,715.1
G&A expenses	(1,050.1)	(1,441.7)	(1,820.8)	(2,236.0)	(2,431.6)	Total Current Asset	8,213.6	10,737.0	14,991.7	15,944.4	17,431.2
Operating Income	1,221.7	3,069.5	3,596.0	3,619.1	4,144.8	Fixed Assets-net	3,034.2	3,290.1	4,741.5	5,330.5	5,961.2
Finance Cost	60.6	60.6	87.1	81.6	66.2	Other Non-Current Assets	5,551.4	6,985.5	7,783.7	7,759.1	7,914.3
Finance Income	(499.9)	(482.0)	(473.5)	(479.8)	(475.9)	Total Non-Current Assets	8,585.6	10,275.6	12,525.1	13,089.7	13,875.5
Other Income (Expenses)	(107.1)	524.5	(6.8)	(5.2)	(6.1)	TOTAL ASSETS	16,799.2	21,012.6	27,516.9	29,034.1	31,306.7
Profit Before Tax	675.3	3,172.6	3,202.9	3,215.8	3,728.9	Trade Payables	1,756.7	2,385.8	2,603.0	2,925.1	3,200.7
Income Tax (Expenses)	(207.6)	(661.8)	(857.6)	(861.0)	(998.5)	Short-Term Debt	2,770.0	2,658.2	5,103.7	4,504.2	4,389.3
Minority Interest	(47.5)	(392.9)	(451.7)	(371.0)	(386.2)	Other Current Liabilities	2,134.7	2,519.9	3,344.6	3,086.7	2,852.3
Net Profit	420.2	2,117.9	1,893.5	1,983.7	2,344.3	Total Current Liabilities	6,661.5	7,563.9	11,051.2	10,516.0	10,442.4
EPS (IDR)	25.3	127.6	114.1	119.5	141.2	Long-Term Debt	2,328.2	3,014.1	3,218.5	3,785.7	3,689.2
						Other Non-Current Liabilities	637.0	678.8	835.5	835.5	835.5
						Total Non-Current Liabilities	2,965.2	3,693.0	4,054.0	4,621.2	4,524.7
						Total Equity	7,172.5	9,755.8	12,411.7	13,896.8	16,339.7
						TOTAL LIABILITY AND EQUITY	16,799.2	21,012.6	27,516.9	29,034.1	31,306.7

Cash Flow						Ratios					
In Billion IDR	FY21	FY22	FY23	FY24E	FY25F		FY21	FY22	FY23	FY24E	FY25F
Net Profit	420.2	2,117.9	1,893.5	1,983.7	2,344.3	Revenue Growth (%)	24.1	46.2	23.7	12.7	12.4
Depreciation	823.5	814.2	905.0	1,261.8	1,433.8	Gross Profit Growth (%)	24.5	56.4	25.5	10.7	12.4
Change in Working Capital	21.3	(573.7)	(3,415.9)	(1,082.1)	(939.0)	Net Profit Growth (%)	175.9	404.0	(10.6)	4.8	18.2
Change in Others	170.1	(303.9)	(456.8)	(530.8)	(533.0)	Current Ratio (%)	123.3	142.0	135.7	151.6	166.9
CFO Total	1,435.1	2,054.4	(1,074.1)	1,632.6	2,306.0	Quick Ratio (%)	67.3	79.8	62.5	62.9	67.2
Capital Expenditure	(530.8)	(1,146.5)	(2,347.2)	(1,850.9)	(2,064.4)	Receivable Days (x)	11.8	11.2	11.7	12.0	11.8
Change in Others	762.0	(916.9)	(323.5)	24.5	(155.2)	Inventory Days (x)	125.2	113.5	159.8	161.0	160.0
CFI Total	231.2	(2,063.3)	(2,670.7)	(1,826.3)	(2,219.6)	Payable Days (x)	58.9	57.6	51.4	50.5	49.2
Net Change in Debt	(1,701.5)	574.1	2,649.8	(32.2)	(211.4)	DER (x)	0.7	0.6	0.7	0.6	0.5
Net Change in Equity	63.6	403.6	968.8	(397.4)	198.7	DAR (x)	0.3	0.3	0.3	0.3	0.3
Dividend Payment	-	-	(132.3)	(104.1)	(103.2)	Interest Coverage (x)	2.4	6.4	7.6	7.5	8.7
Others	(38.2)	103.7	82.6	3.0	3.0	Gross Profit Margin (%)	41.8	44.7	45.3	44.5	44.5
CFE Total	(1,676.1)	1,081.3	3,568.8	(530.7)	(112.9)	Operating Profit Margin (%)	6.6	11.4	10.8	9.6	9.8
Beginning Cash	2,788.1	2,778.4	3,850.8	3,674.8	2,950.4	EBITDA Margin (%)	11.1	14.4	13.5	13.0	13.2
Ending Cash	2,778.4	3,850.8	3,674.8	2,950.4	2,923.9	Net Income Margin (%)	2.3	7.9	5.7	5.3	5.6
						BVPS (IDR)	432.1	587.7	747.7	837.2	984.3

Sources : Company, MNCS

MNC Research Industry Ratings Guidance

- **OVERWEIGHT** : Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months
- **NEUTRAL** : Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months
- **UNDERWEIGHT** : Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

- **BUY** : Share price may exceed 10% over the next 12 months
- **HOLD** : Share price may fall within the range of +/- 10% of the next 12 months
 - **SELL** : Share price may fall by more than 10% over the next 12 months
 - **Not Rated** : Stock is not within regular research coverage

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