

Wednesday, 09 August 2023

BUY
Maintain

Last price (IDR) 1,935
Target Price (IDR) 2,300
Upside/Downside +18.9%
Previous Target Price (IDR) 2,300

Stock Statistics

Sector Retail
Bloomberg Ticker MAPI JJ
No of Shrs (mn) 16,600
Mkt. Cap (IDRbn/USDmn) 32,121/2,111
Avg. daily T/O (IDRbn/USDmn) 41.4/2.7

Major shareholders (%)

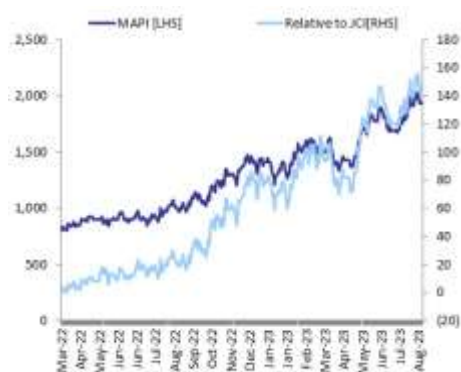
PT Satya Mulia Gema Gemilang 51.0

Estimated free float 43.6

EPS Consensus (IDR)

	2023F	2024F	2025F
Danareksa	134.7	142.1	148.9
Consensus	128.2	148.6	169.2
Danareksa/Cons	5.1	(4.4)	(12.0)

MAPI relative to JCI Index



Source : Bloomberg



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Mitra Adiperkasa (MAPI JJ)

Looking beyond the archipelago

We reiterate our BUY call on MAPI with an unchanged TP of IDR2,300 (-0.5SD of its 4-normal years PE-target at 17.4x) as we maintain our FY23F earnings estimate of IDR2.2tn driven by 17.4% topline growth with +16.4% yoy opex growth. We also assume a lower gross margin of 43.9% stemming from MAPI's strategy to selectively adjust its selling prices to maintain sales volume. MAPI remains our top pick in the sector.

Decent 1H23 performance. MAPI is one of the best performers in the retail sector as the company has benefited from better mall traffic and resilient spending from the mid to upper segment. This translated to IDR639bn of net profits in 2Q23 (+27.7% yoy, +58.1% qoq) backed by 22.9% yoy topline growth and better gross margins of 46.4% (2Q22: 44.3%, 1Q22: 45.6%). For 2H23, we assume higher growth as 4Q is seasonally the strongest quarter with a 28-30% contribution to FY net profits backed by the end-of-year holiday season.

Different strategies for each regional country. MAPI's expansion outside Indonesia suggests that the company is aware of the different market characteristics and competitive landscape in each Southeast Asian country. We believe that since MAPI's performance in Indonesia is proven, it can leverage on the brand exclusivity from the principals in other countries, such as Foot Locker in Philippines and Inditex group in Vietnam. While for Thailand, MAPI has implemented a different strategy by partnering with Central group to build shop-in-shop (379 outlets by June 2023), benefitting from lower capex. In turn, this should translate into a higher ex-Indonesia revenues contribution of 30-40% in the next 3-4 years compared to just 10% in 1H23.

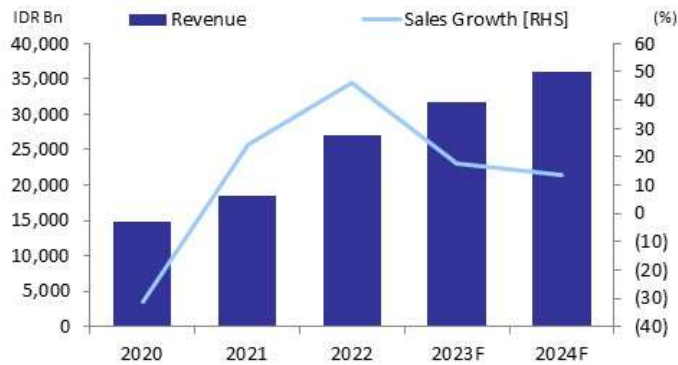
Expect FY23F net profits of IDR2.2tn. The top line is expected to grow by 17.4% this year with lower gross margins of 43.9% (FY22: 44.7%). Our gross margins assumption reflects MAPI's selective price adjustments strategy and the higher contribution from its lower-margin Apple distributor business. This year, MAPI has already set aside IDR2tn for capex to open 700 gross additional new stores with the majority being MAPA outlets (around 400 new outlets) with 50% in overseas locations. MAPI also recently launched Sports Direct, the UK brand with different positioning compared to Sport Station and Planet Sports, as it offers several non-MAPI brands, such as Puma, Nike and Under Armour.

Maintain BUY: TP of IDR2,300. BUY maintained with an unchanged TP of IDR2,300 implying a 17.4x 2023F PE target multiple at -0.5SD the 4-normalized years pre-pandemic (4-years mean of 21.3x).

Key Financials

Year to 31 Dec	2021A	2022A	2023F	2024F	2025F
Revenue (IDRbn)	18,424	26,937	31,628	35,934	40,155
EBITDA (IDRbn)	2,139	4,056	4,557	4,820	5,063
EBITDA Growth (%)	172.0	89.6	12.3	5.8	5.0
Net profit (IDRbn)	439	2,096	2,236	2,359	2,472
EPS (IDR)	26.4	126.3	134.7	142.1	148.9
EPS growth (%)	(178.0)	377.5	6.7	5.5	4.8
BVPS (IDR)	353.9	487.8	622.5	764.7	913.6
DPS (IDR)	0.0	(3.3)	0.0	0.0	0.0
PER (x)	73.2	15.3	14.4	13.6	13.0
PBV (x)	5.5	4.0	3.1	2.5	2.1
Dividend yield (%)	0.0	(0.2)	0.0	0.0	0.0
EV/EBITDA (x)	14.4	7.2	6.2	5.8	5.4

Source : MAPI, Danareksa Estimates

Exhibit 1. Revenues and Growth


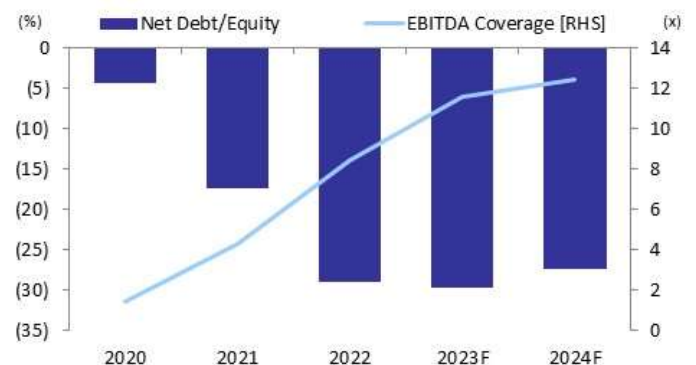
Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 2. Net Profits and Growth

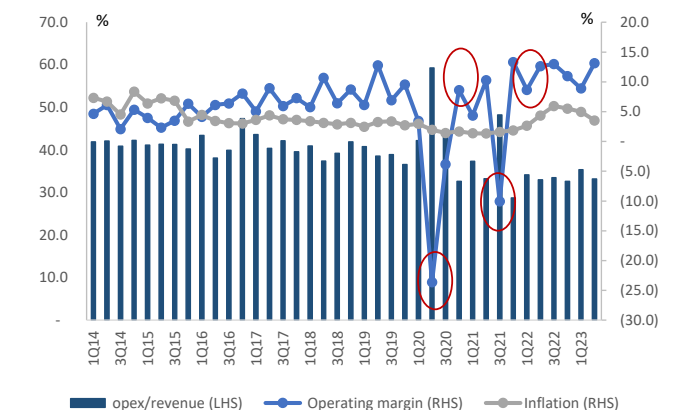

Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 3. Margins

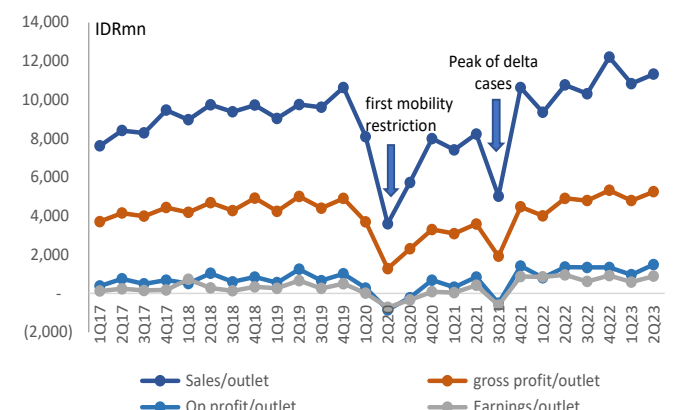

Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 4. Gearing Level


Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 5. Quarterly opex/revenue, operating margin and inflation


Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 6. Quarterly productivity per outlet


Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 7. Income Statement

Year to 31 Dec (IDRbn)	2021A	2022A	2023F	2024F	2025F
Revenue	18,424	26,937	31,628	35,934	40,155
COGS	(10,731)	(14,908)	(17,734)	(20,337)	(22,894)
Gross profit	7,692	12,029	13,894	15,597	17,260
EBITDA	2,139	4,056	4,557	4,820	5,063
Oper. profit	1,234	3,070	3,467	3,639	3,793
Interest income	61	61	61	60	67
Interest expense	(500)	(482)	(394)	(388)	(415)
Forex Gain/(Loss)	0	(14)	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	(103)	522	217	251	292
Pre-tax profit	692	3,156	3,350	3,562	3,737
Income tax	(201)	(667)	(734)	(778)	(817)
Minority interest	(51)	(396)	(380)	(424)	(448)
Net profit	439	2,096	2,236	2,359	2,472
Core Net Profit	439	2,107	2,236	2,359	2,472

Exhibit 8. Balance Sheet

Year to 31 Dec (IDRbn)	2021A	2022A	2023F	2024F	2025F
Cash & cash equivalent	2,778	3,851	3,792	4,242	4,585
Receivables	606	842	988	1,124	1,256
Inventory	3,731	4,699	5,492	6,187	6,840
Other Curr. Asset	732	1,031	1,041	1,050	1,060
Fixed assets - Net	3,034	3,290	4,197	4,818	5,561
Other non-curr.asset	5,535	6,941	8,103	9,744	11,763
Total asset	16,783	20,968	23,928	27,480	31,379
ST Debt	1,549	1,036	6	6	6
Payables	2,521	3,309	3,936	4,514	5,082
Other Curr. Liabilities	2,592	3,218	2,671	2,707	2,837
Long Term Debt	0	0	0	0	0
Other LT. Liabilities	3,026	3,677	4,543	4,747	5,113
Total Liabilities	9,687	11,240	11,155	11,973	13,038
Shareholder's Funds	5,875	8,098	10,334	12,693	15,166
Minority interests	1,221	1,630	2,439	2,813	3,176
Total Equity & Liabilities	16,783	20,968	23,928	27,480	31,379

Exhibit 9. Cash Flow

Year to 31 Dec (IDRbn)	2021A	2022A	2023F	2024F	2025F
Net income	439	2,096	2,236	2,359	2,472
Depreciation and Amort.	905	987	1,090	1,180	1,270
Change in Working Capital	(80)	(414)	(313)	(251)	(217)
Other Oper. Cash Flow	700	362	346	341	360
Operating Cash Flow	1,964	3,031	3,359	3,629	3,886
Capex	(567)	(1,241)	(1,986)	(1,796)	(2,007)
Others Inv. Cash Flow	153	(193)	45	44	51
Investing Cash Flow	(414)	(1,434)	(1,941)	(1,751)	(1,956)
Net change in debt	(1,703)	576	(735)	218	473
New Capital	0	0	0	0	0
Dividend payment	0	54	0	0	0
Other Fin. Cash Flow	(342)	(14)	416	(15)	(51)
Financing Cash Flow	(2,046)	616	(319)	203	422
Net Change in Cash	(496)	2,213	1,098	2,081	2,352
Cash - begin of the year	2,788	2,778	3,851	3,792	4,242
Cash - end of the year	2,778	3,851	3,792	4,242	4,585

Exhibit 10. Key Ratios

Year to 31 Dec	2021A	2022A	2023F	2024F	2025F
Growth (%)					
Sales	24.1	46.2	17.4	13.6	11.7
EBITDA	172.0	89.6	12.3	5.8	5.0
Operating profit	(2,270.0)	148.8	12.9	5.0	4.2
Net profit	(178.0)	377.5	6.7	5.5	4.8
Profitability (%)					
Gross margin	41.8	44.7	43.9	43.4	43.0
EBITDA margin	11.6	15.1	14.4	13.4	12.6
Operating margin	6.7	11.4	11.0	10.1	9.4
Net margin	2.4	7.8	7.1	6.6	6.2
ROAA	2.5	11.1	10.0	9.2	8.4
ROAE	7.8	30.0	24.3	20.5	17.7
Leverage					
Net Gearing (x)	(0.2)	(0.3)	(0.3)	(0.3)	(0.2)
Interest Coverage (x)	2.5	6.4	8.8	9.4	9.1

Source : MAPI, Danareksa Estimates

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