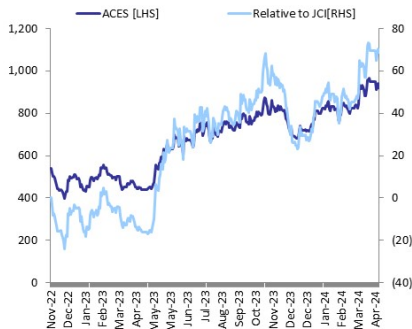


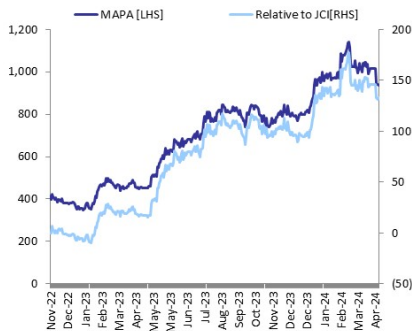
Overweight

(Maintained)

ACES relative to JCI Index



MAPA relative to JCI Index



Source: Bloomberg

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Retail Sector

Potential boost from led festives and promotions

- We noted more foot traffic to retail/shopping areas toward the end of Mar24, likely supported by the disbursement of the holiday allowance.
- Additionally, promotions of several major brands should also translate into higher sales yoy in 1Q24.
- Maintain Overweight with our pecking order being: ACES, MAPA and MAPI. Rupiah weakening is key risk for 2Q24 onward sales outlook.

Increasing foot traffic toward end of Mar24 supported by THR disbursement

We continue our weekly retail channel check to gauge the traffic in the major retail malls and shopping centers including the lower-end Tanah Abang market. As expected, in the first weeks of the fasting period (17th and 22nd Mar24), we saw slower traffic in the Tanah Abang shopping center. However, near the end of March (28th Mar24), we witnessed more shoppers (vs the previous weeks) with the peak period around D-5 before Idul Fitri. From the Little Bangkok area (which opened on 5th Feb24), we learnt that the traffic during the fasting period dropped to 3-5k foot traffic/day from 8-10k/day previously. Around 2 weeks before Idul Fitri, it built up to an average 7-8k/day before reaching a peak (D-1 to D-3) of an average 8-11k/day.

Promotions of several major brands should translate to higher sales

We noted a higher number of promotions in retail malls to push sales ahead of Idul Fitri. Several Zara stores (Kokas, PIM) were quite crowded, while other fashion brands (Cotton On, Stradivarius, Marks & Spencer, Bershka) under MAPI also offered more promotions but they saw less traffic (compared to Zara). At Ace Hardware, we observed several different promotions each week with more staff/cashiers to help shoppers. The traffic at Ace stores was a mix between normal/more crowded. With more companies disbursing holiday allowances in early Apr24, traffic subsequently increases.

1Q24 earnings preview: We expect ACES to book the strongest growth

Consumer companies and retailers stated that Ramadan sales in FY24 were better than in FY23. Bear in mind that in Sep22, the government increased the price of Peralite fuel by 31%, thus putting further pressure on purchasing power in 1Q-2Q23 (Idul Fitri was in Apr23). For 1Q24, we estimate strong 1Q24 net profit growth for ACES (+26% yoy), followed by MAPI (+11% yoy) and MAPA (+8% yoy). (Exhibit 1 to 6).

Maintain Overweight rating; weaker IDR is a ST risk

The shift in global economic narrative toward higher-for-longer has caused further pressure to the Rupiah (-4% mom). While historically retailers have passed on the higher cost of imported inventory, we see risk from Rupiah weakening toward higher inflation and pressure on purchasing power. Nonetheless, we still foresee a recovery in 2H24 inline with the seasonality of stronger retailer sales in 4Q24 and thus, maintain our FY24-25F for MAPI and MAPA (we recently lifted our estimates for ACES ([click here](#))). Maintain Overweight with our pecking order being ACES, MAPA and MAPI.

Ticker	Rec	TP (Rp)	Market Cap. (Rp Bn)	P/E (x)		P/BV (x)		ROE (%) 2024F	Dividend Yield (%)	EPS growth	
				2024F	2025F	2024F	2025F			2024F	2025F
MAPI	Buy	2,400	28,140	11.8	10.1	2.2	1.8	20.7	0.5	17.9%	16.3%
MAPA	Buy	1,270	26,650	14.7	12.6	3.5	2.8	27.0	0.5	20.0%	16.7%
ACES	Buy	920	15,780	18.2	16.5	2.4	2.2	13.6	2.8	13.4%	10.2%

Potential boost from led festives and promotions

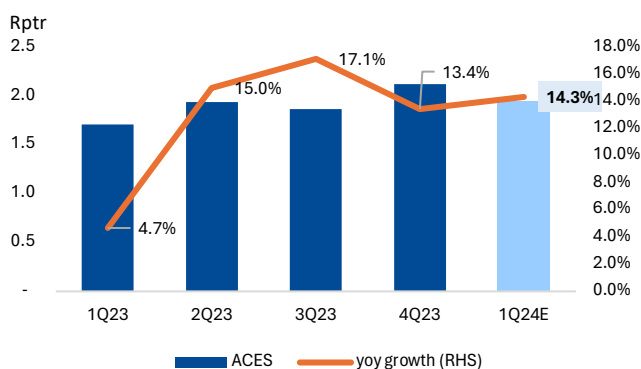
1Q24 earnings preview: We expect ACES to book the strongest growth

Consumer companies and retailers indicated that their Ramadan sales in FY24 were better than in 2023. Bear in mind that in Sep22, the government increased the price of Peralite fuel by 31%, thus putting further pressure on purchasing power in 1Q-2Q23 (Idul Fitri was in Apr23).

We forecast our retailer companies to report brisk 1Q24 top line growth ranging from 14% yoy (ACES), 15% yoy (MAPI) to 19.6% yoy (MAPA). This falls inline with our FY24F revenue growth forecasts of 11% yoy (ACES), 25% yoy (MAPA) and 20% yoy (MAPI). Most of our retailers will benefit from stronger demand ahead of Idul Fitri (and also during the Chinese New Year in Feb24). Nonetheless, the strongest quarter for our retailers will remain in 4Q. As such, we estimate a stronger recovery in 2H24.

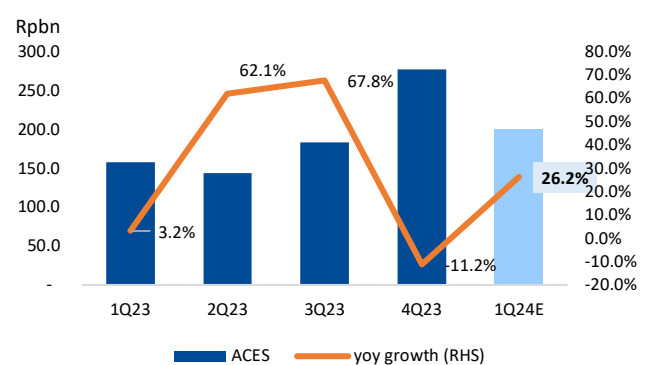
For 1Q24 earnings, we forecast stronger growth from ACES (+26% yoy), in view of greater opex efficiency thanks to a solid top line, the relatively low base effect post-pandemic due to the absence of new inventory in 1Q23 (ACES started to offer new SKU in March – April 2024). For MAPI, we expect the company to book stronger 1Q24 earnings supported by the continued solid performance of specialty stores (Active and Fashion) that will sustain margins despite concerns on Starbucks’ performance. We estimate MAPI’s 1Q24 earnings growth to reach 11% yoy. For MAPA, the 1Q24 top line should remain solid. However, a high 1Q23 gross margin creates a high base, which means the 1Q24 earnings may only grow by 8% yoy.

Exhibit 1. ACES’ quarterly revenue and 1Q24 preview



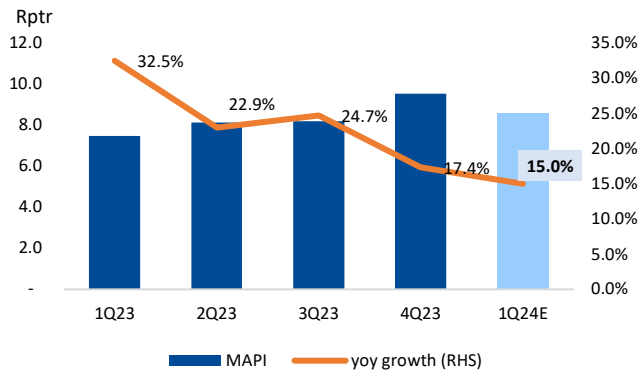
Source: Company, BRIDS Estimates

Exhibit 2. ACES’ quarterly net profit and 1Q24 preview



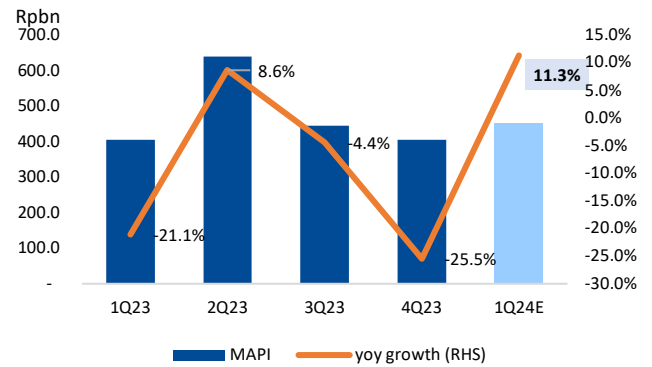
Source: Company, BRIDS Estimates

Exhibit 3. MAPI's quarterly revenue and 1Q24 preview



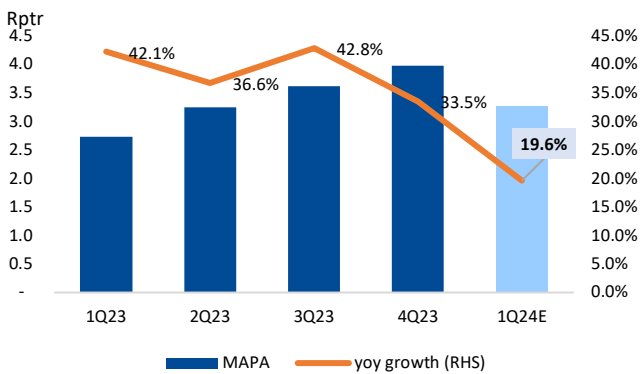
Source: Company, BRIDS Estimates

Exhibit 4. MAPI's quarterly net profit and 1Q24 preview



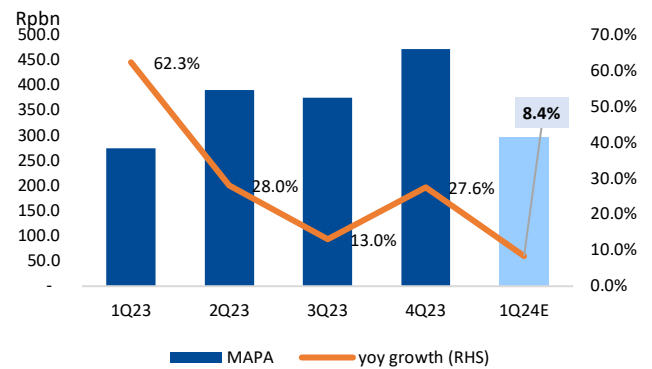
Source: Company, BRIDS Estimates

Exhibit 5. MAPA's quarterly revenue and 1Q24 preview



Source: Company, BRIDS Estimates

Exhibit 6. MAPA's quarterly net profit and 1Q24 preview



Source: Company, BRIDS Estimates

Stronger retail sales index to potentially translate to revenue growth

Based on the Central Bank’s Retail Sales Index (Feb24), retail sales are expected to grow yoy and mom in Mar24 with estimated 1Q24 sales growth of 3.7% yoy (vs 4Q23: +1.6% yoy). The Retail Sales Index is expected to increase in Apr24 and July24 to 161 and 144, higher than in the previous period (132.3 and 127.2), supported by higher demand ahead of Idul Fitri (in Apr24). Meanwhile, there are expectations of higher sales in July24 supported by school holidays and the start of the new school period.

Exhibit 7. Sales expectation index for the upcoming three and six months.

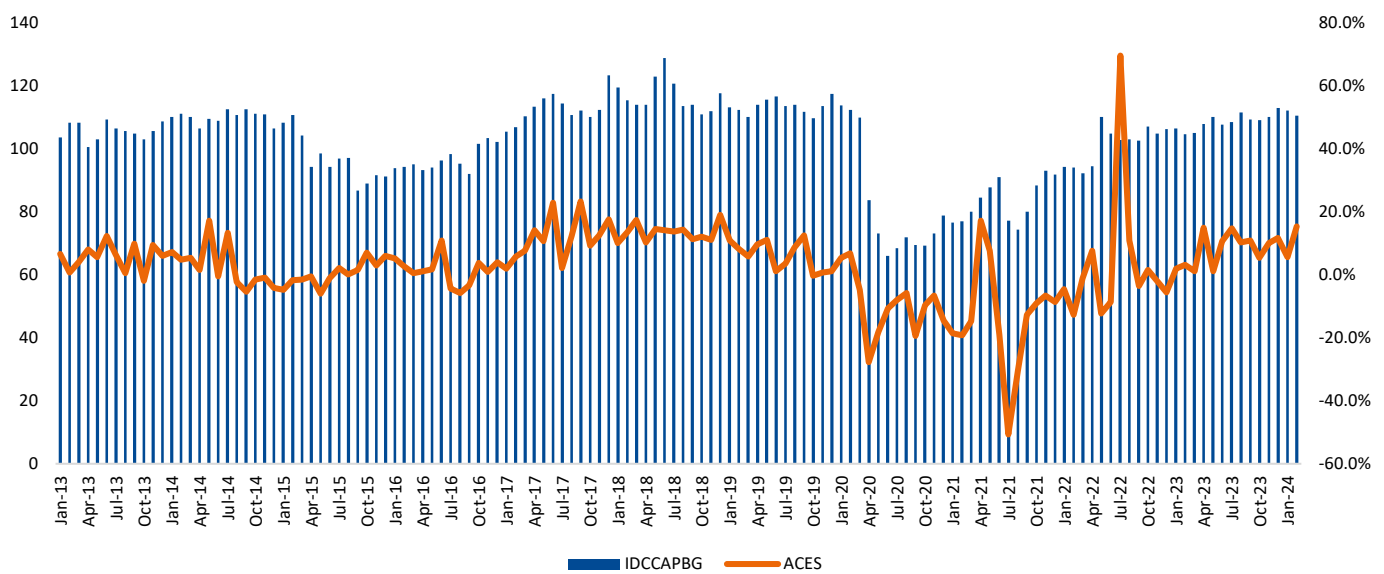


Source: Company, BRIDS Estimates

Positive correlation between several macro indicators and the revenue of MAPI and ACES

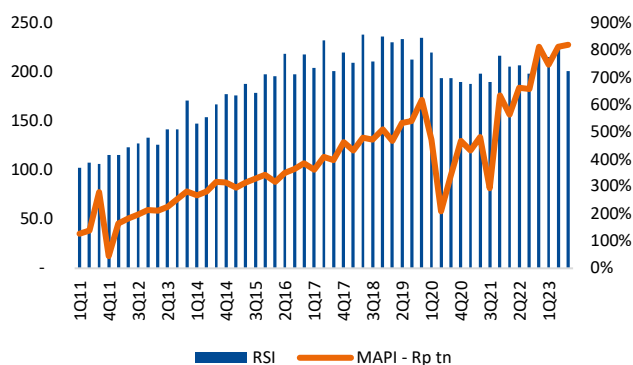
We found that the monthly SSSG of ACES and the IDCCAPBG (Consumer intentions to buy durable goods) and the CCI (Consumer Confidence Index) show a positive correlation. Additionally, the Retail Sales Index (RSI) also depicts a strong positive correlation with the revenue of MAPI and ACES. While the revenue of MAPI and ACES depicts a negative correlation to inflation, it seems relatively immune to Rupiah depreciation as we found a positive correlation between Rupiah weakening and the revenue of MAPI/ACES. This is in line with the companies’ statement that they generally pass on higher prices arising from Rupiah weakness.

Exhibit 8. SSSG and intentions to buy durable products



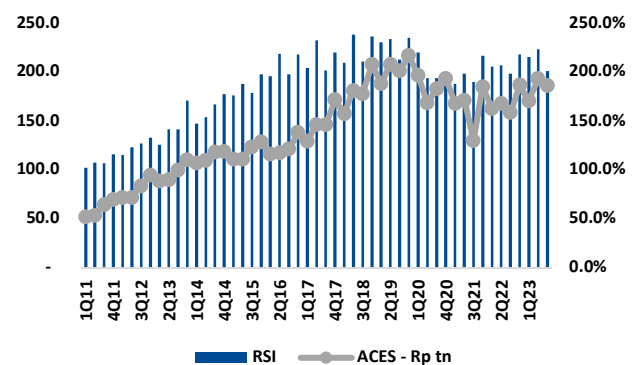
Source: Central Bank, Company

Exhibit 9. Retail Sales Index and MAPI’s revenue



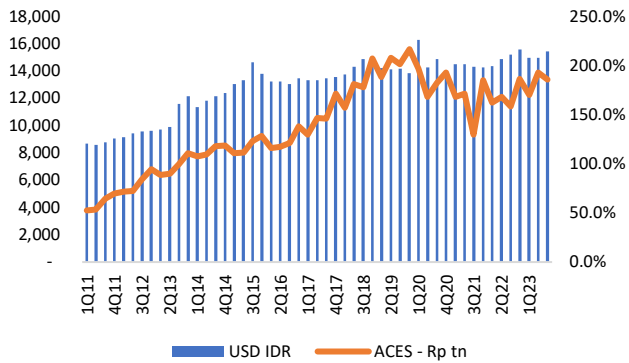
Source: Company, BRIDS Estimates

Exhibit 10. Retail Sales Index and ACES’ revenue



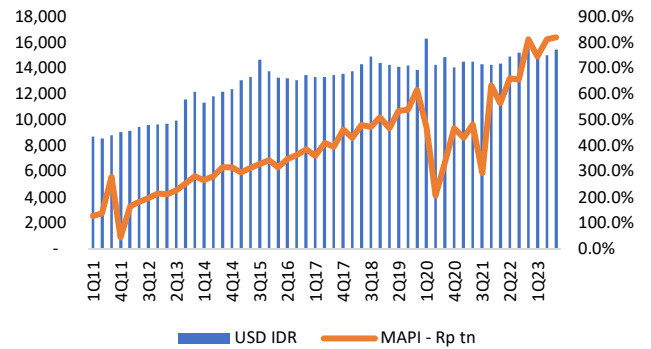
Source: Company, BRIDS Estimates

Exhibit 11. USD IDR movement and ACES' revenue



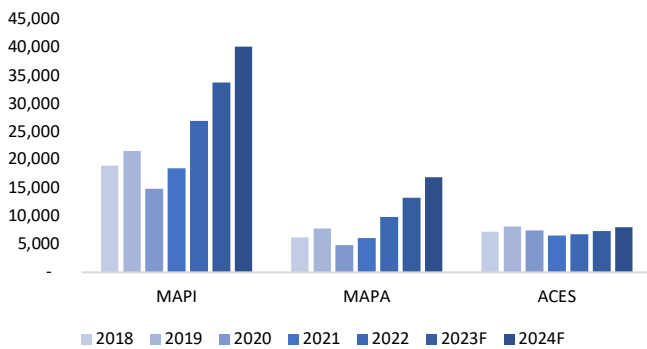
Source: Company, BRIDS Estimates

Exhibit 12. USD IDR movement and MAPI's revenue



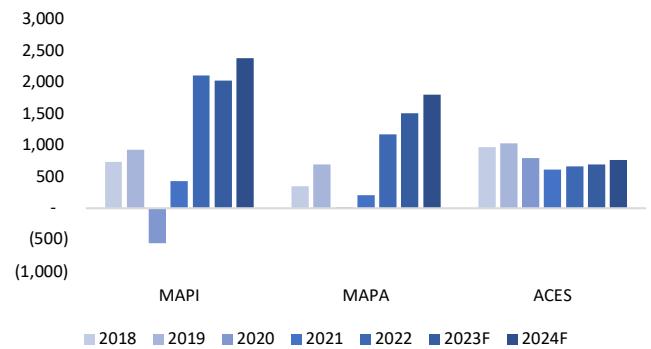
Source: Company, BRIDS Estimates

Exhibit 13. Revenue – MAPI, MAPA, ACES



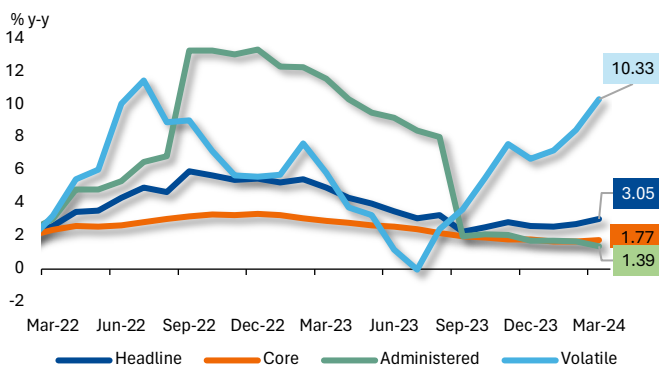
Source: Company, BRIDS Estimates

Exhibit 14. Net profit – MAPI, MAPA, ACES



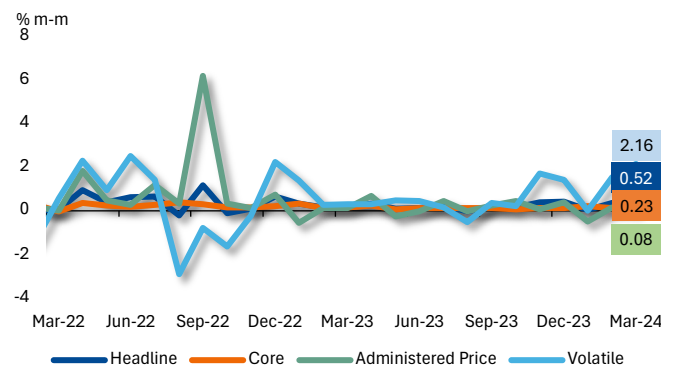
Source: Company, BRIDS Estimates

Exhibit 15. Yoy inflation



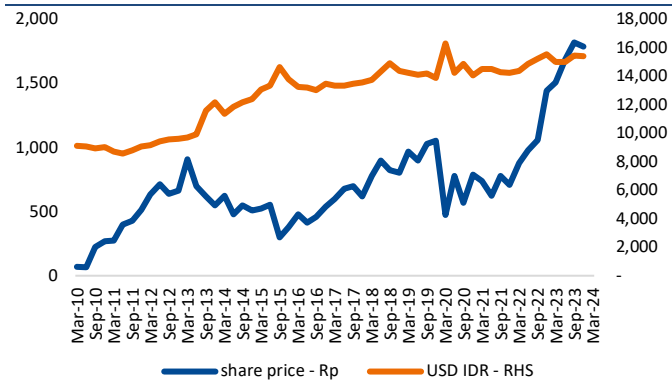
Source: Company, BRIDS Estimates

Exhibit 16. Mom inflation



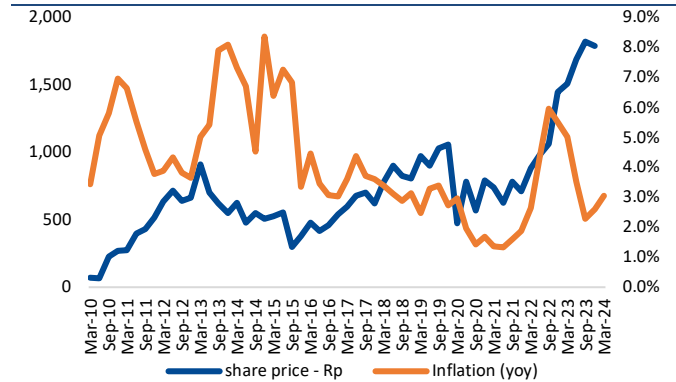
Source: Company, BRIDS Estimates

Exhibit 17. Share price vs USDIDR – MAPI



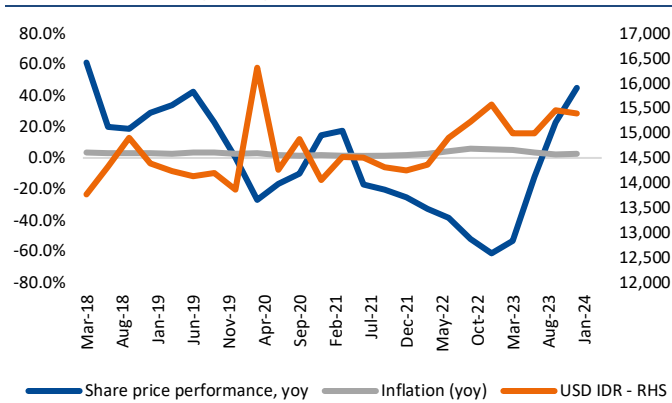
Source: Bloombergs

Exhibit 18. Share price vs inflation – MAPI



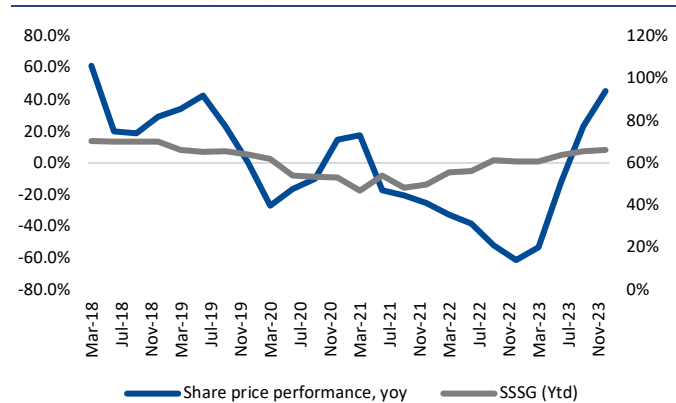
Source: Bloombergs

Exhibit 19. Share price perf., inflation, and USD – ACES



Source: Bloombergs

Exhibit 20. Share price performance vs SSSG – ACES



Source: Bloombergs, Company

Exhibit 21. Store condition each week during Ramadhan – Zara & Marks and Spencer



Week-1 Ramadhan



Week-2 Ramadhan



Week-3 Ramadhan



Week-1 Ramadhan



Week-2 Ramadhan



Week-3 Ramadhan

Source: BRIDS Survey

Exhibit 22. Store condition each week during Ramadan – Sport Station and other stores



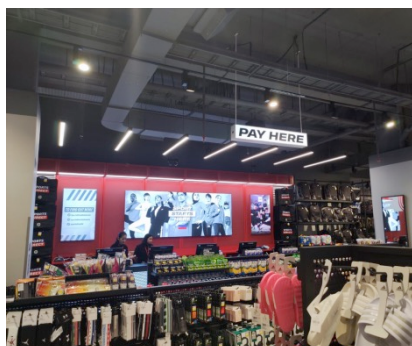
Week-1 Ramadhan



Week-2 Ramadhan



Week-3 Ramadhan



Sports Direct, Week-3 Ramadhan



Planet Sports, Week-3 Ramadhan



Foot Locker, Week-3 Ramadhan

Source: BRIDS Survey

Exhibit 23. Store condition each week during Ramadan – ACES



Week-1 Ramadhan



Week-2 Ramadhan



Week-3 Ramadhan

Source: BRIDS Survey

Exhibit 24. Promotion during Ramadan



Source: BRIDS Survey

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BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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