

Buy

(Maintained)

MAP Aktif Adiperkasa (MAPA IJ)

Solid growth outlook is intact despite FY24-25F est. cuts; reaffirm Buy rating with lower TP

Last Price (Rp)	880	
Target Price (Rp)	1,100	
Previous Target Price (Rp)	1,270	
Upside/Downside	+28.6%	
No. of Shares (mn)	28,504	
Mkt Cap (Rpbn/US\$m)	25,084/1,565	
Avg, Daily T/O (Rpbn/US\$m)	28.9/1.8	
Free Float (%)	30.8	
Major Shareholder (%)	PT Mitra Adiperkasa Tbk	
PT Mitra Adiperkasa Tbk	68.8	
EPS Consensus (Rp)	2024F	2025F
BRIDS	55.0	67.3
Consensus	55.6	69.0
BRIDS/Cons (%)	(1.0)	(2.5)
	2026F	77.5
	80.4	(3.7)

- 1Q24 store expansions are on track to achieve mgmt’s and our FY24F target; expect stronger SSSG in the coming quarters
- We trimmed FY24-25F net profit forecast by 13%/9% from higher opex assumption
- We maintain our Buy rating on intact growth outlook (16.7% NP CAGR in FY23-26F), but with lower TP of Rp1,100.

Trimming FY24-25F NP by 13%/9% on lower store expansion

MAPA has expanded by adding 752 new stores (gross) in the past 5 quarters. Moving forward, we anticipate MAPA will optimize store formats to maximize profitability. Therefore, we are reducing our expected gross store openings for FY24-25F by 3% and 19%, resulting in a slightly lower top line forecast of 4-5% for the same period. We expect GPM to stay at 47.8%/47.9% through the addition of more stores with brand exclusivity/mono-brand formats, in-line with the management's target range of 47-48%. However, as increased store openings will raise operating expenses, we revise our opex to revenue estimates for FY24-25F to 34.5%/34%, thereby lowering EBIT margins by 120/40bps. We forecast net profit for FY24-25F of Rp1.57tr (+13% yoy) and Rp1.9tr (+22% yoy), reflecting a 13% and 9% cut from our previous est.

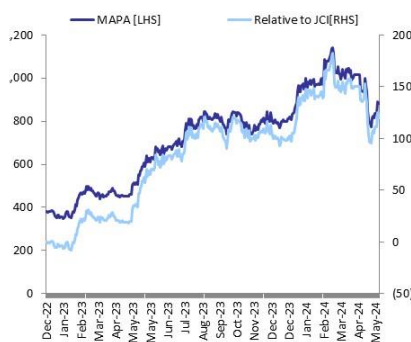
1Q24 expansion still inline to achieve the guidance

In 1Q24, MAPA added 81 new stores (net) of which 31% are overseas, bringing the total number of stores to 1,719, in line with its expansion plan of 400 stores (gross), including 25% overseas. Despite a high base revenue in 1Q23, MAPA reported positive 1Q24 SSSG of +2.6% and robust revenue growth of 36% yoy, mainly driven by new store openings. With strong performance in Overseas markets (1Q24 overseas rev. grew 110% yoy), MAPA has notably achieved EBIT positive for stores in the Philippines, Cambodia and Thailand.

Maintain Buy with a lower TP of Rp1,100

Following our earnings revision, we lower our TP to Rp1,100 based on +1.5SD avg 2y PE of 19.7x. We believe MAP group’s proven track record and strong relationships with well-known brands should allow sustainable FY23-26F revenue and net profit CAGR of 17% and 16.7% respectively. Downside risks to our view include weaker sales performance beyond 2Q24 and country-specific challenges in overseas markets. In Apr24, domestic funds were still +0.3% OW in MAPA vs. JCI (MAPI: 0.1%).

MAPA relative to JCI Index



Source: Bloomberg

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Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	9,801	13,559	16,225	19,231	21,795
EBITDA (Rpbn)	1,795	2,319	2,539	3,058	3,505
EBITDA Growth (%)	159.6	29.2	9.5	20.4	14.6
Net Profit (Rpbn)	1,175	1,388	1,568	1,918	2,208
EPS (Rp)	41.2	48.7	55.0	67.3	77.5
EPS Growth (%)	477.5	18.2	13.0	22.3	15.1
BVPS (Rp)	156.8	199.9	250.7	312.6	383.5
DPS (Rp)	0.0	4.0	4.7	5.3	6.5
PER (x)	20.8	17.6	15.5	12.7	11.0
PBV (x)	5.4	4.3	3.4	2.7	2.2
Dividend yield (%)	0.0	0.5	0.5	0.6	0.7
EV/EBITDA	13.9	11.4	10.6	8.9	7.9

Source: MAPA, BRIDS Estimates

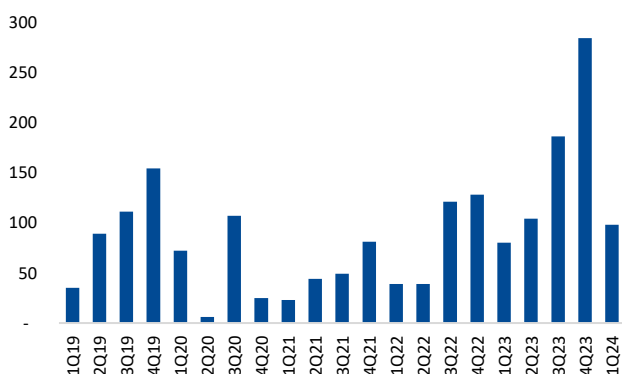
Solid growth outlook intact despite downward revisions in FY24-25F est.

Overseas expansion will drive growth, with volatility in opex spending initially

In the past five years, we have observed an increase in store openings from 2Q to 4Q compared to the first quarter, attributed to more events occurring in the second half of the year, such as the new school term starting in Jun-Jul and end-of-year festivities (Exhibit 1). Between FY21-23, MAPA expanded its international store presence, starting with Vietnam and the Philippines in FY20, followed by additional stores in Thailand, Singapore, Malaysia, and eventually Cambodia in FY23. In FY21, MAPA introduced numerous stores in the Store-in-Store (SIS) format, resulting in lower operating expenses for expansion. The favorable reception in overseas markets prompted MAPA to focus on opening more mono-brand stores, which generated enhanced margins compared to the SIS format. Over the past few years, both domestic and overseas expansions have contributed to steady SSSG (with the exception of the COVID period), as depicted in Exhibit 5, consequently bolstering parent MAPI's SSSG performance.

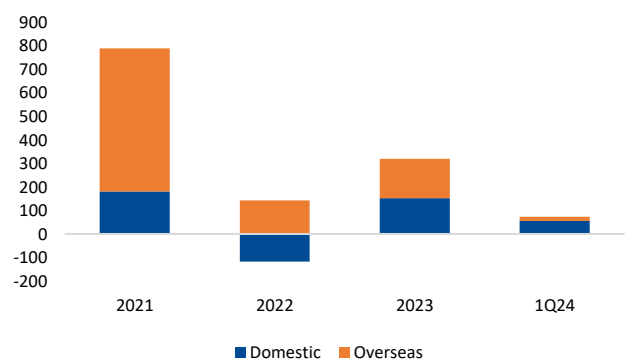
While MAPA was listed on the IDX in Jul18, unfortunately the COVID-19 pandemic in FY20-22 has limited data availability to compare the pre and post pandemic performances. Historically, MAPA's opex growth has closely followed revenue growth, primarily driven by store expansion initiatives. The timing variations in store openings and closures, coupled with store preparation costs (resulting in higher opex during the initial opening phases), have contributed to fluctuating opex-to-revenue ratios. This ratio has shown variability, ranging from 30% to 38% between FY17-23, or 30-34% during the challenging pandemic period of FY20-21.

Exhibit 1. Gross additions per quarter



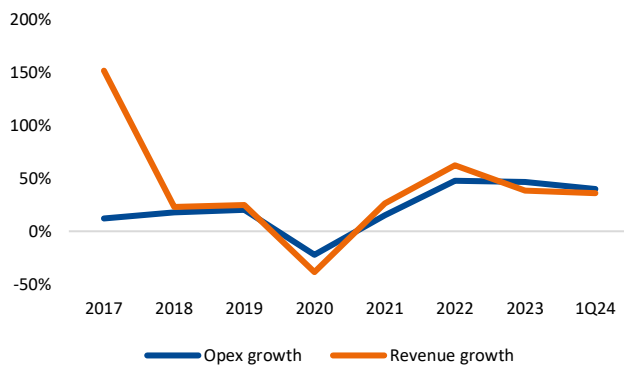
Source: Company, BRIDS

Exhibit 2. Net additional stores – Domestic vs Overseas



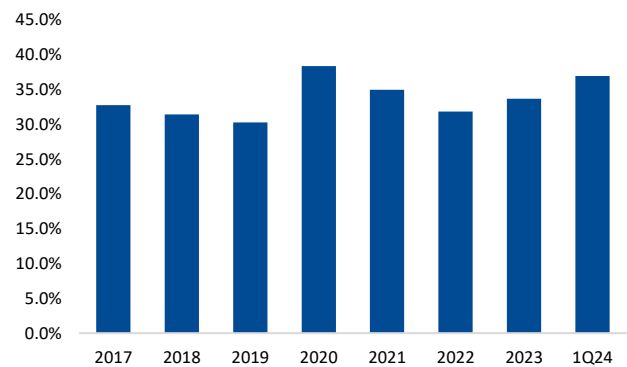
Source: Company, BRIDS

Exhibit 3. Revenue and opex growth



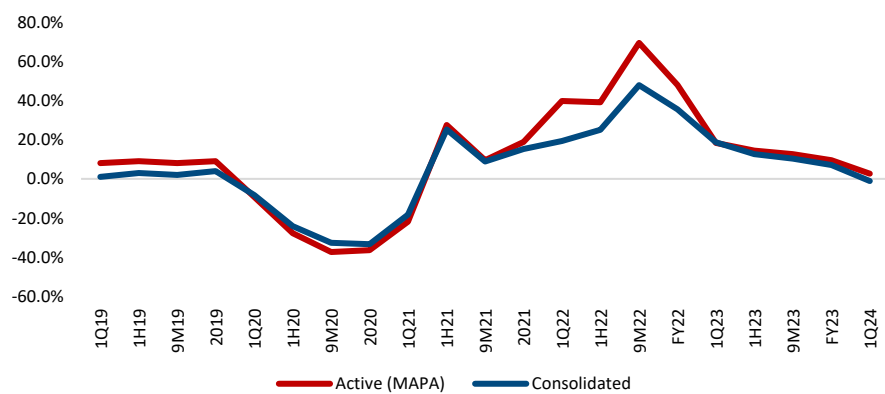
Source: Company, BRIDS

Exhibit 4. Opex/revenue, 2017-1Q24



Source: Company, BRIDS

Exhibit 5. SSSG MAPA and MAPI



Source: Company

FY24-25F NP revised down by 13%/9%, yet the medium-term growth outlook is still intact with 16.7% NP CAGR in 2023-26F

We have refined our forecast post 1Q24 results. Following substantial store additions over the last five quarters, we anticipate that MAPA will persist in reviewing and adjusting the store format and mix to optimize profitability. Consequently, we are lower our FY24-25F gross store opening projections by 3% and 19% respectively.

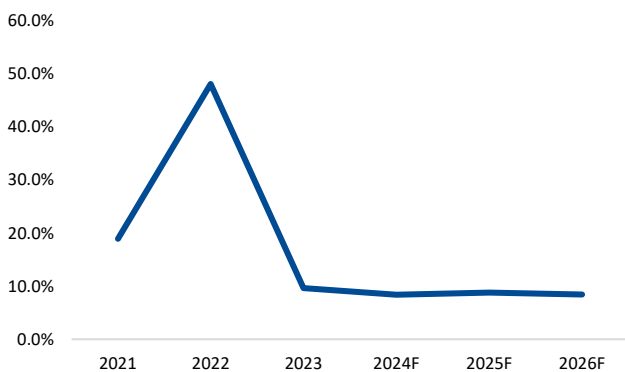
Historically, the quarterly opex/revenue has been quite volatile and especially higher in 1Q (based on MAPI’s historical data). However, due to more overseas store openings, potential specific country issues and MAPA’s relatively brief experience in overseas markets (compared to MAPI which began its commercial operation since 1995), we take a conservative stance to adjust our FY24-25F opex/revenue figures. This results in reduction in FY24-25F net profit by 13% and 9% respectively. We believe that the MAP group, with its established track record and strong brand partnerships, is well-positioned to sustain revenue and net profit growth over the medium term. Our projections indicate a revenue and net profit CAGR of 17% and 16.7% for FY23-26F, driven by a 9% CAGR in store expansion, along with maintained margins and improved operating expense efficiencies

Exhibit 6. Earnings estimate revisions

	Before		After		Changes	
	2024F	2025F	2024F	2025F	2024	2025
Revenue	16,911	20,210	16,225	19,231	-4.1%	-4.8%
Gross profit	8,033	9,620	7,755	9,212	-3.5%	-4.2%
Operating profit	2,451	2,880	2,155	2,667	-12.1%	-7.4%
EBT	2,364	2,759	2,047	2,503	-13.4%	-9.3%
Net profits	1,807	2,109	1,568	1,918	-13.2%	-9.1%
Margins (%)						
Gross margin	47.5%	47.6%	47.8%	47.9%		
EBIT margin	14.5%	14.3%	13.3%	13.9%		
Opex/revenue	33.0%	33.3%	34.5%	34.0%		
Pretax margin	14.0%	13.7%	12.6%	13.0%		
Net margin	10.7%	10.4%	9.7%	10.0%		
Key Assumptions						
	Before		After			
	2024F	2025F	2024F	2025F		
Gross additional stores	401	479	387	390		
Total net stores	1,877	2,077	1,846	2,026		

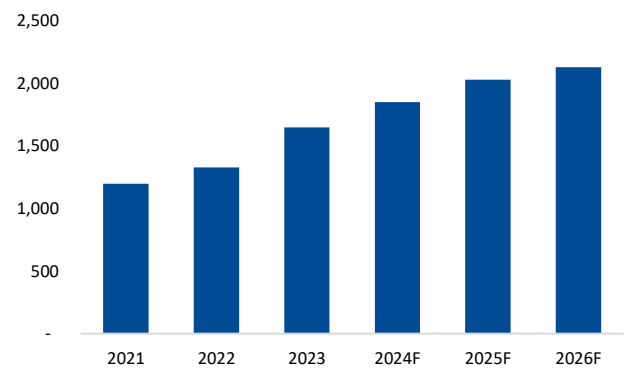
Source: Company, BRIDS Estimates

Exhibit 7. SSSG, 2021-26F



Source: Company, BRIDS

Exhibit 8. Total net stores



Source: Company, BRIDS

MAPA 1Q24 Result Summary

MAPA reported 1Q24 top line growth of 36% yoy, supported by 110% yoy growth from overseas revenue (27% to 1Q24 revenue). Meanwhile, domestic revenues posted 20% yoy growth with the biggest contribution coming from Java.

The 1Q24 gross margin was 47.9%, still within the company’s FY24 guidance of 47-48% despite lower than 1Q23 due to the high base post store pre-openings following the pandemic in 2022 and ASP adjustments in 3Q22.

However, robust store openings in 4Q23 and 1Q24 led to high 1Q24 opex/revenue of 36.9%. As a result, this put pressure on net profit which posted 8% yoy growth in 1Q24.

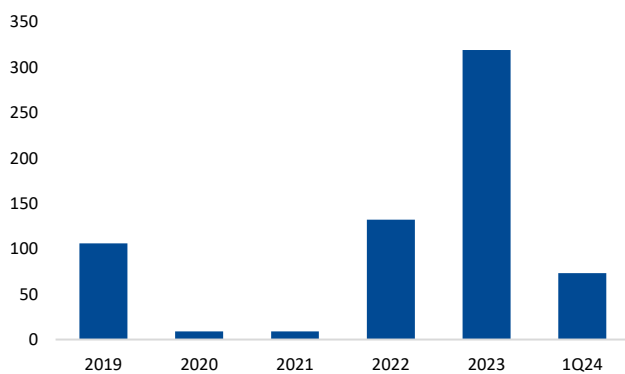
With increasing 1Q24 opex/revenue, MAPA will continue its efficiency efforts for better inventory management including for the overseas markets (i.e., Sports Warehouse in the Philippines to flush aging inventory). In 1Q24, aging inventory was maintained at 22%, only 1% higher than FY23’s position.

Exhibit 9. 1Q24 result

MAPA IJ	1Q23	4Q23	1Q24	qoq	yoy	FY22	FY23	yoy	2024F	A/F	A/C
Revenue (Rpbn)	2,724	3,974	3,693	-7.1%	35.6%	9,801	13,559	38.3%	16,225	22.8%	21.6%
COGS	1,384	2,061	1,925	-6.6%	39.1%	5,111	6,961	36.2%	8,469		
Gross profit	1,340	1,914	1,768	-7.6%	32.0%	4,690	6,597	40.7%	7,755	22.8%	21.7%
Opex	973	1,332	1,363	2.3%	40.1%	3,116	4,564	46.5%	5,601		
Operating profit	367	582	405	-30.4%	10.3%	1,574	2,033	29.2%	2,155	18.8%	18.3%
Pretax profit	352	515	355	-31.0%	0.8%	1,537	1,868	21.5%	2,047		
Net profit	260	353	281	-20.3%	8.2%	1,175	1,388	18.2%	1,568	17.9%	18.2%
Gross margin	49.2%	48.1%	47.9%			47.9%	48.7%		47.8%		
Opex to revenue	35.7%	33.5%	36.9%			31.8%	33.7%		34.5%		
Operating margin	13.5%	14.6%	11.0%			16.1%	15.0%		13.3%		
Pretax margin	12.9%	12.9%	9.6%			15.7%	13.8%		12.6%		
Net margin	9.5%	8.9%	7.6%			12.0%	10.2%		9.7%		

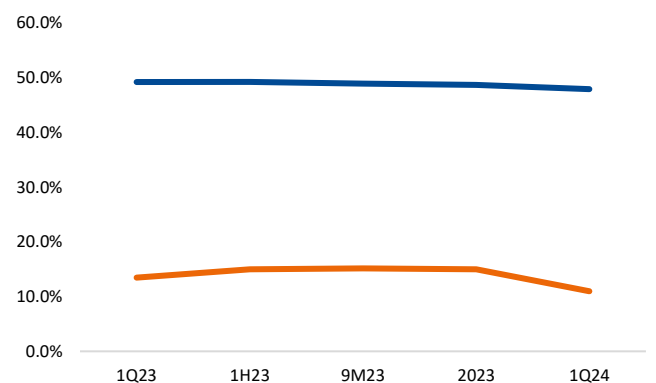
Source: Bloomberg, BRIDS Estimates

Exhibit 10. Net additional stores, 2019 – 1Q24



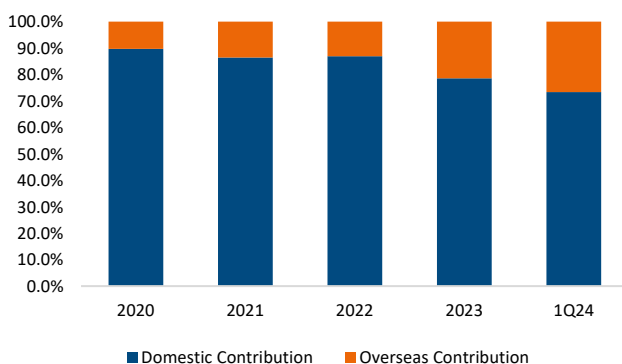
Source: Company, BRIDS

Exhibit 11. EBIT and gross margin, 1Q23 to 1Q24



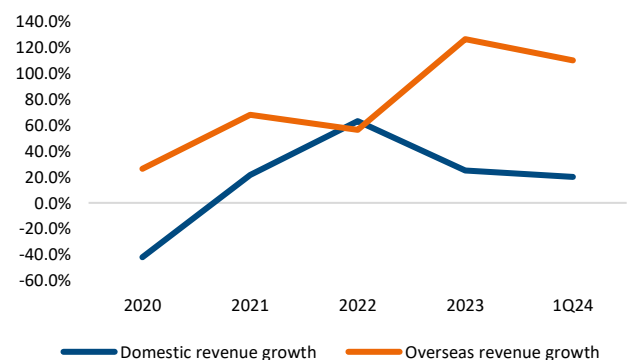
Source: Company, BRIDS

Exhibit 12. Overseas revenue contribution vs domestic



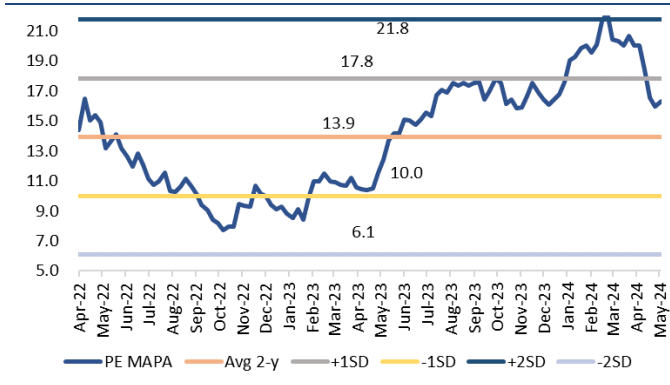
Source: Company, BRIDS

Exhibit 13. Overseas revenue growth vs domestic



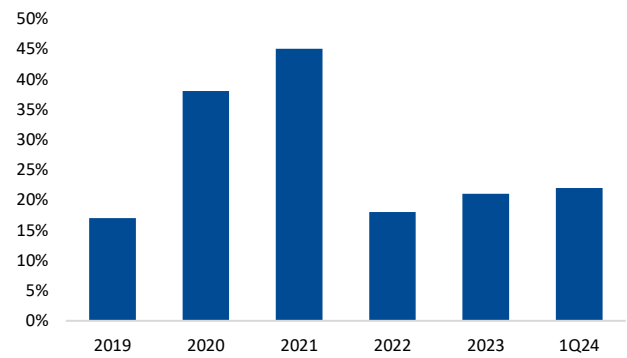
Source: Company, BRIDS

Exhibit 14. PE band



Source: BRIDS Estimates, Bloomberg

Exhibit 15. Aging inventory (>6 months)



Source: Company, BRIDS

Exhibit 16. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	9,801	13,559	16,225	19,231	21,795
COGS	(5,111)	(6,961)	(8,469)	(10,020)	(11,333)
Gross profit	4,690	6,597	7,755	9,212	10,462
EBITDA	1,795	2,319	2,539	3,058	3,505
Oper. profit	1,574	2,033	2,155	2,667	3,061
Interest income	13	10	17	19	21
Interest expense	68	124	0	0	0
Forex Gain/(Loss)	(18)	4	4	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	(101)	(303)	(129)	(182)	(201)
Pre-tax profit	1,537	1,868	2,047	2,503	2,882
Income tax	(364)	(484)	(484)	(592)	(682)
Minority interest	1	5	6	7	8
Net profit	1,175	1,388	1,568	1,918	2,208
Core Net Profit	1,192	1,385	1,564	1,918	2,208

Exhibit 17. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	1,342	1,099	1,776	1,905	1,929
Receivables	447	609	620	737	849
Inventory	2,733	4,315	3,906	4,680	5,405
Other Curr. Asset	313	419	501	594	673
Fixed assets - Net	880	1,814	2,565	3,232	3,987
Other non-curr.asset	1,720	2,548	3,492	4,532	5,602
Total asset	7,434	10,804	12,860	15,680	18,446
ST Debt	667	1,503	1,843	2,000	1,880
Payables	994	1,498	1,156	1,376	1,571
Other Curr. Liabilities	484	662	792	939	1,064
Long Term Debt	613	971	1,392	1,854	2,339
Other LT. Liabilities	190	292	349	414	469
Total Liabilities	2,949	4,926	5,532	6,582	7,323
Shareholder's Funds	4,470	5,699	7,145	8,910	10,932
Minority interests	15	179	184	188	192
Total Equity & Liabilities	7,434	10,804	12,860	15,680	18,446

Exhibit 18. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	1,175	1,388	1,568	1,918	2,208
Depreciation and Amort.	220	286	384	391	443
Change in Working Capital	(421)	(1,451)	(40)	(781)	(735)
Other Oper. Cash Flow	(6)	82	125	140	123
Operating Cash Flow	968	306	2,037	1,669	2,039
Capex	(447)	(1,220)	(1,136)	(1,058)	(1,199)
Others Inv. Cash Flow	(485)	(715)	(839)	(922)	(964)
Investing Cash Flow	(932)	(1,935)	(1,975)	(1,979)	(2,163)
Net change in debt	507	1,193	761	619	365
New Capital	68	122	23	11	11
Dividend payment	0	(114)	(135)	(152)	(186)
Other Fin. Cash Flow	68	124	0	0	0
Financing Cash Flow	643	1,325	650	477	190
Net Change in Cash	679	(303)	712	167	67
Cash - begin of the year	662	1,342	1,099	1,776	1,905
Cash - end of the year	1,342	1,099	1,776	1,905	1,929

Exhibit 19. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	62.2	38.3	19.7	18.5	13.3
EBITDA	159.6	29.2	9.5	20.4	14.6
Operating profit	229.7	29.2	6.0	23.8	14.8
Net profit	477.5	18.2	13.0	22.3	15.1
Profitability (%)					
Gross margin	47.9	48.7	47.8	47.9	48.0
EBITDA margin	18.3	17.1	15.6	15.9	16.1
Operating margin	16.1	15.0	13.3	13.9	14.0
Net margin	12.0	10.2	9.7	10.0	10.1
ROAA	18.4	15.2	13.3	13.4	12.9
ROAE	30.5	27.3	24.4	23.9	22.3
Leverage					
Net Gearing (x)	0.0	0.2	0.2	0.2	0.2
Interest Coverage (x)	(23.1)	(16.4)	0.0	0.0	0.0

Source: MAPA, BRIDS Estimates

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INVESTMENT RATING

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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