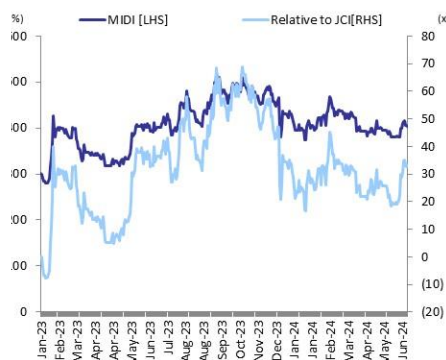


Buy

Initiation

Last Price (Rp)	404
Target Price (Rp)	600
Previous Target Price (Rp)	n/a
Upside/Downside	+48.5%
No. of Shares (mn)	14,043
Mkt Cap (Rpbn/US\$mn)	5,673/348
Avg, Daily T/O (Rpbn/US\$mn)	14.3/0.9
Free Float (%)	22.2
Major Shareholder (%)	
PT Sumber Alfaria Trijaya	77.1
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	20.0 23.7 29.0
Consensus	18.2 21.6 26.0
BRIDS/Cons (%)	9.7 9.9 11.4

MIDI relative to JCI Index



Source: Bloomberg

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Midi Utama Indonesia (MIDI IJ)

Tapping into local demand; Forecast 20.5% FY24-26F Net Profit CAGR, Initiate with Buy rating

- The urban active lifestyles trend has driven consumers' seeking daily necessities locally, benefiting MIDI as the biggest supermarket chain.
- We forecast +20.5% net profit CAGR in FY24-26F on the back of expected expansion (850 stores in the next 3 years) and improving margins.
- Initiate with a Buy rating and DCF-based TP of Rp600; Margin upside from mature Alfamidi stores, product mix and Lawson restoration.

Thriving neighborhood supermarket, with ample room for growth

Amid increased urbanization, more active lifestyles, and traffic congestion in big cities, Indonesian consumers are increasingly opting to shop locally for daily necessities instead of visiting supermarkets in shopping malls. This is reflected in minimarket stores' strong 7% CAGR in FY18-23. Within this segment, Alfamidi's stores have emerged as a viable option for consumers seeking a broader range of products.

The biggest supermarket chain in Indonesia

Alfamidi is the biggest supermarket chain in the country, with a total of 2,208 stores (2,265 including Midi Super and Fresh) by the end of Mar24. Going forward, we see plenty of room for further expansion as MIDI is well placed to tap new areas, especially outside Java. In FY23, Java accounted for 60% of total revenue while the remainder came from outside Java. The outside Java' revenue reported strong FY19-23 CAGR of 17.4% versus 7% for Java.

Robust FY24-26F net profit CAGR of 20.5%

We forecast MIDI store expansion CAGR of 6.8% in FY24-26F, mainly driven by Alfamidi. Combined with productivity improvements (5% CAGR in revenue/store), we estimate FY24-26F revenue CAGR of 12%. FY24-26F gross margin improvements (a higher fresh/frozen/non-food contribution) and greater efficiency will support FY24-26F net profit CAGR of 20.5%.

Initiate coverage with a Buy rating and DCF-based TP of Rp600

We like MIDI given that it has plenty of room for growth and margin improvements. We initiate coverage on the stock with a DCF-based TP of Rp600 (implying FY24F PE of 27.3x). Key risks include lower-than-expected store expansion/store productivity, a longer period for Lawson restoration, and higher-than-expected opex.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	15,624	17,351	19,478	22,164	24,534
EBITDA (Rpbn)	638	743	799	935	1,144
EBITDA Growth (%)	31.1	16.4	7.5	17.0	22.5
Net Profit (Rpbn)	399	516	617	733	895
EPS (Rp)	13.8	16.7	20.0	23.7	29.0
EPS Growth (%)	(85.2)	20.7	19.6	18.8	22.1
BVPS (Rp)	68.9	121.1	135.1	151.7	172.0
DPS (Rp)	4.2	6.0	7.1	8.7	9.8
PER (x)	29.2	24.2	20.2	17.0	13.9
PBV (x)	5.9	3.3	3.0	2.7	2.3
Dividend yield (%)	1.0	1.5	1.8	2.2	2.4
EV/EBITDA	20.7	17.2	16.2	14.1	11.7

Source: MIDI, BRIDS Estimates

Tapping into local demand; Forecast 20.5% FY24-26F Net Profit CAGR, Initiate with Buy rating

Valuation and rating

We initiate MIDI with a buy rating and DCF-based TP of Rp600 implying FY25F PE of 27.3x, at +1SD of the avg 5-y PE, implying a re-rating from current 17x. We believe the expected re-rating shall be supported by delivery of strong net profit growth in FY24-26F, driven by store expansion and margin improvement. MIDI has demonstrated a track record of strong growth during the pandemic period and afterwards. In FY20-21, MIDI added more Alfamidi stores (vs. in previous years) to tap the growing demand for the products sold by compact supermarkets located in or nearby residential areas. Combined with a growing outside Java revenue contribution (FY23: 40% vs FY19: 31%), it booked solid growth in revenue and net profit CAGR in FY19-23 of 10.5% and 26%, respectively. Going forward, we believe the solid growth will continue underpinned by:

- **Being a beneficiary of higher growth outside Java**
In the past few years, outside Java areas - especially Kalimantan, Sumatera and Sulawesi - reported higher GDP growth than Java. Data from other sectors, i.e., retailers (ACES' SSSG), cement sales, property and hospital revenues also depicted a similar trend of brisker performance outside Java. As such, we believe MIDI is well placed to benefit from this trend as 50% of its stores are located outside Java.
- **Plenty of room for expansion**
For the outside Java market, MIDI already has a footprint in Sulawesi, Sumatera, Kalimantan and Maluku. As the biggest compact supermarket chain in Indonesia, we see room for further expansion in the remaining 18 Indonesian provinces which have a total estimated population of around 57.6mn people.
- **Increasing number of active members will support sales**
MIDI's membership program attracts customers to frequently visit stores and offers them points when making purchases along with regular promotions that are distributed via WhatsApp/ text messages/ flyers/ social media. In the period FY19-23, the percentage of active members increased to 49% (from 41% in FY19). The revenue from active members grew 18% CAGR in the period FY19-23 with increased spending per month by 5% CAGR.
- **Robust FY24-26F net profit CAGR of 20.5%**
With ample room for further expansion (to the remaining 18 provinces) to the higher growth area outside Java and increasing transaction from active members, we forecast FY24-26F revenue growth of 12% CAGR with 20-30bps gross margins improvement supported by the mature Alfamidi stores (95% of the total) and an improving product mix (higher fresh/frozen and non-food/personal care contribution). We expect Lawson to provide room for greater sales and margins improvement in the medium term, but within the next 3 years we believe the contribution will still be below 10%. We estimate FY24-26F net profit CAGR of 20.2%.

MIDI currently trades at FY25F PE of 17x, a slight discount to domestic retailers' average PE of 17.8x. We believe further rerating is warranted as we see more tailwinds for MIDI's sales given: growing demand for products sold by supermarkets in residential/surrounding areas; plenty of room for further expansion outside Java; and further room for margins improvement. In the period FY24-25F, we see that Lawson faces the risk of higher opex which will hinder further margin expansion. However, with around 2,200 Alfamidi stores as the company's backbone, we expect the impact from Lawson restoration to be small.

In 4Q23, we saw pressure on the share price following the concern on Lawson performance that might drag down MIDI's margins and earnings ahead. It is worth noting that Alfamidi stores will remain as the growth driver (with 95% mature stores and 88-89% contribution to FY24-26F) for revenue and bottom line, which will offset the impact of Lawson restoration and efficiencies. This will pave the way for further rerating.

Risks to our view include lower-than-expected store expansion/store productivity, a longer period for Lawson restoration that hinders margins improvement and higher-than-expected opex including distribution expenses following higher fuel costs.

Exhibit 1. MIDI DCF valuation summary

	2024F	2025F	2026F	2027F	2028F	2029F	2030F
EBIT	799	935	1,144	1,298	1,325	1,396	1,401
EBIT (1-tax)	648	759	929	1,054	1,076	1,134	1,137
Depreciation & amortization	877	897	950	973	1,036	1,049	957
Changes in working capital	129	52	45	39	53	42	46
Capex	(1,279)	(1,337)	(1,454)	(1,055)	(1,123)	(1,293)	(1,307)
FCFF	375	370	470	1,010	1,041	932	833
Discounted FCFF	376	371	471	1,010	1,042	932	833
DCF valuation							
Terminal value (Rp bn)	15,128						
PV of FCFF (Rp bn)	5,036						
Enterprise value (Rp bn)	20,163						
Net cash - 2025 (Rp bn)	9						
Equity value (Rp bn)	20,172						
No of shares - mn	30,883						
Target price - Rp	600						
Current price	404						
Upside	49%						
PE	2024	2025	2026				
Current price	20.2	17.0	13.9				
Target price	32.7	27.5	22.5				

Source: BRIDS Estimates

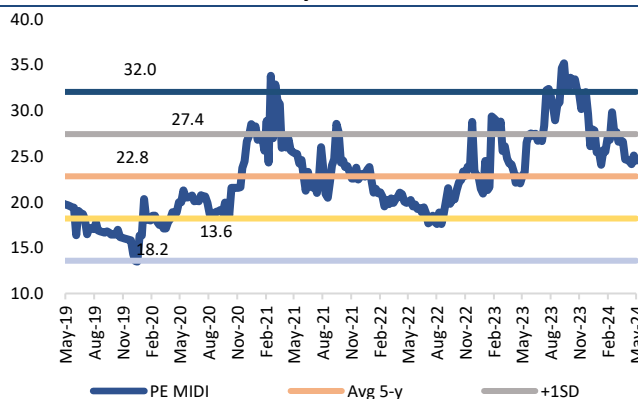
Exhibit 2. Regional & Domestic Peer comparison

Company	M.Cap US\$	Revenue Growth		Net Profit Growth		EBIT Margin (%) FY24F	ROE FY24F	EV/ EBITDA FY24F	P/sales FY24F	P/BV FY24F	Div Yield FY24F	PE		PEG FY24F
		FY24F	FY25F	FY24F	FY25F							FY24F	FY25F	
Midi Utama Indonesia	846	12.3%	13.8%	19.6%	18.8%	4.2	18.0	8.6	0.0	3.3	1.1	22.5	19.0	1.0
Regional and Global retailers														
DFI RETAIL GROUP HOLDINGS LT	2,626	-6.9%	-2.2%	-6.1%	-19.6%	3.2	25.2	5.5	0.3	2.5	4.1	10.3	10.3	(1.7)
SHENG SIONG GROUP LTD	1,710	-2.2%	-2.0%	-2.7%	-1.1%	11.6	26.9	9.6	1.2	4.3	4.1	15.9	15.9	(5.8)
ROBINSONS RETAIL HOLDINGS IN	912	-1.8%	-1.3%	-9.8%	-5.8%	4.7	10.7	5.6	0.0	0.7	5.4	8.4	8.4	(0.9)
SHANGHAI BAILIAN GROUP CO-B	1,859	-5.3%	-8.5%	42.6%	-22.1%	1.6	1.9	n.a	0.1	0.3	4.3	7.0	7.0	0.2
COLES GROUP LTD	15,107	3.9%	0.4%	-7.3%	5.3%	4.5	29.6	9.0	0.4	6.4	3.9	20.0	20.0	(2.7)
Simple average		-2.5%	-2.7%	3.3%	-8.7%	5.1	18.9	7.4	0.4	2.8		12.3	12.3	(2.2)
Weighted avg		1.1%	-0.9%	-2.8%	-0.9%	4.64	25.8	7.7	0.4	5.0		17.0	17.0	(2.5)
Domestic retailers														
SUMBER ALFARIA TRIJAYA TBK P	7,126	8.5%	10.4%	26.2%	22.3%	4.1	25.7	11.9	0.1	6.7	1.0	27.6	22.7	0.9
ACE HARDWARE INDONESIA	889	11.1%	9.9%	9.4%	8.9%	13.3	13.2	9.3	0.1	2.2	3.7	16.7	14.5	1.5
MAP AKTIF ADIPERKASA PT	1,504	19.7%	18.5%	23.8%	14.8%	14.3	26.8	6.9	0.1	3.3	0.5	15.9	12.6	0.5
MITRA ADIPERKASA TBK PT	1,517	18.1%	15.0%	14.5%	15.5%	10.4	17.1	5.3	0.0	2.0	3.7	11.1	10.0	0.7
Simple average		14.4%	13.5%	18.5%	15.4%	10.5	20.7	8.4	0.1	3.5		17.8	14.9	0.9
Weighted avg		11.6%	12.1%	22.9%	19.2%	7.1	23.7	10.1	0.1	5.2		22.9	18.9	0.9

*AMRT based on consensus estimates

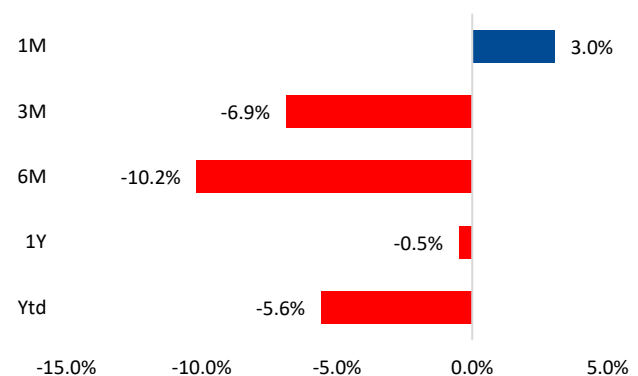
Source: BRIDS Estimates, Bloomberg

Exhibit 3. MIDI PE Band – 5years



Source: Company, BRIDS Estimates

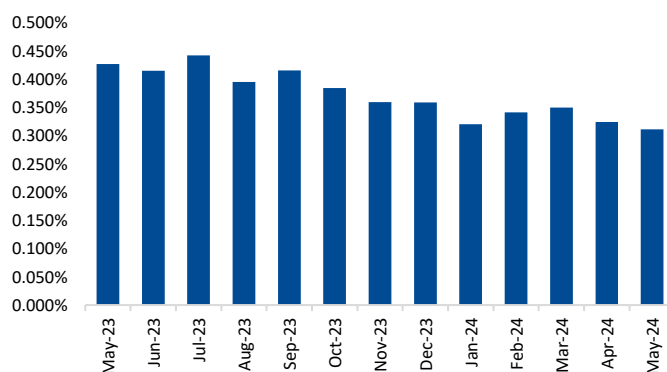
Exhibit 4. MIDI Share price performance



Source: Bloomberg, BRIDS

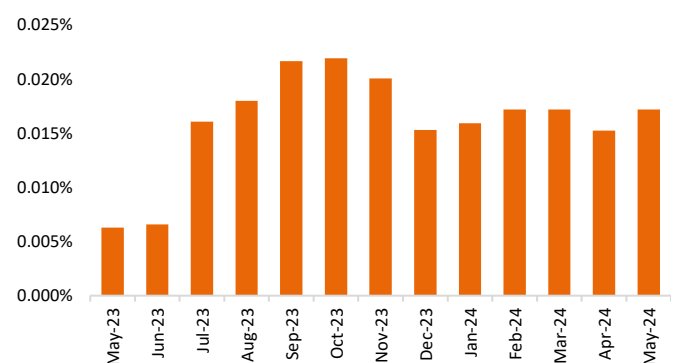
In the past year, domestic fund positioning was the highest in Jul23 then gradually declined until May24 following concerns about Lawson's performance. Meanwhile, foreign funds slowly accumulate in May24 but still lower vs the highest position in Sep-Oct23. The expectation of solid quarterly results with improved margin and on-track Lawson restoration/efficiencies will garner fund position for MIDI.

Exhibit 5. MIDI's local fund position



Source: KSEI, BRIDS

Exhibit 6. MIDI's foreign fund position



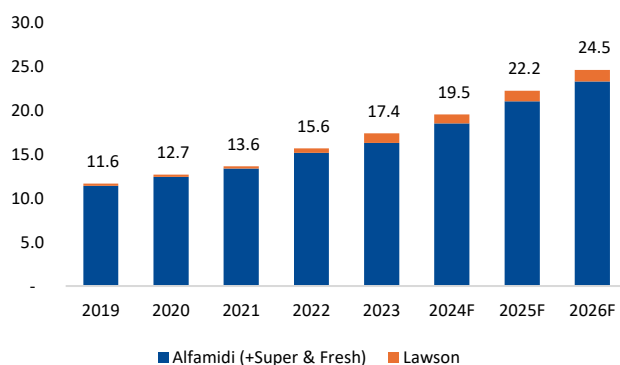
Source: KSEI, BRIDS

Robust FY24-26F net profit growth forecast of 20.5%

We estimate that MIDI will open 150-390 new stores/year in the period FY24-26F (6.8% CAGR). We forecast that this shall support FY24-26F revenue CAGR of 12%. Alfamidi will remain the major revenue contribution (89-90% to total revenue) while we estimate Lawson will make a 5% revenue contribution in FY24-26F. Alfamidi, which has a higher composition of mature stores (around 95% of the total) that are located near densely populated/residential areas, will remain the growth driver going forward (14% revenue CAGR in FY24-26F).

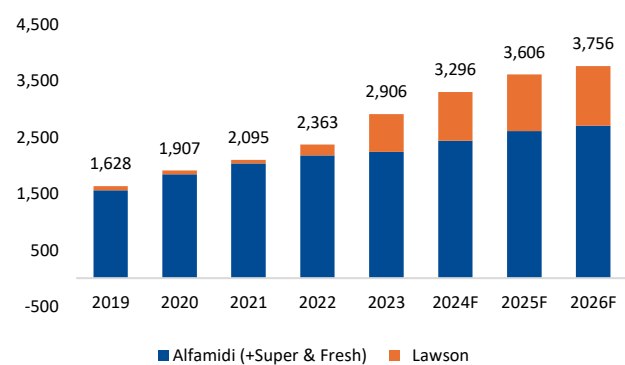
For Lawson, many of the stores opened since FY22 will enter the reviewing phase this in FY24, and will either be converted to another format or undergo a process to make them more efficient. Coupled with the expectation of more Store-in-store format stores (smaller area of 9-12sqm² with lower sales/day vs Lawson standalone), we estimate lower revenue/store for Lawson. Nonetheless, we forecast the higher profitability and better performance of Alfamidi should provide a cushion against the impact of Lawson expansion.

Exhibit 7. MIDI revenue, FY19-26F (Rptr)



Source: Company, BRIDS Estimates

Exhibit 8. MIDI stores FY19-26F – Alfamidi and Lawson

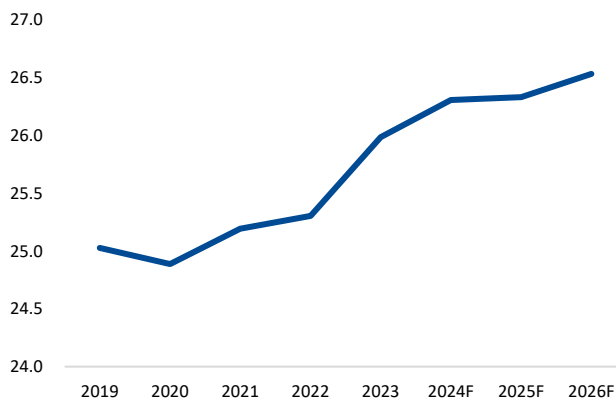


Source: Company, BRIDS Estimates

Prior to the pandemic, MIDI's quarterly gross margin ranged from 22-25% dependent on the product mix and seasonality. However, in the period FY20-1Q24, the gross margin was higher at 25-26%. In FY19-23, the number of Alfamidi members grew 8% CAGR although active members grew 13% and provided a higher revenue contribution of 48.5% in FY23 (FY19: 41%) – Exhibit 42. Higher sales (supported by a growing number of members) and the product mix (more fresh/frozen and non food/personal care items) supported a 30bps gross margin improvement in FY24-25F. In FY26, we estimate further gross margins improvement by 20bps given a greater expected contribution from the profitable Lawson.

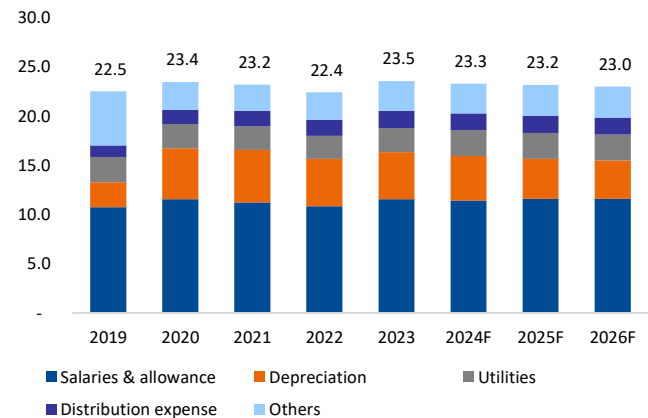
In FY19-23, the total number of Lawson stores grew 75% CAGR to 674 stores (FY19: 71 stores) while the number of Alfamidi stores only grew 7% CAGR in the same period. The aggressive Lawson store openings led to higher opex to revenue in FY23 (23.5%). Starting this year, MIDI will focus on improving the existing stores to achieve better profitability. As such, we estimate manageable opex/revenue of 23-23.3% in FY24-26F supported by greater efficiency efforts (i.e., in electricity, lower salary expenses with more SIS format stores for Lawson).

Exhibit 9. Gross margin, FY19-26F



Source: Company, BRIDS Estimates

Exhibit 10. Major opex (as % to revenue)



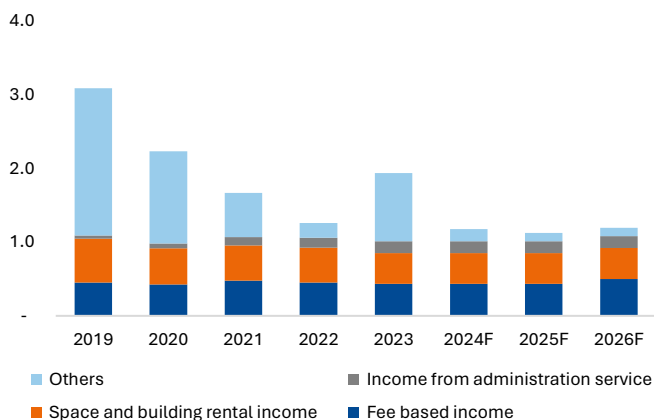
Source: Company, BRIDS Estimates

Below the operating level, MIDI reported other income coming from:

- Fee-based income: i.e., top up e-money, prepaid cards, electricity etc),
- Space/building rental income: from other tenants/hawkers i.e., in the parking area or outside the building),
- Administration services: From the franchisee.

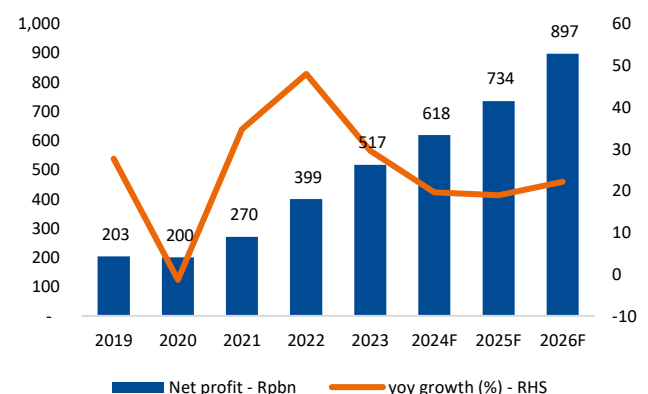
Based on the agreement in Mar22 with Mitsubishi Corporation (Japan), Rp153.6bn was provided for Lawson research and development in FY22 onward. This amount has already been fully utilized in FY22-1Q24 as part of other income. The total other income (including R&D from Mitsubishi of Rp135bn in FY23) comprised of around 2% of total FY23 revenue and 45% of total FY23 operating profit. For FY24-26F, we estimate other income to contribute around 1.1-1.2% of total revenue. At the bottom line, the net profit is expected to grow 20.5% CAGR in FY24-26F.

Exhibit 11. Other income components (%)



Source: Company, BRIDS Estimates

Exhibit 12. Net profit and yoy growth



Source: Company, BRIDS Estimates

Exhibit 13. MIDI forecast assumptions table

	FY19	FY20	FY21	FY22	FY23	FY24F	FY25F	FY26F
GDP growth	5.0%	-2.1%	3.7%	5.3%	5.1%	5.1%	5.0%	5.0%
Inflation	2.7%	1.7%	1.9%	5.5%	2.6%	3.0%	3.0%	3.0%
USD IDR - end of year	13,866	14,050	13,785	14,344	14,714	15,457	15,118	15,118
USD IDR - average	14,141	14,544	14,270	14,848	15,231	16,000	15,650	15,650
Stores growth - yoy								
Alfamidi (incl. Super and Fresh)	8%	18%	11%	7%	3%	9%	7%	4%
Lawson	69%	0%	-8%	195%	251%	28%	16%	5%
Total store contribution								
Alfamidi (incl. Super and Fresh)	96%	96%	97%	92%	77%	74%	72%	72%
Lawson	4%	4%	3%	8%	23%	26%	28%	28%
Revenue/store/year - yoy growth								
Alfamidi (incl. Super and Fresh)	0.2%	-7.7%	-2.9%	6.1%	4.4%	4.4%	6.1%	6.6%
Lawson	-24.4%	8.9%	11.3%	-34.4%	-36.7%	-30.0%	2.0%	5.0%
Revenue growth	8.6%	8.9%	7.3%	15.0%	11.1%	12.3%	13.8%	10.7%
Alfamidi (incl. Super and Fresh)	8.3%	8.9%	7.5%	13.4%	7.4%	13.8%	13.5%	10.7%
Lawson	27.8%	8.9%	1.9%	93.7%	122.1%	-10.3%	18.5%	10.2%
Revenue contribution								
Alfamidi (incl. Super and Fresh)	98.0%	98.0%	98.2%	96.8%	93.6%	94.9%	94.7%	94.7%
Lawson	2.0%	2.0%	1.8%	3.2%	6.4%	5.1%	5.3%	5.3%
SSSG (%)	4.6	(1.5)	(4.6)	8.6	5.1	5.6	5.9	5.9
Gross margin	25.0%	24.9%	25.2%	25.3%	26.0%	26.3%	26.3%	26.5%
Major opex component:								
As % to sales								
Employee	10.7%	11.5%	11.2%	10.8%	11.6%	11.4%	11.6%	11.6%
Electricity and water	2.6%	2.5%	2.4%	2.3%	2.5%	2.6%	2.7%	2.6%
Other opex	9.2%	9.4%	9.5%	9.2%	9.5%	9.2%	8.9%	8.7%

Source: Company, BRIDS Estimates

Exhibit 14. Retailers ROE – Dupont analysis

	FY18	FY19	FY20	FY21	FY22	FY23	FY24F	FY25F
Net margin								
MAPI	3.9%	4.3%	-3.7%	2.4%	7.8%	5.7%	5.5%	5.7%
MAPA	5.7%	8.9%	0.1%	3.4%	12.0%	10.2%	9.7%	10.0%
ACES	13.3%	12.5%	9.9%	9.4%	9.8%	10.0%	10.2%	10.2%
MIDI	1.5%	1.7%	1.6%	2.0%	2.6%	3.0%	3.2%	3.3%
Asset turnover								
MAPI	1.6	1.6	0.9	1.1	1.4	1.4	1.3	1.3
MAPA	1.7	2.0	1.0	1.1	1.5	1.5	1.4	1.3
ACES	1.5	1.4	1.1	0.9	0.9	1.1	1.1	1.1
MIDI	2.2	2.3	2.3	2.2	2.4	2.4	2.4	2.4
Equity multiplier								
MAPI	2.3	2.0	2.3	2.5	2.2	2.2	2.2	2.1
MAPA	1.6	1.4	1.6	1.7	1.6	1.8	1.8	1.7
ACES	1.3	1.3	1.4	1.3	1.3	1.2	1.3	1.3
MIDI	4.9	4.3	4.1	3.9	3.6	2.5	2.0	2.0
ROE								
MAPI	14.3%	13.9%	-7.9%	6.4%	25.0%	17.1%	15.6%	15.1%
MAPA	15.1%	25.9%	0.2%	6.5%	30.4%	26.8%	23.8%	23.3%
ACES	25.9%	23.9%	15.5%	11.5%	11.6%	13.2%	14.2%	14.6%
MIDI	15.9%	17.7%	15.0%	17.3%	21.9%	18.0%	15.6%	16.6%

Source: Company, BRIDS Estimates

MIDI reported growing ROE within FY18-23 supported by higher asset turnover and increasing net margin. Additionally, the equity multiplier was gradually declined within the same period following lower debt to equity ratio. We estimate higher net margin will support higher FY25F ROE to 16.6%.

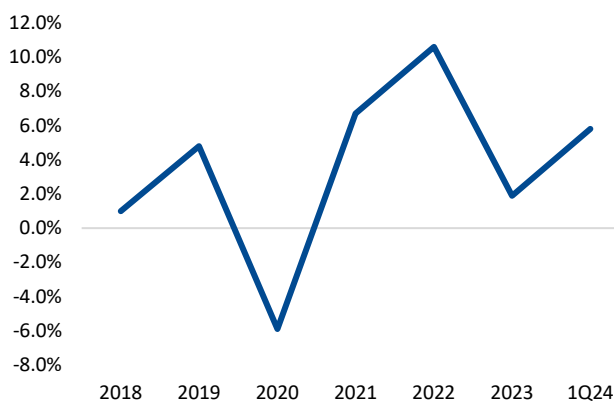
Industry outlook: thriving growth of minimarkets and local shops to continue

MT and outer Java have driven the trade channel growth

Indonesia's trade channel has reported growth in FY18-1Q24, with the exception of a decline during the pandemic in FY20 (-5.9% yoy). Minimarkets have consistently outperformed the overall industry, driving the growth of Modern Trade (MT). General Trade saw positive momentum in FY21-22 as the country navigated post-pandemic uncertainties regarding opening hours. However, in FY23 and 1Q24, Modern Trade, particularly minimarkets, outgrew General Trade and the overall industry.

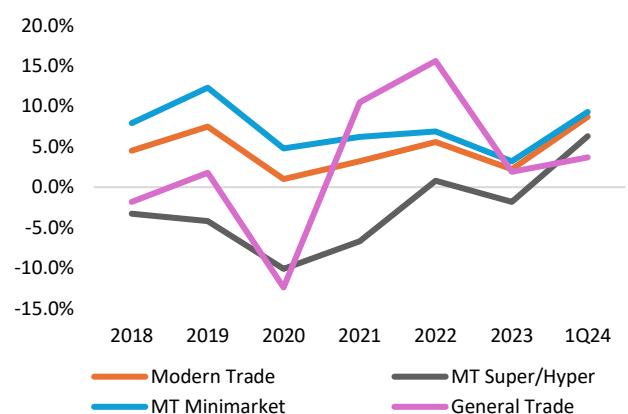
Regions such as Kalimantan, South Sumatera, North Sumatera, and Sulawesi have shown steady and above-average growth in trade channels compared to the national average. This is supported by extensive infrastructure projects and the downstream processing of commodity products. From the other retailers, we also learnt that the performance of their outside Java outlets has improved in the past few years.

Exhibit 15. Indonesia, MT, GT growth, FY18-1Q24



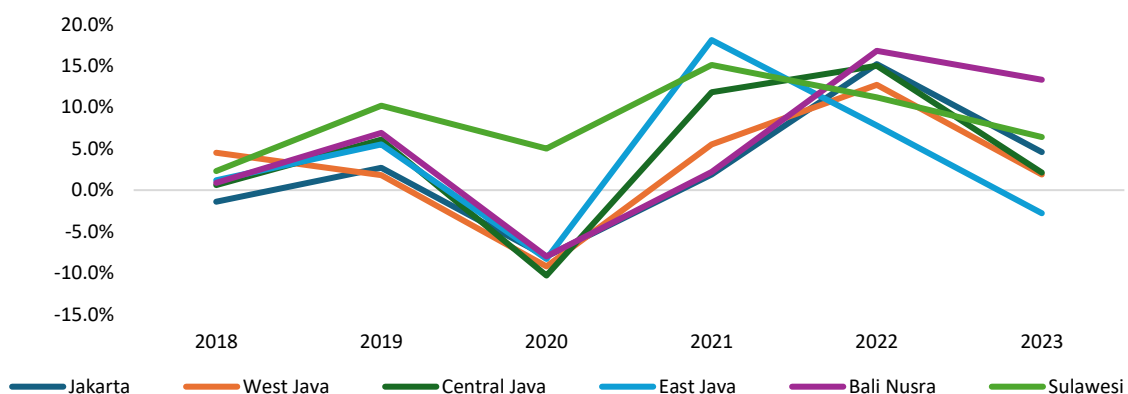
Source: Nielsen

Exhibit 16. MT Super/hyper and Minimarkets, FY18-1Q24



Source: Nielsen

Exhibit 17. Trade channel growth by area

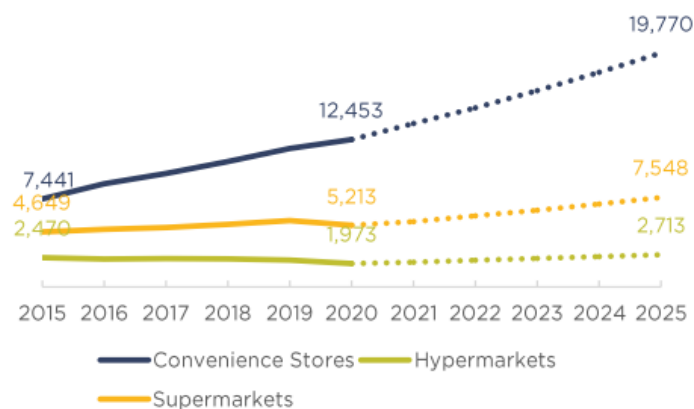


Source: Nielsen

Convenience stores will lead the market by FY25

Euromonitor estimates that convenience stores will become the major contribution to the total modern trade channel by FY25 with total sales of US\$19.8bn in Indonesia. Among the different formats, hypermarkets will report the slowest growth of 1.1% CAGR in FY20-25 while supermarkets will grow 1.5% within the same period. Hypermarkets and supermarkets face dimmer prospects as convenience stores are more accessible, while the former also face headwinds from intensifying competition from the latter.

Exhibit 18. Sales through modern grocery channels (US\$m)

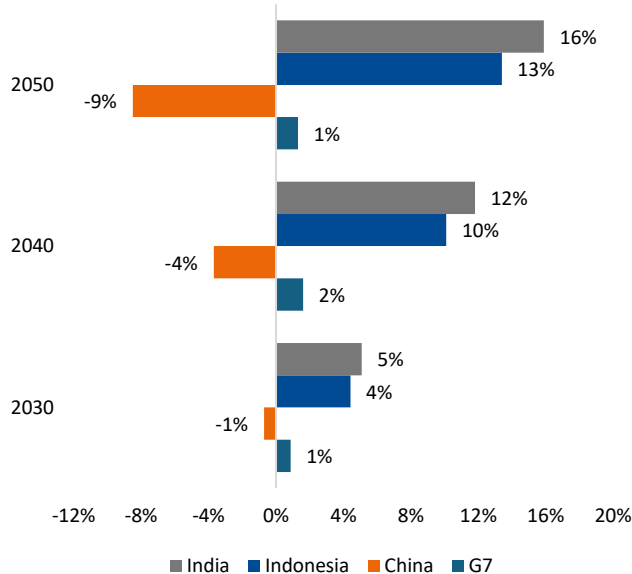


Source: Euromonitor, Nikkei Asia

Indonesia's young and productive population create potential markets for the retail industry

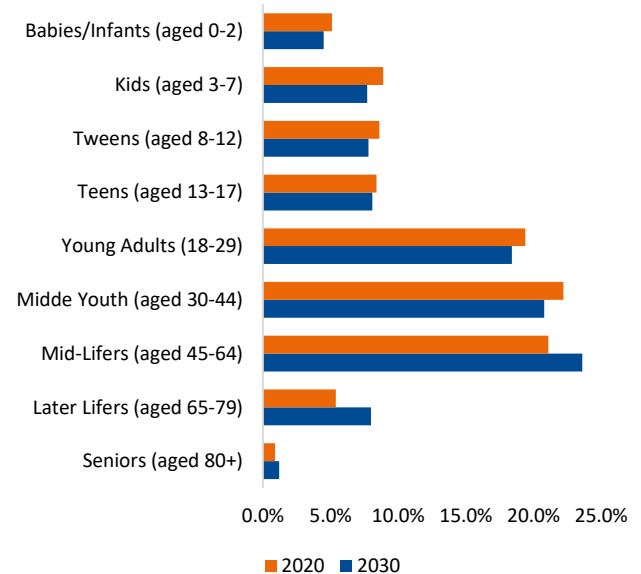
With an increasing aging population in emerging markets, the World Bank estimates that Indonesia's population will continue to expand by at least 10% by FY40. Meanwhile, China's population will likely shrink by nearly 4%. Indonesia's working-age population (between 15-64 years old) made up around 60% and 65% of the population in FY20 and FY23. Additionally, the percentage of households with children in Indonesia is around 62% of the total, providing a large base of customers to be tapped from retail expansion. With a relatively young population and seniors (above 65 years old) only accounting for 9-10% of the total by the end of FY30, Indonesia still has a manageable age-dependency ratio compared to China and G7 countries.

Exhibit 19. Population growth, Indonesia vs other countries



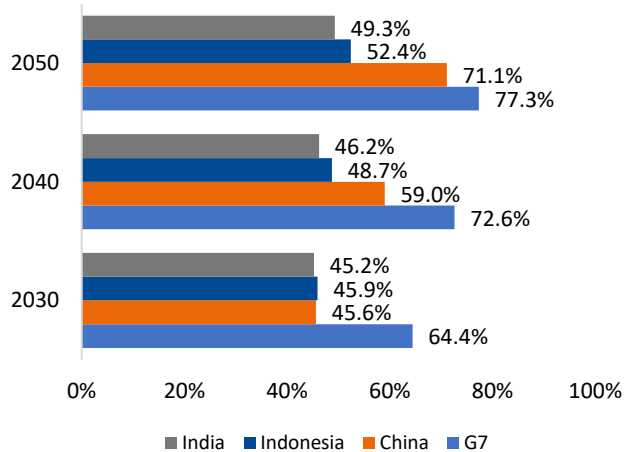
Source: World Bank

Exhibit 20. Indonesia's large working age population base (FY20 and FY30)



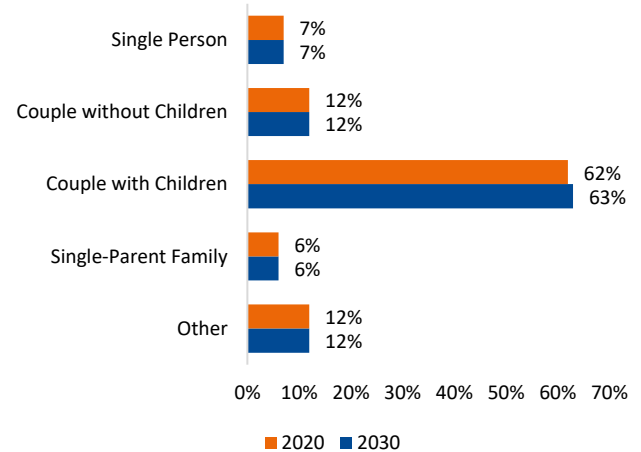
Source: Euromonitor

Exhibit 21. Age dependency ratio



Source: Euromonitor

Exhibit 22. Population by Household Type



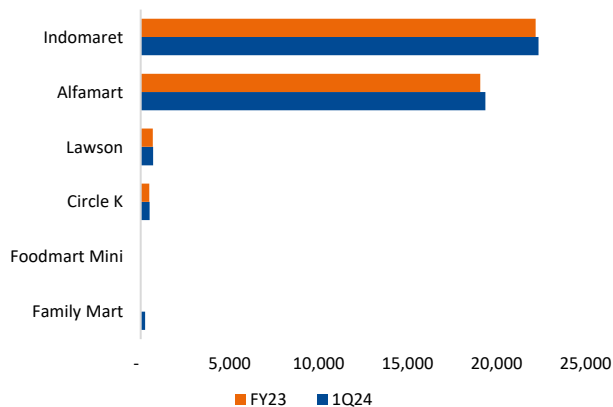
Source: Euromonitor

Proven track record in the retail business

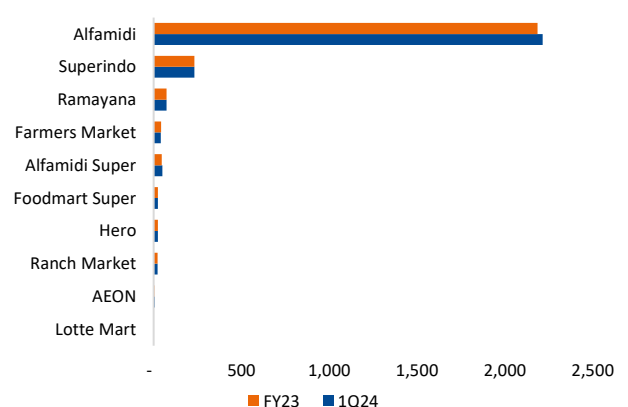
Midi Utama Indonesia (MIDI - Alfamidi) is a subsidiary of Sumber Alfaria Trijaya (AMRT) as part of the Alfamart group, which operates the second largest minimarket chain in Indonesia (a total of 19,366 stores by 1Q24 vs Indomaret's 22,353 stores) with a total of 33 warehouses spread across the country. AMRT has 360 stock points in 29 provinces. Combined with the outlets of its subsidiaries (MIDI, Dandan), AMRT had a total of 22,310 stores by the end of FY23.

Based on Nielsen data, the combined market share (Alfamart and Alfamidi) has increased steadily from 12% in FY18 to 15.6% in 1Q24. Alfamidi market share (to total modern trade) also showed a similar trend reaching 4.4% vs 3.8% in FY18. Compared with its supermarket peers, we consider Alfamidi as the only supermarket chain with steady expansion growth. In the country, only Superindo (under the partnership of Salim group-Indonesia and Ahold Delhaize - the Netherlands) had a relatively sizeable supermarket chain of 232 outlets in 1Q24, while the others have less than 100 outlets. We also learnt that in certain areas, there are local supermarkets owned by local business owners. However, the coverage is mostly limited to specific areas.

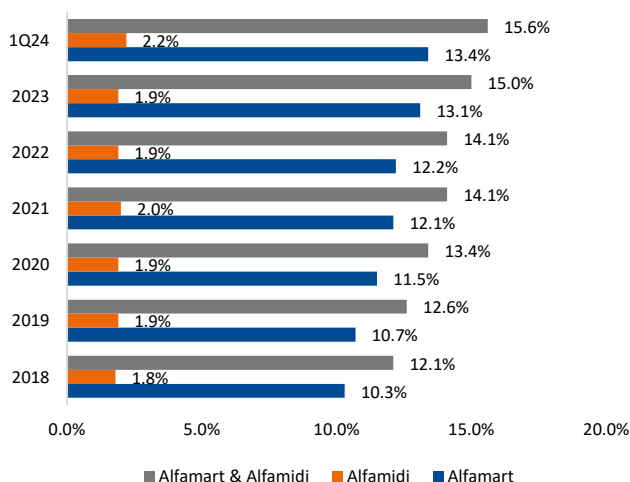
In 1Q24, MIDI opened a total of 52 new stores: 30 Alfamidi, 19 Lawson and 3 Midi Super. By the end of Jul24, MIDI will add a total of 135 new stores, still on track to achieve the company's FY24 target of 200 new stores. This year, MIDI will expand its coverage to 5 new provinces in Indonesia.

Exhibit 23. Minimarket stores in Indonesia - FY23 and 1Q24


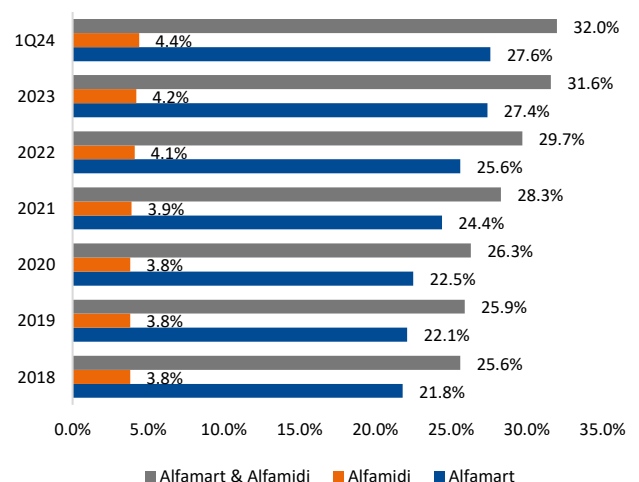
Source: Nielsen

Exhibit 24. Supermarkets in Indonesia - FY23 and 1Q24


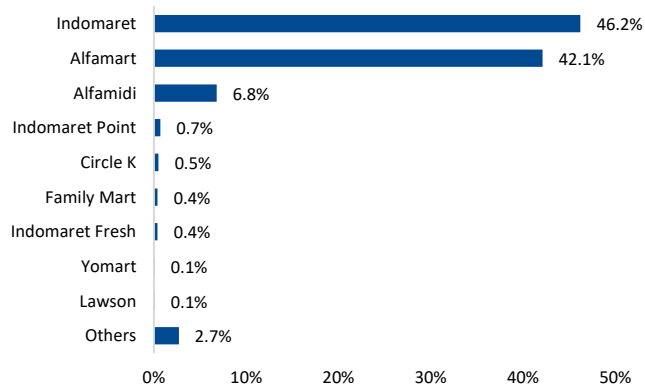
Source: Nielsen

Exhibit 25. Market share of Alfamart, Alfamidi and Combined to Indonesia's total trade channel


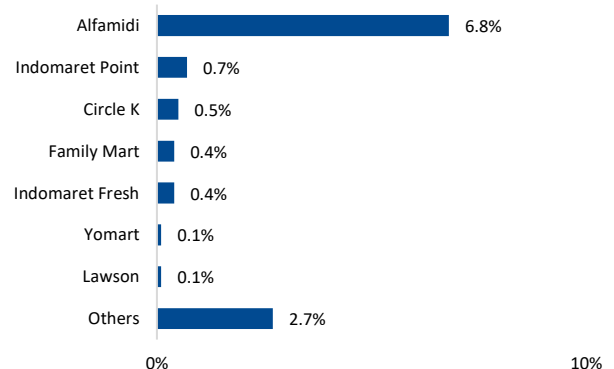
Source: Nielsen

Exhibit 26. Market share of Alfamart, Alfamidi and Combined to Indonesia's total MT


Source: Nielsen

Exhibit 27. Market share of convenience stores by value, FY20


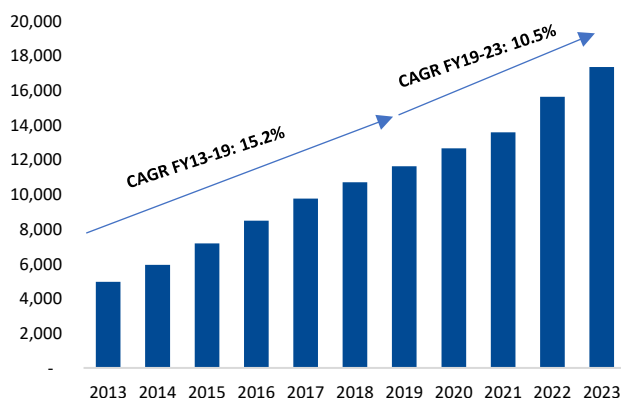
Source: Euromonitor

Exhibit 28. Market share – hypermarkets by value, FY20


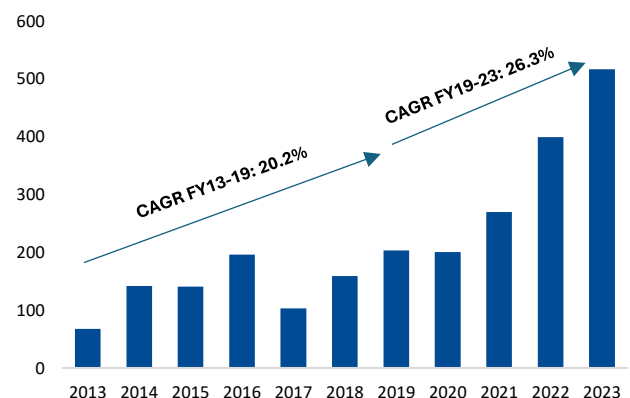
Source: Euromonitor

Solid growth in the pre-pandemic period continued during the pandemic

Within the FY13-19 pre-pandemic period, MIDI booked top and bottom line CAGR of 15% and 20%, respectively. The total number of stores grew 14.6% CAGR within the same period, driven by Alfamidi, while Lawson only grew 2%. A steadily increasing gross margin (supported by the product mix and increasing portion of Alfamidi stores in the mature stage), manageable opex and increasing contribution from other income (mostly fee-based income and space rental ranging from 0.6% to 3.1% of revenue) supported the solid net profit growth in FY13-19.

Exhibit 29. Total revenue, FY13-23 (Rpbn)


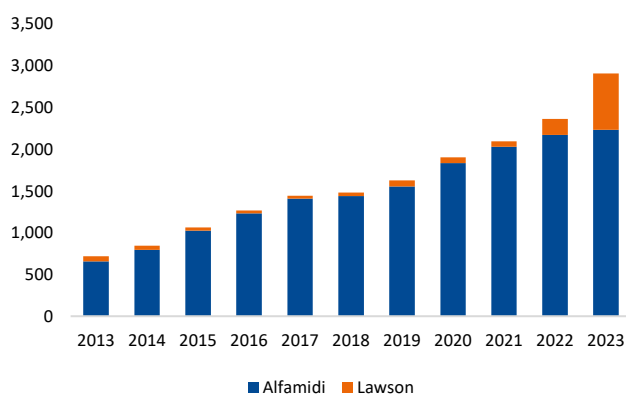
Source: Company

Exhibit 30. Total net profit, FY13-23 (Rpbn)


Source: Company

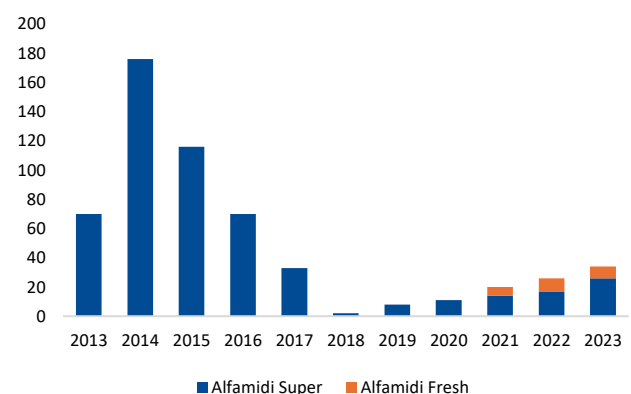
From FY19-23 including during the pandemic, MIDI still booked solid growth in revenue and net profit CAGR of 10.5% and 26%, respectively. Total store openings remained solid at 15.6% CAGR within the same period, driven by Lawson while Alfamidi stores still reported healthy growth of 9.1%. During the pandemic, there were more additional stores under Midi Super (bigger area > 400sqm and 25% fresh products and 10k SKU - see exhibit 33) and Midi Fresh (smaller format 20-30sqm/outlets like small fruit stores) tapping the growing demand for healthier products with more SKU including fresh products and ready-to-cook items. Closer vicinity to residential and densely populated areas which are more convenient for customers (less hassle in comparison to travelling to a shopping mall) also supported MIDI's sales growth.

Exhibit 31. Total stores, FY13-23








Source: Company

Exhibit 32. Midi super and Midi Fresh, FY17-23



Source: Company

Exhibit 33. MIDI stores and characteristics

	Type	Area (sqm)	Description	Total SKU
	Alfamidi	200 - 400	25% area for fresh food	7000
	Alfamidi Super	≥ 500	25% area for fresh food	10000
	Midi Fresh	30 - 60	Provides fruits (include juice and sliced fruits), vegetable, and fresh food	1200
	Lawson, convenience store	50 - 200	Stand-alone format, providing fast food and drinks	1200
		9	Store-in-store format, providing fast food and drinks	250

Source: Company

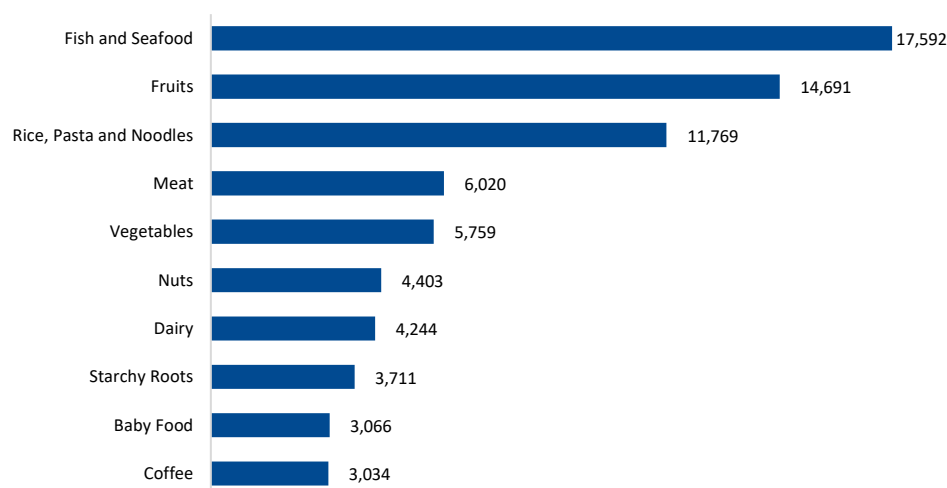
Exhibit 34. Supermarket comparison

	PT Mitra Adiperkasa (MAPI)		Mitra Belanja Anda (ERAA)	PT Supra Boga Lestari (RANC)					Salim Group	PT Boga Catur Rata
	The Foodhall	Daily Supermarket	Grand Lucky	Farmer's Market	Ranch Market	The Gourmet by Ranch Market	Day2Day by Farmers Market	Farmer's Family by Farmer Market	Superindo	Kem Chicks
Concept	Broad Range - Quality Service	Quick - Easy & Convenient - Fresh	One-stop shopping concept	Fresh and friendly	Balanced lifestyle with high-quality products	Premium Supermarket	Compact daily store	Affordable supermarket	Fresher, cheaper and closer	Magical journey store
Customer segment	Upper middle to high income	Upper middle to high income	Middle to high income	Middle income	Upper middle to high income	High income	Middle income	Lower middle income	Middle income	Upper middle income
Product type	Wide range of premium local and imported fresh and grocery items	Quality products, freshness, and services at the right value every day	Local fruits, vegetables and seafood from all parts of Indonesia	Fresh and high quality fresh produce	All kinds of premium fresh products (red meat, poultry, seafood, to fruits and vegetables)	Ultra premium with allocated seating space in store dining. Wider selection of organic, gluten free products	Fresh and high quality fresh produce	Local fresh and high quality fresh produce	Local fresh and groceries	Premium fresh products, mostly locally sourced. Offers in-store experiences such as coffee brewing, picking organic vegetables
Number of store	41 (1Q24)		79 (1Q24)	41 (1Q24)	22 (1Q24)	2 (1Q24)	3 (2022)	11 (2022)	232 (1Q24)	4 (1Q24)
Location	Jabodetabek	Jakarta, Depok, Tangerang	Jakarta, Bekasi, Bali	Jabodetabek, Surabaya, Malang, Balikpapan, Samarinda, Pekanbaru, Ambon, Dumai and Palembang		Jakarta, Surabaya	Jakarta, Tangerang	Jakarta, Tangerang, Bekasi, Jawa Timur, and Kalimantan.	Jabodetabek, West Java, Central Java, East Java, DI Yogyakarta, South Sumatra	Jakarta

Source: New Zealand Enterprise, Company, BRIDS

Data from Euromonitor indicates that the top 10 F&B categories in Indonesia by sales value are fresh products (fish/seafood, fruit, meat, vegetables) and also rice/pasta/noodles. These products are offered by Alfamidi within residential areas, providing room for growth.

Exhibit 35. Top 10 F&B Categories in Indonesia (US\$m), FY20



Source: Euromonitor

Greater Java, downstream, and strong GDP growth Outside Java supported MIDI's revenue

From FY18-23, MIDI focused its store expansion in outside Java areas with 18% store CAGR, while Jabodetabek and Java (ex Jabodetabek) only grew 2% and 5% in the same period, respectively. More downstream projects in Outside Java areas, leading to higher GDP growth (outpacing growth in Java) benefited Alfamidi. As such, the revenue growth in FY19-23 was sustained as non-Java revenue grew 17.4% CAGR vs the total revenue growth of 10%. As a result, the non-Java revenue contribution increased to 40% in FY23 from only 17% in 2013.

For Lawson, in FY15-18, there was a greater focus on sustainable revenue, leading to average revenue/store of Rp4-4.5bn/year. However, with more store expansion in FY19-23, and more stores having a shop-in-shop format (smaller area ranging from 9-12sqm), the revenue/store declined.

Exhibit 36. GDP growth, Indonesia and provinces, FY18-1Q24

GDP Growth (%)	2018	2019	2020	2021	2022	2023	1Q24
Indonesia	5.2	5.0	-2.1	3.7	5.3	5.1	5.1
Kalimantan	3.9	5.0	-2.3	3.2	4.9	5.4	6.2
North Sumatera	5.2	5.2	-1.1	2.6	4.7	5.0	4.9
South Sumatera	6.0	5.7	-0.1	3.6	5.2	5.1	5.1
DKI Jakarta	6.1	5.8	-2.4	3.6	5.3	5.0	4.8
West Java	5.7	5.0	-2.5	3.7	5.5	5.0	4.9
Central Java	5.3	5.4	-2.7	3.3	5.3	5.0	5.0
East Java	5.5	5.5	-2.3	3.6	5.3	5.0	4.8
Bali & Nusra	2.7	5.0	-5.0	0.1	5.1	4.0	5.1
Sulawesi	6.7	7.0	0.2	5.7	7.7	6.4	6.4

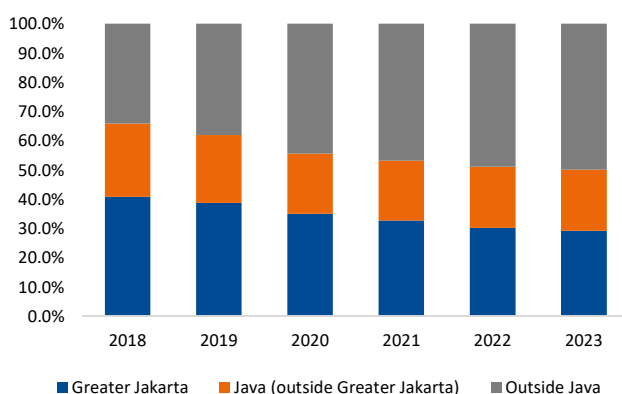
Source: BPS

Exhibit 37. Main source of growth in each area

Biggest contribution in Island	Main source of growth
East Kalimantan	Mining & quarrying, construction, manufacturing
North Sumatera	Trading, construction, agriculture, forestry and fishing
DKI Jakarta and East Java	Manufacturing, trading, information and communication
Bali	Accommodation & food service activities, transportation & storage, trading
Center Sulawesi	Manufacturing, mining & quarrying, trading

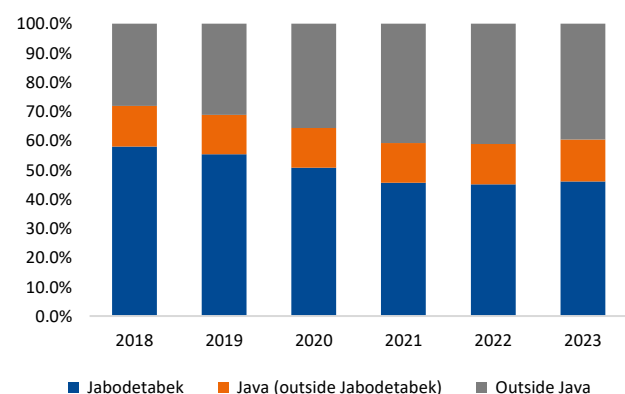
Source: BPS

Exhibit 38. Chart – stores by area, FY18-23



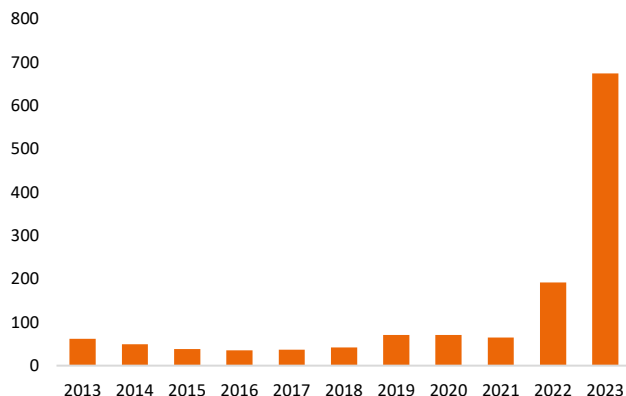
Source: Company

Exhibit 39. Revenue contribution by area, FY18-23



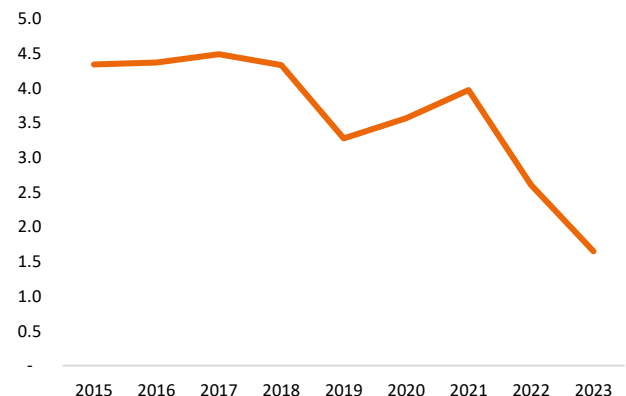
Source: Company

Exhibit 40. Lawson stores, FY13-23



Source: Company

Exhibit 41. Lawson Revenue/store/year (Rpbn)



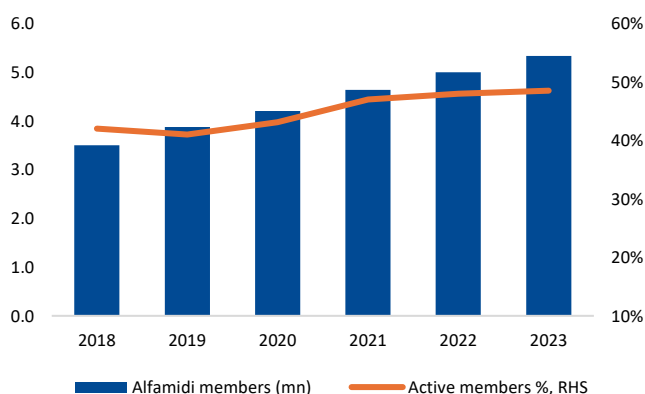
Source: Company

The membership program increased sales and brand loyalty

Alfamidi has a loyalty/membership program reaching 5.3mn people and 48.5% active members contributing 35% to total sales. This program encourages customers to frequently visit the stores with the benefit of obtaining points when conducting a purchase while regular promotions are also held (info obtained via whatsapp/text message/flyers/social media). In FY19-23, the percentage of active users increased to 49% (from 41% in 2019). The revenue from active members also grew 18% CAGR in FY19-23 with increased spending per month by 5% CAGR.

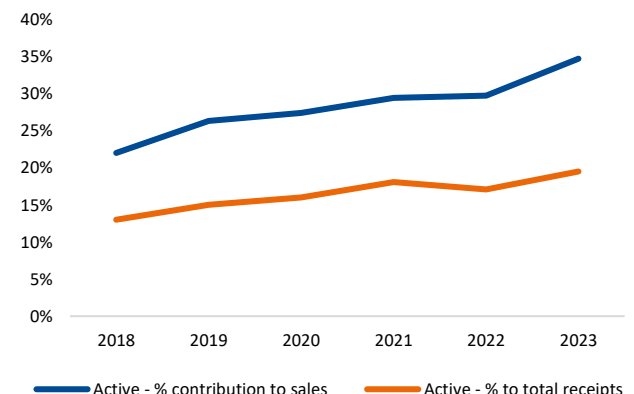
Alfamidi also has an application named Midi Kriing, which offers delivery services for the surrounding area whilst also providing notifications on the latest store promotions.

Exhibit 42. Total Alfamidi members and % active members



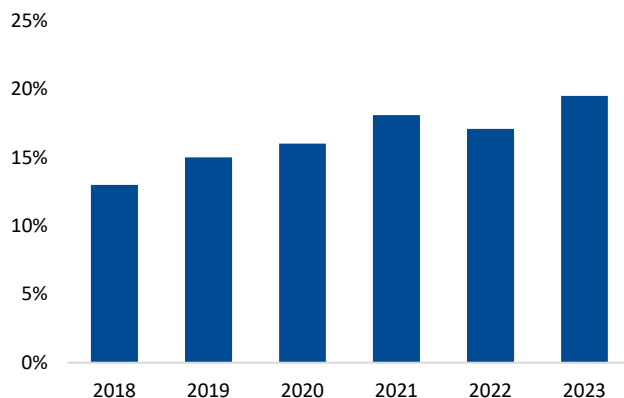
Source: Company

Exhibit 43. Active members contribution



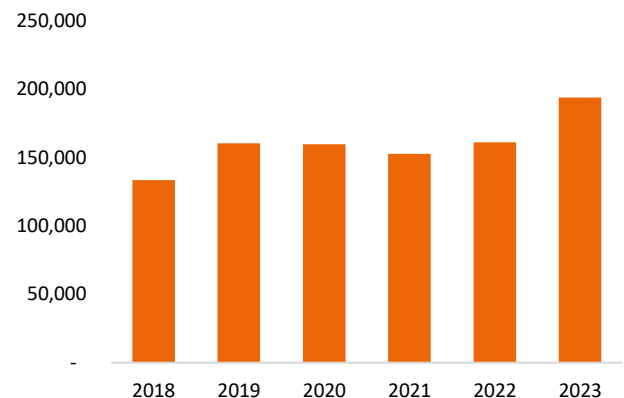
Source: Company

Exhibit 44. Revenue from active members (Rpbn)



Source: Company

Exhibit 45. Spending/month active member (Rp)



Source: Company

Outside Java and Java (ex Greater Jakarta) expansion: more room for growth with less density

By the end of FY23, the location of MIDI's stores (excluding Lawson) was equally balanced between Greater Jakarta/Java (50.1%) and Outside Java (49.9%). In Outside Java markets, MIDI already has a footprint in Sulawesi, Sumatera, Kalimantan and Maluku. As the largest compact supermarket chain in Indonesia, there is good potential for further expansion by MIDI into the remaining 18 provinces in Indonesia which have a total estimated population of around 57.6mn people.

By density, we see a greater service level for Alfamidi outlets in Greater Jakarta of which 1 Alfamidi can tap around 6km² coverage and serve 42.5mn people in the surrounding area (based on the average calculation of the total area and population vs Alfamidi stores). However, Java excluding Greater Jakarta still has great potential despite the presence of local chain supermarkets (i.e., Clandy's in Bali and Central Java, Yogya in West and Central Java).

For outside Java areas, i.e., Sulawesi, Sumatera, Kalimantan and Maluku, the presence of Alfamidi outlets is limited to several provinces. This will provide room for growth for store expansion in Outside Java areas.

Exhibit 46. The coverage of MIDI stores, 1Q24



Source: Company

Exhibit 47. MIDI store ratio to population

Provinces with MIDI	Total Alfamidi stores*	MIDI stores/km2	MIDI stores/mn population
Jabodetabek	706	6.2	42.5
Java excld Jabodetabek	375	333.5	339.2
Sulawesi (Exclude gorontalo)	397	446.6	48.9
Sumatera (exclude Sumbar, Jambi, Bengkulu, Sumse	221	1,180.0	176.8
Kalimantan (exclude Kalbar, Kalteng and Kalsel)	114	1,794.2	45.8
Maluku	76	5,236.0	57.5

Source: Company, BPS *2021 stores

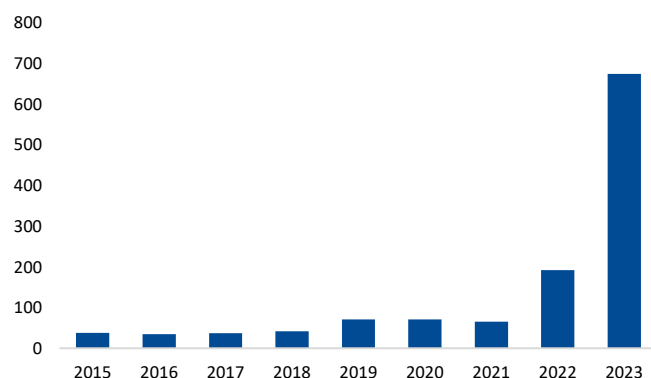
Lawson strategy: focus on the right store format and profitability.

MIDI started its aggressive expansion in FY22 by opening 127 new Lawson stores (114 standalone and 78 SIS), before adding a further 482 new stores (369 standalone and 305 SIS). These new stores (1Q24 total Lawson: 693 stores) are all located in Java. As Lawson stores take 2 years to reach maturity, better performance can be expected from FY25 onward from this aggressive expansion and adjustments for new store format/waste management and product innovation.

In our view, convenience stores that offer a wide variety of freshly cooked products will gain market share and popularity going forward. However, within the industry, Familymart (backed by Wings group and Itochu vs Lawson under Mitsubishi) also grew its stores (around 300 stores – FY23), while Indomaret also grew its point café reaching 1,200 stores by the end of FY23). Mitsubishi Corporation has the right to subscribe up to 6% of total issued shares in the MIDI subsidiary that operates Lawson in the case of IPO with same price of IPO price.

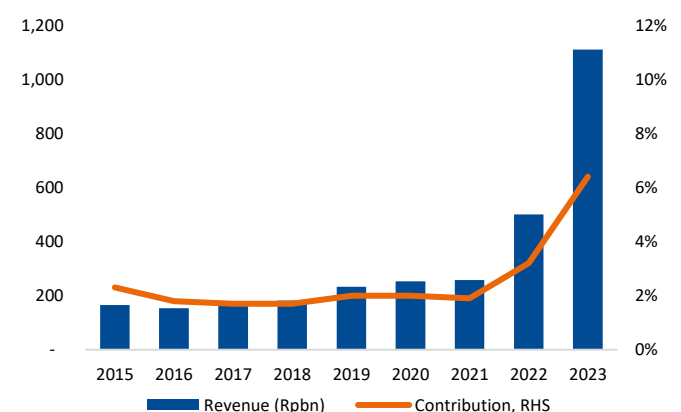
In the coming years, the public's greater familiarity with this convenience stores concept, improved waste management and the opening of stores in the right locations are imperative to sustain sales and earnings growth.

Exhibit 48. Lawson no of stores, FY15-23



Source: Company

Exhibit 49. Lawson revenue and contribution, FY15-23



Source: Company, BRIDS Estimates

Exhibit 50. Lawson offers a variety of food and beverages ...



Source: BRIDS Survey

Exhibit 51. While FamilyMart also offers F&B products with greater selection including Fried Chicken



Source: BRIDS Survey

Exhibit 52. Point cafe - focus on beverages and snacks



Source: BRIDS Survey

Exhibit 53. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	15,624	17,351	19,478	22,164	24,534
COGS	(11,670)	(12,843)	(14,354)	(16,328)	(18,025)
Gross profit	3,953	4,509	5,124	5,836	6,509
EBITDA	1,250	1,281	1,464	1,600	1,819
Oper. profit	638	743	799	935	1,144
Interest income	4	5	4	4	4
Interest expense	(135)	(101)	(32)	(25)	(35)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	(11)	(11)	(11)	(11)	(11)
Pre-tax profit	495	636	760	903	1,102
Income tax	(96)	(120)	(143)	(170)	(207)
Minority interest	0	0	0	0	0
Net profit	399	516	617	733	895
Core Net Profit	399	516	617	733	895

Exhibit 54. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	417	327	346	291	252
Receivables	399	430	459	522	578
Inventory	2,008	2,330	2,392	2,721	3,004
Other Curr. Asset	50	99	99	111	126
Fixed assets - Net	2,150	2,462	2,864	3,304	3,809
Other non-curr.asset	1,881	2,139	2,514	2,907	3,309
Total asset	6,905	7,786	8,674	9,857	11,079
ST Debt	950	244	403	531	656
Payables	2,381	2,822	3,020	3,435	3,795
Other Curr. Liabilities	436	297	333	379	420
Long Term Debt	1,042	391	439	500	553
Other LT. Liabilities	110	119	134	152	168
Total Liabilities	4,918	3,874	4,330	4,998	5,593
Shareholder's Funds	1,986	3,740	4,172	4,686	5,313
Minority interests	1	173	173	173	173
Total Equity & Liabilities	6,905	7,786	8,674	9,857	11,079

Exhibit 55. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	399	516	617	733	895
Depreciation and Amort.	796	856	877	897	950
Change in Working Capital	128	119	129	52	45
Other Oper. Cash Flow	394	30	106	107	103
Operating Cash Flow	1,718	1,521	1,728	1,790	1,993
Capex	(972)	(1,167)	(1,279)	(1,337)	(1,454)
Others Inv. Cash Flow	(72)	(249)	(350)	(363)	(374)
Investing Cash Flow	(1,044)	(1,417)	(1,629)	(1,700)	(1,828)
Net change in debt	(285)	(1,503)	137	100	100
New Capital	3	1,311	0	0	0
Dividend payment	(83)	(120)	(185)	(220)	(269)
Other Fin. Cash Flow	(135)	117	(32)	(25)	(35)
Financing Cash Flow	(500)	(195)	(80)	(145)	(204)
Net Change in Cash	173	(90)	19	(56)	(39)
Cash - begin of the year	243	417	327	346	291
Cash - end of the year	417	327	346	291	252

Exhibit 56. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	15.0	11.1	12.3	13.8	10.7
EBITDA	21.6	2.5	14.3	9.3	13.7
Operating profit	31.1	16.4	7.5	17.0	22.5
Net profit	48.0	29.4	19.6	18.8	22.1
Profitability (%)					
Gross margin	25.3	26.0	26.3	26.3	26.5
EBITDA margin	4.1	4.3	4.1	4.2	4.7
Operating margin	4.1	4.3	4.1	4.2	4.7
Net margin	2.6	3.0	3.2	3.3	3.6
ROAA	6.0	7.0	7.5	7.9	8.6
ROAE	21.9	18.0	15.6	16.6	17.9
Leverage					
Net Gearing (x)	0.8	0.1	0.1	0.2	0.2
Interest Coverage (x)	4.7	7.3	25.0	37.4	32.7

Source: MIDI, BRIDS Estimates

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BRI Danareksa Sales Traders

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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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