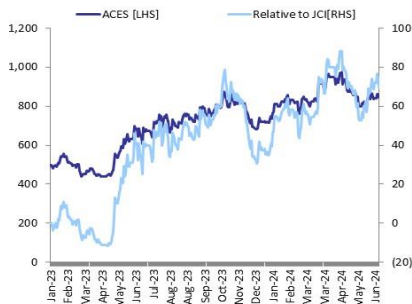


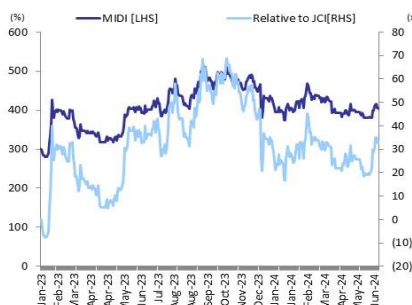
Overweight

(Maintained)

ACES relative to JCI Index



MIDI relative to JCI Index



Source: Bloomberg

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Retail

2Q24 preview: ACES and MIDI shine, MAPA/MAPI may face challenges

- ACES and MIDI reported solid 2Q24 SSSG, which leads us to expect robust core profit growth of +23% and +21% yoy, respectively.
- We see delays in overseas expansion impacting MAPA and MAPI, potentially leading to higher inventory and margin compression.
- We maintain OW and see a potential rotation into ACES and MIDI given the anticipation of their continued strong 2Q24 earnings.

2Q24 retail preview: strong core profit growth driven by ACES and MIDI

We anticipate the retail sector to report 30% qoq core profit growth in 2Q24 (+4.5% yoy) and +10% yoy in 1H24, primarily driven by ACES (+24% yoy, -9% qoq) followed by MIDI (+4% yoy, +9.8% qoq). Conversely, we estimate MAPI to show negative yoy core profit growth due to yoy lower GPM and higher opex, though continued store expansion may support 2Q24 and 1H24 top-line growth of 12.5% yoy and 15% yoy, respectively. Overall, we expect the sector to report broadly in line with consensus estimates for 1H24 results (48% of consensus). However, factors such as the Starbucks boycott affecting MAPI, opex related to MAPA's overseas expansion and product mix (for ACES and MIDI) could impact retailers' margins in both 2Q24 and 1H24. A strong top-line performance coupled with slower bottom-line growth may indicate a modest improvement in purchasing power, and hence, more time is required to see the full impact of store openings in the retail sector.

2Q24: MAPA aggressive promotions; solid SSSG for ACES and MIDI

Based on our latest retail survey (in the 1st week of Jul24), we found that MAPA's brands have been consistently offering a variety of weekly promotions for the past 2 months post the Ramadhan Festive season (Exh.23). This trend suggests potential softness in sales. The company has also acknowledged that it has increased its inventory levels (MAPA's 1Q24: 52.3% yoy with aging inventory of 22% and inventory days at 174 vs FY24F: 185 days) in preparation for overseas expansion but has encountered delays in store openings (1Q24: 73 stores vs FY24F target of 200 stores). On the macroeconomic front, the combination of softer core inflation in Jun24 (0.1% mom vs. May24: 0.17% mom), lower expectations from BI on 2Q24F RSI (+1.0% yoy vs 1Q24: 5.6%) and a decline in Jun24 CCI (123.3 vs May: 125.2) indicate weaker purchasing power. On a more positive note, ACES maintained a strong SSSG in May24 of 10.1%, with expectations of a solid Jun24 SSSG (remaining above the company's FY24 guidance of 7%). MIDI also reported a 2Q24 SSSG of 5.8% (1H24: 9.4%) with sustained double-digit SSSG throughout May and Jun24.

Maintain OW; preferred picks are ACES and MIDI

We favor ACES due to its intact earnings growth potential (FY24F: +13%), while foreign investors' ownership remains below FY22, and with local funds trimming in Jun24. We believe MIDI's expected solid performance in 1H24 (+21% yoy based on our estimation) could attract more interest from local and foreign investors. Given our expectations of softer 2Q24 earnings from MAP group, we prefer ACES and MIDI within the sector.

Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		P/BV (x)		ROE (%)	Dividend Yield (%)	EPS Growth (%)	
				2024F	2025F	2024F	2025F			2024F	2025F
ACES IJ	BUY	1,200	14,491.8	16.2	14.8	2.1	2.0	13.6	3.1	13.4	10.1
MIDI IJ	BUY	600	12,476.7	20.1	16.9	3.0	2.6	15.6	1.8	19.6	18.8
MAPA IJ	BUY	1,100	25,083.5	13.5	11.1	3.0	2.4	24.4	0.6	13.0	22.3
MAPI IJ	BUY	2,200	25,066.0	10.8	9.1	1.9	1.5	19.4	0.6	14.1	18.5
Sector				14.2	12.1	2.5	2.1	19.3	1.3	14.5	18.2

2Q24 preview: ACES and MIDI shine, MAPA/MAPI may face challenges

2Q24 retail preview: strong core profit growth driven by ACES and MIDI

More mature and outer Java stores support SSSG growth for ACES and MIDI

We anticipate the retail sector to report 30% qoq core profit growth in 2Q24 (+4.5% yoy) and +10% yoy in 1H24, primarily driven by ACES (+24% yoy, -9% qoq) followed by MIDI (+4% yoy, +9.8% qoq). Conversely, we estimate MAPI to show negative yoy core profit growth due to yoy lower GPM and higher opex, though continued store expansion may support 2Q24 and 1H24 top-line growth of 12.5% yoy and 15% yoy, respectively.

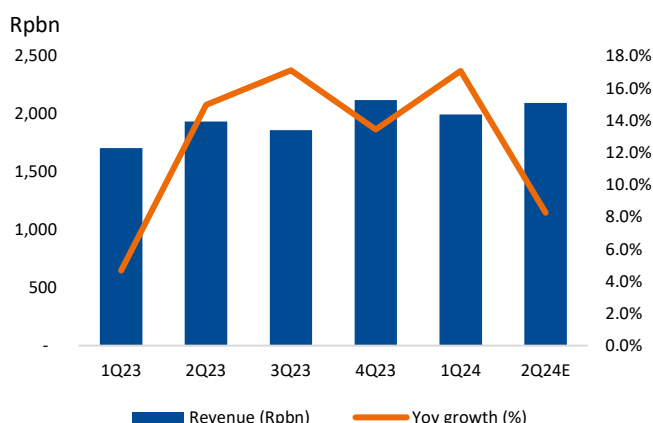
Overall, we expect the sector to report broadly in line with consensus estimates for 1H24 results (48% of consensus). However, factors such as the Starbucks boycott affecting MAPI, opex related to MAPA's overseas expansion and product mix (for ACES and MIDI) could impact retailers' margins in both 2Q24 and 1H24. A strong top-line performance coupled with slower bottom-line growth may indicate a modest improvement in purchasing power, and hence, more time is required to see the full impact of store openings in the retail sector.

Exhibit 1. Retail sector - 2Q24E and 1H24E preview

Retail (in Rpbn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24E	yoy	qoq	1H23	1H24E	yoy	% to FY24F	% to Cons	FY23	FY24F	Yoy	FY24 Cons	Yoy
Revenue	13,205	14,673	14,332	16,072	15,574	16,504	12.5%	6.0%	27,878	32,078	15%	48%	48%	58,282	67,282	15%	66,481	14%
Gross profit	5,216	5,859	5,793	6,432	5,983	6,522	11.3%	9.0%	11,075	12,505	13%	47%	47%	23,300	26,537	14%	26,521	14%
Operating	1,013	1,452	1,208	1,529	1,159	1,295	-10.8%	11.7%	2,465	2,454	0%	44%	44%	5,202	5,577	7%	5,474	5%
Net profit	651	955	760	809	768	998	4.5%	29.9%	1,606	1,766	10%	48%	48%	3,174	3,644	15%	3,602	13%
Gross margin	39.5%	39.9%	40.4%	40.0%	38.4%	39.5%			39.7%	39.0%				40.0%	39.4%		39.9%	
Operating margin	7.7%	9.9%	8.4%	9.5%	7.4%	7.8%			8.8%	7.6%				8.9%	8.3%		8.2%	
Net margin	4.9%	6.5%	5.3%	5.0%	4.9%	6.0%			5.8%	5.5%				5.4%	5.4%		5.4%	

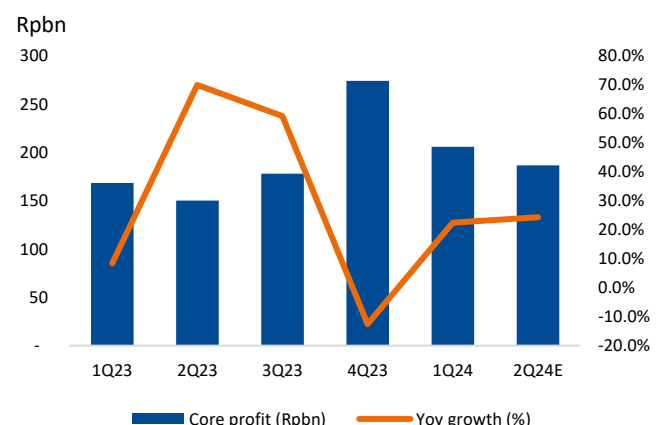
Source: Company, BRIDS Estimates

Exhibit 2. ACES – Quarterly Revenue and yoy Growth



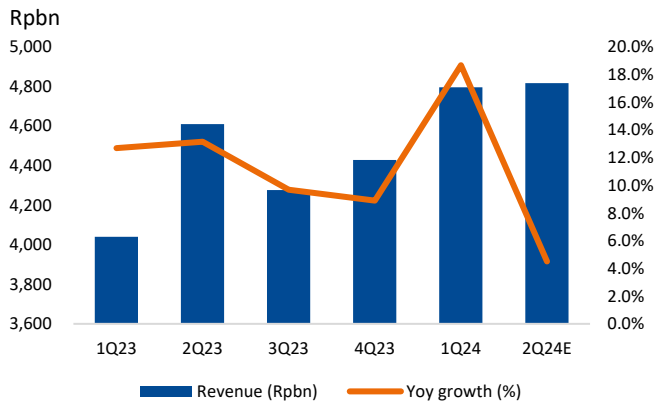
Source: Company, BRIDS Estimates

Exhibit 3. ACES – Quarterly Core Profit and yoy Growth



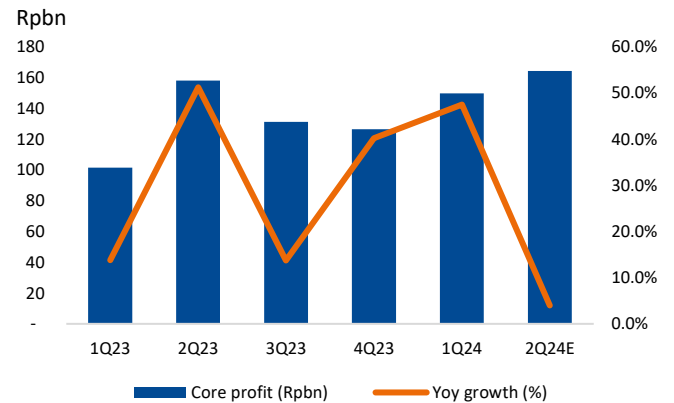
Source: Company, BRIDS Estimates

Exhibit 4. MIDI – Quarterly Revenue and yoy Growth



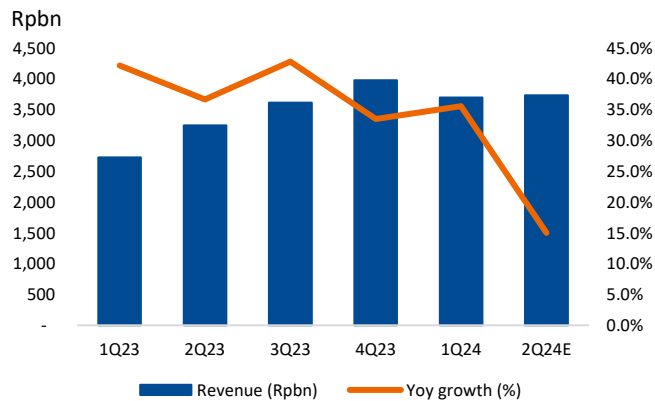
Source: Company, BRIDS Estimates

Exhibit 5. MIDI – Quarterly Core Profit and yoy Growth



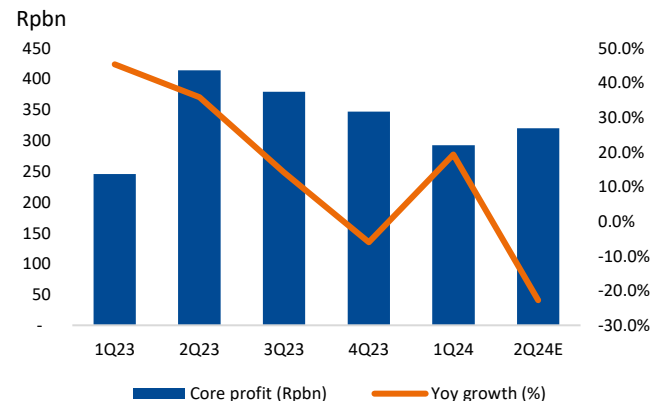
Source: Company, BRIDS Estimates

Exhibit 6. MAPA – Quarterly Revenue and yoy Growth



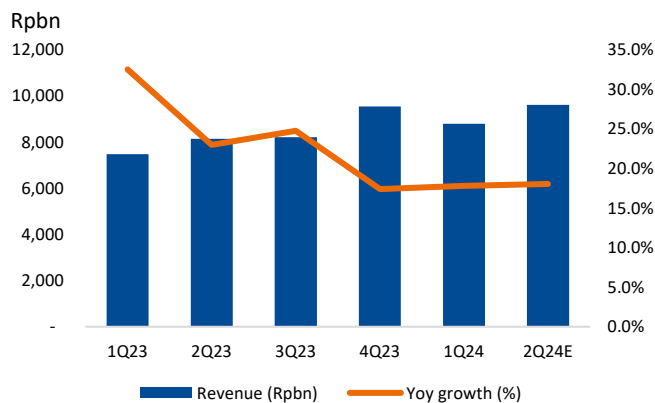
Source: Company, BRIDS Estimates

Exhibit 7. MAPA – Quarterly Core Profit and yoy Growth



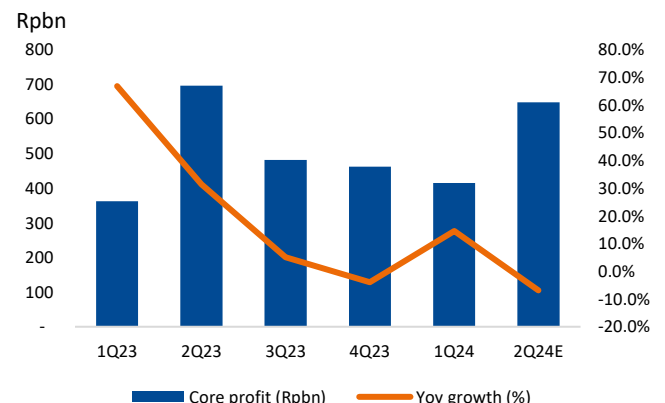
Source: Company, BRIDS Estimates

Exhibit 8. MAPI – Quarterly Revenue and yoy Growth



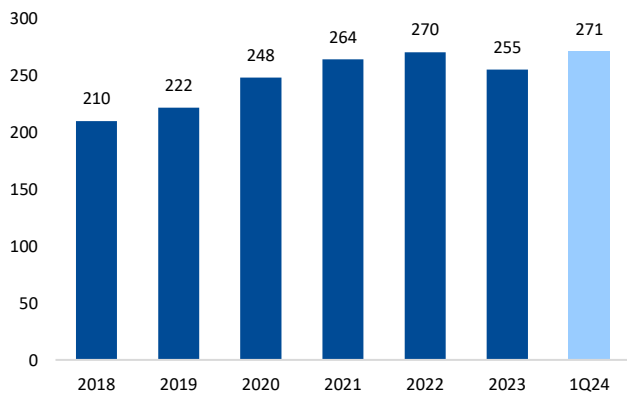
Source: Company, BRIDS Estimates

Exhibit 9. MAPI – Quarterly Core Profit and yoy Growth



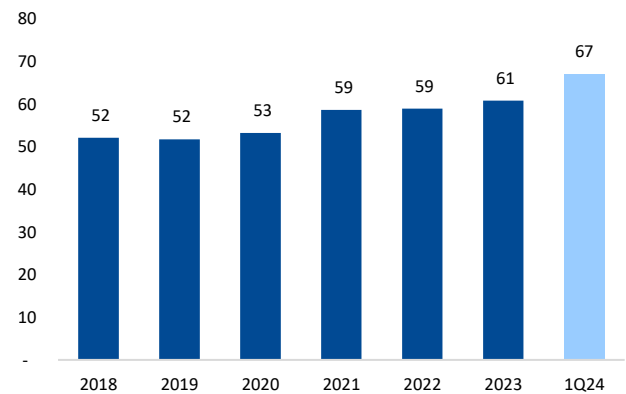
Source: Company, BRIDS Estimates

Exhibit 10. ACES's Inventory Days



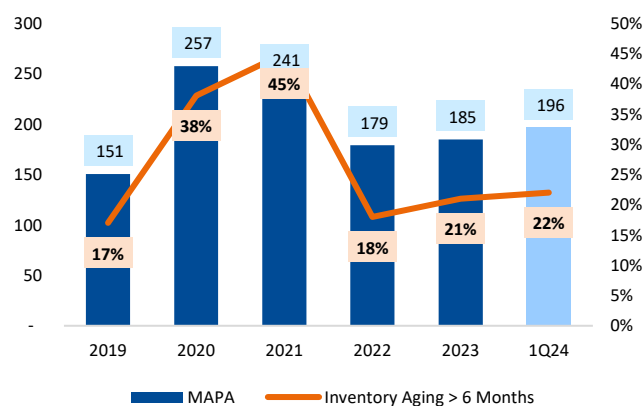
Source: Company

Exhibit 11. MIDI's Inventory Days



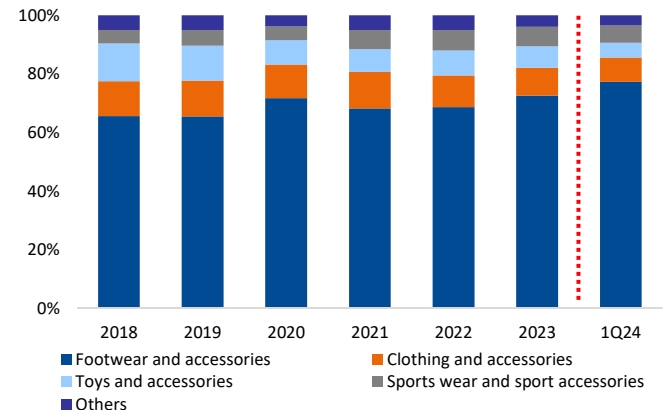
Source: Company

Exhibit 12. MAPA's Inventory Days and Aging Inventory



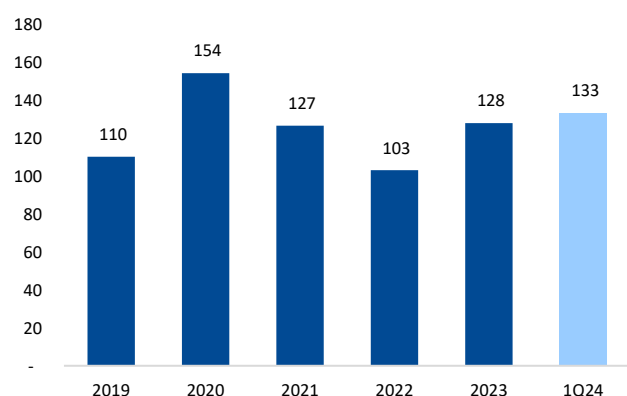
Source: Company

Exhibit 13. MAPA's Inventory Breakdown



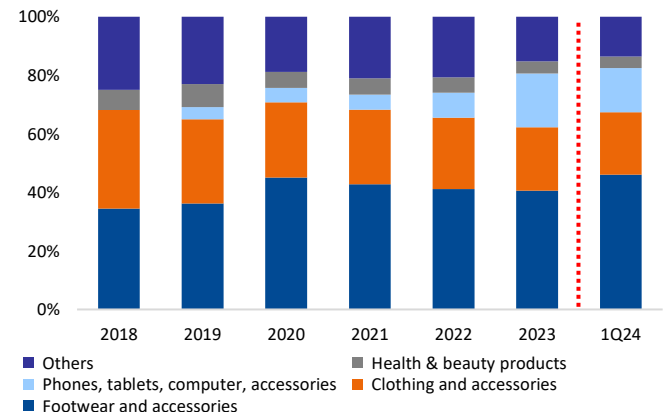
Source: Company

Exhibit 14. MAPI's Inventory Days



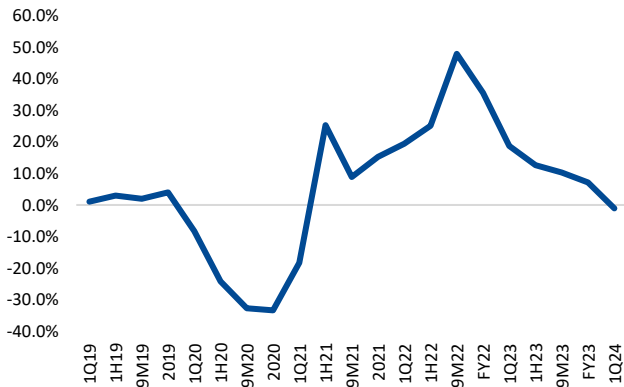
Source: Company

Exhibit 15. MAPI's Inventory Breakdown



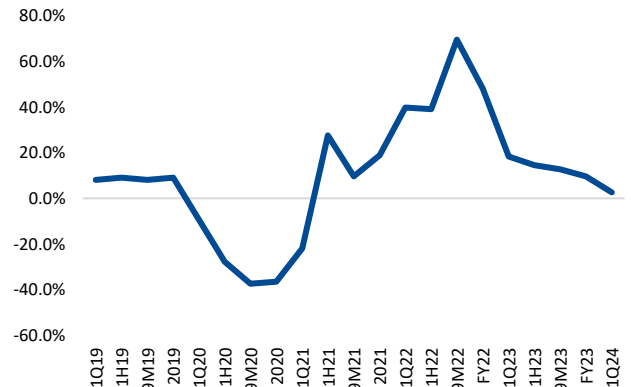
Source: Company

Exhibit 16. MAPI's SSSG



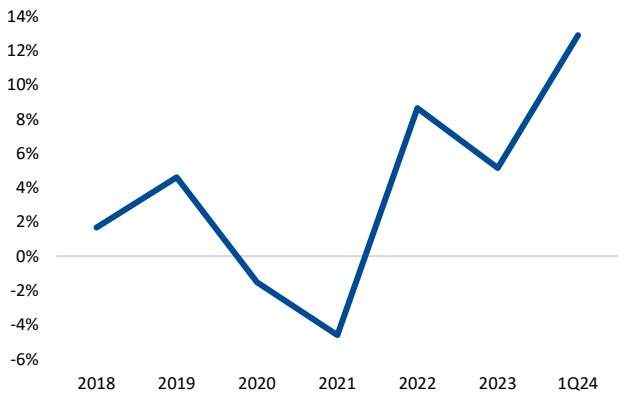
Source: Company, BRIDS

Exhibit 17. MAPA's SSSG



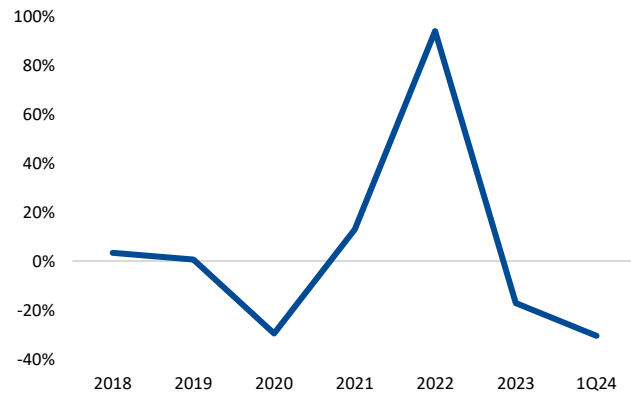
Source: Company, BRIDS

Exhibit 18. MIDI's Consolidated SSSG



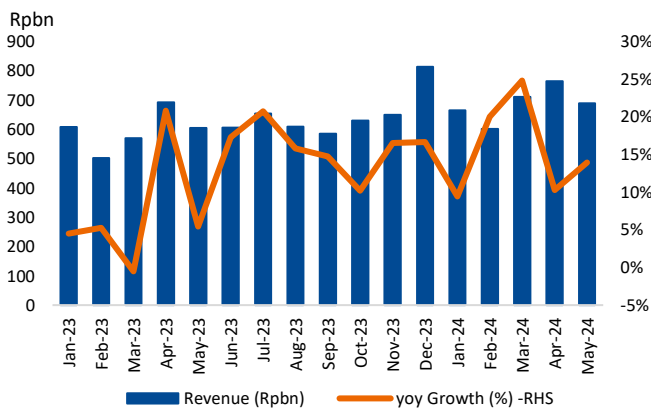
Source: Company, BRIDS

Exhibit 19. Lawson's SSSG



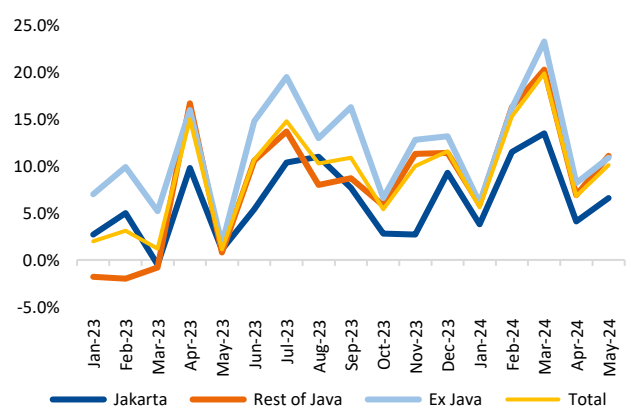
Source: Company, BRIDS

Exhibit 20. ACES's Monthly Revenue and yoy Growth



Source: Company, BRIDS

Exhibit 21. ACES's SSSG



Source: Company, BRIDS

Our latest channel check

Our weekly retail channel check indicates that MAPI stores, particularly in fashion, began offering discounts in mid-2Q24, reaching their peak discounts in Jun24. Marks & Spencer and Cotton On are among the most regular discounters (up to 50% off), while other stores such as Pull & Bear, Bershka, Stradivarius, Mango, and Forever New rotated through discounts ranging from 30% to 70% for a shorter length of time (one week). Meanwhile, Zara is launching an extensive sale period towards the end of Jun24, following its pattern. During the same period, H&M and Uniqlo actively promoted sales with discounts of up to 70%, alongside special payment incentives for both offline and online purchases, providing customers with a variety of options for their clothing purchases.

MAPA continues to offer ongoing discounts at multi-brand stores (Planet Sports, Sports Direct, Foot Locker, Sports Station, and Payless) following the festive season. These include deals such as 50% off for the second item, Buy More Save More ranging from 20-40% off, Back to School offers, Weekend Deals, Additional Discounts, and Buy 2 Get 1, available both offline and online. After significant discounts in May24 (during the long weekend), MAPA is extending discounts on mono-brands such as Asics, Converse, Hoka, New Balance, Reebok, Puma, Skechers, and 2XU as multi-brand stores. As June approaches, there is increased traffic in stores offering school-related merchandise.

ACES focuses on thematic sales, such as the Electrical Lighting Fair and a new Boom Sale campaign launching in mid-June. The campaign features discounts such as “Hemat hingga 70%” and Buy1Get1 promotions, valid from June 12 to July 9, 2024. Additionally, they are continuing their online promotions by offering cashback within the range of Rp200,000 to Rp500,000 in ruparupa with a minimum purchase of Rp1,500,000. We saw this event last year, which continued until Aug23 due to high traffic. Based on pre-pandemic historical data, Boom Sales contributed an additional 0.4% to Sep19’s indicative revenues.

Exhibit 22. MAPI – Various Promotions During 2Q24



Source: BRIDS Survey

Exhibit 23. MAPA – Various Promotions During 2Q24



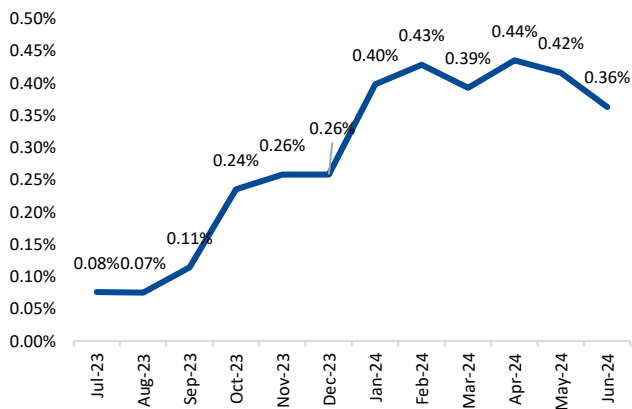
Source: BRIDS Survey

Exhibit 24. ACES – Various Promotions During 2Q24



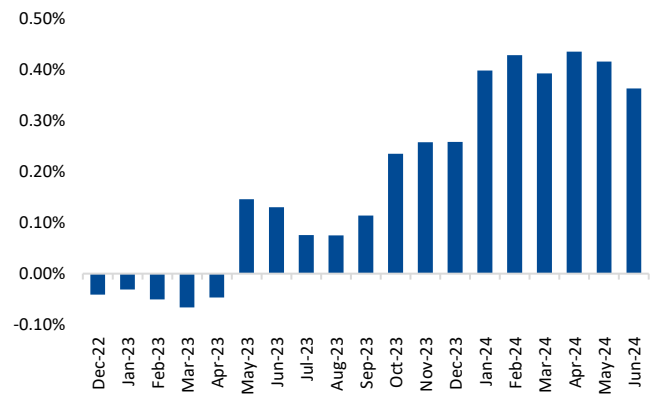
Source: BRIDS Survey

Exhibit 25. ACES's Local Mutual Fund OW/UW Position



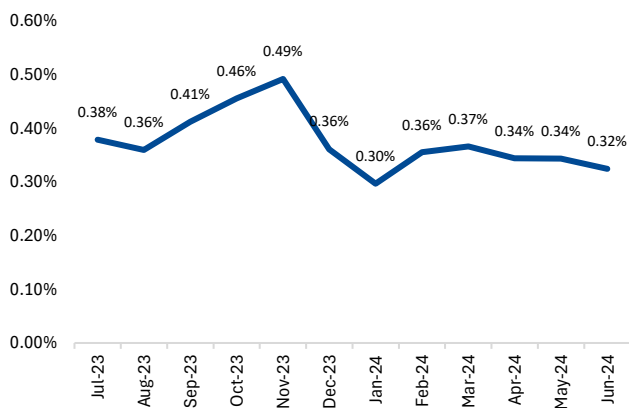
Source: KSEI, BRIDS

Exhibit 26. ACES's Foreign Fund Positioning



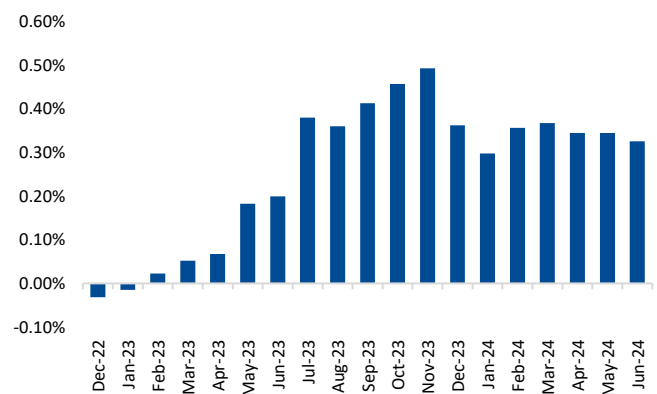
Source: KSEI, BRIDS

Exhibit 27. MIDI's Local Mutual Fund OW/UW Position



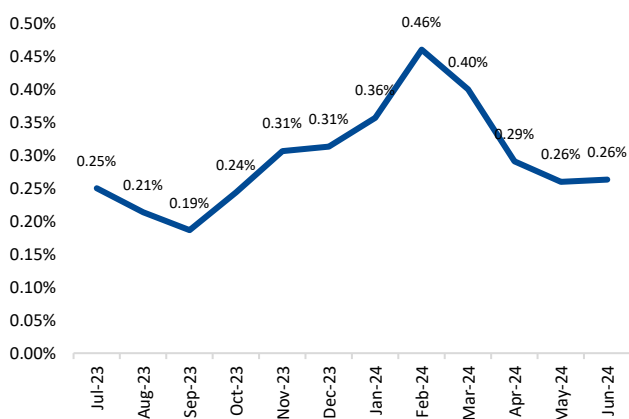
Source: KSEI, BRIDS

Exhibit 28. MIDI's Foreign Fund Positioning



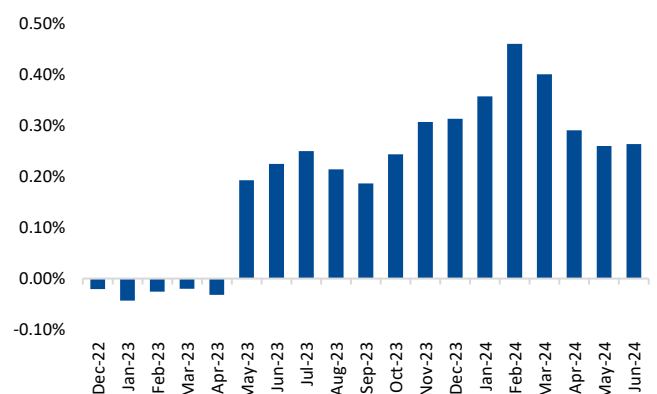
Source: KSEI, BRIDS

Exhibit 29. MAPA's Local Mutual Fund OW/UW Position



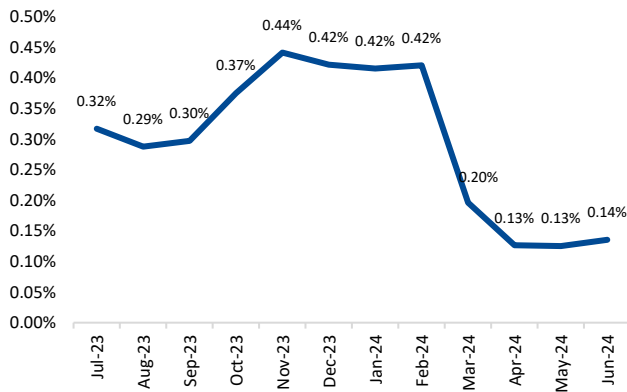
Source: KSEI, BRIDS

Exhibit 30. MAPA's Foreign Fund Positioning



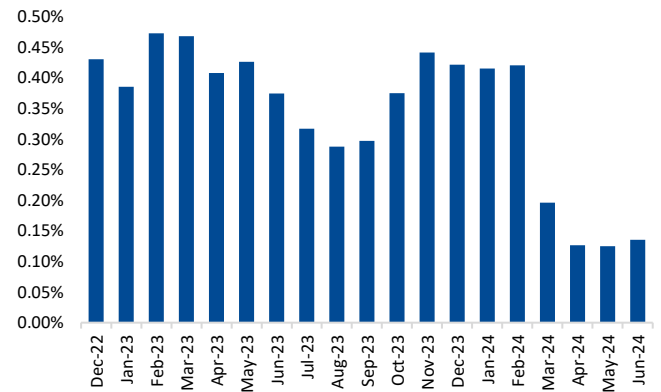
Source: KSEI, BRIDS

Exhibit 31. MAPI's Local Mutual Fund OW/UW Position



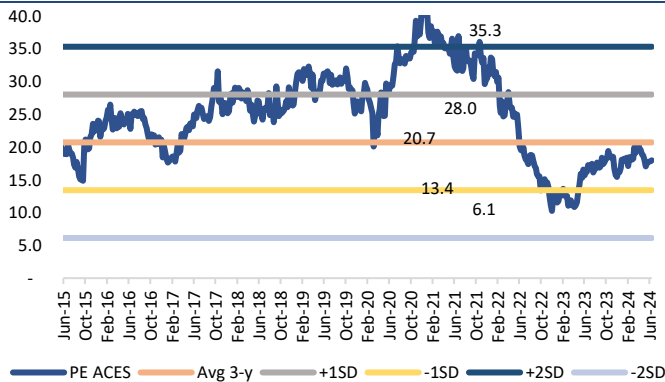
Source: KSEI, BRIDS

Exhibit 32. MAPI's Foreign Fund Positioning



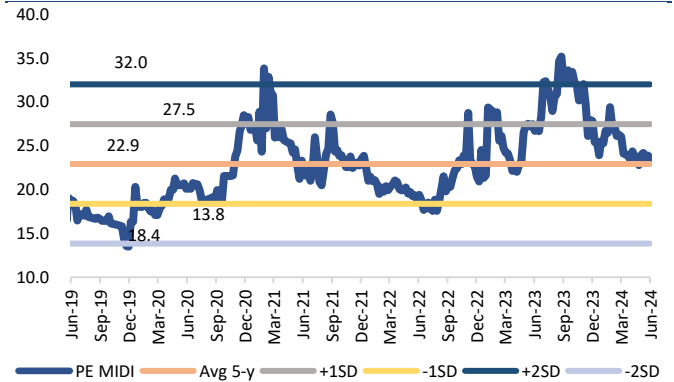
Source: KSEI, BRIDS

Exhibit 33. ACES's PE Band



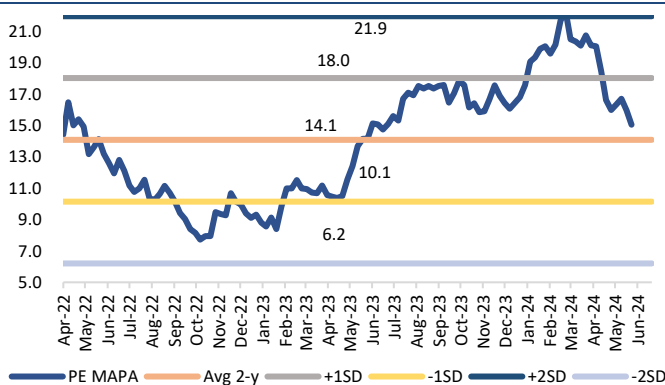
Source: Bloomberg, BRIDS Estimates

Exhibit 34. MIDI's PE Band



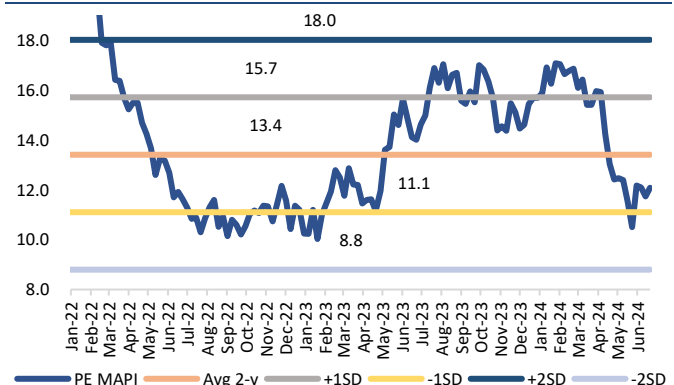
Source: Bloomberg, BRIDS Estimates

Exhibit 35. MAPA's PE Band



Source: Bloomberg, BRIDS Estimates

Exhibit 36. MAPI's PE Band



Source: Bloomberg, 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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