

Buy

(Maintained)

Aspirasi Hidup Indonesia (ACES IJ)

Growth Momentum Intact Despite a Normalized Jul24 SSSG

Last Price (Rp)	735
Target Price (Rp)	1,100
Previous Target Price (Rp)	1,100
Upside/Downside	+49.7%

No. of Shares (mn)	17,150
Mkt Cap (Rpbn/US\$mn)	12,605/803
Avg, Daily T/O (Rpbn/US\$mn)	39.6/2.6
Free Float (%)	40.0

Major Shareholder (%)	
PT Kawan Lama Sejahtera	60.0

EPS Consensus (Rp)	2024F	2025F	2026F
BRIDS	48.9	53.6	61.4
Consensus	50.5	58.3	66.6
BRIDS/Cons (%)	(3.2)	(8.0)	(7.8)

- ACES reported a normalized SSSG of 4.6% in Jul24 and 9.8% for 7M24, exceeding mgmt’s FY24 target of at least 7% and our FY24F of 7.6%.
- Our channel check indicated Nitori Japan may emerge as a potential competitor, but we believe it will take time to match ACES’ scale.
- We reaffirm our Buy rating on the back of ACES’ EPS growth (FY24-26F CAGR of 11%), with an unchanged TP of Rp1,100.

Normalized Jul24 SSSG of 4.6%; 7M24 SSSG: 9.8%, above FY24

ACES reported 7M24 sales of Rp4.8tr (+13.8% yoy vs our FY24F: +11.1% yoy), representing 57% of our FY24F (inline). In Jul24, ACES reported a normalized SSSG of 4.6% (vs. Jun24: 8.7% and Jun23: 14.8%), with a strong SSSG of 8.5% yoy reported from markets outside Java. By end of Jul24, 7M24 SSSG reached 9.8% (vs 7M23: 6.2%), surpassing the company’s FY24 guidance of at least 7% and our FY24F of 7.6%, supported by strong performances outside Java (12.1% yoy). ACES anticipates better SSSG in Aug24, aided by Independence Day promotions (7-27 Aug24) and low-base comparisons in Aug23. In Jul24, ACES opened two new stores in Ternate (North Maluku) and Palopo (South Sulawesi).

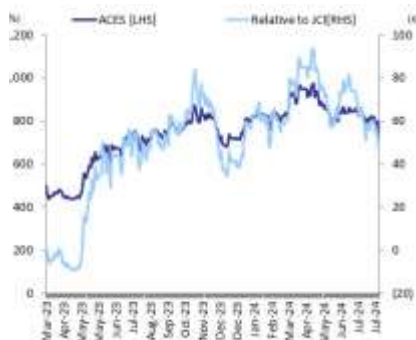
Nitori’s entry: Limited immediate impact on ACES’s market position

Nitori Japan (Nitori Co.,Ltd) opened its first store in Indonesia in Jul24 in Central Park Mall (Jakarta), as part of its plan to add 116 stores across Asia (total stores worldwide of 1,082 in FY23). Based on our survey, Nitori offers a range of products similar to those of ACES and Informa, but with a distinct Japanese style in detailing. However, we noted that the store’s size is smaller compared to ACE Hardware’s outlets, and Nitori provides an ambiance that combines elements of Muji and Ikea. As a newcomer in Indonesia, we believe it may take some time for Nitori to match the network, economies of scale, and range of services provided by ACES. By the end of Jun24, ACES has a total of 239 stores in Indonesia.

Maintain Buy with an unchanged TP of Rp1,100

We maintain our Buy rating on ACES with an unchanged TP of Rp1,100 (implying 20x FY25 PE, in line with the average 3yr PE). We believe ACES’ FY24-26F EPS CAGR of 11% is intact, backed by strong execution and a proven track record in merchandising. Further catalysts for ACES are 3Q24 earnings and greater clarity regarding the termination of the agreement with ACES US. The downside risk includes lower-than-expected performance of outer Java stores.

ACES relative to JCI Index



Source: Bloomberg

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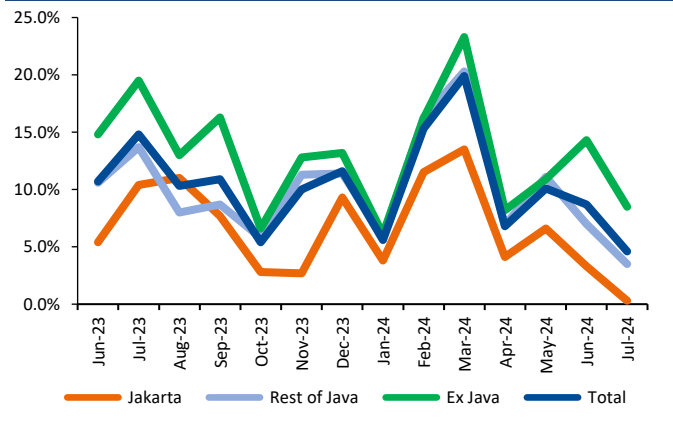
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Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	6,763	7,612	8,497	9,472	10,369
EBITDA (Rpbn)	880	1,009	1,093	1,193	1,344
EBITDA Growth (%)	(4.6)	14.6	8.4	9.1	12.7
Net Profit (Rpbn)	665	763	838	920	1,054
EPS (Rp)	38.8	44.5	48.9	53.6	61.4
EPS Growth (%)	8.1	14.8	9.8	9.7	14.6
BVPS (Rp)	343.4	358.2	382.2	408.9	439.5
DPS (Rp)	19.5	22.4	24.5	26.9	30.9
PER (x)	18.7	16.3	14.8	13.5	11.8
PBV (x)	2.1	2.0	1.9	1.8	1.6
Dividend yield (%)	2.7	3.1	3.4	3.7	4.3
EV/EBITDA	12.5	10.9	10.0	9.0	7.8

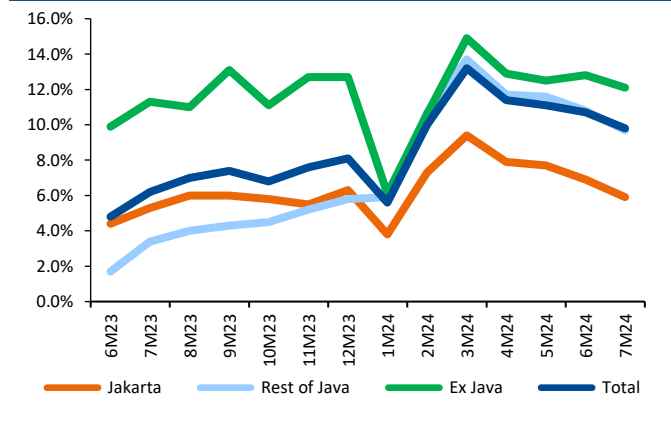
Source: ACES, BRIDS Estimates

Exhibit 1. ACES Monthly SSSG



Source: Company, BRIDS

Exhibit 2. ACES Ytd SSSG



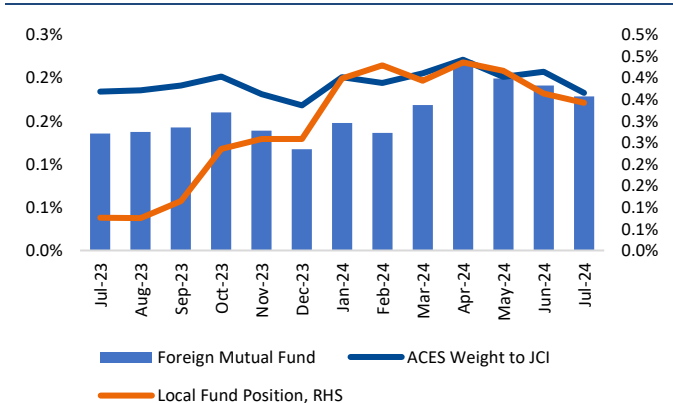
Source: Company, BRIDS

Exhibit 3. ACES Peers Comparison

Ticker	Rec	Target Price	M.Cap	P/E (x)		P/BV (x)		ROE (%)	Dividend yield (%)	EPS growth (%)	
		(Rp)	(Rpbn)	2024F	2025F	2024F	2025F	2024F	2024F	2024F	2025F
MAPI	Buy	2,200	23,738	11.7	9.9	2.0	1.7	19.4	0.6	14.1%	18.5%
MAPA	Buy	1,100	23,943	15.2	12.4	3.3	2.7	24.4	0.6	13.0%	22.3%
ACES	Buy	1,100	12,605	15.0	13.7	1.9	1.8	13.2	3.3	9.8%	9.7%
MIDI	Buy	600	13,575	20.4	17.8	3.2	2.8	16.5	1.8	26.3%	14.2%
Sector				15.0	12.8	2.7	2.2	19.4	1.3	15.3%	17.4%

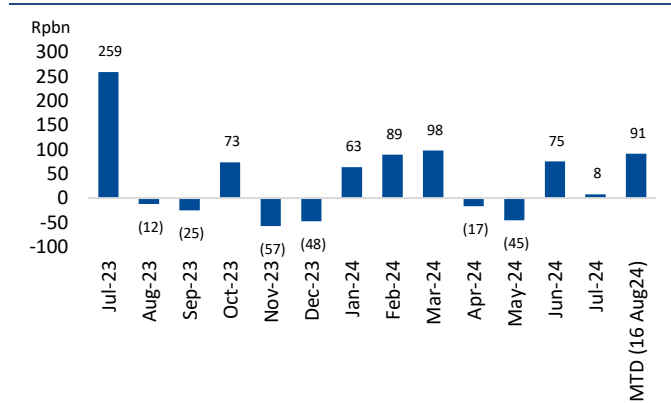
Source: Bloomberg, BRIDS Estimates

Exhibit 4. ACES's Weighting and Fund Position



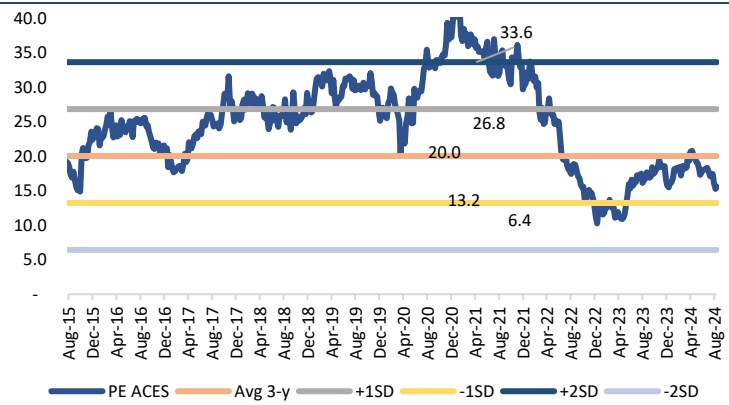
Source: IDX, BRIDS Estimates

Exhibit 5. ACES's Historical Foreign Flows (as of 16 Aug24)



Source: IDX, BRIDS Estimates

Exhibit 6. ACES's PE Band



Source: Bloomberg, BRIDS Estimates

Retail channel check of Nitori’s first store in Indonesia

The Nitori store provides a concept of "experience" that allows customers to interact with the products displayed on the shelves and access information boards detailing the product specifications. It also offers an ambiance that combines elements of Muji and Ikea. The products are predominantly in primary colors such as black, white, and nude, with warm lighting throughout the store. This hands-on experience enables customers to satisfy their curiosity and assists them in making informed purchasing decisions.

During our visit to the store, we observed a sufficient number of staff. Instead of providing numerous sales personnel, the store offers two types of trolleys and baskets for individual use. There is a single help center located adjacent to the cashier, likely because many of the products sold are ready-made, requiring minimal assistance for assembly.

Nitori offers 8 main categories and 28 subcategories of products, including furniture, kitchenware, dining essentials, bedding, bath products, textiles, storage solutions, and décor. We observed a lower number of SKUs with higher starting prices (~ Rp10,000) compared to ACES (~ Rp1,000), though the products can be customized with additional accessories provided by the store. Additionally, the store offers specialized home products (i.e., the uniquely shaped N-cool pillows).

Exhibit 7. Nitori Indonesia – Central Park



Source: BRIDS Survey

Exhibit 8. ACES Promotion in Jul-Aug24



Source: BRIDS Survey

Exhibit 9. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	6,763	7,612	8,497	9,472	10,369
COGS	(3,495)	(3,914)	(4,366)	(4,869)	(5,324)
Gross profit	3,268	3,698	4,131	4,604	5,045
EBITDA	880	1,009	1,093	1,193	1,344
Oper. profit	747	863	943	1,032	1,171
Interest income	47	0	74	88	99
Interest expense	(97)	(43)	(129)	(128)	(127)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	(4)	(4)	(4)	(4)	(4)
Other Income (Expenses)	129	137	139	136	149
Pre-tax profit	821	953	1,022	1,124	1,287
Income tax	(147)	(189)	(178)	(199)	(228)
Minority interest	(9)	0	(5)	(5)	(5)
Net profit	665	763	838	920	1,054
Core Net Profit	665	763	838	920	1,054

Exhibit 10. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	2,133	2,312	2,747	2,902	3,127
Receivables	86	199	222	247	271
Inventory	2,811	2,665	2,994	3,339	3,651
Other Curr. Asset	333	486	222	215	200
Fixed assets - Net	759	742	825	891	973
Other non-curr.asset	1,127	1,349	1,472	1,502	1,530
Total asset	7,249	7,753	8,482	9,096	9,752
ST Debt	258	274	0	0	0
Payables	144	126	140	156	171
Other Curr. Liabilities	267	364	416	465	507
Long Term Debt	450	601	601	601	601
Other LT. Liabilities	196	202	721	808	876
Total Liabilities	1,315	1,567	1,878	2,030	2,156
Shareholder's Funds	5,890	6,143	6,555	7,013	7,538
Minority interests	44	43	48	54	59
Total Equity & Liabilities	7,249	7,753	8,482	9,096	9,752

Exhibit 11. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	665	763	838	920	1,054
Depreciation and Amort.	133	146	150	161	173
Change in Working Capital	(444)	14	(338)	(354)	(321)
Other Oper. Cash Flow	(270)	26	771	162	136
Operating Cash Flow	84	950	1,421	889	1,041
Capex	(84)	(129)	(234)	(227)	(255)
Others Inv. Cash Flow	40	(2)	69	84	95
Investing Cash Flow	(44)	(131)	(164)	(143)	(160)
Net change in debt	(126)	167	(274)	0	0
New Capital	81	(128)	(5)	0	0
Dividend payment	(334)	(383)	(421)	(462)	(529)
Other Fin. Cash Flow	(97)	(43)	(129)	(128)	(127)
Financing Cash Flow	(476)	(387)	(829)	(590)	(656)
Net Change in Cash	(436)	432	428	156	225
Cash - begin of the year	2,544	2,133	2,312	2,747	2,902
Cash - end of the year	2,133	2,312	2,747	2,902	3,127

Exhibit 12. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	3.4	12.6	11.6	11.5	9.5
EBITDA	(4.6)	14.6	8.4	9.1	12.7
Operating profit	(5.2)	15.5	9.3	9.4	13.5
Net profit	8.1	14.8	9.8	9.7	14.6
Profitability (%)					
Gross margin	48.3	48.6	48.6	48.6	48.7
EBITDA margin	13.0	13.3	12.9	12.6	13.0
Operating margin	11.0	11.3	11.1	10.9	11.3
Net margin	9.8	10.0	9.9	9.7	10.2
ROAA	9.2	10.2	10.3	10.5	11.2
ROAE	11.7	12.7	13.2	13.6	14.5
Leverage					
Net Gearing (x)	(24.0)	(23.2)	(32.5)	(32.6)	(33.3)
Interest Coverage (x)	7.7	20.1	7.3	8.1	9.2

Source: ACES, 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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