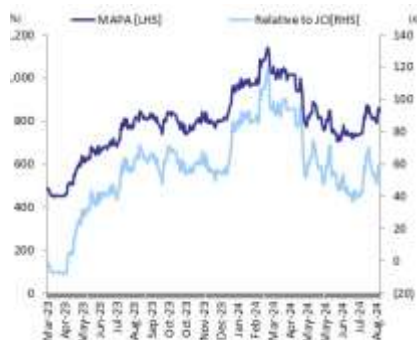


# Buy

(Maintained)

Last Price (Rp)	845
Target Price (Rp)	1,000
Previous Target Price (Rp)	1,100
Upside/Downside	+18.3%
No. of Shares (mn)	28,504
Mkt Cap (Rpbn/US\$mn)	24,086/1,555
Avg, Daily T/O (Rpbn/US\$mn)	29.5/1.9
Free Float (%)	30.7
Major Shareholder (%)	
PT Mitra Adiperkasa Tbk	68.8
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	48.9 58.3 66.9
Consensus	50.5 64.8 78.9
BRIDS/Cons (%)	(3.1) (10.0) (15.2)

## MAPA relative to JCI Index



Source: Bloomberg

## BRI Danareksa Sekuritas Analysts

### Natalia Sutanto

(62-21) 5091 4100 ext. 3508  
natalia.sutanto@brids.co.id

### Sabela Nur Amalina

(62-21) 5091 4100 ext. 4202  
sabela.amalina@brids.co.id

# MAP Aktif (MAPA IJ)

## 2H24 recovery expected, but overseas expansion remains a risk; maintain Buy rating with a lower TP

- MAPA's expansion faces challenges, leading to inventory buildup and numerous promotions, hence, margin pressure in 1H24.
- We cut our FY24/25F NP by 11%/13% due to more conservative store expansion plans in FY25 and lower margin estimates.
- We anticipate a stronger performance in 2H24, but remain cautious on overseas expansion; Maintain Buy rating with a lower TP of Rp1,000.

## Inventory buildup and margin pressures in 1H24

In 1H24, MAPA opened 143 new stores, of which 100 are in Indonesia and the remaining overseas, mostly in the Philippines and Malaysia. The company reported that it is facing several challenges in its overseas expansion, particularly in Vietnam. Additionally, an early inventory stock-up in Jan24, aimed at managing the holiday season in China (leading up to CNY) and in anticipation of potential export blockages/port congestion due to the implementation of the previous Permendag (No. 36/2023), led to an increase in aging inventory to 26% in 1H24 (FY23: 21%). We observed that numerous promotions under MAPA's brands in 2Q24, aimed at clearing inventory, resulted in a lower 2Q24 GPM of 45% (1Q24: 47.9%). However, MAPA implemented efficiencies in 2Q24, particularly in promotion and employee costs, which allowed the company to achieve 8.2% qoq net profit growth in 2Q24, despite a 21% yoy decline due to lower gross margin.

## 11%/13.3% NP downward revision on lower GPM & less store expansion in FY25

The 2H typically brings higher sales for retailers, and we expect MAPA to see improved sales in 2H24. Nonetheless, we have revised our FY24/25F gross margin forecast downward by 180/150bps, considering potential ongoing promotions aimed at boosting sales and the potential delay in overseas expansion. While we maintain our FY24 store expansion target, we are lowering the FY25 forecast to 370 new stores (down from 390), as we believe MAPA will shift its focus toward improving store productivity and profitability. Despite the anticipated lower gross margin, we expect MAPA to implement additional cost-efficiency measures to preserve EBIT margins. Consequently, we have adjusted our FY24/25F net profit forecast down by 11% and 13.3%, respectively. This translates to our flat yoy FY24 net profit forecast, while we forecast FY25F net profit to grow by 19% yoy.

## Maintain Buy rating with a lower TP of Rp1,000

We are cautious that MAPA's overseas expansion may continue to face risks from country-specific challenges and, thus, expect MAPA to adopt a more moderate expansion to maintain profitability. We maintain a Buy rating on the expectation of growth recovery in FY25. Following our earnings revision, we lower our TP to Rp1,000 based on +1.5x avg 2y PE of 17x.

## Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	9,801	13,559	16,225	18,865	21,390
EBITDA (Rpbn)	1,795	2,319	2,315	2,726	3,110
EBITDA Growth (%)	159.6	29.2	(0.2)	17.8	14.1
Net Profit (Rpbn)	1,175	1,388	1,395	1,663	1,907
EPS (Rp)	41.2	48.7	48.9	58.3	66.9
EPS Growth (%)	477.5	18.2	0.5	19.2	14.7
BVPS (Rp)	156.8	199.9	244.6	298.1	359.4
DPS (Rp)	0.0	4.0	4.7	4.7	5.7
PER (x)	20.5	17.3	17.3	14.5	12.6
PBV (x)	5.4	4.2	3.5	2.8	2.4
Dividend yield (%)	0.0	0.5	0.6	0.6	0.7
EV/EBITDA	13.4	11.0	11.1	9.7	8.7

Source: MAPA, BRIDS Estimates

## 2H24 Surge expected, but overseas expansion remains a risk

### MAPA 2Q24 result: Below expectation due to lower margins

MAPA recorded revenue growth of +13.6% qoq/+29.2% yoy with a net profit increase of +8% qoq/-21% yoy in 2Q24 (vs. +27% yoy in 2Q23). This performance led to a +32% yoy top-line growth in 1H24 (49%/47% of BRIDS/Cons FY24F). However, the net profit contracted by -9% yoy in 1H24, below estimates at 37%/40% of BRIDS/Cons FY24F. We consider the 1H24 revenue to be on track to meet our and cons' FY24F estimates, given the seasonality of strong 2H.

However, MAPA's 1H24 gross margin declined by 280bps to 46.4%, compared to 49.2% in 1H23, lower than our and cons FY24F estimates. Meanwhile, 2Q24 Inventory days improved to 178 days from 196 days in 1Q24, thanks to numerous promotions in 2Q24. In a recent meeting, the management explained that the delayed opening of international stores (particularly in Vietnam), as well as stockpiling, before the Chinese New Year holiday, for Ramadhan festive season was the reasons for inventory buildup.

Additionally, MAPA incurred a forex loss of Rp41bn and higher financing costs (Rp94.6bn vs. 1H23: Rp46.5bn). The net margin also declined by 340bps (1H24: 7.4% vs. 1H23: 10.8%). EBIT margin decreased to 11.6% in 1H24 compared to 15% in 1H23 with negative EBIT reported in international markets (Singapore, Malaysia, and Vietnam). We view the overall results as below expectations following lower than expected margins.

Exhibit 1. MAPA's 2Q24/1H24 Earnings Result

MAPA U	1H23	1H24	yoy	2Q23	1Q24	2Q24	qoq	yoy	2024F	A/F	A/C
Revenue (Rpbn)	5,970	7,887	32%	3,246	3,693	4,194	13.6%	29.2%	16,225	48.6%	46.6%
COGS	3,033	4,228	39%	1,649	1,925	2,303	19.6%	39.6%	8,469		
Gross profit	2,937	3,659	25%	1,597	1,768	1,891	7.0%	18.4%	7,755	47.2%	45.3%
Opex	2,043	2,745	34%	1,070	1,363	1,382	1.4%	29.1%	5,601		
Operating profit	894	914	2%	527	405	509	25.8%	-3.3%	2,155	42.4%	42.6%
Pretax profit	851	790	-7%	498	355	435	22.4%	-12.8%	2,047		
Net profit	646	586	-9%	386	281	305	8.2%	-21.1%	1,568	37.4%	39.7%
Gross margin	49.2%	46.4%		49.2%	47.9%	45.1%			47.8%		
Opex to revenue	34.2%	34.8%		33.0%	36.9%	32.9%			34.5%		
Operating margin	15.0%	11.6%		16.2%	11.0%	12.1%			13.3%		
Pretax margin	14.3%	10.0%		15.4%	9.6%	10.4%			12.6%		
Net margin	10.8%	7.4%		11.9%	7.6%	7.3%			9.7%		

Source: Company, BRIDS Estimates

## 11%/13.3% NP downward revision on lower GPM & less store expansion in 2025

The 2H typically brings higher sales for retailers, and we expect MAPA to see improved sales in 2H24. Nonetheless, we have revised our FY24/25F gross margin forecast downward by 180/150bps, considering potential ongoing promotions aimed at boosting sales and the potential delay in overseas expansion. While we maintain our FY24 store expansion target, we are lowering the FY25 forecast to 370 new stores (down from 390), as we believe MAPA will shift its focus toward improving store productivity and profitability. Despite the anticipated lower gross margin, we expect MAPA to implement additional cost-efficiency measures to preserve EBIT margins. Consequently, we have adjusted our FY24/25F net profit forecast down by 11% and 13.3%, respectively. This translates to our flat yoy FY24 net profit forecast, while we forecast FY25F net profit to grow by 19% yoy.

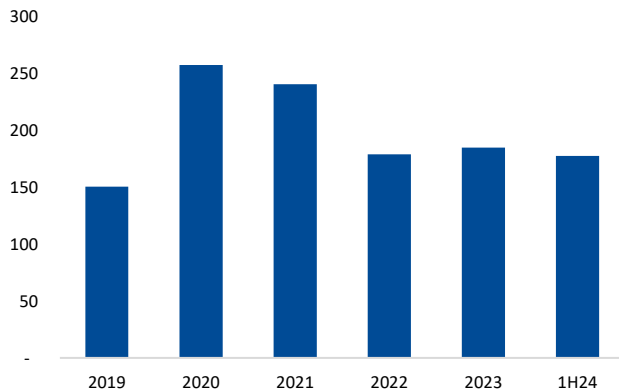
Downside risks to our view include the potential for continued inventory clearance in 3Q24, which could lead to lower margins, as well as challenges in specific overseas markets.

**Exhibit 2. MAPA's Earnings Revision Estimate**

	Before			After			Changes		
	2024F	2025F	2026F	2024F	2025F	2026F	2024	2025	2026
Revenue	16,225	19,231	21,795	16,225	18,865	21,390	0.0%	-1.9%	-1.9%
Gross profit	7,755	9,212	10,462	7,463	8,754	9,925	-3.8%	-5.0%	-5.1%
Operating profit	2,155	2,667	3,061	1,930	2,335	2,670	-10.4%	-12.4%	-12.8%
EBT	2,047	2,503	2,882	1,819	2,169	2,488	-11.1%	-13.3%	-13.7%
Net profits	1,568	1,918	2,208	1,395	1,663	1,907	-11.1%	-13.3%	-13.6%
<b>Margins (%)</b>									
Gross margin	47.8%	47.9%	48.0%	46.0%	46.4%	46.4%			
EBIT margin	13.3%	13.9%	14.0%	11.9%	12.4%	12.5%			
Opex/revenue	34.5%	34.0%	34.0%	34.1%	34.0%	33.9%			
Pretax margin	12.6%	13.0%	13.2%	11.2%	11.5%	11.6%			
Net margin	9.7%	10.0%	10.1%	8.6%	8.8%	8.9%			
<b>Key Assumptions</b>									
	Before			After					
	2024F	2025F	2026F	2024F	2025F	2026F			
Gross additional stores	387	390	331	387	370	328			
Total net stores	1,846	2,026	2,126	1,846	2,006	2,106			

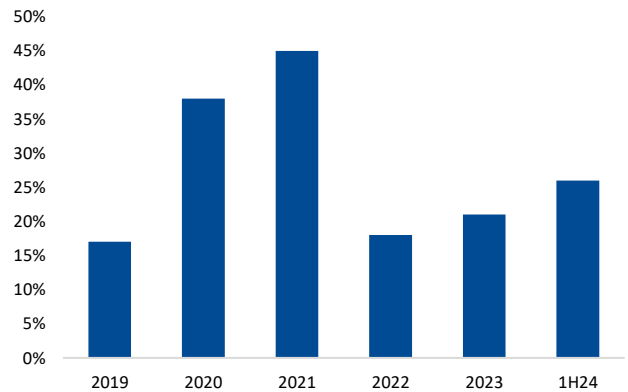
Source: BRIDS Estimates

**Exhibit 3. MAPA Inventory Days**



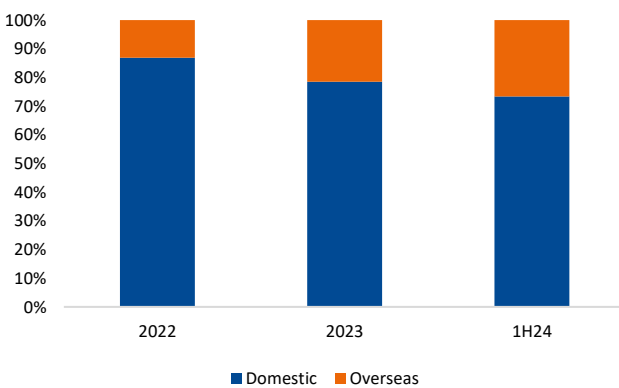
Source: Company, BRIDS Estimates

**Exhibit 4. MAPA Aging Inventory**



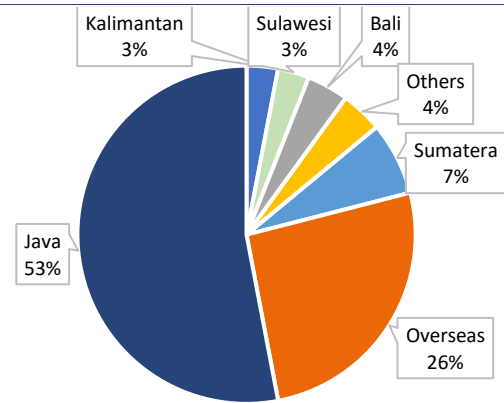
Source: Company, BRIDS Estimates

**Exhibit 5. MAPA Revenue Contribution, FY22-1H24**



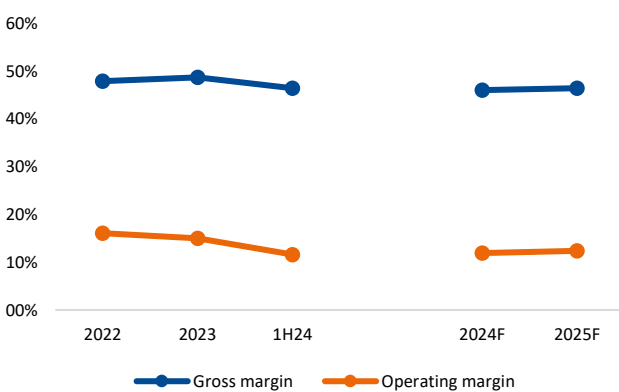
Source: Company, BRIDS

**Exhibit 6. MAPA Geographical Sales, 1H24**



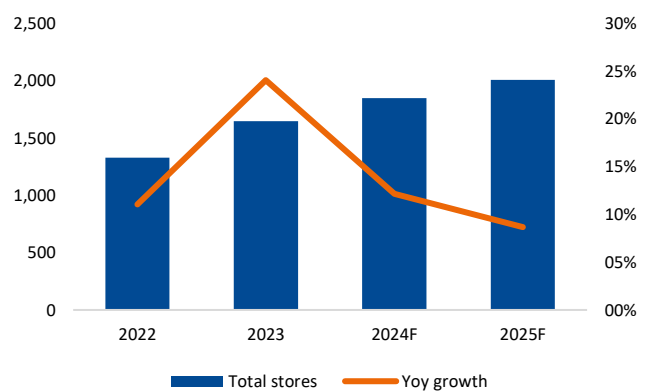
Source: Company, BRIDS

**Exhibit 7. MAPA Gross and OP Margin, FY22-25F**



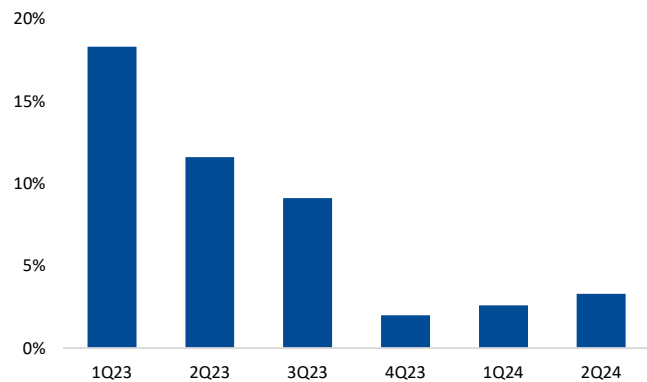
Source: Company, BRIDS Estimates

**Exhibit 8. MAPA Total stores and Yoy Growth, FY22-25F**



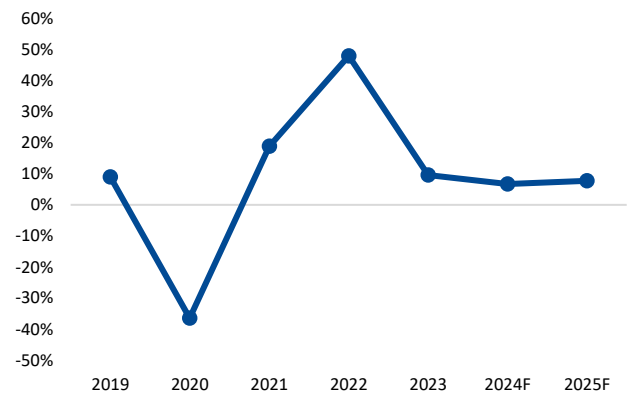
Source: Company, BRIDS Estimates

Exhibit 9. MAPA's SSSG, 1Q23-2Q24



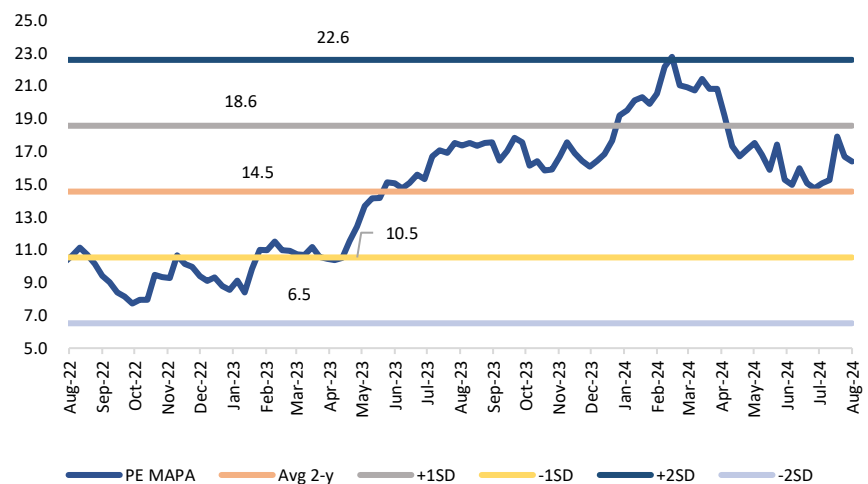
Source: Company, BRIDS

Exhibit 10. MAPA's SSSG, 2019-25F



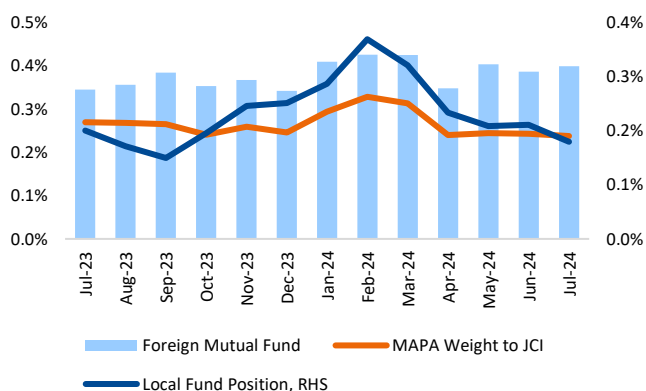
Source: Company, BRIDS Estimates

Exhibit 11. MAPA's PE Band



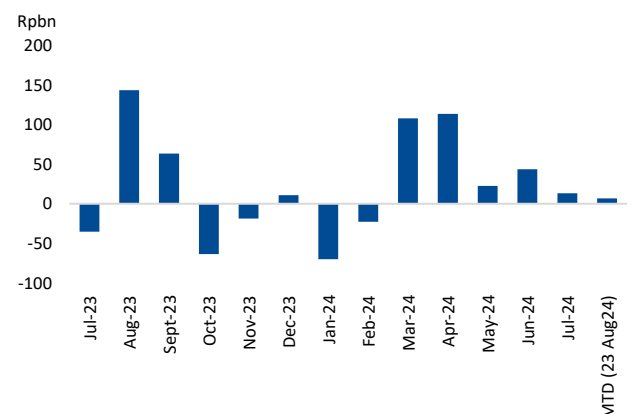
Source: Bloomberg, BRIDS Estimates

Exhibit 12. MAPA's Weighting and Fund Position



Source: IDX, BRIDS

Exhibit 13. MAPA's Historical Foreign Flows (as of 23 Aug24)



Source: IDX, BRIDS

**Exhibit 14. MAPA's 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	2,000	24,983	12.6	10.4	2.1	1.7	17.9	0.6	4.4%	21.1%
MAPA	Buy	1,000	24,086	17.3	14.5	3.5	2.8	22.0	0.6	0.5%	19.2%
ACES	Buy	1,100	12,605	14.8	13.5	1.9	1.8	13.2	3.4	9.8%	9.7%
MIDI	Buy	600	13,575	21.8	17.9	3.1	2.8	15.2	1.8	16.3%	22.1%
<b>Sector</b>				<b>16.1</b>	<b>13.6</b>	<b>2.7</b>	<b>2.3</b>	<b>17.9</b>	<b>1.3</b>	<b>6.2%</b>	<b>18.8%</b>

Source: Bloomberg, BRIDS Estimates

**Exhibit 15. Income Statement**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
<b>Revenue</b>	<b>9,801</b>	<b>13,559</b>	<b>16,225</b>	<b>18,865</b>	<b>21,390</b>
COGS	(5,111)	(6,961)	(8,761)	(10,112)	(11,465)
<b>Gross profit</b>	<b>4,690</b>	<b>6,597</b>	<b>7,463</b>	<b>8,754</b>	<b>9,925</b>
<b>EBITDA</b>	<b>1,795</b>	<b>2,319</b>	<b>2,315</b>	<b>2,726</b>	<b>3,110</b>
<b>Oper. profit</b>	<b>1,574</b>	<b>2,033</b>	<b>1,930</b>	<b>2,335</b>	<b>2,670</b>
Interest income	13	10	16	15	15
Interest expense	68	124	0	0	0
Forex Gain/(Loss)	(18)	4	3	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	(101)	(303)	(129)	(181)	(197)
<b>Pre-tax profit</b>	<b>1,537</b>	<b>1,868</b>	<b>1,819</b>	<b>2,169</b>	<b>2,488</b>
Income tax	(364)	(484)	(430)	(513)	(589)
Minority interest	1	5	6	7	8
<b>Net profit</b>	<b>1,175</b>	<b>1,388</b>	<b>1,395</b>	<b>1,663</b>	<b>1,907</b>
<b>Core Net Profit</b>	<b>1,192</b>	<b>1,385</b>	<b>1,392</b>	<b>1,663</b>	<b>1,907</b>

**Exhibit 16. Balance Sheet**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	1,342	1,099	1,537	1,424	1,238
Receivables	447	609	620	728	834
Inventory	2,733	4,315	3,980	4,777	5,461
Other Curr. Asset	313	419	501	583	661
Fixed assets - Net	880	1,814	2,565	3,212	3,948
Other non-curr.asset	1,720	2,548	3,492	4,470	5,488
<b>Total asset</b>	<b>7,434</b>	<b>10,804</b>	<b>12,695</b>	<b>15,194</b>	<b>17,630</b>
ST Debt	667	1,503	1,843	1,981	1,841
Payables	994	1,498	1,164	1,371	1,559
Other Curr. Liabilities	484	662	792	921	1,044
Long Term Debt	613	971	1,392	1,830	2,290
Other LT. Liabilities	190	292	349	406	460
<b>Total Liabilities</b>	<b>2,949</b>	<b>4,926</b>	<b>5,540</b>	<b>6,508</b>	<b>7,194</b>
Shareholder's Funds	4,470	5,699	6,971	8,498	10,244
Minority interests	15	179	184	188	192
<b>Total Equity &amp; Liabilities</b>	<b>7,434</b>	<b>10,804</b>	<b>12,695</b>	<b>15,194</b>	<b>17,630</b>

**Exhibit 17. Cash Flow**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	1,175	1,388	1,395	1,663	1,907
Depreciation and Amort.	220	286	384	391	440
Change in Working Capital	(421)	(1,451)	(106)	(795)	(693)
Other Oper. Cash Flow	21	103	123	121	115
<b>Operating Cash Flow</b>	<b>995</b>	<b>327</b>	<b>1,796</b>	<b>1,380</b>	<b>1,770</b>
Capex	(447)	(1,220)	(1,136)	(1,038)	(1,176)
Others Inv. Cash Flow	(485)	(715)	(841)	(876)	(920)
<b>Investing Cash Flow</b>	<b>(932)</b>	<b>(1,935)</b>	<b>(1,977)</b>	<b>(1,913)</b>	<b>(2,096)</b>
Net change in debt	507	1,193	761	575	320
New Capital	68	122	23	11	11
Dividend payment	0	(114)	(135)	(135)	(161)
Other Fin. Cash Flow	68	124	0	0	0
<b>Financing Cash Flow</b>	<b>643</b>	<b>1,325</b>	<b>650</b>	<b>451</b>	<b>170</b>
<b>Net Change in Cash</b>	<b>706</b>	<b>(283)</b>	<b>470</b>	<b>(83)</b>	<b>(157)</b>
Cash - begin of the year	662	1,342	1,099	1,537	1,424
Cash - end of the year	1,342	1,099	1,537	1,424	1,238

**Exhibit 18. Key Ratio**

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
<b>Growth (%)</b>					
Sales	62.2	38.3	19.7	16.3	13.4
EBITDA	159.6	29.2	(0.2)	17.8	14.1
Operating profit	229.7	29.2	(5.1)	21.0	14.4
Net profit	477.5	18.2	0.5	19.2	14.7
<b>Profitability (%)</b>					
Gross margin	47.9	48.7	46.0	46.4	46.4
EBITDA margin	18.3	17.1	14.3	14.5	14.5
Operating margin	16.1	15.0	11.9	12.4	12.5
Net margin	12.0	10.2	8.6	8.8	8.9
ROAA	18.4	15.2	11.9	11.9	11.6
ROAE	30.5	27.3	22.0	21.5	20.4
<b>Leverage</b>					
Net Gearing (x)	(1.4)	23.4	23.7	27.5	27.7
Interest Coverage (x)	(23.1)	(16.4)	0.0	0.0	0.0

Source: MAPA, BRIDS Estimates



**BRI Danareksa Equity Research Team**

Erindra Krisnawan, CFA	Head of Equity Research, Strategy, Coal	<a href="mailto:erindra.krisnawan@brids.co.id">erindra.krisnawan@brids.co.id</a>
Natalia Sutanto	Consumer, Cigarettes, Pharmaceuticals, Retail	<a href="mailto:natalia.sutanto@brids.co.id">natalia.sutanto@brids.co.id</a>
Niko Margaronis	Telco, Tower, Technology, Media	<a href="mailto:niko.margaronis@brids.co.id">niko.margaronis@brids.co.id</a>
Timothy Wijaya	Metal, Oil and Gas	<a href="mailto:timothy.wijaya@brids.co.id">timothy.wijaya@brids.co.id</a>
Victor Stefano	Banks, Poultry	<a href="mailto:victor.stefano@brids.co.id">victor.stefano@brids.co.id</a>
Ismail Fakhri Suweleh	Healthcare, Property, Industrial Estate	<a href="mailto:ismail.suweleh@brids.co.id">ismail.suweleh@brids.co.id</a>
Richard Jerry, CFA	Automotive, Cement, Infrastructure	<a href="mailto:richard.jerry@brids.co.id">richard.jerry@brids.co.id</a>
Ni Putu Wilastita Muthia Sofi	Research Associate	<a href="mailto:wilastita.sofi@brids.co.id">wilastita.sofi@brids.co.id</a>
Naura Reyhan Muchlis	Research Associate	<a href="mailto:naura.muchlis@brids.co.id">naura.muchlis@brids.co.id</a>
Sabela Nur Amalina	Research Associate	<a href="mailto:sabela.amalina@brids.co.id">sabela.amalina@brids.co.id</a>
Christian Immanuel Sitorus	Research Associate	<a href="mailto:christian.sitorus@brids.co.id">christian.sitorus@brids.co.id</a>

**BRI Danareksa Economic Research Team**

Helmy Kristanto	Chief Economist, Macro Strategy	<a href="mailto:helmy.kristanto@brids.co.id">helmy.kristanto@brids.co.id</a>
Dr. Telisa Aulia Falianty	Senior Advisor	<a href="mailto:telisa.falianty@brids.co.id">telisa.falianty@brids.co.id</a>
Kefas Sidauruk	Economist	<a href="mailto:kefas.sidauruk@brids.co.id">kefas.sidauruk@brids.co.id</a>

**BRI Danareksa Institutional Equity Sales Team**

Yofi Lasini	Head of Institutional Sales and Dealing	<a href="mailto:yofi.lasini@brids.co.id">yofi.lasini@brids.co.id</a>
Novrita Endah Putrianti	Institutional Sales Unit Head	<a href="mailto:novrita.putrianti@brids.co.id">novrita.putrianti@brids.co.id</a>
Ehrlich Suhartono	Institutional Sales Associate	<a href="mailto:ehrliech@brids.co.id">ehrliech@brids.co.id</a>
Yunita Nababan	Institutional Sales Associate	<a href="mailto:yunita@brids.co.id">yunita@brids.co.id</a>
Adeline Solaiman	Institutional Sales Associate	<a href="mailto:adeline.solaiman@brids.co.id">adeline.solaiman@brids.co.id</a>
Andreas Kenny	Institutional Sales Associate	<a href="mailto:andreas.kenny@brids.co.id">andreas.kenny@brids.co.id</a>
Christy Halim	Institutional Sales Associate	<a href="mailto:christy.halim@brids.co.id">christy.halim@brids.co.id</a>
Jason Joseph	Institutional Sales Associate	<a href="mailto:jason.joseph@brids.co.id">jason.joseph@brids.co.id</a>

**BRI Danareksa Sales Traders**

Mitcha Sondakh	Head of Sales Trader	<a href="mailto:mitcha.sondakh@brids.co.id">mitcha.sondakh@brids.co.id</a>
Suryanti Salim	Sales Trader	<a href="mailto:suryanti.salim@brids.co.id">suryanti.salim@brids.co.id</a>

**INVESTMENT RATING**

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

**Disclaimer**

The information contained in this report has been taken from sources which we deem reliable. However, none of PT BRI Danareksa Sekuritas and/or its affiliated and/or their respective employees and/or agents makes any representation or warrant (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof.

We expressly disclaim any responsibility or liability (express or implied) of PT BRI Danareksa Sekuritas, its affiliated companies and their respective employees and agents whatsoever and howsoever arising (including, without limitations for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as results of acting in reliance upon the whole or any part of the contents of this report and neither PT BRI Danareksa Sekuritas, its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

The information contained in the report is not to be taken as any recommendation made by PT BRI Danareksa Sekuritas or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regards to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.