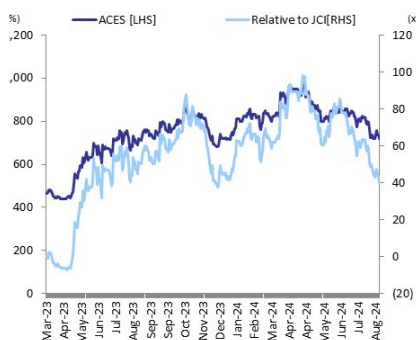


Buy

(Maintained)

Last Price (Rp)	880
Target Price (Rp)	1,100
Previous Target Price (Rp)	1,100
Upside/Downside	+25.0%
No. of Shares (mn)	17,150
Mkt Cap (Rpbn/US\$mn)	15,092/996
Avg, Daily T/O (Rpbn/US\$mn)	44.1/2.9
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	50.1 56.8 65.6
BRIDS/Cons (%)	(2.5) (5.6) (6.3)

ACES relative to JCI Index



Source: Bloomberg

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Aspirasi Hidup Indonesia (ACES II)

Strong Aug24 SSSG; YTD Monthly Sales Surpass Pre-Pandemic Levels, in line with our FY24F

- ACES reported strong SSSG of 11% yoy in Aug24 and 9.9% for 8M24, exceeding mgmt's/our FY24 target of at least 7%/7.6%.
- Aug24-YTD average monthly sales grew 14% yoy, exceeding pre-pandemic levels of Rp671bn/month.
- We estimate 3Q24E/9M24E net profit growth of 13%/18% yoy to form 66/68% of FY24F/Cons. Maintain Buy rating with unchanged TP.

Solid 11% SSSG in Aug24, Led by Ex-Java and Strategic Sales Promotions

ACES reported a strong SSSG of 11% yoy in Aug24 (vs. Jul24: 4.6%) with Ex-Java achieving an impressive 14.9% yoy, followed by Java ex Jakarta at 10.7%. We believe that sustained thematic promotions across both offline and online channels contributed to this robust SSSG in Aug24, despite the high base from last year (Aug23: 10.3% yoy). Based on our channel checks between Jul24 and early Sept24, ACES launched several promotion campaigns, including the "Boom Sale" (initially from 9th Jul24, but extended until late Jul24 to 6th Aug24), "Upgrade Your Outdoor Space", Independence Day and the thematic "Kitchen Fest" promo in early Sept24. The strong Aug24 SSSG drove 8M24 to 9.9% yoy (vs 8M23: 7%).

Aug24 boosted YTD sales to 65% of our FY24F target

In Aug24, ACES reported monthly sales of Rp705bn, up 15.8% yoy but down -0.7% mom. This brought 8M24 sales to Rp5.5tr (+14% yoy vs our FY24F: +11.1% yoy) and representing 65% of our FY24F, i.e in line. ACES anticipates the strong SSSG to continue in Sept24, driven by ongoing promotional themes focusing on hobbies and relaxation-related products. Additionally, it opened a new outlet in Mall Puri Indah (West Jakarta), bringing the total stores to 241 in Sept YTD.

Maintain Buy; Solid Sept sales will support 3Q24 net profit growth of 13% yoy

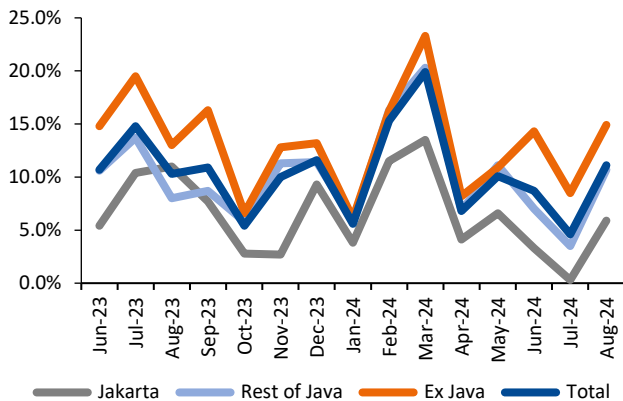
We note that the average monthly sales as of Aug YTD have already increased by 14% yoy, surpassing the pre-pandemic monthly sales of Rp671bn in FY19. Assuming monthly sales of Rp695bn in Sept24 (+19% yoy from a low base, -1.4% mom), this would result in an estimated 3Q24E revenue of Rp2.1tr (+13.5% yoy and -1.5% qoq). Assuming a stable gross margin of 48.5% in 3Q24E and normalized opex at 37.4%, we estimate 3Q24E net profit of Rp207bn (+13% yoy) and 9M24E net profit of Rp572bn (+18% yoy), potentially forming 66%/68% of our/consensus FY24F est., i.e in line. Our forecast has accounted for a reduced tax rate of 19% (due to the cancellation of treasury shares) to support FY24 net profit growth of 10% yoy. 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) as we believe ACES' FY24-26F EPS CAGR of 11% is intact. Key risks are soft purchasing power, margin pressure from product mix, and higher-than-expected opex.

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)	19.0	16.5	15.0	13.7	12.0
PBV (x)	2.1	2.1	1.9	1.8	1.7
Dividend yield (%)	2.6	3.0	3.3	3.7	4.2
EV/EBITDA	12.7	11.1	9.6	8.6	7.5

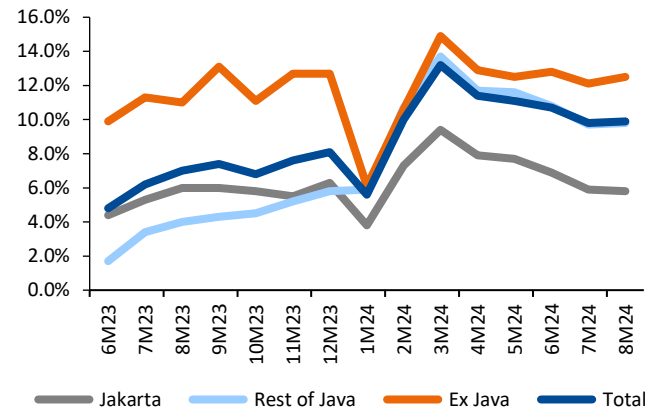
Source: ACES, BRIDS Estimates

Exhibit 1. ACES Monthly SSSG



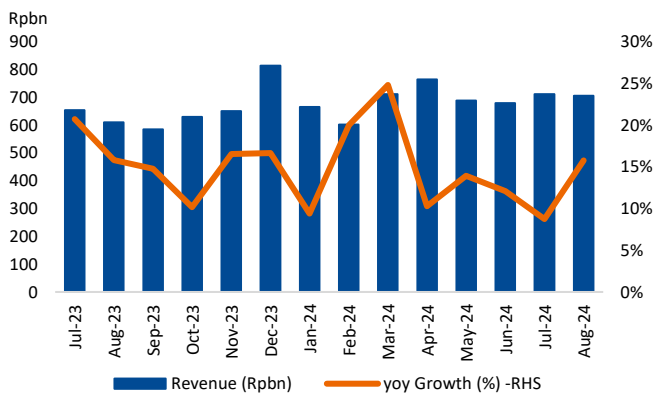
Source: Company, BRIDS

Exhibit 2. ACES Ytd SSSG



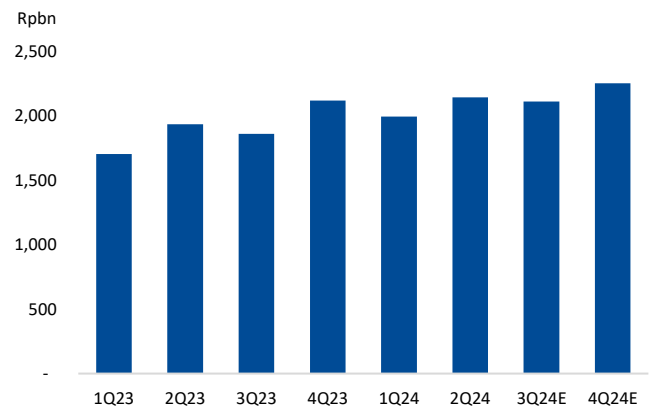
Source: Company, BRIDS

Exhibit 3. ACES Monthly Revenue



Source: Company, BRIDS

Exhibit 4. ACES Quarterly Estimate Revenue



Source: Company, BRIDS Estimates

Exhibit 5. 3Q24 and 9M24 estimates

ACES (Rpbn)	3Q23	2Q24	3Q24E	yoy	qoq	9M23	9M24E	yoy	% to FY24F	% to Cons
Revenue	1,859	2,142	2,110	13.5%	-1.5%	5,494	6,245	14%	73%	74%
Gross profit	885	1,041	1,023	15.6%	-1.7%	2,644	3,031	15%	73%	74%
Operating	195	164	235	20.0%	42.8%	535	636	19%	67%	61%
Net profit	183	160	207	13.0%	29.1%	486	572	18%	68%	66%
Gross margin	47.6%	48.6%	48.5%			48.1%	48.5%			
Operating margin	10.5%	7.7%	11.1%			9.7%	10.2%			
Opex/revenue	37.1%	40.9%	37.4%			38.4%	38.4%			
Net margin	9.9%	7.5%	9.8%			8.8%	9.2%			

Source: BRIDS Estimates

ACES: Boom Sale and Thematic Promotions to Support FY24 SSSG $\geq 7\%$.

Between Jul24 and early Sept24, ACES launched several promotion campaigns, including the “Boom Sale” (initially from 9 Jul24, extended from late Jul24 to 6 Aug24), “Upgrade Your Outdoor Space”, Independence Day and the thematic “Kitchen Fest” promo in early Sept24, which coincided with the 9.9 e-commerce offers.

Boom Sale Promotion

ACES launched a seasonal “Boom Sale” promotion that began in the second quarter of 2024 and continued until August 6, 2024 (previously set to end on July 9). This promotion offered **discounts of up to 70% and a “Buy 1 Get 1” offer**. Alongside offline promotions, the **ruparupa app** featured a “Diskon Kaget” promotion, providing **voucher codes with discounts ranging from 11% to 60%**.

Additional promotional activities during this period included:

- **Back-to-School Discount:** Discounts of up to 50% on various products such as tumblers, lunch boxes, desks, and desk lamps.
- **Harga Paling Happy Promotion:** Special deals available until August 4 on Fridays, Saturdays, and Mondays for selected products.
- **Tebus Hemat Offer:** A special deal priced at Rp49,900 for every purchase of Rp300,000, valid until August 6, 2024.
- **Online Promotions:** Cashback offers ranging from Rp200,000 to Rp500,000, with a minimum purchase of Rp1,500,000.

Independence Day Promotion

- In mid-August, ACES participated in the “Merdeka dari Masalah Rumah” promotion, running until August 27, 2024. They offered discounts of up to 17%, items for Rp79,000, and cashback up to Rp450,000 through the ruparupa app.

ACES aims to increase its online sales to 20% within the next five years, from the current 10-11% (largely from ruparupa and MISS ACE). To achieve this, ACES introduced several unique promotions on various e-commerce platforms, including:

- **Unique numbers promotion on e-commerce (i.e., Serbu Promo 7.7’):** Offered discounts of up to 60% across all online platforms during promotion period.
- **Shopee Live Promotions:** Regular promotions on Shopee Live, typically held from 19:30 to 22:00, featuring discounts of up to 80% and starting prices as low as Rp6,900, along with an additional voucher of Rp50,000.
- **Additional Discount Coupons:** A 10% discount coupon of up to Rp200,000, available on both Shopee and Tokopedia, with no minimum purchase required during the promotional period.

These promotions highlight ACES's strategic approach to boost its sales, both offline and online, and strengthen its market presence in Indonesia.

ACES has announced plans to discontinue the use of the Ace Hardware brand, transitioning to new store names and concepts, with store rejuvenation expected mostly in 1H25. While this will incur additional costs (an estimated +1% to 1.5% increase from the initial advertising and promotion expense of 1-1.5% of revenue), we believe the minimal revenue contribution from the Ace Hardware brand (<1%) will allow ACES to achieve our FY24-25F EPS growth of 10% yoy and support mid-to-high SSSG, with FY24F guidance at $\geq 7\%$ (vs. 9.9% for the 8M24).

Exhibit 6. ACES Promotion in Aug24



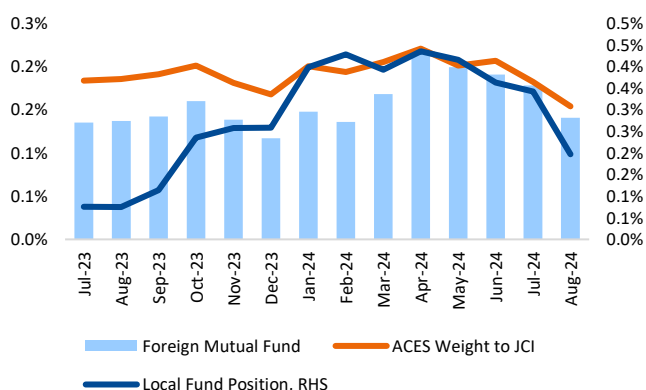
Source: BRIDS Survey

Exhibit 7. 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	2,000	24,983	15.5	12.8	2.5	2.1	17.9	0.5	4.4%	21.1%
MAPA	Buy	1,000	24,371	19.4	16.3	3.9	3.2	22.0	0.5	0.5%	19.2%
ACES	Buy	1,100	12,605	18.0	16.4	2.3	2.2	13.2	2.8	9.8%	9.7%
MIDI	Buy	600	13,218	23.9	19.6	3.4	3.1	15.2	1.8	16.3%	22.1%
Sector				18.7	15.7	3.1	2.6	18.0	1.1	6.1%	18.8%

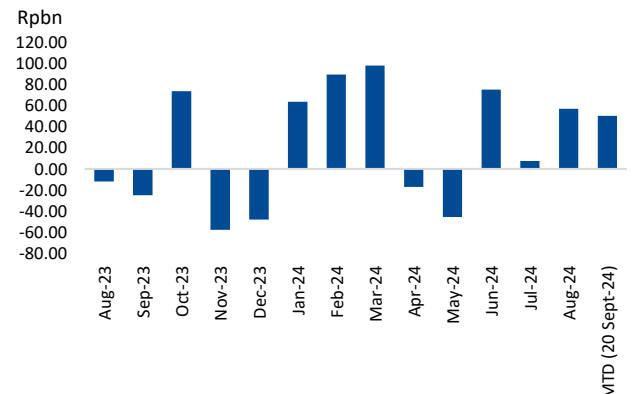
Source: Bloomberg, BRIDS Estimates

Exhibit 8. ACES's Weighting and Fund Position



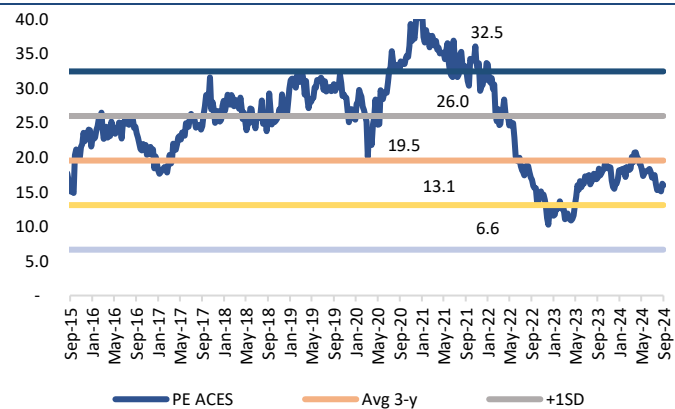
Source: KSEI, BRIDS

Exhibit 9. ACES's Historical Foreign Flows (as of 20 Sept24)



Source: KSEI, BRIDS

Exhibit 10. ACES's PE Band



Source: Bloomberg, BRIDS Estimates

Exhibit 11. 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 12. 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 13. 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 14. 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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