

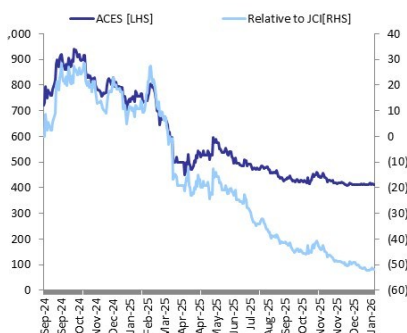
Buy

(Maintained)

Tactical (3M): UW

| | | | |
|------------------------------|------------------------------|-------|-------|
| Last Price (Rp) | 394 | | |
| Target Price (Rp) | 550 | | |
| Previous Target Price (Rp) | 550 | | |
| Upside/Downside | +34.1% | | |
| No. of Shares (mn) | 17,120 | | |
| Mkt Cap (Rpbn/US\$mn) | 6,745/396 | | |
| Avg, Daily T/O (Rpbn/US\$mn) | 20.0/1.2 | | |
| Free Float (%) | 39.8 | | |
| Major Shareholder (%) | PT Kawan Lama Sejahtera 60.0 | | |
| EPS Consensus (Rp) | 2025F | 2026F | 2027F |
| BRIDS | 41.6 | 48.1 | 58.4 |
| Consensus | 42.5 | 49.3 | 52.5 |
| BRIDS/Cons (%) | (2.1) | (2.5) | 11.1 |

ACES relative to JCI Index



Source: Bloomberg

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Aspirasi Hidup Indonesia (ACES IJ)

NEKA's Store Visit Takeaways: Promising Value

Proposition, Though Still in Early Execution Stage

- NEKA's Jatimakmur store offers ~4k SKUs, attracting students and mothers with Rp80-100k avg basket size.
- NEKA has limited SKU overlaps with AZKO yet broadly mirrors MR. DIY. Management expects minimal long-term margin dilution on lean operations.
- Nonetheless, NEKA's execution remains key as it is still in an early stage. We reiterate Buy rating on ACES with unchanged TP of Rp550.

Our thoughts post NEKA store visit

We recently visited NEKA Jatimakmur Bekasi to gain insights into the store environment, product assortment, target market, and pricing strategy. The outlet is located along the main arterial road in Bekasi and near several schools, benefiting from foot traffic from students and mothers. The store carries approx. 4k SKUs, primarily curated white-label products under NEKA brand, alongside selected items from Krisbow and KRIS brand, as well as FMCG products from local manufacturers such as Mayora, Wings, and Aice ice cream. Based on our discussions with the store staff, average basket size is estimated at Rp80-100k with ~150-200 daily transactions. Some of the best-selling categories include accessories, stationary, and selected household products.

Limited SKU overlaps with AZKO & its competitive positioning

Our in-store observations suggest limited SKU overlap between NEKA and AZKO, estimated at less than 5% of total SKUs, primarily within household appliances such as emergency lights, table fans, mini blenders and juicers, hair dryers, and basic electrical supplies. In contrast, NEKA's product categories broadly mirror a nearby MR. DIY store, with the key differentiation being the collusion of FMCG and beauty products, which are not offered in MR. DIY. While NEKA's products are generally priced below AZKO's, management is targeting NEKA's gross margin of approx. 45%, only marginally lower than AZKO's 47-48%, and supported by a leaner cost structure, management does not expect meaningful long-term dilution in operating margins. Each NEKA outlet is staffed by 7 employees across two shifts, compared with AZKO's smaller stand-alone stores, which typically require more than double the manpower.

Maintain our estimates unchanged; Reiterate Buy with a TP of Rp550

While NEKA's format and value proposition could benefit from the recent shift in consumer spending behavior, we believe its execution remains the key as NEKA is still in an early stage with total of 10 stores. For now, we maintain our earnings estimates for ACES unchanged. We have not incorporated NEKA into our forecasts as its contribution to overall sales remains immaterial. Reiterate our Buy call with an unchanged TP of Rp550; currently it trades at 8.2x PE FY26F. **Tactical (3M) view: UW.** We see limited downside in valuation as currently ACES is already below -1.5std of its 3yr mean, but near-term improvements in sales and SSSG appear unlikely.

Key Financials

| Year to 31 Dec | 2023A | 2024A | 2025F | 2026F | 2027F |
|--------------------|-------|-------|--------|-------|-------|
| Revenue (Rpbn) | 7,620 | 8,583 | 8,762 | 9,302 | 9,876 |
| EBITDA (Rpbn) | 1,013 | 1,163 | 1,003 | 1,142 | 1,362 |
| EBITDA Growth (%) | 15.0 | 14.8 | (13.7) | 13.8 | 19.3 |
| Net Profit (Rpbn) | 770 | 892 | 713 | 823 | 999 |
| EPS (Rp) | 44.9 | 52.1 | 41.6 | 48.1 | 58.4 |
| EPS Growth (%) | 16.0 | 16.0 | (20.1) | 15.5 | 21.4 |
| BVPS (Rp) | 358.6 | 378.3 | 399.1 | 423.1 | 452.3 |
| DPS (Rp) | 30.1 | 32.3 | 20.8 | 24.0 | 29.2 |
| PER (x) | 8.8 | 7.6 | 9.5 | 8.2 | 6.8 |
| PBV (x) | 1.1 | 1.0 | 1.0 | 0.9 | 0.9 |
| Dividend yield (%) | 7.6 | 8.2 | 5.3 | 6.1 | 7.4 |
| EV/EBITDA | 5.2 | 5.0 | 5.3 | 4.7 | 3.6 |

Source: ACES, BRIDS Estimates

NEKA’s price comparison to peers

We also made a price comparison of some apple-to-apple products across categories between NEKA, MR DIY, and Shopee.

Exhibit 1. Price Comparison Between NEKA, MR DIY, and Shopee Products

| No | Product Category | Product | Price (in IDR) | | | % Price Diff | |
|----|-----------------------|---------------------|----------------|---------|---------|----------------|----------------|
| | | | NEKA | MR DIY | Shopee | NEKA vs MR DIY | NEKA vs Shopee |
| 1 | Electrical & Lighting | Table Fan 8 Inch | 299,900 | 140,000 | 214,500 | 114% | 40% |
| 2 | Electrical & Lighting | 3 Electrical Outlet | 89,900 | 52,000 | 28,372 | 73% | 217% |
| 3 | Home Storage | Container 50L | 100,000 | 80,000 | 63,000 | 25% | 59% |
| 4 | Home Storage | Waste Bin Pedal 10L | 75,000 | 80,000 | 46,989 | -6% | 60% |
| 5 | Home Storage | Shoe Shelf 10 Tier | 80,000 | 75,000 | 61,740 | 7% | 30% |
| 6 | Home Furniture | Laptop Desk | 80,000 | 100,000 | 45,999 | -20% | 74% |
| 7 | Cleaning Supplies | Spin Mop Set | 160,000 | 230,000 | 71,700 | -30% | 123% |

Source: BRIDS Survey

Exhibit 2. NEKA’ Store Front



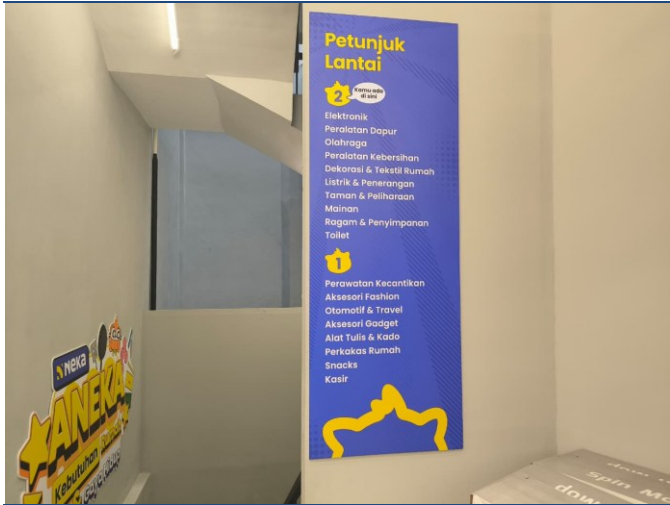
Source: BRIDS Survey

Exhibit 3. NEKA’ Store Aisle



Source: BRIDS Survey

Exhibit 4. NEKA's Product Category



Source: BRIDS Survey

Exhibit 5. NEKA's Promotion "Tebus Murah"



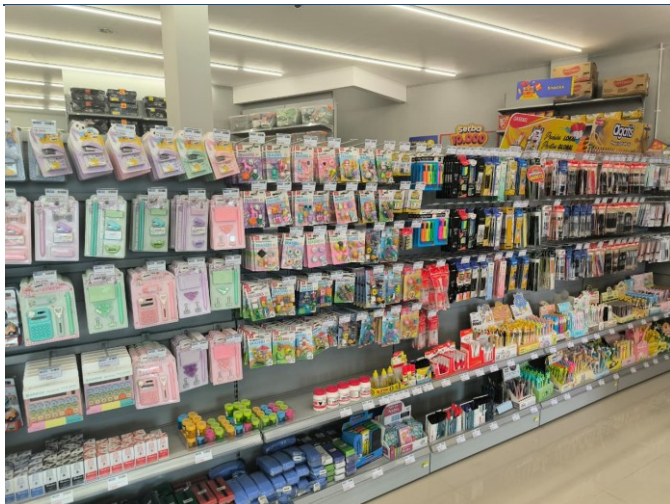
Source: BRIDS Survey

Exhibit 6. Several Products Under KRIS & Krisbow Brand



Source: BRIDS Survey

Exhibit 7. NEKA' Best Selling Product Category – Stationary



Source: BRIDS Survey

Exhibit 8. NEKA' Best Selling Product Category – Accessories



Source: BRIDS Survey

Exhibit 9. NEKA's Household Products Section



Source: BRIDS Survey

Exhibit 10. NEKA's FMCG Products Section



Source: BRIDS Survey

Exhibit 11. NEKA's Beauty Products Section



Source: BRIDS Survey

Exhibit 12. NEKA's Toys Products Section



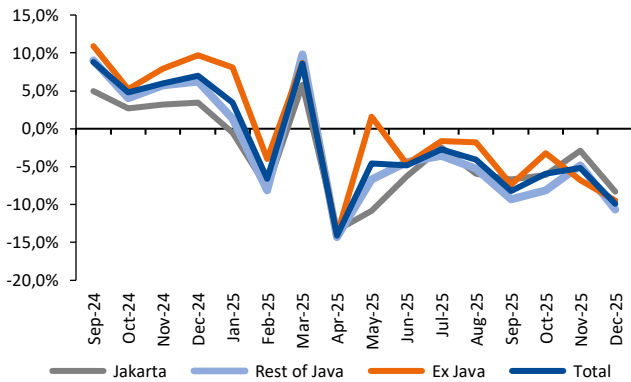
Source: BRIDS Survey

FY25 SSSG & sales growth

AZKO reported latest Dec25 SSSG at -9.9% despite the year-end seasonality. The management mentioned this was due to a high +7% SSSG baseline in Dec24 where heavier promotions were implemented to support the AZKO brand launch. **FY25 SSSG came at -4.2%, below our estimates of -1.0% (FY24: +8.8%).** All region recorded negative SSSG with Jakarta at -4.1%, Java ex-Jkt at -5.2%, and ex-Java: -3.1%.

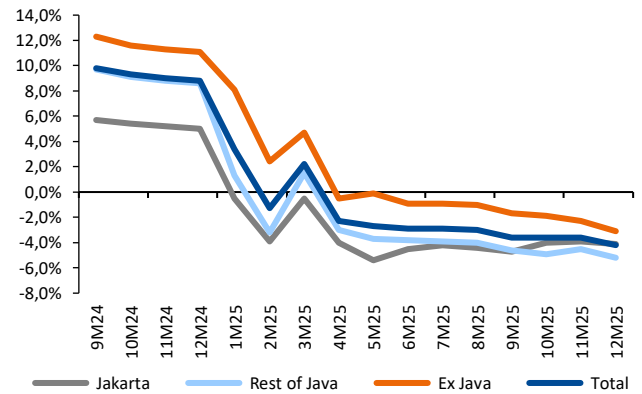
Indicative monthly sales reached Rp884bn in Dec25 (+22.1% mom/-3.0% yoy), which brought to a total **FY25 sales of Rp8.7tr (+1.9% yoy), broadly in line to our FY25 est. at 99%.**

Exhibit 13. ACES' Monthly SSSG



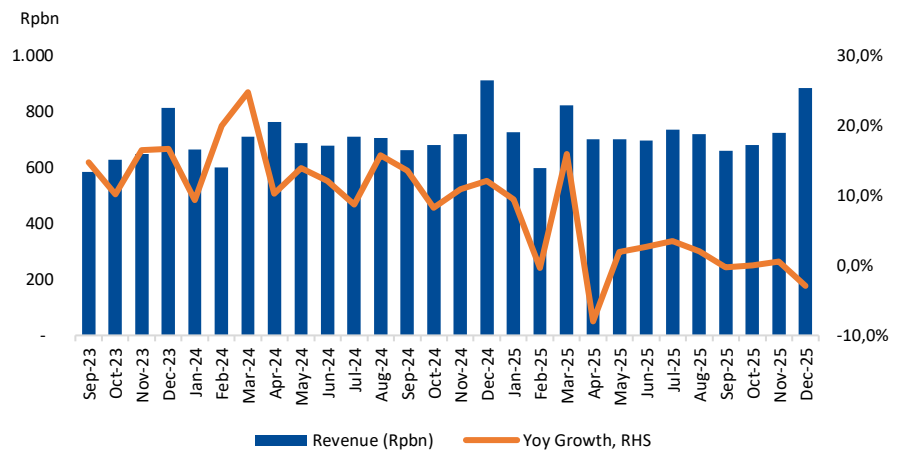
Source: Company

Exhibit 14. ACES' YTD SSSG



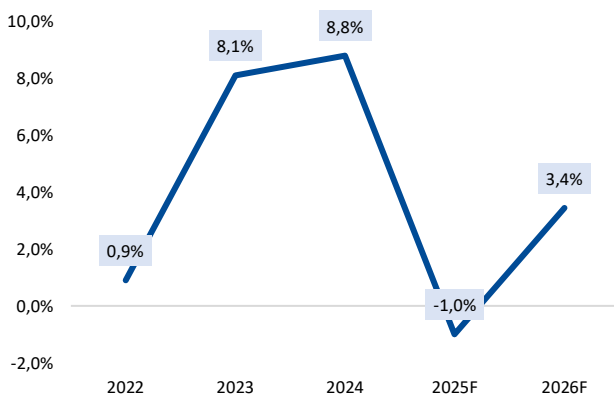
Source: Company

Exhibit 15. Monthly Revenue and YoY Growth



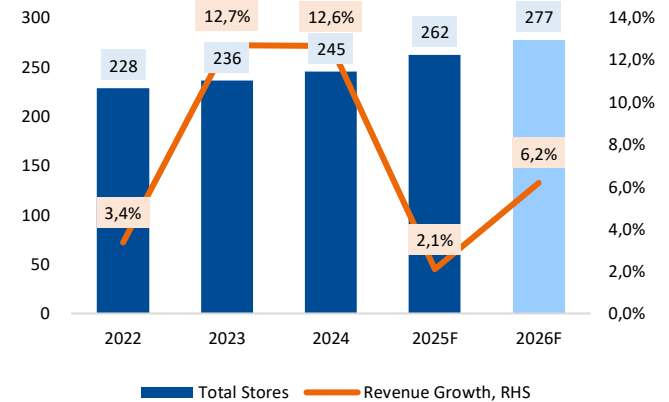
Source: Company, BRIDS

Exhibit 16. Yearly SSSG, 2022-26F



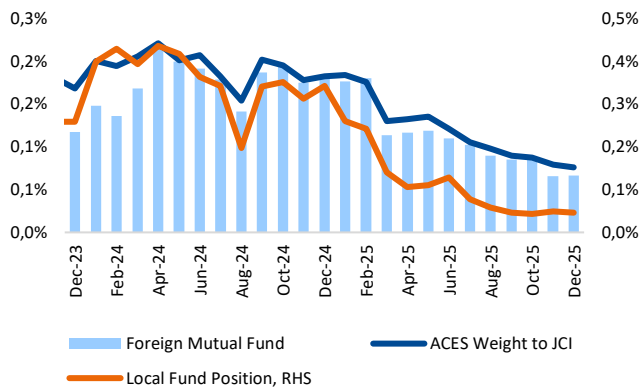
Source: Company, BRIDS Estimates

Exhibit 17. Revenue Growth and No. of Store, 2022-26F



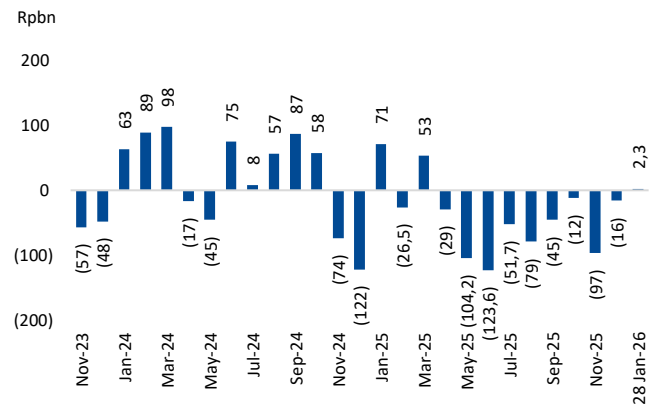
Source: Company, BRIDS Estimates

Exhibit 18. Weighting and Fund Position



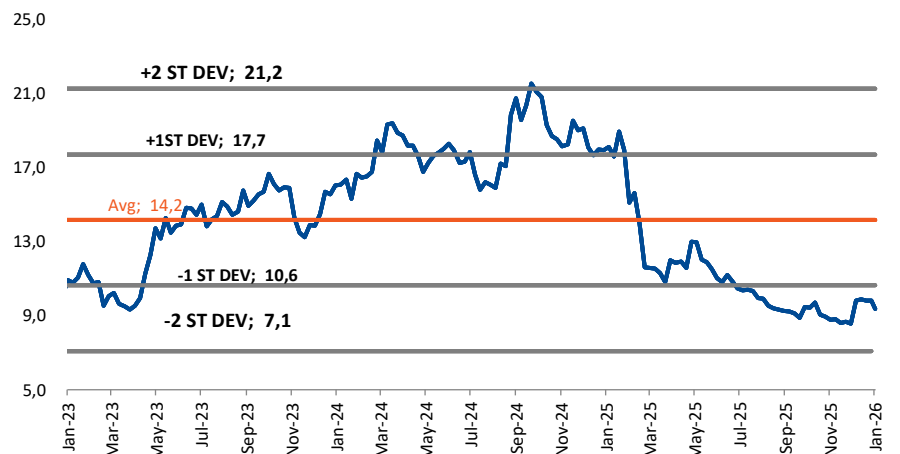
Source: KSEI, BRIDS

Exhibit 19. Historical Foreign Flows



Source: IDX, BRIDS

Exhibit 20. ACES' PE Band



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 21. Retail Peers Valuation

| Ticker | Rec | Target Price (Rp) | M.Cap (Rpbn) | P/E (x) | | P/BV (x) | | ROE (%) | | Dividend Yield (%) | | EPS Growth (%) | |
|---------------|-----|-------------------|--------------|-------------|------------|------------|------------|-------------|------------|--------------------|-------------|----------------|--|
| | | | | 2025F | 2026F | 2025F | 2026F | 2025F | 2025F | 2025F | 2026F | | |
| MAPI | Buy | 1,400 | 19,256.0 | 10.2 | 8.6 | 1.4 | 1.2 | 14.9 | 0.9 | 7.3 | 18.6 | | |
| MAPA | Buy | 800 | 19,382.7 | 12.6 | 10.6 | 2.3 | 1.9 | 20.0 | 0.7 | 13.3 | 18.8 | | |
| ACES | Buy | 550 | 6,745.4 | 9.5 | 8.2 | 1.0 | 0.9 | 10.7 | 5.3 | (20.1) | 15.5 | | |
| MIDI | Buy | 550 | 10,030.6 | 13.9 | 11.9 | 2.2 | 1.9 | 16.4 | 3.3 | 31.7 | 16.8 | | |
| Sector | | | | 11.6 | 9.9 | 1.8 | 1.6 | 16.5 | 1.8 | 10.5 | 18.0 | | |

Source: Company, Bloomberg, BRIDS Estimates

Exhibit 22. Income Statement

| Year to 31 Dec (Rpbn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|-------------------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 7,620 | 8,583 | 8,762 | 9,302 | 9,876 |
| COGS | (3,910) | (4,400) | (4,600) | (4,885) | (5,042) |
| Gross profit | 3,710 | 4,183 | 4,162 | 4,418 | 4,835 |
| EBITDA | 1,013 | 1,163 | 1,003 | 1,142 | 1,362 |
| Oper. profit | 869 | 1,024 | 868 | 1,002 | 1,217 |
| Interest income | 0 | 84 | 88 | 89 | 99 |
| Interest expense | (43) | (132) | (208) | (214) | (221) |
| Forex Gain/(Loss) | 0 | 0 | 0 | 0 | 0 |
| Income From Assoc. Co's | 0 | 0 | 0 | 0 | 0 |
| Other Income (Expenses) | 134 | 108 | 130 | 142 | 154 |
| Pre-tax profit | 961 | 1,083 | 878 | 1,018 | 1,250 |
| Income tax | (190) | (199) | (171) | (201) | (246) |
| Minority interest | 0 | 7 | 5 | 6 | (5) |
| Net profit | 770 | 892 | 713 | 823 | 999 |
| Core Net Profit | 770 | 892 | 713 | 823 | 999 |

Exhibit 23. Balance Sheet

| Year to 31 Dec (Rpbn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Cash & cash equivalent | 2,319 | 1,875 | 2,367 | 2,360 | 2,854 |
| Receivables | 199 | 45 | 46 | 49 | 52 |
| Inventory | 2,671 | 3,396 | 3,195 | 3,528 | 3,501 |
| Other Curr. Asset | 515 | 633 | 597 | 624 | 603 |
| Fixed assets - Net | 742 | 793 | 877 | 969 | 1,051 |
| Other non-curr.asset | 1,350 | 1,449 | 1,514 | 1,525 | 1,540 |
| Total asset | 7,795 | 8,191 | 8,596 | 9,055 | 9,600 |
| ST Debt | 274 | 292 | 306 | 322 | 338 |
| Payables | 123 | 191 | 200 | 212 | 219 |
| Other Curr. Liabilities | 369 | 390 | 408 | 427 | 445 |
| Long Term Debt | 602 | 628 | 628 | 628 | 628 |
| Other LT. Liabilities | 202 | 177 | 190 | 197 | 197 |
| Total Liabilities | 1,570 | 1,679 | 1,732 | 1,786 | 1,827 |
| Shareholder's Funds | 6,150 | 6,476 | 6,832 | 7,244 | 7,743 |
| Minority interests | 75 | 36 | 31 | 25 | 30 |
| Total Equity & Liabilities | 7,794 | 8,191 | 8,596 | 9,055 | 9,600 |

Exhibit 24. Cash Flow

| Year to 31 Dec (Rpbn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| Net income | 770 | 892 | 713 | 823 | 999 |
| Depreciation and Amort. | 143 | 139 | 135 | 140 | 145 |
| Change in Working Capital | 28 | (504) | 209 | (323) | 30 |
| Other Oper. Cash Flow | 6 | (106) | 115 | 107 | 151 |
| Operating Cash Flow | 948 | 421 | 1,172 | 747 | 1,326 |
| Capex | (126) | (190) | (219) | (233) | (227) |
| Others Inv. Cash Flow | 0 | 84 | 88 | 89 | 99 |
| Investing Cash Flow | (126) | (106) | (131) | (143) | (128) |
| Net change in debt | 167 | 45 | 15 | 15 | 16 |
| New Capital | (46) | (43) | 0 | 0 | 0 |
| Dividend payment | (517) | (554) | (356) | (412) | (500) |
| Other Fin. Cash Flow | (43) | (132) | (208) | (214) | (221) |
| Financing Cash Flow | (439) | (684) | (549) | (611) | (704) |
| Net Change in Cash | 382 | (369) | 491 | (7) | 494 |
| Cash - begin of the year | 2,190 | 2,319 | 1,875 | 2,367 | 2,360 |
| Cash - end of the year | 2,319 | 1,875 | 2,367 | 2,360 | 2,854 |

Exhibit 25. Key Ratio

| Year to 31 Dec | 2023A | 2024A | 2025F | 2026F | 2027F |
|--------------------------|-------|-------|--------|-------|-------|
| Growth (%) | | | | | |
| Sales | 12.7 | 12.6 | 2.1 | 6.2 | 6.2 |
| EBITDA | 15.0 | 14.8 | (13.7) | 13.8 | 19.3 |
| Operating profit | 16.4 | 17.8 | (15.2) | 15.4 | 21.5 |
| Net profit | 16.0 | 15.8 | (20.1) | 15.5 | 21.4 |
| Profitability (%) | | | | | |
| Gross margin | 48.7 | 48.7 | 47.5 | 47.5 | 49.0 |
| EBITDA margin | 13.3 | 13.5 | 11.4 | 12.3 | 13.8 |
| Operating margin | 11.4 | 11.9 | 9.9 | 10.8 | 12.3 |
| Net margin | 10.1 | 10.4 | 8.1 | 8.8 | 10.1 |
| ROAA | 10.2 | 11.2 | 8.5 | 9.3 | 10.7 |
| ROAE | 12.8 | 14.1 | 10.7 | 11.7 | 13.3 |
| Leverage | | | | | |
| Net Gearing (x) | (0.2) | (0.1) | (0.2) | (0.2) | (0.2) |
| Interest Coverage (x) | 20.3 | 7.7 | 4.2 | 4.7 | 5.5 |

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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