

Monday, 15 November 2021

BUY
Maintain

Last price (IDR) 875
Target Price (IDR) 1,100
Upside/Downside +25.7%
Previous Target Price (IDR) 900

Stock Statistics

Sector Retail
Bloomberg Ticker MAPI IJ
No of Shrs (mn) 16,600
Mkt. Cap (IDRbn/USDmn) 14,525/1,020
Avg. daily T/O (IDRbn/USDmn) 12.2/0.9

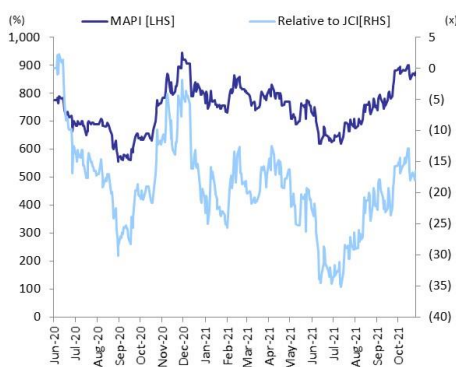
Major shareholders (%)

PT Satya Mulia Gema Gemilang 56.0
Estimated free float 44.0

EPS Consensus (IDR)

	2021F	2022F	2023F
Danareksa	12.7	44.8	57.5
Consensus	23.4	49.9	63.8
Danareksa/Cons	(46.0)	(10.2)	(9.8)

MAPI relative to JCI Index



Source : Bloomberg



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Mitra Adiperkasa(MAPI IJ)

Dip Before Sustainable Bounce

MAPI's 9M21 earnings swung to losses of IDR31.1bn, after hefty net losses of IDR320.1bn in 3Q21, below our estimate and the consensus. The 9M21 sales of IDR12.1tn (+18.8% yoy) were decent considering the store closures and SSSG was still at 9% in 9M21, despite -25% in 3Q21. 4Q21 will be a normal quarter. The 9M21 GP margin was slightly lower yoy at 41.6%, still far-off normal years level, while the 1.6% yoy decline in the 3Q21 opex could not offset the lower GP margin. We revise down our 21F earnings estimate by nearly half as we assume a lower GPM, while keeping our 22F earnings estimate relatively flat. We maintain our BUY call with a 2022F TP of IDR1,100 (+IDR200) as we apply a +0.5STD multiple from previously an average PE to price in the optimism stemming from the progress made in tackling Covid-19, boding well for a normal FY in 2022F, we believe.

9M21 in-line sales, below-expected earnings. Despite the store closures back in Jul-mid August, SSSG was still better than in 2Q20 when Covid-19 first struck with the 3Q21 SSSG at -25% (2Q21: +138%). The 3Q21 sales reached IDR2.9tn (-12.8% yoy, -38.9% qoq) and the 9M21 sales reached IDR9.1tn (+34.5% yoy) or in-line with our estimate, but below the consensus. The GPM of 38.2% is still -2.0p.p vs 3Q20 reflecting efforts to spur sales and clear out inventories, thus leading to net losses of IDR320.1bn in 3Q21. The 9M21 profitability swung to negative IDR31.1bn, i.e. below our estimate and the consensus.

4Q21: a normal quarter given that Jakarta is at level-1 PPKM and Covid-19 cases are consistently below the 1k/day mark. The 4Q21 earnings will approach IDR300bn in our 21F estimate as vaccinations have reached 47% of the population and the recent news on Covid-19 medications pushed for 4Q21 distribution should minimize the risk of a third wave. Mall traffic has breach past above the baseline since Oct-21 now at +4%, spurring optimism on normal sales. Some precautionary measures, however, have been undertaken by the government as the Christmas and New Year Holidays have been annulled for the year to control crowds, with odd-even number plates in Bandung and Bogor, just to name a few of the measures.

Earnings revised by -44.2% for 21F and +1.1% for 22F. We revisited our figures to take into account the better sales outlook in 4Q21 and 22F, but with more moderate GPM assumptions. The result is a revision in earnings by -44.2% for 2021F and +1.1% for 2022F, with net income estimates of IDR210.0bn and IDR744.4bn, respectively.

Maintain BUY, 2022F TP of IDR1,100 (+IDR200). As we raise our target multiple to +0.5STD of 25.3x (prev +1STD at 21.3x). MAPI is currently trading at 19.5x 2022F PE, still below the average of its historical multiple, offering decent upside, in our opinion.

Key Financials

Year to 31 Dec	2019A	2020A	2021F	2022F	2023F
Revenue (IDRbn)	21,579	14,847	16,658	19,838	21,934
EBITDA (IDRbn)	2,764	787	1,610	2,588	2,959
EBITDA Growth (%)	21.5	(71.5)	104.7	60.8	14.3
Net profit (IDRbn)	933	(554)	210	744	955
EPS (IDR)	56.2	(33.4)	12.7	44.8	57.5
EPS growth (%)	27.0	(159.3)	(137.9)	254.5	28.3
BVPS (IDR)	371.7	322.2	336.5	380.1	430.9
DPS (IDR)	10.0	10.7	(1.7)	1.3	6.7
PER (x)	15.6	n/m	69.2	19.5	15.2
PBV (x)	2.4	2.7	2.6	2.3	2.0
Dividend yield (%)	1.1	1.2	(0.2)	0.1	0.8
EV/EBITDA (x)	5.3	18.1	7.5	4.4	3.5

Source : MAPI, Danareksa Estimates

Exhibit 1. 9M21 achievement is below on store closures and lower GPM

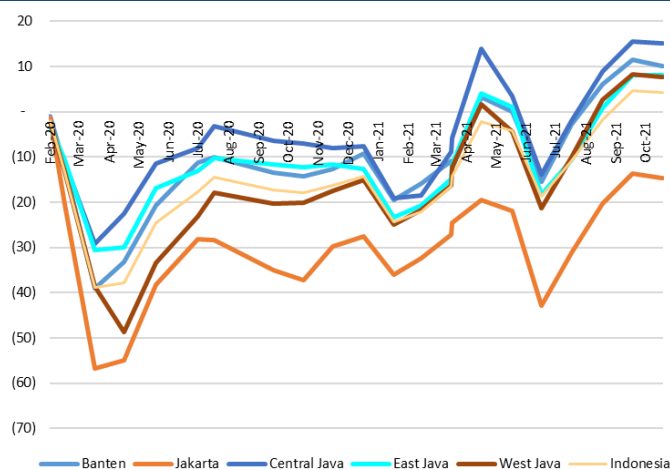
MAPI (in IDR bn)	3Q20	2Q21	3Q21	yoy	qoq	9M20	9M21	yoy	2021	% DS	Cons.	% Cons
Sales	3,377	4,822	2,946	-12.8%	-38.9%	10,169	12,080	18.8%	16,272	74.2%	18,638	64.8%
Gross profits	1,358	2,099	1,126	-17.1%	-46.4%	4,250	5,022	18.2%	7,351	68.3%	8,343	60.2%
Operating profits	(129)	496	(296)	129.3%	-159.6%	(460)	388	NM	1,017	38.2%	1,218	31.9%
Pretax profits	(263)	363	(465)	76.4%	-228.2%	(863)	(61)	NM	671	-9.1%	816	-7.5%
Net profits	(197)	261	(355)	79.9%	-236.1%	(605)	(83)	NM	377	-22.2%	550	-15.2%
Core Net Profit	(209)	254	(320.1)	53.0%	-225.8%	(475)	(31.1)	NM	410	-7.6%	550	-5.7%
Margins												
Gross Profit	40.2%	43.5%	38.2%			41.8%	41.6%		45.2%		44.8%	
Operating Profit	-3.8%	10.3%	-10.0%			-4.5%	3.2%		6.2%		6.5%	
Pretax Profit	-7.8%	7.5%	-15.8%			-8.5%	-0.5%		4.1%		4.4%	
Net Profit	-5.8%	5.4%	-12.1%			-6.0%	-0.7%		2.3%		3.0%	

Source: Company, Danareksa Sekuritas

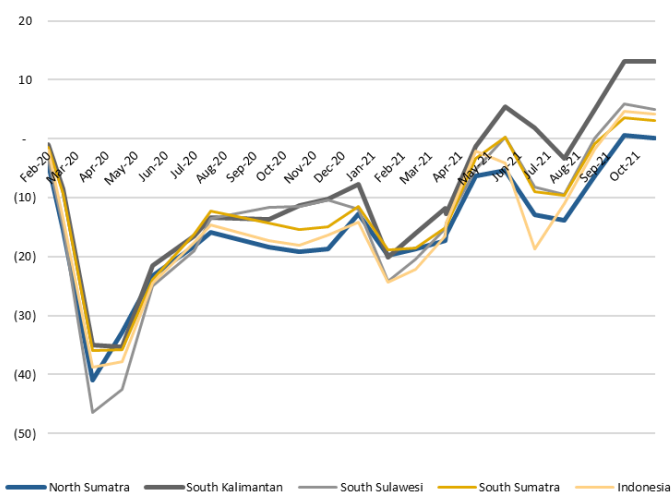
Exhibit 2. Slightly higher sales, lower margin, 2022F is inched up vs our previous figures

In IDR bn	Before		After		Changes	
	2021F	2022F	2021F	2022F	2021F	2022F
Net Sales	16,272	19,390	16,658	19,838	2.4%	2.3%
Gross profit	7,351	8,971	7,126	8,990	-3.1%	0.2%
EBIT	1,017	1,657	713	1,642	-29.9%	-0.9%
EBT	671	1,308	395	1,291	-41.1%	-1.3%
Net profits	377	737	210.0	744.4	-44.2%	1.1%
Margins (%)						
Gross profit	45.2%	46.3%	42.8%	45.3%		
EBIT	6.2%	8.5%	4.3%	8.3%		
EBT	4.1%	6.7%	2.4%	6.5%		
Net Income	2.3%	3.8%	1.3%	3.8%		

Source: Company, Danareksa Sekuritas

Exhibit 3. Java is back to positive territory for the second consecutive month, Jakarta edging closer to neutral level. Bullish for 4Q21 sales outlook


Source: Google Mobility Report, Danareksa Sekuritas

Exhibit 4. Likewise in Ex Java, as the major provinces all averaging above pre-covid-19 baseline level


Source: Google Mobility Report, Danareksa Sekuritas

Exhibit 5. Income Statement

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Revenue	21,579	14,847	16,658	19,838	21,934
COGS	(11,323)	(8,666)	(9,531)	(10,848)	(11,811)
Gross profit	10,256	6,181	7,126	8,990	10,123
EBITDA	2,764	787	1,610	2,588	2,959
Oper. profit	1,931	(57)	713	1,642	1,956
Interest income	46	70	60	77	85
Interest expense	(212)	(552)	(355)	(381)	(394)
Forex Gain/(Loss)	0	(9)	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	(139)	(176)	(23)	(48)	(48)
Pre-tax profit	1,626	(724)	395	1,291	1,599
Income tax	(462)	139	(86)	(299)	(339)
Minority interest	(230)	32	(99)	(247)	(304)
Net profit	933	(554)	210	744	955
Core Net Profit	933	(545)	210	744	955

Exhibit 6. Balance Sheet

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Cash & cash equivalent	1,817	2,788	3,436	3,768	4,132
Receivables	596	508	570	679	750
Inventory	3,615	3,715	3,134	3,507	3,754
Other Curr. Asset	1,678	850	858	867	876
Fixed assets - Net	3,785	3,365	3,105	3,156	3,364
Other non-curr.asset	1,992	6,121	6,288	6,329	6,346
Total asset	13,937	17,650	17,695	18,611	19,526
ST Debt	1,902	2,504	1,002	502	2
Payables	2,550	2,486	2,734	3,112	3,388
Other Curr. Liabilities	1,221	2,355	2,162	2,167	2,172
Long Term Debt	6	0	0	0	0
Other LT. Liabilities	887	3,806	4,355	4,392	4,401
Total Liabilities	6,567	11,151	10,253	10,172	9,963
Shareholder's Funds	6,171	5,349	5,586	6,310	7,153
Minority interests	1,200	1,151	1,856	2,129	2,410
Total Equity & Liabilities	13,937	17,651	17,696	18,611	19,526

Exhibit 7. Cash Flow

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Net income	933	(554)	210	744	955
Depreciation and Amort.	833	843	897	946	1,004
Change in Working Capital	254	(76)	768	(105)	(42)
Other Oper. Cash Flow	328	1,216	253	313	319
Operating Cash Flow	2,348	1,429	2,127	1,899	2,236
Capex	(1,149)	(419)	(630)	(991)	(1,205)
Others Inv. Cash Flow	(95)	4	46	64	71
Investing Cash Flow	(1,244)	(415)	(584)	(927)	(1,134)
Net change in debt	(863)	4,894	(1,112)	(477)	(504)
New Capital	2	508	0	0	0
Dividend payment	(165)	(178)	28	(21)	(112)
Other Fin. Cash Flow	326	(1,199)	351	(108)	(113)
Financing Cash Flow	(700)	4,024	(734)	(606)	(729)
Net Change in Cash	405	5,039	810	366	373
Cash - begin of the year	1,412	1,817	2,788	3,436	3,768
Cash - end of the year	1,817	2,788	3,436	3,768	4,132

Exhibit 8. Key Ratios

Year to 31 Dec	2019A	2020A	2021F	2022F	2023F
Growth (%)					
Sales	14.0	(31.2)	12.2	19.1	10.6
EBITDA	21.5	(71.5)	104.7	60.8	14.3
Operating profit	28.2	(102.9)	(1,353.2)	130.5	19.1
Net profit	27.0	(159.3)	(137.9)	254.5	28.3
Profitability (%)					
Gross margin	47.5	41.6	42.8	45.3	46.2
EBITDA margin	12.8	5.3	9.7	13.0	13.5
Operating margin	8.9	(0.4)	4.3	8.3	8.9
Net margin	4.3	(3.7)	1.3	3.8	4.4
ROAA	7.0	(3.5)	1.2	4.1	5.0
ROAE	16.1	(9.6)	3.8	12.5	14.2
Leverage					
Net Gearing (x)	0.0	0.0	(0.3)	(0.4)	(0.4)
Interest Coverage (x)	9.1	(0.1)	2.0	4.3	5.0

Source : MAPI, Danareksa Estimates

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