

Mitra Adiperkasa Tbk (MAPI IJ)

Overshadowed by a Prolonged PSBB

Retail has been one of the industries being hit the hardest by the pandemic, especially during 2Q20. However, we still believe MAPI could bounce back stronger in 2H20, mostly driven by the recovery in SSSG and all series of strategies made by MAPI's management. Therefore, we maintain our BUY recommendation on MAPI.

MAPI's 2Q20 Performance Worse than Our Expectation

As of 2Q20, we had previously predicted lower earnings and revenue amid the initial phase of nationwide lockdown. However, the reported figure is still worse than our expectation. MAPI recorded net loss of IDR416bn, which also a far cry from the prior year's IDR361bn profit. 2Q20 revenue declined -61.0% YoY to IDR2.08tn, attributable to 58% of MAPI's tenants temporarily closing and the slowdown in consumer demand. Breaking down into sales segment details, special store was down by -68.5% YoY to IDR 1.2 tn. F&B and dept. stores also declined by -61.9% YoY and -44.6% YoY, respectively. In the face of significant challenges, MAPI's management did a tremendous job to become more efficient by slashing COGS almost by half to IDR1.3tn.

Negative SSSG, Low GM Hurt Earnings

In 1H20, MAPI's margins remained compressed as SSSG from all segments continued to book negative SSSG at -24% YoY, compared to 3% in 1H19. F&B segment registered the biggest SSSG drop to -34% YoY, due to restaurants ordered to serve takeaways only. While accounting to 32% of MAPI's total revenue, Map Active (MAPA) business line also recorded a sharp drop in SSSG to -28% YoY. Both reduction in sales and negative SSSG during the period, resulted in gross profit falling 72.9% YoY to IDR 743bn, along with GM declining to 35.7% (vs 51.4% in 2Q19).

Extended Lockdown Brings More Burden for Retailers

The Jakarta Government made an announcement that the capital will re-impose a citywide large scale social restrictions (PSBB) starting 14 September 2020. We consider the extended PSBB will bring more burdens for retailer, given the fact that seasonal sales reliably spike in the fourth quarter for a number of retailers. In the meantime, we also have yet to see a notable recovery in discretionary spending, although some retailers held some promotional activities to stimulate sales in the 3Q, in order to sell their excess stocks during the closure of malls.

Maintain BUY

We maintain our BUY recommendation on MAPI with a TP of IDR870, which was derived using a sum-of-the-parts (SOTP) methodology to better reflect the value of each unit. We believe MAPI's management already did their best efforts to minimize the negative impact from these current situations. Thus, we estimated SSSG in 3Q/4Q20 will be around -16%/-10%, respectively. Key risks to our BUY recommendation are: a prolonged PSBB in Jakarta area, USD/IDR depreciation, and slower than expected economic growth.

Mitra Adiperkasa Tbk | Summary (IDR bn)

	2019	2020E	2021F	2022F
Revenue	21.579	13.019	14.412	16.185
Revenue growth	14,0%	-39,7%	10,7%	12,3%
EBITDA	2.759	585	1.480	1.674
Net Profit	934	(401)	81	207
EPS (IDR)	56	(24)	5	12
EPS growth	26,9%	-142,9%	-120,2%	154,7%
NPM	4,3%	-3,1%	0,6%	1,3%
ROE	13,9%	-5,6%	1,2%	2,9%
ROA	7,0%	-2,5%	0,5%	1,2%
ROIC	15,6%	-2,4%	4,6%	5,8%
P/E	18,8x	-29,8x	147,4x	57,9x
P/BV	2,4x	1,7x	1,7x	1,6x
EV/EBITDA	5,1x	13,0x	4,8x	4,1x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia



Company Report | Sept 14, 2020

BUY

Target Price (IDR)	870
Consensus Price (IDR)	857
TP to Consensus Price	+1.6%
vs. Last Price	+30.9%

Shares data

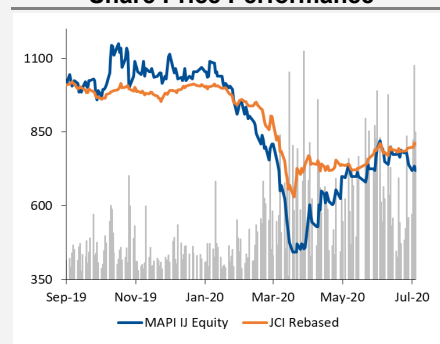
Last Price (IDR)	665
Price date as of	Sept 09, 2020
52 wk range (Hi/Lo)	1,150 / 785
Free float (%)	49.0
Outstanding sh.(mn)	16,600
Market Cap (IDR bn)	9,960
Market Cap (USD mn)	665
Avg. Trd Vol - 3M (mn)	26.21
Avg. Trd Val - 3M (bn)	18.7
Foreign Ownership	22.4%

Trade, Services & Investment

Retail

Bloomberg	MAPI IJ
Reuters	MAPIJK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-37.6%	-5.0%	-16.4%	-34.2%
Rel. Ret.	-20.8%	-6.7%	-22.1%	-17.1%

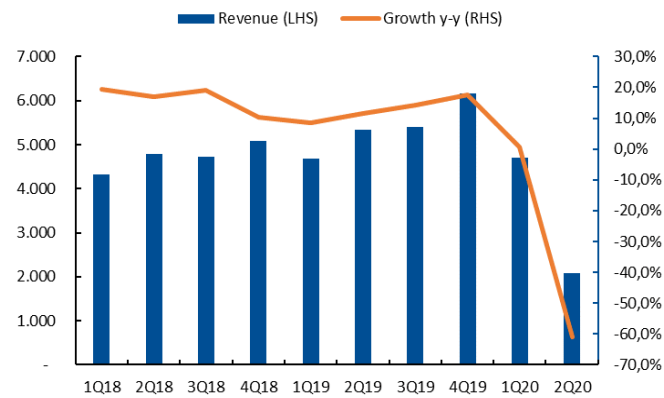
Putu Chantika Putri D

+62 21 5088 9129

Putu.chantika@nhsec.co.id

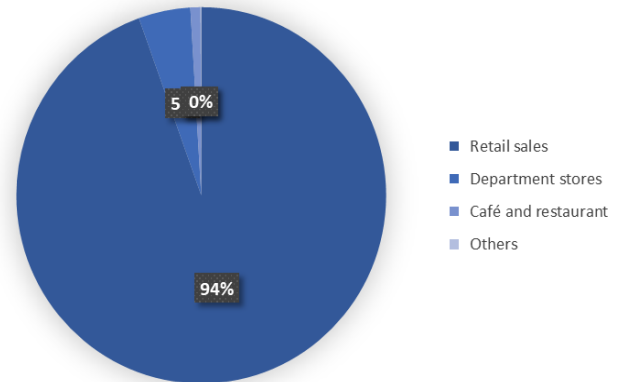
Performance Highlights

MAPI Quarterly Net Revenues | 2Q18 - 2Q20



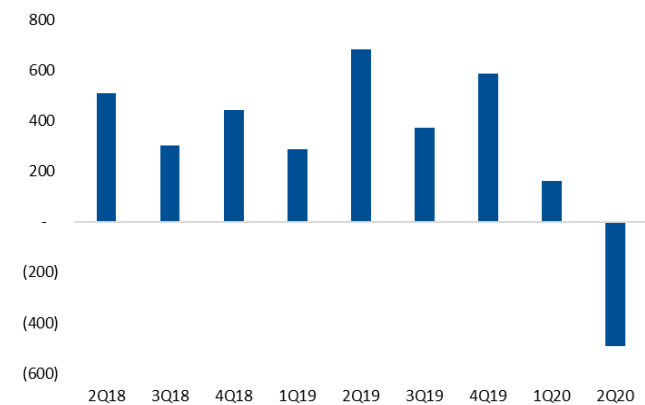
Source: Company, NHKSI Research

MAPI Revenue Breakdown | 2Q20



Source: Company, NHKSI Research

EBIT | 2Q18 - 2Q20



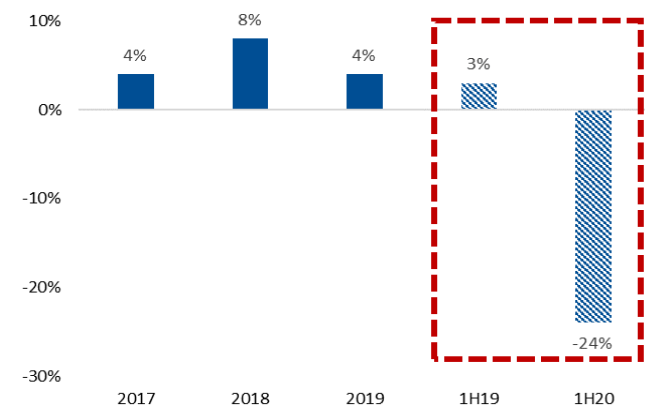
Source: Company, NHKSI Research

COGS | 2Q20



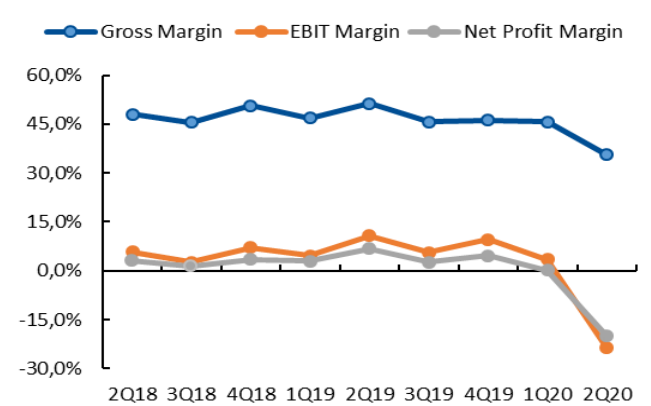
Source: Company, NHKSI Research

MAPI SSSG | 2Q20



Source: Company, NHKSI Research

Margin Ratios | 2Q18 - 2Q20



Source: Company, NHKSI Research

2Q20 review (IDR bn)

	2Q19	3Q19	4Q19	1Q20	2Q20					3Q20E
					Actual	Estimate	y-y	q-q	surprise	
Revenue	5.336	5.393	6.169	4.708	2.083	4.522	-61,0%	-55,8%	-53,9%	2.702
Gross Profit	2.741	2.471	2.846	2.149	743	2.166	-72,9%	-65,4%	-65,7%	1.129
<i>Gross Margin</i>	51,4%	45,8%	46,1%	45,6%	35,7%	47,9%	-15,7%	-10,0%	-12,2%	41,8%
EBIT	683	372	589	161	492	297	-172,1%	-405,1%	-265,8%	187
<i>EBIT Margin</i>	12,8%	6,9%	9,5%	3,4%	-23,6%	6,6%	-36,4%	-27,1%	-30,2%	-6,9%
EBITDA	886	584	801	382	273	531	-130,9%	-171,5%	-151,5%	44
<i>EBITDA Margin</i>	16,6%	10,8%	13,0%	8,1%	-13,1%	11,7%	-29,7%	-21,2%	-24,9%	1,6%
Net Profit	361	144	291	8	416	32	-215,2%	-5249,4%	1400,1%	105
<i>Net Margin</i>	6,8%	2,7%	4,7%	0,2%	-20,0%	0,7%	-26,7%	-20,1%	-20,7%	-3,9%

Source: Bloomberg, NHKSI research

Earnings revision (IDR bn)

		2019A	2020E	2021F
Revenue	-Revised	21.579	13.019	14.412
	-Previous	21.092	23.726	20.014
	-Change	2,3%	-45,1%	-28,0%
Gross Profit	-Revised	10.256	5.833	7.134
	-Previous	10.135	11.451	9.513
	-Change	1,2%	-49,1%	-25,0%
Gross Margin	-Revised	47,5%	44,8%	49,5%
	-Previous	48,1%	48,3%	47,5%
EBIT	-Revised	1.931	314	633
	-Previous	1.729	1.982	1.411
	-Change	11,7%	-115,8%	-55,1%
EBIT Margin	-Revised	8,9%	-2,4%	4,4%
	-Previous	8,2%	8,4%	7,1%
EBITDA	-Revised	2.759	585	1.480
	-Previous	2.600	2.845	2.279
	-Change	6,1%	-79,5%	-35,1%
EBITDA Margin	-Revised	12,8%	4,5%	10,3%
	-Previous	12,3%	12,0%	11,4%
Net Profit	-Revised	934	401	81
	-Previous	875	1.033	504
	-Change	6,7%	-138,8%	-83,9%
Net Margin	-Revised	4,3%	-3,1%	0,6%
	-Previous	4,1%	4,4%	2,5%

Source: NHKSI research

MAPI at A Glance

MAPI as one of the leading retailers in Indonesia boasts of its ample branded portfolios — more than 154 globally marketed brands. Founded in 1995, it initially focused only on sports products. Now, it establishes a well-nurtured business in vast lines of sports products, fashion, department stores, food & beverages, kids products, lifestyle targeted to the middle-to-high income individuals.

Not only does MAPI run its business in Indonesia but it also expands its markets in neighboring countries: Singapore, Malaysia, Thailand, Australia, etc. The launch of Zara's first store in Vietnam market in 2016 portrayed its agile market expansion. Indeed, it dominates the Indonesian market with more than 2,320 retail stores across 71 big cities

Indonesian Retail Industry in ASEAN

Indonesia is the first most populous nation in ASEAN; such characteristic develops Indonesia into a lucrative market for the retail business. Top retailers, i.e. LPPF, RALS, MAPI with their stores across Indonesia dominate the Indonesian market.

SOTP Valuation

	% Revenue	2021 EBITDA	Multiples	Value
Active (MAPA)	32%	1.180	9,3x	10.915
F&B (MAPB)	15%	228	4,3x	980
Fashion—Specialty Stores + Others	33%	200	11,3x	2.260
Department Stores	20%	193	4,1x	799
Add : Cash				2.175
Deduct : Debt				(2.680)
<u>Net Equity Value</u>				<u>14.450</u>
Holding Discount				0
Equity Per Share				870
Discount SOTP at Current Price				31%

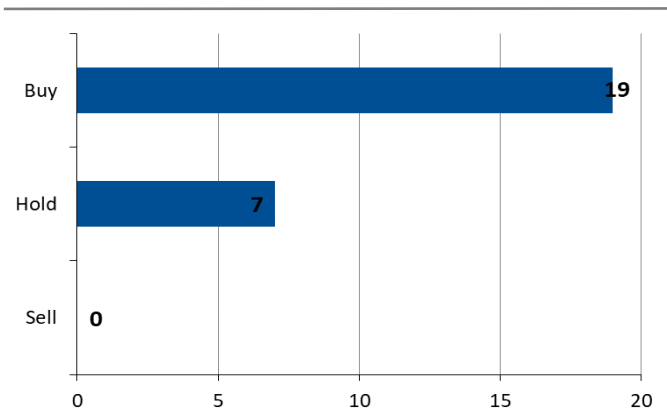
Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
13/07/2020	Buy	870	720	857	20.8%	1.5%
8/19/2019	Buy	1,200	990	1,118	21.2%	7.4%
4/9/2018	Buy	945	790	866	19.6%	9.1%
7/19/2018	Buy	945	800	818	18.1%	15.5%
9/4/2018	Buy	945	815	1,011	16.0%	-6.5%
8/12/2010	Buy	1,200	1,685	1,118	21.2%	7.3%

Source: NHKSI research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

- Period: End of year target price
- Rating system based on a stock's absolute return from the date of publication
 - Buy : Greater than +15%
 - Hold : -15% to +15%
 - Sell : Less than -15%

Summary of Financials

INCOME STATEMENT

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Sales	21.579	13.019	14.412	16.185
<i>Growth</i>	<i>14,0%</i>	<i>-39,7%</i>	<i>10,7%</i>	<i>12,3%</i>
Cost of Good Sold	(11.323)	(7.185)	(7.278)	(7.445)
Gross Profit	10.256	5.833	7.134	8.740
<i>Gross Margin</i>	<i>47,5%</i>	<i>44,8%</i>	<i>49,5%</i>	<i>54,0%</i>
Operating Expenses	(8.325)	(6.147)	(6.501)	(7.978)
EBIT	1.931	(314)	633	762
<i>EBIT Margin</i>	<i>8,9%</i>	<i>-2,4%</i>	<i>4,4%</i>	<i>4,7%</i>
Depreciation	828	899	847	912
EBITDA	2.759	585	1.480	1.674
<i>EBITDA Margin</i>	<i>12,8%</i>	<i>4,5%</i>	<i>10,3%</i>	<i>10,3%</i>
Interest Expenses	(212)	(573)	(462)	(429)
EBT	1.626	(778)	287	462
Income Tax	(462)	198	(83)	(118)
Minority Interest	(230)	180	(123)	(138)
Net Profit	934	(401)	81	207
<i>Growth</i>	<i>26,9%</i>	<i>-142,9%</i>	<i>-120,2%</i>	<i>154,7%</i>
<i>Net Profit Margin</i>	<i>4,3%</i>	<i>-3,1%</i>	<i>0,6%</i>	<i>1,3%</i>

PROFITABILITY & STABILITY

	2019/12A	2020/12E	2021/12E	2022/12E
ROE	13,9%	-5,6%	1,2%	2,9%
ROA	7,0%	-2,5%	0,5%	1,2%
ROIC	15,6%	-2,4%	4,6%	5,8%
Cash Dividend (IDR bn)	165	-	(136)	28
Dividend Yield	0,9%	0,0%	-1,1%	0,2%
Payout Ratio	17,7%	0,0%	-167,9%	13,3%
DER	20,3%	42,0%	37,7%	34,0%
Net Gearing	0,0%	0,0%	0,0%	0,0%
LT Debt to Equity	0,0%	0,0%	0,0%	0,0%
Capitalization Ratio	16,8%	29,6%	27,4%	25,4%
Equity Ratio	52,9%	38,8%	42,3%	39,5%
Debt Ratio	10,7%	16,3%	15,9%	13,4%
Financial Leverage	197,8%	222,3%	247,1%	245,0%
Current Ratio	143,8%	104,1%	110,6%	111,8%
Par Value (IDR)	500	500	500	500
Total Shares (mn)	16.600	16.600	16.600	16.600
Share Price (IDR)	1.055	720	720	720
Market Cap (IDR tn)	17,5	12,0	12,0	12,0

BALANCE SHEET

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Cash	1.817	1.500	2.175	2.698
Receivables	408	135	457	208
Inventories	3.615	3.550	1.754	3.060
Total Current Assets	8.160	7.100	6.386	8.051
Net Fixed Assets	3.785	3.810	3.705	3.585
Other Non Current Assets	945	894	864	899
Total Assets	13.937	17.660	16.838	18.433
Payables	1.758	526	1.628	412
ST Bank Loan	1.493	2.875	2.680	2.476
LT Debt	-	-	-	-
Total Liabilities	6.567	10.814	9.722	11.152
Capital Stock	830	830	830	830
Retained Earnings	3.637	3.236	3.453	3.632
Shareholders' Equity	7.371	6.846	7.115	7.281

VALUATION INDEX

	2019/12A	2020/12E	2021/12E	2022/12E
Price /Earnings	18,8x	-29,8x	147,4x	57,9x
Price /Book Value	2,4x	1,7x	1,7x	1,6x
Price/Revenue	0,8x	0,9x	0,8x	0,7x
PE/EPS Growth	0,7x	0,2x	-1,2x	0,4x
EV/EBITDA	5,1x	13,0x	4,8x	4,1x
EV/EBIT	7,4x	-24,1x	11,2x	8,9x
EV (IDR bn)	14.204	7.576	7.097	6.778
Revenue CAGR (3-Yr)	15,1%	-7,2%	-8,7%	-9,1%
EPS CAGR (3-Yr)	64,8%	-206,2%	-52,1%	-39,5%
Basic EPS (IDR)	56	(24)	5	12
Diluted EPS (IDR)	56	(24)	5	12
BVPS (IDR)	444,01	412	429	439
Revenue PS (IDR)	1.300	784	868	975
DPS (IDR)	10,0	-	(8,2)	1,7

CASH FLOW STATEMENT

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Operating Cash Flow	2.373	(1.937)	1.463	1.610
Investing Cash Flow	(799)	(727)	(781)	(842)
Financing Cash Flow	(1.177)	2.440	(7)	(245)
Net Changes in Cash	397	(224)	675	522

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	79,5	Satya Mulia Gema 51,0
United States	10,0	Schroder Investment 3,5
Norway	4,0	Norges Bank 3,2
Luxembourg	3,8	E Ohman Fonder 2,3

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