

# Mitra Adiperkasa (MAPI)

## Robust growth from all segments

### Recovery is on the way

Following a solid performance in 4Q21, MAPI delivered another strong result in 1Q22. Despite the Omicron outbreak in early 2022, its revenues exceeded 1Q19 levels by 20%, and core profit (excl. one-off gain from Burger King divestment) jumped ~10x from the low base last year, or implying 166% of 1Q19's. Online sales grew 32% YoY, forming 10.3% of sales (vs. 1Q21: 10.2%, FY21: 13%). We attribute the robust growth to returning mall traffic as well as the expanding online channels. The solid growth across channels, in our view, demonstrates customer loyalty to its brands. Looking at the current rate, we are positive that MAPI can book 18.8% sales growth by the end of 2022, translating into IDR 1tn net profit (~10% above of 2019 level).

### Active business line as the main growth driver....

As the Covid-19 restrictions continued to ease, we believe apparel chains were among the main beneficiaries as consumers looked for outfits to wear to social occasions. Lately, the trend of athleisure wear (a mix of "athletic" and "leisure", referring to athletic attire that may be worn in non-athletic contexts) has become highly popular among Indonesians. From fashion sneakers to yoga pants, they are becoming more common in public, non-athletic settings. As the leading sportswear retailer, and with recent launch of Foot Locker, we believe MAPI's active segment should benefit from the increasing demand for fashionable sportswear.

### ..while Fashion and F&B continue their upward trajectory

After facing two years of disruptions, we think fashion segment is regaining its footing. The pent-up demand in mid-high class should boost MAPI's fashion brand, especially the Inditex brand (Zara, Pull&Bear, Bershka, etc). Besides that, we also think F&B category would recover substantially, as consumers may begin to seek face-to-face conversation after cafes & restaurants are able to fully resume indoor services. In all, we forecast blended specialty stores (active, fashion, and digital) / F&B to post 12% / 12% SSSG in FY22F.

### Re-initiate coverage with BUY recommendation with TP of IDR 1,100

Our TP implies 18x FY22F PE (its 5-yr mean excl. Covid). We are positive that MAPI would continue to deliver promising growth on the back of mall re-opening theme, supported by its strong brand portfolios and dominant footprints in shopping malls.

	2020A	2021A	2022F	2023F	2024F
Sales (IDR bn)	14,847	18,424	21,887	23,783	25,118
GP (IDR bn)	6,181	7,693	9,600	10,484	11,155
OP (IDR bn)	(57)	1,234	1,881	2,144	2,453
NP (IDR bn)	(553)	440	1,027	1,103	1,265
EBITDA (IDR bn)	2,219	3,413	4,554	5,015	5,553
Net debt/(cash) (IDR bn)	83	(1,236)	(1,014)	(1,518)	(2,288)
OP margin (%)	(0.4)	6.7	8.6	9.0	9.8
ROE (%)	(9.6)	7.8	16.2	15.2	15.4
Dividend yield (%)	-	-	0.6	1.4	1.5
EPS (IDR)	(33.4)	26.4	61.8	66.4	76.2
chg. (% YoY)	NA	NA	133.4	7.4	14.7
BPS (IDR)	391.5	427.5	487.7	545.6	612.5
DPS (IDR)	-	-	5.3	12.4	13.3
PE (x)	(27.0)	34.1	14.6	13.6	11.8
PB (x)	2.3	2.1	1.8	1.6	1.5
EV/EBITDA (x)	7.3	4.4	3.3	2.9	2.5

## Company

### In-Depth

### Retailers

25 May 2022

12M rating **BUY (Initiate)**

12M TP **IDR 1,100**

Upside **22%**

#### Stock Data

JCI (May 24)	6,914
Stock price (May 24, IDR)	900
Market cap (IDR bn)	14,940
Shares outstanding (mn)	16,600
52-week high/low (IDR)	940 / 610
6M avg. daily turnover (IDR bn)	14.4
Free float (%)	44.0

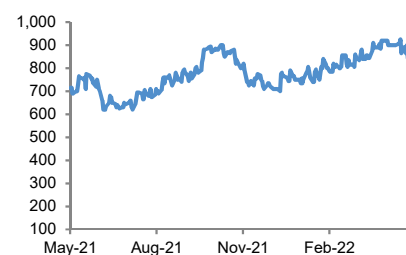
#### Major shareholders (%)

PT Satya Mulia Gema Gemilang	51.0
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#### Performance

	1M	6M	12M
Absolute (%)	(3.3)	10.6	25.4
Relative to JCI (%p)	2.2	8.7	3.5

#### MAPI stock price

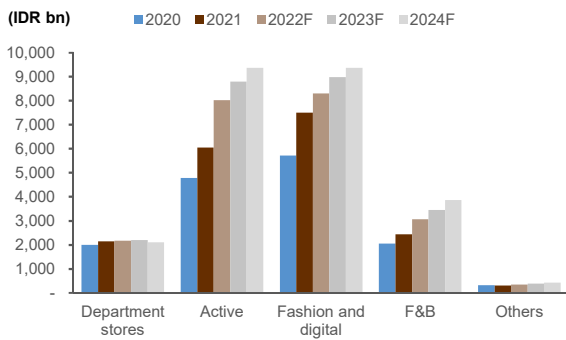


Source: Bloomberg

**Elvira Natalia**

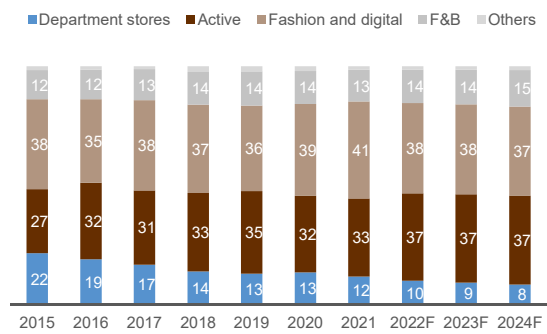
[elvira.n@kisi.co.id](mailto:elvira.n@kisi.co.id)

Fig 1. Revenue breakdown by segment



Source: Company, KISI

Fig 2. Revenue contribution by segment (%)



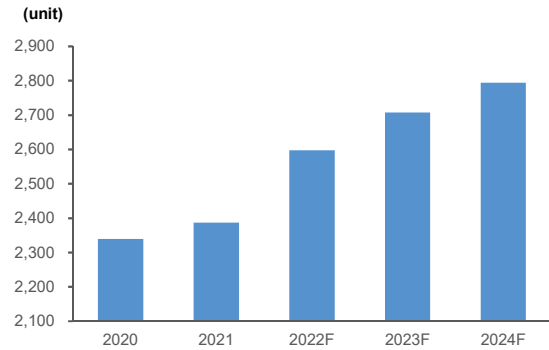
Source: Company, KISI

Fig 3. SSSG by segment



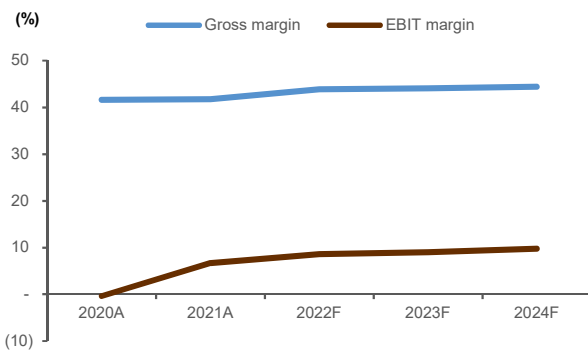
Source: Company, KISI

Fig 4. No. of stores



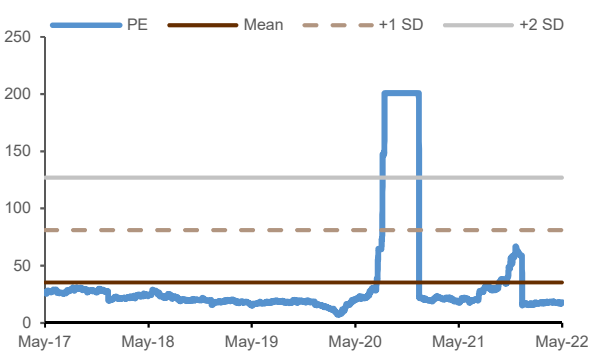
Source: Company, KISI

Fig 5. Gross and EBIT margin



Source: Company, KISI

Fig 6. MAPI's FY22F PE band

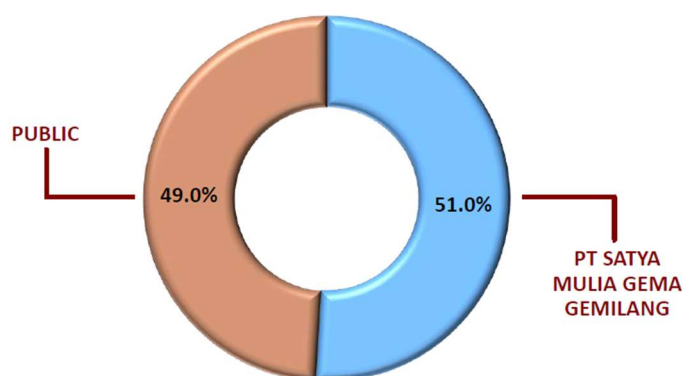


Source: Bloomberg, KISI

## Company Overview

Mitra Adiperkasa (MAPI) was founded in 1995 and has since grown to become Indonesia's leading lifestyle retailer, with a diverse portfolio of over 150 brands that includes sports, fashion, department stores, kids, F&B, and lifestyle products. Some of the well-known global brands are included in their exclusive portfolio, such as Starbucks, Zara, SOGO, Reebok, among many other. Since becoming public company in 2014, MAPI has extended its retail network across Indonesia, presently operating over 2,600 outlets in 78 cities across the country, as well as in ASEAN countries include Philippines, Thailand, and Vietnam.

Fig 7. MAPI's corporate structure



Source: Company, KISI

Fig 8. MAPI's total stores as of 2021e

Categories	Brand	No. of stores	Categories	Brand	No. of stores	
Active	Sports Station	347	F&B	Starbucks	480	
	Planet Sports	35		Cold Stone	20	
	Skechers	109		Pizza Marzano	24	
	Converse	59		Krispy Kreme	33	
	Payless	89		Godiva	5	
	Kidz Station	123		Paul Bakery	8	
	Other	433		Genki sushi	31	
	Fashion	Zara		16	Subway	8
Stradivarius		14		Dept Store	Sogo	19
Pull & Bear		14			Seibu	2
Marks & Spencer		21	Galleries lafayette		1	
Cotton On		53	Foodhall		36	
Sephora		18				
Tumi		11				
Other		265				
Digital	Digimap	34				
	Digiplus	1				

Source: Company, KISI

**Balance sheet** (IDR bn)

FY-ending Dec.	2020A	2021A	2022F	2023F	2024F
<b>Current assets</b>					
Cash & cash equivalent	2,790	2,782	2,560	3,064	3,834
Accounts & other receivables	508	606	689	749	791
Inventories	3,715	3,731	4,309	4,664	4,897
Others	1,154	1,098	1,098	1,098	1,098
<b>Non-current assets</b>					
Fixed assets	3,365	3,034	3,317	3,578	3,778
Intangible assets	79	79	79	79	79
Investment properties	859	793	793	793	793
Other non-current assets	5,182	4,663	6,256	8,900	12,901
<b>Total assets</b>	<b>17,652</b>	<b>16,786</b>	<b>19,101</b>	<b>22,925</b>	<b>28,171</b>
<b>Current liabilities</b>					
Accounts & other payables	2,486	2,521	2,212	2,404	2,539
ST debt	2,497	1,142	1,142	1,142	1,142
Current portion of LT debt	-	404	404	404	404
Others	2,363	2,597	3,189	4,142	5,541
<b>Non-current liabilities</b>					
LT debt	376	-	-	-	-
Other non-current liabilities	3,430	3,026	4,059	5,777	8,378
<b>Total liabilities</b>	<b>11,152</b>	<b>9,690</b>	<b>11,006</b>	<b>13,869</b>	<b>18,004</b>
<b>Controlling interest</b>					
Capital stock	830	830	830	830	830
Additional paid-in capital	503	503	503	503	503
Retained earnings	2,905	3,344	4,282	5,179	6,223
Others	1,111	1,198	1,198	1,198	1,198
Minority interest	1,151	1,221	1,282	1,346	1,413
<b>Shareholders' equity</b>	<b>6,500</b>	<b>7,096</b>	<b>8,095</b>	<b>9,056</b>	<b>10,167</b>

**Cash flow** (IDR bn)

FY-ending Dec.	2020A	2021A	2022F	2023F	2024F
<b>C/F from operating</b>					
Net profit	(553)	440	1,027	1,103	1,265
Depreciation	871	824	917	1,043	1,177
Net incr. in W/C	443	390	(939)	(197)	(142)
Others	3,827	(105)	-	-	-
<b>C/F from investing</b>	<b>(359)</b>	<b>(388)</b>	<b>(1,200)</b>	<b>(1,304)</b>	<b>(1,377)</b>
CAPEX	(359)	(388)	(1,200)	(1,304)	(1,377)
Others	-	-	-	-	-
<b>C/F from financing</b>	<b>(3,256)</b>	<b>(1,169)</b>	<b>(27)</b>	<b>(141)</b>	<b>(153)</b>
Incr. in equity	508	-	-	-	-
Incr. in debts	(2,939)	(1,327)	-	-	-
Dividends	-	-	(88)	(205)	(220)
Others	(825)	158	61	64	67
<b>Increase in cash</b>	<b>973</b>	<b>(8)</b>	<b>(222)</b>	<b>504</b>	<b>770</b>

**Income statement** (IDR bn)

FY-ending Dec.	2020A	2021A	2022F	2023F	2024F
Sales	14,847	18,424	21,887	23,783	25,118
COGS	(8,666)	(10,731)	(12,287)	(13,299)	(13,963)
<b>Gross profit</b>	<b>6,181</b>	<b>7,693</b>	<b>9,600</b>	<b>10,484</b>	<b>11,155</b>
SG&A expense	(6,238)	(6,459)	(7,719)	(8,340)	(8,702)
<b>Operating profit</b>	<b>(57)</b>	<b>1,234</b>	<b>1,881</b>	<b>2,144</b>	<b>2,453</b>
<b>Financial income</b>					
Interest income	70	61	67	70	86
<b>Financial expense</b>					
Interest expense	(552)	(500)	(477)	(632)	(741)
Other non-operating expense	(185)	(103)	(45)	(51)	(41)
<b>Earnings before tax</b>	<b>(724)</b>	<b>692</b>	<b>1,426</b>	<b>1,531</b>	<b>1,757</b>
Income taxes	139	(201)	(285)	(306)	(351)
<b>Net profit</b>	<b>(553)</b>	<b>440</b>	<b>1,027</b>	<b>1,103</b>	<b>1,265</b>
Non-controlling interest	(32)	51	114	122	141
<b>EBITDA</b>	<b>2,219</b>	<b>3,413</b>	<b>4,554</b>	<b>5,015</b>	<b>5,553</b>

**Key financial data**

FY-ending Dec.	2020A	2021A	2022F	2023F	2024F
per share data (IDR)					
EPS	(33.4)	26.4	61.8	66.4	76.2
BPS	391.5	427.5	487.7	545.6	612.5
DPS	-	-	5.3	12.4	13.3
Growth (%)					
Sales growth	(31.4)	24.1	18.8	8.7	5.6
OP growth	NA	NA	52.4	14.0	14.4
NP growth	NA	NA	133.4	7.4	14.7
EBITDA growth	(21.2)	53.8	33.4	10.1	10.7
Profitability (%)					
OP margin	(0.4)	6.7	8.6	9.0	9.8
NP margin	(3.7)	2.4	4.7	4.6	5.0
EBITDA margin	14.9	18.5	20.8	21.1	22.1
ROA	(3.5)	2.6	5.7	5.2	5.0
ROE	(9.6)	7.8	16.2	15.2	15.4
Dividend yield	-	-	0.6	1.4	1.5
Dividend payout ratio	-	-	20.0	20.0	19.9
Stability					
Net debt/(cash) (IDR bn)	83	(1,236)	(1,014)	(1,518)	(2,288)
Int-bearing debt/equity (%)	49.9	27.5	24.4	21.3	18.8
Valuation (X)					
PE	(27.0)	34.1	14.6	13.6	11.8
PB	2.3	2.1	1.8	1.6	1.5
EV/EBITDA	7.3	4.4	3.3	2.9	2.5

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