

## Positive Sign of Improvement

A significant quarterly improvement in 3Q20 has proven that management succeeded to overcome the challenging situation. We remain excited for next quarter as we believe MAPI can take the momentum of the upcoming festive season to boost sales.

### Strong quarterly improvement in 3Q revenue

MAPI significantly improved revenue in 3Q20, growing by 62,1% QoQ to IDR3.3tn, above our estimation. Cumulatively, 9M20 revenue came in at IDR10.1 tn (-34.0% YoY). We see this to be on the back of 1) promotion programs held by company to boost consumer spending 2) relaxed social restriction policy in large cities 3) notable sales growth in ecommerce sales. Furthermore, gross profit jumped by 82.7% QoQ, leading to GP margin expansion of 40.2% QoQ in 3Q20 (vs. 35.7% in 2Q20). As such, net loss in 3Q20 has improved to IDR197bn from IDR416bn in 2Q20.

### SSSG on the recovery track

MAPI reported -43% SSSG consolidation in 3Q20, from -52% in 2Q20. As restaurants are now allowed to open for dine-in services, F&B segment have improved rapidly across all segments, with SSG of -39% in 3Q20 (vs -58% in 2Q20). On Specialty Stores, 3Q SSSG improved to -48%, from -57% in 2Q20, driven by Inditex group e.g. *Zara, Stradivarius*. Additionally, CCI in Nov 2020 is strengthening supported by all categories of the respondent expenditure, becoming a good sign for retail industry in 4Q20.

### More positive results in the coming quarter

The holiday season along with year-end sales has historically allowed MAPI to book the highest sales in 4Q. We also forecast that MAPI book a net profit in 4Q20 after reporting net loss for 2 consecutive quarters. We expect some top-line growth improvement in the coming quarter on the back of seasonal demand for festive and strong online spending. Based on geographic sales, Indonesia sales (c.90% MAPI's topline in 3Q20) surged by 62% QoQ to IDR3.05tn. Vietnam sales (c.6% of total sales) also showed enough improvement from robust sales of Inditex brands in Vietnam combined with steady consumer spending.

### Reiterate BUY, with higher TP of IDR975/share

In our view, the worst is now over and a recovery path can be seen. Thus, we maintain our BUY recommendation on MAPI with and increase our TP to IDR975 as the company has showed some improvement. Additionally, we continue to favor mid-to high end retailers next year as we believe our economic condition is still in the early stage of recovery. Key Risk to our BUY recommendation are: 1) Govt' reimposes PSBB, 2) USD/IDR depreciation

### Mitra Adiperkasa Tbk | Summary (IDR bn)

|                       | 2019   | 2020E  | 2021F  | 2022F  |
|-----------------------|--------|--------|--------|--------|
| Revenue               | 21,579 | 15,495 | 17,153 | 19,263 |
| <i>Revenue growth</i> | 14.0%  | -28.2% | 10.7%  | 12.3%  |
| EBITDA                | 2,759  | 688    | 1,585  | 1,909  |
| Net Profit            | 934    | (448)  | 142    | 254    |
| EPS (IDR)             | 56     | (27)   | 9      | 15     |
| NPM                   | 4.3%   | -2.9%  | 0.8%   | 1.3%   |
| ROE                   | 13.9%  | -6.3%  | 2.1%   | 3.7%   |
| ROA                   | 7.0%   | -2.8%  | 0.8%   | 1.4%   |
| ROIC                  | 15.6%  | -1.9%  | 5.8%   | 7.0%   |
| P/BV                  | 2.4x   | 1.8x   | 1.8x   | 1.7x   |
| EV/EBITDA             | 5.1x   | 11.6x  | 5.2x   | 4.3x   |

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Company Report | Dec 16, 2020

## BUY

|                           |            |
|---------------------------|------------|
| <b>Target Price (IDR)</b> | <b>975</b> |
| Consensus Price (IDR)     | 937        |
| TP to Consensus Price     | +4.0%      |
| vs. Last Price            | +15.4%     |

### Shares data

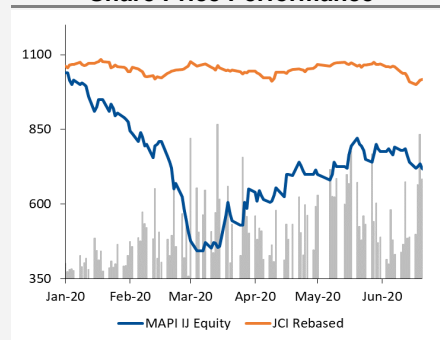
|                        |              |
|------------------------|--------------|
| Last Price (IDR)       | 845          |
| Price date as of       | Dec 10, 2020 |
| 52 wk range (Hi/Lo)    | 1,090 / 444  |
| Free float (%)         | 44.0         |
| Outstanding sh.(mn)    | 16,600       |
| Market Cap (IDR bn)    | 14,857       |
| Market Cap (USD mn)    | 1,050        |
| Avg. Trd Vol - 3M (mn) | 21.95        |
| Avg. Trd Val - 3M (bn) | 15.7         |
| Foreign Ownership      | 22.4%        |

### Trade, Services & Investment

#### Retail

|           |         |
|-----------|---------|
| Bloomberg | MAPI IJ |
| Reuters   | MAPI.JK |

### Share Price Performance



|           | YTD    | 1M    | 3M    | 12M    |
|-----------|--------|-------|-------|--------|
| Abs. Ret. | -20.7% | 15.0% | 40.8% | -19.5% |
| Rel. Ret. | -15.1% | 6.3%  | 22.6% | -15.5% |

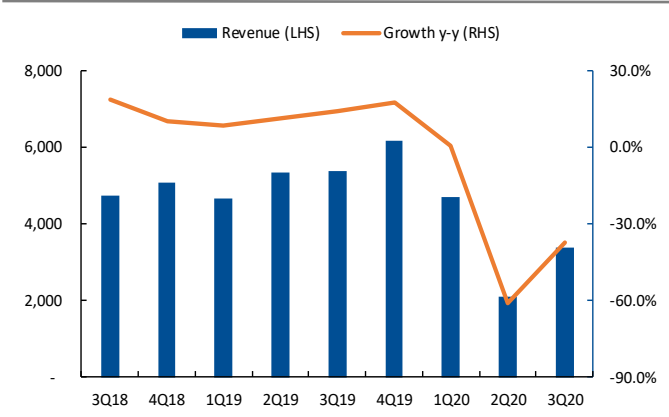
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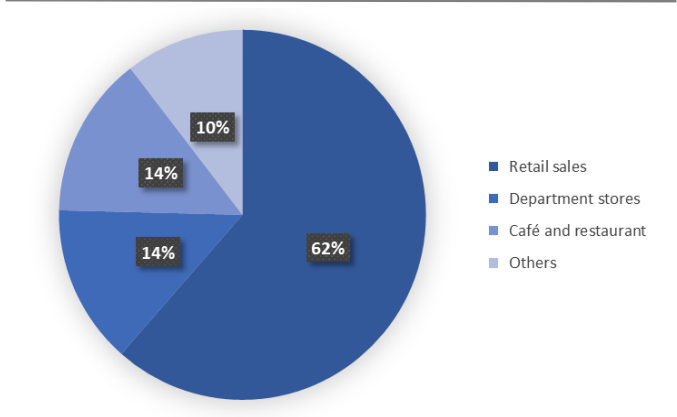
# Performance Highlights

## MAPI Quarterly Net Revenues | 3Q18 - 3Q20



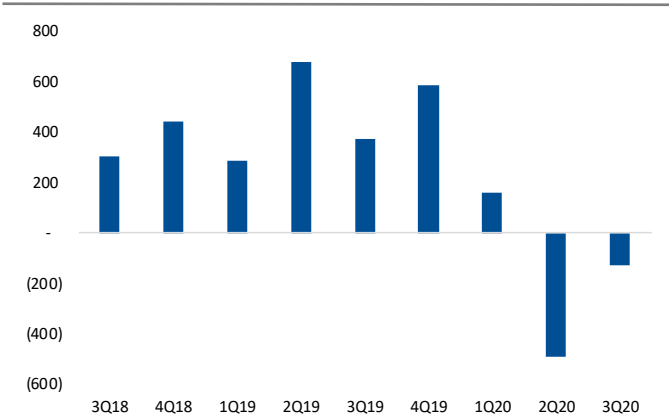
Source: Company, NHKSI Research

## MAPI Revenue Breakdown | 3Q20



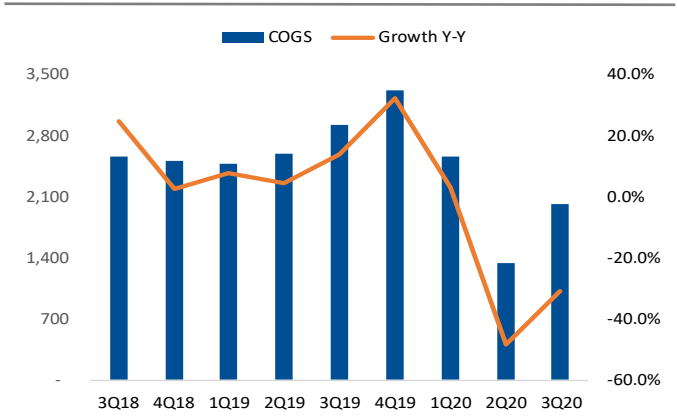
Source: Company, NHKSI Research

## EBIT | 3Q18 - 3Q20



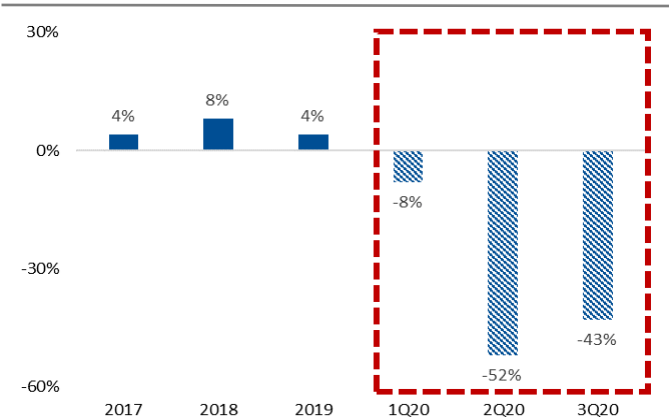
Source: Company, NHKSI Research

## COGS | 3Q20



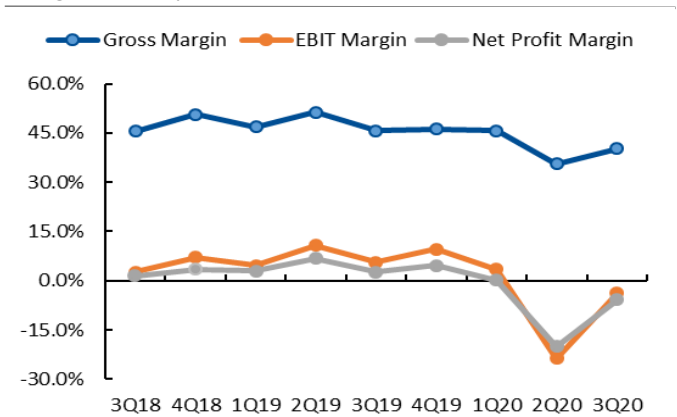
Source: Company, NHKSI Research

## MAPI SSSG | 3Q20



Source: Company, NHKSI Research

## Margin Ratios | 3Q18 - 3Q20



Source: Company, NHKSI Research

## 3Q20 review (IDR bn)

|                      | 3Q19       | 4Q19       | 1Q20     | 2Q20        | 3Q20        |            |                |               |                | 4Q20E      |
|----------------------|------------|------------|----------|-------------|-------------|------------|----------------|---------------|----------------|------------|
|                      |            |            |          |             | Actual      | Estimate   | y-y            | q-q           | surprise       |            |
| Revenue              | 5,393      | 6,169      | 4,708    | 2,083       | 3,377       | 2,702      | -37.4%         | 62.1%         | 25.0%          | 5,326      |
| Gross Profit         | 2,471      | 2,846      | 2,149    | 743         | 1,358       | 1,129      | -45.0%         | 82.7%         | 20.3%          | 2,737      |
| <i>Gross Margin</i>  | 45.8%      | 46.1%      | 45.6%    | 35.7%       | 40.2%       | 41.8%      | -5.6%          | 4.5%          | -1.6%          | 51.4%      |
| EBIT                 | 372        | 589        | 161      | -492        | -129        | 187        | -134.6%        | -73.8%        | -168.9%        | 202        |
| <i>EBIT Margin</i>   | 6.9%       | 9.5%       | 3.4%     | -23.6%      | -3.8%       | 6.9%       | -10.7%         | 19.8%         | -10.7%         | 3.8%       |
| EBITDA               | 584        | 801        | 382      | -273        | 154         | 44         | -73.6%         | -156.4%       | 250.0%         | 425        |
| <i>EBITDA Margin</i> | 10.8%      | 13.0%      | 8.1%     | -13.1%      | 4.6%        | 1.6%       | -6.3%          | 17.7%         | 2.9%           | 8.0%       |
| <b>Net Profit</b>    | <b>144</b> | <b>291</b> | <b>8</b> | <b>-416</b> | <b>-197</b> | <b>105</b> | <b>-237.5%</b> | <b>-52.6%</b> | <b>-288.0%</b> | <b>157</b> |
| <i>Net Margin</i>    | 2.7%       | 4.7%       | 0.2%     | -20.0%      | -5.8%       | 3.9%       | -8.5%          | 14.1%         | -9.7%          | 3.0%       |

Source: Bloomberg, NHKSI research

## SOTP Valuation

|                                   | % Revenue | 2021 EBITDA | Multiples Assigned | Value         |
|-----------------------------------|-----------|-------------|--------------------|---------------|
| Active (MAPA)                     | 32%       | 973         | 12.1x              | 11,773        |
| F&B (MAPB)                        | 15%       | 228         | 6.5x               | 1,482         |
| Fashion—Specialty Stores + Others | 33%       | 200         | 11.0x              | 2,200         |
| Department Stores                 | 20%       | 193         | 6.5x               | 1,255         |
| Add : Cash                        |           |             |                    | 1,586         |
| Deduct : Debt                     |           |             |                    | (2,115)       |
| <u>Net Equity Value</u>           |           |             |                    | <u>16,181</u> |
| Holding Discount                  |           |             |                    | 0             |
| <b>Equity Per Share</b>           |           |             |                    | <b>975</b>    |
| Discount SOTP at Current Price    |           |             |                    | 15%           |

## 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.

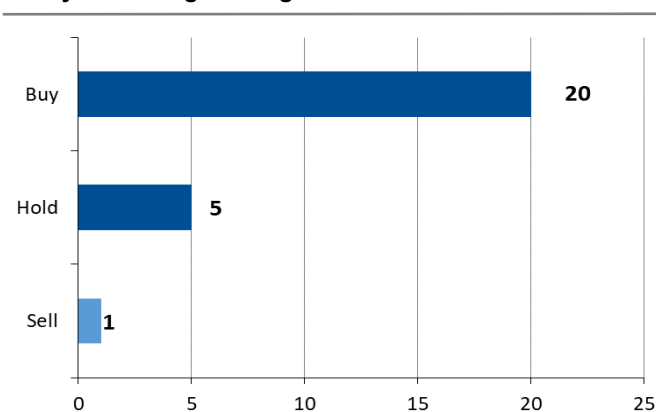
## Rating and Target Price Update

### Target Price Revision

| Date       | Rating | Target Price | Last Price | Consensus | vs Last Price | vs Consensus |
|------------|--------|--------------|------------|-----------|---------------|--------------|
| 16/12/2020 | Buy    | 975          | 845        | 937       | 15.4%         | 4.0%         |
| 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%        |

Source: NHKSI research, Bloomberg

### Analyst Coverage Rating



Source: Bloomberg

### Closing and Target Price



Source: NHKSI research

## Summary of Financials

| INCOME STATEMENT         |               |               |               |               |
|--------------------------|---------------|---------------|---------------|---------------|
| (IDR bn)                 | 2019/12A      | 2020/12E      | 2021/12E      | 2022/12E      |
| <b>Sales</b>             | <b>21,579</b> | <b>15,495</b> | <b>17,153</b> | <b>19,263</b> |
| <i>Growth</i>            | 14.0%         | -28.2%        | 10.7%         | 12.3%         |
| Cost of Good Sold        | (11,323)      | (8,507)       | (8,662)       | (9,651)       |
| <b>Gross Profit</b>      | <b>10,256</b> | <b>6,987</b>  | <b>8,491</b>  | <b>9,612</b>  |
| <i>Gross Margin</i>      | 47.5%         | 45.1%         | 49.5%         | 49.9%         |
| Operating Expenses       | (8,325)       | (7,245)       | (7,755)       | (8,787)       |
| <b>EBIT</b>              | <b>1,931</b>  | <b>(258)</b>  | <b>736</b>    | <b>826</b>    |
| <i>EBIT Margin</i>       | 8.9%          | -1.7%         | 4.3%          | 4.3%          |
| Depreciation             | 828           | 945           | 849           | 1,083         |
| <b>EBITDA</b>            | <b>2,759</b>  | <b>688</b>    | <b>1,585</b>  | <b>1,909</b>  |
| <i>EBITDA Margin</i>     | 12.8%         | 4.4%          | 9.2%          | 9.9%          |
| Interest Expenses        | (212)         | (597)         | (468)         | (419)         |
| <b>EBT</b>               | <b>1,626</b>  | <b>(757)</b>  | <b>405</b>    | <b>561</b>    |
| Income Tax               | (462)         | 209           | (117)         | (144)         |
| Minority Interest        | (230)         | 99            | (146)         | (164)         |
| <b>Net Profit</b>        | <b>934</b>    | <b>(448)</b>  | <b>142</b>    | <b>254</b>    |
| <i>Growth</i>            | 26.9%         | -148.0%       | -131.7%       | 78.7%         |
| <i>Net Profit Margin</i> | 4.3%          | -2.9%         | 0.8%          | 1.3%          |

| PROFITABILITY & STABILITY |          |          |          |          |
|---------------------------|----------|----------|----------|----------|
|                           | 2019/12A | 2020/12E | 2021/12E | 2022/12E |
| ROE                       | 13.9%    | -6.3%    | 2.1%     | 3.7%     |
| ROA                       | 7.0%     | -2.8%    | 0.8%     | 1.4%     |
| ROIC                      | 15.6%    | -1.9%    | 5.8%     | 7.0%     |
| Cash Dividend (IDR bn)    | 165      | -        | 152      | 74       |
| Dividend Yield            | 0.9%     | 0.0%     | 1.3%     | 0.6%     |
| Payout Ratio              | 17.7%    | 0.0%     | 107.3%   | 29.1%    |
| DER                       | 20.3%    | 41.0%    | 31.0%    | 25.4%    |
| Net Gearing               | 0.0%     | 38.0%    | 33.3%    | 28.0%    |
| LT Debt to Equity         | 0.0%     | 4.6%     | 4.0%     | 3.3%     |
| Capitalization Ratio      | 16.8%    | 29.1%    | 23.7%    | 20.3%    |
| Equity Ratio              | 52.9%    | 37.5%    | 37.4%    | 39.1%    |
| Debt Ratio                | 10.7%    | 15.4%    | 11.6%    | 9.9%     |
| Financial Leverage        | 197.8%   | 226.4%   | 267.2%   | 261.6%   |
| Current Ratio             | 143.8%   | 106.3%   | 107.8%   | 113.0%   |
| 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         | 1,203         | 1,586         | 1,918         |
| Receivables                 | 408           | 263           | 347           | 233           |
| Inventories                 | 3,615         | 4,170         | 3,899         | 3,398         |
| <b>Total Current Assets</b> | <b>8,160</b>  | <b>7,554</b>  | <b>7,833</b>  | <b>7,632</b>  |
| Net Fixed Assets            | 3,785         | 3,746         | 3,630         | 3,411         |
| Other Non Current Asset     | 945           | 1,145         | 1,083         | 1,112         |
| <b>Total Assets</b>         | <b>13,937</b> | <b>18,129</b> | <b>18,259</b> | <b>17,884</b> |
| Payables                    | 1,758         | 1,226         | 1,622         | 1,550         |
| ST Bank Loan                | 1,493         | 2,475         | 1,840         | 1,545         |
| LT Debt                     | -             | 314           | 275           | 231           |
| <b>Total Liabilities</b>    | <b>6,567</b>  | <b>11,334</b> | <b>11,435</b> | <b>10,891</b> |
| Capital Stock               | 830           | 830           | 830           | 830           |
| Retained Earnings           | 3,637         | 3,184         | 3,173         | 3,353         |
| <b>Shareholders' Equity</b> | <b>7,371</b>  | <b>6,795</b>  | <b>6,824</b>  | <b>6,993</b>  |

| VALUATION INDEX     |          |          |          |          |
|---------------------|----------|----------|----------|----------|
|                     | 2019/12A | 2020/12E | 2021/12E | 2022/12E |
| Price /Earnings     | 18.8x    | -26.7x   | 84.2x    | 47.1x    |
| Price /Book Value   | 2.4x     | 1.8x     | 1.8x     | 1.7x     |
| Price/Revenue       | 0.8x     | 0.8x     | 0.7x     | 0.6x     |
| PE/EPS Growth       | 0.7x     | 0.2x     | -0.6x    | 0.6x     |
| EV/EBITDA           | 5.1x     | 11.6x    | 5.2x     | 4.3x     |
| EV/EBIT             | 7.4x     | -30.9x   | 11.2x    | 10.0x    |
| EV (IDR bn)         | 14,204   | 7,960    | 8,251    | 8,258    |
| Revenue CAGR (3-Yr) | 15.1%    | -1.7%    | -3.2%    | -3.7%    |
| EPS CAGR (3-Yr)     | 64.8%    | -210.2%  | -42.2%   | -35.2%   |
| Basic EPS (IDR)     | 56       | (27)     | 9        | 15       |
| Diluted EPS (IDR)   | 56       | (27)     | 9        | 15       |
| BVPS (IDR)          | 444.01   | 409      | 411      | 421      |
| Revenue PS (IDR)    | 1,300    | 933      | 1,033    | 1,160    |
| DPS (IDR)           | 10.0     | -        | 9.2      | 4.4      |

| CASH FLOW STATEMENT        |            |              |            |            |
|----------------------------|------------|--------------|------------|------------|
| (IDR bn)                   | 2019/12A   | 2020/12E     | 2021/12E   | 2022/12E   |
| Operating Cash Flow        | 2,373      | (2,476)      | 1,891      | 1,653      |
| Investing Cash Flow        | (799)      | (889)        | (722)      | (897)      |
| Financing Cash Flow        | (1,177)    | 3,123        | (787)      | (424)      |
| <b>Net Changes in Cash</b> | <b>397</b> | <b>(242)</b> | <b>383</b> | <b>332</b> |

| 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      |

Source: NHKSI research

## NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
  - Buy : Greater than +15%
  - Overweight : +5% to 15%
  - Hold : -5% to +5%
  - Underweight : -5% to -15%
  - Sell : Less than -15%

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