

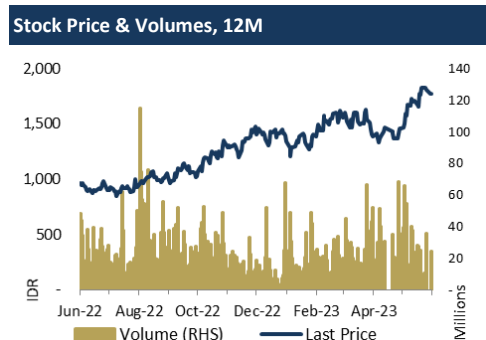
BUY (Maintain)

Target Price (IDR) 2,100 (from 1,800)
Potential Upside (%) 16.7

Price Comparison	
Cons. Target Price (IDR)	1,933
SSI vs. Cons. (%)	108.7

Stock Information	
Last Price (IDR)	1,800
Shares Issued (Mn)	16,600
Market Cap. (IDR Bn)	29,880
52-Weeks High/Low (IDR)	1,865/830
3M Avg. Daily Value (IDR Bn)	45.5
Free Float (%)	43.6
Shareholder Structure:	
Setya Mulia Gema Gemilang (%)	51.0
Public (%)	49.0

Stock Performance				
(%)	YTD	1M	3M	12M
Absolute	24.6	22.9	14.6	87.5
JCI Return	(3.4)	(2.5)	(2.8)	(6.7)
Relative	27.9	25.4	17.4	94.2



Company Background
PT Mitra Adiperkasa Tbk is a leading retail company in Indonesia, with more than 2,700 stores. MAPI currently holds more than 150 exclusive brands, including Starbucks, Zara, and Boots.

Ashalia Fitri
+62 21 2854 8389
ashalia.fitri@samuel.co.id

Pebe Peresia
+62 21 2854 8339
eebe.peresia@samuel.co.id

Best of the Bunch

Supported by post-COVID-19 economic recovery and the company's expansion plans (MAPI plans to open 700 new stores in 2023, with a Capex allocation of IDR 2 trillion), we are optimistic that MAPI will record a solid full-year performance, continuing on its impressive growth track (MAPI booked revenue growth of +32.5% YoY in 1Q23, the highest among retailers under SSI's coverage). We project MAPI to post revenue and net profit growth of +19.9% YoY and +27.4% YoY in FY23F (excluding the one-off gain from the sale of Burger King shares in FY22). We reiterate our **BUY** recommendation on MAPI with a TP of IDR 2,100.

FY23F projection. Considering MAPI's strong performance in 1Q23, with revenue of IDR 7.5 trillion (+32.5% YoY), beating its pre-pandemic levels (1Q19: IDR 4.7 trillion) while outperforming other retailers under SSI's coverage (ERAA: +28.9% YoY, AMRT: +14.2% YoY, LPPF: +12.1% YoY, ACES: +4.7% YoY, and RALS: -2.8% YoY), we are optimistic that MAPI will continue to post solid numbers through the end of FY23F, with projected revenue growth of +19.9% YoY to IDR 32.3 trillion. Regarding its SSSG, MAPI recorded high SSSG in 1Q23 (+18.7% YoY), though it was largely driven by the low base effect in 1Q22 (due to the emergence of the Omicron variant of Covid-19). We expect MAPI's FY23F SSSG to be in the mid-single digit range. On its bottom line, we project MAPI to post net profit growth of +27.4% YoY in FY23F (excluding the one-off gain from the sale of Burger King shares in FY22 of IDR 381.8 billion).

Rental expenses and inventory days. Another notable thing from MAPI's 1Q23 financial statements is the fact that MAPI no longer receives rental discounts from landlords. According to our data, MAPI began to see a major decline in rental discount in FY22, with the full-year discount dropping to IDR 278 billion, far below the FY21 (IDR 941 billion) and FY20 (IDR 912 billion) figures. Even without the rental discount, MAPI managed to maintain its OPM at a satisfactory level of 8.9% in 1Q23 (1Q22: 8.7%), supported by significant revenue growth. Regarding its inventory days, MAPI's inventory days in 1Q23 were at the same level as pre-pandemic levels (1Q23: 118 days) with an aging inventory rate of 21% (FY19: 23%). Going forward, we estimate MAPI's inventory days and aging inventory in FY23F to remain stable at <110 days and ~20%.

Expansion plans. MAPI plans to open 700 new stores in FY23F, mostly Active segment stores. We believe that the opening of new stores will be MAPI's main growth catalyst in FY23F. Of the allocated Capex (IDR 2 trillion), IDR 400 billion will be used to open new outlets outside Indonesia. It should be noted that international sales contributed 9.9% of MAPI's 1Q23 revenue, including sales in several Southeast Asian countries (Philippines, Vietnam, Malaysia, Singapore, Thailand, and Cambodia), with a higher growth rate (+48.8% YoY) than domestic sales (+30.9% YoY).

BUY, TP IDR 2,100. In light of the factors outlined above, we decided to reiterate our BUY recommendation on MAPI with a TP of IDR 2,100, implying 15.7x FY23F PE (-0.5SD below its 3-year PE average, excluding the pandemic years [2020-2021]).

Forecasts and Valuations (at closing price IDR 1,800 per share)					
Y/E Dec	20A	21A	22A	23F	24F
Revenue (IDR Bn)	14,847	18,424	26,937	32,301	35,554
EBITDA (IDR Bn)	667	1,893	3,430	4,131	4,532
EV/EBITDA (x)	50.3	16.8	9.1	7.3	6.5
Net Profit (IDR Bn)	(617)	420	2,110	2,202	2,488
EPS (IDR)	(33)	25	127	133	150
EPS Growth (%)	n.a	n.a	402.1	4.4	13.0
P/E Ratio (x)	(54.0)	71.1	14.2	13.6	12.0
BVPS (IDR)	392	431	586	713	846

Table 1. MAPI 1Q23 Results

(IDR Bn)	1Q22	4Q22	1Q23	QoQ	YoY
Revenue	5,633	8,116	7,462	-8.1%	32.5%
Gross Profit	2,414	3,541	3,302	-6.8%	36.8%
Operating Profit	488	891	664	-25.5%	36.0%
Net Profit	583	613	405	-34.0%	-30.6%
Net Profit (excl. <i>one-off</i> Burger King)	201	613	405	-34.0%	100.9%
Gross Profit Margin	42.9%	43.6%	44.3%	62 bps	140 bps
Operating Profit Margin	8.7%	11.0%	8.9%	-208 bps	23 bps
Net Profit Margin	10.4%	7.6%	5.4%	-213 bps	-493 bps
Net Profit Margin (excl. <i>one-off</i> Burger King)	3.57%	7.6%	5.4%	-213 bps	183 bps

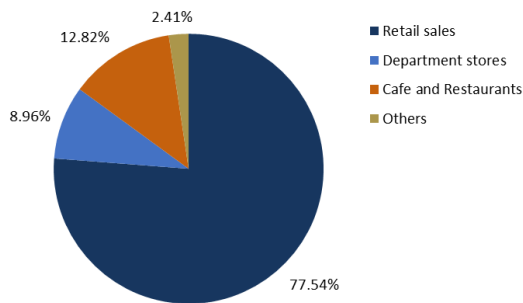
Source: Company, SSI Research

Table 2. MAPI 1Q23 Results (Segments)

Revenue (IDR Bn)	1Q22	4Q22	1Q23	QoQ	YoY
Retail Sales	4,173	6,327	5,786	-8.6%	38.7%
Department Stores	690	716	668	-6.6%	-3.1%
Café and Restaurants	710	2,536	957	-62.3%	34.8%
Others	151	225	180	-20.2%	19.3%
Operating Profit (IDR Bn)	1Q22	4Q22	1Q22	QoQ	YoY
Retail Sales	386	751	504	-33.0%	30.5%
Department Stores	36	63	111	75.4%	211.8%
Café and Restaurants	53	62	31	-49.8%	-41.0%
Others	14	14	18	25.8%	28.3%

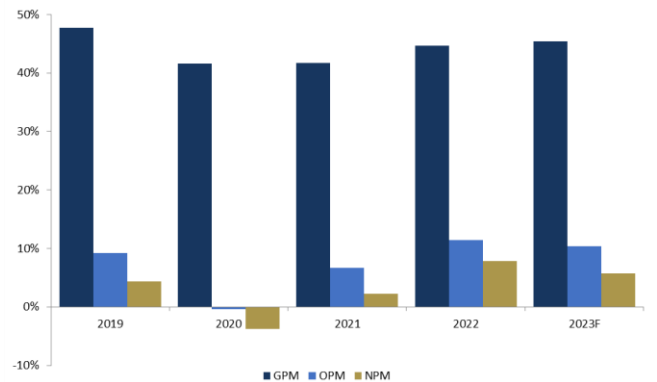
Source: Company, SSI Research

Figure 1. Revenue Mix 1Q23



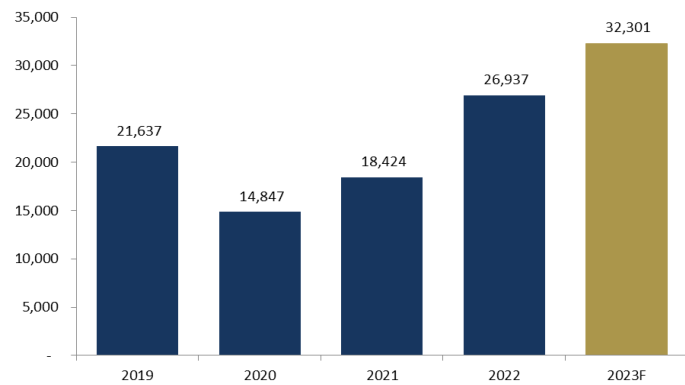
Source: Company, SSI Research

Figure 2. Profitability Margin 1Q23



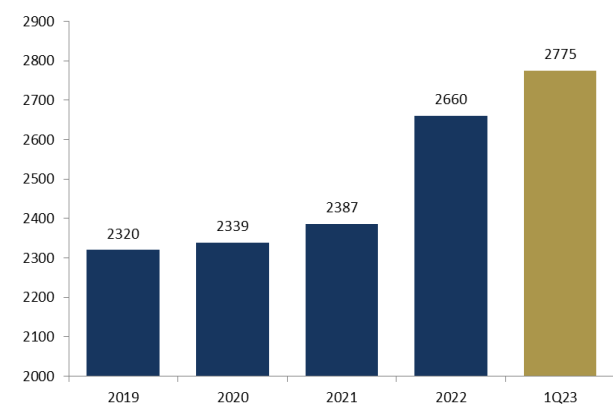
Source: Company, SSI Research

Figure 3. Revenue Growth



Source: Company

Figure 4. Number of Stores



Source: Company

Research Team			
Prasetya Gunadi	Head of Equity Research, Strategy, Banking, Digital Banks	prasetya.gunadi@samuel.co.id	+6221 2854 8320
Lionel Priyadi	Macro Equity Strategist	lionel.priyadi@samuel.co.id	+6221 2854 8854
Muhamad Alfatih, CSA, CTA, CFTe	Senior Technical Analyst	m.alfatih@samuel.co.id	+6221 2854 8129
William Mamudi, CFTe, CMT, CCT	Senior Technical Analyst	william.mamudi@samuel.co.id	+6221 2854 8382
Yosua Zisokhi	Cement , Cigarette, Paper, Plantation,Telco Infra, Chemicals	yosua.zisokhi@samuel.co.id	+6221 2854 8387
M. Farras Farhan	Media, Poultry, Oil & Gas, Technology	farras.farhan@samuel.co.id	+6221 2854 8346
Pebe Peresia	Automotive, Consumer Staples, Retail	pebe.peresia@samuel.co.id	+6221 2854 8339
Juan Oktavianus Harahap	Coal, Metal Mining	juan.oktavianus@samuel.co.id	+6221 2854 8846
Jonathan Guyadi	Banking, Healthcare, Telco	jonathan.guyadi@samuel.co.id	+6221 2854 8321
Adolf Richardo	Editor	adolf.richardo@samuel.co.id	+6221 2864 8397
Ashalia Fitri Yuliana	Research Associate	ashalia.fitri@samuel.co.id	+6221 2854 8389
Daniel Aditya Widjaja	Research Associate	daniel.aditya@samuel.co.id	+6221 2854 8322
Laurencia Hiemas	Research Associate	laurencia.hiemas@samuel.co.id	+6221 2854 8392
Brandon Boedhiman	Research Associate	brandon.boedhiman@samuel.co.id	+6221 2854 8392

Equity Institutional Team			
Benny Bambang Soebagjo	Head of Institutional Equity Sales	benny.soebagjo@samuel.co.id	+6221 2854 8312
Ronny Ardianto	Institutional Equity Sales	ronny.ardianto@samuel.co.id	+6221 2854 8399
Anthony Yunus	Institutional Equity Sales	anthony.yunus@samuel.co.id	+6221 2854 8314
Widya Meidrianto	Institutional Equity Sales	widya.meidrianto@samuel.co.id	+6221 2854 8317
Fachruly Fiater	Institutional Sales Trader	fachruly.fiater@samuel.co.id	+6221 2854 8325
Lucia Irawati	Institutional Sales Trader	lucia.irawati@samuel.co.id	+6221 2854 8173
Alexander Tayus	Institutional Equity Dealer	alexander.tayus@samuel.co.id	+6221 2854 8319
Leonardo Christian	Institutional Equity Dealer	leonardo.christian@samuel.co.id	+6221 2854 8147

Equity Retail Team			
Joseph Soegandhi	Head of Equity	joseph.soegandhi@samuel.co.id	+6221 2854 8872
Damargumilang	Head of Equity Retail	damargumilang@samuel.co.id	+6221 2854 8309
Clarice Wijana	Head of Equity Sales Support	clarice.wijana@samuel.co.id	+6221 2854 8395
Gitta Wahyu Retnani	Equity Sales & Trainer	gitta.wahyu@samuel.co.id	+6221 2854 8365
Vincentius Darren	Equity Sales	darren@samuel.co.id	+6221 2854 8348
Michael Alexander	Equity Sales	michael.alexander@samuel.co.id	+6221 2854 8369
Sylviawati	Equity Sales	sylviawati@samuel.co.id	+6221 2854 8112
Wandha Ahmad	Equity Sales	wandha.ahmad@samuel.co.id	+6221 2854 8316
Handa Sandiawan	Equity Sales	handa.sandiawan@samuel.co.id	+6221 2854 8302
Denzel Obaja	Equity Sales	denzel.obaja@samuel.co.id	+6221 2854 8342
Wahyudi Budiyo	Dealer	wahyudi.budiyo@samuel.co.id	+6221 2854 8152

Fixed Income Sales Team			
R. Virine Tresna Sundari	Head of Fixed Income	virine.sundari@samuel.co.id	+6221 2854 8170
Rudianto Nugroho	Fixed Income Sales	rudianto.nugroho@samuel.co.id	+6221 2854 8306
Sany Rizal Keliobas	Fixed Income Sales	sany.rizal@samuel.co.id	+6221 2854 8337
Safitri	Fixed Income Sales	safitri@samuel.co.id	+6221 2854 8376
Khairanni	Fixed Income Sales	khairanni@samuel.co.id	+6221 28548104
Saldy Achmad Yanuar	Fixed Income Sales	saldy.achmad@samuel.co.id	+6221 28548384
Nadya Attahira	Fixed Income Sales	nadya.attahira@samuel.co.id	+6221 2854 8305

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