

BUY (Maintain)

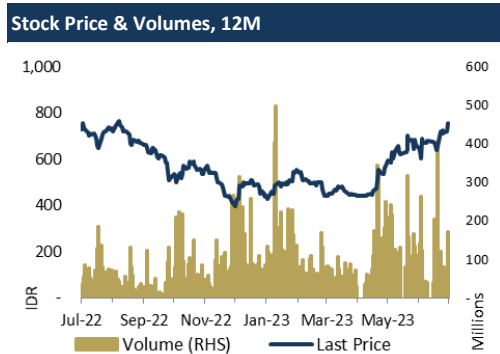
| | |
|----------------------|----------------|
| Target Price (IDR) | 840 (from 650) |
| Potential Upside (%) | 11.3 |

| Price Comparison | |
|--------------------------|-------|
| Cons. Target Price (IDR) | 755 |
| SSI vs. Cons. (%) | 111.3 |

| Stock Information | |
|------------------------------|---------|
| Last Price (IDR) | 755 |
| Shares Issued (Mn) | 17,150 |
| Market Cap. (IDR Bn) | 12,948 |
| 52-Weeks High/Low (IDR) | 780/392 |
| 3M Avg. Daily Value (IDR Bn) | 79.6 |
| Free Float (%) | 39.8 |

| Shareholder Structure: | |
|-----------------------------|------|
| PT Kawan Lama Sejahtera (%) | 59.9 |
| Public (%) | 39.9 |
| Other (%) | 0.2 |

| Stock Performance | | | | |
|-------------------|------|------|------|-----|
| (%) | YTD | 1M | 3M | 12M |
| Absolute | 52.2 | 16.2 | 71.6 | 3.4 |
| JCI Return | 0.1 | 2.4 | 0.5 | 3.0 |
| Relative | 52.1 | 13.8 | 71.1 | 0.5 |



Company Background
PT Ace Hardware Indonesia Tbk. (ACES) adalah perusahaan retail yang menawarkan produk lifestyle, home improvement, dan toys.

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FY23F: A Comeback Year

Didukung dengan program Boom Sale yang diselenggarakan pada 7 Juni - 1 Agustus 2023, kami memperkirakan penjualan Jun-23 ACES akan meningkat secara bulanan dengan proyeksi SSSG mencapai dua digit (>13%). Di samping itu, kami meyakini bahwa daerah luar Jawa akan mencatatkan SSSG tertinggi, seiring dengan pembukaan gerai fisik, kami juga meyakini penjualan online dapat turut menjadi katalis positif kinerja ACES di masa depan, dengan estimasi kontribusi mencapai 20% dalam 3-5 tahun mendatang (1Q23: 10%). Dengan banyaknya katalis positif, kami meyakini tahun ini akan menjadi tahun yang solid untuk ACES, dengan proyeksi pendapatan dan laba bersih FY23F masing-masing mencapai IDR 7.6 triliun (+12.4% YoY) dan IDR 710.8 miliar (+7.0% YoY), sekaligus mengakhiri tren penurunan laba bersih sejak 2020. Kami mempertahankan rekomendasi BUY ACES dengan TP IDR 840 (18.2x PE FY24F, -1SD rata-rata PE 5 tahun).

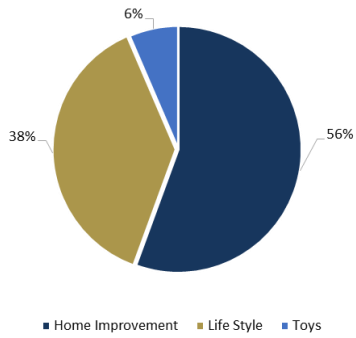
Preview 1H23F: Boom Sale sebagai pendongkrak penjualan. Kami meyakini program Boom Sale yang digelar pada 7 Juni - 1 Agustus 2023 akan menopang kinerja ACES dengan potensi SSSG mencapai dua digit (>13%). Terkait wilayah penjualan, kami memperkirakan wilayah luar Jawa akan kembali mencatatkan angka SSSG tertinggi, didukung oleh ekspansi gerai ACES di wilayah-wilayah tersebut. Potensi pertumbuhan kinerja ACES di Jun-23 tersebut meningkatkan optimisme kami bahwa ACES mampu mencatatkan pendapatan sebesar IDR 3.6 triliun di 1H23F, sejalan dengan estimasi kami (47.1% proyeksi FY23F SSI, 49.0% konsensus), yaitu pendapatan FY23F sebesar IDR 7.6 triliun (+12.4% YoY; didorong oleh kenaikan penjualan semua segmen bisnisnya) dengan laba bersih mencapai IDR 710.8 miliar (+7.0% YoY), mengakhiri tren penurunan laba bersih sejak 2020.

Pembukaan gerai dan penjualan online. Kami meyakini kinerja FY23F ACES akan turut ditopang oleh ekspansi gerai baru, terutama di wilayah luar Jawa. Di sepanjang 1H23, ACES telah membuka 8 gerai baru yang tersebar di seluruh Indonesia, dan hanya 1 yang berada di wilayah Jawa (Batoh Aceh, Denpasar Bali, Gianyar Bali, Panakkuang Makassar, Tarakan Kalimantan, Singkawang Kalimantan, Bontang Kalimantan, dan Purwakarta), dan hingga akhir tahun, ACES diperkirakan akan membuka 15 gerai baru. Selain penjualan toko fisik, faktor lain yang berpotensi mendukung performa ACES ke depan adalah penjualan online; berdasarkan *on-the-ground check* yang kami lakukan, penjualan online ACES melalui ruparupa.com juga telah meningkat, didukung promo-promo eksklusif yang hanya diberikan pada platform tersebut. Didukung promo-promo tersebut dan inisiatif lainnya, kami meyakini kontribusi penjualan online terhadap total penjualan ACES dapat mencapai 20% dalam 3-5 tahun mendatang (1Q23: 10-11%).

BUY ACES TP 840. Dengan mempertimbangkan sejumlah katalis positif yang telah kami jabarkan diatas, serta statusnya sebagai perusahaan net cash, kami mempertahankan rekomendasi BUY ACES dengan TP IDR 840 yang merefleksikan 18.2x PE FY24F (-1SD rata-rata PE 5 tahun terakhir).

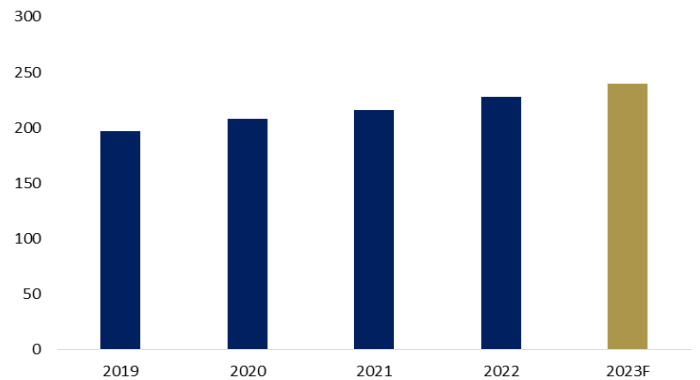
| Forecasts and Valuations (at closing price IDR 755 per share) | | | | | |
|---|--------|-------|-------|-------|-------|
| Y/E Dec | 20A | 21A | 22A | 23F | 24F |
| Revenue (IDR Bn) | 7,413 | 6,543 | 6,763 | 7,602 | 8,220 |
| EBITDA (IDR Bn) | 1,108 | 1,033 | 981 | 1,021 | 1,109 |
| EV/EBITDA (x) | 10.4 | 10.9 | 11.8 | 11.1 | 9.8 |
| Net Profit (IDR Bn) | 733.2 | 690.7 | 664.3 | 710.8 | 762.8 |
| EPS (IDR) | 42.8 | 40.3 | 38.7 | 41.4 | 44.5 |
| EPS Growth (%) | (93.4) | (5.8) | (3.8) | 7.0 | 7.3 |
| P/E Ratio (x) | 17.7 | 18.7 | 19.5 | 18.2 | 17.0 |
| BVPS (IDR) | 304 | 323 | 343 | 364 | 387 |
| P/BV Ratio (x) | 2.5 | 2.3 | 2.2 | 2.1 | 1.9 |

Figure 1. Revenue Mix



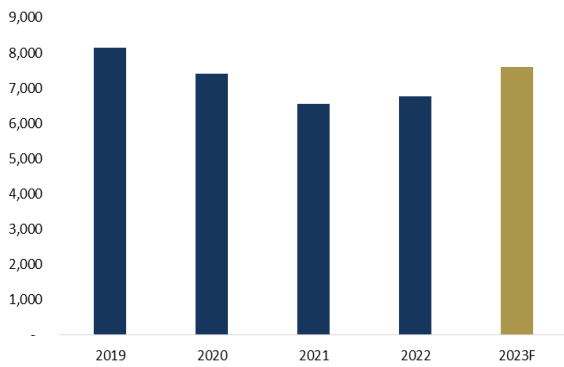
Source: Company, SSI Research

Figure 2. ACES Stores



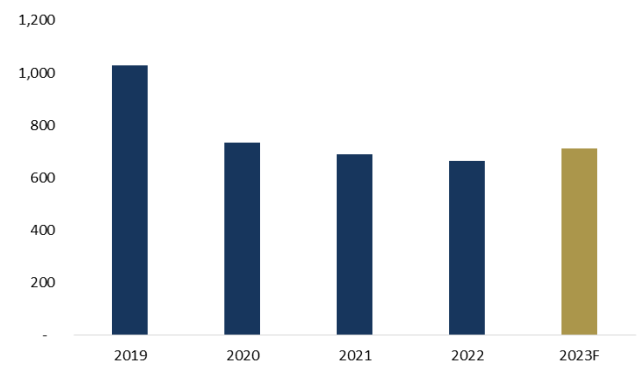
Source: Company, SSI Research

Figure 3. ACES' Revenue



Source: Company, SSI Research

Figure 4. ACES' Net Profit



Source: Company, SSI Research

Figure 5. PE Band



Source: Company, SSI research

Key Financial Figures

| Profit and Loss | | | | | |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Y/E Dec (IDR Bn) | 20A | 21A | 22F | 23F | 24F |
| Revenue | 7,413 | 6,543 | 6,763 | 7,602 | 8,220 |
| Cost of Revenue | (3,754) | (3,331) | (3,495) | (3,917) | (4,202) |
| Gross Profit | 3,659 | 3,213 | 3,268 | 3,685 | 4,019 |
| Opex | (2,806) | (2,439) | (2,521) | (2,885) | (3,150) |
| Other Operating Income | 136 | 138 | 129 | 114 | 123 |
| Operating Profit | 990 | 911 | 876 | 915 | 992 |
| EBITDA | 1,108 | 1,033 | 981 | 1,021 | 1,109 |
| Finance Expense | (64) | (64) | (51) | (56) | (61) |
| Other Expense | (3) | (3) | (5) | (5) | (4) |
| Pre-tax Profit | 923 | 845 | 821 | 854 | 927 |
| Income Tax | (192) | (140) | (147) | (132) | (153) |
| Profit for Period | 731 | 705 | 674 | 721 | 774 |
| Minority Interest | 2 | (14) | (9) | (10) | (11) |
| Net Profit | 733 | 691 | 664 | 711 | 763 |

| Balance Sheet | | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Y/E Dec (IDR Bn) | 20A | 21A | 22F | 23F | 24F |
| Cash & Equivalents | 2,220 | 2,544 | 2,133 | 2,415 | 2,967 |
| Receivables | 143 | 67 | 86 | 86 | 93 |
| Inventory | 2,453 | 2,368 | 2,811 | 2,902 | 2,858 |
| Others | 218 | 214 | 333 | 350 | 367 |
| Total Current Asset | 5,035 | 5,192 | 5,363 | 5,752 | 6,284 |
| Fixed Assets | 512 | 460 | 426 | 468 | 515 |
| Other Non-Current Assets | 1,701 | 1,519 | 1,461 | 1,475 | 1,507 |
| Total Asset | 7,247 | 7,171 | 7,249 | 7,696 | 8,306 |
| Payables | 369 | 127 | 144 | 152 | 252 |
| ST. Debt and CMLTD | 256 | 263 | 258 | 284 | 313 |
| Other Current Liabilities | 220 | 333 | 267 | 280 | 294 |
| Total Current Liabilities | 845 | 723 | 670 | 717 | 859 |
| LT. Debt | 577 | 571 | 450 | 495 | 544 |
| Other LT. Liabilities | 603 | 298 | 196 | 205 | 216 |
| Total Liabilities | 2,025 | 1,592 | 1,315 | 1,417 | 1,619 |
| Minority Interest | 15 | 32 | 44 | 44 | 44 |
| Total Equity | 5,222 | 5,579 | 5,934 | 6,279 | 6,687 |

| Cash Flow | | | | | |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| Y/E Dec (IDR Bn) | 20A | 21A | 22F | 23F | 24F |
| Net Profit | 733 | 691 | 664 | 711 | 763 |
| D&A | 118 | 121 | 105 | 106 | 117 |
| Changes in Working Capital | 336 | (80) | (444) | (84) | 138 |
| Others | 351 | 574 | 294 | (3) | (3) |
| Operating CF | 1,539 | 1,305 | 619 | 730 | 1,014 |
| Capital Expenditure | (158) | (69) | (70) | (149) | (164) |
| Others | (8) | (14) | (32) | (5) | (21) |
| Investing CF | (166) | (83) | (102) | (154) | (185) |
| Change in Debt | 833 | 1 | (126) | 71 | 78 |
| Dividend Payment | (309) | (550) | (353) | (365) | (355) |
| Financing CF | (405) | (898) | (939) | (295) | (278) |
| Net - Cash flow | 965 | 324 | (410) | 282 | 552 |
| Cash at Beginning | 1,255 | 2,220 | 2,544 | 2,133 | 2,415 |
| Cash at Ending | 2,220 | 2,544 | 2,133 | 2,415 | 2,967 |

| Key Ratios | | | | | |
|-------------------------|-------|-------|-------|-------|-------|
| Y/E Dec | 20A | 21A | 22F | 23F | 24F |
| Gross Profit Margin (%) | 49.4 | 49.1 | 48.3 | 48.5 | 48.9 |
| Operating Margin (%) | 13.3 | 13.9 | 13.0 | 12.0 | 12.1 |
| Pretax Margin (%) | 12.5 | 12.9 | 12.1 | 11.2 | 11.3 |
| Net Profit Margin (%) | 9.9 | 10.6 | 9.8 | 9.4 | 9.3 |
| EBITDA Margin (%) | 14.9 | 15.8 | 14.5 | 13.4 | 13.5 |
| Net Gearing (x) | (0.3) | (0.3) | (0.2) | (0.3) | (0.3) |

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