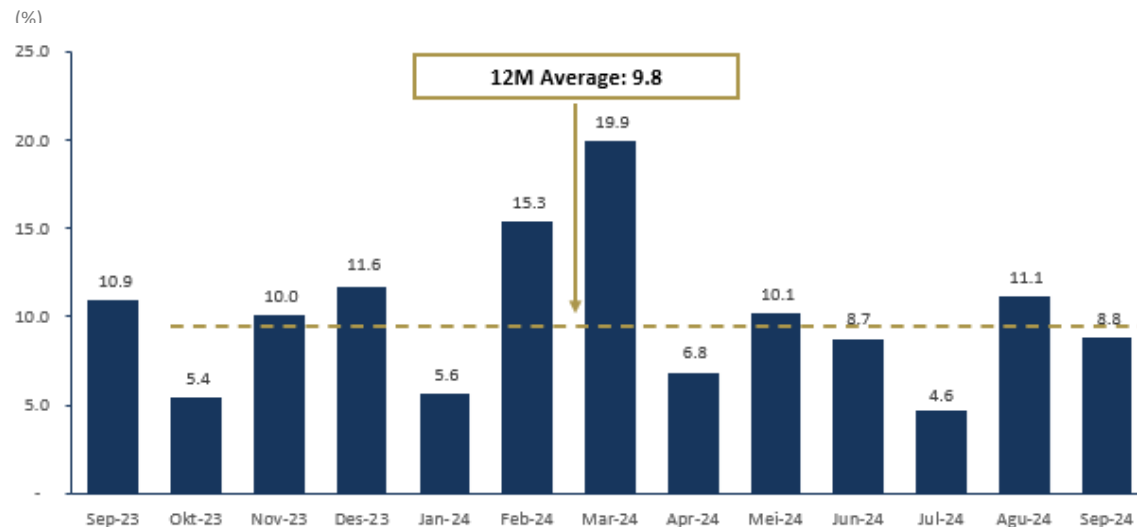


Ace Hardware Indonesia (ACES): IDR 890 — BUY, SSI TP: IDR 1,200; Cons. TP: IDR 960



Monthly SSSG, Sep '23 - Sep'24: 12M avg. (9.8%), SSI's FY24 (8.9%)



Peer Comparables

Company Ticker	Rating	Market Cap (IDR Tn)	Last Price (IDR)	TP (IDR)	2024F				
					EPS Gwt (%)	P/E (x)	P/S (x)	Div. Yield (%)	ROE (%)
AMRT IJ	BUY	139.5	3,360	3,250	20.2	29.4	1.2	1.0	26.4
MAPI IJ	BUY	29.1	1,755	1,600	2.2	15.0	0.8	0.7	17.3
ACES IJ	BUY	16.2	945	1,200	15.5	23.3	2.5	3.1	13.3
MIDI IJ	BUY	15.6	468	560	23.1	19.1	0.7	1.3	16.2
ERAA IJ	BUY	7.4	464	560	18.8	6.6	0.1	4.5	10.4
Sector		207.9			17.3	25.3	1.1	1.2	22.8

SWOT Analysis of the Results

Strength

Robust 9M24 SSSG of ~9.8% (9M23: 7.4%;) on the back of positive performance from Java (9M24: 9.7%, 9M23: 4.3%), while ex-Java's 9M24 SSSG remained at low teens 12.3%

Weakness

Ex-Java's SSSG declined in Sep-24 to 10.9% (Aug-24: 14.9%; Sep-23: 16.3%), which we attribute to normalization from low base effect in Sep-22

Opportunity

We expect ex-Java markets to maintain their upbeat momentum; this, coupled with K-shaped economic recovery, should support sales going forward and potentially continued market outperformance; thus, we upgrade our TP to IDR1,200/share (implied P/S 2.2x 2025F) previous TP IDR: 950/share

Threat

Worse-than-expected consumer spending (due to weak purchasing power, economic slowdown, and shrinking middle class) as well as potential Import tax on Chinese products may dampen ACES's profitability ahead; the most expensive P/S valuation in our sector coverage

Relative YTD Performance vs JCI

