Aspirasi Hidup Indonesia (ACES IJ)

Retail Sector
21 February 2025

JCI Index 6,803

BUY (Maintain)

Target Price (IDR)	950
Potential Upside (%)	24.2

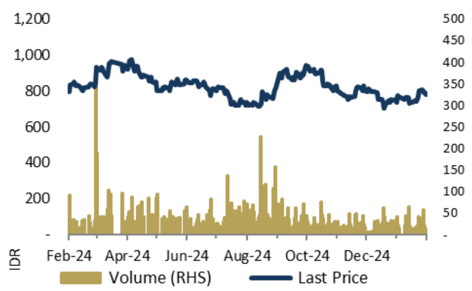
Company Data	
Cons. Target Price (IDR)	996
SSI vs. Cons (%)	95.3

Stock Information	
Last Price (IDR)	765
Market Cap. (IDR bn)	13,097
52-Weeks High/Low (IDR)	995/700
3M Avg. Daily Value (IDR bn)	20.4
Free Float (%)	39.8
Shareholders (%):	
PT Kawan Lama Sejahtera	60.0
Public	40.0

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	(3.2)	4.1	(4.4)	(3.8)
JCI Return	(3.9)	(5.3)	(4.7)	(7.4)
Relative	0.7	9.4	0.4	3.7

Stock Price & Volumes, 12M



Company Background

Established in 1996, ACES, with 320 stores now branded as AZ•KO, is Indonesia's largest listed home improvement & lifestyle retailer. Across 606K sqm of space, it offers 50K SKUs including tools, lawn and garden essentials, plumbing materials, furniture, sporting goods, pet supplies and more. Part of Kawan Lama Group, today ACES has a subsidiary: Toys Kingdom, founded in 2010.

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1M25 Monthly SSSG

What we like:

- Ex-Java continued to post upbeat momentum in January 2025 with Same Store Sales Growth (SSSG) reading of 8.1% (Jan-24: 6.1%), which we attribute to stronger-than-expected commodity prices particularly in the outlying areas.
- Electrical Appliances, Homeware, Home Living, and Kitchenware continued to become the main drivers of ACES' robust performance in the first month of the year.

What we dislike:

- Lowest SSSG in the past 12 months, eroded by Jakarta areas having posted soft performance of -0.5% Jan-25 (Jan-24: 3.8%) along with Java ex-Jakarta region (1.3% in Jan-25 (Jan-24: 5.9%). We attribute this softness to weak purchasing power and slight adverse impact from store rebranding.

Upside potentials:

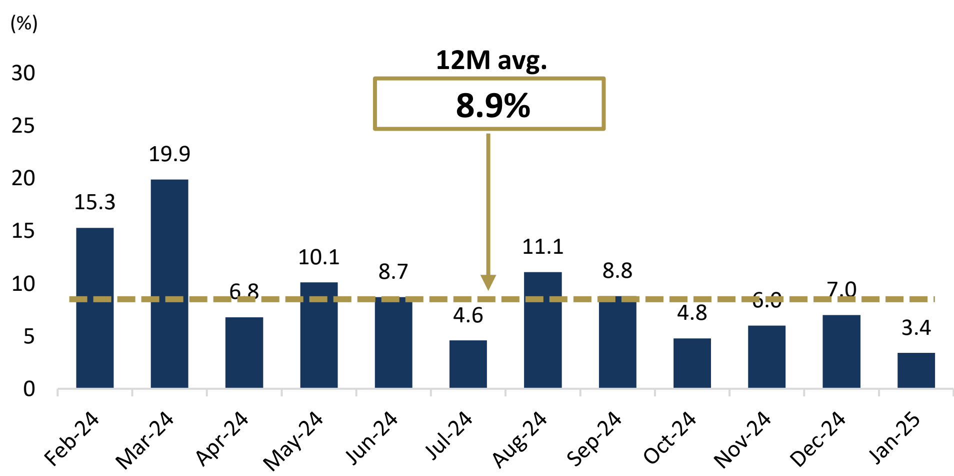
- Potential firmer-than-expected commodity prices like CPO, driven by B40 program and tight supplies, should help farmer incomes and support the performances of ACES stores in ex-Java markets to retain upbeat 2025F momentum.
- Potential improvement in purchasing power among mid-to-high income segments on the back of government subsidies and the free meals program should bolster sales going forward, allowing for further market outperformance for ACES.

Downside risks:

- Weak IDR and potential tax on Chinese imports may adversely affect purchasing power, potentially pressuring profitability.
- Soft commodity prices could impact ex-Java performances, threatening ACES store performances in the region.

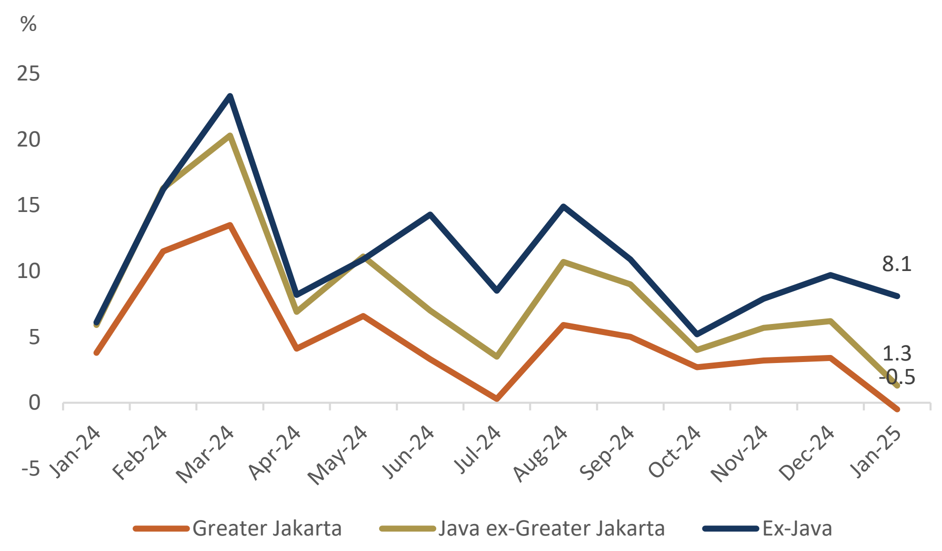
Recommendation & Valuation: Despite relatively soft SSSG performance in January 2025, we retain our positive view on ACES on the back of solid ex-Java performance which should provide continued cushion on its operations. At this stage of the market cycle, we maintain our BUY rating with a TP of IDR 950/share, implying 24.2% upside potential and 1.75x P/S 2025F.

ACES Monthly SSSG, February 2024 – January 2025



Sources: Company, SSI Research

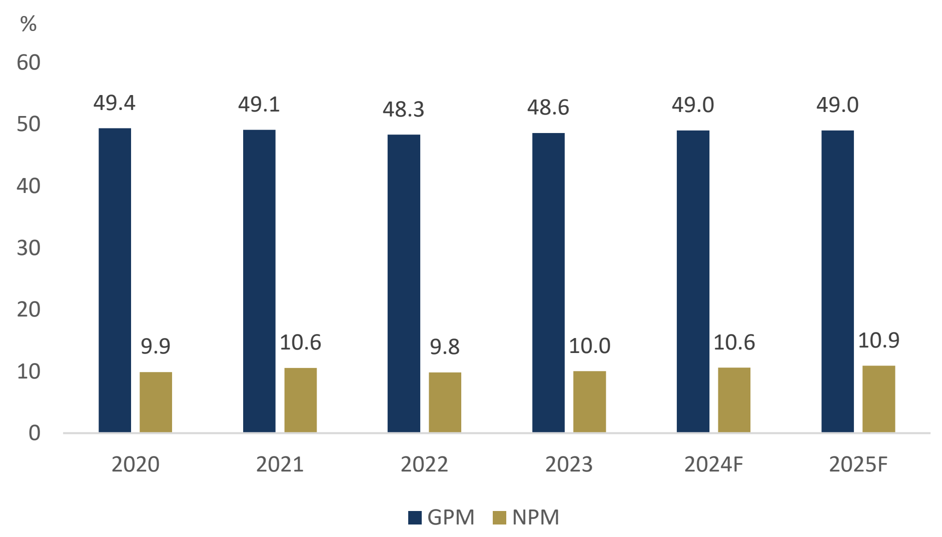
Figure 1. Monthly SSSG by Region, Jan'24 - YTD



Sources: Company, SSI Research

Ex-Java maintained upbeat momentum…

Figure 2. GPM & NPM, 2020 – 2025F



Sources: Company, SSI Research

…supporting NPM of 10.6%

Figure 3. Peer Comparables

Company Ticker	Rating	Market Cap (IDR Tn)	Last Price (IDR)	TP (IDR)	2025F EPS Gwt (%)	P/E (x)	P/S (x)	Div. Yield (%)	ROE (%)
AMRT IJ	BUY	104.2	2,840	4,000	14.5	26.4	0.9	1.7	23.9
MAPI IJ	BUY	23.7	1,430	1,600	28.6	9.7	0.5	0.8	19.3
ACES IJ	BUY	13.1	765	950	14.5	13.0	1.4	3.4	14.4
MIDI IJ	BUY	12.8	384	580	8.4	18.3	0.6	1.5	15.7
ERAA IJ	BUY	6.0	374	400	4.8	4.8	0.1	7.2	11.7
Sector		**159.9**			**15.7**	**21.4**	**0.8**	**1.9**	**21.3**

Sources: Bloomberg, SSI Research

Currently trading at 13.0x PE, 39.3% discounted the sector

Financial Overview

Expecting double digit growth for its top-line and bottom-line in 2025F

Profit and Loss						
Y/E Dec (IDR Bn)	22A	23A	24F	25F	26F	27F
Revenue	6,763	7,612	8,326	9,266	10,359	11,567
Cost of Goods Sold	(3,495)	(3,914)	(4,246)	(4,726)	(5,283)	(5,899)
Gross Profit	**3,268**	**3,698**	**4,080**	**4,540**	**5,076**	**5,668**
Operating Expenses	(2,521)	(2,835)	(3,068)	(3,385)	(3,762)	(4,205)
Operating Profit	**747**	**863**	**1,012**	**1,156**	**1,314**	**1,463**
Financial Charges - net	(51)	(43)	(56)	(57)	(60)	(60)
Other Income (Expense)	125	133	145	162	181	202
Pre-tax profit	**821**	**953**	**1,101**	**1,261**	**1,435**	**1,605**
Income Tax	(147)	(189)	(218)	(250)	(285)	(319)
Profit for Period	**674**	**764**	**882**	**1,011**	**1,150**	**1,286**
Minority Interest	(9)	(0)	(0)	(0)	(0)	(0)
Net Profit	**664**	**764**	**882**	**1,010**	**1,150**	**1,286**

Net Cash position will provide robust expansion capabilities onwards

Balance Sheet						
Y/E Dec (IDR Bn)	22A	23A	24F	25F	26F	27F
Cash & equivalents	2,133	2,312	1,769	1,923	1,504	1,508
Receivables	86	199	57	197	87	243
Inventories	2,811	2,665	3,462	3,349	4,193	4,285
Others	333	486	532	547	645	714
Total Current Assets	**5,363**	**5,662**	**5,820**	**6,016**	**6,429**	**6,751**
Fixed Assets	426	424	433	454	483	515
Other Non-Current Assets	6,823	7,329	7,695	8,001	8,558	8,980
Total Assets	**7,249**	**7,753**	**8,128**	**8,455**	**9,042**	**9,495**
ST. Bank loan	-	-	-	-	-	-
Payables	144	126	205	148	242	204
Other Current Liability	525	638	663	711	785	855
Total Current Liability	**670**	**764**	**869**	**859**	**1,028**	**1,058**
LT. Debt	450	601	581	588	637	662
Other Non-Current Liabilities	865	965	1,089	1,105	1,302	1,365
Total Liabilities	**1,315**	**1,567**	**1,671**	**1,693**	**1,939**	**2,026**
Minority Interest	44	43	43	43	43	43
Total Equity	**5,934**	**6,186**	**6,457**	**6,762**	**7,103**	**7,469**

Solid earnings quality with CFO/EBIT recorded at 1.3x

Cash Flow						
Y/E Dec (IDR Bn)	**22A**	**23A**	**24F**	**25F**	**26F**	**27F**
Net Profit	664	764	882	1,010	1,150	1,286
D&A	54	82	493	592	702	830
Changes in Working Capital	(630)	(42)	(587)	(55)	(686)	(298)
Operating Cash Flow	**89**	**804**	**788**	**1,548**	**1,166**	**1,818**
Capital Expenditure	(392)	(722)	(541)	(673)	(803)	(830)
Others	431	435	(168)	(51)	(72)	(132)
Investing Cash Flow	**38**	**(287)**	**(710)**	**(724)**	**(875)**	**(962)**
Net - Borrowing	(126)	167	(29)	10	70	36
Other Financing	(412)	(505)	(592)	(681)	(780)	(888)
Financing Cash Flow	**(538)**	**(338)**	**(621)**	**(671)**	**(709)**	**(852)**
Net - Cash Flow	(410)	179	(543)	153	(418)	4
Cash at Beginning	2,544	2,133	2,312	1,769	1,923	1,504
Cash at Ending	2,133	2,312	1,769	1,923	1,504	1,508

Improving margins on the back of solid ex-Java performances

Key Ratios						
Y/E Dec	**22A**	**23A**	**24F**	**25F**	**26F**	**27F**
Gross Profit Margin (%)	48.3	48.6	49.0	49.0	49.0	49.0
Operating Margin (%)	11.0	11.3	12.2	12.5	12.7	12.7
Net Margin (%)	9.8	10.0	10.6	10.9	11.1	11.1
ROA (%)	9.2	9.8	10.9	11.9	12.7	13.5
ROE (%)	11.3	12.4	13.8	15.0	16.3	17.3
Net Gearing (x)	N.C	N.C	N.C	N.C	N.C	N.C
DER (x)	12.0	14.2	13.2	12.7	13.1	13.0
DPS (IDR)	20.6	31.1	22.3	25.8	29.5	33.6
Dividend Yield (%)	2.7	4.1	2.9	3.4	3.9	4.4
EPS (IDR)	38.8	44.6	51.5	59.0	67.2	75.1
PER (x)	19.7	17.2	14.8	13.0	11.4	10.2
EPS Growth (%)	(3.8)	14.9	15.5	14.5	13.8	11.9
BVPS (x)	346.6	361.3	377.2	394.9	414.9	436.2
P/BV Ratio (x)	2.2	2.1	2.0	1.9	1.8	1.8
Revenue/share (x)	395.0	444.6	486.3	541.2	605.1	675.6
P/S Ratio (x)	1.9	1.7	1.6	1.4	1.3	1.1

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