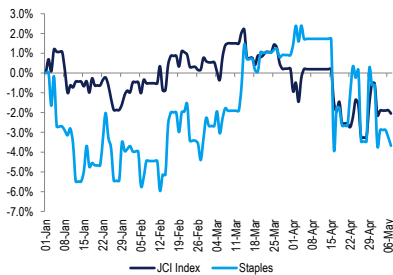


## Sector Index Performance

	3M	6M	12M
Absolute	2.2%	-1.0%	-4.2%
Relative to JCI	3.2%	-4.5%	-9.3%



## Summary Valuation Metrics

P/E (x)	2024F	2025F	2026F
AMRT IJ	29.2	24.8	21.0
ACES IJ	18.6	16.7	14.7
MAPI IJ	9.7	8.3	7.2
EV/EBITDA (x)	2024F	2025F	2026F
AMRT IJ	15.1	13.4	11.8
ACES IJ	9.8	8.8	8.8
MAPI IJ	3.6	2.8	2.1
Div. Yield	2024F	2025F	2026F
AMRT IJ	1.8%	2.2%	2.6%
ACES IJ	3.6%	4.2%	4.6%
MAPI IJ	0.0%	0.0%	0.0%

## 1Q24 recap: mixed results amid shift in Lebaran; ACES was the outperformer

- Accounting for earlier Lebaran seasonality which denotes higher GPM, RALS/MAPI's lower GPM -68/-161bps yoy came below expectations.
- Sustained low mall occupancy rate in mid-low tiered malls led to some stores' underperformance for retailers like LPPF and ACES.
- Retailers' base effect in 2Q23 are deemed to be less favorable compared to staples', in our view. Maintain sector Neutral call.

## 1Q24 recap: ACES was the outperformer

Although 1Q24 retailers' earnings were optically positive (Fig. 7), we note that the underlying performance of RALS/LPPF/MAPI may miss consensus and our estimates accounting for the earlier Lebaran. LPPF has also shared that its Lebaran festive SSSG of -2.4% is below management's expectations; and that the Lebaran's festive revenue would be somewhat evenly distributed between 1Q24 and 2Q24. On the other hand, despite the earlier Lebaran RALS/MAPI booked -68/-161bps yoy lower GPM in contrast of the typically higher GPM of +64/+44bps qoq for RALS/MAPI during the Lebaran quarters in the past 5yr ex-Covid (Fig 12). ACES was the clear outperformer in 1Q24, driven by their strong sales recovery momentum.

## Low occupancy rate in mid-low tiered malls leading to some stores' underperformance for LPPF/ACES

One key factor on mid-lower class retailers' underperformance may be due to delayed recovery in mid-low tier mall's occupancy rate. According to Colliers' data, G. Jakarta mall occupancy levels in mid/low tiered malls stood at only c.70/50% as of 1Q24. Based on our channel checks, this trend may partially be attributed by consumers' rising adoption of e-commerce. This has led to a portion of LPPF's stores dragging down performance (29 under watchlist and 10 planned for closure – these 39 stores are c.25% of total stores). A similar trend (although far less significant) is being cited by ACES pertaining to their 10 underperforming stores (4.2 % of total stores) – these stores are located in 2<sup>nd</sup> tier malls in Jakarta/Java. From this standpoint, MAPI may be the most resilient as its stores' locations are focused in 1<sup>st</sup> tier malls.

## Retailers' base effect for 2Q24 is less favourable compared to staples

Looking ahead, we note a general distinction between retailers and staples. While 2Q23 represents a low base effect for staples ([report](#)), 2Q23 were far more normalized for ACES/MAPI given their 2Q23 SSSG of 8.9/7.7%. Nonetheless, ACES recently shared that indicative Apr24 SSSG is positive despite Apr23's 15.0% SSSG. On the other hand, we expect AMRT to continue its strong SSSG for Apr24. In sum, we maintain our Neutral call on the sector with pecking order: ACES > MAPI > AMRT > RALS > LPPF.

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Fig. 1: Indonesia Retailers valuation summary

Ticker	Rating	Current Target		Earnings yoy		P/E		ROE	
		price (Rp)	price (Rp)	2024F	2025F	2024F	2025F	2024F	2025F
ACES	BUY	890	1,080	12.2%	12.7%	18.6	16.7	13.6%	14.6%
MAPI	BUY	1,405	2,550	26.6%	17.0%	9.7	8.3	20.9%	19.8%
AMRT	BUY	2,880	3,350	20.6%	17.9%	29.2	24.8	27.7%	27.5%
LPPF	BUY	1,585	2,750	18.4%	20.1%	3.5	3.0	373.1%	143.7%
RALS	BUY	468	660	13.9%	10.1%	7.8	7.1	8.8%	9.6%
Simple average				18.3%	15.6%	13.8	12.0	88.8%	43.0%

Source: Bloomberg, Indo Premier

Share price closes as 07 May 2024

Fig. 2: Indonesia' retailers 1Q24 net revenue summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ	IPS FY24F	% IPS	Cons FY24F	% Cons	5yr. Avg
ACES	1,993	1,702	17.0%	2,118	-5.9%	8,249	24%	8,371	24%	24%
MAPI	8,788	7,462	17.8%	9,526	-7.7%	37,727	23%	38,916	23%	22%
LPPF	1,973	1,443	36.7%	1,559	26.6%	7,081	28%	6,590	30%	23%
RALS	829	584	42.0%	604	37.2%	3,049	27%	2,853	29%	19%
AMRT	29,326	26,167	12.1%	26,920	8.9%	120,098	24%	121,378	24%	24%
<b>Indo's retailers</b>	<b>42,908</b>	<b>37,359</b>	<b>14.9%</b>	<b>40,727</b>	<b>5.4%</b>	<b>176,204</b>	<b>24%</b>	<b>178,108</b>	<b>24%</b>	

Source: Company, Bloomberg, Indo Premier

Fig. 3: Indonesia' Retailers 1Q24 gross profit summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ
ACES	967	826	17.1%	1,054	-8.3%
MAPI	3,748	3,302	13.5%	4,235	-11.5%
LPPF	1,290	969	33.2%	980	31.7%
RALS	395	286	38.0%	297	33.0%
AMRT	6,389	5,695	12.2%	6,169	3.6%
<b>Indo's retailers</b>	<b>12,789</b>	<b>11,079</b>	<b>15.4%</b>	<b>12,734</b>	<b>0.4%</b>

Source: Company, Bloomberg, Indo Premier

Fig. 4: Indonesia' Retailers 1Q24 GPM summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ
ACES	48.5%	48.5%	2 bps	49.7%	-124 bps
MAPI	42.6%	44.3%	-161 bps	44.5%	-181 bps
LPPF*	34.7%	35.4%	-68 bps	32.9%	180 bps
RALS*	28.2%	28.9%	-68 bps	28.8%	-61 bps
AMRT	21.8%	21.8%	3 bps	22.9%	-113 bps
<b>Indo's retailers</b>	<b>29.8%</b>	<b>29.7%</b>	<b>16 bps</b>	<b>31.3%</b>	<b>-147 bps</b>

Source: Company, Indo Premier

\*Based on gross sales

Fig. 5: Indonesia' Retailers 1Q24 EBIT Margin summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ
ACES	11.9%	10.8%	114 bps	15.5%	-360 bps
MAPI	8.1%	8.9%	-79 bps	10.8%	-270 bps
LPPF*	13.1%	7.0%	603 bps	6.8%	626 bps
RALS*	7.1%	1.8%	528 bps	-5.7%	1278 bps
AMRT	3.0%	2.9%	8 bps	4.7%	-170 bps
<b>Indo's retailers</b>	<b>5.6%</b>	<b>4.9%</b>	<b>75 bps</b>	<b>6.8%</b>	<b>-117 bps</b>

Source: Company, Bloomberg, Indo Premier

\*Based on gross sales

Fig. 6: Indonesia' Retailers 1Q24 opex to sales summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ
ACES	-36.6%	-37.7%	112 bps	-34.3%	-237 bps
MAPI	-34.5%	-35.4%	82 bps	-33.6%	-90 bps
LPPF*	-21.6%	-28.3%	671 bps	-26.1%	447 bps
RALS*	-21.1%	-27.0%	596 bps	-34.5%	1339 bps
AMRT	-18.8%	-18.8%	6 bps	-18.2%	-57 bps
<b>Indo's retailers</b>	<b>-24.2%</b>	<b>-24.8%</b>	<b>60 bps</b>	<b>-24.5%</b>	<b>30 bps</b>

Source: Company, Indo Premier

\*Based on gross sales

Fig. 7: Indonesia' Retailers 1Q24 net profit summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ	IPS FY24F	% of IPS	Cons FY24F	% of Cons	5yr. avg
ACES	205	158	29.3%	274	-25.4%	857	24%	840	24%	22%
MAPI	414	391	5.9%	404	2.4%	2,361	18%	2,326	18%	16%
LPPF	326	101	221.9%	45	626.9%	800	41%	806	40%	7%
RALS	107	30	254.0%	46	133.9%	327	33%	307	35%	8%
AMRT	890	776	14.8%	1,213	-26.6%	3,845	23%	4,427	20%	25%
<b>Indo's retailers</b>	<b>1,942</b>	<b>1,456</b>	<b>33.3%</b>	<b>1,983</b>	<b>-2.1%</b>	<b>8,190</b>	<b>24%</b>	<b>8,706</b>	<b>22%</b>	

Source: Company, Bloomberg, Indo Premier

Fig. 8: Indonesia' Retailers 1Q24 NPM summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ
ACES	10.3%	9.3%	98 bps	13.0%	-268 bps
MAPI	4.7%	5.2%	-53 bps	4.2%	47 bps
LPPF*	8.8%	3.7%	507 bps	1.5%	726 bps
RALS*	7.6%	3.0%	459 bps	4.4%	320 bps
AMRT	3.0%	3.0%	8 bps	4.5%	-148 bps
<b>Indo's retailers</b>	<b>4.5%</b>	<b>3.9%</b>	<b>63 bps</b>	<b>4.9%</b>	<b>-35 bps</b>

Source: Company, Indo Premier

\*Based on gross sales

Fig. 9: Indonesia' Retailers 1Q24 SSSG summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ
ACES	13.2%	2.9%	10.3%	11.8%	1.4%
MAPI	-1.1%	18.7%	-19.8%	-0.9%	-0.2%
LPPF	-2.4%	2.4%	-4.8%	-2.9%	0.5%
AMRT	7.3%	6.1%	1.2%	4.5%	2.8%

Source: Company, Indo Premier

Fig. 10: Indonesia' Retailers 1Q24 Salary summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ
ACES	321	295	9.0%	323	-0.7%
MAPI	963	887	8.6%	982	-1.9%
LPPF	276	266	3.7%	219	25.6%
RALS	106	82	29.9%	95	12.0%
AMRT	2,960	2,712	9.2%	2,569	15.2%
<b>Indo's retailers</b>	<b>4,627</b>	<b>4,242</b>	<b>9.1%</b>	<b>4,189</b>	<b>10.5%</b>

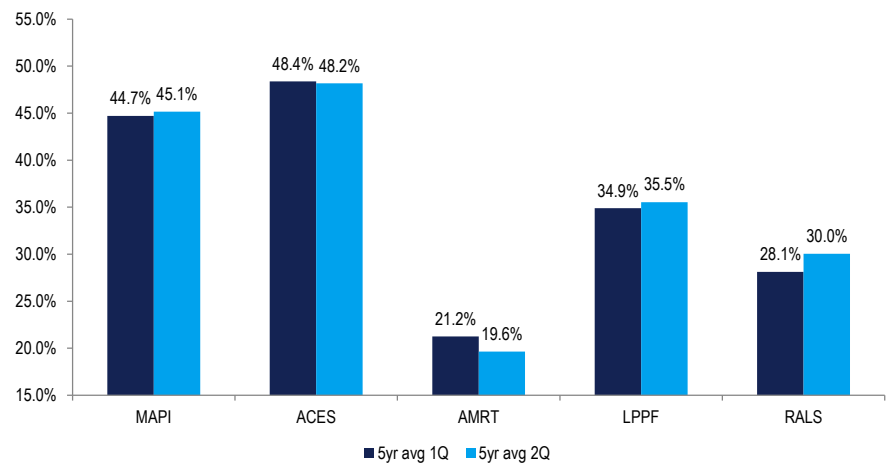
Source: Company, Indo Premier

Fig. 11: Indonesia' Retailers 1Q24 Rental + RoU summary

Ticker	1Q24	1Q23	% YoY	4Q23	% QoQ
ACES	84	79	6.0%	80	5.1%
MAPI	869	742	17.1%	836	4.0%
LPPF	282	271	4.0%	268	5.2%
RALS	58	65	-11.0%	47	22.8%
AMRT	716	624	14.8%	653	9.7%
<b>Indo's retailers</b>	<b>2,009</b>	<b>1,782</b>	<b>12.8%</b>	<b>1,883</b>	<b>6.7%</b>

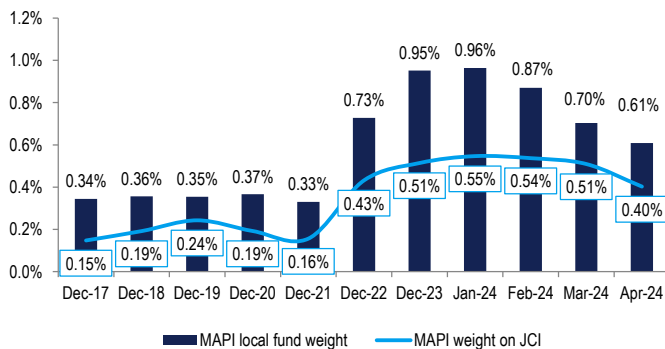
Source: Company, Indo Premier

Fig. 12: Indonesia' Retailers 5yr avg. 1Q and 2Q GPM



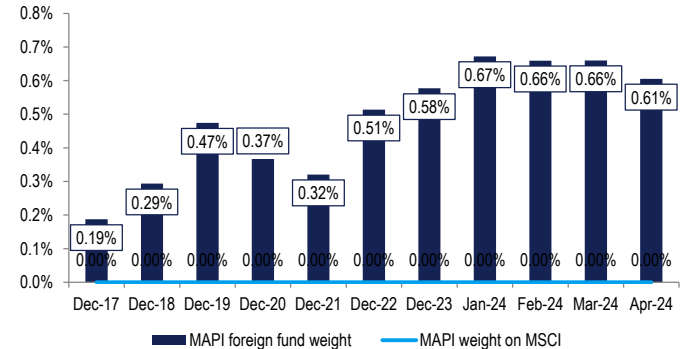
Source: Company, Indo Premier

Fig. 13: MAPI' local fund weight vs. JCI



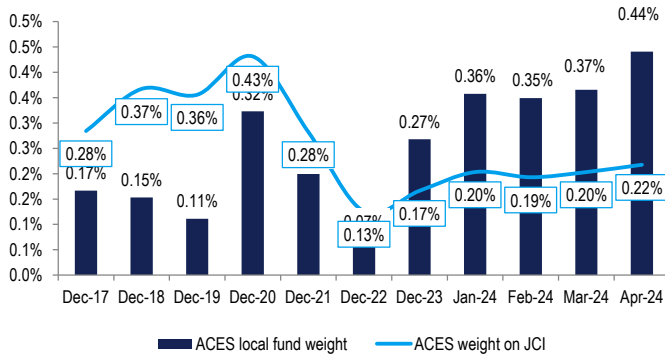
Source: KSEI, Indo Premier

Fig. 14: MAPI' foreign fund weight vs. MSCI



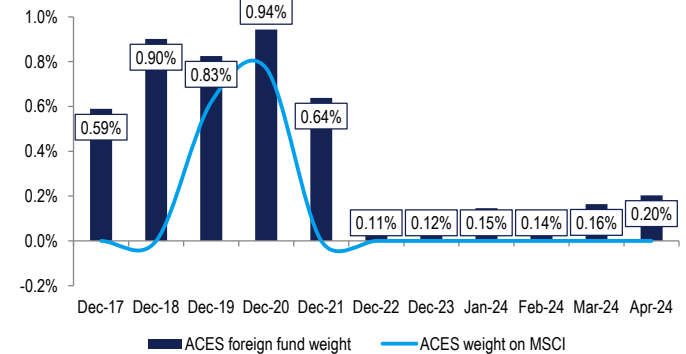
Source: MSCI, Indo Premier

Fig. 15: ACES' local fund weight vs. JCI



Source: KSEI, Indo Premier

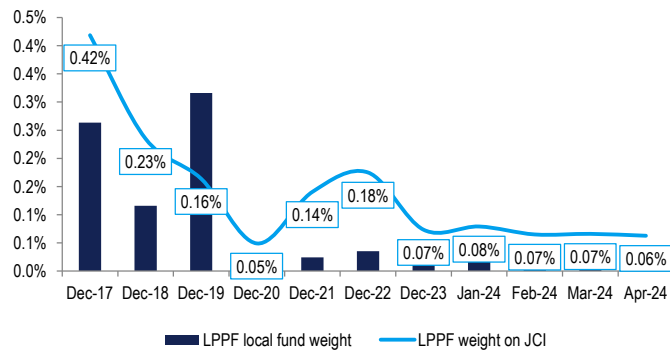
Fig. 16: ACES' foreign fund weight vs. MSCI



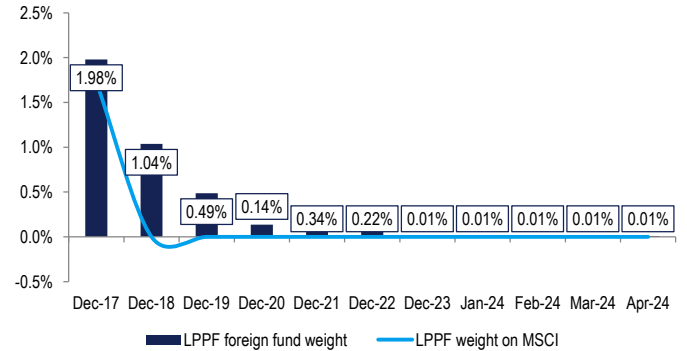
Source: MSCI, Indo Premier

Fig. 17: LPPF' local fund weight vs. JCI

Fig. 18: LPPF' foreign fund weight vs. MSCI

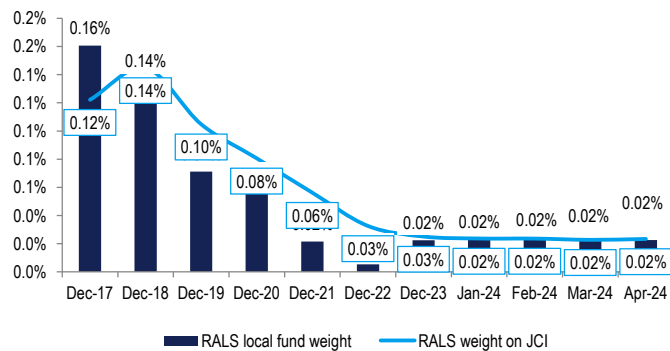


Source: KSEI, Indo Premier



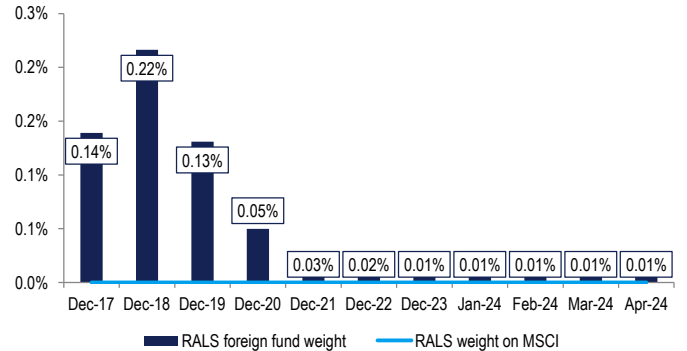
Source: MSCI, Indo Premier

Fig. 19: RALS' local fund weight vs. JCI



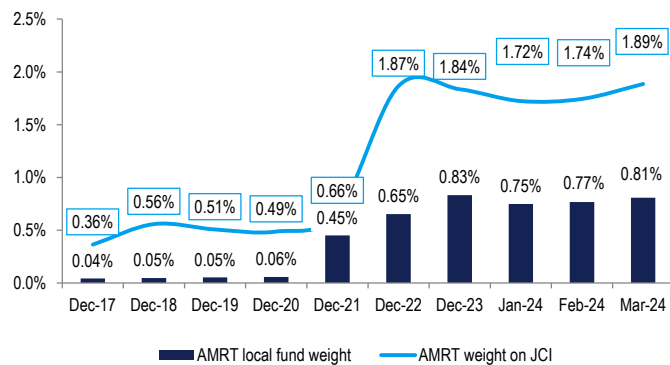
Source: KSEI, Indo Premier

Fig. 20: RALS' foreign fund weight vs. MSCI



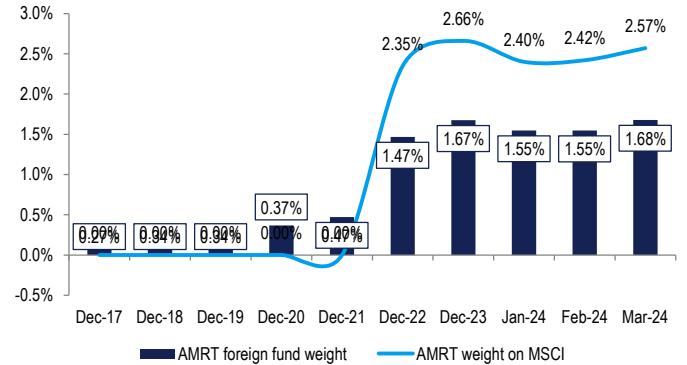
Source: MSCI, Indo Premier

Fig. 21: AMRT' local fund weight vs. JCI



Source: KSEI, Indo Premier

Fig. 22: AMRT' foreign fund weight vs. MSCI



Source: MSCI, Indo Premier

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- OVERWEIGHT : An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
- NEUTRAL : A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
- UNDERWEIGHT : An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

**COMPANY RATINGS**

- BUY : Expected total return of 10% or more within a 12-month period
- HOLD : Expected total return between -10% and 10% within a 12-month period
- SELL : Expected total return of -10% or worse within a 12-month period

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