

Sumber Alfaria Trijaya

HOLD

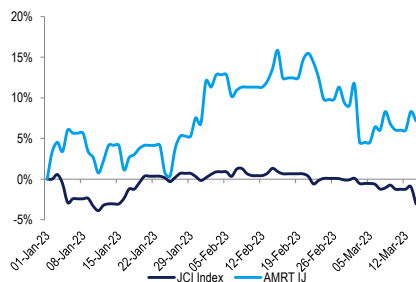
Company Initiation | Consumer Discretionary | AMRT IJ | 14 March 2023

Stock Data

Target price	Rp2,600
Prior TP	N/A
Current price	Rp2,840
Upside/downside	-8.4%
Shares outstanding (mn)	41,525
Market cap (Rp bn)	117,930
Free float	45%
Avg. 6m daily T/O (Rp bn)	86

Price Performance

	3M	6M	12M
Absolute	11.4%	32.7%	121.9%
Relative to JCI	12.7%	41.2%	126.3%
52w low/high (Rp)	1,280-3,090		



Major Shareholders

PT Sigmantara Alfindo	53.2%
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Lukito Supriadi

PT Indo Premier Sekuritas
lukito.supriadi@ipc.co.id
+62 21 5088 7168 ext. 716

Andrianto Saputra

PT Indo Premier Sekuritas
andrianto.saputra@ipc.co.id
+62 21 5088 7168 ext. 712

Superior ROE has somewhat priced-in; initiate with Hold

- Solidly positioned in the FMCG retail space, we expect its sales/net profit to grow by 13.3/15.9% yoy in FY23F vs. retailer peers at 13.4/4.9%.
- Fee income shall also continue to post robust growth (15% FY23-25F).
- Its superior ROE to peers may not fully justify its valuation of 38.5x P/E especially with relatively par sales outlook in FY23F. Initiate with HOLD.

Proven winner in the FMCG retail space

AMRT has proven itself to be one of few winners in the FMCG retail space in the current duopoly minimarket industry (the other player is Indomaret). The group has gained market share in the Indonesian FMCG trade (68 FMCG categories) from 11.1% in FY17 to 13.5% in FY21. With an expansion target of >1700 stores in FY23 along with SSSG target of 5%, we expect AMRT's top line to grow 13.3% yoy in FY23F.

Vast networks has allowed AMRT to command higher margin

Given AMRT's limited shelf space and competition within the FMCG space, AMRT has the privilege of selecting the best products to optimize its turnover and generate the highest margin possible, as evidenced by AMRT's growing income from product registration (CAGR of 10.1% in FY15-22F). As a result, the group has been able to grow its gross margin consistently from 19.1% in FY15 to 20.8% in FY22F and we expect it to reach 21.5% by FY25F.

Robust growth from fee-based income

Despite digital services being offered in numerous digital platforms (bank/online marketplaces), we believe that AMRT would continue to play a relevant role in bridging Indonesia's unbanked/underbanked population to the digital platform (e-commerce, etc) as they account for 77% of the population based on Bein. We project fee-based income to grow at CAGR of 15% for FY23-25F, similar to FY20-22F CAGR of 17.0% and this shall boost earnings meaningfully accounting for 20% of FY23F pre-tax income.

Initiate with HOLD with TP of Rp2,600 due to valuation

AMRT has been the top performer in the consumer space as evidenced by its recent strong financial performance (EPS CAGR of 57.7% FY20-22F). Nonetheless, we are forecasting a more conservative net earnings growth outlook in FY23F of 15.9% yoy (vs FY21/22's 86.4/33.4% yoy) as we expect flattish EBIT margin due to normalizing SSSG and higher wage growth in FY23F. With these considerations, we initiate AMRT with a HOLD rating despite generating FY23F 26.0% ROE (vs. retailer peers ex-LPPF at 12.9%) at a target price of Rp2,600 based on 35.1x FY23F P/E (+1 SD above 5Y mean) - a significant premium vs. its local retailers' peers of 12.8x.

Financial Summary (Rp bn)	2020A	2021A	2022F	2023F	2024F
Revenue	75,827	84,904	97,090	109,956	123,671
EBITDA	3,653	5,006	5,856	6,730	7,839
Net profit	1,061	1,978	2,640	3,061	3,721
EPS (Rp)	26	48	64	74	90
EPS growth	-4.6%	86.4%	33.4%	15.9%	21.6%
ROE	15.0%	24.4%	27.1%	26.0%	26.4%
PER (x)	111.1	59.6	44.7	38.5	31.7
Dividend yield	0.5%	0.3%	0.7%	0.9%	1.0%
Forecast change			N/A	N/A	N/A
IPS vs. consensus			97%	91%	94%

Source: Company, Indo Premier

Share price closing as of: 14 March 2023

Investment Thesis

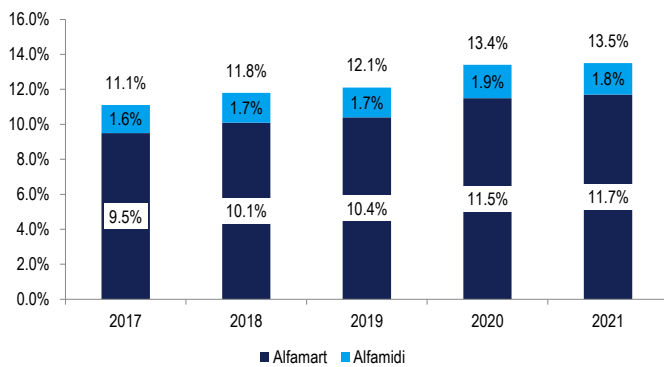
Proven winner in the FMCG retail space

AMRT has proven itself to be one of few winners in the FMCG retail space in the current duopoly minimarket industry. Over the years, AMRT group has gained market share in the overall Indonesian FMCG trade (68 FMCG categories) from 11.1% in FY17 to 13.5% in FY21, with consolidated sales CAGR of 8.4% in FY17-21.

FY22's 9.1% SSSG is driven more by price rather than volume as FMCG companies adjusted their prices aggressively in FY22 (Fig 4), while price adjustment indication in FY23F from FMCG companies is expected to be much more subdued as raw material prices normalize. As such we expect a deceleration in FY23F SSSG to 5%, in-line with company's guidance.

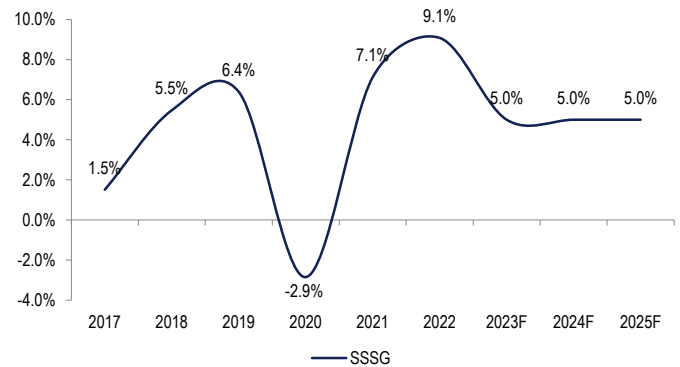
With an expansion target of >1700 stores in FY23 along with SSSG target of 5% (vs FY22's c.1,550 store opening & SSSG of 9.1%), we expect AMRT's top-line to grow 13.3% yoy in FY23F and similar with its retailer peers of 13.4%.

Fig. 1: AMRT's market share in Indonesian FMCG trade



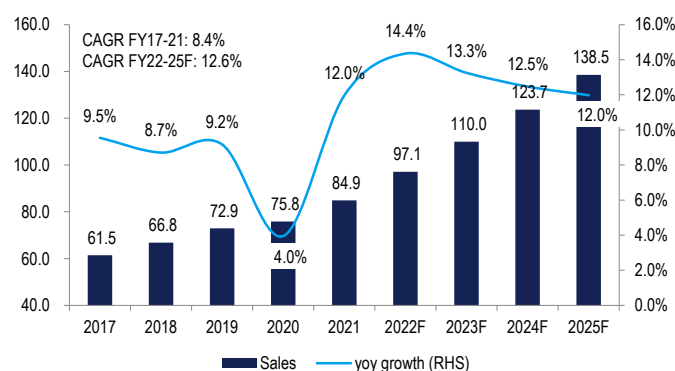
Source: Nielsen, Company, Indo Premier

Fig. 2: AMRT's SSSG trend



Source: Company, Indo Premier

Fig. 3: AMRT's sales growth trend (Rp tr)



Source: Company, Indo Premier

Fig. 4: Indo's staples price adjustment

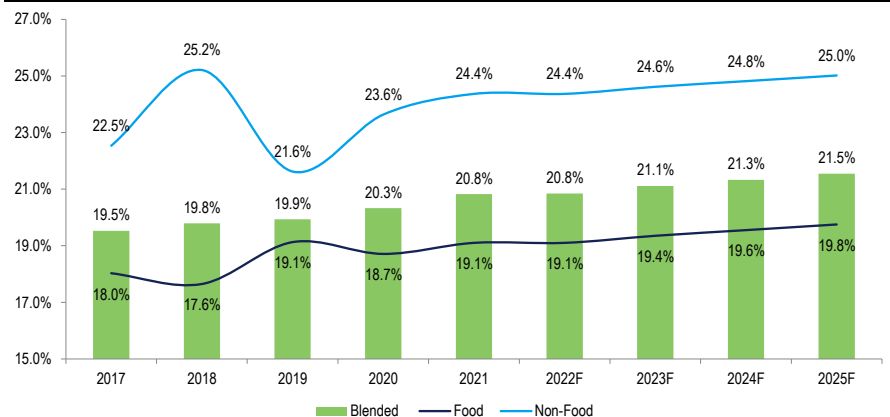
Company/segment	FY22 ASP adjustment	FY23F ASP Adjustment
ICBP	+10%	N/A
Noodles	+11%	N/A
INDF		
Bogasari	+33%	N/A
UNVR	+11%	N/A
SIDO	+3-4%	>5% (Herbal product)
KLBF	+2% in avg.	c.3-6% across selected product
MYOR	+18-20%	Less aggressive

Source: Company, Indo Premier

Optimizing turnover and margins from picking FMCG bestsellers

Being one of the most dominant FMCG retailers in Indonesia, AMRT enjoys economies of scale and massive bargaining power toward FMCG principals. Given AMRT's limited shelf space and competition within the FMCG space, AMRT has the privilege of selecting the best products to optimize its turnover and generate the highest margin possible, as evidenced by AMRT's growing income from product registration (CAGR of 10.1% in FY15-22F). As a result, the group has been able to grow its gross margin consistently from 19.1% in FY15 to 20.8% in FY22F and we expect it to reach 21.5% by FY25F.

Fig. 5: AMRT's GPM trend



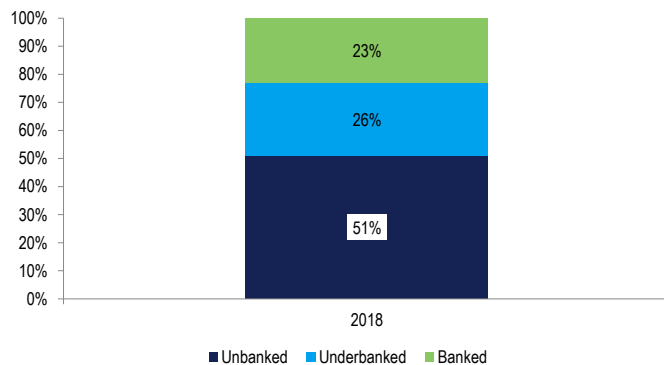
Source: Company, Indo Premier

Bridging the unbanked population to the digital platform for a fee

AMRT's fee based income's nature of transactions has evolved from previously offering payments for motorcycle instalments, payment of electricity tokens, etc to the current portfolio that is more characterized by e-wallet top-ups including payment of online marketplace transactions, etc followed by utilities payment and motorcycle instalment payments. These services make up c.70-80% of the total fee-based income portfolio. Despite digital services being offered in numerous digital platforms (banks/online marketplaces), we believe that AMRT would continue to play a relevant role in bridging Indonesia's unbanked/underbanked population (as they account for 77% of the population based on Bein) to the digital platform (e-commerce, etc) (Fig 6).

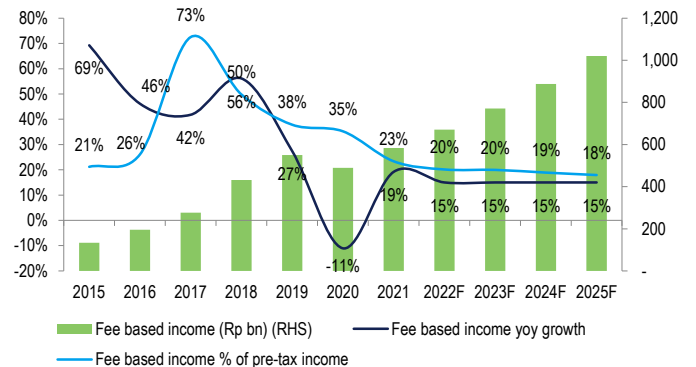
We project fee-based income to grow at CAGR of 15% for FY23-25F, similar to FY20-22 CAGR of 17% - driven by store expansion (average) of 8.0% in FY23F and 6.4% fee income growth per store (lower than fee income growth per store of 13.7% CAGR FY16-21 due to higher base effect). This shall boost earnings meaningfully as fee based income may account for 20% of FY23F pre-tax income. Additionally, digital service offering is also one of AMRT's traffic generators.

Fig. 6: Indonesia's population unbanked/underbanked population in 2018



Source: Bein, Indo Premier

Fig. 7: Fee based income yoy growth & fee based income % of pre-tax income



Source: Company, Indo Premier

Initiate with HOLD due to valuation

AMRT is solidly positioned in the FMCG retail market as evidenced by its recent strong financial performance (Earnings CAGR of 57.7% FY20-22F). Nonetheless, we are forecasting a more conservative net profit growth outlook in FY23F of 15.9% yoy (vs FY21/22's 86.4/33.4% yoy). This is on the back of a more normalized SSSG of 5% in FY23F (in-line with inflation and company guidance), coupled with a more significant wage hike of 7.3% yoy in FY23F.

As such, we note that the significant EBIT margin expansion from FY20's 1.0% to 2.2/2.6% in FY21/22F (SSSG of 7.1/9.1% in FY21/22) is likely to be absent in FY23F as we expect a flattish EBIT margin at 2.6% due to SSSG deceleration and higher wage growth in FY23F. With these considerations, we initiate AMRT with a HOLD rating at a target price of Rp2,600, which is based on 35.1x FY23F P/E (+1 SD above 5Y average). Additionally, we also note AMRT is trading at a premium to regional minimarket peers (Fig 9) which may be justified through its stronger (top line and bottom line) growth outlook and higher ROE profile.

Fig. 8: AMRT is traded at 36.8x fwd. 12M PE (+1.2 s.d. from its 5Y avg. of 27.6x) well above its peers of 12.8 PE



Source: Bloomberg, Indo Premier

Fig. 9: AMRT's peers comparison (FMCG retail)

Company	Region	Ticker	MKT Cap (US\$ bn)	P/E		EPS growth		NPM		ROE		ROA	
				2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F
Regional's FMCG retailer													
7 Eleven	Japan	3382 JP	39.2	17.7	16.2	7.4%	9.3%	2.6%	2.8%	9.4%	9.6%	3.7%	3.9%
Lawson Inc	Japan	2651 JP	4.0	21.8	20.1	9.0%	8.1%	2.5%	2.6%	8.8%	9.1%	2.1%	2.2%
CPALL PCL	Thailand	CPALL TB	15.8	30.1	24.6	38.8%	22.4%	2.0%	2.3%	13.5%	15.5%	2.2%	2.6%
Walmart Inc	USA	WMT US	370.5	22.5	20.7	41.2%	8.4%	2.6%	2.7%	20.1%	21.1%	7.2%	7.1%
Simple average				23.0	20.4	24.1%	12.1%	2.4%	2.6%	13.0%	13.8%	3.8%	3.9%
Indo's retailers													
Mitra Adiperkasa	Indonesia	MAPI IJ	1.6	13.4	12.1	-9.5%	11.2%	5.6%	5.6%	21.5%	20.4%	8.2%	8.1%
Matahari Department Store	Indonesia	LPPF IJ	0.8	7.6	7.0	13.9%	10.5%	11.1%	11.3%	210.8%	161.5%	26.0%	26.4%
Ace Hardware Indonesia	Indonesia	ACES IJ	0.5	16.1	14.6	5.0%	10.1%	6.4%	6.5%	8.7%	9.1%	6.7%	7.1%
Ramayana Lestari Sentosa	Indonesia	RALS IJ	0.3	14.1	12.8	10.0%	9.8%	5.5%	5.3%	8.6%	9.5%	6.5%	7.0%
Simple average				12.8	11.6	4.9%	10.4%	7.2%	7.2%	62.4%	50.1%	11.9%	12.1%
Simple average (ex. LPPF)				14.5	13.2	1.8%	10.4%	5.8%	5.8%	12.9%	13.0%	7.1%	7.4%
Sumber Alfaria Trijaya	Indonesia	AMRT IJ	7.7	38.5	31.7	15.9%	21.6%	2.8%	3.0%	26.0%	26.4%	9.2%	9.9%

Source: Bloomberg Company, Indo Premier

Share price closing as of: 14 March 2023

Dupont analysis

In comparison with local retailers, AMRT is superior with an FY23F ROE of 26.0% to the other retailers (ex-LPPF) average of 12.9%. Among global FMCG retailers (including minimarkets), AMRT commands the highest ROE of 26.0% in FY23F with peers' average of 13.0%. This justifies our TP basis of +1SD deviation at 35x FY23F P/E, in our view.

Nonetheless, we note that AMRT's ROE improvement from FY17 5.9% to FY22F's 27.1% is largely driven by margin expansion, which we discussed earlier is a result of the significant operating leverage seen in FY21/22F.

Hence, we expect a flattish net margin outlook for FY23F given decelerating SSSG and higher opex growth (from wages) and that ROE improvement going forward may not be as significant as FY20-22's 12.0% ROE accretion.

AMRT's other components in the dupont analysis are asset turnover and equity multiplier. Asset turnover remained stable ranging from 3.0 to 3.3 in FY17-21 and we expect this to be stable going forward, while equity multiplier has declined from 4.0 in FY17 to 3.0 in FY22F, primarily because AMRT paid off its outstanding debt at the holding level (AMRT turned net cash in FY19).

Fig. 10: Indo's retailers dupont analysis – AMRT generated 26.0% ROE slightly higher than MAPI's 21.5% but its valuation is 187.5% premium

	2017	2018	2019	2020	2021	2022F	2023F	2024F
AMRT								
Net Profit Margin	0.5%	1.0%	1.5%	1.4%	2.3%	2.7%	2.8%	3.0%
Asset Turnover	3.0	3.0	3.2	3.0	3.2	3.3	3.3	3.3
Equity Multiplier	4.0	4.0	3.7	3.5	3.3	3.0	2.8	2.7
ROE	5.9%	11.9%	17.7%	15.0%	24.4%	27.1%	26.0%	26.4%
MAPI								
Net Profit Margin	1.7%	3.4%	3.8%	-3.4%	2.2%	7.0%	5.6%	5.6%
Asset Turnover	1.7	1.8	1.9	1.0	1.2	1.5	1.5	1.4
Equity Multiplier	3.1	2.5	2.3	2.7	3.1	2.8	2.6	2.5
ROE	9.2%	15.5%	16.1%	-9.6%	7.8%	29.3%	21.5%	20.4%
LPPF								
Net Profit Margin	10.9%	6.1%	7.5%	-10.1%	8.9%	11.2%	11.1%	11.3%
Asset Turnover	3.4	3.4	3.7	1.5	1.7	2.1	2.3	2.3
Equity Multiplier	2.5	2.5	2.8	4.8	7.7	7.3	8.1	6.1
ROE	91.2%	53.0%	76.7%	-75.0%	115.0%	174.4%	210.8%	161.5%
ACES								
Net Profit Margin	12.8%	12.6%	11.9%	9.2%	9.8%	6.8%	6.4%	6.5%
Asset Turnover	1.5	1.5	1.4	1.1	1.0	1.0	1.0	1.1
Equity Multiplier	1.3	1.4	1.4	1.4	1.3	1.3	1.3	1.3
ROE	24.2%	25.8%	23.1%	14.3%	12.3%	8.5%	8.7%	9.1%
RALS								
Net Profit Margin	5.0%	6.9%	7.6%	-3.6%	4.1%	5.8%	5.5%	5.3%
Asset Turnover	1.7	1.7	1.6	0.7	0.8	1.0	1.2	1.3
Equity Multiplier	1.4	1.4	1.4	1.4	1.4	1.4	1.3	1.4
ROE	11.9%	16.0%	16.2%	-3.5%	4.7%	7.7%	8.6%	9.5%

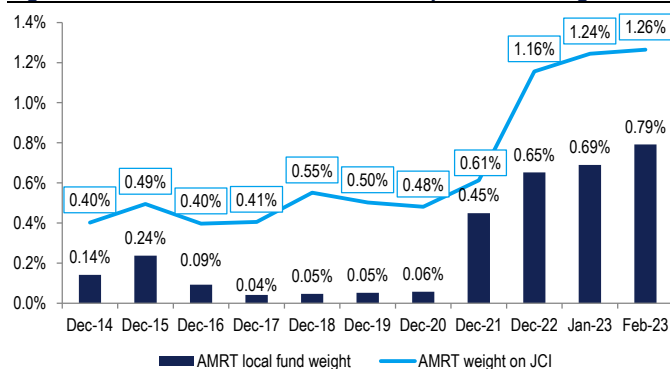
Source: Bloomberg, Company, Indo Premier

Fig. 11: Regional's retailers dupont analysis

	2017	2018	2019	2020	2021	2022F	2023F	2024F
Seven Eleven (Japan)								
Net Profit Margin	4.2%	5.3%	4.7%	4.8%	4.7%	2.4%	2.6%	2.8%
Asset Turnover	0.9	1.0	0.9	1.4	0.8	1.5	1.4	1.4
Equity Multiplier	2.1	2.2	2.2	2.5	2.8	2.6	2.5	2.5
ROE	7.8%	11.2%	9.2%	16.5%	10.0%	9.2%	9.4%	9.6%
Lawson (Japan)								
Net Profit Margin	10.1%	8.9%	6.6%	3.1%	6.1%	2.3%	2.5%	2.7%
Asset Turnover	0.3	0.3	0.2	0.2	0.2	0.9	0.8	0.8
Equity Multiplier	3.2	4.8	4.9	5.0	4.9	4.1	4.3	4.5
ROE	9.6%	10.9%	7.3%	3.2%	6.4%	8.3%	8.8%	9.1%
Seven Eleven (Thailand)								
Net Profit Margin	4.1%	3.9%	3.9%	3.1%	1.4%	1.6%	2.0%	2.3%
Asset Turnover	1.3	1.4	1.5	1.2	0.8	0.9	1.1	1.1
Equity Multiplier	4.5	3.7	3.5	4.7	3.2	9.1	6.2	5.9
ROE	24.3%	20.2%	19.9%	17.0%	3.5%	13.0%	13.5%	15.5%
Walmart								
Net Profit Margin	2.0%	1.3%	2.8%	2.4%	2.4%	1.8%	2.6%	2.8%
Asset Turnover	2.5	2.4	2.3	2.3	2.3	2.6	2.7	2.6
Equity Multiplier	2.5	2.8	2.9	2.9	2.7	3.1	2.8	3.0
ROE	12.4%	8.7%	18.9%	16.0%	14.6%	14.6%	20.1%	21.1%
Simple average regional peers								
Net Profit Margin	5.1%	4.8%	4.5%	3.4%	3.7%	2.0%	2.4%	2.6%
Asset Turnover	1.2	1.3	1.2	1.3	1.0	1.5	1.5	1.5
Equity Multiplier	3.1	3.4	3.4	3.8	3.4	4.7	3.9	4.0
ROE	13.5%	12.7%	13.8%	13.2%	8.6%	11.3%	13.0%	13.8%

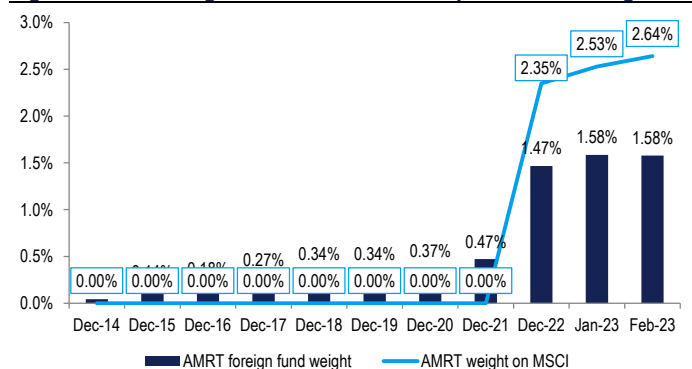
Source: Bloomberg, Indo Premier

Fig. 12: AMRT local institutional ownership vs. JCI's weight



Source: KSEI, Indo Premier

Fig. 13: AMRT foreign institutional ownership vs. MSCI's weight



Source: KSEI, Indo Premier

Industry Outlook

Domestic drivers for FY23F consumption

Meaningful FY23F minimum wage hike to balance inflation

FY22 was a challenging year for consumers as inflationary pressure of 5.51% yoy was accompanied by wage growth of merely 1.6% yoy. Going into FY23F, our economist forecasts inflation to moderate to 4.45% from 5.51% and we believe FY23F national wage growth of 7.3% shall boost the Indonesian population's purchasing power.

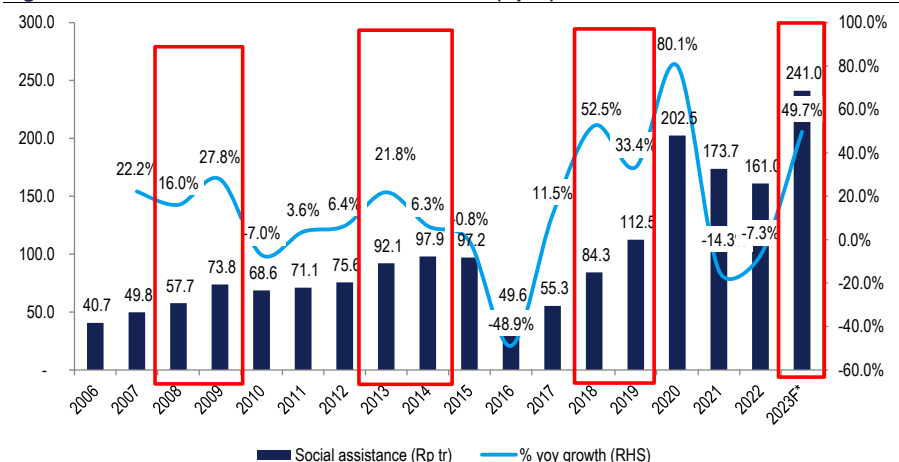
Historically, AMRT's SSSG performance has a positive correlation with Indonesia's consumption expenditure. Looking into FY23F, our economist forecast Indo's consumption expenditure to reach 6.2% yoy growth (link to [note](#)). This along with indication that most FMCG companies pricing adjustments have largely been implemented in FY22, we forecast AMRT's SSSG at 5% in FY23F to be driven less by price contrary to FY22's primarily price driven SSSG growth of 9.1%. Another consumer tailwind is that the government tends to increase the social assistance at pre-election years and FY23F is no exception (Fig. 14).

Fig. 14: Indo's consumption expenditure vs. AMRT's SSSG



Source: CEIC, Company, Indo Premier

Fig. 15: Indonesia's social assistance realization (Rp tr)



Source: CEIC, Indo Premier

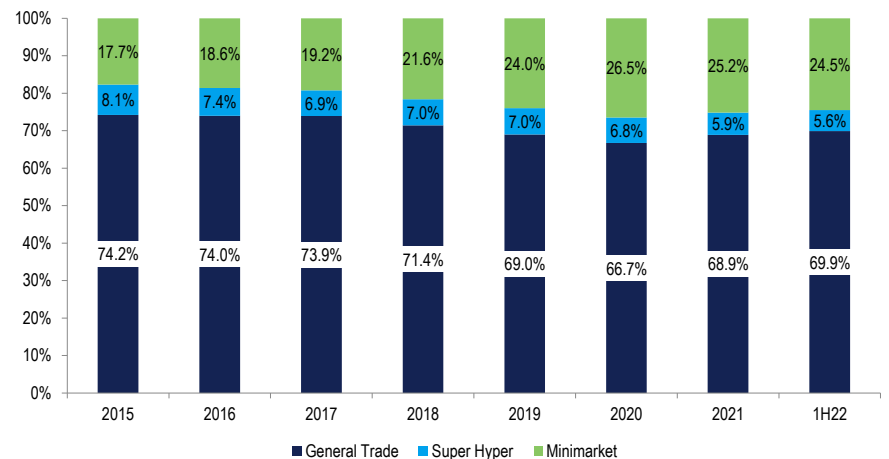
*Budget

We also view the election campaign spending has the potential to boost domestic consumption as our economist estimates the election campaign spending to reach c.Rp366tr or 2.2% of GDP (Link to [note](#)). This is in-line with our economist's forecast of higher consumption expenditure growth in FY23F of 5.9% vs FY22's 4.9%.

Minimarket continues to gain market share

According to Nielsen, minimarket to total trade channel contribution market share has grown significantly from 17.7% in FY15 to 24.5% in 1H22 at the expense of GT and Super/Hypermarket (Fig. 16). This is also supported by Indonesia minimarket stores as total minimarket stores showed a robust growth from 25.1k stores in FY15 to 41.4k stores in 9M22, while combine total Hypermarket and Supermarket' stores declined from 742 stores in FY15 to 604 stores in 9M22. More importantly, this reflects the shift in consumers' preference in shopping at minimarket due to convenience and the preference to shop at a smaller quantities rather than bulk-purchase.

Fig. 16: Indonesia total grocery trade channel contribution



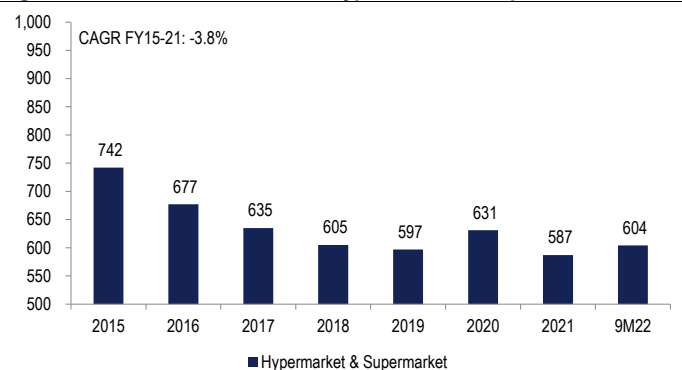
Source: Nielsen, Company, Indo Premier

Fig. 17: Indonesia total minimarket stores



Source: Nielsen, Company, Indo Premier

Fig. 18: Indonesia total combine hypermarket & supermarket stores



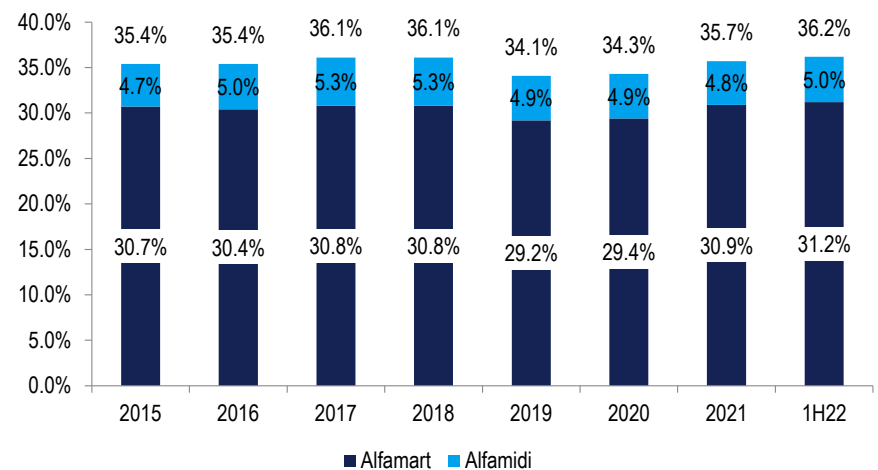
Source: Nielsen, Company, Indo Premier

Business overview

One of the biggest minimarkets in Indonesia

According to Nielsen, AMRT's market share has remained resilient with a slight incline from 35.4% in FY15 to 36.2% in 1H22 (Fig. 19) within modern trade minimarket category. With the backdrop of rising minimarket to trade channel contribution (17.7% in FY15 to 24.5% in 1H22) (Fig. 16), AMRT is strongly positioned as one of the biggest FMCG retailers in Indonesia.

Fig. 19: AMRT's market share on MT minimarket



Source: Nielsen, Company, Indo Premier

Store format portfolio

AMRT is predominantly a FMCG chain retailer that also offers Ready-to-Drink (RTD), Ready-to-Eat (RTE), health and beauty related, and fruits & vegetables products to its customer through its other store format within the group. 9M22 Store count is mainly composed of Alfamart stores (c.17,500) followed by Alfamidi (c.2,100), with detailed store count in Fig 20.

In terms of margin profile, Alfamidi, Alfamidi Super and Dan+Dan provide slightly higher GPM, compared with Alfamart, Alfaexpress and Alfa X, due to product mix and higher number of SKU. In addition, Lawson's GPM profile is at c.30% as 70% of Lawson's sales is contributed by RTD & RTE (50% GPM).

As of 9M22, AMRT has 44 warehouses, 10 Depos and 12 Store Hubs to support AMRT's logistic needs and facilitate AMRT's c.20k stores across Indonesia in 9M22 (vs. c.15k stores in FY17).

Fig. 20: AMRT's store format portfolio

	Alfamart	Alfaexpress	Alfa X	Alfamidi	Alfamidi Super	Dan+Dan	Lawson	Midi Fresh
Store type	Convenience store	Convenience store	Convenience store & Coworking space	Convenience store	Supermarket	Speciality store	Convenience store	Grocery store
Product type	FMCG	RTD, RTE & FMCG	RTD, RTE & FMCG	FMCG	FMCG	Health and beauty related	RTD, RTE & FMCG	Fruits and vegetables
Number of SKUs	> 3,800	> 1,000	N/A	7,000	12,000	> 8,600	> 2,500	N/A
Number of store as of 9M22		17,497*		2121**	41**	269	192**	9
Average store size (sqm)	100-150	30-65	300-450	200-400	>500	100	44-184	30-60
Store location	Residential area	Public transporation hub, Office, Hospital	Nearby Campus	Residential area	Residential area	Residential area	Commercial area	Commercial area, hospitals
Target consumer	All segment	Employees, patients	Students	All segment	Family	Women	Employees and students	Family, Professional and patients

Source: Company, Indo Premier

*combined Alfamart, Alfaexpress and Alfa X

**As of FY22

Fig. 21: Alfamart



Source: Company, Indo Premier

Fig. 22: Alfaexpress



Source: Company, Indo Premier

Fig. 23: Alfa X



Source: Company, Indo Premier

Fig. 24: Alfamidi



Source: Company, Indo Premier

Fig. 25: Alfamidi Super



Source: Company, Indo Premier

Fig. 26: Dan+Dan



Source: Company, Indo Premier

Fig. 27: Lawson



Source: Company, Indo Premier

Fig. 28: Midi fresh



Source: Company, Indo Premier

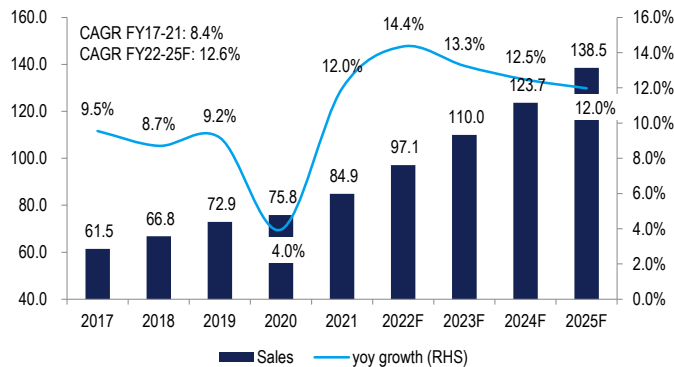
Financials

Earnings growth outlook

FY23F outlook

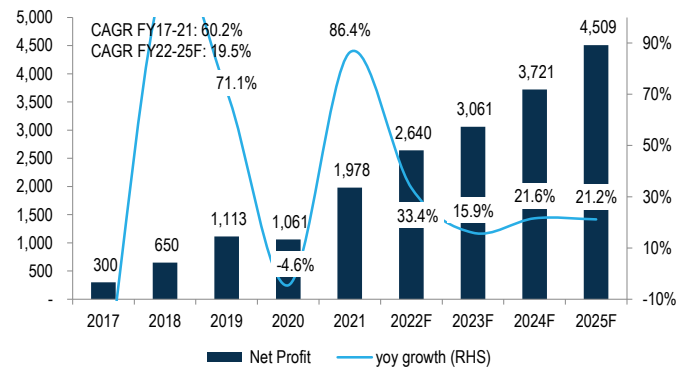
AMRT is expected to grow its top line/bottom line by +13.3/15.9% yoy in FY23F. Sales growth is based on 1,700 store openings in FY23F, along with a SSSG assumption of 5%, while FY23F net margins is expected to be similar in FY22F at 2.8% as slight expansion in gross margin of 27 bps is offset by higher opex/sales ratio that rose 20bps which is mainly attributed from higher wages growth in FY23F of 7.2% vs FY22's 1.6%.

Fig. 29: AMRT's net sales trend (Rp tr)



Source: Company, Indo Premier

Fig. 30: AMRT's net profit trend (Rp bn)



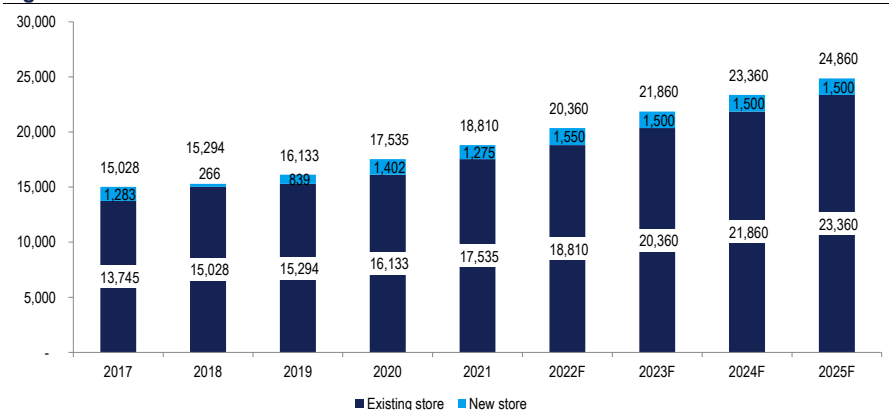
Source: Company, Indo Premier

Sales

AMRT's top line is expected to grow 13.3% yoy in FY23F to reach Rp110.0tr. Sales growth would be driven by new openings of c.1,700 stores in FY23F vs. FY22's 1550 stores. FY23F store opening represent a 8.3% addition to AMRT's FY22 store count of c.20,400. Apart from Alfamart store additions of c.1000 stores in FY23F, its subsidiary MIDI would also focus on expanding its MIDI/Lawson's network by adding about 200/500 stores respectively.

AMRT's historical FY12-22F sales CAGR has grown by 13.6% with a store growth CAGR of 10.2% from 7,715 stores in FY12 to c.20,400 stores in FY22. Alfamarts account for the highest store count within AMRT group at 17,497 stores as of 9M22, followed by Alfamidi (2,103), Lawson's (107) and Dandan (269).

Fig. 31: AMRT's store trend

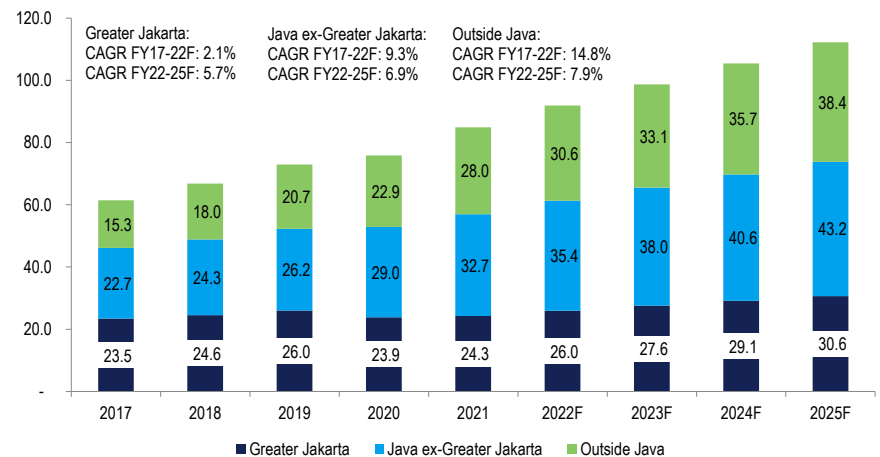


Source: Company, Indo Premier

Seasonality wise, fasting and Lebaran quarters (falls in 2Q for the past 5 years) typically are the strongest quarter accounting for 27% of FY sales in FY17-21. Within the latter half of the year, 4Q is typically slightly stronger than 3Q.

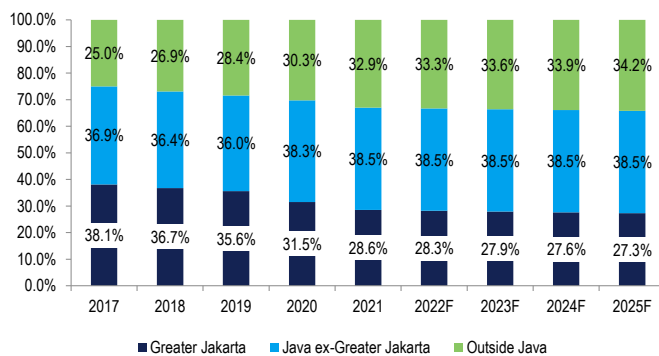
Geographically, AMRT's growth has been driven by its outer islands stores which printed a FY17-22F CAGR of 14.8%, compared to Java (ex-Jakarta)/ Jakarta's CAGR of 9.3/2.1% respectively. We expect the trend to sustain as the group continues to tap into the under-penetrated outer island regions.

Fig. 32: AMRT's geographic sales trend (Rp tr)



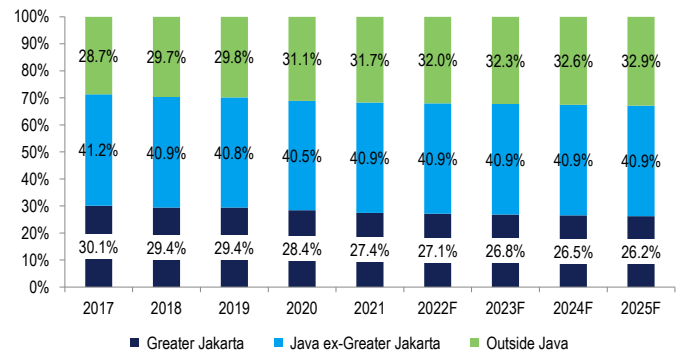
Source: Company, Indo Premier

Fig. 33: Geographic's sales contribution



Source: Company, Indo Premier

Fig. 34: Geographic's store contribution



Source: Company, Indo Premier

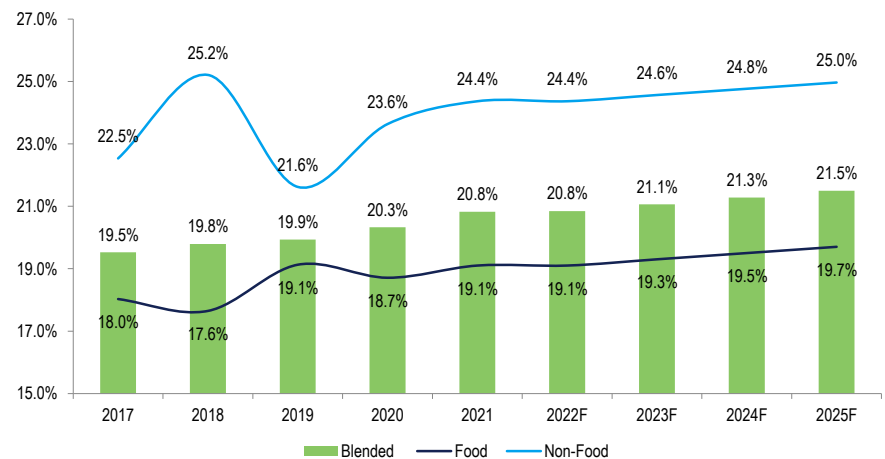
Gross profit

We expect AMRT to book a gross profit of Rp23.2tr in FY23F, with the assumption of slightly improving gross margin of 27bps yoy in FY23F. The margin expansion is in-line with management's guidance and is a result of the company's continuous optimization of product mix, enabled by AMRT's strong bargaining power (to suppliers) given its significant market share in the Indonesia's FMCG trade (68 categories).

Historically, AMRT's gross margin has displayed a gradual yet consistent improvement from FY15's 19.1% to FY22's 20.8%, implying about 23bps of annual improvement.

Worth noting that AMRT's gross margin tends to be lower during the fasting/Lebaran quarter because of promotional offering during the festive at an average of 18.9% vs non-Lebaran quarters of 20.5% in the past 5 years.

Fig. 35: AMRT's GPM trend



Source: Company, Indo Premier

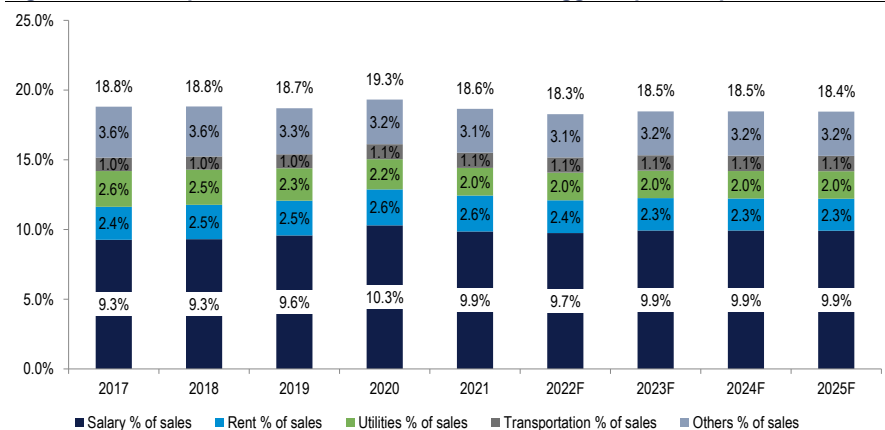
Operating expense (opex)

We expect AMRT's total opex/sales ratio to slightly increase from FY22's 18.3% to 18.5% in FY23F, primarily due to a higher wage growth in FY23F at 7.2% yoy. Beyond FY23F, we expect a more gradual increase in opex/sales ratio, reaching 18.5% in FY24F, with normalizing wage growth assumption of 5% yoy – leading to overall opex/sales ratio of 18.5/18.4% in FY24/25F.

AMRT's largest opex item lies in salary and wages, which account for a total 9.9% of sales in FY23F (8.8/1.2% of sales from selling expenses/G&A expenses respectively) or 53.7% of total opex.

This is followed by rental expenses (including depreciation of right of use asset), forming 2.3% of sales in FY23F (12.6% of total opex). Other opex includes utilities/transportation/others which account for 2.0/1.1/3.2% of sales.

Fig. 36: AMRT's opex/sales structure with salaries as biggest opex component



Source: Company, Indo Premier

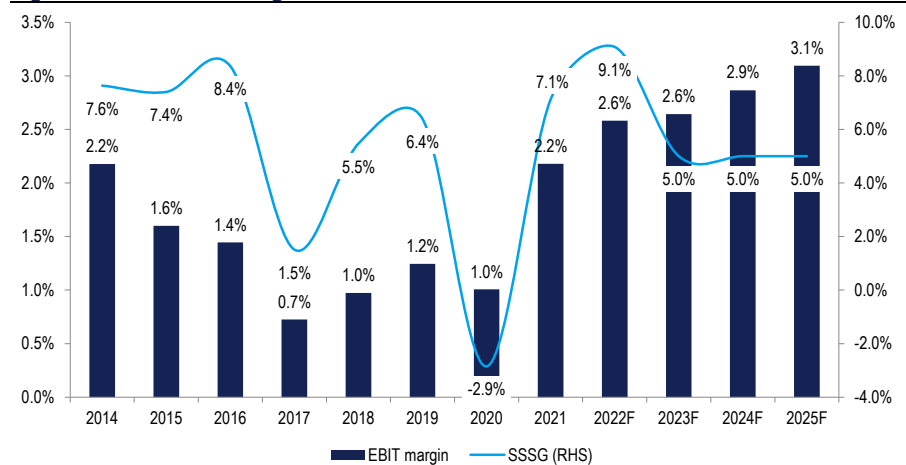
SSSG trends and its impact on EBIT margin

Historically, AMRT's EBIT margin tends to move in tandem with its SSSG trend (FY14-22F: 68% correlated). A case in point was when AMRT's opex/sales ratio declined from FY20's 19.3% to 18.6/18.3% on the back of strong SSSG of 7.1/9.1% in FY21/22F.

Hence, EBIT margin rose significantly from FY20's 1.0% to FY21/22F's 2.2/2.6%. Going forward, we forecast EBIT margin to expand moderately, reaching 2.6/2.9/3.1% in FY23/24/25F due to GPM expansion paired with flat opex/sales ratio.

Conversely, AMRT's EBIT margin declined in FY15 to 1.6% from FY14's 2.2% as opex/sales ratio jumped from FY14's 16.2% to 17.5% in FY15, leading to a -15.1/-13.0% yoy decline in EBIT/NPATMI in FY15. In FY17, another instance of EBIT margin compression arose due to opex growth of +14.8% yoy outpacing its sluggish sales/gross profit growth of +9.5/10.4% yoy on the back of 2.5% SSSG. As a result, EBIT margin declined from FY16's 1.4% to 0.7% in FY17.

Fig. 37: AMRT's EBIT margin trend vs. SSSG



Source: Company, Indo Premier

Given AMRT's net margin of 2.8% (FY23F), we note that every 10bps of margin improvement (or cost savings) would result in a meaningful 3.6% of earning accretion in FY23F. As SSSG expectation is in the mid-single digits (c.5%) level for the upcoming years (FY23-25F) vs 7.1/9.1% in FY21/22, coupled with more significant wage growth in FY23F, we do not see strong catalysts for AMRT's significant margin expansion going forward. We calculated AMRT SSSG's sensitivity to its net margin is also quite significant with every 1% point change in SSSG leading to 4.5% change in net profit or 10bps in net profit margin.

Fig. 38: AMRT's EPS/NPM/Opex% to sales sensitivity analysis as 5%SSSG is our base case

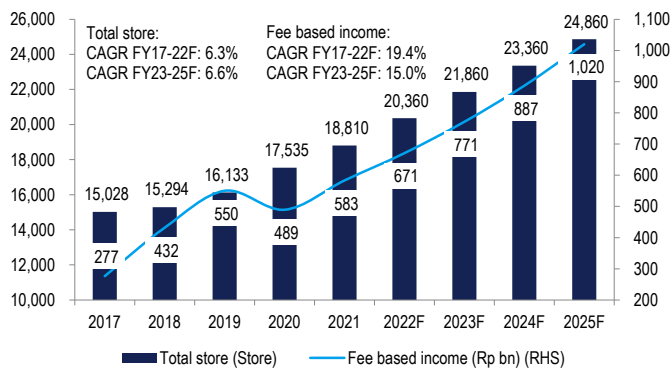
	SSSG				
	3.0%	4.0%	5.0%	6.0%	7.0%
EPS changes	-9.00%	-4.50%	0.00%	4.50%	9.00%
NPM changes	-0.20%	-0.10%	0.00%	0.10%	0.19%
Opex % to sales changes	0.26%	0.13%	0.00%	-0.13%	-0.25%

Source: Company, Indo Premier

Other operating income (Fee-based income)

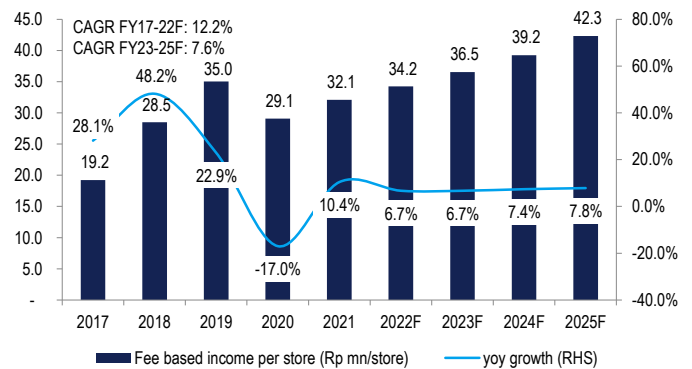
AMRT's fee based income has grown significantly to Rp583bn in FY21 with CAGR of 20.5% in FY17-21 and this was driven by 13.7% fee based income per store CAGR coupled with 5.8% store expansion CAGR. Worth highlighting that fee-based income flows directly into AMRT's pre-tax income. Looking into FY23-25F, we forecast fee-based income to grow at 15% to Rp771bn continuing the recent CAGR trend of 17% from FY20-22F. This would be driven by store expansion (average) of 8.0% in FY23F and fee-based income growth of 6.4% per store – lower than historical fee-based income growth per store of 13.7% in FY17-21) as we account for higher base effect.

Fig. 39: AMRT's total store vs. fee based income (Rp bn)



Source: Company, Indo Premier

Fig. 40: AMRT's fee based income per store trend (Rp mn/store)



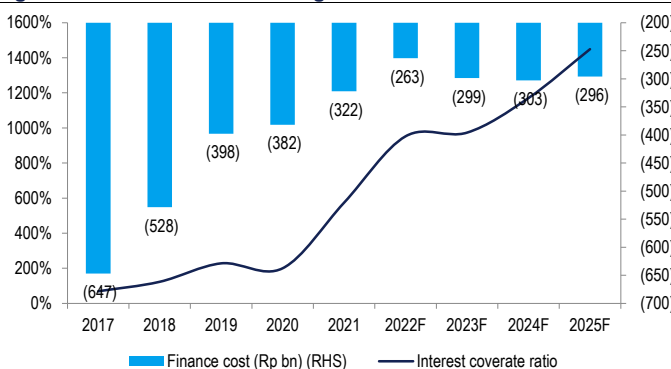
Source: Company, Indo Premier

Net profit margin (NPM)

As discussed, the operating leverage in FY21/22F translated to a significant net margin expansion from FY20's 1.3% to 2.3/2.7% in FY21/22F with a backdrop of continued gross margin gradual improvement. Apart from better EBIT margin, it's also worth highlighting that AMRT has turned into a net cash company since FY19 and its interest coverage ratio has improved from previously 69% in FY17 to 574/952% in FY21/22F. As a result, the deleveraging has improved AMRT's NPM as finance cost decreased significantly from Rp647bn in FY17 (vs. PBT of Rp381bn) to Rp263bn in FY22F (vs. PBT of Rp3.3tr).

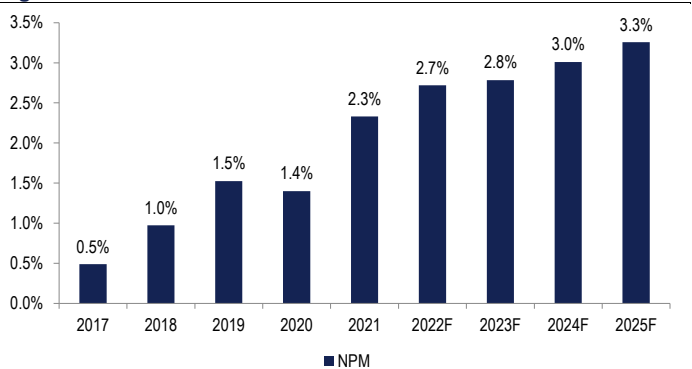
Looking into FY23F, we expect NPM to be flat at 2.8% as GPM expansion of 27bps is offset by higher opex to sales of 20bps. Going forward, we forecast NPM to expand moderately, reaching 3.0/3.3% in FY24/25F due to GPM expansion paired with flat opex to sales ratio.

Fig. 41: AMRT's Interest coverage ratio & finance cost trend



Source: Company, Indo Premier

Fig. 42: AMRT's NPM trend



Source: Company, Indo Premier

4Q22F preview

For 4Q22F, we expect AMRT to book a strong top line growth of 14.8% yoy and 2.9% qoq. In terms of earnings, we expect 4Q22F GPM to be stronger than 9M22 due to less promotional offers similar to 4Q21.

Noting that there was a one-off expense reduction in 4Q21 pertaining to the Omnibus law regarding post-employment benefits, we expect 4Q22's opex/sales ratio to be higher by 56bps yoy. In sum, we expect 4Q22 net profit to book +19.6% yoy/+78.6% qoq growth (slower than 9M22's 41.8% yoy growth) due to the one-off expense reduction in 4Q21.

Fig. 43: AMRT's 4Q22F preview

(Rp bn)	4Q22F	4Q21	% YoY	3Q22	% QoQ	12M22F	12M21	% YoY	Cons. FY22F
Net sales	24,950	21,730	14.8%	24,252	2.9%	97,090	84,904	14.4%	96,955
COGS	(19,525)	(17,002)		(19,365)		(76,849)	(67,223)		
Gross profit	5,425	4,728	14.7%	4,887	11.0%	20,240	17,681	14.5%	20,329
Opex	(4,533)	(3,826)		(4,465)		(17,735)	(15,832)		
EBIT	893	903	-1.1%	422	111.4%	2,506	1,849	35.5%	3,108
Other income (charges)	211	45		208		826	647		
PBT	1,103	947	16.5%	631	75.0%	3,331	2,496	33.4%	
Tax benefit (expense)	(206)	(198)		(118)		(641)	(480)		
Minority	(9)	(6)		(16)		(50)	(38)		
Net profit	889	743	19.6%	498	78.6%	2,640	1,978	33.4%	2,712
Margin (%)									
Gross margin	21.7%	21.8%		20.2%		20.8%	20.8%		
EBIT margin	3.6%	4.2%		1.7%		2.6%	2.2%		
Net profit margin	3.6%	3.4%		2.1%		2.7%	2.3%		

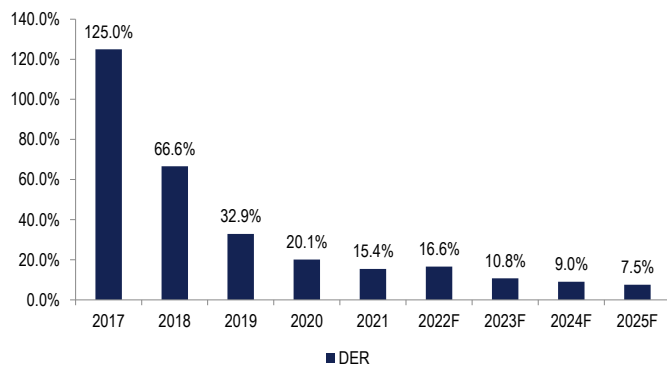
Source: Company, Indo Premier

Balance Sheet

AMRT's gearing ratio has consistently improved from FY17's 125.0% to FY21's 15.4%. It reached net cash in FY19 with net gearing of -23.7% from FY18's 32.2%. As of 2021, AMRT has fully repaid all outstanding debt at the holding level including the Rp1tr zero coupon bond issued by JD (repaid in Aug21).

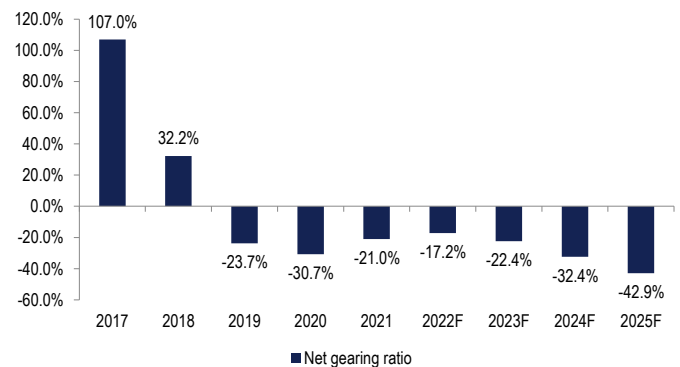
Given AMRT's strong cash flow generation ability with FY21/22F EBITDA at Rp5.0/5.9tr, we expect AMRT's internal cash flow to be sufficient in funding future expansion plan (capex expected to be Rp3.3/3.0tr in FY23/24F Capex would primarily be utilized for further store expansion (1700 stores including 250 store-in-store Lawson's each year for FY23/24F) and the construction of 3 warehouse/distribution centres for MIDI in FY23F).

Fig. 44: AMRT's gross debt to equity ratio



Source: Company, Indo Premier

Fig. 45: AMRT's net gearing ratio

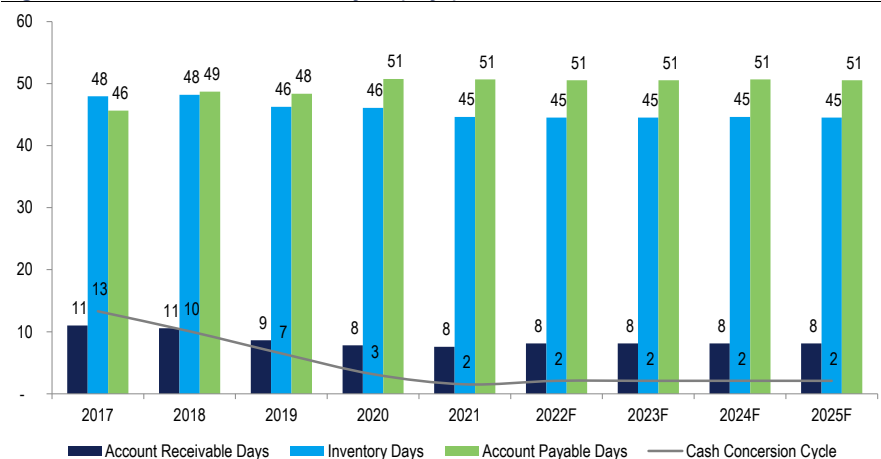


Source: Company, Indo Premier

Cash Conversion Cycle

In terms of working capital management, AMRT cash conversion cycle stood at 6.5/3.2/1.5/4.9 days as of FY19/20/21/9M22. AMRT's 5Y-average receivable days of 9.1, represents mostly receivables from franchisees, while inventory days/payable days are quite balanced at 46.6/48.8 days respectively. This implies that working capital requirement for store expansion is light and store expansion capex pertains mostly to prepaid rental and store fit outs expenses.

Fig. 46: AMRT's conversion cash cycle (days)



Source: Company, Indo Premier

Comparison with Indomaret

Relative to Indomaret, we note that both companies registered the same historical trend with AMRT/Indomaret's sales CAGR of 8.6/8.9% and net profit CAGR of 26.9/21.9% for FY16-21. In terms of NPM, both companies also recorded roughly the same levels of NPM.

AMRT provides better ROE of 27.2% in FY21 compared with Indomaret's at 14.1%. This was driven by better sales coupled with equity multiplier.

Fig. 47: AMRT vs. Indomaret performance

							Growth (% yoy)				
Revenue (Rp bn)	2016	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
AMRT	56,107	61,465	66,817	72,945	75,827	84,904	9.5%	8.7%	9.2%	4.0%	12.0%
Indomaret	59,174	63,125	70,377	81,805	86,121	90,602	6.7%	11.5%	16.2%	5.3%	5.2%

Net profit (Rp bn)	2016	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
AMRT	602	300	650	1,113	1,061	1,978	-50.1%	116.5%	71.1%	-4.6%	86.4%
Indomaret	732	438	766	1,288	1,074	1,966	-40.2%	75.0%	68.2%	-16.6%	83.1%

NPM	2016	2017	2018	2019	2020	2021
AMRT	1.1%	0.5%	1.0%	1.5%	1.4%	2.3%
Indomaret	1.2%	0.7%	1.1%	1.6%	1.2%	2.2%

Sales turnover	2016	2017	2018	2019	2020	2021
AMRT	3.2	3.0	3.0	3.2	3.0	3.2
Indomaret	3.2	2.9	3.0	2.9	2.4	2.3

Equity Multiplier	2016	2017	2018	2019	2020	2021
AMRT	3.5	4.0	4.0	3.7	3.5	3.3
Indomaret	2.6	2.7	2.6	2.7	2.9	2.8

ROE	2016	2017	2018	2019	2020	2021
AMRT	12.2%	5.9%	11.9%	17.7%	15.0%	24.4%
Indomaret	10.3%	5.3%	8.3%	12.1%	8.9%	14.1%

Source: Company, Indo Premier

Planned corporate action at subsidiary level (MIDI)

AMRT's 89.4% owned subsidiary, PT Midi Utama Indonesia Tbk (MIDI) has conducted a 1:10 (old:new) stock split effectively on 06Mar23. Subsequently, MIDI plans to conduct a pre-emptive rights issue with new shares that will increase its free float from 10.6% currently to c.23% (noting that AMRT is not going to exercise its rights), with potential proceeds of >Rp1tr to help fund MIDI's expansion plans (200 MIDI stores, 500 Lawson's stores and 3 warehouses/DCs).

The financial impact from c.14% dilution after the corporate action to AMRT is not very material as MIDI contributes 13.0/16.1% of AMRT's FY21/9M22's net income. MIDI's expansion plan has been incorporated to AMRT's group's overall expansion targets as discussed above.

MIDI continues to be one of AMRT's top-line growth drivers (FY17-21: MIDI/AMRT at 8.6/8.4% CAGR) with its aggressive store expansion targets. Specifically for Lawson's stores, out of its 500 store expansion half of which would be store-in-store within MIDI stores with the rest as Lawson standalone stores.

On the earnings growth side, MIDI's FY17-21 CAGR of 27.3% is still lower than AMRT's 60.2% within the same period. We view that AMRT is more scalable than MIDI as AMRT targets the whole spectrum of consumers (mass market to middle-upper income class) vs. MIDI's (including Lawson) slightly more premium target market.

We are not fully convinced on the outlook of aggressive Lawson stores rollout as it would compete against lower priced food and beverage offering by the MSME minimarkets/food stalls; and would continue to monitor its progress. Potential drawbacks from the aggressive Lawson rollout include significant opex (particularly wages) growth including those that are located within Midi's stores.

Fig. 48: MIDI financial highlight

	2017A	2018A	2019A	2020A	2021A	2022A
Revenue (Rp bn)	9,768	10,702	11,625	12,660	13,584	15,624
EBITDA (Rp bn)	605	719	784	1,142	1,232	1,423
EBITDA growth	-28.1%	18.9%	9.0%	45.7%	7.8%	15.5%
Net profit (Rp bn)	103	159	203	200	270	399
Net profit growth	-47.6%	54.8%	27.6%	-1.4%	34.7%	47.9%
ROE	11.3%	15.9%	17.7%	15.0%	17.3%	21.8%
PER (x)	103.7	67.0	52.5	53.2	39.5	26.7
EV/EBITDA (x)	8.7	7.2	6.4	6.7	6.8	7.1

Source: Company, Indo Premier

Fig. 49: MIDI's FY22 summary result

(Rp bn)	4Q22	4Q21	% YoY chg	3Q22	% QoQ chg	12M22	12M21	% YoY chg
Net sales	4,066	3,492	16.4%	3,899	4.3%	15,624	13,584	15.0%
COGS	(3,054)	(2,597)	-17.6%	(2,884)	-5.9%	(11,670)	(10,162)	-14.8%
Gross profit	1,012	895	13.1%	1,015	-0.3%	3,953	3,422	15.5%
Opex	(914)	(817)	-11.9%	(878)	-4.1%	(3,500)	(3,151)	-11.1%
EBIT	98	78	25.5%	137	-28.7%	453	272	66.8%
Other income (charges)	17	10		7		53	60	
PBT	115	88	31.1%	144	-20.3%	506	332	52.6%
Tax benefit (expense)	(25)	(14)		(29)		(107)	(62)	
Minority	(0)	(0)		(0)		(0)	(0)	
Net profit	90	73	22.8%	115	-21.7%	399	270	47.9%
Margin (%)								
Gross margin	24.9%	25.6%		26.0%		25.3%	25.2%	
EBIT margin	2.4%	2.2%		3.5%		2.9%	2.0%	
Net profit margin	2.2%	2.1%		3.0%		2.6%	2.0%	

Source: Company, Indo Premier

Fig. 50: MIDI's Dupont analysis

	2017	2018	2019	2020	2021	2022
MIDI						
Net Profit Margin	1.1%	1.5%	1.7%	1.6%	2.0%	2.6%
Asset Turnover	2.1	2.2	2.3	2.3	2.2	2.4
Equity Multiplier	5.0	4.9	4.3	4.1	3.9	3.6
ROE	11.3%	15.9%	17.6%	15.0%	17.3%	21.8%

Source: Company, Indo Premier

Risks

Increasing quick commerce adoption

The service offerings provided by quick commerce players (mostly in the urban cities) provide consumers a convenient option to shop for their everyday basic needs, delivered to their doorstep. With further scale ups, they may prove to be a threat to minimarkets in the medium to long term especially in urban areas. Unlike the duopoly structure of the minimarket industry, the competitive dynamics of quick commerce is more fragmented and quick commerce players collaborate not only with minimarket operators such as AMRT, but also with supermarkets and hypermarkets. Based on a recent survey conducted by Populix involving 1,046 respondents, 87% indicated that they are active users of quick commerce application.

Accelerating financial inclusion (Fee base income risk)

As discussed, AMRT currently plays a relevant role in bridging e-commerce/digital platform to the underbanked/unbanked population through its extensive store network nationwide. Accelerated financial inclusion for the mass market means that they would have the option to transact digital services at the convenience of their device and has the potential to render AMRT's role to be less relevant for their fee based income services. Nonetheless, we do not see this risk to be a major concern in the short to medium term.

Offline competition on digital services provider (Fee base income risk)

The likes of BRI Link and MitraBukalapak offer multiple digital services through their extensive physical network (Fig 51 & 52). BRI Link continues to grow rapidly from 503k agents in FY21 to 627k agents in FY22 for BRI Link (+25% yoy), while registered mitras for Bukalapak grew 46.2% yoy to 15.2mn as of Sep22. These networks naturally compete with AMRT in fee base digital services offering.

Fig. 51: BRI Link's digital services offering



Source: Company, Indo Premier

Fig. 52: Mitra Bukalapak's digital products/services offering



Source: Company, Indo Premier

Thin margin may be prone to negative sales disruption/cost surprise

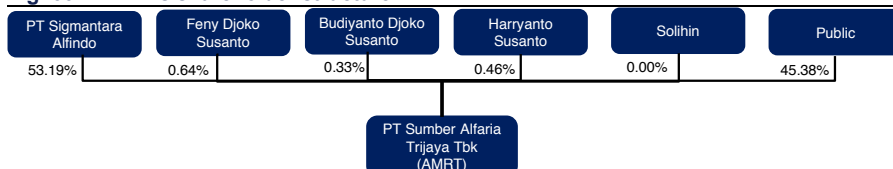
AMRT's net margin stood at 2.3/2.4% in 9M21/FY21 and we note that disruption to sales may have a detrimental effect on bottom line, the effect of which is exacerbated by negative operating leverage. This was evidenced in FY15 and FY17 (discussed earlier under 'EBIT margin') whereby net profit declined -13.0% and -50.1% respectively.

Company background

Company shareholder structure

PT Sumber Alfaria Trijaya, Tbk (AMRT) was established when its founder Djoko Susanto started a trading and distribution business in 1989. However, in 1999 this business was transformed into a minimarket business. In terms of ownership, PT Sigmantara Alfindo, which is owned by Djoko Susanto, is the largest shareholder with 53.19% ownership.

Fig. 53: AMRT's shareholder structure



Source: Company, Indo Premier

Management profile

Fig. 54: AMRT's board of commissioner



Feny Djoko Susanto
President Commissioner

Indonesian citizen, born in 1977 (44 years). She has served as the President Commissioner of the Company since 2014. Previously, she served as President Director of the company (2002-2014) and President Director of PT Alfa Mitramart Utama (1999-2002). In addition, she also serves as concurrent position as Member of Nomination and Remuneration Committee in the company.



Budiyanto Djoko Susanto
Commissioner

Indonesian citizen, born in 1982 (39 years). He appointed as Commissioner of the company in 2014. Previously, he served as President Commissioner of the company (2012-2014), Commissioner of the company (2010-2012) and Analyst at Northstar Pacific (2007-2009). In addition, he also served as Chairmon of Steering Committee Yayasan Bunda Mulia, President Commissioner of PT Midi Utama Indonesia Tbk, Director of PT Sigmantara Alfindo and President director of PT Sumber Indah Lestari.



Komjen. Pol. (Purn.) Drs. Setyo Wasisto
Independent Commissioner

Indonesian citizen, born in 1961 (60 years). Appointed as Independent Commissioner of the Company in 2020. In addition, he also serves as Audit Committee Chairman in the company and Commissioner at PT Widodo Makmur Perkasa Tbk.



Imam Santoso Hadiwidjaja
Independent Commissioner

Indonesian citizen, born in 1944 (77 years). He served as Independent Commissioner of the Company in 2008. He also served as Chairman of Nomination and Remuneration Committee in the Company.

Source: Company, Indo Premier

Fig. 55: AMRT's board of director



Anggara Hans Prawira
President Director

Indonesian citizen, born in 1972 (49 years). He has served as the President Director of the Company since 2014. Previously, he served as Deputy Managing Director (2008-2010) and Finance Director (2002-2008) at the company, Finance Director at PT Alfa Mitramart Utama (2001-2002) and Consultant at Arthur Anderson (1994-2000).



Bambang Setyawan Djojo
President Director

Indonesian citizen, born in Jakarta in 1963 (58 years). Appointed as Director of the company in 2002. In addition, he served as Director at Alfamart Retail Asia Pte. Ltd. Previously, he served as IT Director at PT Alfa Mitramart Utama (2000-2002), Management Information System Manager at PT Perusahaan Dagang Dan Industri Panamas (1992-2000) and Supervisor at PT HM Sampoerna (1988-1992).



Soeng Peter Suryadi
Director

Indonesian citizen, born in 1965 (56 years). Appointed as Director of the Company in 2007. In addition, he also served as Investor relations of the company since 2011 until now. Previously, he served as Business Development and Audit Director in the Company (2007-2010), Mortgage Advisor at The Loan Market (2005-2007), General Manager at Astra International Tbk (2002-2005), AVP at PT Bank Universal (1994-2000), Manager at PT Federal International Finance (1990-1993), Sales Supervisor at PT Astra International (1987-1990) and Assistant Advertising Manager at Hero Group (1986-1987).



Harryanto Susanto
Director

Indonesian citizen, born in 1985 (36 years). He served as Director since 2013. In addition, he also served as Director at PT Cipta Selaras Agung since 2012 and Property and Development Director at PT Midi Utama Indonesia Tbk since 2013. Previously, he served as Chief Operating Officer at PT Surya Mustika Nusantara (2011-2013) and Director at PT Primus Pratama (2010-2011).



Tomin Widian
Director

Indonesian citizen, born in 1969 (52 years). Appointed as director of the company in 2013. In addition, he also serves as Corporate Secretary in the company and Commissioner in PT Global Loyalty Indonesia. Previously, he worked at PT Smart Tbk as VP Finance and Accounting (2007-2013) and EY as Consultant (1991-2007).



Wardhana Atmadja
Director

Indonesian citizen, born in 1960 (61 years). Appointed as Director of the Company in 2010. In addition, he also serves as director of PT Midi Utama Indonesia Tbk. Previously, He served as corporate affair director (2010-2014), Deputy to Relation Director (2009) and Operation General Manager and Franchise Marketing (2001-2009) of the company.

Source: Company, Indo Premier

Income Statement (Rp bn)	2020A	2021A	2022F	2023F	2024F
Net revenue	75,827	84,904	97,090	109,956	123,671
Cost of sales	(60,414)	(67,223)	(76,849)	(86,741)	(97,294)
Gross profit	15,412	17,681	20,240	23,215	26,378
SG&A Expenses	(14,649)	(15,832)	(17,735)	(20,308)	(22,833)
Operating profit	764	1,849	2,506	2,907	3,544
Net interest	(263)	(261)	(210)	(238)	(219)
Forex gain (loss)	0	0	0	0	0
Others	888	908	1,036	1,194	1,371
Pre-tax income	1,389	2,496	3,331	3,862	4,696
Income tax	(300)	(480)	(641)	(743)	(903)
Net income	(27)	(38)	(50)	(58)	(71)
Core profit	1,061	1,978	2,640	3,061	3,721

Balance Sheet (Rp bn)	2020A	2021A	2022F	2023F	2024F
Cash & equivalent	3,878	3,270	3,685	4,308	6,434
Receivable	1,897	2,027	2,394	2,712	3,050
Inventory	7,640	8,755	9,372	10,578	11,865
Other current assets	144	160	160	160	160
Total current assets	13,559	14,212	15,612	17,758	21,509
Fixed assets	6,091	6,463	7,932	9,474	10,477
Other non-current assets	6,321	6,819	7,538	7,951	8,124
Total non-current assets	12,412	13,282	15,470	17,425	18,600
Total assets	25,971	27,494	31,082	35,183	40,109
ST loans	809	779	1,012	1,012	1,012
Payable	8,861	9,754	10,640	12,010	13,471
Other payables	2,683	3,455	3,509	3,961	4,442
Current portion of LT loans	1,516	465	272	272	272
Total current liab.	15,326	16,376	17,475	19,641	21,781
Long term loans	724	607	799	386	386
Other LT liab.	1,392	1,521	1,884	2,168	2,392
Total liabilities	18,334	18,504	20,159	22,194	24,559
Equity	415	415	415	415	415
Retained earnings	4,435	6,000	7,876	9,881	12,378
Minority interest	214	199	199	199	199
Total SHE + minority int.	7,636	8,990	10,923	12,989	15,550
Total liabilities & equity	25,971	27,494	31,082	35,183	40,109

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2020A	2021A	2022F	2023F	2024F
Net income	1,061	1,978	2,640	3,061	3,721
Depr. & amortization	765	727	1,495	1,758	1,997
Changes in working capital	(3,362)	211	(115)	(642)	(515)
Others	3,847	133	(831)	772	922
Cash flow from operating	2,310	3,050	3,190	4,950	6,126
Capital expenditure	(1,403)	(1,098)	(2,965)	(3,300)	(3,000)
Others	(118)	(77)	0	0	0
Cash flow from investing	(1,521)	(1,175)	(2,965)	(3,300)	(3,000)
Loans	(1,506)	(1,169)	0	(414)	0
Equity	0	0	0	0	0
Dividends	556	386	791	1,056	1,224
Others	141	(1,673)	(628)	(1,669)	(2,224)
Cash flow from financing	(810)	(2,456)	164	(1,027)	(1,000)
Changes in cash	(20)	(581)	388	623	2,126

Key Ratios	2020A	2021A	2022F	2023F	2024F
Gross margin	20.3%	20.8%	20.8%	21.1%	21.3%
Operating margin	1.0%	2.2%	2.6%	2.6%	2.9%
Pre-tax margin	1.8%	2.9%	3.4%	3.5%	3.8%
Net margin	1.4%	2.3%	2.7%	2.8%	3.0%
ROA	4.2%	7.4%	9.0%	9.2%	9.9%
ROE	15.0%	24.4%	27.1%	26.0%	26.4%
Acct. receivables TO (days)	7.8	7.6	8.1	8.1	8.1
Inventory TO (days)	46.1	44.6	44.5	44.5	44.6
Payable TO (days)	50.7	50.7	50.5	50.5	50.7
Debt to equity	20.1%	15.4%	16.6%	10.8%	9.0%
Interest coverage ratio (x)	2.0	5.7	9.5	9.7	11.7
Net gearing	-30.7%	-21.0%	-17.2%	-22.4%	-32.4%

Source: Company, Indo Premier

INVESTMENT 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

ANALYSTS CERTIFICATION

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