

# Sumber Alfaria Trijaya

HOLD (unchanged)

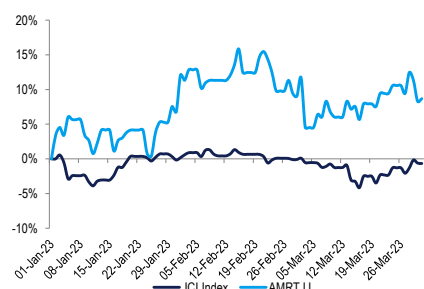
Company Update | Consumer Discretionary | AMRT IJ | 31 March 2023

## Stock Data

Target price	Rp2,600
Prior TP	Rp2,600
Current price	Rp2,880
Upside/downside	-9.7%
Shares outstanding (mn)	41,525
Market cap (Rp bn)	119,591
Free float	45%
Avg. 6m daily T/O (Rp bn)	65

## Price Performance

	3M	6M	12M
Absolute	5.1%	20.0%	89.5%
Relative to JCI	5.9%	23.3%	93.2%
52w low/high (Rp)	1,485-3,090		



## Major Shareholders

PT Sigmantara Alfindo	53.2%
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## FY22 result: beat from lower-than-expected opex restatement

- AMRT printed FY22 net profit of Rp2.9tr (+48.3% yoy), coming above at 108/104% of our/consensus estimate. Renue was in-line.
- The better-than-expected opex booked in FY22/4Q22 is mostly related to restatement of employment benefits liabilities.
- Maintain HOLD with unchanged TP of Rp2,600

### FY22: better than expected opex lead to outperformance

AMRT's FY22 net profit of Rp2.9tr (+48.3% yoy) came above at 108/104% of our/consensus estimate. FY22 revenue came in-line. The strong performance was derived from exceptional operating leverage as sales growth of 14.2% outpaced total opex growth of 9.3% while gross profit margin remained stable, resulting in opex/sales ratio to decline from FY21's 18.6% to 17.8% in FY22. Within opex, salary and depreciation of fixed asset came in better than expected as they printed 8.4/1.2% of sales (vs our expectation of 8.6/1.4%). Fee-based income's growth of 10.5% yoy, which was slower than our expectation of 15% yoy led to its declining contribution to overall PBT from 23.9% in FY21 to 17.8% in FY22. Nonetheless, the lower than expected salary is related to restatements of for employment benefits liabilities that declined to Rp642bn in FY22 from Rp1.3tr in 9M22 amid narrower age actuarial calculation (to 31 years of age up to 55 years, from previously 22 years of age to 55 years).

### 4Q22: in-line revenue and gross margins

4Q22 net profit grew 60.1% yoy/121.9% qoq, partially driven by the aforementioned restatement. Sales growth of 14.1% yoy and 2.2% qoq, together with gross profit margin expansion to 21.0% (up from 3Q22's 20.2%) were within our expectation. The impact of employment benefit restatement is evident in 4Q22 as salary (within selling expenses) grew only by +2.3% yoy (vs 3Q22's +9.2% yoy), and booked only 7.0% of sales in 4Q22 (vs. 3Q22 8.8% of sales). For now, we maintain our FY23F forecasts as we seek clarity on the details of the restatements.

### Maintain HOLD on decelerating profit growth outlook

While we acknowledge AMRT's strong positioning in the FMCG retail industry, we view AMRT's net profit growth outlook to decelerate on the back of: i) normalizing SSSG; and ii) higher wage growth in FY23F as discussed in our recent initiation note (link to [note](#)). Hence, we maintain our HOLD rating for AMRT with unchanged TP of Rp2,600 based on 35.1x FY23F P/E (+1s.d. above its 5Y mean).

Financial Summary (Rp bn)	2021A*	2022A*	2023F	2024F	2025F
Revenue	84,904	96,925	109,956	123,671	138,484
EBITDA	4,963	6,063	6,730	7,839	9,079
Net profit	1,925	2,855	3,061	3,721	4,509
EPS (Rp)	46	69	74	90	109
EPS growth	81.4%	48.3%	7.2%	21.6%	21.2%
ROE	23.1%	27.9%	26.0%	26.4%	26.7%
PER (x)	62.1	41.9	39.1	32.1	26.5
Dividend yield	0.3%	0.0%	0.9%	1.0%	1.2%
Forecast change			0%	0%	
IPS vs. consensus			91%	94%	N/A

Source: Company, Indo Premier  
\*Restated

Share price closing as of: 31 March 2023

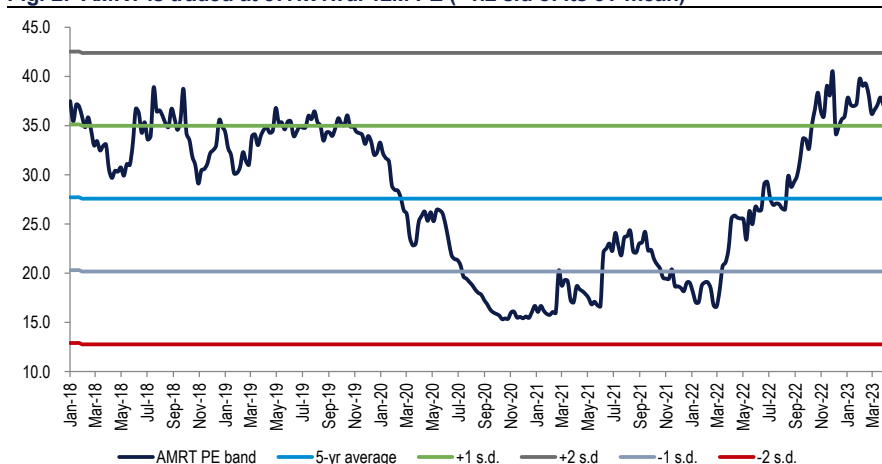
**Fig. 1: AMRT FY22 result summary**

(Rp bn)	4Q22*	4Q21*	% YoY	3Q22*	% QoQ	12M22*	12M21*	% YoY	Prev.	Comment
<b>Net sales</b>	<b>24,786</b>	<b>21,730</b>	<b>14.1%</b>	<b>24,252</b>	<b>2.2%</b>	<b>96,925</b>	<b>84,904</b>	<b>14.2%</b>	<b>97,090</b>	<b>In-line at 100/100% of ours/consensus'</b>
COGS	(19,578)	(17,108)		(19,365)		(76,902)	(67,330)			
<b>Gross profit</b>	<b>5,207</b>	<b>4,622</b>	<b>12.7%</b>	<b>4,887</b>	<b>6.6%</b>	<b>20,022</b>	<b>17,575</b>	<b>13.9%</b>	<b>20,240</b>	
Opex	(4,023)	(3,747)		(4,465)	-9.9%	(17,225)	(15,753)			
<b>EBIT</b>	<b>1,185</b>	<b>875</b>	<b>35.4%</b>	<b>422</b>	<b>180.5%</b>	<b>2,798</b>	<b>1,822</b>	<b>53.6%</b>	<b>2,506</b>	<b>Above at 112% of ours, but, below at 90% of consensus'</b>
Other income (charges)	205	17		208		820	620			
<b>PBT</b>	<b>1,390</b>	<b>892</b>	<b>55.7%</b>	<b>631</b>	<b>120.3%</b>	<b>3,617</b>	<b>2,442</b>	<b>48.2%</b>		
Tax benefit (expense)	(275)	(197)		(118)		(710)	(478)			
Minority	(11)	(6)		(16)		(52)	(38)			
<b>Net profit</b>	<b>1,104</b>	<b>690</b>	<b>60.1%</b>	<b>498</b>	<b>121.9%</b>	<b>2,855</b>	<b>1,925</b>	<b>48.3%</b>	<b>2,640</b>	<b>Above at 108/104% of our/consensus'</b>
<b>Margin (%)</b>										
Gross margin	21.0%	21.3%		20.2%		20.7%	20.7%			
EBIT margin	4.8%	4.0%		1.7%		2.9%	2.1%			
Net profit margin	4.5%	3.2%		2.1%		2.9%	2.3%			
Fee based income	169	153	10.4%	162	4.1%	644	583	10.5%		

Source: Bloomberg, Company, Indo Premier

\*Restated

**Fig. 2: AMRT is traded at 37.1x fwd. 12M PE (+1.2 s.d of its 5Y mean)**



Source: Bloomberg, Indo Premier

Income Statement (Rp bn)	2021A*	2022A*	2023F	2024F	2025F
Net revenue	84,904	96,925	109,956	123,671	138,484
Cost of sales	(67,330)	(76,902)	(86,741)	(97,294)	(108,648)
<b>Gross profit</b>	<b>17,575</b>	<b>20,022</b>	<b>23,215</b>	<b>26,378</b>	<b>29,836</b>
SG&A Expenses	(15,753)	(17,225)	(20,308)	(22,833)	(25,549)
<b>Operating profit</b>	<b>1,822</b>	<b>2,798</b>	<b>2,907</b>	<b>3,544</b>	<b>4,287</b>
Net interest	(261)	(145)	(238)	(219)	(169)
Forex gain (loss)	0	0	0	0	0
Others	880	965	1,194	1,371	1,571
<b>Pre-tax income</b>	<b>2,442</b>	<b>3,617</b>	<b>3,862</b>	<b>4,696</b>	<b>5,689</b>
Income tax	(478)	(710)	(743)	(903)	(1,094)
<b>Net income</b>	<b>1,925</b>	<b>2,855</b>	<b>3,061</b>	<b>3,721</b>	<b>4,509</b>

Balance Sheet (Rp bn)	2021A*	2022A*	2023F	2024F	2025F
Cash & equivalent	3,270	3,819	4,308	6,434	9,391
Receivable	2,027	2,490	2,712	3,050	3,415
Inventory	8,755	9,128	10,578	11,865	13,249
Other current assets	160	227	160	160	160
<b>Total current assets</b>	<b>14,212</b>	<b>15,664</b>	<b>17,758</b>	<b>21,509</b>	<b>26,215</b>
Fixed assets	6,463	7,204	9,474	10,477	11,240
Other non-current assets	6,696	7,878	7,951	8,124	8,031
<b>Total non-current assets</b>	<b>13,158</b>	<b>15,082</b>	<b>17,425</b>	<b>18,600</b>	<b>19,271</b>
<b>Total assets</b>	<b>27,370</b>	<b>30,746</b>	<b>35,183</b>	<b>40,109</b>	<b>45,486</b>
ST loans	779	446	1,012	1,012	1,012
Payable	9,754	10,489	12,010	13,471	15,043
Other payables	3,455	3,519	3,961	4,442	4,961
Current portion of LT loans	465	354	272	272	272
<b>Total current liab.</b>	<b>16,376</b>	<b>17,389</b>	<b>19,641</b>	<b>21,781</b>	<b>23,906</b>
Long term loans	607	766	386	386	386
Other LT liab.	960	1,121	2,168	2,392	2,554
<b>Total liabilities</b>	<b>17,942</b>	<b>19,276</b>	<b>22,194</b>	<b>24,559</b>	<b>26,846</b>
Equity	415	415	415	415	415
Retained earnings	6,679	8,754	9,881	12,378	15,398
Minority interest	204	249	199	199	199
<b>Total SHE + minority int.</b>	<b>9,428</b>	<b>11,471</b>	<b>12,989</b>	<b>15,550</b>	<b>18,640</b>
<b>Total liabilities &amp; equity</b>	<b>27,370</b>	<b>30,746</b>	<b>35,183</b>	<b>40,109</b>	<b>45,486</b>

Source: Company, Indo Premier

\*Restated

Cash Flow Statement (Rp bn)	2021A*	2022A*	2023F	2024F	2025F
Net income	1,925	2,855	3,061	3,721	4,509
Depr. & amortization	727	936	1,758	1,997	2,237
Changes in working capital	211	(110)	(642)	(515)	(376)
Others	(305)	(343)	772	922	1,091
<b>Cash flow from operating</b>	<b>2,558</b>	<b>3,339</b>	<b>4,950</b>	<b>6,126</b>	<b>7,461</b>
Capital expenditure	(1,098)	(1,678)	(3,300)	(3,000)	(3,000)
Others	(77)	(466)	0	0	0
<b>Cash flow from investing</b>	<b>(1,175)</b>	<b>(2,144)</b>	<b>(3,300)</b>	<b>(3,000)</b>	<b>(3,000)</b>
Loans	(1,169)	48	(414)	0	0
Equity	0	0	0	0	0
Dividends	386	0	1,056	1,224	1,489
Others	(1,914)	85	(1,669)	(2,224)	(2,993)
<b>Cash flow from financing</b>	<b>(2,697)</b>	<b>133</b>	<b>(1,027)</b>	<b>(1,000)</b>	<b>(1,505)</b>
<b>Changes in cash</b>	<b>(1,313)</b>	<b>1,329</b>	<b>623</b>	<b>2,126</b>	<b>2,957</b>

Key Ratios	2021A*	2022A*	2023F	2024F	2025F
Gross margin	20.7%	20.7%	21.1%	21.3%	21.5%
Operating margin	2.1%	2.9%	2.6%	2.9%	3.1%
Pre-tax margin	2.9%	3.7%	3.5%	3.8%	4.1%
Net margin	2.3%	2.9%	2.8%	3.0%	3.3%
ROA	7.2%	9.8%	9.2%	9.9%	10.5%
ROE	23.1%	27.9%	26.0%	26.4%	26.7%
Acct. receivables TO (days)	7.6	7.4	8.1	8.1	8.1
Inventory TO (days)	44.6	42.6	44.5	44.6	44.5
Payable TO (days)	50.6	48.2	50.5	50.7	50.5
Debt to equity	14.7%	10.6%	10.8%	9.0%	7.5%
Interest coverage ratio (x)	5.7	15.3	9.7	11.7	14.5
Net gearing	-20.0%	-22.7%	-22.4%	-32.4%	-42.9%

Source: Company, Indo Premier

\*Restated

## 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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