

Ace Hardware Indonesia

BUY (unchanged)

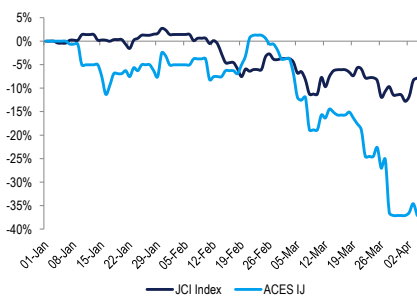
Company Update / Consumer Discretionary / ACES IJ / 04 April 2025

Stock Data

Target price	Rp500
Prior TP	Rp810
Current price	Rp500
Upside/downside	62%
Shares outstanding (mn)	17,120
Market cap (Rp bn)	8,903
Free float	40%
Avg. 6m daily T/O (Rp bn)	22

Price Performance

	3M	6M	12M
Absolute	-37.1%	-42.5%	-43.2%
Relative to JCI	-29.3%	-26.6%	-32.5%
52w low/high (Rp)	500 – 975		



Major Shareholders

PT Kawan Lama Sejahtera	60.0%
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Andrianto Saputra

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

Nicholas Bryan

PT Indo Premier Sekuritas
nicholas.bryan@ipc.co.id
+62 21 5088 7168 ext. 722

4Q24 results: earnings beat from opex improvement

- FY24 net profit of Rp892bn (+16% yoy) was above consensus estimate at 103% while FY24 net sales of Rp8.6tr (+13% yoy) was in-line.
- Robust 4Q24 net profit of Rp318bn (+13% yoy) was driven by positive operating leverage.
- Maintain BUY call with TP of Rp810/sh as the current valuation of 9.9x FY25F PE is attractive vs. its regional peers' average of 16.4x.

FY24 net profit was above consensus estimate but in-line with ours

ACES recorded FY24 net profit of Rp892bn (+15.8% yoy) and this was above consensus estimate at 103%; but, in-line with our estimate at 100%. FY24 net sales of Rp8.6tr (+12.6% yoy), supported by robust FY24 SSSG of 8.8% and this was in-line with our/consensus estimate. GPM remained stable at 48.7% (+5bps yoy) with inventory days of 251 in Dec24 (vs. 252days in Dec23). Meanwhile, opex to sales declined by -47bps yoy to 36.8%, leading to EBIT margin improvement of 11.9% (+52bps yoy).

Strong 4Q24 net profit from positive operating leverage

4Q24 sales grew at +10.7% yoy on the back of 5.9% SSSG for the quarter. GPM slightly declined to 49.4% (-71bps yoy) amid product mix changes; but, it remained in-line with its 5yr average of 49.3%. Meanwhile, opex to sales improved to 34.0% (-37bps yoy) amid lower opex growth of +9.8% yoy (vs. net sales growth of +10.7% yoy). In addition, the company recognized corporate income tax rate adjustment from 22% to 19% due to higher free float of 40% in Dec24 (vs. 39.86% in Dec23), leading to a tax saving of c.Rp26bn. However, the tax benefit was fully offset by -Rp30bn loss from its investment in associates (Rupa-Rupa.com) in 4Q24. Excluding this loss, core profit came at Rp342bn (+21.6% yoy).

Maintain BUY with unchanged TP of Rp810

In sum, we fine tune our forecast and maintain our BUY rating with TP of Rp810/sh, based on 16.0x FY25F PE (-0.5sd. from its 5yr mean). Given the recent share price correction of -37.1% in the past 3 months, we view soft FY25F SSSG expectation has partially priced-in (link to [note](#)). Furthermore, ACES is still trading at attractive valuation of 9.9x FY25F PE compared to regional peers valuation at average of 16.4x FY25F PE and lower than Covid period at range of 10-12x FY23 PE. Key risk our call: weaker than expected SSSG.

Financial Summary (Rp bn)	2023A	2024A	2025F	2026F	2027F
Revenue	7,620	8,583	9,139	9,994	10,774
EBITDA	1,012	1,163	1,112	1,327	1,451
EBITDA growth	13.2%	14.8%	-4.3%	19.3%	9.4%
Net profit	770	892	866	1,053	1,150
EPS (Rp)	45	52	50	61	67
EPS growth	9.8%	15.8%	-2.9%	21.6%	9.2%
ROE	12.7%	14.0%	13.1%	15.2%	15.7%
PER (x)	11.1	9.6	9.9	8.1	7.5
EV/EBITDA (x)	6.2	5.8	5.5	4.6	4.1
Dividend yield	6.2%	6.7%	7.7%	7.5%	9.1%
Forecast change			0%	2%	N/A
IPS vs. consensus			90%	96%	N/A

Source: Company, Indo Premier

Share price closing as of: 04 April 2025

Fig. 1: ACES 4Q24 Result summary

(Rp bn)	4Q24	4Q23	% YoY	3Q24	% QoQ	12M24	12M23	% YoY	IPS FY24F	% IPS	Cons FY24F	% Cons
Net sales	2,354	2,127	10.7%	2,093	12.5%	8,583	7,620	12.6%	8,652	99%	8,544	100%
COGS	(1,191)	(1,061)	12.3%	(1,081)	10.2%	(4,400)	(3,910)	12.5%				
Gross profit	1,163	1,065	9.2%	1,012	14.9%	4,183	3,710	12.7%	4,212	99%	4,124	101%
Opex	(801)	(731)	9.5%	(752)	6.5%	(3,159)	(2,841)	11.2%				
EBIT	362	334	8.4%	260	39.1%	1,024	869	17.8%	1,018	101%	1,043	98%
Other income (charges)	10	37	-73.1%	(1)	-874.8%	60	92	-34.8%				
PBT	372	371	0.2%	259	43.7%	1,083	961	12.8%				
Tax benefit (expense)	(55)	(91)	-39.1%	(53)	5.0%	(199)	(190)	4.5%				
Net profit	318	281	13.0%	208	52.5%	892	770	15.8%	891	100%	867	103%
Margin (%)												
Gross margin	49.4%	50.1%		48.4%		48.7%	48.7%					
EBIT margin	15.4%	15.7%		12.4%		11.9%	11.4%					
Net profit margin	13.5%	13.2%		10.0%		10.4%	10.1%					
Opex to sales	-34.0%	-34.4%		-35.9%		-36.8%	-37.3%					

Source: Company, Bloomberg, Indo Premier

Fig. 2: Regional home improvement valuation summary

Ticker	Name	Region	Cur. Mkt cap USD mn	P/E FY25F	P/E FY26F	EPS Growth FY25F	EPS Growth FY26F	ROE FY24F	ROE FY25F
ACES IJ Equity	Aspirasi Hidup Indonesia	Indonesia	516	9.9	8.1	-2.9%	21.6%	13.1%	15.2%
GLOBAL TB Equity	Siam Global House PCL	Thailand	1,101	13.3	12.3	11.6%	7.9%	10.2%	10.4%
HMPRO TB Equity	Home Products Center PCL	Thailand	3,185	14.6	14.0	7.8%	4.9%	25.7%	25.6%
MDIY IJ Equity	Daya Intiguna Yasa	Indonesia	2,004	24.2	19.0	34.1%	27.4%	48.0%	36.6%
MRDIY MK Equity	MR. DIY Group	Malaysia	3,162	20.1	18.2	10.6%	10.6%	32.5%	30.2%
WLCON PM Equity	Wilcon Depot	Phillipine	503	9.5	8.0	8.9%	19.6%	10.4%	10.6%
Simple Average				15.3	13.3	11.7%	15.4%	18.4%	18.4%
Regional Average (ex-ACES)				16.4	14.3	14.6%	14.1%	19.7%	19.2%

Source: Bloomberg, Indo Premier

Fig. 3: ACES is traded at 9.5x fwd. 12M PE (-2.5s.d. from its 5yr avg)



Source: Bloomberg, Indo Premier

Income Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net revenue	7,620	8,583	9,139	9,994	10,774
Cost of sales	(3,910)	(4,400)	(4,676)	(5,102)	(5,490)
Gross profit	3,710	4,183	4,463	4,892	5,284
SG&A Expenses	(2,841)	(3,159)	(3,503)	(3,734)	(4,020)
Operating profit	869	1,024	960	1,158	1,264
Net interest	74	84	75	96	101
Forex gain (loss)	(5)	(1)	0	0	0
Others	23	(24)	24	32	39
Pre-tax income	961	1,083	1,060	1,286	1,404
Income tax	(190)	(199)	(194)	(233)	(254)
Net income	770	892	866	1,053	1,150

Balance Sheet (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalent	2,312	1,875	2,389	2,505	2,624
Receivable	199	45	127	139	150
Inventory	2,665	3,396	2,736	2,915	3,062
Other current assets	486	633	687	745	797
Total current assets	5,662	5,950	5,939	6,303	6,633
Fixed assets	424	491	564	653	732
Other non-current assets	0	0	0	0	0
Total non-current assets	2,091	2,242	2,447	2,538	2,619
Total assets	7,753	8,191	8,386	8,841	9,251
ST loans	0	0	0	0	0
Payable	126	191	217	237	255
Other payables	15	16	69	75	81
Current portion of LT loans	0	0	0	0	0
Total current liab.	764	873	857	895	930
Long term loans	0	0	0	0	0
Other LT liab.	202	177	186	195	205
Total liabilities	1,567	1,679	1,672	1,719	1,763
Equity	612	572	572	572	572
Retained earnings	5,565	5,904	6,106	6,514	6,880
Minority interest	43	36	36	36	36
Total SHE + minority int.	6,186	6,512	6,714	7,122	7,488
Total liabilities & equity	7,753	8,191	8,386	8,841	9,251

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net income	770	892	866	1,053	1,150
Depr. & amortization	109	83	152	169	187
Changes in working capital	(30)	(699)	506	(204)	(167)
Others	507	536	0	0	0
Cash flow from operating	1,356	813	1,523	1,018	1,169
Capital expenditure	(89)	(142)	(251)	(258)	(266)
Others	(41)	(82)	(121)	0	0
Cash flow from investing	(131)	(224)	(371)	(258)	(266)
Loans	1	(2)	0	0	0
Equity	(1)	(47)	0	0	0
Dividends	(532)	(574)	(664)	(645)	(784)
Others	(510)	(408)	0	0	0
Cash flow from financing	(1,042)	(1,030)	(664)	(645)	(784)
Changes in cash	184	(442)	488	115	120

Key Ratios	2023A	2024A	2025F	2026F	2027F
Gross margin	48.7%	48.7%	48.8%	48.9%	49.0%
Operating margin	11.4%	11.9%	10.5%	11.6%	11.7%
Pre-tax margin	12.6%	12.6%	11.6%	12.9%	13.0%
Net margin	10.1%	10.4%	9.5%	10.5%	10.7%
ROA	10.3%	11.2%	10.4%	12.2%	12.7%
ROE	12.7%	14.0%	13.1%	15.2%	15.7%
Acct. receivables TO (days)	6.8	5.2	3.4	4.8	4.9
Inventory TO (days)	255.6	251.4	239.3	202.1	198.7
Payable TO (days)	12.6	13.1	15.9	16.3	16.4
Debt to equity	0.0%	0.0%	0.0%	0.0%	0.0%
Interest coverage ratio (x)	N/A	N/A	N/A	N/A	N/A
Net gearing	-37.6%	-29.0%	-35.8%	-35.3%	-35.2%

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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