INDOPREMIER

Matahari Department Store

BUY *(unchanged)*

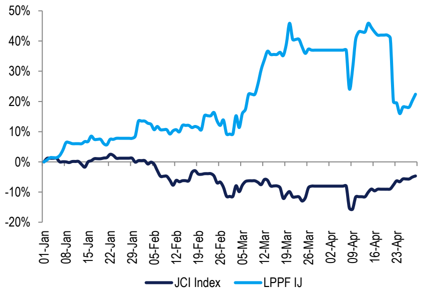
Company Update | Consumer Discretionary | LPPF IJ | 29 April 2025

Stock Data

Target price	**Rp2,750**
Prior TP	*Rp2,750*
Current price	Rp1,720
Upside/downside	*+60%*
Shares outstanding (mn)	2,259
Market cap (Rp bn)	3,886
Free float	41%
Avg. 6m daily T/O (Rp bn)	10

Price Performance

	3M	6M	12M
Absolute	13.5%	8.9%	7.8%
vs. JCI	19.4%	20.5%	14.5%
52w low/high (Rp)		1,345 – 2,050	



Major Shareholders

Auric Digital Retail Pte Ltd	42.5%
PT Multipolar Tbk	9.3%

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

1Q25 results: beat from margin improvement

- 1Q25 net profit of Rp643bn (+97% yoy) was above consensus estimate at 79% (vs. 3yr Lebaran avg of 71%); but in-line with ours.
- FY25 Lebaran SSSG declined by -4.3% yoy amid soft purchasing power; but, margin improvement help the bottom-line.
- Maintain Buy with unchanged TP of Rp2,750/sh as LPPF is traded at attractive valuation of 4.4x FY25F PE.

1Q25 net profit was above consensus; but, in-line with ours'

LPPF posted 1Q25 net profit of Rp643bn (+97.4% yoy) and this was above consensus estimate at 79% (vs. 3yr Lebaran avg of 71%); but, in-line with our estimate at 71%. 1Q25 gross sales increased to Rp4.6tr (+24.7% yoy) with SSSG of 28.6% yoy as robust SSSG was driven by the shift of Lebaran towards Mar25 (vs. Mar-Apr in FY24). However, the management disclosed that 2025's Lebaran SSSG was at -4.3% yoy, indicating softer consumer purchasing power.

Margin improvement from inventory discipline and lower opex

1Q25 GPM increased to 35.3% (+57bps yoy) on the back of inventory days improvement of 28 days (vs. 1Q24's 48 days). In addition, opex to sales improved significantly to 17.4% (-425bps yoy) as opex cost merely grew by +0.2% yoy (vs. sales growth of +24.7% yoy), resulting in positive operating leverage. We note that opex savings were mainly driven by -5.1% yoy reduction in salary expense, reflecting 11.6% yoy decline in employee headcount following the closure of 12 stores since 1Q24. As a result, EBIT margin improved to 13.9% (+482bps yoy).

Management to focus on opex improvement

The management shared that FY25 Lebaran was soft due to weak consumer spending, fewer travellers during Lebaran (-5% yoy) and soft non-apparel performance. This reflected into underperformed ex-Java's FY25 Lebaran SSSG of -6.1% (vs. Jakarta/Java ex-Jakara's SSSG of -2.8/-3.4%). Looking into FY25F, the company to focus on opex efficiency as it plans to close 7 stores among 24 stores under watch-list.

Maintain BUY with unchanged TP of Rp2,750

In sum, we maintain our BUY rating for LPPF with unchanged TP of Rp2,750/sh, based on 7.5x FY25F PE (3 yr mean). Key risk is continued softness in discretionary spending.

Financial Summary (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net Revenue	6,539	6,399	6,367	6,639	6,919
EBITDA	1,445	1,501	1,554	1,689	1,809
EBITDA growth	-19.5%	3.9%	3.6%	8.7%	7.1%
Net Profit	675	828	878	979	1,075
EPS	299	366	389	433	476
EPS growth	-48.9%	22.6%	6.1%	11.4%	9.9%
ROE	221.1%	464.3%	206.0%	122.8%	79.1%
PER (x)	5.8	4.7	4.4	4.0	3.6
EV/EBITDA (x)	2.7	2.3	2.3	1.9	1.6
Dividend Yield	30.5%	11.6%	17.4%	11.3%	12.6%
Forecast change			0%	0%	N/A
IPS/consensus			107%	111%	114%

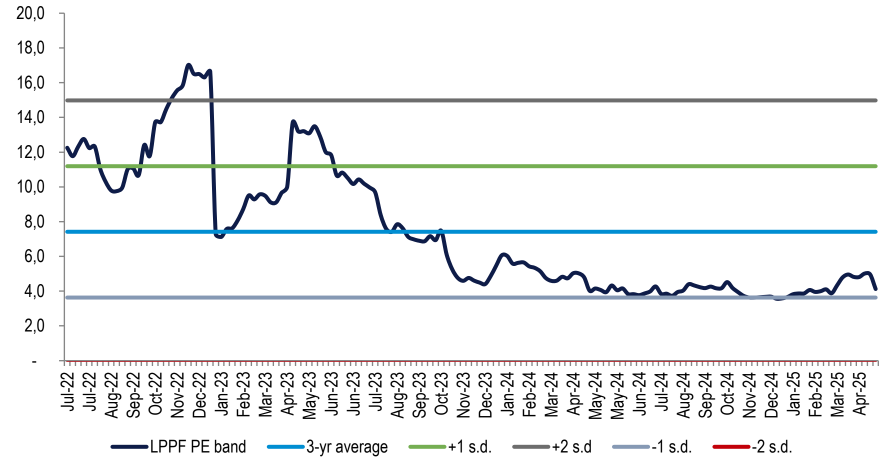
Sources: Company, Indo Premier *Share Price Closing as of : 29 April 2025*

Fig. 1: LPPF 1Q25 result summary

(Rp bn)	1Q25	1Q24	% YoY	4Q24	%QoQ	IPS FY25F	% IPS	Cons FY25F	% Cons	3yr avg
Gross sales	**4,637**	**3,719**	**24.7%**	**2,848**	**62.8%**					
Net sales	**2,396**	**1,973**	**21.5%**	**1,482**	**61.7%**	**6,367**	**38%**	**6,563**	**37%**	**38%**
COGS	(761)	(683)	11.5%	(477)	59.4%					
Gross profit	**1,636**	**1,290**	**26.8%**	**1,005**	**62.8%**					
Opex	(806)	(805)	0.2%	(683)	18.0%					
EBIT	**829**	**486**	**70.7%**	**322**	**157.9%**	**1,345**	**62%**	**1,262**	**66%**	**63%**
Other income (charges)	(43)	(76)	-43.7%	(83)	-48.5%					
PBT	**786**	**410**	**91.9%**	**239**	**229.7%**					
Tax benefit (expense)	(143)	(84)	70.6%	(33)	331.6%					
Net profit	**643**	**326**	**97.4%**	**205**	**213.2%**	**878**	**73%**	**818**	**79%**	**71%**
Margins (%) - based on gross sales										
Gross margin	35.3%	34.7%		35.3%						
EBIT margin	17.9%	13.1%		11.3%						
EBITDA margin	18.9%	14.4%		13.0%						
Net profit margin	13.9%	8.8%		7.2%						
Opex to Sales	17.4%	21.6%		24.0%						
Sales										
Direct Purchase	1,341	1,156	16.0%	847	58.3%					
Consignment	3,292	2,558	28.7%	1,998	64.7%					
Gross profit										
Direct Purchase	580	473	22.6%	370	56.9%					
Consignment	1,051	813	29.4%	632	66.2%					
GPM										
Direct Purchase	43.3%	40.9%		43.7%						
Consignment	31.9%	31.8%		31.6%						

Source: Company, Indo Premier

Fig. 2: LPPF is traded at 4.1x fwd. 12M PE (-0.9 s.d. from its 3yr avg)



Source: Bloomberg, Indo Premier

Income Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net revenue	6,539	6,399	6,367	6,639	6,919
Cost of sales	(2,225)	(2,131)	(2,078)	(2,130)	(2,181)
Gross profit	**4,313**	**4,268**	**4,289**	**4,509**	**4,738**
SG&A Expenses	(3,109)	(2,972)	(2,944)	(3,035)	(3,146)
Operating profit	**1,204**	**1,296**	**1,345**	**1,474**	**1,592**
Net interest	(345)	(263)	(253)	(260)	(260)
Forex gain (loss)	0	0	0	0	0
Others	(28)	(20)	(20)	(20)	(20)
Pre-tax income	**831**	**1,013**	**1,072**	**1,194**	**1,312**
Income tax	(155)	(185)	(194)	(216)	(237)
Minority interest	0	0	0	0	0
Net income	**675**	**828**	**878**	**979**	**1,075**

Balance Sheet (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalent	508	399	364	637	911
Receivable	60	40	44	46	48
Inventory	793	728	721	748	777
Other current assets	88	110	105	105	105
Total current assets	**1,448**	**1,276**	**1,235**	**1,537**	**1,841**
Fixed assets	705	549	859	1,128	1,438
Goodwill	0	0	0	0	0
Total non-current assets	**4,432**	**3,865**	**4,251**	**4,601**	**4,996**
Total assets	**5,880**	**5,141**	**5,486**	**6,138**	**6,837**
ST loans	0	0	0	0	0
Payable	1,227	1,037	1,151	1,195	1,239
Other payables	140	125	0	0	0
Current portion of LT loans	0	0	0	0	0
Total current liab.	**2,953**	**2,189**	**2,281**	**2,341**	**2,403**
Long term loans	0	0	0	0	0
Other LT liab.	368	320	320	320	320
Total liabilities	**5,850**	**4,815**	**4,959**	**5,071**	**5,185**
Equity	244	244	244	244	244
Retained earnings	3,433	3,845	4,046	4,585	5,171
Minority interest	0	0	0	0	0
Total SHE + minority int.	**31**	**326**	**527**	**1,067**	**1,653**
Total liabilities & equity	**5,880**	**5,141**	**5,486**	**6,138**	**6,837**

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
EBIT	1,204	1,296	1,345	1,474	1,592
Depr. & amortization	241	205	209	214	217
Changes in working capital	227	(181)	86	19	20
Others	(239)	(191)	(447)	(476)	(497)
Cash flow from operating	**1,433**	**1,129**	**1,194**	**1,232**	**1,332**
Capital expenditure	(291)	(99)	(519)	(484)	(527)
Others	(137)	391	(97)	(101)	(105)
Cash flow from investing	**(427)**	**293**	**(616)**	**(584)**	**(633)**
Loans	0	0	0	0	0
Equity	362	(117)	0	0	0
Dividends	(1,186)	(452)	(677)	(439)	(489)
Others	604	(791)	64	64	64
Cash flow from financing	**(220)**	**(1,360)**	**(613)**	**(375)**	**(425)**
Changes in cash	**785**	**62**	**(35)**	**273**	**274**

Key Ratios	2023A	2024A	2025F	2026F	2027F
Gross margin	66.0%	66.7%	67.4%	67.9%	68.5%
Operating margin	18.4%	20.3%	21.1%	22.2%	23.0%
Pre-tax margin	12.7%	15.8%	16.8%	18.0%	19.0%
Net margin	10.3%	12.9%	13.8%	14.7%	15.5%
ROA	11.6%	15.0%	16.5%	16.8%	16.6%
ROE	221.1%	464.3%	206.0%	122.8%	79.1%
Acct. receivables TO (days)	1.8	1.3	1.3	1.3	1.3
Inventory TO (days)	35.1	33.0	33.0	33.0	33.0
Payable TO (days)	60.5	52.7	52.7	52.7	52.7
Debt to equity	N/A	N/A	N/A	N/A	N/A
Interest coverage ratio (x)	13.4	101.6	N/A	N/A	N/A
Net gearing	137.8%	-122.4%	-69.1%	-59.7%	-55.1%

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

The views expressed in this research report accurately reflect the analyst’s personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

DISCLAIMERS