INDOPREMIER

Ace Hardware Indonesia

BUY *(unchanged)*

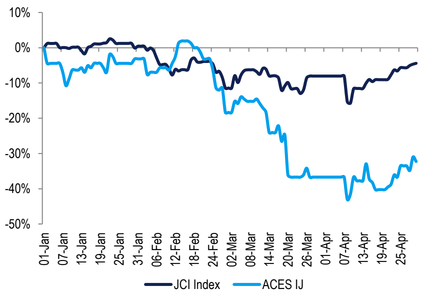
Company Update | Consumer Discretionary | ACES IJ | 30 April 2025

Stock Data

Target price	**Rp810**
Prior TP	*Rp810*
Current price	Rp535
Upside/downside	*51.4%*
Shares outstanding (mn)	17,120
Market cap (Rp bn)	9,159
Free float	40%
Avg. 6m daily T/O (Rp bn)	31

Price Performance

	3M	6M	12M
Absolute	-29.1%	-40.6%	-41.2%
Relative to JCI	-23.6%	-29.5%	-36.3%
52w low/high (Rp)			450 – 940



Major Shareholders

PT Kawan Lama Sejahtera	60.0%

1Q25 results: in-line despite negative operating leverage

- 1Q25 net profit of Rp142n (-30.9% yoy) was in-line with our/consensus estimate at 16/15% vs. 3yr Lebaran avg of 17%.
- Opex growth of +24% yoy outpaced sales growth of +7.2% yoy, resulting in negative operating leverage.
- Maintain Buy with TP of Rp810/sh as the current valuation of 10.6x FY25F PE is attractive vs. home improvement peers avg of 17.9x.

1Q25 profits was in-line with our/consensus estimates

ACES posted 1Q25 net profit of Rp142bn (-30.9% yoy) and this was in-line with our/consensus estimate at 16/15% (vs. 3yr Lebaran avg of 17%). 1Q25 net sales of Rp2.1tr (+7.2% yoy) was also in-line with our/consensus estimate at 23% (vs. 3yr Lebaran avg of 25%). We note that 1Q25 sales was attributed by 2.2% SSSG, came in-line with company guidance of >1% SSSG. With the shift in Lebaran towards Mar25 (vs. Mar-Apr in FY24), we expect SSSG and sales growth to normalize in Apr25.

Negative operating leverage from THR disbursement

GPM declined to 48.0% (-55bps yoy) due to change in product mix, in our view. On the other hand, opex to sales increased to 42.3% (+572bps yoy) and this was driven by the shift in THR disbursement timing (vs. 2Q24 in previous year). Excluding THR disbursement timing, we estimate opex to sales would have been 38.2% (+153bps yoy). We note A&P to sales ratio stood at 2.0% (+101bps yoy) and this was in-line with FY25F company guidance of 2.0-2.5%. To note, the company opted to front load the A&P spending in 1Q25, suggesting FY25F A&P to sales ratio may come in lower than 1Q25's. In sum, EBIT margin declined by -627bps yoy to 5.6%.

Maintain BUY with unchanged TP of Rp810

Inventory days slightly dropped to 244days (vs. 251days in 1Q24) and this in-line with company guidance at 8-9months. We await details from the earnings call and for now, we maintain our BUY rating with TP of Rp810/sh, based on FY25F PE of 16.0x (-0.5s.d. from its 5yr avg). Key risk is softer SSSG than expected.

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	865	1,051	1,147
EPS (Rp)	45	52	50	61	67
EPS growth	9.8%	15.8%	-3.0%	21.5%	9.1%
ROE	12.7%	14.0%	13.1%	15.2%	15.7%
PER (x)	11.9	10.3	10.6	8.2	7.5
EV/EBITDA (x)	6.8	6.3	5.6	4.6	4.1
Dividend yield	5.8%	6.3%	7.2%	7.0%	9.1%
Forecast change			0%	0%	0%
IPS vs. consensus			90%	96%	96%

Source: Company, Indo Premier *Share price closing as of: 30 April 2025*

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

Fig. 1: ACES 1Q25 Result summary

(Rp bn)	1Q25	1Q24	% YoY	4Q24	% QoQ	IPS FY25F	% IPS	Cons FY25F	% Cons	3yr avg of Lebaran quarter
Net sales	**2,136**	**1,993**	**7.2%**	**2,354**	**-9.3%**	**9,139**	**23%**	**9,255**	**23%**	**25%**
COGS	(1,111)	(1,026)	8.3%	(1,191)	-6.7%					
Gross profit	**1,025**	**967**	**6.0%**	**1,163**	**-11.9%**	**4,463**	**23%**	**4,504**	**23%**	**25%**
Opex	(905)	(730)	24.0%	(801)	12.9%					
EBIT	**120**	**237**	**-49.3%**	**362**	**-66.8%**	**960**	**13%**	**1,149**	**10%**	**15%**
Other income (charges)	48	17	172.7%	10	375.4%					
PBT	**168**	**254**	**-34.1%**	**372**	**-55.0%**					
Tax benefit (expense)	(29)	(51)	-42.5%	(55)	-46.9%					
Net profit	**142**	**205**	**-30.9%**	**318**	**-55.4%**	**866**	**16%**	**951**	**15%**	**17%**
Margin (%)										
Gross margin	48.0%	48.5%	-0.55%	49.4%	-1.43%					
EBIT margin	5.6%	11.9%	-6.27%	15.4%	-9.76%					
Net profit margin	6.6%	10.3%	-3.65%	13.5%	-6.87%					
Opex to sales	-42.3%	-36.6%	-5.72%	-34.0%	-8.33%					

Source: Company, Bloomberg, Indo Premier

Fig. 2: ACES' home improvement comparable

Ticker	Name	Region	P/E FY25F	EPS Growth FY25F	ROE FY25F	EV/EBITDA FY25F
ACES IJ Equity	Aspirasi Hidup Indonesia	Indonesia	10.6	-3.0%	13.1%	5.6
GLOBAL TB Equity	Siam Global House PCL	Thailand	16.7	-2.1%	8.7%	11.3
HMPRO TB Equity	Home Products Center PCL	Thailand	17.5	9.4%	25.1%	10.7
MDIY IJ Equity	Daya Intiguna Yasa	Indonesia	29.3	-8.7%	31.6%	11.1
MRDIY MK Equity	MR. DIY Group	Malaysia	24.9	16.1%	31.3%	14.0
WLCON PM Equity	Wilcon Depot	Phillipine	8.8	5.9%	10.9%	4.4
Simple Average			**17.9**	**2.9%**	**20.1%**	**9.5**
Regional Average (ex-ACES)			**19.4**	**4.1%**	**21.5%**	**10.3**

Source: Bloomberg, Indo Premier

Fig. 3: ACES is traded at 9.7x fwd. 12M PE (-2.4s.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)	(3,504)	(3,736)	(4,022)
Operating profit	**869**	**1,024**	**960**	**1,156**	**1,262**
Net interest	74	84	75	96	100
Forex gain (loss)	(5)	(1)	0	0	0
Others	23	(24)	24	32	39
Pre-tax income	**961**	**1,083**	**1,060**	**1,284**	**1,401**
Income tax	(190)	(199)	(194)	(233)	(254)
Net income	**770**	**892**	**865**	**1,051**	**1,147**

Balance Sheet (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalent	2,312	1,875	2,376	2,477	2,583
Receivable	199	45	127	139	150
Inventory	2,665	3,396	2,736	2,915	3,062
Other current assets	486	633	661	719	771
Total current assets	**5,662**	**5,950**	**5,925**	**6,276**	**6,591**
Fixed assets	424	491	602	704	796
Other non-current assets	0	0	0	0	0
Total non-current assets	**2,091**	**2,242**	**2,486**	**2,589**	**2,682**
Total assets	**7,753**	**8,191**	**8,385**	**8,839**	**9,248**
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	6,105	6,512	6,877
Minority interest	43	36	36	36	36
Total SHE + minority int.	**6,186**	**6,512**	**6,714**	**7,121**	**7,485**
Total liabilities & equity	**7,753**	**8,191**	**8,385**	**8,839**	**9,248**

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net income	770	892	865	1,051	1,147

Depr. & amortization	109	83	153	170	189
Changes in working capital	(30)	(699)	506	(204)	(167)
Others	507	537	0	0	0
Cash flow from operating	**1,356**	**813**	**1,524**	**1,018**	**1,169**
Capital expenditure	(107)	(150)	(264)	(272)	(280)
Others	(23)	(75)	(121)	0	0
Cash flow from investing	**(131)**	**(224)**	**(385)**	**(272)**	**(280)**
Loans	1	(2)	0	0	0
Equity	(1)	(47)	0	0	0
Dividends	(532)	(574)	(664)	(644)	(783)
Others	(510)	(408)	0	0	0
Cash flow from financing	**(1,042)**	**(1,030)**	**(664)**	**(644)**	**(783)**
Changes in cash	**184**	**(442)**	**475**	**102**	**106**

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%	12.8%	13.0%
Net margin	10.1%	10.4%	9.5%	10.5%	10.6%
ROA	10.3%	11.2%	10.4%	12.2%	12.6%
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	10.0	11.3	12.5
Net gearing	-37.6%	-29.0%	-35.6%	-35.0%	-34.7%

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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