Matahari Department Store

BUY (unchanged)

Company Update | Consumer Discretionary | LPPF IJ | 07 March 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)	2

Price Performance

	3M	6M	12M
Absolute	20.7%	4.6%	2.4%
vs. JCI	30.0%	18.2%	12.4%
52w low/high (Rp)		1,345	- 1,870



Major Shareholders

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

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4Q24 result: beat from margin improvement

- FY24 net profit of Rp828bn (+22.5% yoy) came above our/consensus estimate at 103/119%.
- Solid 4Q24 earnings of Rp205bn (+358% yoy) was driven by GPM and opex improvement.
- Maintain buy with unchanged TP of Rp2,750/sh as LPPF is traded at attractive valuation of 4.4x FY25F PE.

FY24 earnings was above our/consensus estimate

LPPF recorded FY24 net profit of Rp828bn (+22.5% yoy) and this was above our/consensus estimate at 103/119%. FY24 gross sales declined by -2.0% yoy to Rp12.3tr with SSSG of -1.7%. GPM (based on gross sales) slightly improved by 35bps yoy to 34.7%. Opex to sales also improved to 24.1% (vs. FY23's 24.7%) resulting in EBIT margin improvement of 10.5% (+94bps yoy). In sum, FY24 NPM improved to 6.7% (vs. 5.4%).

4Q24 earnings improvement from GPM and opex controls

4Q24 gross sales declined by -4.3% yoy with SSSG of -2.0%. To note, 4Q24 SSSG was dragged down by Jakarta's SSSG of -6.3% due to competition. GPM increased to 35.3% (+238bps yoy) amid improvement on inventory days of 26 (vs. 4Q23's 37 days). Moreover, opex to sales improved significantly by 210bps yoy to 24.0% on the back of lower depreciation (including RoU)/salary cost of -15/-8% yoy. Along with GPM improvement, 4Q24 EBIT margin improved to 11.3% (vs. 4Q23's 6.8%). The company recorded interest income of Rp24.8bn (vs. interest expense of Rp25.2bn in 4Q23) as it turned net cash in 4Q24; thus, 4Q24 net profit increased to Rp205bn (+358% yoy) with NPM of 7.2% (+571bps yoy).

Management to focus on store optimization

The company closed 13 underperforming stores in FY24, resulting in additional Rp13bn EBITDA. Looking into FY25F, management will focus on store optimization and continue to improve store productivity. We note that LPPF still has 20 stores under watch-list in FY24 (FY24's SSSG: -5.5% vs. regular stores' -1.3% yoy) which may be closed in FY25F, in our view. Furthermore, it plans to distribute dividend of Rp300/sh (82% DPR, 17.4% yield) and allocates a share buyback budget of Rp150bn.

Maintain BUY with unchanged TP of Rp2,750

In sum, we fine-tuned our FY25/26F forecast and 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			-3%	-3%	N/A
IPS/consensus			117%	124%	N/A

Sources: Company, Indo Premier

Share Price Closing as of: 07 March 2025

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Fig. 1: LPPF 4Q24 result	summary											
(Rp bn)	4Q24	4Q23	% YoY	3Q24	%QoQ	FY24	FY23	% YoY	IPS FY24F	% IPS	Cons FY24F	% Cons
Gross sales	2,848	2,977	-4.3%	2,249	26.6%	12,308	12,564	-2.0%				
Net sales	1,482	1,559	-4.9%	1,164	27.3%	6,399	6,539	-2.1%	7,081	90%	6,462	99%
COGS	(477)	(579)		(406)		(2,131)	(2,225)					
Gross profit	1,005	980	2.6%	758	32.6%	4,268	4,313	-1.1%				
Opex	(683)	(777)		(699)		(2,972)	(3,109)					
EBIT	322	203	58.7%	59	448.4%	1,296	1,204	7.6%	1,300	100%	1,134	114%
Other income (charges)	(83)	(146)		(64)		(283)	(374)					
PBT	239	57	318.3%	(5)	N/A	1,013	831	21.9%				
Tax benefit (expense)	(33)	(12)		2		(185)	(155)					
Net profit	205	45	358.0%	(4)	N/A	828	675	22.5%	800	103%	694	119%
Margins (%) - based on g	ross sales											
Gross margin	35.3%	32.9%		33.7%		34.7%	34.3%					
EBIT margin	11.3%	6.8%		2.6%		10.5%	9.6%					
EBITDA margin	13.0%	9.1%		4.9%		12.2%	11.5%					
Net profit margin	7.2%	1.5%		-0.2%		6.7%	5.4%					
Opex to Sales	24.0%	26.1%		31.1%		24.1%	24.7%					
Sales												
Direct Purchase	847	899	-5.8%	666	27.1%	3,651	3,729	-2.1%				
Consignment	1,998	2,075	-3.7%	1,582	26.4%	8,647	8,823	-2.0%				
Gross profit												
Direct Purchase	370	320	15.4%	260	42.2%	1,520	1,504	1.1%				
Consignment	632	656	-3.7%	496	27.4%	2,738	2,798	-2.2%				
GPM												

Source: Company, Indo Premier

Direct Purchase

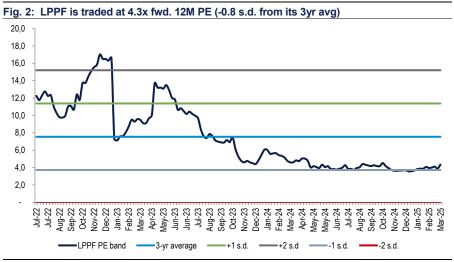
Consignment

43.7%

31.6%

35.6%

31.6%



40.3%

31.7%

41.6%

31.7%

Source: Bloomberg, Indo Premier

39.0%

31.4%

2026F

6,639

2027F

6,919

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110110101100	0,000	0,000	0,007	0,000	0,010
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					

2023A

6,539

2024A

6,399

2025F

6,367

Source: Company, Indo Premier

Income Statement (Rp bn)

Net revenue

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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

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