

29 September 2023

Leading with continuous growth



AMRT IJ	BUY
Sector	Retail
Price at 27 Sept 2023 (IDR)	2,930
Price target (IDR)	3,500
Upside/Downside (%)	19.45

Stock Information

Sumber Alfaria Trijaya Tbk (AMRT) is one of Indonesia's leading minimarket players and has more than 18,000 stores spread out across Indonesia, such as; Alfamart, Alfamidi, Lawson, Dan-Dan and etc.

Market cap (IDR bn)	121,730
Shares outstanding (mn)	18,844
52-week range (IDR)	2,230-3,150
3M average daily vol. ('000)	18,699
3M average daily val. (IDR mn)	52,143

Shareholders (%)

SigmantaraAlfindo	53.2
FenyDjokoSusanto	0.64
HarryantoSusanto	0.46
BudiyantoDjokoSusanto	0.33
Public	45.4

Stock Performance



	1M	3M	12M
Performance (%)	1.7	14.3	22.9

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We initiate our coverage on Sumber Alfaria Trijaya (AMRT) with a BUY and TP of IDR3,500 (34x '24F P/E) as its market share continue to expand and now is leading in Modern Trade (MT) minimarket due to a) continuous topline growth; b) massive store numbers with good product mix, and c) operating and other income growth. AMRT is expected to book stronger performance in 2H23 resulting '23F/'24F revenue and net profit to grow by 13%/14% yoy and 20.5%/24.2% yoy, respectively. All in all, we expect AMRT's gross and net margin to expand to 21%/21.4% and 3.1%/3.4%, respectively in '23F/'24F on better product mix, cost management and other income.

Leader in MT minimarket with market share expansion

Based on USDA' Jul'23 report on Indonesia's retail foods, AMRT's Alfamart was Indonesia's best-selling modern retail store on food, beverages, and daily essentials in 2022. AMRT also continue to gain market share in MT minimarket and Indonesia. In 1H23, AMRT's market share in MT minimarket and Indonesia, expanded to 39.1% and 15.1%, respectively. As a result, AMRT is the current leader in MT minimarket and AMRT is expected to expand further its market share in 2H23 and 2024.

Continuous topline growth yoy

Indonesia's Consumer Confidence Index (CCI) was still at 125.2 (still expansive) in Aug '23. AMRT's continuous topline growth is proven as it still grew 4% yoy amid pandemic. AMRT succeeded in growing its loyal members with higher contribution at 57.2% of its 1H23' revenue. We expect AMRT' revenue to reach IDR55.69 tn (+13.6% yoy) in 2H23F with its food sales to grow by 15.8% yoy on shopping's trend shift, better consumer spending (a possibility on extra money for consumers as election' campaign starts in Nov '23) and higher revenue contribution from its loyal members. As a result, it is expected AMRT to grow its topline by 13% yoy and 14% yoy, respectively in '23F-'24F.

Massive store numbers with good product mix

Thanks to AMRT's massive store numbers with good product mix strategy, its gross profit grew at 11.3% CGAR, from 2018-2022 and its gross margin expanded from 19.8% in 2018 to 21.2% in 1H23. AMRT total store reached 21,383 in 1H23 and will continue its new stores opening in Indonesia's tier 2 and tier 3 cities. Now, AMRT has more than 10k product SKUs and cooperates with >1,600 suppliers, which enables the company to keep on improving its product mix. Therefore, we expect gross profit to grow by 14.7% yoy in 2H23F, 14.9% yoy in '23F and 15.9% yoy in '24F. We expect AMRT' gross margin to expand to 20.8%, 21% and 21.4%, in 2H23F, '23F and '24F, respectively.

Operating and net income growth with margin expansion

We expect AMRT' operating profit to grow by 13.8% yoy, 22.1% and 26.8% yoy, in 2H23F, '23F and '24F on better cost management with continuous effort to lower employee counts per store. We expect AMRT' other income to reach IDR597.3 bn (+12.3% yoy), IDR1.16 tn (+11% yoy) and IDR1.3 tn (+12% yoy) in 2H23F, '23F and '24F on increases in its fee based income and rentals. All in all, we expect net profit to grow by 20.5% yoy and 24.2% yoy in '23F-'24F, on better cost management and higher other income, with net margin expansion to 3.1% and 3.4% in '23F-'24F.

Initiate a BUY with TP of IDR3,500

We initiate our coverage on AMRT with a Buy and TP of IDR 3,500/share, which implies 34x '24 P/E or slightly above its +1 stdv of 5 years mean P/E. We think AMRT' premium valuation is justified on a) its business growth and margin expansion, b) '23F-'24F PE is still lower than regional peers' average PE in '23F-'24F, c) in a net cash position since 2021, and d) '23F-'24F ROE is way above peers' average ROE in '23F-'24F. Risks to our call includes: a) tighter competition than expected, b) slower growth than expected from its stores; and c) new changes in government regulation.

Exhibit 1: Key Statistics

Year end Dec	2021A	2022A	2023F	2024F	2025F
Revenue (IDR bn)	84,904	96,925	109,525	124,858	139,841
EBITDA (IDR bn)	4,963	6,063	7,013	8,410	9,489
Net profit (IDR bn)	1,926	2,855	3,440	4,274	4,881
EPS (IDR)	46	69	83	103	117
EPS growth (%)	81.4%	48.3%	20.5%	24.2%	14.2%
ROE (%)	22.1	27.3	27.8	30.1	30.2
ROA (%)	7.2	9.8	10.6	12.0	12.4
PER (x)	63.2	42.6	35.4	28.5	24.9
PBV (x)	13.2	10.8	9.4	8.2	7.3
EV/EBITDA (x)	24.5	20.0	17.3	14.3	12.5
Div Yield (%)	0.6	0.8	1.4	2.0	2.5

Source: Company, KBVS Research

Leading in MT minimarket with market share expansion

The United States Department of Agriculture’s (USDA) in its Jul’23 report on Indonesia’s retail foods, AMRT’s Alfamart as Indonesia’s best-selling modern retail store in 2022 for categories: food, beverages, and daily essentials. Based on Euromonitor data, AMRT’s Alfamart revenue reached USD7.62 bn (+40% yoy) in 2022 with lesser total store than Indomaret (non-listed). AMRT’ Alfamart achievement in 2022 has dethroned Indomaret with revenue of USD7.6 bn (+22.7% yoy) as the previous top position for four consecutive years to 2nd place. Note that, AMRT’s total revenue reached USD8.72 bn from Alfamart and Alfamidi combined in 2022. Along with other modern retailers’ sales; Hypermart, Super Indo, Transmart Carrefour, Carrefour, Lotte Mart, Circle K, Farmer’s Market and others, the total retail sales for food, beverages, and daily essentials in Indonesia reached USD101.4 bn (+9% yoy) in 2022.

USDA in their report also stated that the growth of modern retail stores (MT) and e-commerce continue to erode general/traditional trade’ (GT) market share despite GT still dominated the food and beverage retail sector in Indonesia with 77% market share. USDA also noted that since several years back, minimarket players (AMRT, Indomaret, etc) have upgraded their store format from only offering daily necessities/groceries to offering ready to drink (RTD) and ready to eat (RTE) food/snacks. Moreover, among MT channels, minimarkets constitutes the largest segment, and USDA expects around 1,000 new additional stores each year to be added to the total number of minimarkets, that will keep opening in residential areas and outside Java.

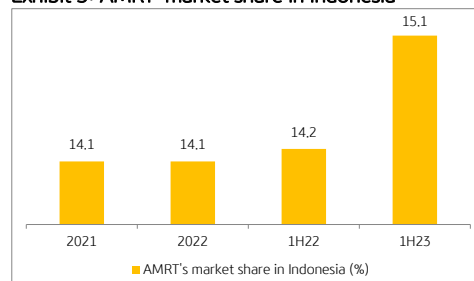
Exhibit 2: Top selling retail stores in Indonesia



Source: USDA, Euromonitor, Databoks

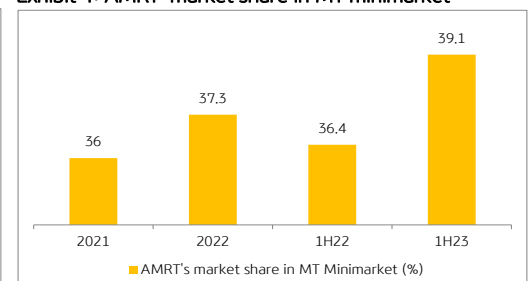
AMRT also continue to gain market share in MT minimarket, MT channel, and Indonesia. In 1H23, AMRT’s market share (Alfamart and Alfamidi) in the MT minimarket expanded by 270Bps yoy to 39.1%, while AMRT’ market share in the MT channel expanded by 250Bps yoy to 31.3%. As a result, AMRT’s 1H23 market share in Indonesia expanded by 90Bps to 15.1%.

Exhibit 3: AMRT’ market share in Indonesia



Source: Company, KBVS Research

Exhibit 4: AMRT’ market share in MT minimarket

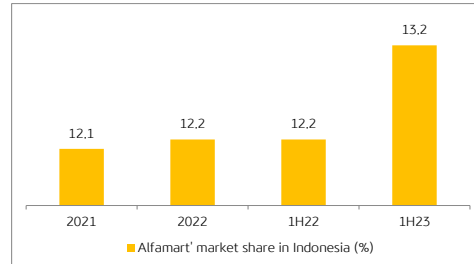


Source: Company, KBVS Research

Meanwhile, for AMRT’ Alfamart market share in 1H23’ MT minimarket, it expanded by 290Bps yoy to 34.2% and its market share in 1H23’ MT channel expanded by 250Bps yoy to 31.3%. As a result, AMRT’ Alfamart 1H23 market share in Indonesia expanded by 100Bps yoy to 13.2%. This shows that AMRT’s Alfamart still the biggest contributor to AMRT’s 1H23 market share in MT minimarket, MT channel, and Indonesia as it has more than 10 times the total store numbers than AMRT’ Alfamidi (MIDI).

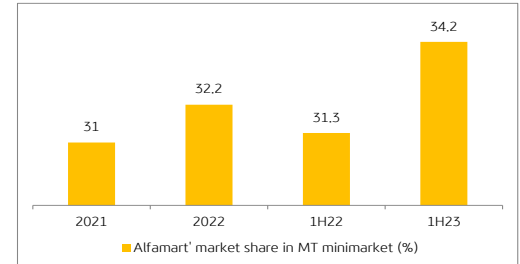
Moreover, in relation to Indonesia’s retail business, Government has exercised its regulation No.18/2022, which is a renewed regulation from No. 23/2021. The renewed regulation indirectly creates a barrier for new MT players to compete with AMRT and other existing MT players that already has more than 150 stores prior to April, 1st 2021 as the renewed regulation stated that the maximum self-ownership store is 150 stores and to open any new stores, the company has to do a Joint Venture or partnership with small-medium enterprises (SMEs). Therefore, we think AMRT is the current leader in MT minimarket and expects AMRT to continue to expand its market share in 2H23 and 2024.

Exhibit 5: Alfamart’ market share in Indonesia



Source: Company, KBVS Research

Exhibit 6: Alfamart’ market share in MT minimarket

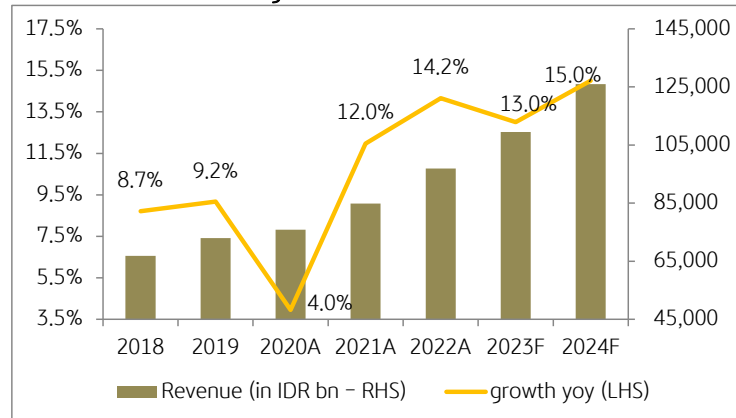


Source: Company, KBVS Research

Continuous topline growth yoy on shopping trend’s shift, better consumer spending and loyal members
 AMRT’s continuous topline growth is proven as it still grew 4% yoy amid pandemic in 2020 and from 2018–2022, it grew a 9.7% CAGR. We think that AMRT’ continuous topline growth is supported by shopping trend’s shift after pandemic, better consumer spending in Indonesia and higher revenue contribution from its loyal members. Prior pandemic, AMRT had a high single digit topline growth yoy in 2018–2019.

Since that time, the shift in shopping’ trend have started, where customers began to buy groceries from minimarkets instead of super/hypermarkets then the trend continues until now. Moreover, AMRT’ topline had a double digit growth yoy in 2021 (+12% yoy) and 2022 (+14.2% yoy), since the last time was in 2016. Note that, AMRT sells its products via online and offline. According to the company, purchase made via online has bigger basket size of IDR76,000 or 52% higher than offline basket size.

Exhibit 7: AMRT’s revenue & growth



Source: Company, KBVS Research

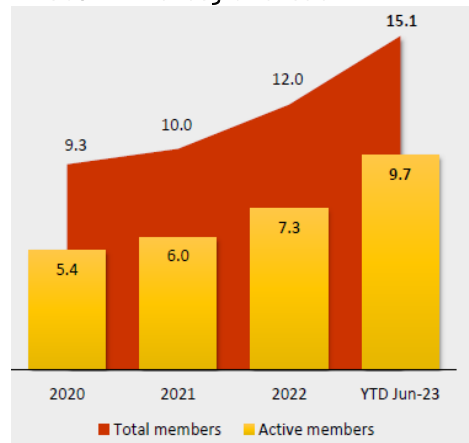
Back in 2022, Indonesia’s household spending per capita grew 8.71% yoy with household spending per capita on food/groceries and household spending per capita on non-food, grew by 10.96% yoy and 6.53% yoy, respectively (Exhibit: 28 & 29). Moreover, Indonesia’s CCI was still at expansive area at 125.2 in August ’23 (Exhibit: 24). Therefore, we expects Indonesia’s household spending per capita continue to grow in 2H23 and 2024.

In order to attract and gain customer’ base, AMRT’s has created a membership program; Alfagift with point rewards or free gifts or cash-back promo and has collaborated with more than 189 vendors. Moreover, AMRT’ Alfagift has succeeded in growing the numbers of its loyal members from a total of 9.3mn members in 2020 to a total of 15.1mn members in 1H23.

Moreover, AMRT’s total active members has also grown from around 5.4mn or 58% of its total members in 2020 to around 9.7mn active members or 64.2% of its total members in 1H23. Note that, from 2020–2022, AMRT’ total members grew at 13.6% CAGR and its total active members grew at 16.3% CAGR. AMRT’s loyal members contribution to its total revenue also jumped significantly, from only a 29.8% revenue contribution of its 2020’ total revenue to a 57.2% revenue contribution of its 1H23 total revenue (around IDR30 tn).

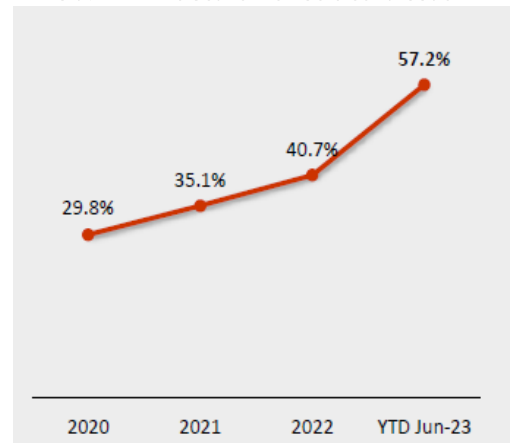
Furthermore, there is also a possibility on extra money for consumers from election’ candidates that will start campaigning by the end of Nov ’23 to early Feb ’24 with a potential for 2nd round in Presidency’s campaign which could be in June ’24. Therefore, we expect AMRT’ revenue to reach IDR55.69 tn (+13.6% yoy) in 2H23F with its food sales to reach IDR39.74 tn (+15.8% yoy) due to shopping’s trend shift, Indonesia’s better consumer spending and higher revenue contribution from its loyal members. In 1H23, AMRT’ revenue reached IDR53.83 tn (+12.4% yoy) with food sales reached IDR38.41 tn (+16.4% yoy) or 71.4% contribution of AMRT’s 1H23 revenue.

Exhibit 8: AMRT’s Alfagift members



Source: Company, KBVS Research

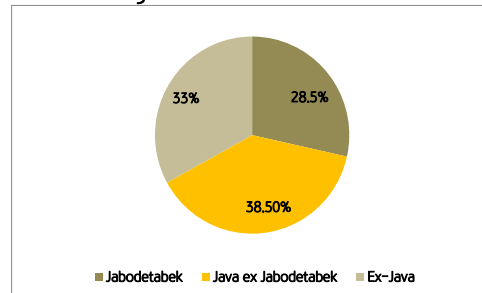
Exhibit 9: AMRT’s active members contribution



Source: Company, KBVS Research

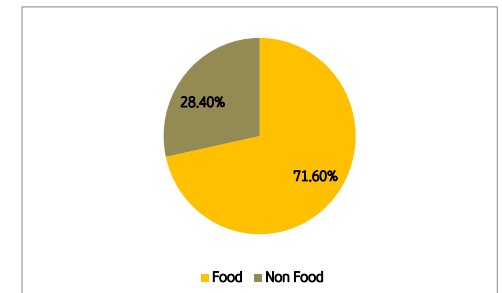
As a result, it is expected AMRT’ topline in ‘23F–‘24F to grow by 13% yoy and 14% yoy to IDR109.53 tn and IDR124.86 tn, respectively. Note that, our revenue growth target of 13% yoy in 2023F is still slightly higher than AMRT’s guidance of around 12% yoy revenue growth, despite lower than its 2022’ revenue growth of 14.2% yoy.

Exhibit 10: Region’ contribution to revenue



Source: Company, KBVS Research

Exhibit 11: Food & non-food sales



Source: Company, KBVS Research

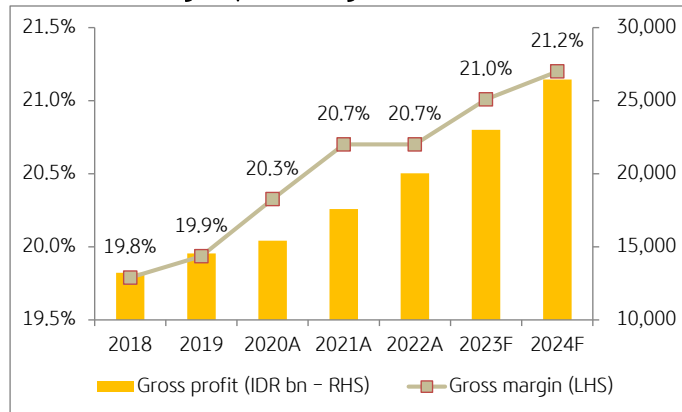
Moreover, we expect AMRT’ food sales to contribute 71.6% of AMRT ’23F–24F revenue, while non-food sales to contribute 28.4% of AMRT ’23F–24F revenue. As for revenue contribution from each region to AMRT ’23F–24F revenue are Greater Jakarta (28.5% contribution), Java ex Jabodetabek (38.5%) and Ex-Java (33%).

Massive store numbers with good product mix supports its gross margin expansion

We expect AMRT is able to grow further its gross profit and expand its gross margin due to its massive store numbers and its large numbers of suppliers that has supported AMRT’ business and enables the company to improve its product mix strategy.

From 2018–2022, AMRT’ gross profit grew at 11.3% CGAR and its gross margin expanded from 19.8% in 2018 to 20.7% in 2022. In 1H23, AMRT’ gross profit reached IDR11.4 tn (+15.2% yoy) and gross margin expanded by 50Bps yoy to 21.2%.

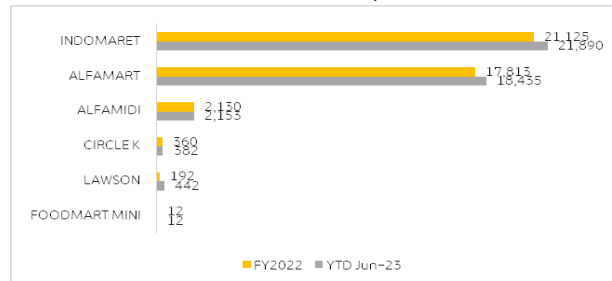
Exhibit 12: AMRT’s gross profit & margin



Source: Company, KBVS Research

As for the number of stores, AMRT has opened 916 new stores in 1H23 that makes its total store of 21,383 stores, with: 18,435 Alfamart stores, 2,153 Alfamidi stores, 442 Lawson stores, 308 Dan+Dan stores and 45 Alfamidi super.

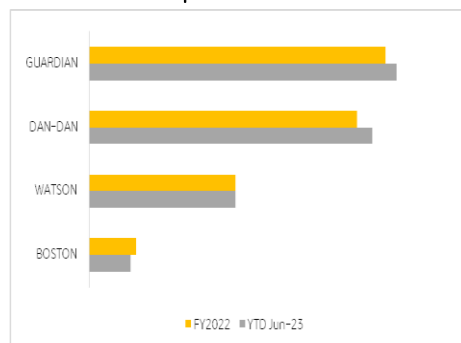
Exhibit 13: AMRT’s minimarket stores vs peers



Source: Company, KBVS Research

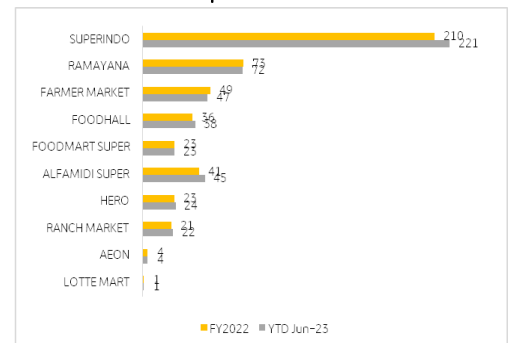
The company shared to us that AMRT will continue to open new stores in tier 2 and tier 3 cities in Indonesia and it has guided for around 1850 new store openings in 2023 with IDR6 tn in total 2023 capex. Note that, AMRT owned 77% of AMRT’s total stores.

Exhibit 14: AMRT’s personal care stores



Source: Company, KBVS Research

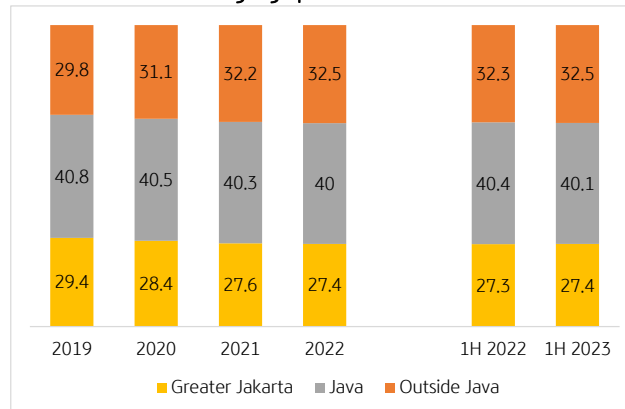
Exhibit 15: AMRT’s supermarket stores



Source: Company, KBVS Research

In terms of region, from AMRT’s total stores in 1H23; 27,4% in Greater Jakarta, 40.1% in Java island and 32.5% in outside Java.

Exhibit 16: AMRT’s store geographic breakdown



Source: Company, KBVS Research

As for suppliers, AMRT has collaborated with more than 1,600 active suppliers that provides for more than 10,000 product SKUs (food and non-food products) to AMRT, which enables the company to execute its product mix strategy as to cater its customer needs. AMRT also offers its house brand/private label (HB/PL) products as to provide more product options with good quality and at affordable prices to its customers.

In order to produce and maintain its HB/PL products’ quality, AMRT also has collaborated with manufactures and small-medium enterprises (SMEs). Note that, AMRT’ HB/PL offers better margin than products from suppliers and AMRT has a good bargaining power towards its suppliers due to its massive store numbers with multiple different suppliers at its disposal.

All in all, thanks to AMRT’s massive store numbers with good product mix strategy, we expect AMRT’ gross profit to grow by 14.7% yoy to IDR11.6 tn in 2H23F and by 14.9%/15.9% yoy in ‘23F/’24F to IDR23 tn, and IDR26.7 tn, respectively. Moreover, we expect AMRT’ gross margin to expand to 20.8%, 21% and 21.4%, respectively in 2H23F, ‘23F and ‘24F.

Exhibit 17: AMRT’s GB/PL products

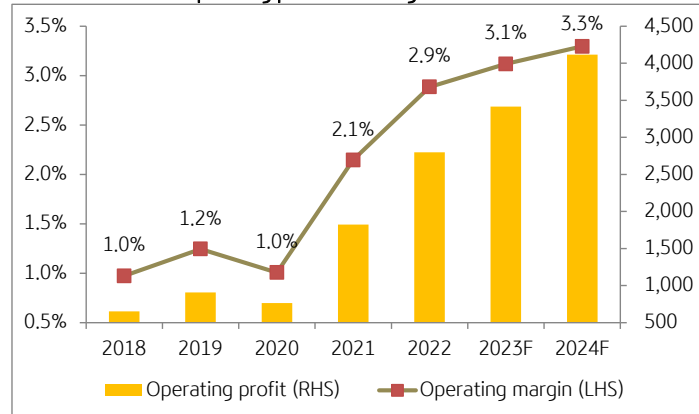


Source: Company, KBVS Research

Operating and net profit growth with margin expansion

We expect AMRT’ operating profit and operating margin will continue to expand due to better cost management that is supported by current technology, along with continuous effort to lower employee counts per store. From 2018–2022, AMRT’ operating profit grew 44% CAGR and 1H23 operating profit reached IDR1.59 tn (+33.2% yoy) with a 40Bps operating margin expansion. Therefore, we expect AMRT’ operating profit to grow by 13.8% yoy, 22.1% and 26.8% yoy to IDR1.83 tn, IDR3.42 tn and IDR4.33 tn, in 2H23F, ‘23F and ‘24F respectively due to better cost management. All in all, we expect AMRT’ operating margin to expand to 3.1% and 3.5% in ‘23F–‘24F.

Exhibit 18: AMRT’s operating profit and margin



Source: Company, KBVS Research

Furthermore, from 2018–2022, AMRT’ net profit grew 45% CAGR and 1H23 net profit grew 28.6% yoy mainly due to higher other income, with its net margin expanded by 40Bps. From 2018–2022, AMRT’ other income grew 7.5% CAGR and it grew 9.8% yoy in 1H23. Note that, AMRT’s fee based income is driven by its e-services and it is the back bone of its other income, with around 59–63% contribution to its other income.

Thanks to the pandemic and the fast growth of e-wallet amid pandemic that have magnified AMRT’ sales growth via online and its e-services as the growth of cashless transactions was triggered by higher restriction of human interactions amid pandemic. Moreover, based on DataIndonesia.Id 2021 data, Indonesia has the 4th largest un-bankable population in the world and according to World Bank (WB) 2021 data, which around 49% of Indonesian population was still un-bankable as many Indonesian still lives in rural area that has limited access to bank and ATMs.

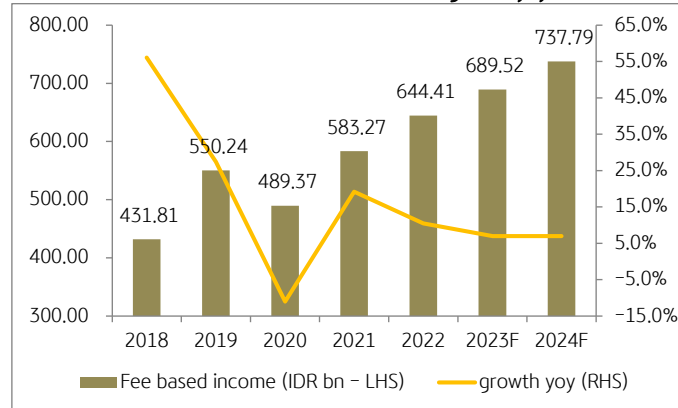
As a result, the role of electronic money (e-money) has started to become more important, which boosted the growth of e-wallet, and customers that lives in rural areas are relying more on AMRT’ e-services. Note that, the e-wallet industry has grown rapidly in the last 10 years as public acceptance of the e-wallet industry was faster when compared to other categories.

Based on Xendit’s data, a financial technology (Fintech) company, E-Wallet is the most popular Digital Payment, back in 2021. Xendit stated that over 150 mn transactions worth USD12 bn were recorded, and 43% of those were of E-Wallet vs 24% in 2020 as e-Wallet user has grown significantly and almost half of Xendit merchants provided E-Wallet payment. In 2022, based on a marketing research firm, InsightAsia showed that e-wallet transactions grew by 58.6% yoy as transaction volume rose 37.49% yoy with a value of IDR35.1 tn. InsightAsia also found a tendency in the use of e-wallets, developing from payments only to money management features such as fund transfers, and transaction history, to *pay-later* features. Of the top 10 uses of e-wallets, the biggest is shopping via e-commerce. The second is to top up mobile phone credits, followed by transferring money within the platform, viewing transaction history, bank transfers, culinary orders, bill payments, offline payments for household expenses, and paylater.

The growth of e-wallet industry on top of Indonesia’ large unbankable population has boosted AMRT’s fee based income growth as higher transactions for e-money, which is also the biggest contributor to AMRT’s fee-based income.

From most of e-wallet providers, AMRT gets a flat fee around IDR1,500 for every top up of e-money by customers. Note that, the amount of fee for AMRT, still depends on the-wallet providers. Albeit, the fee per transaction could be higher for some providers than of e-money top up via bank' ATM, AMRT' fee based income still continue to grow. From 2018-2022, AMRT' fee based income grew 10.5% CAGR and it grew 7% yoy at IDR335.4 bn in 1H23. Moreover, that could be a big opportunity for AMRT to do up-selling and/or cross-selling to customers that is visiting its store to do their top up as generally the customers would buy other products in the store.

Exhibit 19: AMRT's fee based income (IDR bn) & growth yoy



Source: Company, KBVS Research

Aside from e-money, AMRT also offers other e-services;

- E-voucher (electric prepaid token, top-up phone' credit & data, top-up credit for online games, etc)
- E-payments (credit instalment for vehicles, credit instalment for housing, tuition fees, PBB, BPJS health, insurance, vehicle tax, telephone, TV cable, online shopping, utilities bills (electricity, gas and water, online travel agents, etc)
- E-ticketing (concerts/events, trains, flights, buses, ferries, hotels, theme parks, etc)
- Delivery services (documents, goods, remittance, etc)
- Other services (branchless banking, credit applications, etc)

Note that, currently AMRT has collaborated with more than 185 partners for its e-services. AMRT would also get a flat admin fee for each transaction of the above e-services.

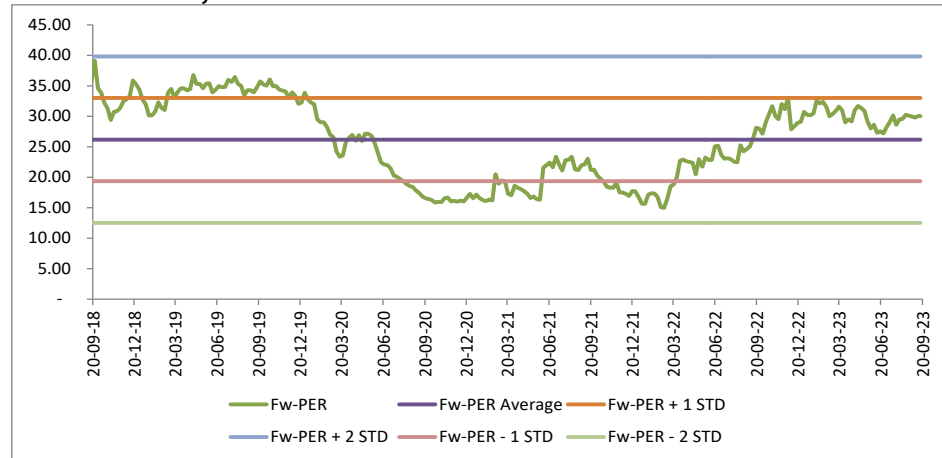
Yet, AMRT informed us that the company is brewing for new strategies and inovations as to anticipate for a slower growth yoy in its fee based income in near future. Therefore, we expect AMRT' fee based income to only grow by 7% yoy in '23F-24F. Furthermore, the 2nd biggest contributor to AMRT' other income comes from space and building rental with 17%-19% contributions. From 2018-2022, AMRT' space and building rental income grew 7.7% CAGR and it grew 15% yoy at IDR98.4 bn in 1H23. Thus, we expect AMRT' space and building rental income to grow by 5% yoy in '23F-24F.

With our anticipation on slower growth yoy in AMRT' fee based income, we still expect AMRT' other income in 2H23F, '23F and '24F to reach IDR597.3 bn (+12.3% yoy), IDR1.16 tn (+11% yoy) and IDR1.3 tn (+12% yoy) on increases in its fee based income and rentals. All in all, we expect net profit to grow to IDR3.44 tn (+20.5% yoy) and IDR4.27 tn (+24.2% yoy) in '23F-'24F respectively, due to better cost management and higher other income. We also expect AMRT' net margin to continue to expand to 3.1% and 3.4% in '23F-'24F. In 1H23, AMRT' net profit reached IDR1.61 tn (+28.6% yoy) and net margin expanded by 40Bps yoy.

Initiate a BUY with TP of IDR3,500

We initiate our coverage on AMRT with a Buy and TP of IDR 3,500/share, which implies 34x '24 P/E or slightly above its +1 stdv of 5 years mean P/E.

Exhibit 20: AMRT's 5 years mean PE band



Source: KBVS Research

Albeit AMRT' premium valuation of 35.4x & 28.5x PE in '23F-'24F is higher than its domestic peers' average PE of 14.0x & 12.0x in '23F-'24F, AMRT' '23F-'24F PE is still below than its regional peers' average PE of 43.2x & 30.1x in '23F-'24F. We also think that AMRT' premium valuation is still justified on the back of; a) its continuous topline growth yoy, b) massive store numbers with good product mix, and c) operating and other income growth, which potentially leads to its gross, operating and net margin expansion.

Moreover, AMRT' 27.8% & 30.1% ROE in '23F-'24F is way above its domestic, regional and global peers' average ROE in '23F-'24F of 19.3% & 18.9%, 12.8% & 14.5%, and 23.8% & 23.0%, respectively. This means that AMRT business is much better as it is way more profitable by far than its peers.

AMRT has also reported a net cash position since 2021, and we expect AMRT' net cash position will continue to increase further in '23F-'24F. Along with an indirect barrier for new entrant in MT retail from a renewed government regulation on retail business, thus we recommend a BUY on AMRT with TP of IDR 3,500/share.

Exhibit 21: AMRT' comparison to peers

Ticker	Company's name	Mkt Cap (in USD mn)	EV/EBITDA		P/E		ROE		ROA	
			'23F	'24F	'23F	'24F	'23F	'24F	'23F	'24F
AMRT UJ Equity	PT. Sumber Alfaria Trijaya, Tbk	7,840.4	17.0	14.4	35.4	28.5	27.8	30.1	10.6	11.5
ERAA UJ Equity	PT Erajaya Swasembada Tbk	479.8	6.8	5.6	7.1	5.7	14.0	15.0	5.6	6.3
MAPI UJ Equity	PT. Mitra Adiperkasa Tbk	1,972.5	7.3	6.4	13.8	12.2	24.3	21.6	9.4	9.1
MAPA UJ Equity	PT MAP Aktif Adiperkasa Tbk	1,447.6	8.3	6.6	16.0	12.8	27.4	27.1	28.1	30.9
ACES UJ Equity	PT Ace Hardware Indonesia Tbk	882.1	11.3	9.7	19.2	17.2	11.7	12.0	9.5	10.4
Simple average	Indonesian retailer	1,195.5	8.4	7.1	14.0	12.0	19.3	18.9	13.1	14.2
SSG SP Equity	Sheng Siong Group Ltd.	1,690.7	10.63	10.25	17.19	16.11	28.53	27.39	16.55	16.43
DFI SP Equity	DFI Retail Group Holdings Limited	3,614.2	7.45	6.48	23.02	14.20	15.84	24.42	2.02	3.80
AEON MK Equity	AEON Co. (M) Bhd.	338.5	4.83	4.68	12.15	11.53	7.00	7.38	2.33	2.55
CRC TB Equity	Central Retail Corporation Public Company Limited	6,586.6	11.33	10.33	27.94	22.89	12.68	14.15	3.39	3.87
CPALL TB Equity	CP ALL Public Company Limited	15,184.7	14.78	13.60	31.20	25.35	16.86	16.02	1.86	2.67
RRHI PM Equity	Robinsons Retail Holdings, Inc.	1,165.3	5.51	5.01	11.96	10.06	7.22	7.99	3.44	3.65
PGOLD PM Equity	Puregold Price Club, Inc.	1,469.4	5.09	4.68	8.78	7.99	11.50	10.82	5.80	5.88
601933 CH Equity	Yonghui Superstores Co., Ltd.	4,034.6	19.40	16.75	101.25	51.43	1.37	6.87	0.47	0.76
6808 HK Equity	Sun Art Retail Group Limited	2,121.8	1.10	0.98	45.03	21.05	1.64	3.40	0.54	1.03
DMART IN Equity	Avenue Supermarts Limited	29,242.4	54.91	43.73	85.47	67.40	15.91	17.12	16.49	17.43
TRENT IN Equity	Trent Limited	8,830.8	52.63	41.01	111.61	83.53	21.90	23.89	13.70	14.70
Simple average	Asia Pacific retailer	6,752.7	17.1	14.3	43.2	30.1	12.8	14.5	6.1	6.6
COST US Equity	Costco Wholesale Corporation	250,199.4	23.59	21.77	39.38	36.51	27.76	25.64	9.40	9.46
TGT US Equity	Target Corporation	55,706.5	9.53	8.51	15.69	13.49	28.27	29.30	6.45	7.31
WMT US Equity	Walmart Inc.	439,828.4	12.90	12.06	25.07	22.94	20.61	20.29	6.94	7.29
GIS US Equity	General Mills, Inc.	37,895.9	11.80	11.43	14.51	13.78	24.29	23.84	8.44	8.58
KR US Equity	The Kroger Co.	33,081.3	6.41	6.46	10.13	10.32	28.98	24.09	6.43	6.13
TSCO LN Equity	Tesco PLC	23,882.8	6.74	6.61	12.16	11.25	12.83	13.64	3.50	3.40
SHP SJ Equity	Shoprite Holdings Ltd	7,704.6	8.86	8.59	19.90	17.66	24.20	24.52	6.21	6.28
Simple average	Global retailer	121,185.6	11.4	10.8	19.5	18.0	23.8	23.0	6.8	6.9

Source: Bloomberg, KBVS Research

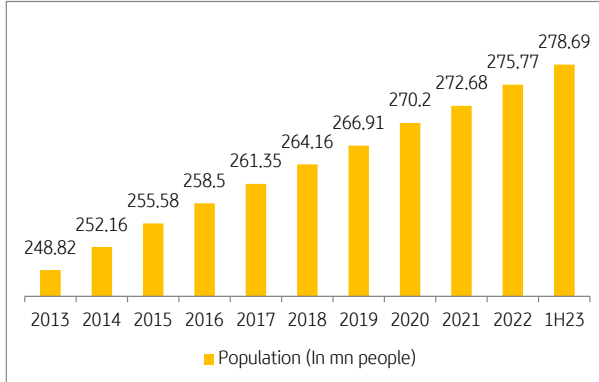
Risks to our call includes: a) tighter competition than expected, b) slower growth than expected from its stores; and c) new changes in government regulation.

Industry Outlook

Indonesia is a potential market due to its demography

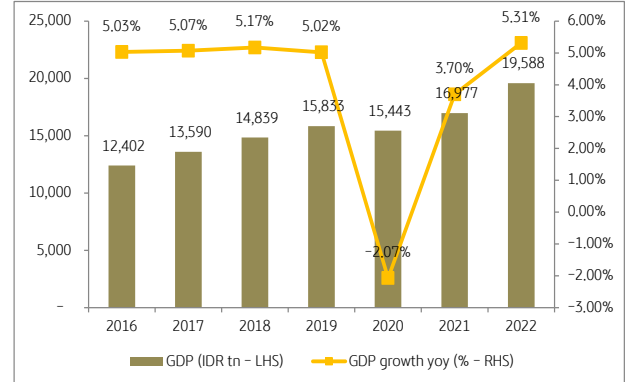
Indonesia is the world’s 4th most populous country and based on Statistics Indonesia’s (SI) projection data, Indonesia’s total population has reached 278.65mn people in 1H23 with its GDP already back on its normal growth path after getting hit during pandemic, which grew 5.31% yoy in 2022 and it is expected to grow by around 5.3% yoy in 2023.

Exhibit 21: Indonesia’s total population



Source: Statistics Indonesia, KBVS Research

Exhibit 22: Indonesia’s Gross Domestic Product (GDP)



Source: Statistics Indonesia, KBVS Research

Moreover, the World Bank’s (WB) has categorized Indonesia as an upper middle income country, which based on WB’ classification on the country’s Gross National Income (GNI) per capita. WB also stated that around 20% of Indonesia’s total population is already in the middle income class with another 41% of its population is the aspiring middle income class. Therefore, with its large population and rising middle income class, Indonesia is a potential market for AMRT and other retail players.

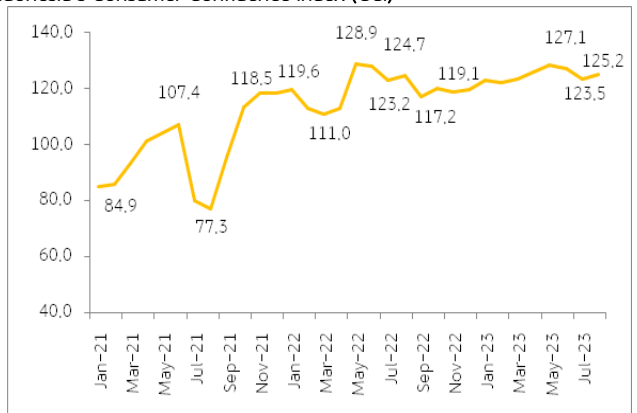
Indonesia’s economic recovery and improved consumer spending

Back in 2021, A.T. Kearney’s stated in its Global Retail Development Index (GRDI) that Indonesia was in4th place among 35 global contenders as Indonesia’s retail market progress showed strong sales performance of USD407 bn (IDR6.044 tn) in 2021 on the back of its vast population of 272.68mn people, which boosted its total GRDI value of 53.0. Moreover, the Indonesian government had loosened its PPKM (Community Activities Restrictions Enforcement) policy since Sept ’21 and terminated totally its PPKM policy by end of 2022. This has led to higher mobility and higher consumer activities, which can be seen through Indonesia’s consumer confidence index (CCI) level that was back on its expansive territory (>100) since Oct’ 2021, and was at 125.2in August ’23 according to SI’ CCI survey or higher than in July ’23. Note that, Indonesia Consumer Confidence Index indicates a heightened sense of optimism among Indonesian consumers, despite past market uncertainties stemming from the pandemic, inflation, recession, and geopolitical tensions (e.g., Russia-Ukraine conflict).

Exhibit 23: Top 10 country global development Index 2021 Exhibit 24: Indonesia’s Consumer Confidence Index (CCI)

Top 10 Country Global Retail Development Index 2021						
Rank	Country	Market Attractiveness	Country Risk	Market Saturation	Time Pressure	Final 2021 Score
1	China	100.0	88.4	13.1	100.0	72.8
2	India	59.1	50.7	63.7	82.7	64.4
3	Malaysia	74.5	74.0	27.2	43.9	54.1
4	Indonesia	51.3	30.7	57.6	60.7	53.0
5	Bangladesh	15.7	2.4	96.0	88.4	53.0
6	Morocco	31.5	92.6	66.5	51.8	52.2
7	Egypt	34.3	20.5	71.5	73.8	52.0
8	Ghana	13.5	70.2	96.5	52.7	51.9
9	Vietnam	27.8	42.2	56	98.4	51.8
10	Dominican Republic	44.5	70.2	62.2	39.7	51.4

Source: A.T. Kearney (2023), KBVS Research

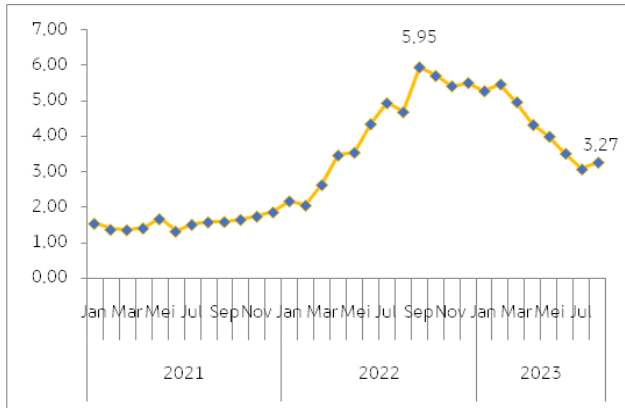


Source: Statistics Indonesia, KBVS Research

Yet, Bank Indonesia (BI) saw that the sudden rise on demand was not equally matched by supply as the consumer price index (CPI) was rising and reached its highest level of 5.95% in Sept '22. To stabilize the condition, BI has adjusted its BI-7day rates since August '22 and already raised 225 Bps till its current rate of 5.75%. As a result, the CPI number has dropped near to BI's inflation target of 3% as the steadfastness of the Indonesian consumer is exemplified by their resilience in the face of rising inflation.

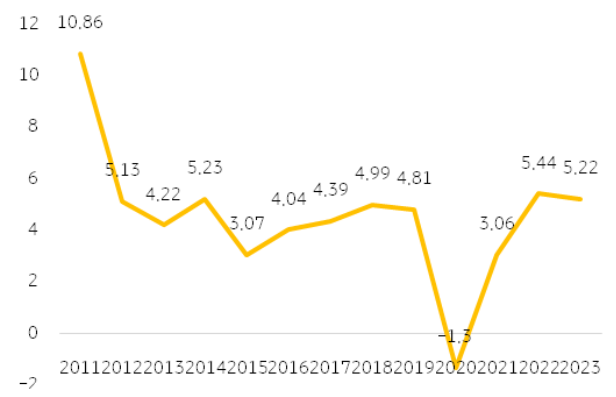
Furthermore, the Indonesian government and the Indonesia Retail & Tenant Association (HIPPINDO) convened to establish crucial support measures, including: 1) reducing high-cost import permits for non-domestic goods; and 2) restructuring bank credit to invigorate the offline retail space, in order to fuel the retail sector's resurgence post-pandemic in 2023. According to SI's survey, retail sales growth could reach 5.22% in 2023 despite slightly slower than 5.44% in 2022.

Exhibit 25: Indonesia's Consumer Price Index (CPI)



Source: Bank Indonesia, KBVS Research

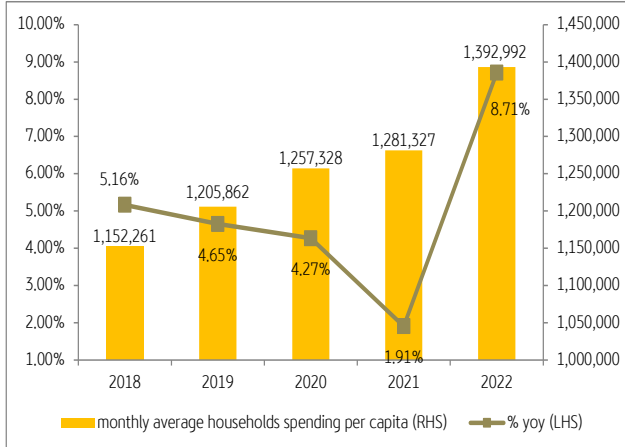
Exhibit 26: Retail trade sector growth



Source: Statistics Indonesia, KBVS Research

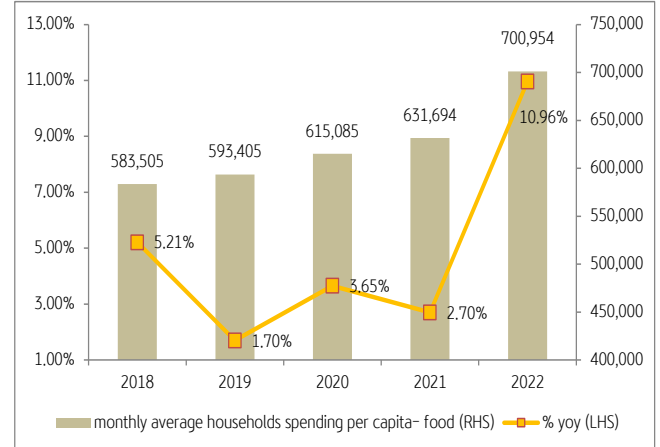
Based on SI's 2022 National Economic survey, Indonesia's monthly average households spending per capita in 2022 grew 8.7% yoy or higher growth than 1.9% yoy in 2021, with 50.32% of Indonesia's monthly average households spending per capita in 2022 was spent for food/groceries, which expanded 102Bps yoy from 49.30% in 2021.

Exhibit 27: Indonesia's monthly avg household spending per capita



Source: Statistics Indonesia, KBVS Research

Exhibit 28: Monthly avg household spending per capita - food

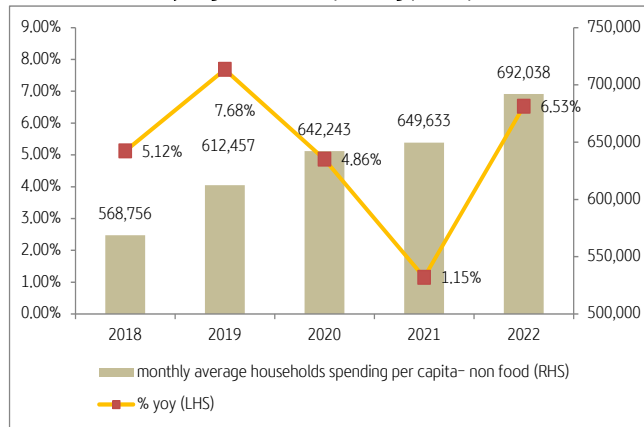


Source: Statistics Indonesia, KBVS Research

While, 49.68% of Indonesia's monthly average households spending per capita in 2022 was spent on non-food items such as clothing, medical expenses, and others.

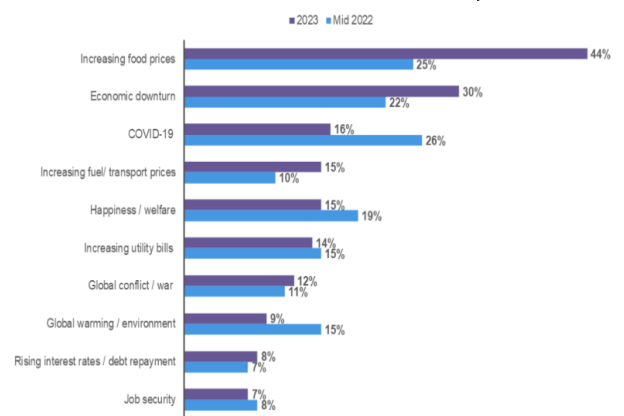
Based on Nielsen's 2023 consumer outlook survey, 53% of Indonesian consumers claim to be better off financially, much higher than the global percentage of 26% and Asia Pacific (APAC) percentage of 36% for consumers feeling financially better off.

Exhibit 29: Monthly avg household spending per capita – non food



Source: Statistics Indonesia, KBVS Research

Exhibit 30: Nielsen’s 2023 consumer outlook survey



Source: Nielsen, KBVS Research

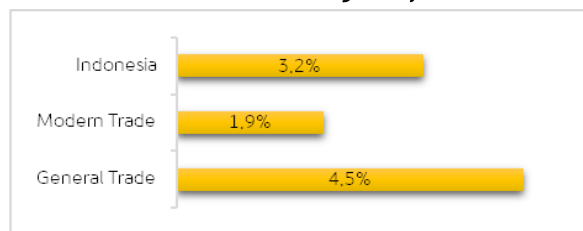
However, consumers are still wary of spending and have adopted a cautious mindset as one in five Indonesians (18%) has felt that they are financially worse off. The top three reasons for their cautions are rising; food prices, fears of an economic downturn, and the ongoing pandemic disruptions.

Still, the consumer spending preferences has changed. Currently, shoppers prioritize their spending on specific items while moderating others, such as grocery and household items which has become a top priority for consumers in 2023, with 62% of consumers un-swayed in altering their allocation for these essentials despite higher prices. Furthermore, the other top priorities for Indonesian consumers are; physical wellness, future planning and mental wellness. Therefore, Indonesia offers an ideal business environment for retail players (especially for grocery retail players) on the back of its economic recovery, higher operational activities and improved consumer spending.

Growth continuation in Indonesian trade channel

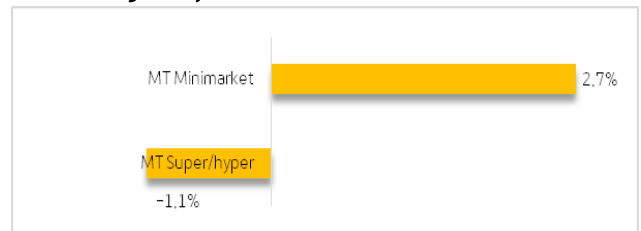
Indonesian trade channel (ITC) continue to grow this year and in 1H23, it grew 3.2% ytd with a 4.5% ytd increase in its general trade/traditional store(GT) and a 1.9% ytd increase in modern trade (MT). In Indonesian MT, minimarket remained as the growth driver (+2.7% ytd), while super/hyper market declined 1.1% ytd.

Exhibit 31: Indonesian trade channel growth ytd in 1H23



Source: Statistics Indonesia, KBVS Research

Exhibit 32: Modern trade growth ytd in 1H23

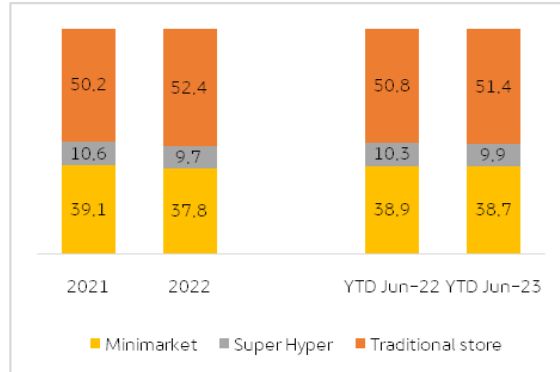


Source: Nielsen, KBVS Research

Furthermore, ITC’s biggest contributor based on total grocery (excluding cigarettes) in 1H23; 51.4% came from GT and 48.6% came from MT. The higher contribution from GT to ITC was mainly due to Indonesia’s low income segment, which is still the largest income segment and who have started to shop in traditional market as it offers lower price.

Yet, in MT, minimarket only experienced a 20Bps drop at 38.7% in its contribution to ITC than super/hyper market’s at 9.9%, or a 40Bps lower contribution in 1H23.

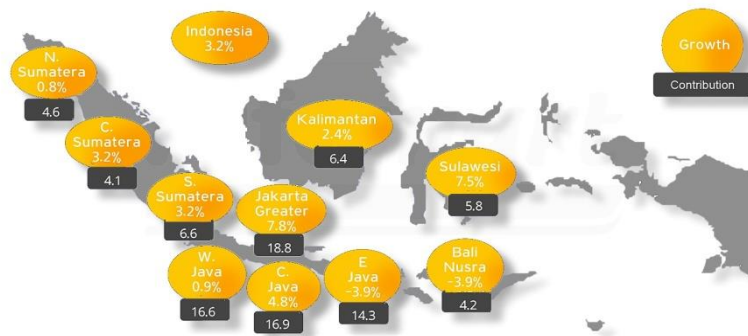
Exhibit 33: Contributors to Indonesian trade channel in 1H23



Source: Company, KBVS Research

For the contribution from Indonesia’s region to ITC based on total grocery in 1H23; a) 18.8% contributions from Greater Jakarta (+7.8% ytd), b) 16.9% contributions from Central Java (+4.8% ytd), c) 16.6% contributions from West Java with (+0.9% ytd), d) 14.3% contributions from West Java (-3.9% ytd) and e) the rest 33.4% was contributions from region outside Java.

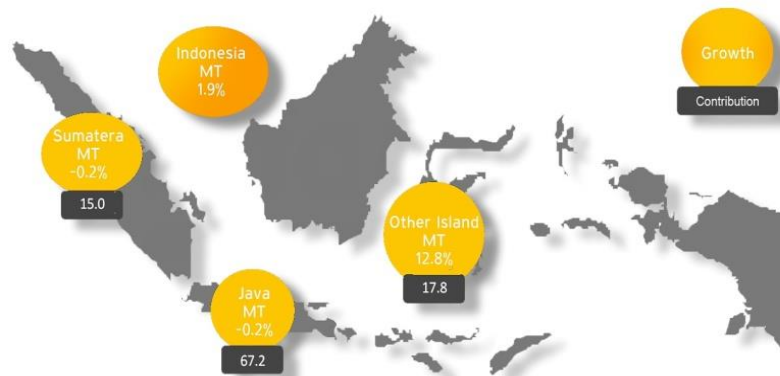
Exhibit 34: Region’s contribution to Indonesian trade channel in 1H23



Source: Company, KBVS Research

While, the contribution from Indonesia’s region to MT based on total grocery in 1H23; a) 67.2% from Java region (-0.2% ytd), b) 15% from Sumatra (-0.2% ytd), and c) 17.8% from other Indonesian region (+12.8% ytd). All in all, this pictured that Indonesia still offers room for growth to AMRT and other minimarket players as many region in Indonesia still untouched.

Exhibit 35: Region’s contribution to Indonesian MT in 1H23



Source: Company, KBVS Research

New entrant barrier from government regulation

Since April 25th, 2022, the Ministry of Trade has exercised its regulation No.18/2022, which is a renewed regulation from No. 23/2021, that streamlines store opening permits and ensures businesses adhere to pertinent laws. This supportive regulation simplifies permit acquisition for business owners, while upholding construction compliance. Encouragingly, the government promotes collaborations between supermarkets, minimarkets, and small to medium enterprises (SMEs) for growth, especially if a store surpasses 150 stores in total. At the same time, the regulation indirectly creates a barrier for new MT players to compete with AMRT and other existing MT players that has more than 150 stores prior to April, 1st 2021. The renewed regulations requires that the maximum store ownership of 150 stores and to open any additional new store, the new store has to be franchised or via joint venture or via profit sharing with SMEs.

Brief Company Profile

AMRT's origin and developments

Founded in 1989 by Djoko Susanto and family, PT Sumber Alfaria Trijaya Tbk also known as Alfamart, originated from trade and distribution, then enters the minimarket sector in 1999. In 2002, the acquisition of 141 Alfaminimart stores led to their rebranding as Alfamart, a recognized name today. This shift fueled a transition from trade and distribution to a retail focus on minimarkets and franchise services. Post-acquisition, the company achieved substantial and sustained growth. Their journey took a pivotal turn in 2009 when they went public through an Initial Public Offering (IPO) on the Indonesia Stock Exchange (IDX), trading under "AMRT." This move propelled them into a leading position in Indonesia's retail landscape, marked by their dedication to community welfare. Alfamart actively engages in Corporate Social Responsibility programs, spanning waste management education, plastic reduction via eco-bags, and more. Operating as a "Community Store," Alfamart supports the government in ensuring access to affordable daily necessities, leveraging an expansive store network, logistics services, financial points, and digital services. By 1H23, they were conducting over 4.7 mn daily transactions across 21,383 stores and 44 warehouses, firmly establishing Alfamart as one of most popular retail store in Indonesia.

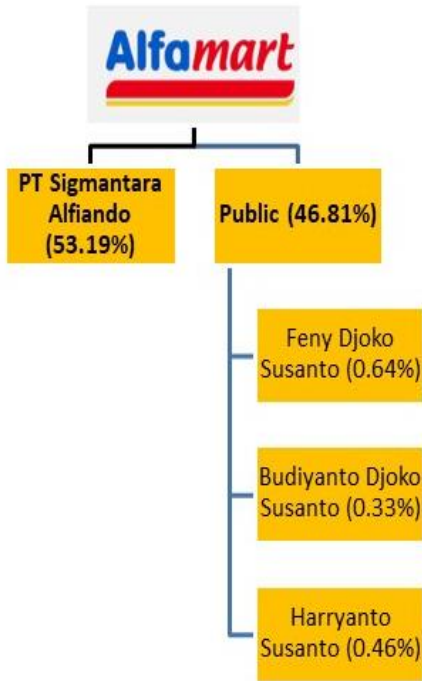
Exhibit 36: AMRT' milestones



Source: Company

Company's Shareholders & Management Profile

Exhibit 37: Company's shareholders



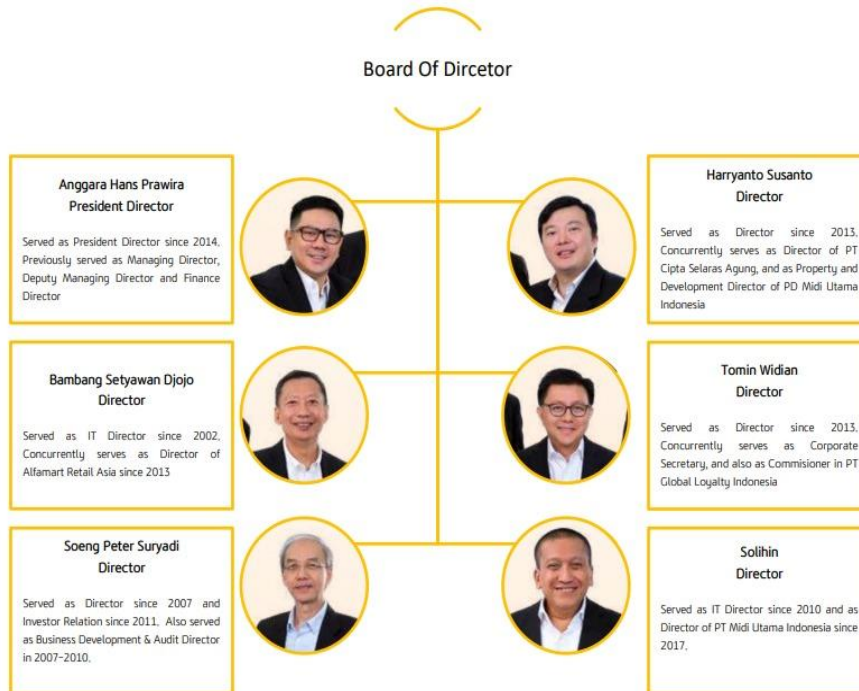
Source: Company

Exhibit 38: Board Of Commissioner



Source: Company

Exhibit 39: Board Of Directors



Source: Company

AMRT’s stores format

The company operates across diverse store formats strategically utilizing an integrated distribution system and centralized procurement to cater to a wide range of customers. Its focus lies in meeting the everyday shopping requirement of low and aspiring-middle income consumer segments within local communities. This is achieved through Alfamart and Alfamidi minimarkets, as well as the Alfamidi Super supermarket. While, AlfaExpress and Lawson are designed as compact convenience stores, that offer a readily consumable products for on-the-go customers, including beverages, ready-to-eat meals, and in-house bakery items.

Moreover, AMRT expanded into the health and beauty sector through DAN+DAN stores in 2012. In 2020, the corporation introduced Alfa X, a cafe and convenience store concept that features a paid co-working space, strategically located near universities. This initiative also marked the launch of the Bean Spot brand, which offers ready-to-drink, ready-to-eat, and in-house bakery products. Thus, via Dan+Dan, AMRT able to present budget-friendly health and beauty products, while via Alfa X, AMRT able to offer a paid co-working space that accommodates university students.

AMRT’ various store format: a) Alfamart, b) Alfamidi large format stores (MIDI IJ, Non-rated), c) Lawson Japanese convenience stores, d) Dan+Dan, e) Alfa Express food & beverage chain, f) Alfa X, g) Alfamidi Super (supermarkets) and h) Midi Fresh, fresh produce minimarkets.

Alfamart

The primary division of AMRT, Alfamart, operates as a minimarket with a floor space ranging 100-150 sqm. These outlets are strategically positioned as stand-alone establishments in residential areas to cater to local household requirements. Alfamart’s product range spans from food and beverages to toiletries and essential goods. AMRT via Alfamart also offers delivery services and an easy access to financial services (payment purposes) for its customers (mainly for its non-bankable customers), i.e. branchless banking, credit application, e-money top up, e-voucher top up, e-ticketing, and e-payments (electricity bills, BPJS, etc).

Moreover, to give new atmosphere for its customers to relax and enjoy a quick bite, AMRT’ Alfamart has opened Bean Spot café (shop in shop format) that offers Ready-to-Drink (RTD) beverages (i.e. coffee, etc), Ready-to-Eat (RTE) snacks, and In-House Bakery (IHB). By 1H23, the brand had effectively set up 18,435 stores throughout Indonesia, an increase of 622 stores yoy. This expansion has been supported by a recent trend among consumers to shift from larger supermarkets to smaller convenience stores, positively influencing Alfamart’s performance.

Exhibit 40: Alfamart’s store



Source: Company, KBVS Research

Exhibit 41: Alfamidi’s store



Source: Company, KBVS Research

Alfamidi

AMRT’s Alfamidi represents a larger-scale convenience store /mini supermarket concept spanning a floor area of 200-400 sqm, primarily situated in residential zones to cater to middle-class customers. Alfamidi is founded under AMRT’s subsidiary of PT Midi Utama Indonesia and has started its operations since 2008. Characterized by an expansive layout, Alfamidi facilitates the transition from monthly to weekly shopping habits, boasting a diverse selection of around 7,000 SKUs, including 25% comprising fresh items. By 1H23, the count of Alfamidi outlets had reached 2,153. Notably, due to its robust fresh product sales, Alfamidi contributes a higher Gross Profit Margin (GPM) compared to Alfamart.

Lawson

Lawson, a contemporary convenience store originally hailing from Japan, is commonly situated within commercial districts. In 2011, AMRT entered a Master License Agreement to serve as a sub-franchisor for Lawson in Indonesia, and has started to operate since then, under PT Midi Utama Indonesia or AMRT's subsidiary. Yet, in 2018, the agreement was subsequently transferred to MIDI's subsidiary, PT Lancar Wiguna Sejahtera. Lawson distinguishes itself by offering an extensive selection of RTE and RTDs, notably featuring Japanese and Korean street foods. Despite a more limited array of Stock Keeping Units (SKUs) and fewer product alternatives compared to other minimarkets, Lawson provides an assortment of snacks, beverages, and essential items. The Jakarta region hosts over 200 Lawson outlets, while Bandung accommodates 17 outlets. Note that, as per the franchise agreement, AMRT is obliged to pay a royalty fee to Lawson, Inc. in Japan.

Exhibit 42: Lawson's store



Source: Company, KBVS Research

Exhibit 43: Dan+Dan's store



Source: Company, KBVS Research

Dan+Dan

Dan+Dan operates under one of AMRT's subsidiaries, PT Sumber Indah Lestari since 2013, which integrates a minimarket concept into the realm of health and beauty, focusing on middle-income and aspiring-middle-income women and young girls. In contrast to rivals such as Watsons, Guardian, or Sephora typically situated within shopping malls, Dan+Dan predominantly operates as a standalone outlet within residential localities. This strategic placement enables the provision of brands which is often more cost-effective than competitors, including certain brands available in conventional minimarkets. The product spectrum encompasses categories like baby & kids, body care, hair care, health care, makeup, and skincare, alongside a modest selection of snacks and beverages. By 1H23, the Greater Jakarta region was predominantly home to 308 Dan+Dan stores.

AlfaExpress

Originally launched in 2009, AlfaExpress operations were suspended in 2015 due to similarities with Lawson. Revitalized in 2020, AlfaExpress differentiates itself through smaller store size (35-100sqm), minimalist color palette and distinctive product offerings with each outlet accommodates around 2,500 product SKUs. AlfaExpress seeks to serve the on-the-go lifestyle and targets the dynamic millennial demographic with a collection of local products, contemporary aesthetics, and prompt service. Commonly situated in high-traffic areas like transportation hubs (such as train stations, airports, MRT), commercial spaces, and healthcare institutions.

Exhibit 44: AlfaExpress' store



Source: Company, KBVS Research

Exhibit 45: Alfa X's store



Source: Company, KBVS Research

Alfa X

AMRT's Alfa X has started to operate since 2020 with operational area of 300–450 sqm and a Bean Spot cafe (shop in shop format) to support its store's concept that ventures into co-working, entertainment, and communal zones located in close proximity to universities. With Alfa X, AMRT offers co-working spaces and meeting rooms for five individuals at a cost of IDR500 k, encompassing both sustenance and beverages as its Bean Spot cafe enables Alfa X to offer an array of RTD beverages, RTE meals, and IHB delights, to its targeted customers.

Alfamidi Super

Launched in 2015, Alfamidi Super operates under PT Midi Utama Indonesia and as AMRT's supermarket segment. Notably, it offers the most extensive range of Stock Keeping Units (SKUs) numbering at 12,000 SKUs, wherein a quarter of these pertain to fresh product. Amid the pandemic, this format witnessed a remarkable growth surge, expanding from 17 establishments in 2019 to 41 in 2022, and subsequently increasing to 45 outlets by 1H23.

Midi Fresh

Midi Fresh has started to operate since early 2020 with operational area of 30–60 sqm for each store. Note that, the capital investment needed to open one Midi Fresh is around IDR500 mn. Midi Fresh adopts a grocery store layout and focuses on offering fruits and vegetables in response to the rising trend of health-conscious living. Like Alfamidi and Alfamidi Super, Midi Fresh operates under PT Midi Utama Indonesia. Currently, Alfamidi Fresh maintains six outlets in Jakarta and Tangerang, strategically positioned within hospital and apartment premises.

All in All, AMRT's operational footprint in 1H23 extended to more than 21,000 stores across Indonesia, with a majority situated in Java (excluding Greater Jakarta) at approximately 41%, followed by non-Java regions at about 32%, and Greater KT at roughly 27%. The corporation's international operations mainly focus on the Philippines (since 2014) through a joint venture where it owns a 35% stake, with the remaining 65% owned by local retail entity SM Group. As of 2021, AMRT managed over 1,200 stores in the Philippines.

Exhibit 46: Store format list

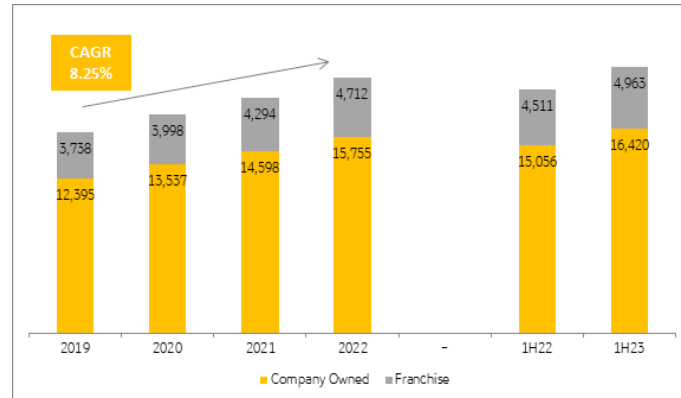
	Alfamart	Alfaexpress	Alfa X	Alfamidi	Alfamidi Super	Midi Fresh	Lawson	Dan+Dan
Category	Convenience Store	Convenience Store	Paid coworking space & convenience store	Convenience Store	Supermarket	Grocery store	Convenience Store	Specialty store
Product type	Snacks, instant foods, beverage, other basic needs	RTD, RTE, IHB, snacks and beverages	Café, snacks, instant foods, beverages other basic needs	Various snacks, fresh foods, instant foods, beverages, other basic needs	Various snacks, fresh foods, instant foods, beverages, other basic needs	Fruits and vegetables	RTD, RTE, snacks and beverages	Health and beauty related
SKUs	> 4,000	2,500	na	7,000 (25% fresh food)	12,000 (25% fresh food)	na	na	> 5,000
Launched timeline	1999	2009 (operation closed in 2015, then relaunched and rebranded in 2020)	2020	2007	2015	2020	2011	2013
Avg. store area (sqm)	100-150	35-100	300-450	200-400	> 500	30-60	44-184	100
Store location	Residential area	Public transportation hub, commercial area, hospitals	Near University	Residential area	Residential area	Residential area, hospitals, family, healthcare professionals and patients	Commercial area	Residential area
Target consumer by gender, age, and/or occupancy	All	Millennials	University students	All	Mom and families		Employees and students	Women and girls
Target consumer by income segment	All income segment, but mostly to middle & aspiring middle income							

Source: Company, KBVS Research

AMRT's franchised stores

AMRT has successfully expanded its store network through both company-owned and franchising opportunities. The total amount of AMRT's owned stores combined with its franchised stores has shown a significant growth from 2019 to 2022 with a CAGR of 8.25%. Moreover, in 1H23 the number of AMRT's franchised stores reached 4,963 stores or had a 10% yoy growth from a total of 4,511 stores in 1H22. This shows that AMRT's business model is resilient, which strives through times of pandemic along with good management teams behind its wheels. AMRT continues to better its service for its franchisees by offering various programs to support its franchised store expansions such as; franchise fee cash-back and discount programs, business leases and conversion programs.

Exhibit 47: AMRT's owned and franchised stores



Source: Company, KBVS Research

AMRT's e-services

AMRT provides a mega digital service ecosystem as it collaborates with 185 partners in order to cater its customers' needs for digital services as many of AMRT' customers are still un-bankable. Note that, there are many consumer that mostly lives in rural areas, still have limited access to banks and ATMs.

AMRT' e-services covers from:

- e-ticketing (train tickets, online travel agents, etc)
 - e-money (top-up e-money/e-toll, dana, gopay, shopee pay, Link aja, Flazz, etc)
 - e-vouchers (simcard' credit, etc)
 - e-payments (PBB, BPJS Kesehatan, insurance, motorcycle credit installment, housing credit installment, vehicle tax, electric bills, water bills, gas bills, tuition fees, telephone, TV cable, online shopping, etc)
 - Branch-less banking (money transfers - domestic and international), and credit application.
- AMRT's customers that have a digital bank account (Bank Neo Commerce, Bank Aladin, etc), can also deposits cash and/or withdraw money via AMRT's e-services.
- Thus, AMRT expects with its e-service could draw more customers and could strengthen further its bottom line.

Exhibit 48: AMRT's Mega Digital Service Ecosystem



Source: Company, KBVS Research

Exhibit 49: Profit & loss summary

Year End Dec (IDR bn)	2021A	2022A	2023F	2024F	2025F
Revenue	84,904	96,925	109,525	124,858	139,841
COGS	67,330	76,902	86,515	98,195	109,880
Gross profit	17,575	20,022	23,010	26,664	29,962
Operating expenses	15,753	17,225	19,594	22,331	25,035
EBIT	1,822	2,798	3,416	4,332	4,926
EBITDA	4,963	6,063	7,013	8,410	9,489
Pre-tax income	2,442	3,617	4,365	5,408	6,167
Net profit	1,926	2,855	3,440	4,274	4,881
EPS	46	69	83	103	117
EPS growth (%)	81%	48%	20%	24%	14%

Source: Company, KBVS Research

Exhibit 50: Balance sheet

Year End Dec (IDR bn)	2021A	2022A	2023F	2024F	2025F
Cash & cash equivalent	3,270	3,819	4,000	4,861	5,796
Accounts receivables	1,761	2,163	3,042	3,468	3,884
Inventories	8,755	9,128	10,551	11,690	12,777
Others	426	555	600	684	766
Total current assets	14,212	15,664	18,193	20,704	23,223
Fixed assets - Net	6,463	7,204	7,985	8,900	9,942
Others	6,696	7,878	7,703	7,799	7,954
Total non-current assets	13,158	15,082	15,687	16,699	17,896
Total assets	27,370	30,746	33,880	37,403	41,119
ST borrowing	779	446	1,082	625	475
Current maturities of LT borrowings	1,301	1,434	1,281	1,098	672
Accounts payable	9,754	10,489	10,551	11,975	13,400
Others	4,542	5,021	5,379	6,105	6,832
Total current liabilities	16,376	17,389	18,293	19,804	21,379
LT borrowing	987	1,177	1,242	1,307	1,372
Others non-current liabilities	579	709	1,095	1,124	1,259
Total non-current liabilities	1,566	1,886	2,337	2,431	2,631
Total liabilities	17,942	19,276	20,630	22,235	24,009
Shareholders equity	2,895	2,895	2,895	2,895	2,895
Minority interests	204	249	301	354	406
Retained earnings	6,679	8,754	10,481	12,347	14,237
Others	(351)	(428)	(428)	(428)	(428)
Total Equity	9,428	11,471	13,250	15,168	17,110

Source: Company, KBVS Research

Exhibit 51: Cash flow

Year End Dec (IDR bn)	2021A	2022A	2023F	2024F	2025F
EBIT	1,822	2,798	3,416	4,332	4,926
D&A	3,141	3,266	3,598	4,078	4,563
Changes in working capital	(279)	440	(1,541)	530	701
Interest & taxes	(261)	(145)	(142)	(149)	(147)
Others	636	261	1,096	1,227	1,388
Operating cash flow	4,579	5,909	5,553	8,936	10,198
Capital expenditures	(3,512)	(4,007)	(4,378)	(4,993)	(5,605)
Change in ST investment	(86)	(440)	0	0	0
Others	(147)	(39)	190	(84)	(82)
Investing cash flow	(3,745)	(4,485)	(4,208)	(5,091)	(5,760)
Net change in LT borrowings	(863)	323	(88)	(118)	(362)
Net change in ST borrowings	(30)	(333)	636	(457)	(150)
Cash dividends paid	(780)	(1,000)	(1,713)	(2,408)	(2,992)
Others	(163)	(85)	-	-	-
Financing cash flow	(1,443)	(875)	(1,165)	(2,983)	(3,503)
Net change in cash	(608)	549	181	862	934
Cash in beginning of the year	3878	3270	3819	4000	4861
Cash at the end of the year	3,270	3,819	4,000	4,861	5,796

Source: Company, KBVS Research

Exhibit 52: Ratio analysis

Year End Dec	2021A	2022A	2023F	2024F	2025F
Growth					
Revenue	12.0%	14.2%	13.0%	14.0%	12.0%
Gross profit	14.0%	13.9%	14.9%	15.9%	12.4%
Operating profit	138.5%	53.6%	22.1%	26.8%	13.7%
EBITDA	35.9%	22.2%	15.7%	19.9%	12.8%
Net profit	81.4%	48.3%	20.5%	24.2%	14.2%
Profitability					
Gross margin	20.7%	20.7%	21.0%	21.4%	21.4%
Operating margin	2.1%	2.9%	3.1%	3.5%	3.5%
EBITDA margin	5.8%	6.3%	6.4%	6.7%	6.8%
Net margin	2.3%	2.9%	3.1%	3.4%	3.5%
ROA	7.2%	9.8%	10.6%	12.0%	12.4%
ROE	22.1%	27.3%	27.8%	30.1%	30.2%
Solvency (x)					
Current ratio	0.87	0.90	0.99	1.05	1.09
Quick ratio	0.33	0.38	0.42	0.46	0.49
Debt to equity	0.33	0.27	0.28	0.20	0.15
Interest coverage	15.41	33.09	38.95	44.87	51.21
Net gearing	(0.16)	(0.20)	(0.13)	(0.20)	(0.24)

Source: Company, KBVS Research

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