

PT Ace Hardware Indonesia Tbk (ACES)

Retailers

Tailwind from improving purchasing power

18 May 2022

Recommendations : BUY

Laba bersih ACES turun 5,0% YoY pada 1Q22 menjadi Rp153,5 miliar
Optimisme konsumen yang meningkat dan ekspansi gerai
Rekomendasi "BUY" dengan target harga Rp1.240 per saham

Stock

Price on 17/05/2022 (Rp)	1,015
12M target price (Rp)	1,240
Capital gain potential	22%

Penurunan performa dan margin

Laba bersih ACES turun 5,0% YoY pada 1Q22 menjadi Rp153,5 miliar (-59,8% QoQ). Net sales turun 3,3% YoY pada 1Q22 menjadi Rp1,63 triliun (-12,0% QoQ). Namun, GPM relative stabil pada 48,3% pada 1Q22 dibandingkan 48,8% pada 1Q21 kendati beban pokok menurun 2,4% YoY. Kemudian, ACES berhasil mengurangi beban operasional 2,4% YoY pada 1Q22 karena penurunan beban karyawan dan depresiasi hak pakai. Akan tetapi, margin operasional turun dari 10,6% pada 1Q21 menjadi 9,8% pada 1Q22. Sisi lainnya, ACES mencatatkan kenaikan pendapatan lain-lain 29,0% YoY pada 1Q22 utamanya karena komisi, dan pendapatan sewa. Dari segi neraca, ACES mencatatkan net cash pada 1Q22.

Stock Data

Outstanding shares	17,120,389,700
Market cap (Rp)	17,407,250,000,000
Weight vs IHSG (%)	0.27

Shareholders (%)

Kawan Lama Sejahtera	59.97%
Public	39.86%
Treasury stocks	0.17%
Outstanding Shares (unit)	17,150,000,000

Terdampak dari penyebaran varian baru covid-19

Kami menilai penurunan penjualan ACES YoY pada 1Q22 akibat adanya penyebaran varian omicron pada Februari. Adapun, secara segmentasi, penurunan didorong oleh segmen lifestyle yang turun 5,5% YoY pada 1Q22, sehingga kontribusinya sedikit berkurang dari 42,3% pada 1Q21 menjadi 41,4% pada 1Q22. Diikuti, oleh segmen home improvement yang juga turun 2,5% YoY pada 1Q22, tetapi kontribusi meningkat menjadi 54,5% pada 1Q22 dari 54,0 pada 1Q21. Sementara itu, segmen mainan anak justru tumbuh 6,9% YoY pada 1Q22, dengan kontribusi meningkat dari 3,7% pada 1Q21 menjadi 4,1%, ditengah pola pembelajaran hybrid yang masih berlanjut.

Price Performance

52-week high/low	Rp1,600/ Rp935
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Capital gain/(loss) (in %)

1 month	3 month	6 month	1 Year	YTD
(11.35)	(18.47)	(25.09)	(30.00)	(20.70)

Summary of Financial Performance

In IDR bn	2021A	2022E	2023F
Revenue	6,543	7,278	8,035
Operating Income	918	986	1,160
OPM (%)	14.02%	13.54%	14.43%
EBITDA	1,351	1,149	1,351
EV to EBITDA (x)*	14.96	13.98	12.12
Net Income	704	758	898
NPM (%)	10.76%	10.41%	11.18%
EPS (Rp)	41	44	52
EPS Growth (%)	-3.9%	7.6%	18.5%
Price Earnings (x)*	31.11	22.94	19.35
Price to Book (x)*	4.00	3.06	2.95
Price to Sales (x)*	3.35	2.39	2.16
Return on Equity (%)	12.85%	13.36%	15.23%
Return on Assets (%)	9.80%	10.05%	11.31%
Tot Debt/Equity (x)	0.15	0.15	0.15

Berharap kenaikan optimism konsumen

Kami memproyeksi pertumbuhan ACES dapat mencapai 11% YoY pada tahun 2022, terutama ditopang oleh proyeksi penjualan yang kuat pada 2Q22 bertepatan dengan relaksasi mobilitas, kenaikan optimism konsumen dan hari raya Idul Fitri. Selain itu, kami juga memperkirakan akan adanya sekitar 15 gerai baru tahun ini di kota-kota besar seperti Surabaya, Depok dan Bogor. Kemudian, ACES juga akan mendorong penjualan via kanal digital seperti e-commerce, ruparupa.com, website dan aplikasi. Kami menilai kekuatan ACES berada pada produk home improvement dengan tingkat persaingan yang cenderung lebih rendah dibandingkan retail produk lain. Kemudian, segmen yang berpusat pada konsumen menengah cenderung lebih solid dengan pelemahan ekonomi. Akan tetapi, kami melihat inflasi yang lebih tinggi dibandingkan estimasi dapat menjadi resiko utama yang berpotensi mengganggu daya beli konsumen tahun ini. Selain itu, potensi adanya pengetatan akibat kegiatan yang telah direlaksasi juga masih menjadi resiko bagi ACES.

Rekomendasi BUY, sejalan kontinuitas ekspansi dan neraca yang kuat

Kami merekomendasikan "BUY" dengan target harga Rp1.240 per saham, yang merefleksikan PE 2022E sebesar 22,94x. Adapun, pertimbangan rekomendasi kami berdasarkan 1) pemulihan ekonomi yang berjalan; 2) pembukaan gerai baru; 3) memperluas berbagai kanal penjualan online sehingga membantu pendapatan; 4) produk ACES yang unik terutama dari segmen 'home improvement' dengan tingkat persaingan yang lebih rendah; 5) focus pada segmen menengah yang mempunyai daya beli lebih solid dan 6) neraca dan likuiditas yang kuat. Di sisi lain, kami melihat beberapa factor yang dapat membatasi kinerja ACES antara lain 1) inflasi dan 2) resiko pengetatan restriksi jika kasus covid-19 mengalami kenaikan.

*) based on market price (17/05/2022) at Rp1,015

Sources : Company, Bloomberg and KB Valbury Sekuritas

Analyst(s)

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FINANCIAL OVERVIEW

Income Statement (Rp bn)	1Q2021	1Q2022	YoY Change	4Q2021	1Q2022	QoQ Change
Net Sales	1,682	1,627	(3.3%)	1,849	1,627	(12.0%)
Cost of Revenue	(820)	(841)	(2.4%)	(942)	(841)	(10.7%)
Gross Profit	820	785	(4.2%)	907	785	(13.4%)
Gross Margin (%)	48.8%	48.3%		49.1%	48.3%	
Operating Expenses	(641)	(626)	(2.4%)	(475)	(626)	31.7%
Operating Profit	179	160	(10.9%)	432	160	(63.1%)
Operating Margin (%)	10.6%	9.8%		23.4%	9.8%	
Non-Operating Income (Losses)	19	29	47.6%	35	29	(18.0%)
Pretax Income	198	188	(5.2%)	467	188	(59.7%)
Income Tax (Expense)/ Benefit	(35)	(32)	(8.4%)	(72)	(32)	(55.6%)
Profit for This Year	163	156	(4.5%)	397	156	(60.5%)
Attributable profit/ loss	161	153	(5.0%)	381	153	(59.8%)
Profit Margin (%)	9.6%	9.4%		20.6%	9.4%	

Sources : Company and KB Valbury Sekuritas

FINANCIAL TABLES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Revenue	7,413	6,543	7,278	8,035	8,911
Revenue growth yoy	(9.0%)	(11.7%)	11.2%	10.4%	10.9%
- Cost of Goods Sold	(3,754)	(3,331)	(3,701)	(4,069)	(4,496)
Gross Income	3,659	3,213	3,577	3,965	4,416
- Operating Expenses	(2,810)	(2,428)	(2,591)	(2,806)	(3,148)
Operating Income	991	918	986	1,160	1,267
Op income growth yoy	(27.9%)	(7.4%)	7.4%	17.6%	9.3%
- Non Operating Gains (Losses)	(68)	(59)	(66)	(69)	(71)
EBITDA	1,428	1,351	1,149	1,351	1,518
Pretax Income	923	859	920	1,090	1,196
- Income Tax Expense	(192)	(140)	(181)	(215)	(237)
Profit for This Year	731	719	739	875	959
- Minority Interests	(2)	14	(19)	(23)	(29)
Net Income	733	704	758	898	988
Net income growth yoy	(27.9%)	(3.9%)	7.6%	18.5%	10.0%
EPS (IDR)	43	41	44	52	58
Dividends Per Share (IDR)	32	32	33	39	43

Sources: Company, Bloomberg and KB Valbury Sekuritas

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Total Current Assets	5,035	5,192	5,351	5,615	5,889
+ Cash & Near Cash Items	2,220	2,544	2,176	1,877	1,575
+ Accounts & Notes Receivable	143	67	80	94	109
+ Inventories	2,453	2,368	2,839	3,341	3,857
+ Other Current Assets	218	214	256	301	348
Total Long-Term Assets	2,212	1,998	2,189	2,325	2,441
+ Property, Plant & Equip, Net	1,477	1,321	1,486	1,595	1,687
Property, Plant & Equip	3,241	3,188	3,412	3,606	3,814
Accumulated Depreciation	1,764	1,867	1,926	2,011	2,127
+ Long Term Investments	363	348	364	381	399
+ Other Long Term Assets	372	329	339	349	356
Total Assets	7,247	7,190	7,539	7,939	8,329
Total Current Liabilities	845	723	790	863	900
+ Payables & Accruals	369	267	291	327	336
+ Short Term Borrowings	256	263	280	298	317
+ Other Short Term Liabilities	220	193	219	238	247
Total Long Term Liabilities	1,180	955	1,046	1,147	1,250
+ Long Term Borrowings	577	571	580	588	597
+ Other Long Term Borrowings	603	383	467	559	653
Total Liabilities	2,025	1,677	1,836	2,010	2,151
+ Share Capital & APIC	612	612	612	612	612
- Treasury Stock	34	34	34	34	34
+ Retained Earnings & Other Eq.	4,629	4,903	5,093	5,317	5,564
Total Shareholders Equity	5,207	5,482	5,671	5,895	6,142
+ Minority/Non Controlling Int.	15	31	32	34	36
Total Equity	5,222	5,513	5,703	5,930	6,179
Total Liabilities & Equity	7,247	7,190	7,539	7,939	8,329
Book Value Per Share (IDR)	304	320	331	344	359

Sources: Company, Bloomberg and KB Valbury Sekuritas

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Net Income	733	704	758	898	988
+ Depreciation & Amortization	437	433	458	485	506
+ Other Non-Cash Adjustments	369	168	181	192	200
Cash From Operating Activities	1,539	1,305	1,397	1,575	1,695
+ Disposal of Fixed Assets	0	2	2	2	2
+ Capital Expenditures	(163)	(84)	(204)	(224)	(245)
+ Change in Investment	(3)	(1)	16	17	17
Cash From Investing Activities	(166)	(83)	(186)	(206)	(225)
+ Dividends Paid	(309)	(550)	(568)	(673)	(741)
+ Change in long Term Borr.	(119)	(341)	(992)	(992)	(991)
+ Other Financing Activities	(1)	(6)	(19)	(2)	(39)
Cash From Financing Activities	(408)	(898)	(1,579)	(1,667)	(1,771)
Net Changes in Cash	965	324	(368)	(298)	(302)

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RATIO ANALYSIS

Year End Dec	2020A	2021A	2022E	2023F	2024F
Valuation Ratios					
Price Earnings	39.11	31.11	22.94	19.35	17.59
EV to EBIT	27.53	22.02	23.25	18.92	16.53
EV to EBITDA	19.11	14.96	13.98	12.12	11.01
Price to Sales	3.87	3.35	2.39	2.16	1.95
Price to Book	5.51	4.00	3.06	2.95	2.83
Dividend Yield	1.9%	2.5%	3.3%	3.9%	4.3%
Profitability Ratios					
Gross Margin	49.36%	49.10%	49.15%	49.35%	49.55%
EBITDA Margin	19.26%	20.64%	15.79%	16.82%	17.03%
Operating Margin	13.37%	14.02%	13.54%	14.43%	14.22%
Profit Margin	9.89%	10.76%	10.41%	11.18%	11.09%
Return on Assets	10.12%	9.80%	10.05%	11.31%	11.86%
Return on Equity	14.08%	12.85%	13.36%	15.23%	16.09%
Leverage & Coverage Ratios					
Current Ratio	5.96	7.19	6.78	6.51	6.54
Quick Ratio	3.06	3.91	3.18	2.63	2.26
Interest Coverage Ratio (EBIT/I)	12.02	12.35	8.29	9.87	11.28
Tot Debt/Capital	0.03	0.04	0.05	0.05	0.05
Tot Debt/Equity	0.16	0.15	0.15	0.15	0.15
Others					
Asset Turnover	1.02	0.91	0.97	1.01	1.07
Accounts Receivable Turnover	51.66	97.99	90.91	85.26	81.94
Accounts Payable Turnover	20.09	24.55	25.03	24.58	26.53
Inventory Turnover	3.02	2.76	2.56	2.40	2.31

*) based on market price (17/05/2022) at Rp1,015

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