

## PT Ace Hardware Indonesia Tbk (ACES)

Retailers

## Seeing the light at the end of the tunnel

04 April 2022

Recommendations : BUY

## Stock

Price 01/04/2022 (Rp)	1,075
12M target price (Rp)	1,340
Capital gain potential	25%

## Stock Data

Outstanding shares	17,120,389,700
Market cap (Rp)	18,436,250,000,000
Weight vs IHSG (%)	0.30

## Shareholders (%)

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

## 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
4.88	(21.25)	(17.62)	(31.09)	(16.02)

## Summary of Financial Performance

In IDR bn	2021A	2022E	2023F
Revenue	6,543	7,637	8,552
Operating Income	918	1,029	1,211
OPM (%)	14.02%	13.48%	14.16%
EBITDA	1,351	1,210	1,448
EV to EBITDA (x)*	14.96	14.12	12.06
Net Income	704	793	951
NPM (%)	10.76%	10.39%	11.12%
EPS (Rp)	41	46	56
EPS Growth (%)	-3.9%	12.6%	19.9%
Price Earnings (x)*	31.11	23.19	19.34
Price to Book (x)*	4.00	3.13	2.89
Price to Sales (x)*	3.35	2.41	2.15
Return on Equity (%)	12.85%	13.50%	14.93%
Return on Assets (%)	9.80%	10.25%	11.31%
Tot Debt/Equity (x)	0.15	0.15	0.14

\*) based on market price (01/04/2022) at Rp1,075

Sources : Company, Bloomberg and KB Valbury Sekuritas

## Analyst(s)

Devi Harjoto

Alfiansyah

Laba bersih ACES berkurang 3,93% YoY pada 2021 menjadi Rp704,4 miliar Berharap dari sinyal baik pemulihan daya beli sepanjang tahun ini Rekomendasi "BUY" dengan target harga Rp1.340 per saham

## Pertumbuhan kuartalan yang sangat solid

Laba bersih ACES turun 3,93% YoY pada 2021 menjadi Rp704,38 miliar (+730,9% QoQ). Penurunan laba bersih YoY tersebut didorong oleh berkurangnya net sales 11,7% YoY pada 2021 menjadi Rp6,54 triliun. Sementara itu, GPM relative stabil pada 49,1% pada 2021 ditengah penurunan beban pokok yang sebanding dengan pendapatan yakni -11,3% YoY. Kemudian, beban operasional turun 13,6% YoY pada 2021 ditengah penurunan beban gaji karyawan. Sehingga, margin operasional naik dari 11,5% pada 2020 menjadi 12,0% pada 2021. ACES mencatatkan penurunan pendapatan membership 22,2% YoY pada 2021, tetapi rugi kurs pada 2020 berhasil dibalik menjadi laba kurs senilai Rp4,86 miliar. Dari neraca, berhasil mempertahankan posisi *net cash* pada 2021.

## Segmen home improvement dan lifestyle masih berkurang YoY

Kami menilai penurunan penjualan ACES YoY sepanjang 2021 masih terdampak dari pembatasan sepanjang 3Q21, yang berdampak terhadap 75% gerai di Jawa-Bali. Namun, kami memandang secara QoQ, rebound telah solid pada 4Q21 seiring dengan pelonggaran mobilitas sejalan dengan momen natal dan tahun baru. Adapun, secara segmentasi, penurunan didorong oleh segmen home improvement yang turun 12,5% YoY pada 2021, sehingga kontribusinya sedikit berkurang dari 53,7% pada 2020 menjadi 53,0%. Diikuti, oleh segmen lifestyle yang juga turun 12,6% YoY pada 2021, dengan kontribusi yang juga menurun dari 41,2% pada 2020 menjadi 40,7%. Sementara itu, segmen mainan anak justru tumbuh 10,1% YoY pada 2021 pada 2021, dengan kontribusi meningkat dari 5,1% menjadi 6,3 % pada, ditengah pola pembelajaran hybrid lebih banyak untuk kegiatan di rumah.

## Perbaikan daya beli dan perayaan lebaran mendorong performa

Kami memproyeksi pertumbuhan ACES dapat mencapai 17% YoY pada tahun 2022, ditengah perbaikan ekonomi dan daya beli, serta tidak adanya pembatasan di pusat perbelanjaan ditengah pandemi yang kian terkendali. Perbaikan daya beli konsumen terlihat sejak pada awal tahun, dan kami melihat adanya perayaan Lebaran pada 2Q22 dapat mendorong penjualan, yang juga terlihat dari IKK yang mencapai 113,1 dan juga indeks penjualan ritel yang mencapai 202,8 pada Februari 2022, yang kami prediksi akan berlanjut pada 2Q22 ditengah perayaan lebaran. Selain itu, kami memperkirakan pembukaan target 15 gerai yang berlokasi di kota-kota besar Surabaya, Bandung, Depok dan Bogor. Hingga 2M22, ACES telah menambah 2 gerai. Selain pembukaan gerai, ACES akan terus mengoptimalkan penjualan via kanal digital seperti e-commerce, ruparupa.com, website dan aplikasi. Adapun, menurut kami, persaingan untuk gerai perabot rumah tangga yang masih terbatas. Juga, sasaran pasar yang mengedepankan segmen menengah yang daya belinya juga cukup kuat.

## Rekomendasi BUY ditengah kontinuitas ekspansi dan neraca yang kuat

Kami merekomendasikan "BUY" saham ACES ini dengan target harga Rp1.340 per saham, yang merefleksikan PE 2022E sebesar 23,19x. Adapun, pertimbangan rekomendasi kami berdasarkan 1) pemulihan ekonomi yang tengah berjalan; 2) pembukaan gerai baru; 3) memperluas kanal penjualan online dan juga penjualan alat kesehatan sehingga membantu pendapatan; 4) produk yang unik terutama dari segmen 'home improvement' yang dianggap sebagai kebutuhan primer bagi konsumen kelas menengah dan 5) neraca dan likuiditas yang kuat. Di sisi lain, kami melihat beberapa factor yang dapat membatasi kinerja ACES antara lain 1) inflasi sehingga membuat daya beli rentan dan 2) adanya volatilitas dolar AS.

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## FINANCIAL OVERVIEW

Income Statement (Rp bn)	FY2020	FY2021	YoY Change	3Q2021	4Q2021	QoQ Change
<b>Revenue</b>	<b>7,413</b>	<b>6,543</b>	<i>(11.7%)</i>	<b>1,299</b>	<b>1,849</b>	42.4%
Cost of Revenue	(3,754)	(3,331)	<i>(11.3%)</i>	(644)	(942)	46.2%
<b>Gross Profit</b>	<b>3,659</b>	<b>3,213</b>	<i>(12.2%)</i>	<b>654</b>	<b>907</b>	38.7%
<b>Gross Margin (%)</b>	<b>49.4%</b>	<b>49.1%</b>		<b>50.4%</b>	<b>49.1%</b>	
Operating Expenses	(2,806)	(2,425)	<i>(13.6%)</i>	(594)	(475)	<i>(20.0%)</i>
<b>Operating Profit</b>	<b>853</b>	<b>787</b>	<i>(7.7%)</i>	<b>60</b>	<b>432</b>	617.1%
<b>Operating Margin (%)</b>	<b>11.5%</b>	<b>12.0%</b>		<b>4.6%</b>	<b>23.4%</b>	
Non-Operating Income (Losses)	(70)	(72)	1.3%	(9)	35	<i>(504.5%)</i>
<b>Pretax Income</b>	<b>923</b>	<b>859</b>	<i>(7.0%)</i>	<b>52</b>	<b>467</b>	804.3%
Income Tax Expense (Benefit)	(192)	(140)	<i>(27.0%)</i>	(8)	(72)	824.3%
<b>Profit for This Year</b>	<b>731</b>	<b>719</b>	<i>(1.7%)</i>	<b>44</b>	<b>395</b>	800.8%
<b>Attributable profit/ loss</b>	<b>733</b>	<b>704</b>	<i>(3.9%)</i>	<b>46</b>	<b>382</b>	730.9%
<b>Profit Margin (%)</b>	<b>9.9%</b>	<b>10.8%</b>		<b>3.5%</b>	<b>20.6%</b>	

Sources : Company and KB Valbury Sekuritas

## FINANCIAL TABLES

### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
<b>Revenue</b>	<b>7,413</b>	<b>6,543</b>	<b>7,637</b>	<b>8,552</b>	<b>9,604</b>
Revenue growth yoy	-9.0%	-11.7%	16.7%	12.0%	12.3%
- Cost of Goods Sold	3,754	3,331	3,963	4,421	4,945
<b>Gross Income</b>	<b>3,659</b>	<b>3,213</b>	<b>3,674</b>	<b>4,132</b>	<b>4,659</b>
- Operating Expenses	2,810	2,428	2,645	2,921	3,336
<b>Operating Income</b>	<b>991</b>	<b>918</b>	<b>1,029</b>	<b>1,211</b>	<b>1,323</b>
Op income growth yoy	-27.9%	-7.4%	12.1%	17.6%	9.3%
- Non Operating Gains (Losses)	68	59	61	65	69
<b>EBITDA</b>	<b>1,428</b>	<b>1,351</b>	<b>1,210</b>	<b>1,448</b>	<b>1,521</b>
<b>Pretax Income</b>	<b>923</b>	<b>859</b>	<b>968</b>	<b>1,146</b>	<b>1,254</b>
- Income Tax Expense	192	140	159	176	189
<b>Profit for This Year</b>	<b>731</b>	<b>719</b>	<b>809</b>	<b>970</b>	<b>1,065</b>
- Minority Interests	(2)	14	15	19	20
<b>Net Income</b>	<b>733</b>	<b>704</b>	<b>793</b>	<b>951</b>	<b>1,045</b>
Net income growth yoy	-27.9%	-3.9%	12.6%	19.9%	9.8%
<b>EPS (Rp)</b>	<b>43</b>	<b>41</b>	<b>46</b>	<b>56</b>	<b>61</b>
<b>Dividends Per Share (Rp)</b>	<b>32</b>	<b>32</b>	<b>23</b>	<b>27</b>	<b>31</b>

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
<b>Total Current Assets</b>	<b>5,035</b>	<b>5,192</b>	<b>5,351</b>	<b>5,564</b>	<b>5,638</b>
+ Cash & Near Cash Items	2,220	2,544	2,176	1,827	1,325
+ 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
<b>Total Long-Term Assets</b>	<b>2,212</b>	<b>1,998</b>	<b>2,392</b>	<b>2,849</b>	<b>3,438</b>
+ Property, Plant & Equip, Net	1,477	1,321	1,671	2,080	2,621
Property, Plant & Equip	3,241	3,188	3,812	4,526	5,410
Accumulated Depreciation	1,764	1,867	2,140	2,446	2,789
+ Long Term Investments	363	348	383	420	461
+ Other Long Term Assets	372	329	339	349	356
<b>Total Assets</b>	<b>7,247</b>	<b>7,190</b>	<b>7,743</b>	<b>8,413</b>	<b>9,076</b>
<b>Total Current Liabilities</b>	<b>845</b>	<b>723</b>	<b>793</b>	<b>871</b>	<b>913</b>
+ Payables & Accruals	369	267	291	327	336
+ Short Term Borrowings	256	263	284	306	330
+ Other Short Term Liabilities	220	193	219	238	247
<b>Total Long Term Liabilities</b>	<b>1,180</b>	<b>955</b>	<b>1,039</b>	<b>1,132</b>	<b>1,227</b>
+ Long Term Borrowings	577	571	572	573	574
+ Other Long Term Borrowings	603	383	467	559	653
<b>Total Liabilities</b>	<b>2,025</b>	<b>1,677</b>	<b>1,832</b>	<b>2,003</b>	<b>2,140</b>
+ Share Capital & APIC	612	612	612	612	612
- Treasury Stock	34	34	34	34	34
+ Retained Earnings & Other Eq.	4,629	4,903	5,300	5,796	6,319
<b>Total Shareholders Equity</b>	<b>5,207</b>	<b>5,482</b>	<b>5,878</b>	<b>6,375</b>	<b>6,897</b>
+ Minority/Non Controlling Int.	15	31	33	36	39
<b>Total Equity</b>	<b>5,222</b>	<b>5,513</b>	<b>5,911</b>	<b>6,410</b>	<b>6,936</b>
<b>Total Liabilities &amp; Equity</b>	<b>7,247</b>	<b>7,190</b>	<b>7,743</b>	<b>8,413</b>	<b>9,076</b>
<b>Book Value Per Share (IDR)</b>	<b>304</b>	<b>320</b>	<b>343</b>	<b>372</b>	<b>403</b>

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	793	951	1,045
+ Depreciation & Amortization	437	433	273	306	343
+ Other Non-Cash Adjustments	369	168	(519)	(581)	(721)
<b>Cash From Operating Activities</b>	<b>1,539</b>	<b>1,305</b>	<b>548</b>	<b>676</b>	<b>667</b>
+ Disposal of Fixed Assets	0	2	2	2	2
+ Capital Expenditures	(163)	(84)	(176)	(196)	(217)
+ Other Investing Activities	(3)	(1)	(4)	(5)	(6)
<b>Cash From Investing Activities</b>	<b>(166)</b>	<b>(83)</b>	<b>(178)</b>	<b>(199)</b>	<b>(220)</b>
+ Dividends Paid	(309)	(550)	(397)	(455)	(522)
+ Change in long Term Borrowing	(119)	(341)	(375)	(411)	(451)
+ Change in capital stock	90	0	0	0	0
+ Other Financing Activities	(1)	(6)	34	40	25
<b>Cash From Financing Activities</b>	<b>(408)</b>	<b>(898)</b>	<b>(737)</b>	<b>(826)</b>	<b>(949)</b>
<b>Net Changes in Cash</b>	<b>965</b>	<b>324</b>	<b>(368)</b>	<b>(349)</b>	<b>(502)</b>

Sources: Company, Bloomberg and KB Valbury Sekuritas

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## RATIO ANALYSIS

Year End Dec	2020A	2021A	2022E	2023F	2024F
<b>Valuation Ratios</b>					
Price Earnings*	39.11	31.11	23.19	19.34	17.62
EV to EBIT*	27.53	22.02	18.24	15.28	15.27
EV to EBITDA*	19.11	14.96	14.12	12.06	11.83
Price to Sales*	3.87	3.35	2.41	2.15	1.92
Price to Book*	5.51	4.00	3.13	2.89	2.67
Dividend Yield*	1.9%	2.5%	2.2%	2.5%	2.8%
<b>Profitability Ratios</b>					
Gross Margin	49.36%	49.10%	48.11%	48.31%	48.51%
EBITDA Margin	19.26%	20.64%	15.84%	16.93%	15.83%
Operating Margin	13.37%	14.02%	13.48%	14.16%	13.78%
Profit Margin	9.89%	10.76%	10.39%	11.12%	10.88%
Return on Assets	10.12%	9.80%	10.25%	11.31%	11.51%
Return on Equity	14.08%	12.85%	13.50%	14.93%	15.14%
<b>Leverage &amp; Coverage Ratios</b>					
Current Ratio	5.96	7.19	6.74	6.39	6.18
Quick Ratio	3.06	3.91	3.17	2.55	1.95
Interest Coverage Ratio (EBIT/I)	12.02	12.35	43.99	94.25	154.45
Tot Debt/Capital	0.03	0.04	0.04	0.05	0.05
Tot Debt/Equity	0.16	0.15	0.15	0.14	0.13
<b>Others</b>					
Asset Turnover	1.02	0.91	0.99	1.02	1.06
Accounts Receivable Turnover	51.66	97.99	95.40	90.76	88.31
Accounts Payable Turnover	20.09	24.55	26.27	26.17	28.59
Inventory Turnover	3.02	2.76	2.69	2.56	2.49

\*) based on market price (01/04/2022) at Rp1,075

Sources: Company, Bloomberg and KB Valbury Sekuritas

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