September 15, 2011

TRIM Company Update

MAPI: Getting Stronger

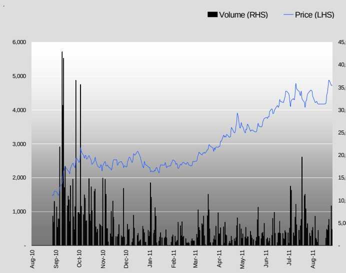
Maintained

BUY

Share Price :	Rp4,550
Sector :	Retail
Price Target	**:Rp5,500(20.9%)**
	(Previously Rp5,300)

Stock Data

Reuters Code :	MAPI.JK
Bloomberg Code :	MAPI IJ
Issued Shares (mn) :	1,660.0
Mkt Cap (Rpbn) :	7,553
Average Daily T/O :	4.2m
52-Wk range :	Rp1,430/Rp5,000



Company Description:

PT Mitra Adiperkasa Tbk operates department stores and specialty stores selling a broad range of goods including clothing, toys, food, and other merchandise.

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Strong August Sales. MAPI reported another strong performance in Aug'11 with monthly gross sales reached Rp764bn, grew 45% YoY and 26% YTD. Net Sales YTD at Rp3.8tr, represents 66.7% of our forecast. SSG YTD figure at 16% while monthly SSG at 36%. We expect SSG to slow down in the next month since the fasting month was at September last year while the strong sales has been reflects in Aug'11. Going forward we expect company' strong sales at 4Q11 especialy from Christmast holiday.

New KPI focus on SSG. Started from Jun'11 MAPI implemented a new KPI to its employees by providing rewards based on sales performance per employee; previously the company use store-based performance measurement only. We believe this new KPI will increase employees motivation, hence directly benefit the company top line by maintaining the SSG at high level.

Change in Expansion Plan. MAPI shift 10,000sqm of its expansion plans into next year. The company will add 30,000sqm in 2011 which 75% of them have been realized. Up to Jul'11 MAPI has added 11,000sqm of specialty stores, 3,500sqm of F&B, widened SOGO Paris van Java 3,500sqm and 2000sqm for Food hall. The rest of 10,000sqm will be allocated to open new specialty stores and F&B outlets.

Maintain Buy Recommendation with Higher Target Price. We change our expansion plan assumption from 40,000sqm to 30,000sqm in 2011 and add 4,000sqm in 2012 as company's guidance; we also raise our SSG assumption for 2011 and 2012. Our valuation still based on DCF with 13.1% WACC, producing higher target price at Rp5,500/shr (from Rp5,300 previously), reflects 21.5x FY12 est PE. MAPI is trading at 17.8x FY12 est PE. At current price, investor pay Rp8.7bn for each MAPI' store business; one sixth of RALS and one thirteenth of ACES store which at Rp50bn and Rp112bn respectively; MAPI is still at attractive valuation.

Financial Summary

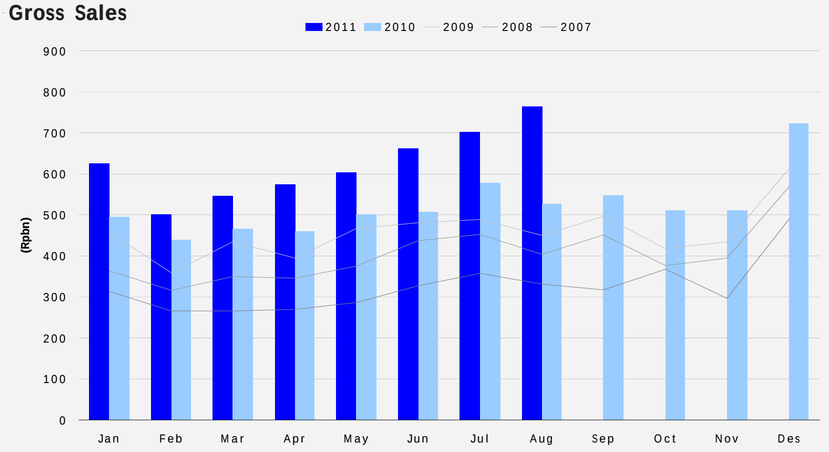
Year end 31 Dec	2009	2010	2011E	2012F	2013F
Revenue (Rpbn)	4,112	4,712	5,619	6,536	7,549
Revenue Growth (%)	18.6	14.6	19.2	16.3	15.5
EBITDA (Rpbn)	560	729	912	1080	1196
EBITDAGrowth (%)	9.7	30.2	25.0	18.4	10.8
Net Profit (Rpbn)	164	201	318	425	578
EPS Growth (%)	(335.0)	22.6	58.2	33.4	36.1
ROAE(%)	13.6	14.6	19.9	22.1	24.5
DPS (Rp)	0	15	20	34	46
Div Yield (%)	0.0	0.3	0.4	0.8	1.0
P/E (x)	46.1	37.6	23.7	17.8	13.1
P/BV (x)	5.9	5.1	4.4	3.6	2.9
EV/EBITDA (x)	15.1	11.3	8.9	7.4	6.5

Forecast Changes

		New			Original			% Change		
		2011E	2012F	2013F	2011E	2012F	2013F	2011E	2012F	2013F
Store Space Added	Sqm	30,000	50,000	50,500	40,000	46,000	50,500	(25.0)	8.7	-
Blended SSG	%	12	10	8	10	9	8	20.0	11.1	-
Revenue	Rpbn	5,619	6,536	7,549	5,636	6,466	7,447	(0.3)	1.1	1.4
Gross Profit	Rpbn	2,865	3,367	3,882	2,874	3,318	3,826	(0.3)	1.5	1.5
Operating Profit	Rpbn	558	684	827	547	648	797	2.0	5.6	3.9
Net Profit	Rpbn	318	425	578	310	398	556	2.7	6.7	3.9
GPM	%	51.0	51.5	51.4	51.0	51.3	51.4	(0.0)	0.4	0.1
OPM	%	9.9	10.5	11.0	9.7	10.0	10.7	2.3	4.5	2.5
NPM	%	5.7	6.5	7.7	5.5	6.2	7.5	3.0	5.6	2.5

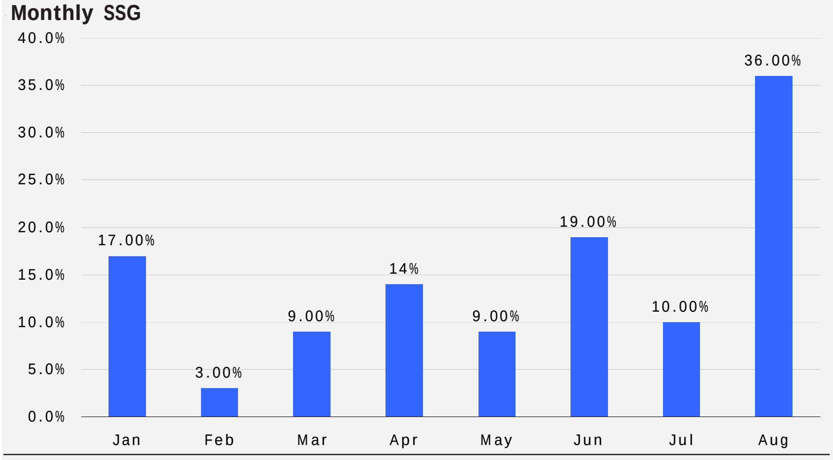
Source: TRIM Research

Gross Sales



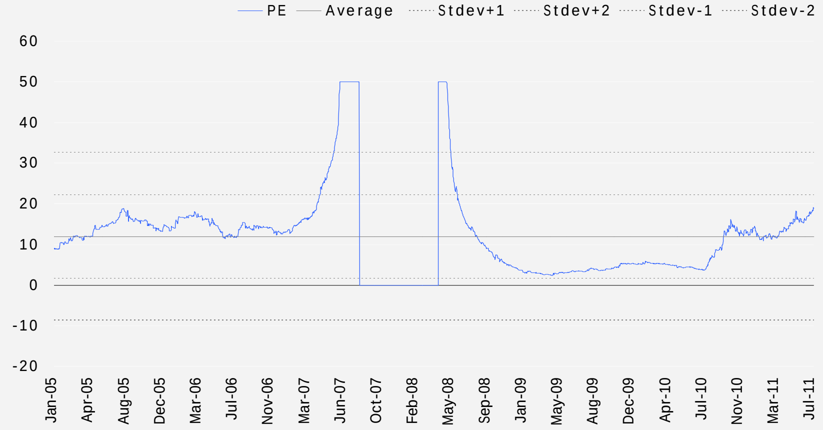
Source: Company, TRIM Research

Monthly SSG



Source: Company, TRIM Research

PE Band



Source: Bloomberg, TRIM Research

Income Statement (Rpbn)

Year end 31 Dec	2009	2010	2011E	2012F	2013F
Revenue	4,112	4,712	5,619	6,536	7,549
% growth	18.6	14.6	19.2	16.3	15.5
Gross Profit	2,058	2,376	2,865	3,367	3,882
Opr Profit	308	449	558	684	827
EBITDA	560	729	912	1,080	1,196
% growth	9.7	30.2	25.0	18.4	10.8
Net Int Inc/(Exp)	(109)	(118)	(108)	(100)	(40)
Gain/(loss) Forex	165	1	0	0	-
Other Inc/(Exp)	(82)	(56)	(28)	(20)	(20)
Pre-tax Profit	282	276	422	564	768
Tax	(118)	(75)	(104)	(139)	(190)
Minority Int.	(0)	(0)	(0)	(0)	(0)
Extra. Items	-	-	-	-	-
Net Profit	164	201	318	425	578
% growth	335.0	22.6	58.2	33.4	36.1

Cash Flow (Rpbn)

Year end 31 Dec	2009	2010	2011E	2012F	2013F
Net Profit	164	201	318	425	578
Depr/Amort	252	280	358	400	373
Others	61	(24)	15	18	26
Chg in Opr Ass&Liab	76.7	286.3	(111.0)	(86.6)	(90.5)
CF's from Oprs	554.6	743.9	580.0	756.2	886.2
Capex	(228)	(465)	(400)	(550)	(550)
Others	(18.44)	(31.34)	-	-	-
CF's from Investing	(247)	(496)	(400)	(550)	(550)
Net Change in Debt	(267)	(163)	(84)	(184)	(182)
Others	(123)	(36)	(65)	(57)	(76)
CF's from Financing	(390)	(199)	(149)	(241)	(258)
Net Cash Flow	(82)	49	31	(35)	78
Cash at BoY	282	200	248	279	244
Cash at EoY	200	248	279	244	322
Free Cashflow	326	279	180	206	336

Balance Sheet (Rpbn)

Year end 31 Dec	2009	2010	2011E	2012F	2013F
Cash and Deposits	200	248	279	244	322
Other Current Assets	1,640	1,617	1,879	2,167	2,500
Net Fixed Assets	1,117	1,314	1,378	1,542	1,734
Other Assets	423	492	472	460	449
Total Assets	3,379	3,671	4,008	4,413	5,005
ST Debt	518	449	450	437	305
Other Current Liabilities	752	1,020	1,147	1,324	1,540
LT Debt	594	500	415	244	194
Other LT Liabs	227	232	261	306	361
Minority Interest	0	0	0	0	0
Total Liabilities	2,091	2,201	2,272	2,310	2,400
Shareholder's Equity	1,288	1,469	1,736	2,103	2,605
Net Debt/(Cash)	912	700	586	437	177
Net Working capital	570	396	562	650	978

Key Ratio Analysis

Year end 31 Dec	2009	2010	2011E	2012F	2013F
Profitability					
Gross Margins (%)	50.0	50.4	51.0	51.5	51.4
Op Margins (%)	7.5	9.5	9.9	10.5	11.0
EBITDA Margins (%)	13.6	15.5	16.2	16.5	15.8
Net Margins (%)	4.0	4.3	5.7	6.5	7.7
ROE (%)	13.6	14.6	19.9	22.1	24.5
ROA (%)	4.6	5.7	8.3	10.1	12.3
Stability					
Current Ratio (x)	1.4	1.3	1.4	1.4	1.5
Net Debt/Equity (x)	0.7	0.5	0.3	0.2	0.1
Int Coverage (x)	2.7	3.6	4.8	6.4	17.5
Efficiency					
A/P days	67	79	79	79	79
A/R days	11	10	10	10	10
Inventory Days	204	168	165	165	165

Interim Results (Rpbn)

	2Q10	3Q10	4Q10	1Q11	2Q11
Sales	1,099.1	1,245.5	1,319.7	1,269.1	1,388.8
Gross Profit	564.5	621.2	684.8	627.8	736.1
Operating Profit	133.0	116.0	147.2	82.3	182.2
Net Profit	69.6	48.5	52.8	43.8	113.3
Gross Margins (%)	51.4	49.9	51.9	49.5	53.0
Opr Margins (%)	12.1	9.3	11.2	6.5	13.1
Net Margins (%)	6.3	3.9	4.0	3.5	8.2

Key Assumptions

Year end 31 Dec	2009	2010	2011E	2012F	2013F
Net Store Space					
Store Space Added (sqm)	32,803	40,595	30,000	50,000	50,500
Blended SSG (%)	4	9	12	10	8

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