

Thursday, 09 February 2023

Not Rated

Midi Utama Indonesia (MIDI IJ)

Eyeing major expansion ahead

Last price (IDR) 4,200

Stock Statistics

Sector Retail
Bloomberg Ticker MIDI IJ
No of Shrs (mn) 2,882
Mkt. Cap (IDRbn/USDmn) 12,105/802
Avg. daily T/O (IDRbn/USDmn) 1.07/0.07

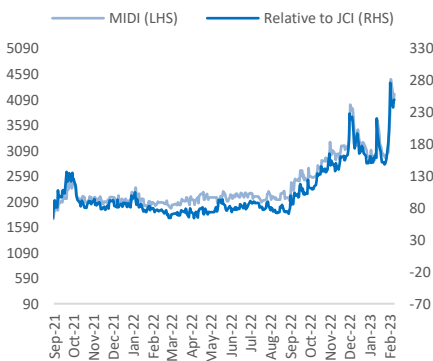
Major shareholders (%)

Sumber Alfaria Trijaya 89.4
Estimated free float 10.6

EPS Consensus (IDR)

	2022F	2023F	2024F
Danareksa	n.a.	n.a.	n.a.
Consensus	n.a.	n.a.	n.a.
Danareksa/Cons	n.a.	n.a.	n.a.

MIDI relative to JCI Index



Source : Bloomberg

MIDI should be quite resilient amid higher minimum wages given its non-cyclical retail business focus ahead of the elections. MIDI has sound profitability with a 25.4% gross margin in 9M22 with more SKUs giving greater flexibility to manage its product mix. MIDI is looking to open 200 Alfamidi outlets and 500 Lawson stores in 2023 with its main focus on outer Java areas for Alfamidi and Java for Lawson. Its 29x PE multiple based on the latest filings, MIDI offered attractive multiple than AMRT's PE 23F at 36.8x.

Targeting the less crowded segment. MIDI is targeting the minimarket category with a bigger area than Alfamart or Indomaret at 200-400sqm space/outlet and offering fresh produce items, i.e. fruits and vegetables. As of September 2022, MIDI owned 2,094 Alfamidi, 39 Alfamidi Super, 107 Lawson and 9 Midi Fresh outlets. Alfamidi Super should compete with Superindo in terms of SKUs yet with no fish or seafood given the more complex waste management system needed. Lawson was already divested into a separate subsidiary back in 4Q18 mainly to provide more flexibility for expansion with more ready-to-eat and ready-to-drink product offerings. Lastly, Midi Fresh are smaller store outlets (30-60sqm) located in either office buildings, hospitals or apartments, focusing on fresh fruit, pre-sliced fruit and ready-to-drink items.

Higher margins business. MIDI enjoys higher profitability given a better product mix. This year it plans to open 200 new Alfamidi outlets and 500 Lawson outlets (50-50 between standalone and shop-in-shop). In 9M22, MIDI's gross, operating and net margins stood at 25.4%, 4.2% and 2.7%, respectively. This year, MIDI provided guidance for 8-10% topline growth given historical CAGR-5yrs growth at 8.6% with a stable margins outlook, providing less downside risk in our view. Regarding the expansion plans for Lawson, MIDI is also looking for a potential strategic partner as the master franchise agreement with Lawson Japan will last until 2036.

Aggressive expansion plans. The upcoming rights issue with targeted proceeds of a minimum IDR1tn would be mainly used to support MIDI's massive expansion plans comprising 700 outlets and 3 new warehouse facilities in Central Java, South East Sulawesi and North Sulawesi. It is worth noting that the average capex is IDR3bn/outlet for Alfamidi, IDR1-2bn/outlet for stand-alone Lawson, IDR500mn/outlet for shop-in-shop Lawson outlets, and IDR100bn/facility for warehouses. Aside from the expansion needs, MIDI will also conduct a 1:10 stock split in early March 2023 pending shareholders' approval. By doing so, MIDI hopes to increase share liquidity in the market as AMRT will not exercise its rights.

Key Financials

Year to 31 Dec	2019	2020	2021	9M21	9M22
Revenue (IDRbn)	11,625	12,660	13,584	10,092	11,558
EBITDA (IDRbn)	784	798	1,233	905	1,052
EBITDA Growth (%)	9.0	1.8	54.5	13.6	16.2
Net profit (IDRbn)	203	200	275	196	309
EPS (IDR)	70	69	95	68	107
EPS growth (%)	27.6	(1.4)	37.4	37.6	57.3
BVPS (IDR)	423	485	561	532	639
DPS (IDR)	21	21	29	n.a.	n.a.
PER (x)	59.6	60.4	44.0	46.3	29.4
PBV (x)	9.91	8.65	7.49	7.89	6.57
Dividend yield (%)	0.5	0.5	0.7	n.a.	n.a.
EV/EBITDA (x)	17.7	17.4	11.3	11.5	9.9

Source : Bloomberg



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Exhibit 1. Alfamidi store format



Source: BRI Danareksa Sekuritas

Exhibit 2. Alfamidi Super store format



Source: BRI Danareksa Sekuritas

Exhibit 3. Midi Fresh store format



Source: BRI Danareksa Sekuritas

Exhibit 4. Lawson stand alone store format



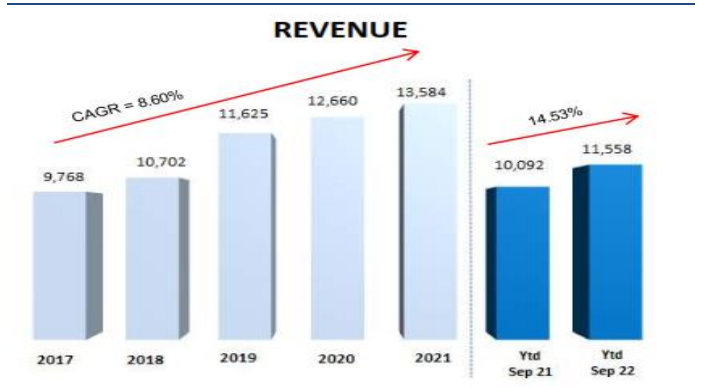
Source: BRI Danareksa Sekuritas

Exhibit 5. Lawson shop-in-shop format at alfamidi outlet



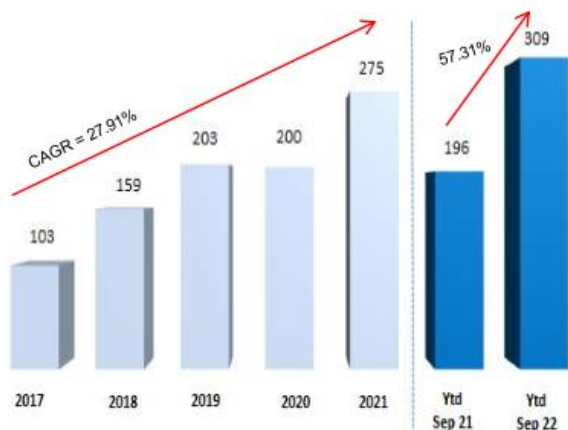
Source: BRI Danareksa Sekuritas

Exhibit 6. MIDI's historical revenue



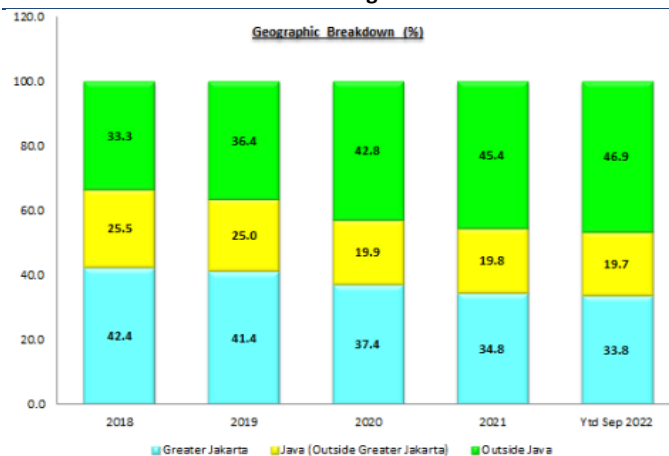
Source: BRI Danareksa Sekuritas

Exhibit 7. MIDI's net profit



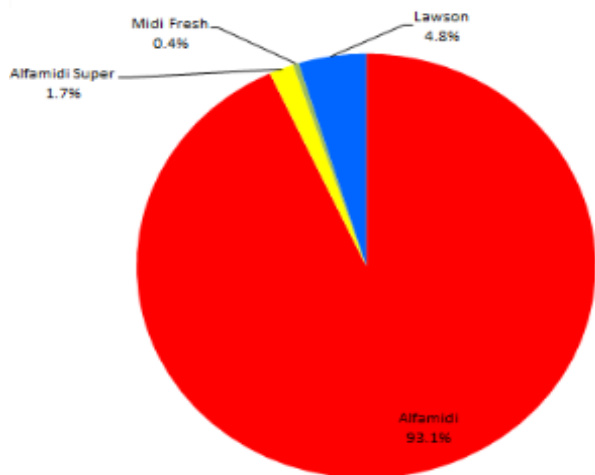
Source: BRI Danareksa Sekuritas

Exhibit 8. MIDI's outlets based on regions



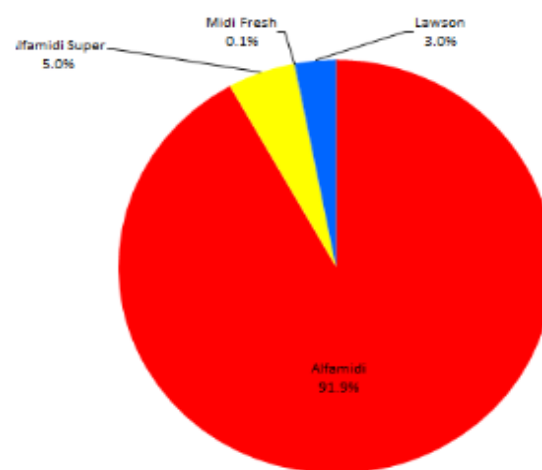
Source: BRI Danareksa Sekuritas

Exhibit 9. MIDI's stores per format



Source: BRI Danareksa Sekuritas

Exhibit 10. MIDI's revenue breakdown per store format



Source: BRI Danareksa Sekuritas

Exhibit 11. Income Statement

Year to 31 Dec (IDRbn)	2019	2020	2021	9M21	9M22
Revenue	11,625	12,660	13,584	10,092	11,558
COGS	(8,716)	(9,509)	(10,162)	(7,564)	(8,616)
Gross profit	2,909	3,151	3,422	2,528	2,942
EBITDA	784	798	1,233	905	1,052
Oper. profit	463	457	478	355	480
Interest income	-	-	-	-	-
Interest expense	-	-	-	-	-
Forex Gain/(Loss)	(0)	0	(0)	-	-
Income From Assoc. Co's	-	-	-	-	-
Other Income (Expenses)	(193)	(196)	(155)	(119)	(98)
Pre-tax profit	270	261	323	236	382
Income tax	(67)	(61)	(48)	(40)	(73)
Minority interest	(0)	(0)	(0)	(0)	(0)
Net profit	203	200	275	196	309
Core Net Profit	198	155	275	195	307

Exhibit 12. Balance Sheet

Year to 31 Dec (IDRbn)	2019	2020	2021	9M21	9M22
Cash & cash equivalent	241	238	243	184	363
Receivables	262	398	413	450	361
Inventory	1,316	1,497	1,811	1,643	1,990
Other Curr. Asset	437	72	68	90	76
Fixed assets - Net	1,558	3,514	3,567	3,553	3,698
Other non-curr.asset	1,177	204	241	219	277
Total asset	4,990	5,924	6,344	6,139	6,765
ST Debt	1,203	1,397	1,343	1,519	1,546
Payables	-	-	2,255	2,131	2,325
Other Curr. Liabilities	-	-	45	20	55
Long Term Debt	707	969	873	679	592
Other LT. Liabilities	-	-	211	255	404
Total Liabilities	3,769	4,525	4,728	4,604	4,922
Shareholder's Funds	1,220	1,398	1,616	1,534	1,842
Minority interests	1	1	1	1	1
Total Equity & Liabilities	4,990	5,924	6,344	6,139	6,765

Exhibit 13. Cash Flow

Year to 31 Dec (IDRbn)	2019	2020	2021	9M21	9M22
Net income	203	200	275	196	309
Depreciation and Amort.	321	342	756	550	572
Other Oper. Cash Flow	547	421	17	13	88
Operating Cash Flow	1,071	963	1,014	733	969
Capex	(283)	(571)	(418)	(386)	(443)
Others Inv. Cash Flow	(316)	(402)	(241)	(74)	(102)
Investing Cash Flow	(600)	(973)	(659)	(461)	(545)
Net change in debt	(378)	69	(289)	(266)	(221)
New Capital	-	-	-	-	-
Dividend payment	(48)	(61)	(60)	(60)	(83)
Other Fin. Cash Flow	(1)	(0)	-	-	-
Financing Cash Flow	(427)	8	(349)	(326)	(304)
Net Change in Cash	44	(3)	5	(54)	120
Cash - begin of the year	197	241	238	238	243
Cash - end of the year	241	238	243	184	363

Exhibit 14. Key Ratios

Year to 31 Dec	2019	2020	2021	9M21	9M22
Growth (%)					
Sales	8.6	8.9	7.3	6.1	14.5
EBITDA	9.0	1.8	54.5	13.6	16.2
Operating profit	12.0	(1.5)	4.6	16.9	35.1
Net profit	27.6	(1.4)	37.4	42.8	57.3
Profitability (%)					
Gross margin	25.0	24.9	25.2	25.0	25.5
EBITDA margin	6.7	6.3	9.1	9.0	9.1
Operating margin	4.0	3.6	3.5	3.5	4.2
Net margin	1.7	1.6	2.0	1.9	2.7
ROAA	4.1	3.7	4.5	3.2	4.6
ROAE	17.7	15.3	18.3	12.8	16.8
Leverage					
Net Gearing (x)	1.4	1.5	1.2	1.3	1.0
Interest Coverage (x)	2.5	2.4	3.1	n.a.	n.a.

Source : Bloomberg

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