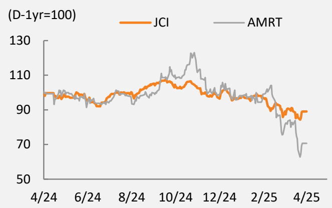
MIRAE ASSET Securities

Equity Research
April 8, 2025

(Maintain)	**Buy**
Target Price	▼ **IDR2,600**
Share Price (3/27/25, IDR)	2,050
Expected Return	26.8%

NP (25F, IDRbn)	3,389
Consensus NP (25F, IDRbn)	4,411
EPS Growth (25F, %)	7.5
Market EPS Growth (25F, %)	23.9
P/E (25F, x)	25.1
Market P/E (25F, x)	11.0
JCI	6,511
Market Cap (IDRbn)	85,125
Shares Outstanding (mn)	41,525
Free Float (%)	38.6
Beta (Adjusted, 24M)	1.1
52-Week Low	1,730
52-Week High	3,650

(%)	1M	6M	12M
Absolute	-14.9	-35.9	-29.3
Relative	-13.8	-20.5	-18.4



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AMRT IJ · Consumer non-cyclical

Sumber Alfaria Trijaya

Misses the mark as costs run wild and non-core bleeds

Margin squeeze on expansion drag

AMRT missed 4Q24 expectations as cost pressures eroded margins. Net profit fell to IDR3.1tr for FY24 (-7.5% YoY), at just 80–81% of estimates. Rising store-level costs from new DCs, especially ex-Java, drove the miss, with softer gross margins and below-the-line drag adding pressure. Further DC expansion in 2025F suggests ongoing cost headwinds.

Resilient growth amid soft demand

AMRT delivered solid topline growth in 4Q24, in line with expectations. Revenue rose to IDR30.0tr (+11.5% YoY), bringing FY24 sales to IDR118.2tr (+10.5% YoY). Food and non-food segments grew evenly, while ex-Java regions led with +16.4% YoY growth. Despite soft purchasing power, AMRT continues to defend its growth trajectory and market share.

Margin pressures mount on opex surge

FY24 margins came under pressure from elevated opex, missing estimates. Gross margin slipped to 21.5% (-10bps YoY), below our 21.9% forecast, likely on higher promo spend. Operating margin dropped 70bps YoY to 3.4%, hit by rising rent and utilities—both outpacing revenue growth. While salary costs stayed contained, non-core items further dragged earnings. Opex linked to new DCs will likely weigh through 2025, compounded by the 6.5% minimum wage hike.

Scaling for efficiency, near-term margin in check

1Q25 outlook is mixed—solid sales expected, but margin pressure persists. Eid seasonality and THR spending should support topline, yet the focus remains on AMRT's DC scalability. Margin drag from 2024's new DCs—especially ex-Java—is likely to continue near term, but seen as a trade-off for long-term efficiency gains. Drawing on its 2015–16 playbook, AMRT has a proven track record navigating soft cycles, and we expect gradual margin recovery by end-2025.

BUY maintained, TP trimmed on softer outlook

We reiterate our BUY on AMRT with a lower TP of IDR2,600/sh, reflecting a more cautious earnings trajectory. Our revised 26.8x P/E target (from +1.0 SD to +0.5 SD) factors in slower EPS growth versus the post-COVID recovery cycle. Lingering weak purchasing power, soft macro conditions, and 46.3% foreign ownership also raise the risk of outflows. Key downside risks include softer SSSG, delayed DC optimization, and weaker-than-expected consumption recovery.

(FY Dec. 31)	2022	2023	2024	2025F	2026F
Revenue (IDRbn)	96,925	106,945	118,227	131,291	145,934
OP (IDRbn)	3,770	4,429	4,079	4,302	5,342
OP Margin (%)	3.9	4.1	3.4	3.3	3.7
NP (IDRbn)	2,855	3,404	3,148	3,389	4,228
EPS (IDR)	68.8	82.0	75.8	81.6	101.8
ROE (%)	24.9	21.7	17.8	17.0	18.4
P/E (x)	29.8	25.0	27.0	25.1	20.1
P/B (x)	7.4	5.4	4.8	4.3	3.7
Dividend Yield (%)	0.9	1.2	1.5	1.3	1.4

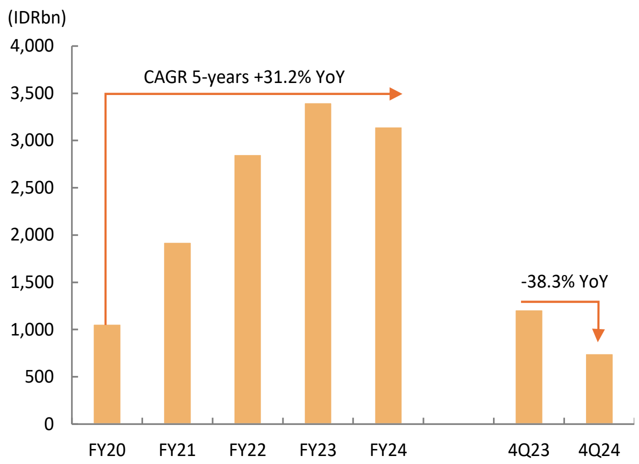
Note: NP is attributable to owners of the parent
Source: Company data, Mirae Asset Sekuritas Indonesia Research estimates

FY24 performance

Margins take a hit as DC expansion weighs on FY24 earnings

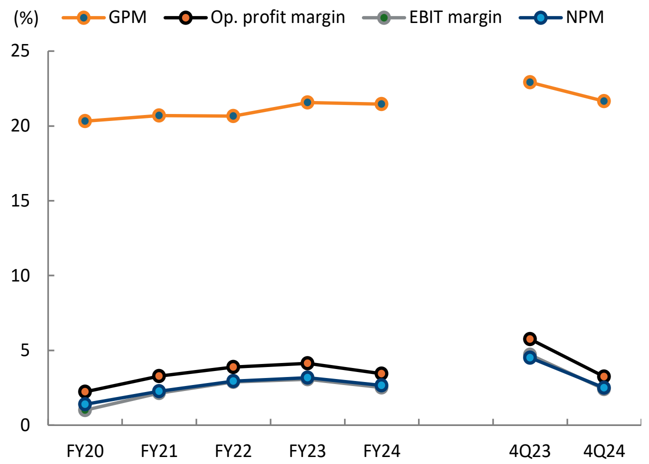
AMRT booked 4Q24 net profit of IDR749bn (+23.9% QoQ; -38.3% YoY), bringing FY24 bottom line to IDR3.1tr (-7.5% YoY)—missing both our and consensus estimates, with run rates of 80.0%/81.0%, respectively. The miss was driven by margin squeeze from rising store-level costs, notably rent and utilities, which climbed on the back of four new DCs opened in 2024 (three ex-Java). Gross margin softness and below-the-line drag further weighed on profitability. With more DCs slated to open in 2025F, cost pressure may linger into upcoming quarters.

Figure 1. Net profit trajectory



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 2. Margin trajectory



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Table 1. AMRT run rate

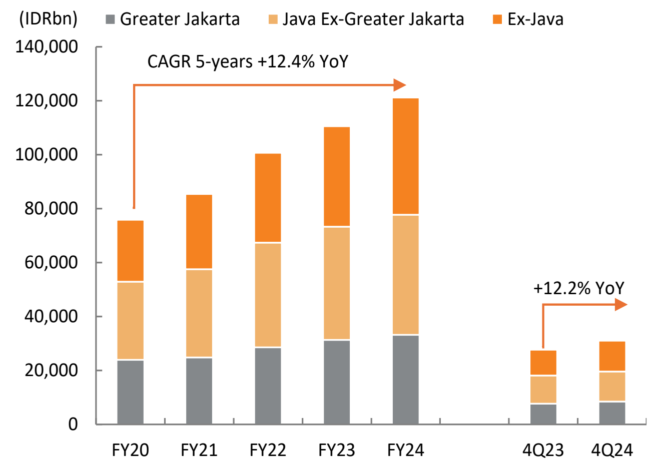
	FY24 (IDRbn)			Run rate (%)		
Run rate	**Actual**	**MASI**	**Consensus**	**MASI**	**Consensus**	**Comment**
Revenue	118,227	119,026	119,311	99.3	99.1	Inline/Inline
Net profit	3,148	3,936	3,886	80.0	81.0	Below/Below

Source: Mirae Asset Sekuritas Indonesia Research

Solid topline holding ground despite soft consumption

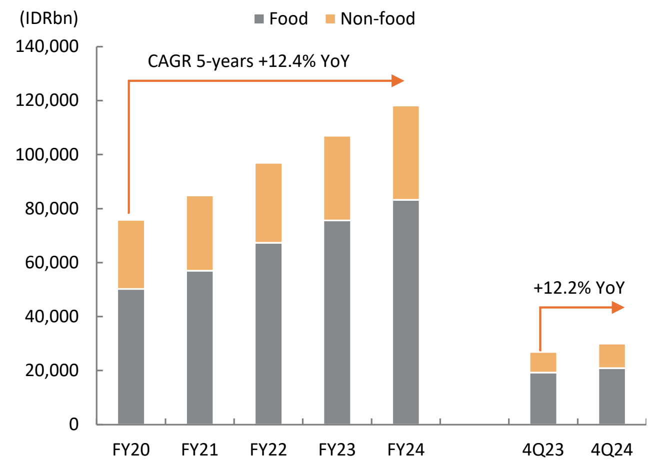
Topline remained firm, with 4Q24 revenue at IDR30.0tr (+3.5% QoQ; +11.5% YoY) and FY24 revenue hitting IDR118.2tr (+10.5% YoY), broadly in line with expectations. By segment, food/non-food sales grew +10.1%/+11.7% YoY, respectively, showing balanced momentum across categories. On a regional basis, ex-Java outperformed with +16.4% YoY, while Greater Jakarta and Java ex-Greater Jakarta posted MSD growth. Despite the ongoing drag from weak purchasing power, we believe AMRT continues to hold its ground, sustaining both growth trajectory and market share.

Figure 3. Revenue trajectory based on regions



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 4. Revenue trajectory based on category



Source: Company data, Mirae Asset Sekuritas Indonesia Research

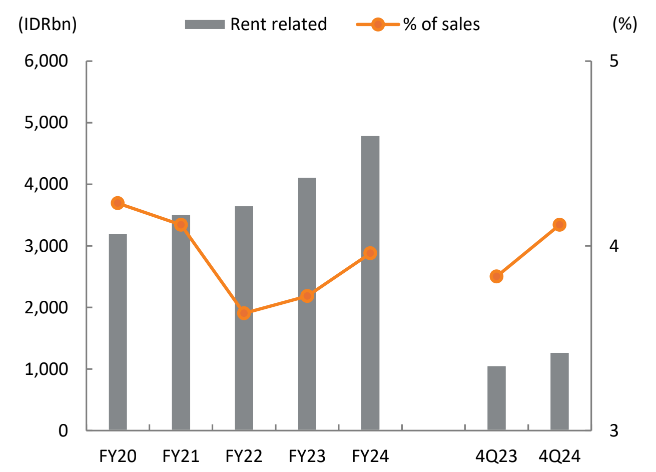
Margin compression kicks in as cost base expands with new DC rollout

FY24 gross margin slipped 10bps to 21.5%, falling short of our 21.9% estimate, likely due to higher promotional spend as AMRT looked to defend volume amid softening purchasing power. Operating margin felt a heavier hit, down 70bps YoY to 3.4%, dragged by rising rent and utility costs, which jumped +16.4% and +16.2% YoY, respectively—both outpacing top-line growth. These costs now make up 4.1% (+20bps) and 4.0% (+20bps) of total sales.

On the flip side, salary-related costs stayed under control, growing +9.9% YoY and making up 9.9% of sales (-10bps). That said, non-core items and other income/expenses missed expectations, adding further pressure to the bottom line.

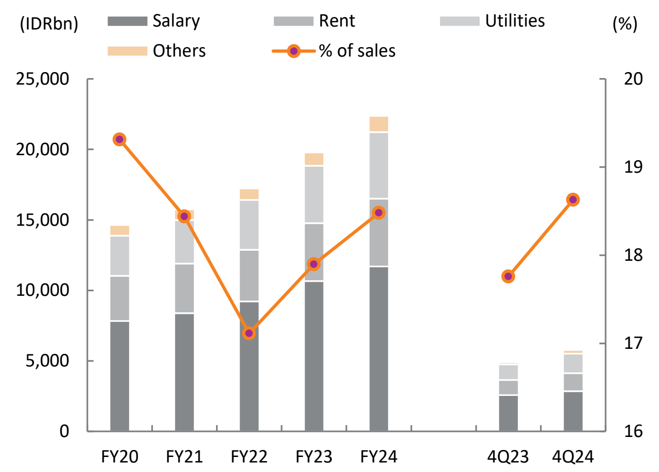
In our view, the uptick in opex is tied to new DC rollouts in 2024, which will likely continue to weigh on margins over the next 1–2 years. While efficiency should improve in 2025, the combination of ongoing DC expansion and the 6.5% hike in minimum wage may make it tougher for AMRT to defend margins near term. Further color from management is expected post-meeting.

Figure 5. Rent related expenses



Source: Mirae Asset Sekuritas Indonesia Research

Figure 6. Opex trajectory



Source: Mirae Asset Sekuritas Indonesia Research

Table 2. AMRT FY24 earnings results **(IDRbn)**

	4Q23	3Q24	4Q24	QoQ (%)	YoY (%)	FY23	FY24	YoY (%)
Revenue	**26,920**	**28,998**	**30,010**	**3.5**	**11.5**	**106,945**	**118,227**	**10.5**
Jabodetabek	7,688	8,186	8,485	3.7	10.4	31,338	33,185	5.9
Excluding Jabodetabek	10,427	10,604	11,050	4.2	6.0	41,926	44,554	6.3
Excluding Java	9,504	10,778	11,450	6.2	20.5	37,260	43,389	16.4
COGS	-20,751	-22,903	-23,513	2.7	13.3	-83,879	-92,862	10.7
Gross profit	**6,169**	**6,095**	**6,497**	**6.6**	**5.3**	**23,066**	**25,365**	**10.0**
Opex	-4,904	-5,594	-5,772	3.2	17.7	-19,780	-22,384	13.2
EBIT	**1,265**	**501**	**724**	**44.6**	**-42.7**	**3,286**	**2,982**	**-9.2**
Other income (expense)	284	287	249	-13.2	-12.3	1,143	1,097	-4.1
Operating profit	**1,548**	**788**	**973**	**23.5**	**-37.1**	**4,429**	**4,079**	**-7.9**
Finance income	25	22	34	49.1	36.2	75	109	45.2
Finance expenses	-32	-31	-36	16.4	13.9	-163	-128	-21.3
Pre-tax profit	**1,530**	**786**	**955**	**21.4**	**-37.6**	**4,333**	**4,066**	**-6.2**
Income tax expense	-302	-170	-211	24.1	-30.0	-848	-846	-0.3
Net profit	**1,213**	**605**	**749**	**23.9**	**-38.3**	**3,404**	**3,148**	**-7.5**
Margin								
Gross margin (%)	22.9	21.0	21.6	0.6 pts	-1.3 pts	21.6	21.5	-0.1 pts
EBIT margin (%)	5.8	2.7	3.2	0.5 pts	-2.5 pts	4.1	3.4	-0.7 pts
Operating margin (%)	4.7	1.7	2.4	0.7 pts	-2.3 pts	3.1	2.5	-0.6 pts
Net margin (%)	4.5	2.1	2.5	0.4 pts	-2 pts	3.2	2.7	-0.5 pts

Source: Company data, Mirae Asset Sekuritas Indonesia Research

Q1 setup looks mixed; scalability, not just sales, in focus

Our view on 1Q25 results is somewhat mixed. While topline growth should remain healthy, supported by Eid-Fitr seasonality and THR-driven consumer spending, we believe the bigger story lies in AMRT's execution on DC scalability. With four new DCs rolled out in 2024—three of them outside Java—margin pressure is expected to linger short term, but this expansion is a necessary step toward unlocking long-term operational efficiency.

As flagged earlier, the initial drag on margins from rent, utilities, and fixed costs was anticipated. However, we expect the benefits of scale and optimization to gradually kick in, with better visibility likely emerging by end-2025.

To frame expectations, we also look back at AMRT's track record during the 2015–2016 cycle, where, despite a similarly soft macro environment, the company still managed to post low-teens sales growth. That history suggests AMRT knows how to navigate through weak cycles—and this time is no different.

Forecast tweaks: soft margins near term, normalization on the horizon

Table 3. Forecast change

	Previous forecast (IDRbn)		Current forecasts (IDRbn)		Change (%)	
	2025F	2026F	2025F	2026F	2025F	2026F
Revenue	134,838	148,322	131,291	145,934	-2.6	-1.6
Gross profit	29,492	32,441	28,458	31,632	-3.5	-2.5
Op. profit	4,742	5,216	4,302	5,342	-9.3	2.4
Net profit	4,549	5,004	3,389	4,228	-25.5	-15.5

Source: Mirae Asset Sekuritas Indonesa Research

We have adjusted our model to incorporate actualized FY24 figures, reflecting the implications of last year's performance on forward projections. For FY25F, we maintain our view that topline growth will remain in the low-teens range, forecasting +11.1% YoY, primarily supported by new store expansion and MSD SSSG. This aligns with the company's historical growth rhythm, even amid a softening consumption backdrop.

On the margin front, we forecast a mild recovery in gross margin to 21.7%, slightly higher than FY24. Our view is that promotional intensity will ease this year, as management shifts focus to DC optimization efforts—which may naturally lead to leaner marketing spend, helping cushion the impact from the 6.5% minimum wage hike. We expect more color on this from the upcoming management meeting.

That said, we remain more cautious than consensus on operating margin, which we forecast at 3.3% for FY25F, reflecting ongoing cost pressures from the new DC rollout and labor cost inflation. Based on our estimates, salary-related expenses account for 9.9% of sales and roughly 53% of total opex, making it a significant cost lever. These headwinds are partially cushioned by low-teens growth in other income, helping offset some of the opex drag.

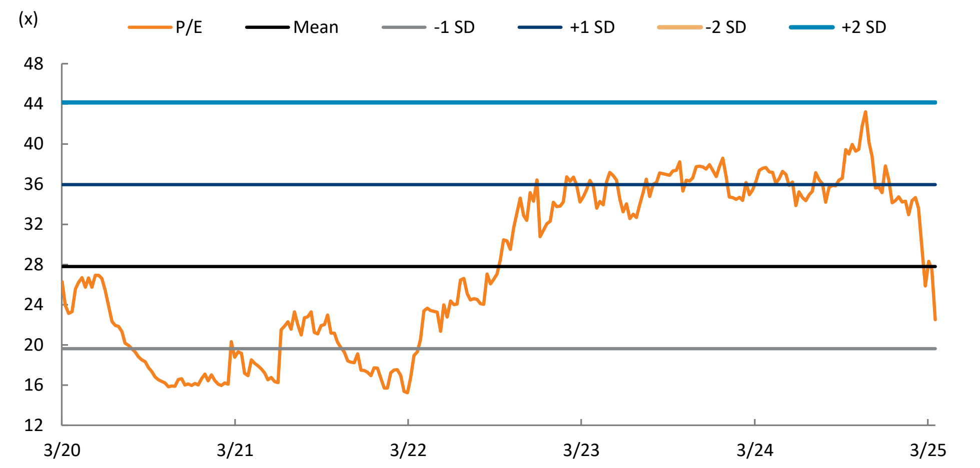
Looking ahead, our revised assumptions imply EPS growth of +7.6% YoY in FY25F, before accelerating to +24.8% YoY in FY26F, as margin normalization kicks in post-DC ramp-up. In our view, 2025 will be a transition year—front-loading the cost structure to unlock scalability in 2026, when efficiency gains and stabilized opex should start to flow through to the bottom line.

Valuations

Maintain BUY with lower TP of IDR2,600; slower EPS momentum warrants multiple de-rating

Following our model revision for FY25F–FY26F, we maintain our BUY recommendation on AMRT but with a lower target price of IDR2,600/sh, reflecting a more conservative earnings outlook. The revised valuation is based on a 26.8x P/E multiple (+0.5 SD of the 5-year average), a derating from our previous +1.0 SD target, in light of slower projected EPS growth in FY25F–FY27F compared to the stronger recovery cycle seen in FY21A–FY23A. We believe this multiple compression is warranted, considering lingering weak purchasing power, soft consumption trends, and a macro backdrop that remains fragile. Adding to the cautious stance is AMRT's foreign shareholding composition, currently at 46.3%, which exposes the stock to foreign outflow risk, particularly amid ongoing global equity market volatility. As such, we see additional downside pressure on Indonesian consumer names, with AMRT not fully insulated. Key risk on our assumption were: 1)lower lower than expected SSSG; 2) lingering weak purchasing power; 3) DC optimization trajectory; and 4) slower economic growth.

Figure 7. AMRT forward P/E



Source: Mirae Asset Sekuritas Indonesia Research

Sumber Alfaria Trijaya (AMRT IJ)

Income Statement (Summarized)

(IDRbn)	12/23	12/24	12/25F	12/26F
Revenue	**106,945**	**118,227**	**131,291**	**145,934**
COGS	-83,879	-92,862	102,833	114,302
Gross profit	**23,066**	**25,365**	**28,458**	**31,632**
Opex	-19,780	-22,384	-25,379	-27,649
EBIT	**4,429**	**4,079**	**4,302**	**5,342**
Other income / (expenses)	1,134	1,103	1,229	1,366
Finance income	75	109	118	124
Finance cost	-163	-128	-129	-133
Profit before income tax	**4,333**	**4,066**	**4,298**	**5,340**
Income tax expenses	-848	-846	-837	-1,040
Non-controlling interest	80	72	72	72
Net profit	**3,404**	**3,148**	**3,389**	**4,228**
EBITDA	**4,496**	**4,293**	**4,536**	**5,602**
Margin (%)				
Gross profit	21.6	21.5	21.7	21.7
Operating profit	4.1	3.4	3.3	3.7
EBITDA	4.2	3.6	3.5	3.8
Net profit	3.2	2.7	2.6	2.9
Growth (%, YoY)				
Revenue	10.3	10.5	11.1	11.2
Operating profit	17.5	-7.9	5.5	24.2
EBITDA	20.4	-4.5	5.6	23.5
Net proft	19.8	-7.6	7.5	24.2

Balance sheet (Summarized)

(IDRbn)	12/23	12/24	12/25F	12/26F
Current assets				
Cash & equivalents	4,075	4,845	5,074	7,075
Receivables	2,571	2,999	3,282	3,648
Inventories	10,094	11,775	12,242	13,607
Others	586	722	740	805
Total current assets	**17,326**	**20,341**	**21,339**	**25,135**
Non-current assets				
Fixed assets - net	8,053	9,002	9,846	10,642
Others	8,868	9,456	10,273	11,070
Total non-current assets	**16,920**	**18,458**	**20,119**	**21,712**
Total assets	**34,246**	**38,798**	**41,458**	**46,847**
Current liabilities				
ST bank loans	1,945	1,736	1,884	2,094
Account payables	10,983	13,352	13,474	14,976
Other current liabilities	4,335	4,381	4,549	5,057
Total current liabilities	**17,263**	**19,469**	**19,907**	**22,127**
Non-current liabilities				
Long-term financial liabilities	1,278	1,634	1,609	1,781
Others non-current liabilities	0	0	0	0
Total non-current liabilities	**1,278**	**1,634**	**1,609**	**1,781**
Total liabilities	**18,541**	**21,102**	**21,516**	**23,908**
Shareholders' equity	**15,705**	**17,696**	**19,942**	**22,939**
Non-controlling interests	1,232	1,318	1,318	1,318
Total liabilities and equity	**34,246**	**38,798**	**41,458**	**46,847**

Cash Flows (Summarized)

(IDRbn)	12/23	12/24	12/25F	12/26F
Cash Flows from Op. Activities	**3,769**	**4,680**	**4,367**	**6,061**
Net profit	3,404	3,148	3,389	4,228
Depreciation & amortization	1,210	1,312	1,457	1,619
Change in working capital	-846	220	-478	214
Others	-3,049	-2,849	-3,118	-3,211
Cash Flows from Inv. Activities	**-2,059**	**-2,261**	**-2,300**	**-2,415**
Capex	-990	-588	-818	-796
Others	-464	-1,010	-1,020	-849
Cash Flows from Fin. Activities	**-1,295**	**147**	**123**	**382**
Change in liabilities	0	0	0	0
Change in equity	1,830	34	0	0
Dividends paid	-1,020	-1,236	-1,143	-1,231
Others	21	45	0	0
Increase (decrease) in cash	**256**	**821**	**229**	**2,000**
Beginning balance	**3,819**	**4,075**	**4,845**	**5,074**
Ending balance	**4,075**	**4,895**	**5,074**	**7,075**

Forecasts/Valuations (Summarized)

(IDRbn)	12/23	12/24	12/25F	12/26F
P/E (x)	25.0	27.0	25.1	20.1
P/B (x)	5.4	4.8	4.3	3.7
EV/EBITDA (x)	18.5	19.2	18.2	14.4
EPS (IDR)	82	76	82	102
BPS (IDR)	378	426	480	552
DPS (IDR)	25	30	28	30
Payout ratio (%)	35.7	36.3	36.3	36.3
Dividend yield (%)	1.2	1.5	1.3	1.4
Accounts receivable turnover (x)	41.6	39.4	40.0	40.0
Inventory turnover (x)	8.3	7.9	8.4	8.4
Accounts payable turnover (x)	41.6	39.4	40.0	40.0
ROA (%)	9.9	8.1	8.2	9.0
ROE (%)	21.7	17.8	17.0	18.4
Current ratio (x)	1.0	1.0	1.1	1.1
Net gearing (x)	Net Cash	Net Cash	Net Cash	Net Cash
Interest coverage ratio (x)	20.2	23.3	23.9	30.0

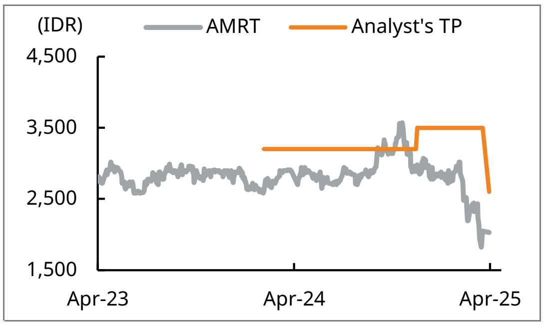
Note: Net profit refers to net profit attributable to controlling interests
Source: Company data, Mirae Asset Sekuritas Indonesia Research estimates

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (IDR)
Sumber Alfaria Trijaya (AMRT IJ)	4/8/2025	Buy	2,600
	11/25/2024	Buy	3,500
	8/7/2024	Trading Buy	3,200
	7/15/2024	Hold	3,200
	4/4/2024	Trading Buy	3,200
	2/13/2024	Buy	3,200
	12/12/2023	Trading Buy	3,200
	12/11/2023	Trading Buy	3,200
	8/15/2023	Trading Buy	3,200
	4/17/2023	Trading Buy	3,200



Stock ratings	
Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

Sector ratings	
Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

Rating and TP history: Share price (─), TP (▬), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (♦)
* Our investment rating is a guide to the expected return of the stock over the next 12 months.
* Outside of the official ratings of PT Mirae Asset Sekuritas Indonesia, analysts may call trading opportunities should technical or short-term material developments arise.
* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.
* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

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