

25 June 2025

Consumer Cyclical | Retailing

Midi Utama Indonesia (MIDI IJ)

Buy

Aspires To Elevate; Initiate BUY

Target Price (Return):	IDR550 (34.8%)
Price (Market Cap):	IDR408 (USD834m)
ESG score:	3.0 (out of 4)
Avg Daily Turnover (IDR/USD)	4,541m/0.28m

Analyst

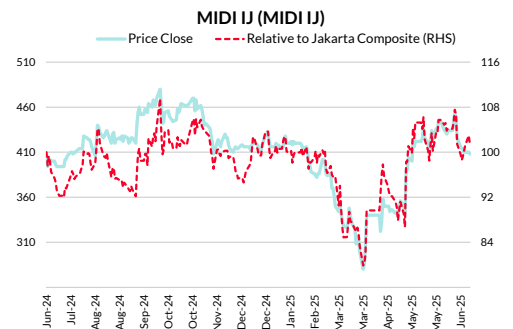
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- Initiate BUY with IDR550 TP, 35% upside.** We are positive on Midi Utama Indonesia given its solid expansion plans (especially the supermarket format) while strengthening its presence in ex-Java areas. We note that MIDI has seen encouraging results from its latest fresh food venture, Ja-Di. The Lawson divestment should also bode well in terms of enhancing earnings. In light of its defensive attributes, we believe MIDI should offer better growth potential amidst the current challenging purchasing power situation.
- Still in expansionary mode.** MIDI plans to open c.200 stores in 2025 vs 203 in 2024, with a focus on expanding the Alfamidi format and targeting areas outside of Java Island. It aims to increase the proportion of its stores in ex-Java regions to c.60% and beyond, up from 52.4% in 1Q25. This strategy is expected to drive growth – supported by a less-competitive landscape, lower operating costs, and growth opportunities from the Government’s downstream initiatives in ex-Java regions. Additionally, we believe our positive outlook on CPO for 2025 will further benefit MIDI’s performance.
- Encouraging results from Ja-Di.** In Aug 2024, the company launched Ja-Di to strengthen its presence in the fresh food segment. It offers a range of products, including mixed fruits, vegetable juices, ice cream (both scoops and cones), ready-to-drink (RTD) beverages, and local snacks. The initiative has shown promising early results, characterised by low capex, minimal waste, incremental sales, and improved margins. Unlike the Lawson business, Ja-Di incurs no royalty fees and is run by existing Alfamidi staff, contributing to higher efficiency and productivity. As of Mar 2025, this concept has been rolled out in 204 stores, including several in ex-Java regions.
- Staying resilient.** MIDI’s supermarket formats, which are relatively larger than those of its parent company, enable stores to carry a wider assortment of products to meet the needs of a more diverse and dynamic customer base. By focusing on staple goods, especially during periods of economic uncertainty, the company is well positioned to maintain a defensive stance. Additionally, the broad product range allows MIDI to effectively respond to consumer down-trading trends, which typically emerge during periods of tough economic conditions.
- Financial outlook, valuation, and ESG.** We project MIDI to deliver a c.10-11% revenue CAGR in 2025-2027, driven by c.6-7% SSSG and c.200 store openings. Strong gross margins – supported by higher sales of fresh, RTD, and ready-to-eat (RTE) products – along with operational efficiencies, should lift net margins. MIDI trades at c.19-20x 2025F P/E, above peers’ 27.5x average. We believe this premium is justified, reflecting its defensive product mix and strong growth prospects. Earnings are expected to grow c.32% in 2025, significantly outpacing the c.17–18% average of its peers. We input a 0% ESG discount/premium, as its ESG score of 3.0 is on par with the country median.

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(5.1)	(3.8)	45.7	(1.0)	1.0
Relative	(2.1)	1.0	34.2	1.8	1.3
52-wk Price low/high (IDR)					280 –480



Source: Bloomberg

Forecasts and Valuation	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Total turnover (IDRb)	17,351	19,888	22,003	24,244	26,713
Recurring net profit (IDRb)	262	260	384	449	521
Recurring net profit growth (%)	3.3	(0.8)	47.6	17.0	16.0
Recurring P/E (x)	0.05	0.05	0.04	0.03	0.03
P/B (x)	0.0	0.0	0.0	0.0	0.0
P/CF (x)	0.02	0.02	0.01	0.01	0.01
Dividend Yield (%)	na	na	na	na	na
EV/EBITDA (x)	(0.10)	(0.23)	(0.91)	(1.49)	(1.56)
Return on average equity (%)	18.0	10.3	12.2	12.6	13.2
Net debt to equity (%)	net cash	net cash	net cash	net cash	net cash

Source: Company data, RHB

Overall ESG Score: 3.0 (out of 4)

E Score: 3.0 (GOOD)

S Score: 3.0 (GOOD)

G Score: 3.0 (GOOD)

Please refer to the ESG analysis on the next page

Emissions And ESG

Trend analysis	Emissions (tCO2e)	Dec-22	Dec-23	Dec-24	Dec-25
In 2024, MIDI's operational electricity consumption reached 1,074,509GJ, marking a 16.96% increase vs 2023's numbers. Energy intensity also rose 9.22% to 1.54GJ/sq m. This increase aligns with the expansion of 24-hour store operations and installation of chillers in several outlets as part of the company's business growth.	Scope 1	-	-	-	na
	Scope 2	-	-	-	na
	Scope 3	-	-	-	na
	Total emissions	na	na	na	na
	Source: Company data, RHB				

Latest ESG-Related Developments

MIDI continues to reduce electricity consumption by replacing fluorescent lights with energy-efficient LEDs and using skylights in warehouses to minimise daytime lighting. Air conditioning in the head office and 11 branches is set to shut off at 5pm to save energy.

Additionally, the company has adopted solar power systems or PLTS at six warehouses and 15 Alfamidi Super outlets, supporting a shift toward more sustainable operations.

ESG Unbundled

Overall ESG Score: 3.0 (out of 4)

Last Updated: n/a

E Score: 3.0 (GOOD)

MIDI promotes sustainability by reducing waste, reusing materials, and conserving energy. It limits single-use plastics and encourages reusable items like tumblers and shopping bags. Employees are urged to bring meals in reusable containers and repurpose office supplies. Energy-saving habits and regular maintenance help extend the life of equipment and reduces consumption. The company also adopts digital solutions to minimise paper use and travel, supporting eco-friendly operations.

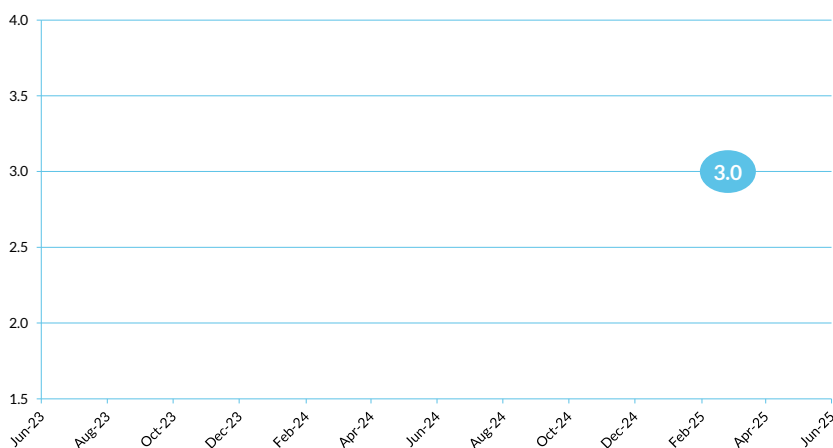
S Score: 3.0 (GOOD)

MIDI employs over 32,800 people with fair wages and inclusive hiring, including 315 individuals with disabilities. Employees receive benefits like meal allowances, health access, and a safe work environment. The company supports education through vocational training and increased investment in the Alfamidi Class programme. Customer service is enhanced through promotions, digital platforms, and strict product safety standards. MIDI also contributes to community development and sustainability through job creation, SME support, and environmental initiatives.

G Score: 3.0 (GOOD)

The company upholds Good Corporate Governance or GCG to protect stakeholder interests and support sustainable, transparent, and efficient business growth. Governance is driven by the GMS, board of commissioners, and board of directors, supported by key units like the audit committee and internal audit. A strong internal control system and regular audits help ensure compliance and operational integrity. Risk management processes are also in place to identify and mitigate potential internal and external risks. MIDI promotes transparency, accountability, and fairness through its "213K" principles, embedded in its code of conduct.

ESG Rating History



Source: RHB

Financial Exhibits

Asia	Financial summary (IDR)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Indonesia	Recurring EPS	7,841.69	7,777.92	11,483.89	13,437.24	15,590.90
Consumer Cyclical	BVPS	111,854.08	123,499.79	138,383.82	150,152.45	162,022.30
Midi Utama Indonesia	Return on average equity (%)	18.0	10.3	12.2	12.6	13.2
MIDI IJ						
Buy						
	Valuation metrics	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
	Recurring P/E (x)	0.05	0.05	0.04	0.03	0.03
	P/B (x)	0.0	0.0	0.0	0.0	0.0
	FCF Yield (%)	846.7	(301.1)	9,353.2	5,477.4	6,614.4
	EV/EBITDA (x)	(0.10)	(0.23)	(0.91)	(1.49)	(1.56)
	EV/EBIT (x)	(0.18)	(0.39)	(2.17)	(2.21)	(2.35)
	Income statement (IDRb)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
	Total turnover	17,351	19,888	22,003	24,244	26,713
	Gross profit	4,509	5,232	5,871	6,518	7,262
	EBITDA	752	885	1,648	1,173	1,354
	Depreciation and amortisation	(327)	(370)	(956)	(380)	(458)
	Operating profit	425	515	692	793	896
	Net interest	(96)	(49)	(55)	(56)	(36)
	Pre-tax profit	646	670	840	949	1,083
	Taxation	(130)	(195)	(210)	(232)	(275)
	Reported net profit	516	405	536	610	687
	Recurring net profit	262	260	384	449	521
	Cash flow (IDRb)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
	Change in working capital	(422)	174	347	21	90
	Cash flow from operations	754	687	1,616	1,121	1,314
	Capex	(638)	(728)	(340)	(374)	(411)
	Cash flow from investing activities	(896)	(888)	(174)	(188)	(195)
	Dividends paid	(120)	(177)	(249)	(331)	(331)
	Cash flow from financing activities	52	252	(216)	(778)	(869)
	Cash at beginning of period	417	327	378	1,604	1,760
	Net change in cash	(90)	51	1,226	156	250
	Ending balance cash	327	378	1,604	1,760	2,010
	Balance sheet (IDRb)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
	Total cash and equivalents	327	378	1,604	1,760	2,010
	Tangible fixed assets	2,462	2,820	2,204	2,198	2,152
	Total assets	7,786	8,733	9,838	10,539	11,320
	Short-term debt	63	0	0	0	0
	Total liabilities	3,874	4,442	5,120	5,522	6,013
	Total equity	3,912	4,291	4,717	5,017	5,307
	Total liabilities & equity	7,786	8,733	9,838	10,539	11,320
	Key metrics	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
	Revenue growth (%)	11.1	14.6	10.6	10.2	10.2
	Recurrent EPS growth (%)	3.3	(0.8)	47.6	17.0	16.0
	Gross margin (%)	26.0	26.3	26.7	26.9	27.2
	Operating EBITDA margin (%)	4.3	4.5	7.5	4.8	5.1
	Net profit margin (%)	3.0	2.0	2.4	2.5	2.6
	Capex/sales (%)	3.7	3.7	1.5	1.5	1.5
	Interest cover (x)	4.20	9.76	11.59	11.94	16.87

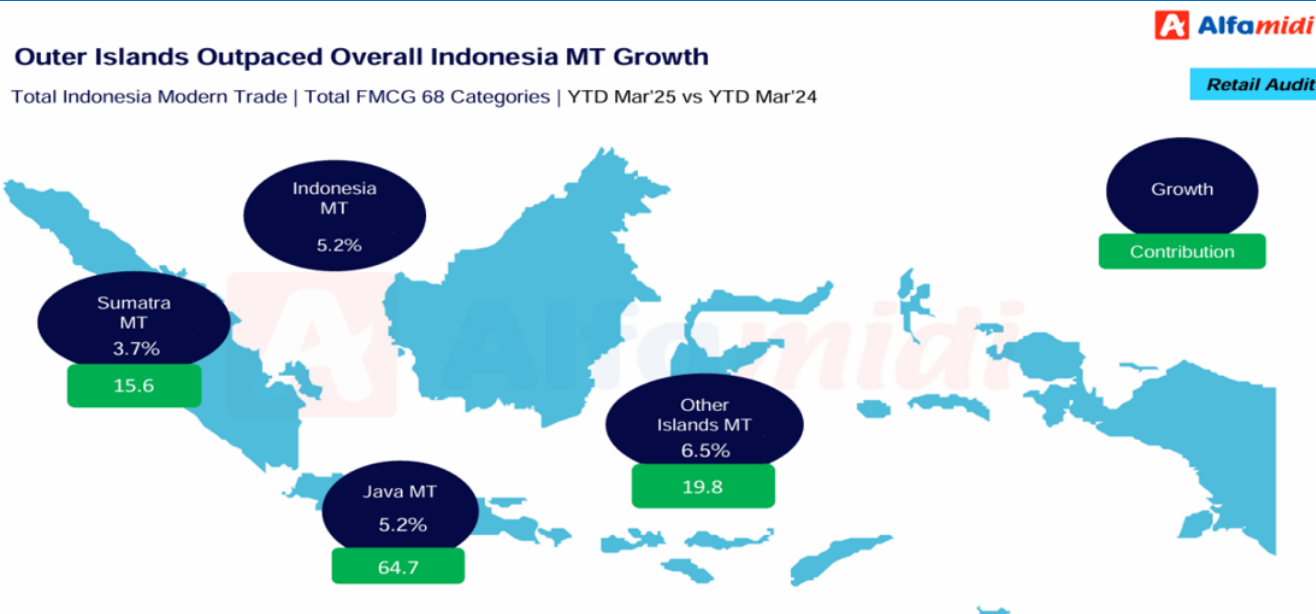
Source: Company data, RHB

Making the most of ex-Java’s growing market

MIDI plans to continue its expansion plans in 2025 by opening 200 stores – it launched 203 stores in 2024. This expansion will primarily focus on the supermarket store format and target ex-Java regions, aligning with the company’s long-term strategy of strengthening its presence in such emerging areas.

By increasing the proportion of ex-Java stores from 52.4% as of 1Q25 to an estimated 60% over the next few years, MIDI aims to capitalise on these regions' untapped market potential and evolving consumer demand. The company recognises that competition in ex-Java areas is relatively less intense when compared to Java, allowing for better market penetration and sustainable growth.

Figure 1: Indonesia’s modern trade (MT) growth by region

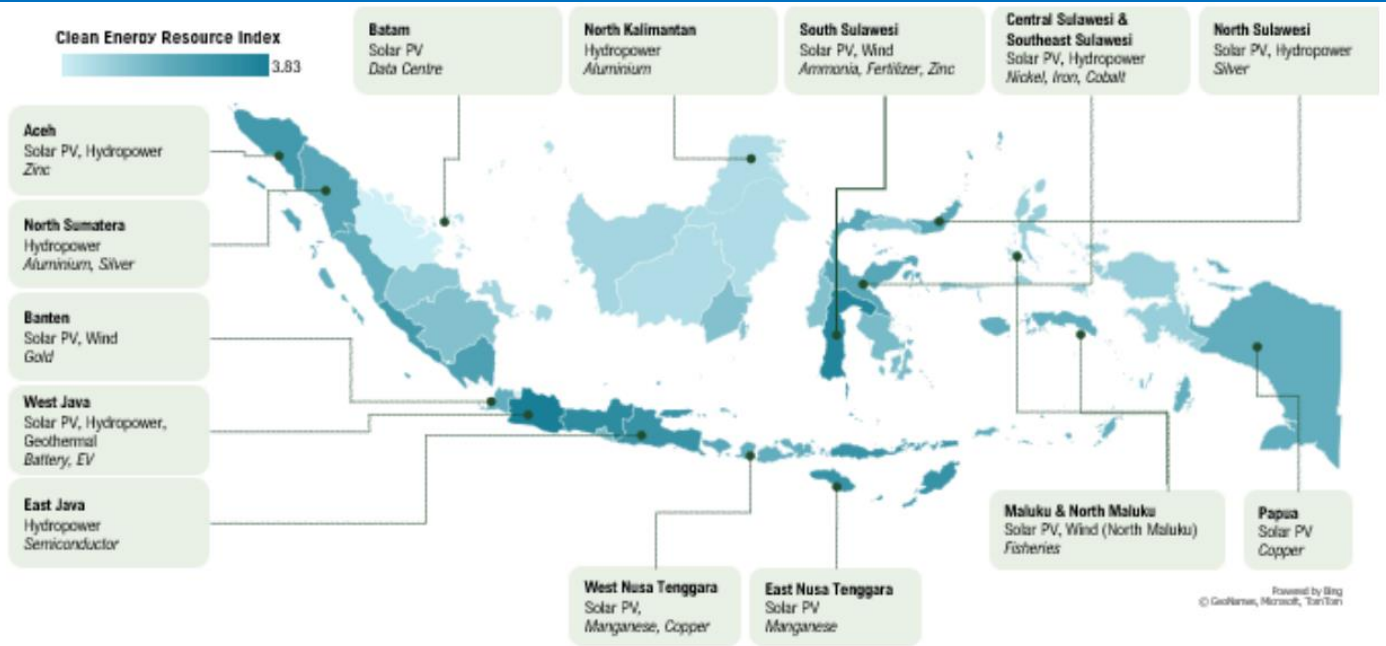


Source: Nielsen, Company data

The growth prospects in ex-Java regions appear even stronger due to increased government initiatives and infrastructure development in these areas. The Government has been actively promoting economic diversification outside Java through various strategic programmes, including food security projects, clean energy investments, and industrial down-streaming efforts. These initiatives not only boost local economies but also increase consumer purchasing power, which directly benefits retailers like MIDI.

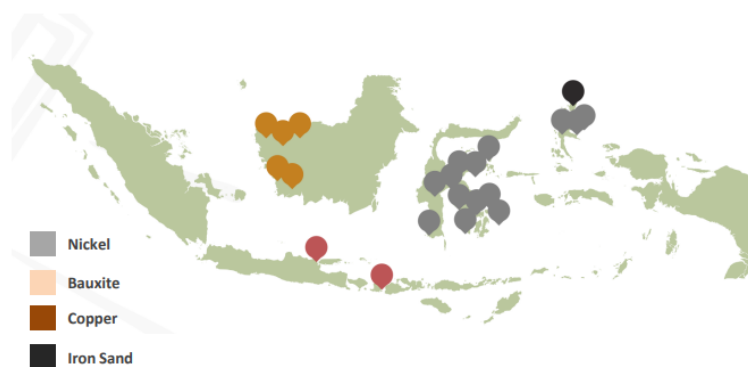
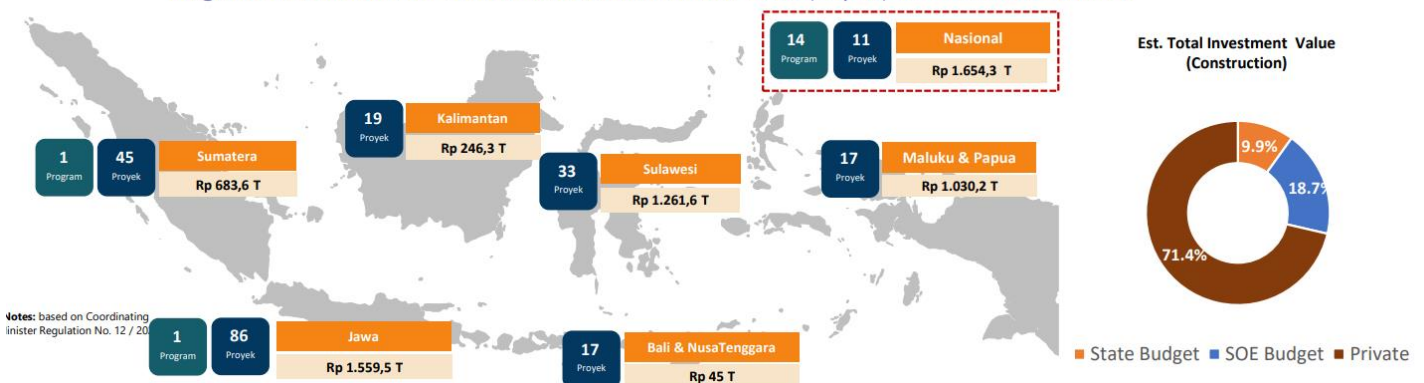
Additionally, as more industries establish themselves in ex-Java regions, population migration and urbanisation trends are likely to create higher demand for modern retail formats, in our view, further supporting MIDI’s expansion strategy.

Figure 2: Sizeable government projects (from clean energy development to smelters) located in ex-Java areas



The National Strategic Project (PSN)

Based on Coordinating Minister Regulation Number 12 of 2024, there are **228 Projects** and **16 Programs** as PSN with an estimated total investment value (CapEx) of **IDR 6.480,5 trillion**



On the National Strategic Projects (PSN) list, there are **16 Mineral Smelters** with an estimated investment value reaching **IDR 248.75 Trillion**, and the total output is as follows:

THE SMELTER PRODUCT OUTPUTS	
NICKEL	2.570.630 FeNi
BAUXITE	3.000.000 SGA
COPPER	680.000 Chatode
IRON SAND	1.600.000 Iron Pig

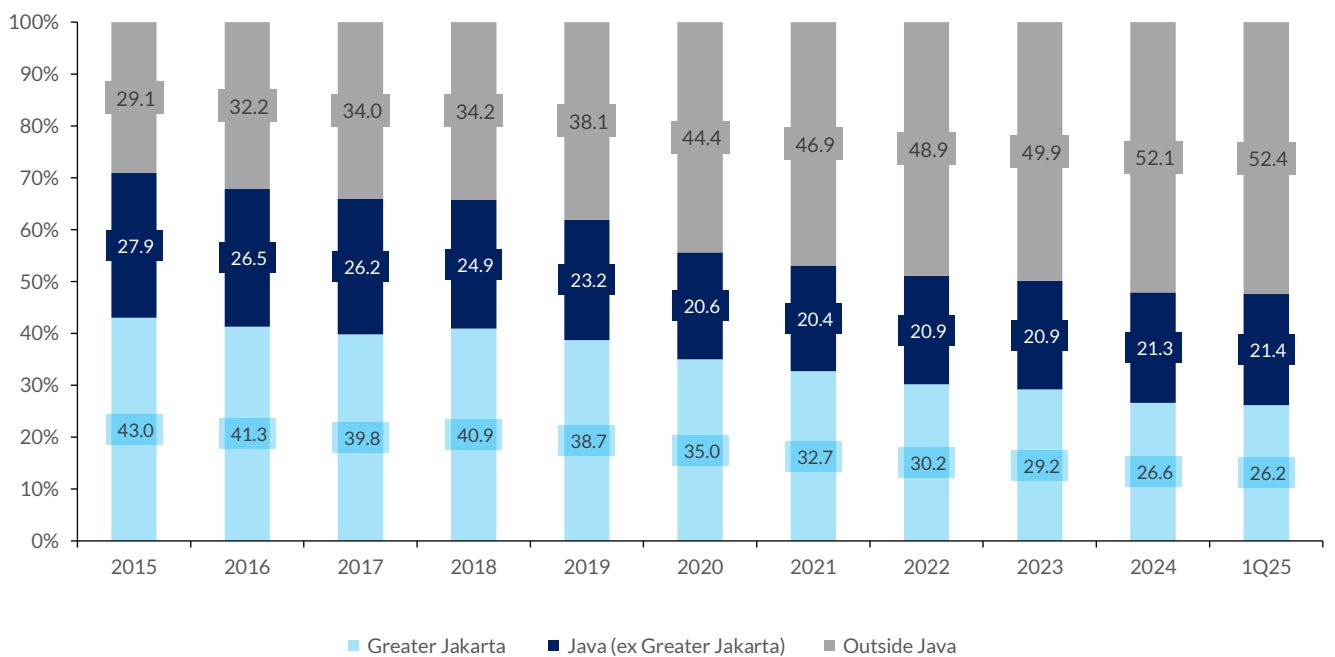
Source: Bank Indonesia

Moreover, we believe the company is poised to benefit from the positive outlook on CPO in 2025. Many ex-Java regions, particularly Sumatra and Kalimantan, are major CPO-producing areas, and strong commodity prices could drive higher disposable incomes among local consumers. This, in turn, is expected to increase spending on fast-moving consumer goods (FMCG) – in our view – directly impacting MIDI's revenue growth.

By strategically positioning its stores in areas that benefit from government-led industrial and economic initiatives, the company is well placed to sustain its expansion and reinforce its market leadership beyond Java Island.

We believe MIDI's expansion into ex-Java areas presents a highly promising growth avenue, given the rapid economic development and rising consumer spending in these regions – as disposable incomes increase and urbanisation accelerates, demand for modern retail formats like Alfamidi stores continues to grow. Unlike the highly competitive Java market, the ex-Java areas offer greater room for expansion with less saturation, allowing MIDI to strengthen its market position while catering to evolving consumer preferences.

Figure 3: Store breakdown by geographical area as of 1Q25

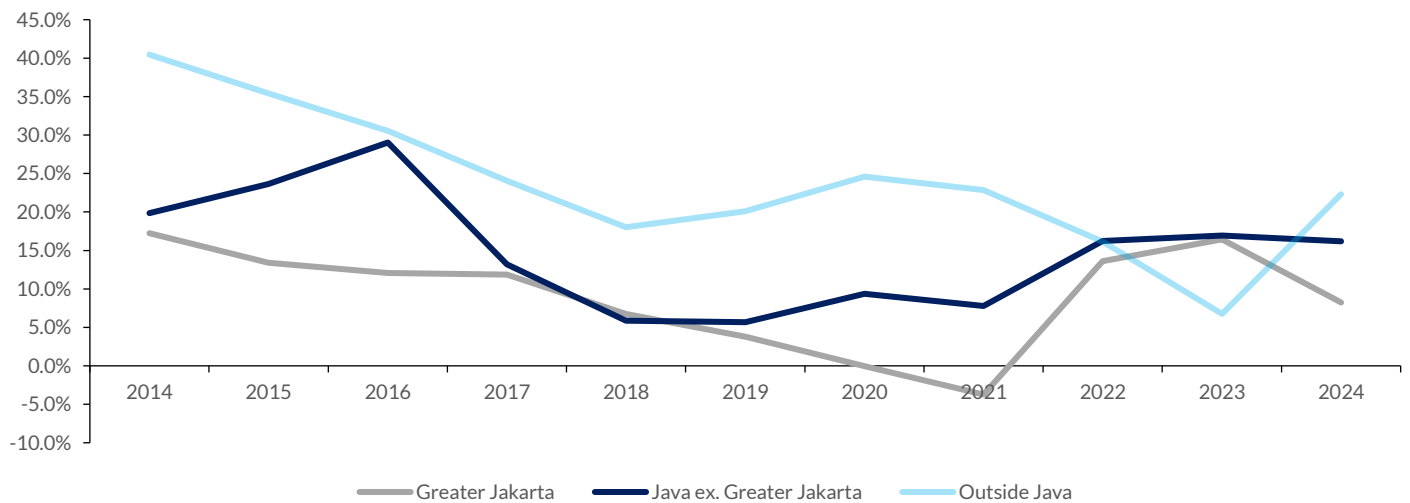


Source: Company data

Moreover, ex-Java regions have demonstrated stellar growth, with revenue growth in such areas outpacing stores on Java Island. Note: Stores in ex-Java, Java (excluding Greater Jakarta), and the Greater Jakarta areas each delivered 10-year (2014-2024) revenue CAGRs of 21.9%, 14.2%, and 8.1%. These areas not only offer higher sales volume potential, but also come with a thicker margins profile due to reduced competition and lower operational costs.

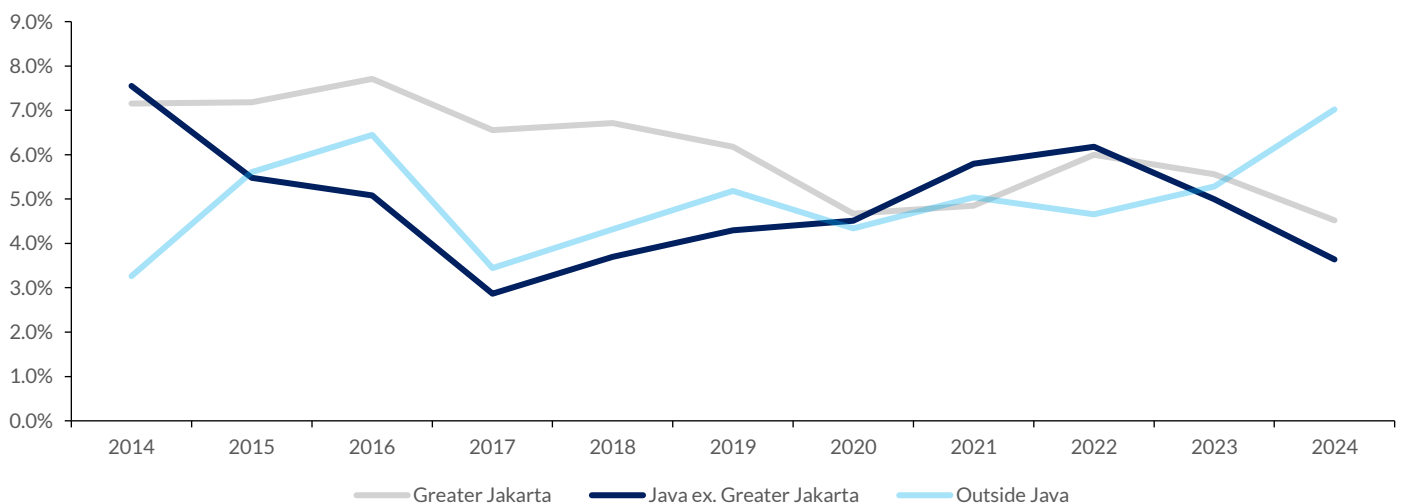
With less price pressure when compared to the Java Island market, MIDI can maintain healthier profit margins while benefiting from strong consumer demand. This dynamic creates an attractive opportunity for sustainable and profitable expansion. As these regions continue to develop, the company's expansion will not only support its revenue growth but also enhance overall profitability, in our view, reinforcing the positive impact of its strategic direction.

Figure 4: Most of the time, revenue growth in stores located in ex-Java areas has outpaced other regions' numbers



Source: Company data

Figure 5: Stores located in ex-Java areas have recently demonstrated upward trends in profitability



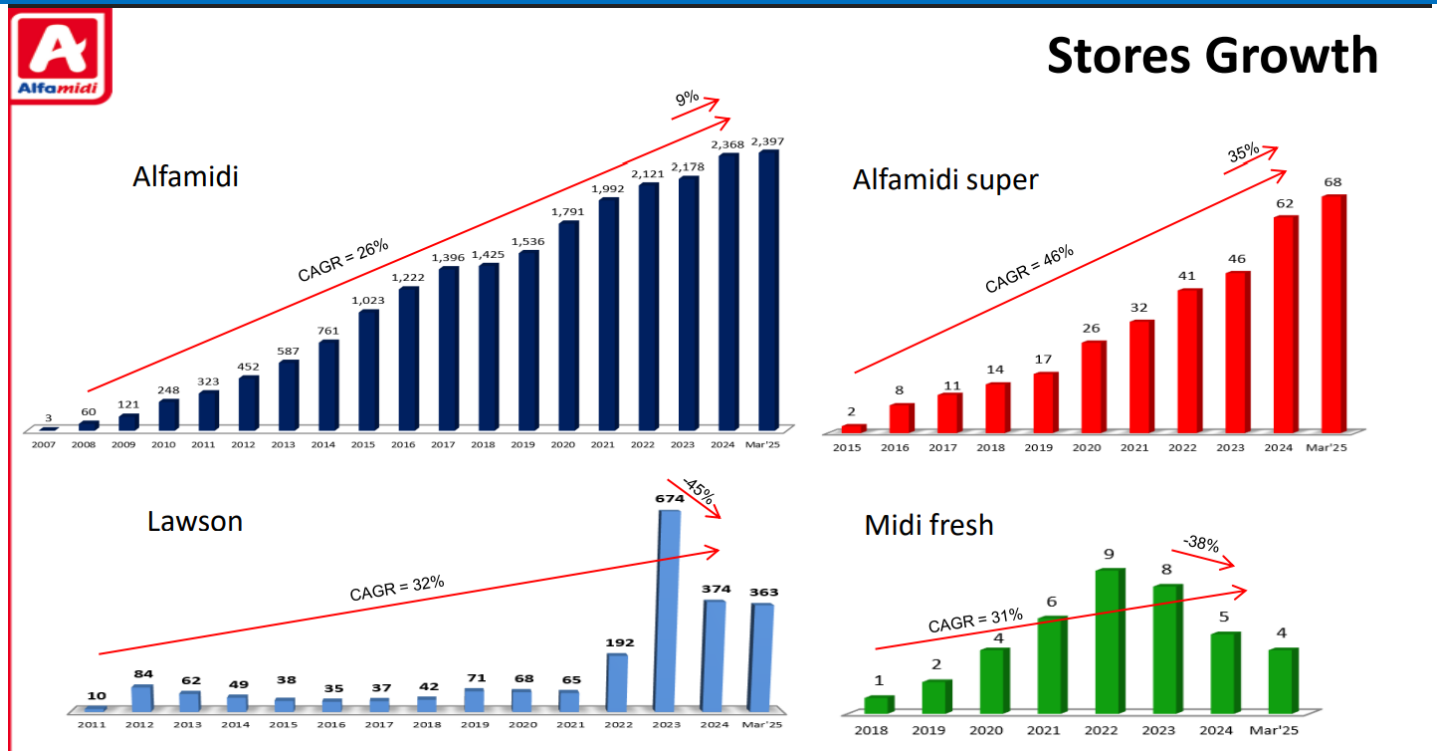
Source: Company data

Casts a wide net, staying nimble and reaping the rewards

With different store formats, MIDI is able to cater to the needs of a broad spectrum of customers. This diversity allows the company to adapt to varying shopping habits, whether consumers are looking for quick, everyday essentials, or seeking a more extensive selection of goods for a larger shopping trip. The larger store sizes, in particular, enable MIDI to stock a more diverse range of products, giving customers access to a broader selection in a single location.





One of the key benefits of the company's larger stores is the ability to offer more products. In comparison to smaller convenience store formats, these expanded stores provide ample shelf space to carry a wide variety of categories, from fresh produce to household goods and specialty items. By having more floor space, MIDI can accommodate new product lines and ensure that popular products are always available. This also allows the store to feature exclusive items or seasonal promotions that may not be feasible in smaller store formats. The ability to carry more products helps the company to meet the demands of a more diverse and dynamic consumer base

Figure 6: Number of stores for each of its store formats as of 1Q25



Source: Company data

Figure 7: Alfamidi's varied store formats

Store	Sales area size	Fresh food section	Product variety (SKUs)
<p>Alfamidi</p> 	200-400sq m	c.25% of the sales area is used for fresh food items.	c.7,000 SKUs
<p>Alfamidi Super</p> 	≥ 500 sq m	c.25% of the sales area is used for fresh food items.	c.10,000 SKUs
<p>Midi Fresh</p> 	30-60 sq m	Provides fresh fruit (including juice and cut fruits), vegetables, and other fresh foods.	c.1,200 SKUs
<p>Lawson</p>  <p style="display: flex; justify-content: space-around; font-size: small;"> standalone store-in-store </p>	50-200 sq m (standalone) c.9 sq m (store-in-store)	RTE F&B.	c.1,200 SKUs (standalone) c.250 SKUs (store-in-store)

Source: Company data, RHB

Moreover, MIDI's larger store formats not only provide an expanded product selection but also play a crucial role in strengthening the company's relationship with FMCG principals. As these larger stores can carry a more diverse range of products, they create an opportunity for MIDI to cater for more principals and have more effective partnerships with FMCG suppliers that are eager to have their products featured at high-traffic retail locations. By offering a wider variety of goods and ensuring popular products are consistently available, the company becomes an attractive retail partner for FMCG brands looking to maximise their exposure and reach a larger consumer audience. This mutually beneficial state fosters a long-term, collaborative relationship between MIDI and FMCG companies, which may help enhance its bargaining power and margins.

The company's diverse store formats and larger store sizes give MIDI the flexibility to quickly adjust its products mix in response to evolving consumer preferences while also optimising for higher margins. The ability to adapt product offerings to meet changing consumer demands is a significant advantage, particularly as consumer behaviour shifts over time. As trends and preferences evolve, having larger stores and varied formats allows MIDI to quickly introduce or increase the availability of products that are gaining popularity, such as fresh produce, frozen foods, and beauty or personal care items.

For instance, there has been a growing consumer preference for fresh and healthy products, including fresh fruits and vegetables, frozen meals, and other convenience food options. At the same time, beauty and personal care products are another category where consumer demand is on the rise, particularly as buyers become more health-conscious and prioritise self-care. With larger store formats, MIDI can allocate more space to these high-demand categories, ensuring customers can find a wide selection of such products at any given time. We note that these categories often carry higher profit margins when compared to basic food items, supporting the company's earnings going forward. By increasing the availability of these products, MIDI not only caters to shifting consumer preferences, but also enhances its overall profitability.

The company's strategic focus towards selling staple products – particularly during challenging economic times – places MIDI in a strong position to weather economic downturns and benefit from changes in consumer spending behaviour. Staple products, which include essential items – such as rice, cooking oil, dairy products, canned goods, and basic household necessities – are considered "defensive" because they are in constant demand regardless of economic conditions. Even in the face of a number of economic pressures, consumers still need these products, which makes them more resilient towards market fluctuations. By offering these staples, MIDI ensures it remains a relevant and reliable choice for customers.

Additionally, the company's wider product offerings provide a significant advantage, especially in the context of down-trading, where consumers opt for lower-priced or more affordable alternatives instead of premium brands. MIDI's diverse range of products allows the company to cater to this shift in consumer behaviour. This gives MIDI the flexibility to continue attracting a broad spectrum of customers, including those that may have previously opted for higher-end products but are now looking for more-affordable options. The fact that the company provides both everyday staples and lower-cost alternatives ensures that its customers can continue shopping at its stores, even if they need to down-trade.

Furthermore, MIDI's competitive advantage is enhanced by the limited number of standalone supermarkets in certain areas.

Promising results from new RTD and RTE venture Ja-Di

MIDI launched Ja-Di in Aug 2024 to expand its fresh food business. The Ja-Di business offers mixed fruits, vegetable juice, ice cream (scoops and cones), RTD beverages, and local snacks. So far, the venture has yielded positive results, such as minimal capex and low waste, resulting in strong sales and better margins. Unlike the Lawson business, Ja-Di does not require royalty fee payments and is operated by Alfamidi store employees, ensuring greater efficiency and productivity. Ja-Di is located in 204 MIDI stores (as of Mar 2025), with some of them in ex-Java areas.

Figure 8: The Ja-Di concept at an Alfamidi store in Tebet, South Jakarta



Source: RHB

We conducted a ground check to compare the Ja-Di format with its competitors, which are Indomaret and Family Mart. The cashier services at Ja-di & Indomaret Point are faster, as the cashiers and staff are separate from the overall minimarket, while Family Mart utilises the same payment area and staff, which makes the service slower, especially during lunch hour.

Figure 9: Cashier services at Ja-Di vs Indomaret Point and Family Mart



Source: RHB, TikTok

In terms of beverages, Ja-Di offers competitive pricing, positioned between the higher-priced Indomaret Point and more affordable Family Mart. While Indomaret Point boasts a wider variety of menu options, and Family Mart sits in the middle, Ja-Di currently offers a more limited selection, which is understandable, as it is a newer establishment. In terms of specialty items, Ja-Di features unique offerings such as Ja-Di Keren and Ja-Di Rindu, while Family Mart is well-known for its popular Kopi Susu Keluarga or KSK. Indomaret Point's signature drink, Kopi Gula Aren, is recognised but not as popular.

All the merchants remain agile in order to seize opportunities, by offering seasonal products to keep up with consumers' preferences. There is a clear opportunity for Ja-Di to expand its menu, particularly in the bottled coffee, Americano, and Caramel Macchiato categories, as both Family Market and Indomaret Point have already included these options in their offerings. This expansion could help Ja-Di enhance its appeal and remain competitive in the market.

Figure 10: Comparison of beverage products

(In IDR'000)		Ja-Di	Indomaret Point	Family Mart
Coffee	Americano	-	25	13
	Caramel Macchiato	-	25	16
	Dolce Latte	-	25	16
	Latte	15	25	16
	Cappuccino	-	25	16
	Caramel Variant	22	25	-
Non-Coffee	Chocolate	16	25	18
	Matcha Latte	16	25	18
	Tea Variant	15	18	18
	Es Cendol	18	25	-

Note: Prices are for the price for cold and regular variations
 Source: Company data, RHB

Figure 11: Indomaret's private label for RTD coffee in the bottle format



Source: RHB

Figure 12: Family Mart's private label for RTD coffee in the bottle format



Source: RHB

Ja-Di has opportunities to expand in the RTE segment, where it currently offers fewer variants than its competitors. When comparing pricing, Family Mart offers the most affordable pastries, followed by Indomaret Point with mid-range prices, while Ja-Di is positioned as the most expensive. However, Ja-Di's pastries stand out due to their trendy offerings, such as Cromboloni and Crookies, which differentiate them from competitors and appeal to consumers looking for unique and fashionable snack options. This trend-driven product range presents an opportunity for Ja-Di to further capitalise on the growing demand for RTE foods.

Figure 13: Comparison of food products

(IDR'000)		Ja-Di	Indomaret Point	Family Mart
Bread & pastries	Croissants	20	18	-
	Pie	-	12	11
RTE	Tuna Mayo Corn	-	12	11
	Polo	-	12	11
	Rice & Fried Chicken	-	16	12
	Bakpao	8	-	6
	Siomay/Batagor	5	-	6

Source: Company data, RHB

Ja-Di, Indomaret Point, and Family Mart all offer a variety of products, each with unique strengths and opportunities for growth. In terms of ice cream, Ja-Di offers the most affordable option at IDR5k per scoop, while Family Mart and Indomaret Point sell it for IDR8k per cup. However, ice cream is only available at larger Indomaret Point outlets (along the Jakarta-Merak Toll Road), and the selection is still limited and not very well-known.

For plant-based alternatives, Indomaret Point offers soy- and oat milk-based ice cream at IDR8k, while Family Mart provides them at a more affordable IDR3k. Ja-Di currently lacks these options, presenting an opportunity to expand its menu to cater to the growing demand for plant-based products.

With its distinctive juice range, Ja-Di has a strong selling point that sets it apart from competitors, particularly as health consciousness continues to rise among consumers. In terms of collaborations, Ja-Di has not yet pursued any partnerships, which means there are further opportunities to increase brand awareness. By contrast, Indomaret Point frequently collaborates with well-known brands such as Cisarua Mountain Dairy (CMRY IJ, BUY, TP: IDR5,500), Walls, KitKat, and Milo, while Family Mart is currently working with Arummi cashew milk and Mikkael Jassin, although less frequently than Indomaret Point.

By leveraging on such collaborations, Ja-Di could further enhance its visibility and appeal to a wider customer base. Additionally, Ja-Di's trendy pastry offerings, like Cromboloni and Crookies, position it as a unique player in the market, despite being priced higher than Family Mart and Indomaret Point. The overall combination of affordable pricing, unique offerings, and potential for menu expansion presents Ja-Di with significant opportunities for growth and a stronger market presence.

Another crucial point for improvement is in the area of social media presence and loyalty programmes. Ja-Di has a unique opportunity to enhance its visibility and customer engagement by refining its online presence and investing in a more robust loyalty programme. By leveraging on popular social media platforms like Instagram, Facebook, and TikTok, Ja-Di can create interactive and compelling content that resonates with a younger, tech-savvy audience. Engaging in influencer partnerships, user-generated content, and targeted advertising could drive both brand awareness and customer acquisition.

Figure 14: Social media presence

		Ja-Di	Indomaret Point	Family Mart
Instagram	Followers (in '000)	3.4	710.7	232.3
	Number of posts	80	2,253	4,993
	Engagement rate	2.57%	0.16%	0.36%
	Average likes	85	1,495	764
	Average comments	4	95	24
	Verified	Not Yet	Done	Done
	Content	Limited content	Informative	Mixed with minimarket content
	Highlights	-	✓	✓
	Information accessibility	Hard to find	Easy to find	Easy to find
TikTok	Account	-	✓	✓

Source: Company data, RHB

Meanwhile, the company recently decided to divest its Lawson business to its parent entity Sumber Alfaria Trijaya (AMRT IJ, BUY, TP: IDR3,000). The company has already conducted its EGM in May, which was followed by the signing of the agreement during the same month.

We deem this as a positive move to enhance MIDI's bottomline, as the Lawson business is still recording a negative bottomline, and it may take some time to turn positive. The company will only incur a loss for the Lawson business for 4.5 months of 2025, estimated at c.IDR50bn. The difference of the carrying value of investment and value of divestment will be recorded in additional paid-in capital in equity, of which the impact is a minimal less than IDR10bn, as MIDI has additional paid-in capital of c.IDR1.3trn.

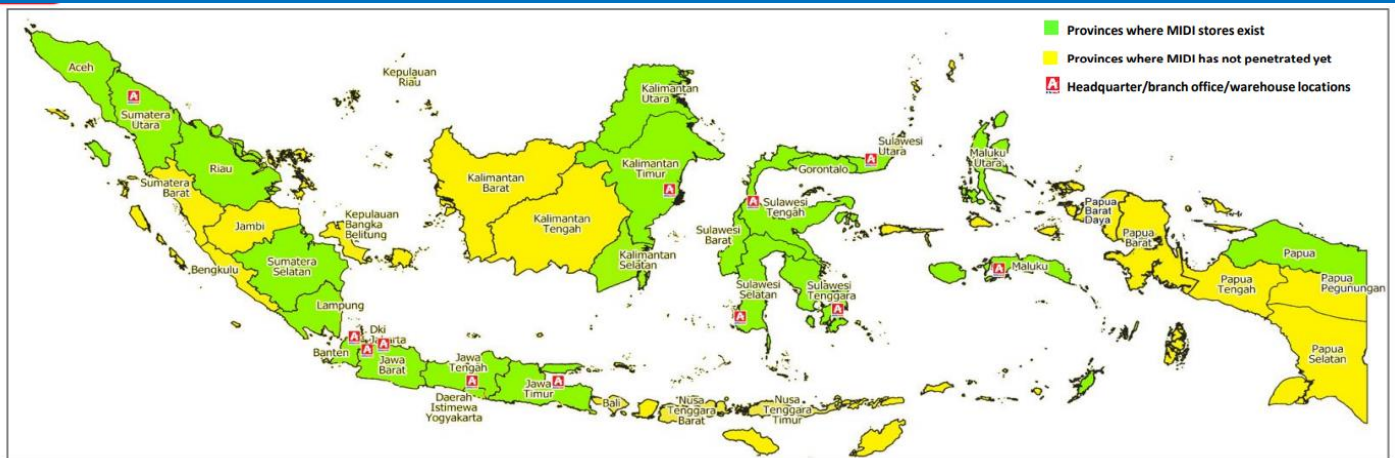
The Lawson business is estimated to account for 4% of MIDI's 1Q25 revenue vs 6.8% in 2024.

Financial Outlook

Going forward, we expect the company to book a revenue CAGR of c.10.2% for FY25-27, driven by c.6-7% SSSG and 200 store openings during the period. We expect the number of new stores under the franchise scheme to remain at c.5% of MIDI's total stores. We also expect the growth of its stores in ex-Java areas to remain robust, given the less intense competition and macro catalysts, such as strategic government programmes in these areas, which include food security projects, investments into clean energy, and industrial downstreaming efforts. The company is also poised to benefit from the positive outlook on CPO in 2025.

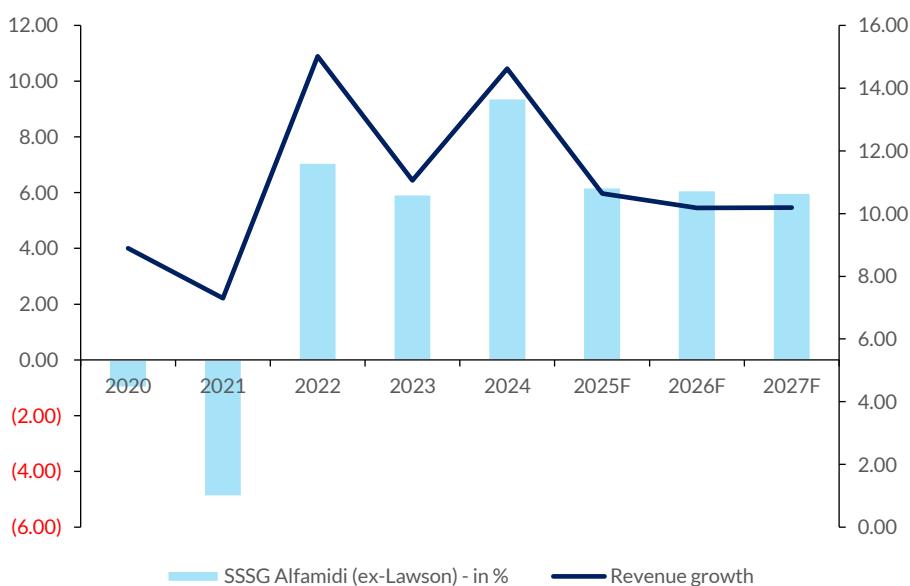
With an increasing number of store openings outside Java, we think this is where MIDI's focus will be. Although more than half of its stores are currently located in ex-Java areas, the company still sees opportunities to expand in these places, as there are still several cities in Indonesia where MIDI does not have a store presence. To this end, the company aims to build more distribution warehouses. We believe this will give it an upper hand to widen its presence in ex-Java areas.

Figure 15: MIDI's footprint nationwide



Source: Company data

Figure 16: MIDI's SSSG and revenue growth



Source: Company data, RHB

Figure 17: New store additions

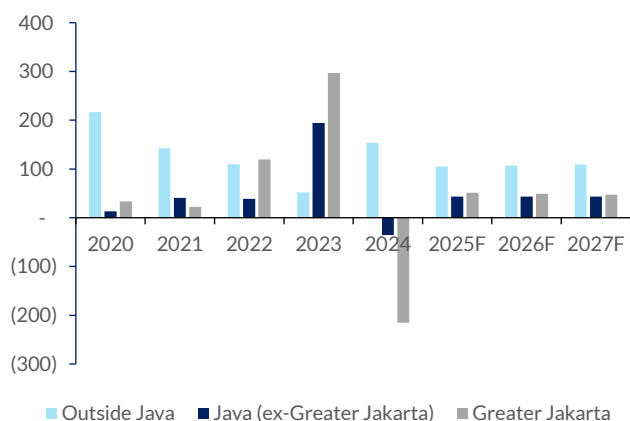
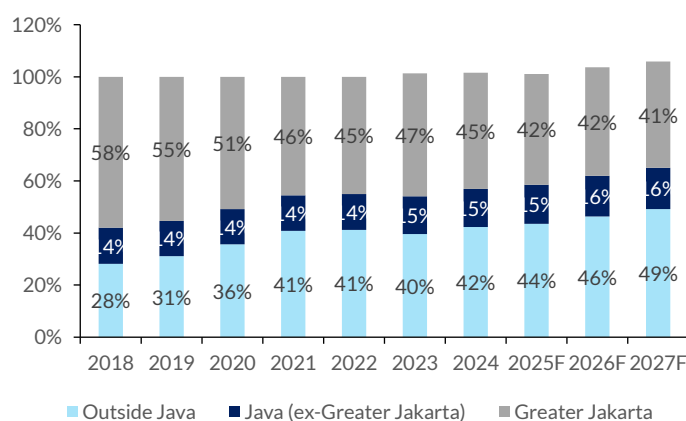


Figure 18: Revenue contribution by location



Source: Company data, RHB

Source: Company data, RHB

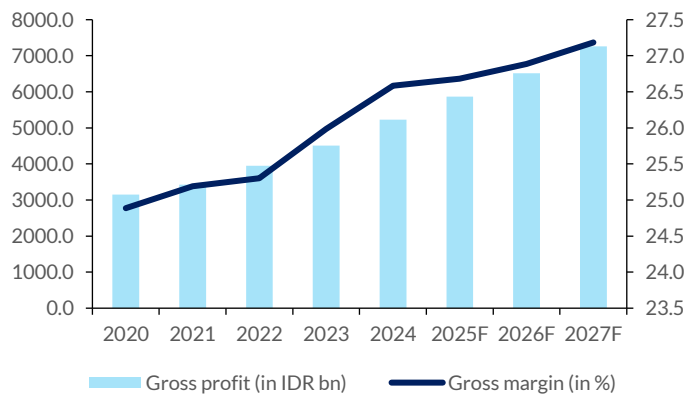
We also believe that MIDI remains focused on strengthening its digital presence, which includes its customer relationship management platform. The large contribution from active members should provide MIDI with a strong database, allowing it to conduct in-depth analysis to better understand customer behaviour. This, in turn, will enable it to implement better marketing and promotional as well as merchandising strategies to attract higher footfall. The company has also set up a presence across a number of social media platforms, which in our view, will boost awareness especially among the younger generation and provide another avenue for growth.

We believe the company will leverage on its diverse store formats to cater to a broader consumer segment. Its larger store formats allow it to offer a wider variety of products, keeping pace with evolving consumer trends. We anticipate that MIDI will become a preferred shopping destination due to its extensive reach, targeting a wide range of consumer segments, and offering a comprehensive selection of products and services. We value its defensive strengths, particularly its focus on essential staple products. Despite the down-trading trend, where consumers opt for more affordable options, MIDI still stands to benefit. Consumers are likely to turn to MIDI as their preferred shopping destination, given the limited availability of standalone supermarkets.

Looking ahead, we expect MIDI’s gross margins to remain sturdy at 26-28% in 2025-2027. Given its undisputable dominance among modern trade retailers, we believe the company will be able to pass on any price increases from consumer companies. MIDI aims to expand its RTE and RTD products, which we think will provide greater value to improve footfall and also widen its margins. Its diverse store formats and larger store sizes give it the flexibility to quickly adjust its product mix in response to evolving consumer preferences while also selling more products which fetch higher margins (eg personal care items). The company has also been resilient despite macroeconomic challenges, as it caters to a wide range of consumer segments and sees less competition from e-commerce players.

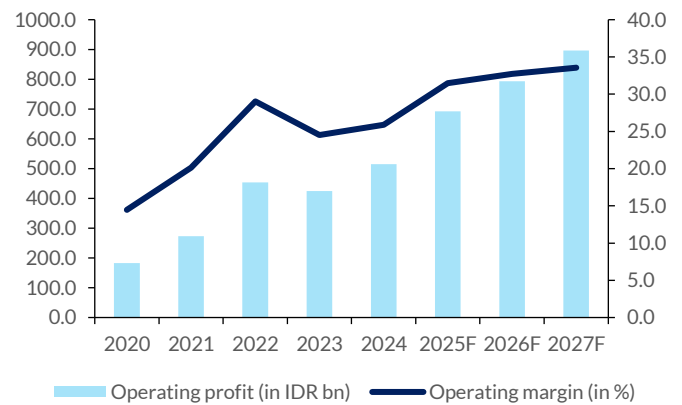
MIDI’s solid gross margins, digital strategies and analytics tools, as well as operational efficiencies, should help keep its net margins at 2-3%. The company has efficient management strategies, which include managing salary expenses (which remains the highest portion of MIDI’s opex) by enhancing the productivity of its employees.

Figure 19: MIDI's gross profit and margins



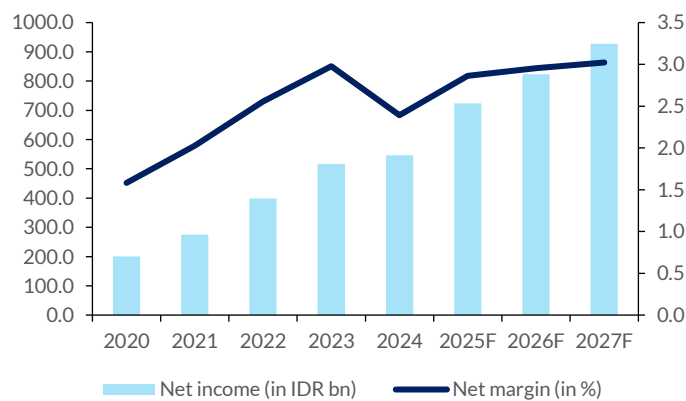
Source: Company data, RHB

Figure 20: MIDI's EBIT and EBIT margins



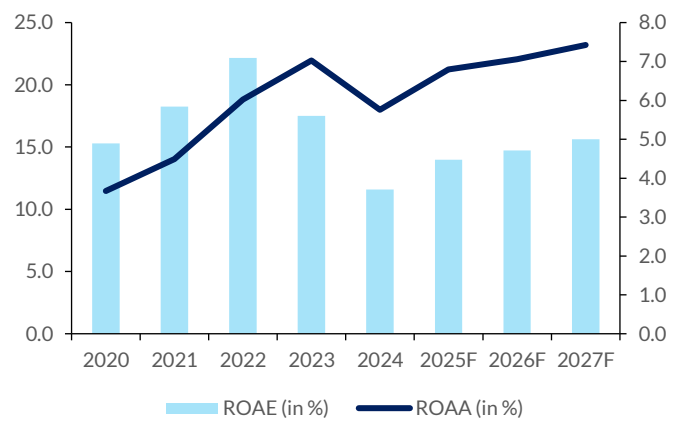
Source: Company data, RHB

Figure 21: MIDI's earnings and net margins



Source: Company data, RHB

Figure 22: MIDI's ROAE and ROAA (%)



Source: Company data, RHB

We believe MIDI will have a healthy balance sheet profile moving forward, and continue to be in a net cash position. Note that the company distributed c.45% of 2024's net income as dividends. We see MIDI continuing to distribute dividends, given its ample liquidity. We also expect the company to maintain its high return on average equity or ROAE profile.

Valuation

We initiate coverage on MIDI with a BUY and TP of IDR550, 35% upside. Our TP is based on a 10-year DCF with a 16.2% WACC and 4% terminal growth. The company is trading at c.18x 2025F P/E. This is lower than its peers' current weighted average of 25.9x. However, using the average mean, the company trades at premium valuation, which we deem justified, given MIDI's products defensive nature along with its superior growth potential.

We believe the defensive nature of its products should translate into superior growth. We expect the company to book c.32% earnings growth in 2025 vs peers' average of c.17-18% during the same period. The company is currently trading at around -1SD from the 2-year mean. Key risks: Softer-than-expected expansion plan, and government regulations that may impede growth.

Figure 23: DCF valuation

IDRbn	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F
EBIT + recurring income	925	1,039	1,156	1,312	1,445	1,583	1,740	1,917	2,097	2,294	2,454
EBIT (1-t)	690	775	863	979	1,078	1,181	1,298	1,430	1,564	1,711	1,831
Depreciation & amortisation	956	380	458	449	352	399	413	378	391	405	358
Change in working capital	46	7	29	35	28	36	35	35	38	37	37
Capex	(340)	(374)	(411)	(339)	(373)	(411)	(376)	(414)	(456)	(401)	(441)
Net free cash flow to firm	1,352	789	938	1,123	1,085	1,205	1,371	1,429	1,538	1,753	1,785
Terminal value											13,937
PV	260	1,352	717	782	864	775	804	806	794	769	797
Total discounted firm value	15,010										
Less: Net debt	(4,054)										
Less: Minority interest	91										
Equity value	18,973										
Number of shares (bn)	34										
Equity value per share (IDR)	558										
ESG premium (discount)	0										
TP	558										
Assumptions											
Risk free rate	7%										
Beta	1.0										
Equity market premium	6%										
WACC	16.2%										
Terminal growth	4%										

Source: Company data, RHB

25 June 2025

Consumer Cyclical | Retailing

Figure 24: Peer comparisons

Company	Bloomberg ticker	Price (IDR)	TP (IDR)	Market cap (IDRbn)	P/E (x)		EPS growth (%)		P/BV (x)		Dividend yield (%)		ROAE (%)		Rec
					FY25F	FY26F	FY25F	FY26F	FY25F	FY26F	FY25F	FY26F	FY25F	FY26F	
Mitra Adiperkasa	MAPI IJ	1,270	1,750	21,082	9.6	8.0	25.6	20.1	1.9	1.6	1.6	2.0	20.7	20.7	Buy
Aspirasi Hidup Indonesia	ACES IJ	545	900	9,331	14.0	11.9	13.5	17.6	1.7	1.6	3.7	4.2	15.0	16.1	Trading Buy
Erajaya Swasembada Matahari	ERAA IJ	535	420	8,533	6.8	5.8	16.5	17.7	0.7	0.7	3.0	4.4	13.7	14.3	Neutral
Department Store	LPPF IJ	1,750	N/A	3,954	4.8	4.6	-0.1	4.6	8.1	4.8	16.3	13.6	204.4	134.1	-
Ramayana Lestari	RALS IJ	410	N/A	2,909	8.1	7.4	-3.8	9.3	N/A	N/A	11.7	13.0	8.0	8.9	-
Sumber Alfaria Trijaya	AMRT IJ	2,550	3,800	105,887	6.8	5.8	16.5	17.7	0.7	0.7	3.0	4.4	13.7	14.3	Buy
MAP Aktif Adiperkasa	MAPA IJ	715	1,100	20,380	14.3	12.3	17.9	16.2	3.0	2.5	0.9	1.4	23.2	22.2	Buy
Simple average					13.2	11.5	12.5	14.4	3.6	2.8	6.2	6.4	44.3	34.4	
Weighted average					25.9	22.5	17.9	15.7	4.7	4.0	1.2	1.4	27.0	25.2	

Source: Bloomberg, Company data, RHB

Figure 25: RHB vs consensus estimates

IDRbn	RHB			Consensus			RHB/consensus (%)		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Net revenue	22,003	24,244	26,713	21,435	23,633	24,581	103%	103%	109%
Gross profit	5,871	6,518	7,262	5,619	6,199	6,473	104%	105%	112%
EBITDA	1,648	1,173	1,354	1,883	2,099	2,165	88%	56%	63%
EBIT	692	793	896	876	963	1,188	79%	82%	75%
Profit before tax	840	949	1,082	898	1,006	1,137	94%	94%	95%
NPAT	630	716	807	712	803	887	88%	89%	91%

Source: Bloomberg, Company data, RHB

Company Profile

Established in 2007, MIDI operates one of Indonesia's leading retail networks, specialising in the minimarket and supermarket segments. The company began its journey with the Alfamidi brand, strategically targeting middle class consumers by offering a broad selection of daily necessities in a convenient shopping environment. MIDI's rapid growth has been supported by its extensive distribution and marketing network, enabling the company to reach customers nationwide. In 2010, MIDI took a significant step by going public on the IDX – solidifying its presence in the retail market.

As of 1Q25, the company's network spanned 2,832 outlets across Indonesia, including 2,397 Alfamidi stores, 68 Alfamidi Super outlets, and four Midi Fresh outlets. These outlets are strategically located in key regions, ie Java, Sumatra, Sulawesi, Kalimantan, and Maluku, supported by 32,811 employees. Constant innovation and strategic initiatives – ie introducing the Alfamidi Super concept and rebranding efforts – enabled MIDI to cater to evolving consumer needs while reinforcing its competitive position in the retail industry.

Figure 26: Company milestones

	Description
2007	<ul style="list-style-type: none"> Established under Midimart Utama Opened the first Alfamidi store and branch
2008	<ul style="list-style-type: none"> Renamed as Midi Utama Indonesia
2009	<ul style="list-style-type: none"> Launched the first Alfaexpress store
2010	<ul style="list-style-type: none"> Initial Public Offering (IPO)
2011	<ul style="list-style-type: none"> Signed a Master License Agreement (MLA) with Lawson Inc, Japan Opened the first Lawson store
2013	<ul style="list-style-type: none"> Sumber Alfaria Trijaya became the majority shareholder
2014	<ul style="list-style-type: none"> AMRT acquired Lawson Asia Pacific Holdings, Singapore, increasing its ownership to 86.72%
2015	<ul style="list-style-type: none"> Ceased Alfaexpress store operation Introduced the first Alfasupermarket store
2018	<ul style="list-style-type: none"> Established Lancar Wiguna Sejahtera, a subsidiary with 99% ownership, to operate Lawson stores
2020	<ul style="list-style-type: none"> Achieved a record by opening 266 new stores over a 1-year period, the highest since the company's inception
2021	<ul style="list-style-type: none"> Operated 2,000+ stores Inaugurated a new warehouse in Birobuli, South Palu
2022	<ul style="list-style-type: none"> Operated 78 Lawson stores under the store-in-store format Stock split
2023	<ul style="list-style-type: none"> Adjusted company ownership of Lancar Wiguna Sejahtera to 70% Conducted a capital increase through a pre-emptive rights issuance






Source: Company data, RHB

Figure 27: Board of commissioners

Name	Position	Description
 <p>Budiyanto Djoko Susanto</p>	President commissioner	Budiyanto Djoko Susanto serves as the president commissioner of MIDI, and currently serves as the chairman of Yayasan Pendidikan Bunda Mulia (2008-present), director of Sigmantara Alfindo (2011-present), and commissioner of AMRT (2014-present). Previously, he served as commissioner of the company (2009–2012), and as commissioner (2010–2012) and president commissioner (2012–2014) of AMRT. He holds a Business Administration degree in finance from San Francisco State University (2003) and a Master of Business Administration (MBA), also in finance, from the University of San Francisco (2005).
 <p>Eddy Supardi</p>	Independent commissioner	Eddy Supardi obtained his Bachelor Degree of Economics in accounting from University of Illinois, Chicago (1986) and MBA from Roosevelt University, Chicago (1988). Currently, he serves as consultant in Warehouse Business Company (since 2016), lecturer in Bunda Mulia University (since 2020), and executive director in the Learning Farm Indonesia (since 2021). Previously, he worked as a sales executive at Philips Ralin Indonesia (1988–1990), lecturer at Tarumanegara University (1991), and regional sales manager at Panamas (1991–1994). He served as chief operations officer at Alfa Retailindo during two terms (1995–2004, 2005–2012), general manager at Walmart Jakarta (2004–2005), and director at Hextar Fertilizer Indonesia (2014–2016).
 <p>Komjen Pol (Purn) Dr Boy Rafli Amar, MH</p>	Independent commissioner	Komjen Pol (Purn) Dr Boy Rafli Amar, is a retired high-ranking officer of the Indonesian national police and a distinguished figure in law enforcement and public service. He earned his postgraduate degree in Police Science in 2004 and doctoral degree in Communication Sciences in 2019.

Source: Company data

Figure 28: Board of directors

Name	Position	Description
<p>Rullyanto</p> 	President director	Rullyanto obtained his Bachelor of Science in Business Administration degree majoring in finance from San Francisco State University (1999) and MBA from Golden Gate University (2000). He previously served as an account analyst in Equity LLC (2000-2001), director in Belanico (2001-2003), president director in Alfa Retailindo (2003-2007), and director in both MIDI (2007-2010) and Amanda Cipta Persada (2008-2011). He has family affiliation with Budiyanto.
<p>Maria Theresia Velina Yulianti</p> 	Director	Maria Theresia Velina Yulianti graduated from YKPN Yogyakarta Accounting Academy in 1982 and enrolled in accounting class at Sekolah Tinggi Ilmu Ekonomi YKPN Yogyakarta (1983-1986). She began her career as chief of accounting at Sinar Intermark, part of the Konimex Group in Solo (1982-1988). She later joined Alfa Retailindo, where she held several key positions, including chief of accounting, operational manager, deputy operation director, deputy merchandising director, merchandising director, and marketing & merchandising director (1989-2006). Following this, she served as marketing & business development director at AMRT (2007-2013).
<p>Suantopo Po</p> 	Director	Suantopo Po earned his accounting degree from Trisakti University (1988). He previously served as head of accounting at Huawei Tech Investment (2006-2010), general manager of support and business development at Sigmantara Alfindo (2010-2011), and a commissioner at City Retail Developments (2015-2019).
<p>Endang Mawarti</p> 	Director	Endang Mawarti obtained her engineering degree from Trisakti University (1993). Starting her career as marketing officer at Cita Simas Artha (1993-1995), she continued her career as buyer coordinator at Matahari Putra Prima (1995-2002), marketing manager at Alfa Minimart Utama (2002-2004), and merchandising general manager at AMRT (2004-2013).
<p>Afid Hermeily</p> 	Director	Afid Hermeily obtained his law degree from University of Indonesia (2007) and Master of Law from Gadjah Mada University (2017). Previously, he served as legal supervisor at Sierad Produce (2008-2010), legal coordinator at AMRT (2011-2012), as well as legal manager (2012-2021) and legal & compliance general manager (2022) at MIDI.

Source: Company data

ESG

Environmental

The company actively promotes sustainability through initiatives focused on reducing waste, reusing materials, and conserving energy. A key effort is minimising the use of single-use plastics and non-renewable energy. Consumers are encouraged to use reusable shopping bags, while internally, disposable items are replaced with reusable alternatives, ie glass cups and personal tumblers. Employees are also urged to bring their own meals and avoid disposable containers.

To further reduce waste, MIDI promotes the reuse of materials. Staff are encouraged to repurpose old working papers, envelopes, and cardboard boxes for internal needs, ie document storage. Energy-saving habits are also encouraged, including maximising natural light, turning off unused electronics, and unplugging chargers when not in use.

In support of repair practices, the company extends the lifespan of usable items like pallets, containers, and electronic equipment. A dedicated maintenance team ensures regular upkeep – enhancing efficiency and reducing material waste.

While MIDI does not manufacture goods and therefore does not engage in direct recycling, it fosters recycling awareness through employee education via webinars and internal platforms. Employees are also encouraged to creatively reuse office waste, such as turning used paper into decorations. Externally, the company partners with recycling firms by placing plastic bottle collection boxes at selected outlets, where items are processed into products like t-shirts and shoes.

The company also embraces the "re-think" principle by considering the environmental impact of daily operations. It promotes digital solutions, ie online meetings, training, and administrative processes to reduce paper use, fuel consumption, and business travel – supporting a more sustainable way of working.

Social

MIDI is committed to equal employment opportunities, offering fair, regulation-compliant wages regardless of gender, ethnicity, race, or religion. By end 2024, it employed over 32,800 people across Indonesia. Employees receive benefits such as meal allowances and access to health facilities.

In line with Law No. 8/2016, the company employs 315 individuals with disabilities – exceeding the required 1%. Since 2019, partnerships with organisations like the Ministry of Manpower and DNetwork have supported recruitment and training. Employees are placed in suitable roles, with tailored support to enhance their experience.

Workplace safety is ensured through the Occupational Health and Safety Management System (OHSMS), with all sites equipped with first aid kits, fire safety tools, and hygiene supplies. Health initiatives include regular disinfection, mask and vitamin distribution, and clean workspace policies.

In education, the Alfamidi Class programme – conducted with the Ministry of Education – delivers retail-focused training in vocational schools (SMK), supported by 34 teaching factories across several regions. In 2024, IDR455m was allocated for social programmes (+27.15% YoY). The consumer donation programme continues to grow, enabling broader community support with strong customer involvement.

To enhance service, the company offers promotions, loyalty programmes, and essential services ie bill payments and courier options. Customer support is available via telephone hotline and website. MIDI also supports online shopping through the Midikriing app, WhatsApp, and e-commerce partnerships.

All MIDI products undergo safety checks and comply with labelling regulations, including clear ingredients and expiration information. A first-in, first-out or FIFO system ensures freshness, and no safety or labelling violations were reported in 2024.

MIDI also supports communities through jobs creation, SME development, and social initiatives. Environmental efforts include reducing plastic use and promoting energy efficiency, underscoring the company's commitment to sustainability and social responsibility.

Governance

MIDI is committed to upholding good corporate governance (GCG) as a foundation for protecting stakeholder interests while fostering a professional, transparent, and efficient business environment. This commitment aligns with sustainable development principles and aims to create long-term value that benefits society, the environment, and the company's continued growth.

GCG implementation is anchored in three core corporate bodies: General meeting of shareholders (GMS), board of commissioners, and board of directors. These are supported by key governance structures, ie the audit committee, corporate secretary, and internal audit unit, all of which ensure governance practices are effectively executed.

Recognising that even well-structured organisations can face internal deviations that may disrupt operations and affect sustainability, the company emphasises the importance of a robust and clearly defined internal control system. The internal audit unit plays a central role by conducting regular audits to assess compliance with internal policies, procedures, and legal requirements. Findings and strategic recommendations are reported to relevant parties, including the board of directors, to mitigate risk and enhance operational efficiency.

To further safeguard its operations, MIDI implements a structured risk management system. This process ensures that all business activities undergo comprehensive risk assessments, enabling proactive identification, evaluation, and mitigation of both internal and external risks. These efforts support the company's ability to achieve its vision, mission, and strategic goals.

In fostering a productive and inclusive work environment, the company upholds the core principles of GCG – transparency, accountability, responsibility, independence, fairness, and equality – collectively referred to as 2I3K. These values are embedded in the company's code of conduct, which serves as a practical guide for the board of directors, board of commissioners, and all employees in their daily responsibilities and interactions with stakeholders, including shareholders, suppliers, local authorities, and colleagues.

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