NON RATED

Return (%)	-1D	-1W	-1M
JCI Index	0.70	0.34	-6.84
LQ45 Index	1.00	0.89	-3.16
AMRT	-1.12	-7.59	-8.79
DNET	-1.67	-2.49	0.00
MPPA	1.82	-3.45	-8.20

Consumer Staples Sector

Minister Signals Regulation of Modern Retail in Rural Areas

Rural Licensing and Zoning Tightening Risk

The Cooperatives Minister reiterated the need to regulate modern retail presence in villages to support the rollout of Koperasi Desa Merah Putih. While no nationwide moratorium has been formally enacted, the rhetoric raises the probability of tighter rural licensing and zoning enforcement at the regional level. The key swing factor now lies in whether this evolves into binding, uniformly enforced regulation or remains procedural guidance subject to local interpretation.

For Alfamart (AMRT IJ) and Indomaret (entity of DNET IJ), the key risk lies in slower permit approvals. Given AMRT's expansion bias toward 2nd/3rd tier cities and ex-Java clusters, stricter rural interpretation could moderate store rollout momentum and reduce pipeline visibility. Recently, AMRT's management responded to this issue, stating that AMRT will comply should a formal restriction be enacted, but in the absence of an official prohibition, AMRT will continue store openings as long as local governments grant permits.

Why AMRT is More Exposed?

Regional exposure underscores this sensitivity. As of 9M25, AMRT cumulative sales contribution stood at 36.9% from Java ex-Jabodetabek and 38.8% from Ex-Java (vs ~27.0% from Jabodetabek), while total consolidated stores reached 8,749 in Outer Islands (vs 5,387 in Jabodetabek). Incremental growth is increasingly driven by secondary and peripheral markets, which could face greater friction under rural-focused tightening.

Kopdes and New Entrants aren't the Core Threat

Despite the rethoric, we view Kopdes is unlikely to become a meaningful competitive displacer (direct competitor). AMRT's logistics network of 49 DCs, 18 depots, and 20 store hubs as of 9M25 positions it as a potential supply chain partner for cooperatives seeking operational efficiency, potentially transforming regulatory pressure into collaborative distribution opportunities.

Meanwhile, Toko Mama (new entity of MPPA IJ) established Mar-25 represents MPPA's attempt to reposition into the convenience and hard discount segment amid rising consumer price sensitivity and preference for proximity retail. While strategically relevant in broadening MPPA's reach beyond Hypermart and strengthening its omnichannel footprint, its current market share remains materially small relative to Indomaret (42.2%) and AMRT group (42.1%) as of 9M25.

Thanks to AMRT's Resilient Footprint

AMRT delivered resilient 9M25 results. Revenue rose +7.1% YoY to IDR94.5 tn compared with IDR88.2 tn in 9M24. Gross profit reached IDR20.3 tn (+7.6% YoY), with GPM stable at 21.5% (vs 21.4% in 9M24). Operating profit stood at IDR3.0 tn (-4.7% YoY), translating to OPM of 3.1% (vs 3.5% in 9M24), while net profit came in at IDR2.31 tn (-3.5% YoY) with NPM at 2.5% (vs 2.7% in 9M24), due to higher operating and distribution expenses tied to expansion. By segment, food revenue increased to IDR66.8 tn (+7.2% YoY) and non-food increased to IDR27.6 tn (+7.0% YoY). Market share conditions further reinforce competitive strength, with AMRT group rising to 42.1% as of 9M25 (vs 39.8% in 9M24), while Indomaret increased to 42.2% (vs 40.1% in 9M24). AMRT's expansion intensity remains relatively more aggressive more than competitor.

We assess this policy plan as a manageable growth pacing risk. Indonesia's modern trade penetration trajectory remains intact unless regulatory rhetoric translates into binding national restrictions. With a nationwide footprint exceeding 24k stores by FY25 and a targeted 800 new openings in FY26F, AMRT retains the ability to reallocate pipeline toward compliant urban and peri-urban clusters. From a diversification perspective, AMRT's international footprint also provides a credible offset. Alfamart Philippines (>2,300 stores) continues to expand (~200 stores targeted in FY26F) in a market with GDP per capita of around USD3,985 (vs Indonesia ~USD4,925), offering a scaled second growth engine. Meanwhile, AMRT's initial expansion into Bangladesh (target ~100 stores by FY26F) remains early-stage, but we believe this could evolve into a longer-term growth engine.

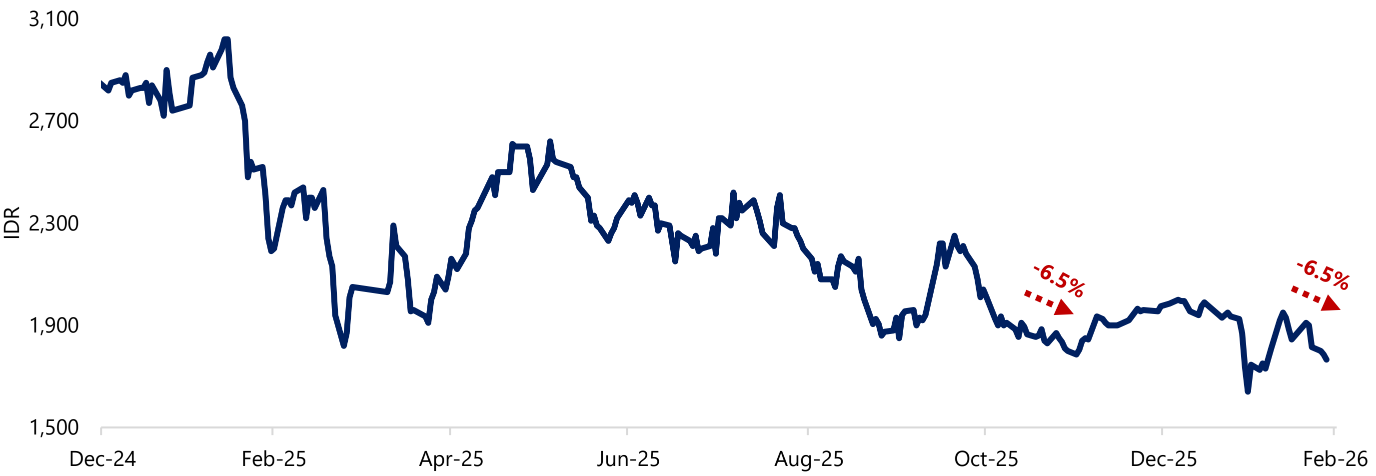
Moreover, beyond the regulation issue, AMRT's MoU with Layar Digi to introduce "Micro Cinema" spaces in selected outlets reflects a deliberate move to reposition stores as community engagement nodes rather than purely transactional points. With only ~21.7% of Indonesians having direct cinema access, the pilot scheduled for March 2026 at Alfamart Agricola in Gading Serpong, with ambitions to reach up to 50 cities targets underpenetrated entertainment white space. We view current financial impact is likely immaterial, but the strategic merit will hinge on measurable metrics: incremental off-peak traffic, post-show basket conversion, and customer density per store.

Stock Market Reaction

This issue has put pressure on retailer market stock price, as we note when the Minister first stated that modern trade should be regulated on 12 Nov 2025, AMRT shares declined approximately -6.5% before staging a rebound. Following the recent statement, AMRT fell by -6.5% WoW, DNET by -0.8% WoW, and MPPA by -5.2% WoW as of Wednesday, 24 Feb 2026.

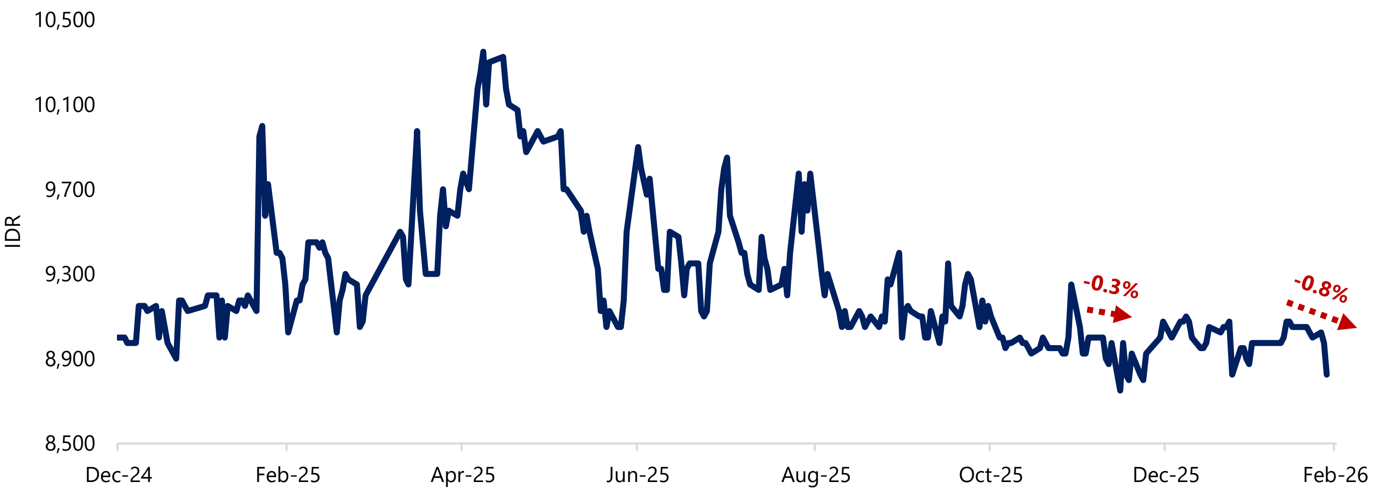
Research Analyst
Catherine Florencia M.
catherine.mocc@mncgroup.com

Exhibit 01. AMRT stock price



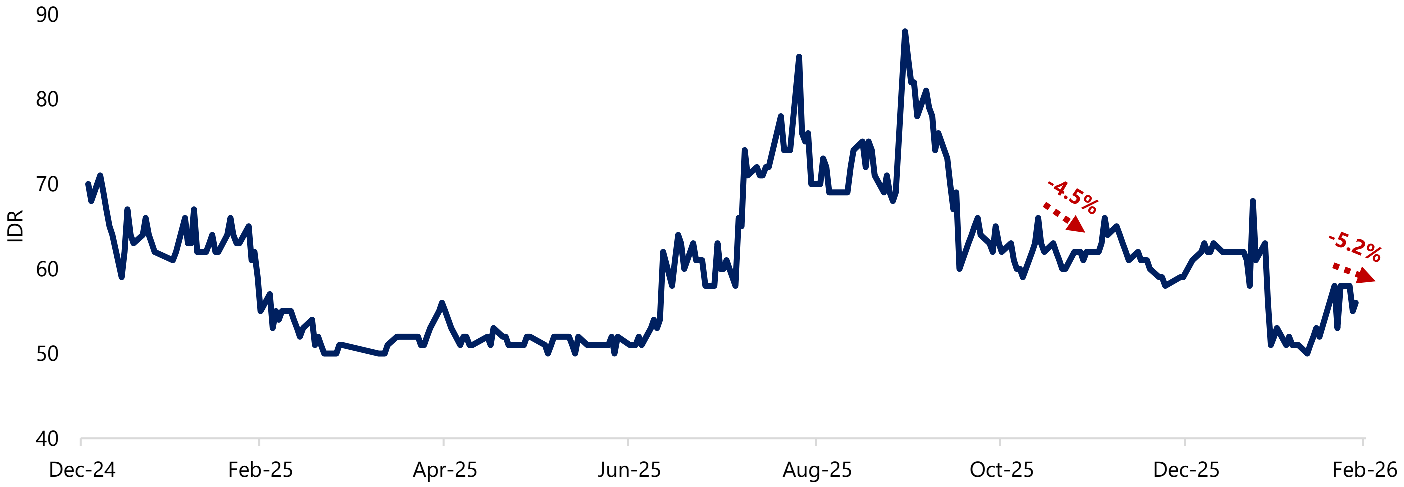
Sources : Bloomberg, MNCS Research

Exhibit 02. DNET stock price



Sources : Bloomberg, MNCS Research

Exhibit 03. MPPA stock price



Sources : Bloomberg, MNCS Research

MNC Research Industry Ratings Guidance

- **OVERWEIGHT :** Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months
- **NEUTRAL :** Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months
- **UNDERWEIGHT :** Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

- **BUY** : Share price may exceed 10% over the next 12 months
- **HOLD** : Share price may fall within the range of +/- 10% of the next 12 months
- **SELL** : Share price may fall by more than 10% over the next 12 months
- **Not Rated** : Stock is not within regular research coverage

PT MNC SEKURITAS
MNC Bank Tower Lt. 15 – 16
Jl. Kebon Sirih No. 21 - 27, Jakarta Pusat 10340
Telp : (021) 2980 3111
Fax : (021) 3983 6899
Call Center : 1500 899