Ramayana Lestari Sentosa Tbk (RALS)

Minimnya Strategi Ekspansi

Company Report | Sept 24, 2018

Peningkatan Kinerja Keuangan Merata

RALS berhasil membukukan peningkatan kinerja keuangan yang merata pada 2Q18. **Penjualan 2Q18 yang tercatat tumbuh menjadi Rp3,7 triliun (+4,5% y-y) dan beban pokok pendapatan yang turun 0,44% y-y mendongkrak kinerja margin serta laba RALS**. Kinerja laba bersih pun ikut terkerek menjadi Rp471 miliar (+28,8% y-y).

Di sisi lain, momentum Idul Fitri 2018 yang berlangsung lebih awal dibandingkan pada 2017 pun menggeser tren pembelian. Pada Juni penjualan tercatat turun menjadi Rp2,04 triliun (-7% y-y), tetapi penjualan Mei meningkat drastis menjadi Rp1,04 triliun (+41,9% y-y). Kinerja RALS di **area Jawa, Bali, dan Nusa Tenggara, yang berkontribusi lebih dari 65% terhadap total penjualan juga tumbuh sebesar 7,3% y-y**.

Terdongkrak Segmen Konsinyasi dan Penutupan Supermarket

RALS terus meningkatkan porsi segmen konsinyasinya. Penjualan konsinyasi pada 2Q18 tumbuh menjadi Rp1,64 triliun (+12,1% y-y), angka tertinggi hingga saat ini, serta berkontribusi 44,9% dari total penjualan. **Peningkatan ini pun mampu mengimbangi penjualan segmen *direct purchase* yang turun tipis**.

Selain terkerek oleh segmen konsinyasi, strategi RALS untuk menutup 18 supermarketnya pun **turut mengerek kinerja laba sebelum pajak segmen barang swalayan menjadi Rp20,9 miliar** sebagai angka tertinggi setelah merugi dalam beberapa tahun terakhir.

Masih Minim Strategi Ekspansi

Mengamati kinerja penjualan 1H18 yang naik menjadi Rp5,2 miliar (+3,9% y-y), kami memproyeksikan bahwa target pertumbuhan konservatif 1,5% y-y pada 2018 akan tercapai. **Turunnya beban penjualan di segmen barang swalayan juga akan meningkatkan kinerja margin RALS ke depan**. Namun, kami **menyayangkan minimnya strategi ekspansi RALS**, mengingat aset deposito berjangka yang naik signifikan dari Rp1,76 triliun pada 1Q18 menjadi Rp2,66 triliun pada 2Q18.

Target Harga Rp1.525

Kami menggunakan estimasi *forward* P/E sebesar 15,9x (0,4SD di atas rata-rata 4 tahun terakhir). Target harga ini mengimplikasikan P/E 2018E sebesar 16,2x. Saat ini, RALS diperdagangkan pada P/E 2018E sebesar 14,4x.

Ramayana Lestari Sentosa Tbk | Summary (IDR bn)

	2017	2018E	2019F	2020F
Sales	8,146	8,469	8,701	8,994
Sales growth	*-1.1%*	*4.0%*	*2.7%*	*3.4%*
EBITDA	560	778	778	858
Net Profit	407	632	651	707
EPS (IDR)	60	94	97	105
EPS growth	*-0.5%*	*55.4%*	*3.1%*	*8.6%*
BVPS (IDR)	520	574	625	678
EBITDA margin	*6.9%*	*9.2%*	*8.9%*	*9.5%*
NPM	*5.0%*	*7.5%*	*7.5%*	*7.9%*
ROE	*11.9%*	*17.2%*	*16.2%*	*16.1%*
ROA	*8.5%*	*12.1%*	*11.5%*	*11.8%*
ROIC	*9.4%*	*13.2%*	*11.8%*	*12.5%*
P/E	19.8x	14.4x	13.9x	12.8x
P/BV	2.3x	2.4x	2.2x	2.0x
EV/EBITDA	12.9x	11.0x	10.9x	9.5x
DPS (IDR)	40	45	53	70
Dividend yield	*3.3%*	*3.3%*	*3.9%*	*5.2%*

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Hold

Dec 2019 TP (IDR)	1,525
Consensus Price (IDR)	1,603
TP to Consensus Price	-4.9%
vs. Last Price	+13.0%

Shares data

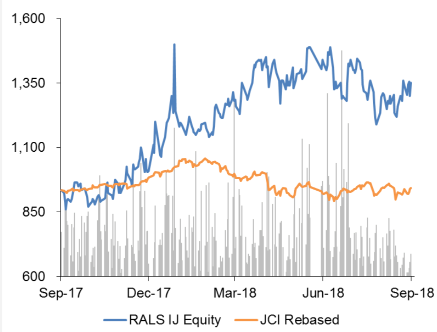
Last Price (IDR)	1,350
Price date as of	Sep 21, 2018
52 wk range (Hi/Lo)	1,500 / 860
Free float (%)	36.6
Outstanding sh.(mn)	7,096
Market Cap (IDR bn)	9,580
Market Cap (USD mn)	646
Avg. Trd Vol - 3M (mn)	7.9
Avg. Trd Val - 3M (bn)	10.6
Foreign Ownership	31.0%

Trade, Services & Investment

Retail

Bloomberg	**RALS IJ**
Reuters	**RALS.JK**

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	12.5%	4.2%	-6.3%	44.4%
Rel. Ret.	18.8%	4.0%	-8.6%	43.6%

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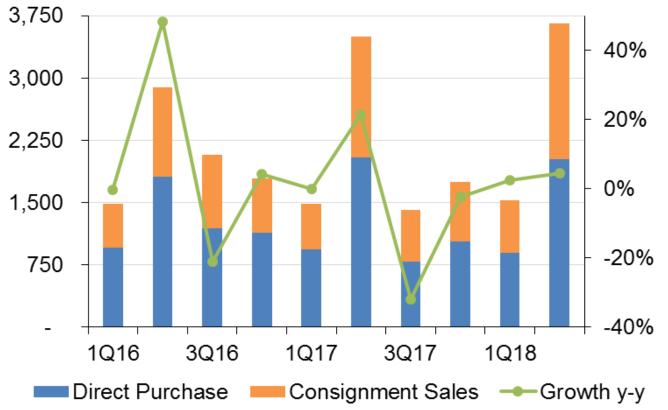
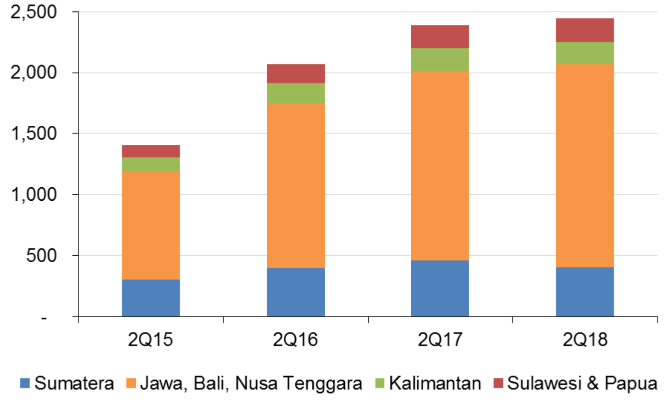
Performance Highlights

RALS Quarterly Gross Sales (IDR bn) | 1Q16 - 2Q18



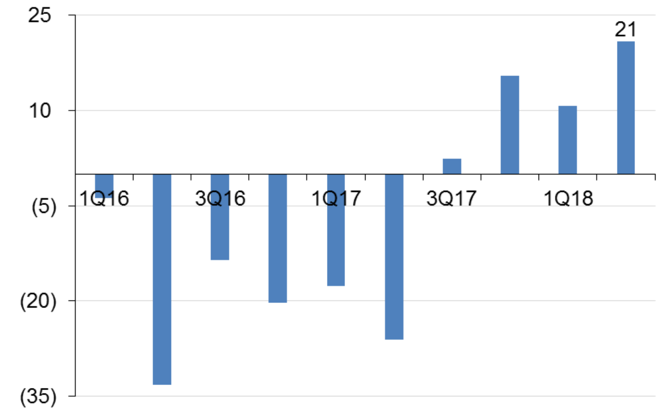
Source: Company, NHKS Research

RALS Quarterly Net Sales by Region (IDR bn)



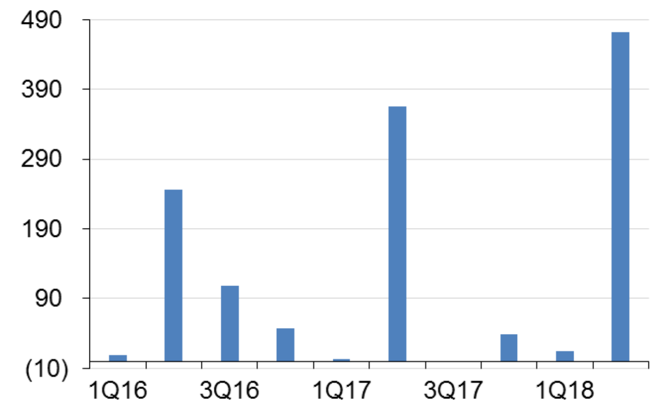
Source: Company, NHKS Research

Supermarket Segment's EBIT (IDR bn) | 1Q17 - 2Q18



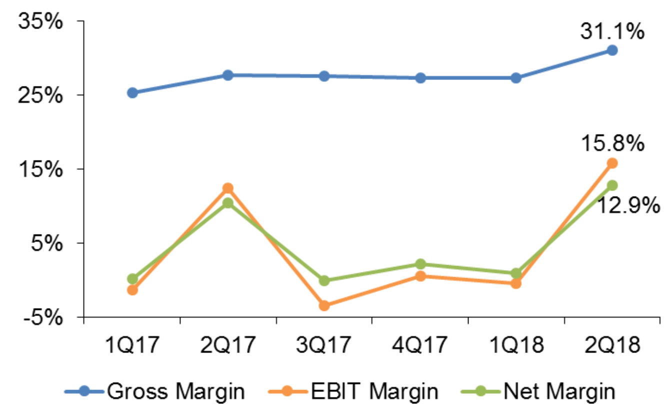
Source: Company, NHKS Research

RALS Quarterly Net Profit (IDR bn) | 1Q16 - 2Q18



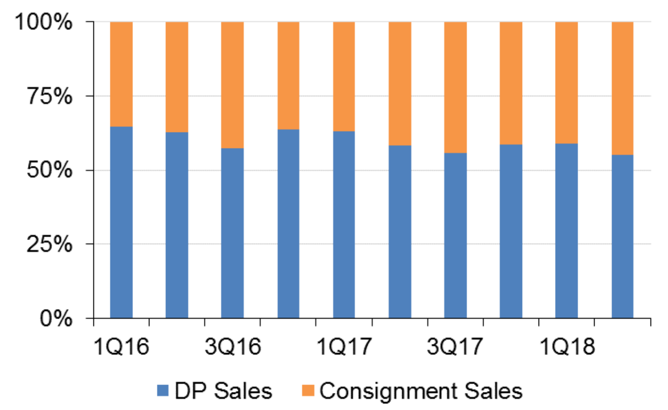
Source: Company, NHKS Research

Margin Ratios | 1Q17 - 2Q18



Source: Company, NHKS Research

RALS' Segment Contribution | 1Q16 - 2Q18



Source: Company, NHKS Research

2Q18 review (IDR bn)

	2Q17	3Q17	4Q17	1Q18	2Q18					3Q18E
					Actual	Estimate	y-y	q-q	surprise	
Sales	3,503	1,409	1,751	1,520	3,661	3,727	*4.5%*	*140.8%*	*-1.8%*	1,487
Gross Profit	969	388	480	416	1,138	1,035	*17.4%*	*173.9%*	*10.0%*	
Gross Margin	*27.7%*	*27.6%*	*27.4%*	*27.3%*	*31.1%*	*27.8%*	*3.4%*	3.8%	*3.3%*	*29.5%*
EBIT	435	-48	10	-7	579	487	*33.2%*	*-7934.6%*	*18.8%*	-5
EBIT Margin	*12.4%*	*-3.4%*	*0.6%*	*-0.5%*	*15.8%*	*13.1%*	*3.4%*	16.3%	*2.7%*	*-0.3%*
EBITDA	481	-3	55	37	622	532	*29.3%*	*1569.2%*	*16.8%*	39
EBITDA Margin	*13.7%*	*-0.2%*	*3.1%*	*2.5%*	*17.0%*	*14.3%*	*3.3%*	14.5%	*2.7%*	*2.6%*
Net Profit	**366**	**-1**	**39**	**15**	**471**	**410**	***28.8%***	***3113.0%***	***14.9%***	**50**
Net Margin	*10.4%*	*-0.1%*	*2.2%*	*1.0%*	*12.9%*	*11.0%*	*2.4%*	11.9%	*1.9%*	*3.4%*

Source: Bloomberg, NHKS research

Earnings revision (IDR bn)

		2018E	2019F	2020F
Sales	-Revised	8,469	8,701	8,994
	-Previous	8,447	8,759	8,737
	-Change	*0.3%*	*-0.7%*	*2.9%*
Gross Profit	-Revised	2,533	2,605	2,709
	-Previous	2,303	2,363	2,374
	-Change	*10.0%*	*10.2%*	*14.1%*
Gross Margin	-Revised	*29.9%*	*29.9%*	*30.1%*
	-Previous	*27.3%*	*27.0%*	*27.2%*
EBIT	-Revised	602	608	691
	-Previous	420	430	408
	-Change	*43.4%*	*41.4%*	*69.4%*
EBIT Margin	-Revised	*7.1%*	*7.0%*	*7.7%*
	-Previous	*5.0%*	*4.9%*	*4.7%*
EBITDA	-Revised	778	778	858
	-Previous	601	627	606
	-Change	*29.5%*	*24.0%*	*41.5%*
EBITDA Margin	-Revised	*9.2%*	*8.9%*	*9.5%*
	-Previous	*7.1%*	*7.2%*	*6.9%*
Net Profit	-Revised	**632**	**651**	**707**
	-Previous	440	451	429
	-Change	*43.6%*	*44.3%*	*64.9%*
Net Margin	-Revised	*7.5%*	*7.5%*	*7.9%*
	-Previous	*5.2%*	*5.2%*	*4.9%*

Source: NHKS research

Sekilas tentang RALS

Sebagai perusahaan yang bergerak di bidang ritel RALS melalui *department store* Ramayana beroperasi di segmen pakaian dan aksesoris dan melalui segmen supermarket Spar menjalankan segmen barang swalayan. RALS memiliki 119 gerai yang tersebar di seluruh Indonesia (79 gerai di Pulau Jawa dan 40 gerai di luar Pulau Jawa) dan mengincar konsumen segmen menengah-bawah.

Untuk mengimbangi kondisi sektor ritel yang lesu, RALS dengan bekerja sama dengan *F&B tenants*, *cinema* dan *specialty shop* juga menawarkan konsep *lifestyle* melalui gerai Ramayana Prime. Selain itu, RALS pun berkerja sama dengan Lazada, Tokopedia, dan Shopee untuk menjangkau segmen *e-commerce*.

Industri Ritel Indonesia di ASEAN

Indonesia merupakan negara dengan jumlah penduduk terbesar di ASEAN. Hal ini menjadikan Indonesia sebagai tempat yang menguntungkan bagi bisnis ritel. Pasar ritel Indonesia dikuasai oleh LPPF, RALS, dan MAPI dengan gerai yang tersebar di seluruh Indonesia. Banyaknya jumlah penduduk segmen menengah-bawah yang tersebar di seluruh Indonesia pun dapat menjadi peluang yang potensial bagi peritel seperti RALS.

Industri ritel di pasar ASEAN cenderung lesu, sebagai contoh angka pertumbuhan penjualan negatif di Singapura dan Thailand. Hal ini membuat para pelaku industri ritel di ASEAN harus lebih ketat menekan beban operasional untuk mengimbangi pasar. Di sisi margin, pelaku industri ritel di Indonesia mampu membukukan margin yang lebih tinggi dibanding kompetitornya di ASEAN.

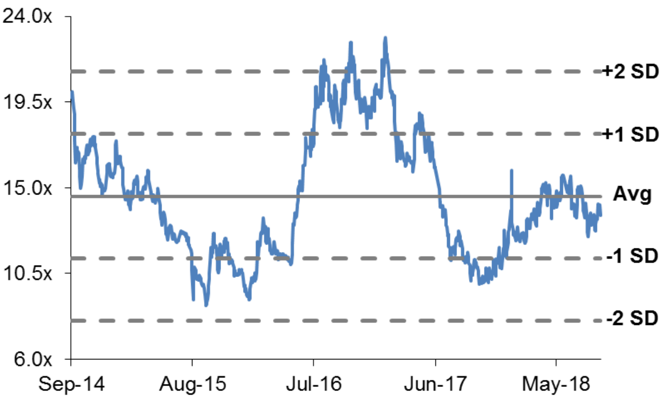
ASEAN Retailers Company

Company	Market Cap (USD mn)	Asset (USD mn)	Revenue LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Margin	ROE LTM	P/E LTM	P/BV
Indonesia									
LPPF	1,314	399	750	141	-13.04%	18.8%	93.0%	10.2x	8.3x
RALS	646	360	416	39	0.13%	9.3%	14.6%	17.3x	2.4x
MAPI	913	841	1,301	48	92.92%	3.7%	15.5%	23.1x	3.0x
Singapore									
Metro Holdings	664	1,299	100	113	57.75%	112.9%	10.49%	6.0x	0.6x
Malaysia									
Parkson Holdings Bhd	107	2,219	978	(26)	13.98%	-2.6%	-4.50%	N/A	0.2x
Thailand									
Robinson PCL	2,405	846	814	89	2.02%	10.9%	18.26%	26.9x	4.7x
Philippines									
SM Investments Corp	19,818	19,205	7,596	670	5.67%	8.8%	10.72%	31.2x	3.2x

Source: Bloomberg

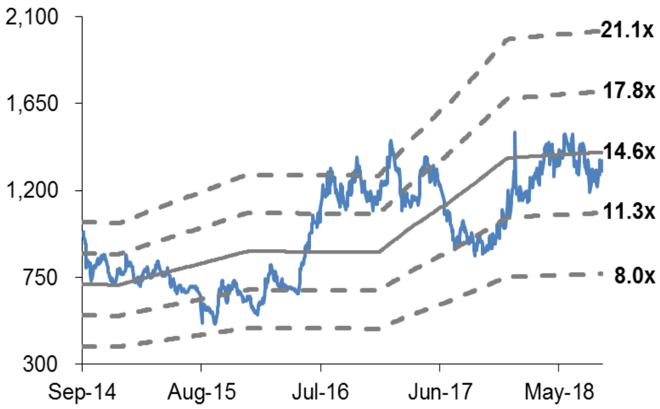
Multiple Valuation

Forward P/E band | Last 4 years



Source: NHKS research

Dynamic Forward P/E band | Last 4 years



Source: NHKS research

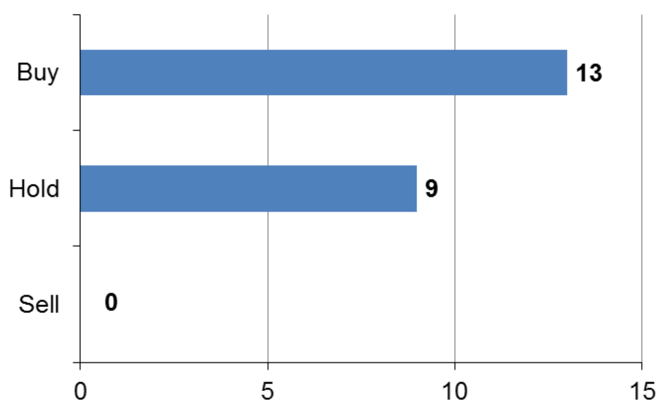
Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
04/04/2018	Hold	1,450 (Dec 2018)	1,310	1,338	+10.7%	+8.4%
05/15/2018	Hold	1,400 (Dec 2018)	1,380	1,420	+1.4%	-1.4%
09/21/2018	Hold	1,525 (Dec 2019)	1,350	1,306	+13.0%	-4.9%

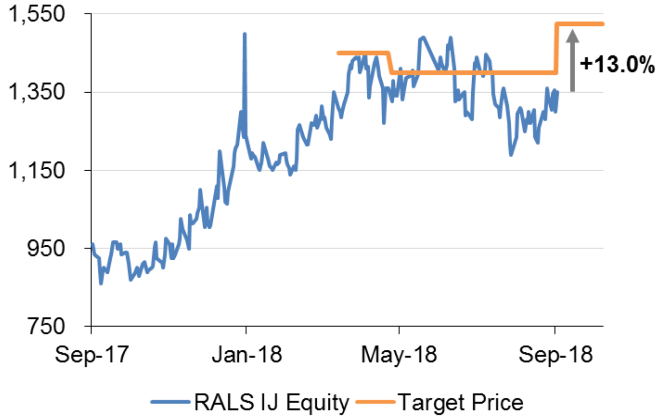
Source: NHKS research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

1. Period: End of year target price
2. Rating system based on a stock's absolute return from the date of publication
   - Buy : Greater than +15%
   - Hold : -15% to +15%
   - Sell : Less than -15%

Summary of Financials

INCOME STATEMENT

(IDR bn)	2017/12A	2018/12E	2019/12E	2020/12E
Sales	**8,146**	**8,469**	**8,701**	**8,994**
Growth	*-1.1%*	*4.0%*	*2.7%*	*3.4%*
Cost of Good Sold	(5,934)	(5,936)	(6,096)	(6,285)
Gross Profit	**2,212**	**2,533**	**2,605**	**2,709**
Gross Margin	*27.2%*	*29.9%*	*29.9%*	*30.1%*
Operating Expenses	(1,836)	(1,931)	(1,997)	(2,018)
EBIT	**377**	**602**	**608**	**691**
EBIT Margin	*4.6%*	*7.1%*	*7.0%*	*7.7%*
Depreciation	184	176	170	167
EBITDA	**560**	**778**	**778**	**858**
EBITDA Margin	*6.9%*	*9.2%*	*8.9%*	*9.5%*
Interest Expenses	-	(10)	-	-
EBT	**467**	**747**	**798**	**859**
Income Tax	(60)	(115)	(146)	(152)
Minority Interest	-	-	-	-
Net Profit	**407**	**632**	**651**	**707**
Growth	*-0.5%*	*55.4%*	*3.1%*	*8.6%*
Net Profit Margin	*5.0%*	*7.5%*	*7.5%*	*7.9%*

PROFITABILITY & STABILITY

	2017/12A	2018/12E	2019/12E	2020/12E
ROE	11.9%	17.2%	16.2%	16.1%
ROA	8.5%	12.1%	11.5%	11.8%
ROIC	9.4%	13.2%	11.8%	12.5%
Cash Dividend (IDR bn)	269	303	355	468
Dividend Yield	3.3%	3.3%	3.9%	5.2%
Payout Ratio	66.1%	48.0%	54.5%	66.1%
DER	0.0%	0.0%	0.0%	0.0%
Net Gearing	0.0%	0.0%	0.0%	0.0%
LT Debt to Equity	0.0%	0.0%	0.0%	0.0%
Capitalization Ratio	0.0%	0.0%	0.0%	0.0%
Equity Ratio	71.4%	70.0%	72.9%	73.3%
Debt Ratio	0.0%	0.0%	0.0%	0.0%
Financial Leverage	139.6%	141.5%	139.9%	136.9%
Current Ratio	295.0%	293.6%	343.3%	356.6%
Par Value (IDR)	50	50	50	50
Total Shares (mn)	6,723	6,723	6,723	6,723
Share Price (IDR)	1,200	1,350	1,350	1,350
Market Cap (IDR tn)	8.1	9.1	9.1	9.1

BALANCE SHEET

(IDR bn)	2017/12A	2018/12E	2019/12E	2020/12E
Cash	752	477	567	864
Receivables	57	47	51	55
Inventories	741	731	716	722
Total Current Assets	**3,093**	**3,763**	**4,044**	**4,494**
Net Fixed Assets	1,235	1,159	1,116	1,065
Other Non Current Asset	80	102	125	141
Total Assets	**4,892**	**5,510**	**5,770**	**6,220**
Payables	956	1,157	1,044	1,116
ST Bank Loan	-	-	-	-
LT Debt	-	-	-	-
Total Liabilities	**1,398**	**1,654**	**1,566**	**1,664**
Capital Stock	355	355	355	355
Retained Earnings	3,412	3,775	4,123	4,475
Shareholders' Equity	**3,494**	**3,856**	**4,204**	**4,556**

VALUATION INDEX

	2017/12A	2018/12E	2019/12E	2020/12E
Price /Earnings	19.8x	14.4x	13.9x	12.8x
Price /Book Value	2.3x	2.4x	2.2x	2.0x
Price/Revenue	1.0x	1.1x	1.0x	1.0x
PE/EPS Growth	-41.2x	0.3x	4.6x	1.5x
EV/EBITDA	12.9x	11.0x	10.9x	9.5x
EV/EBIT	19.2x	14.2x	13.9x	11.8x
EV (IDR bn)	7,251	8,533	8,443	8,146
Revenue CAGR (3-Yr)	0.8%	2.8%	1.9%	3.4%
EPS CAGR (3-Yr)	6.5%	24.4%	16.8%	20.3%
Basic EPS (IDR)	60	94	97	105
Diluted EPS (IDR)	60	94	97	105
BVPS (IDR)	520	574	625	678
Revenue PS (IDR)	1,212	1,260	1,294	1,338
DPS (IDR)	40.0	45.1	52.8	69.6

CASH FLOW STATEMENT

(IDR bn)	2017/12A	2018/12E	2019/12E	2020/12E
Operating Cash Flow	852	1,230	526	805
Investing Cash Flow	(461)	(1,235)	(133)	(152)
Financing Cash Flow	(242)	(269)	(303)	(355)
Net Changes in Cash	**148**	**(275)**	**89**	**297**

OWNERSHIP

By Geography	%	Shareholders	%
Indonesia	69.0	Ramayana Makmur	55.9
Unknown	16.5	NTAsian Dis Master	5.8
United States	8.5	Makmur Agus	3.9
Norway	2.7	Tumewu Paulus	3.7