

TRIM Company Update

RALS: Good August, Change in Expansion Plan

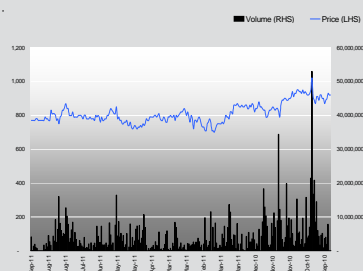
Maintained

HOLD

Share Price : Rp770
Sector : Retail
Price Target : Rp870(13.0%)
(Previously Rp880)

Stock Data

Reuters Code : RALS.JK
Bloomberg Code : RALS IJ
Issued Shares (mn) : 7,096.0
Mkt Cap (Rpbn) : 5,463
Average Daily T/O : 4.6m
52-Wk range : Rp1,130/Rp700



Company Description:

PT Ramayana Lestari Sentosa Tbk operates department stores in Indonesia which sell items such as clothes, accessories, bags, shoes, cosmetics, and daily needs. Its department stores are known as Ramayana, Robinson, and Cahaya.

Relieving August. RALS reported a relieving top line performance during the Eid month; Aug'11 net sales reached Rp1541.8bn, 96.5% of company's internal target. Sales YTD reached Rp4,9tr, 73.3% of our estimates and SSG YTD reached 19.9%, the high figure mainly due to low base comparison from last year which Eid's month was in Sep'10. RALS increase its internal target by 15% each month to catch up with the FY11 target by putting some fresh products. In Sep'11 YTD, the company record Rp175bn sales, 40% of the new target.

Change in Expansion Plan. Up to Aug'11, the company had open three new stores in Padalarang, Garut, and Kediri, adding 29,998sqm area. Management changes the expansion plan which previously target to add 80,000sqm new space in 2011. In the last 4 months of 2011, RALS will not open any new stores and choose to expand some of its existing stores in Tarakan, Malang, Gresik, and few other areas with 20,000sqm total new space.

Higher Margin. RALS profit margin increase above our expectation; YTD GPM reached 28%, mainly due to lower discount. However, facing unfavorable seasonality in the next 4 months, we expect GPM will decline from current position. We increase our GPM assumption from 27.1% to 27.4%, impacting 2.8% in the bottom line.

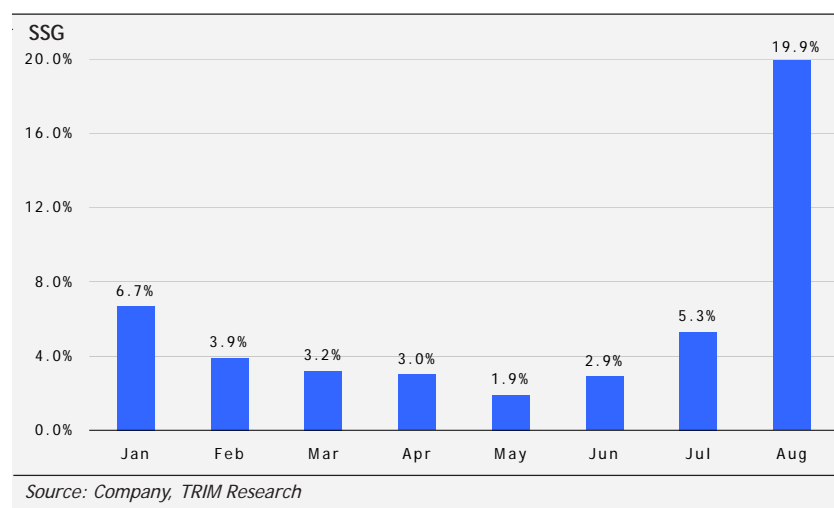
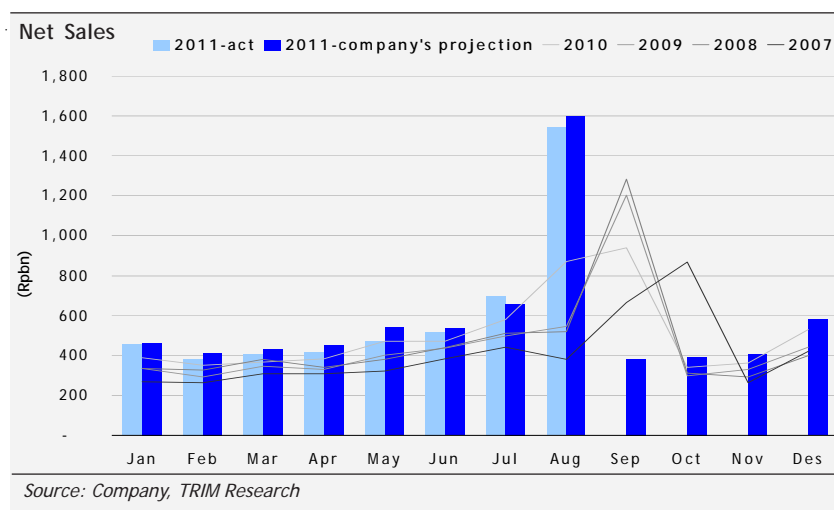
Maintain Hold with Lower Target Price. We change expansion and GPM assumption from our previous forecast; GPM rise to 27.4% while we lower our expansion assumption in FY11 from 60,000sqm to 50,000sqm. Hence, we cut our DCF based target price to Rp870/shr (Rp880/shr previously). RALS is trading at 12.0x FY12 est PE, at cheap valuation compare to our retailer universe which at 16.3x FY12 est PE. However, consider lower expansion plan and lower earnings growth compare to its peers, we maintain our HOLD recommendation.

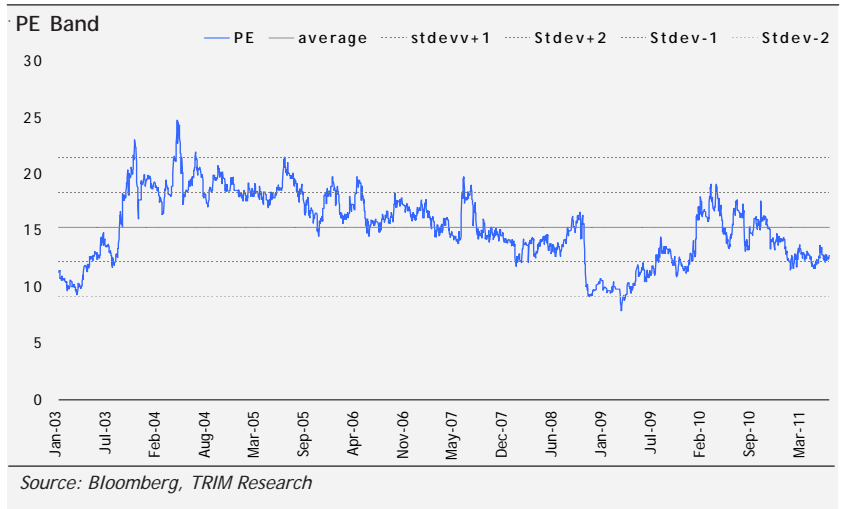
Financial Summary

Year end 31 Dec	2008	2009	2010	2011E	2012F	2013F
Revenue (Rpbn)	5,526	5,459	6,060	6,672	7,432	8,327
Revenue Growth (%)	12.9	-1.2	11.0	10.1	11.4	12.1
EBITDA (Rpbn)	539	510	514	629	694	790
EBITDAGrowth (%)	12.8	-5.4	0.8	22.3	10.4	13.9
Net Profit (Rpbn)	430	335	355	427	454	511
EPS Growth (%)	17.2	-22.1	5.8	20.3	6.5	12.5
ROAE (%)	19.2	13.9	13.8	15.4	15.3	16.0
DPS (Rp)	31	31	25	30	36	38
Div Yield (%)	3.9	3.9	3.1	3.9	4.7	5.0
P/E (x)	13.1	16.9	16.0	12.7	12.0	10.6
P/BV (x)	2.4	2.3	2.1	1.9	1.8	1.7
EV/EBITDA (x)	8.1	8.7	8.5	7.2	6.5	5.7

Forecast Changes		New			Original			% Change		
		2011E	2012F	2013F	2011E	2012F	2013F	2011E	2012F	2013F
Store Space Added	Sqm	50,000	60,000	60,000	60,000	60,000	60,000	(16.7)	-	-
Blended SSG	%	5	5	5	5	5	5	-	-	-
Revenue	Rpbn	6,672	7,432	8,327	6,695	7,522	8,425	(0.3)	(1.2)	(1.2)
Gross Profit	Rpbn	1,825	2,021	2,265	1,814	2,046	2,292	0.6	(1.2)	(1.2)
Operating Profit	Rpbn	460	501	571	446	509	581	3.2	(1.6)	(1.6)
Net Profit	Rpbn	427	454	511	415	460	518	2.8	(1.2)	(1.3)
GPM	%	27.4	27.2	27.2	27.1	27.2	27.2	0.9	(0.0)	(0.0)
OPM	%	6.9	6.7	6.9	6.7	6.8	6.9	3.6	(0.4)	(0.5)
NPM	%	6.4	6.1	6.1	6.2	6.12	6.15	3.2	(0.0)	(0.2)

Source: TRIM Research





Income Statement (Rpbn)

Year end 31 Dec	2009	2010	2011E	2012F	2013F
Revenue	5,459	6,060	6,672	7,432	8,327
% growth	(1.2)	11.0	10.1	11.4	12.1
Gross Profit	1,471	1,659	1,825	2,021	2,265
Opr Profit	367	371	460	501	571
EBITDA	510	514	629	694	790
% growth	(5.4)	0.8	22.3	10.4	13.9
Net Int Inc/(Exp)	64	47	58	54	54
Gain/(Loss) Forex	(39)	(11)	-	-	-
Other Inc/(Exp)	12	5	-	-	-
Pre-tax Profit	404	412	519	554	625
Tax	(69)	(57)	(92)	(100)	(114)
Minority Int.	-	-	-	-	-
Extra. Items	-	-	-	-	-
Net Profit	335	355	427	454	511
% growth	(22.1)	6.0	20.3	6.5	12.5

Balance Sheet (Rpbn)

Year end 31 Dec	2009	2010	2011E	2012F	2013F
Net Profit	335	355	427	454	511
Depr/Amort	144	143	168	193	219
Others	1	(1)	6	2	2
Chg in Opr Ass&Liab	(207)	91	(153)	(69)	(79)
CF's from oprs	272	588	447	581	653
Capex	(200)	(361)	(350)	(349)	(350)
Others	-	-	-	-	-
CF's from investing	(200)	(361)	(350)	(349)	(350)
Net change in debt	-	-	-	-	-
Others	-	-	-	-	-
CF's from financing	(190)	(147)	(237)	(255)	(272)
Net cash flow	(118)	80	(140)	(24)	31
Cash at BoY	1,123	1,006	1,086	946	923
Cash at EoY	1,006	1,086	946	923	954
Free Cashflow	72	227	98	231	303

Interim Results (Rpbn)

	2Q10	3Q10	4Q10	1Q11	2Q11
Sales	1,331	1,371	2,250	1,244	1,408
Gross Profit	324	730	323	312	369
Operating Profit	13	335	1	23	37
Net Profit	23	269	37	31	43
Gross Margins (%)	24.3	53.3	14.3	25.1	26.2
Opr Margins (%)	1.0	24.4	0.0	1.8	2.6
Net Margins (%)	1.8	19.6	1.6	2.5	3.1

Cash Flow (Rpbn)

Year end 31 Dec	2009	2010	2011E	2012F	2013F
Cash and Deposits	1,006	1,086	946	923	954
Other Current Assets	753	854	993	1,108	1,241
Net Fixed Assets	944	1,162	1,343	1,499	1,630
Other Assets	506	384	457	509	570
Total Assets	3,209	3,486	3,739	4,038	4,395
ST Debt	-	-	-	-	-
Other Current Liabilities	626	681	736	821	920
LT Debt	-	-	-	-	-
Other LT Liabs	110	125	133	149	167
Minority Interest	-	-	-	-	-
Total Liabilities	737	806	870	969	1,087
Shareholder's Equity	2,473	2,680	2,870	3,069	3,309
Net Debt/(Cash)	(1,006)	(1,086)	(946)	(923)	(954)
Net Working Capital	1,133	1,260	1,203	1,210	1,275

Key Ratio Analysis

Year end 31 Dec	2009	2010	2011E	2012F	2013F
Profitability					
Gross Margins (%)	27.0	27.4	27.4	27.2	27.2
Op Margins (%)	6.7	6.1	6.9	6.7	6.9
EBITDA Margins (%)	9.3	8.5	9.4	9.3	9.5
Net Margins (%)	6.1	5.9	6.4	6.1	6.1
ROE (%)	13.9	13.8	15.4	15.3	16.0
ROA (%)	10.8	10.6	11.8	11.7	12.1
Stability					
Current ratio (x)	2.8	2.9	2.6	2.5	2.4
Net Debt/Equity (x)	(0.4)	(0.4)	(0.3)	(0.3)	(0.3)
Int Coverage (x)	-	-	-	-	-
Efficiency					
A/P days	52	50	50	50	50
A/R days	0	0	0	0	0
Inventory days	59	61	65	65	65

Key Assumptions

Year end 31 Dec	2009	2010	2011E	2012F	2013F
Net Store Space					
Added (sqm)	(2,798)	57,883	50,000	60,000	60,000
Blended SSG (%)	-2	8	5	5	5

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