

# Ramayana Lestari

HOLD (unchanged)

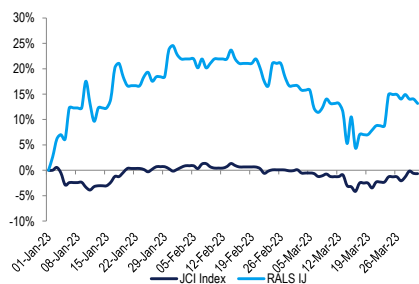
Company Update | Consumer Discretionary | RALS IJ | 31 March 2023

## Stock Data

Target price (Rp)	Rp650
Prior TP (Rp)	Rp525
Current price (Rp)	Rp645
Upside/downside	1%
Shares outstanding (mn)	7,096
Market cap (Rp bn)	4,577
Free float	24%
Avg. 6m daily T/O (Rp bn)	4

## Price Performance

	3M	6M	12M
Absolute	10.3%	12.2%	-14.6%
Relative to JCI	11.1%	15.5%	-10.8%
52w low/high (Rp)	550 – 775		



## Major Shareholders

PT Ramayana Makmur Sentosa	55.9%
Treasury shares	5.0%
Paulus Tumewu	3.7%

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## 4Q22 results: beat in earnings from non-operational income

- FY22 net profit of Rp352bn was above at 128/108% of our/consensus estimate as non-operational income formed 54.4% of PBT.
- We adjust our FY23F sales/net profit forecasts by -5.1/+23.2% post FY22 results to incorporate higher non-operational income contribution
- Maintain HOLD on muted FY23F EPS growth with higher TP of Rp650

### FY22 results: beat in earnings while sales was in-line

FY22 net profit grew by 111.8% yoy to Rp352bn and this was above at 128/108% of ours/consensus estimate. FY22 net sales grew by 14.4% yoy to Rp3.0tr and this was in-line at 100% of our estimate, but below at 87% of consensus estimate. FY22 GPM improved to 30.5% (vs. 29.0% in FY21), driven by sales mix (declining supermarket contribution) & GPM improvement in the fashion consignment segment to 44.1% in FY22 from 43.4% in FY21. Opex to sales ratio declined by 400bps yoy to 26.6% as opex grew only 3.1% yoy less than sales growth of 14.4% yoy, resulting in EBIT margin expansion to 3.9% (vs. -1.6% in FY21). Operationally, RALS's FY22 EBIT of Rp194bn beat our estimates (at 119%) but fell short at only 69% of consensus estimate. Non-operational income of Rp231bn (-10.1% yoy), such as rental income & interest income formed a significant 54.4% of profit before tax.

### 4Q22 results: non-operational income offset negative EBIT

4Q22 net profit declined by -15.0% yoy (+345.6% qoq) to Rp54bn on the back of -Rp60bn EBIT, which is in-line with seasonality (non-lebaran quarters typically booked negative EBIT). However, other income amounting to Rp124bn was more than sufficient to offset. Segmentally, robust fashion consignment gross sales (+5.1% yoy) partially offset weak fashion outright gross sales (-8.8% yoy). Together with a slight growth of +2.8% yoy from supermarket, overall 4Q22 sales was flat yoy at Rp1.0tr.

### Muted FY23F growth outlook; maintain Hold rating with TP of Rp650

Despite FY23F as pre-election year, RALS has historically registered no upticks in SSSG in past pre-election years (SSSG: 2.5/2.9% in FY13/18). We fine-tune our forecasts for RALS following FY22 earnings to incorporate a lower SSSG assumption of 5% (in-line with inflation) & higher FY23F non-operational income contribution to PBT of 54% from previously 48%. This leads to our FY23F gross sales/net profit forecast of Rp5.3tr/373bn (-5.1/+23.2% from our previous forecast) – representing gross sales/net profit growth of 6.0/5.9% yoy. In sum, despite RALS beating our FY22 estimate, we maintain our Hold rating with higher TP of Rp650, still pegged to 12.3x FY23F P/E (-1s.d. of its 5Y pre-Covid mean) vs. previously at Rp525.

Financial Summary (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net revenue	2,593	2,967	3,145	3,334	3,533
EBITDA	(11)	291	331	342	351
Net profit	166	352	373	389	402
EPS	24	46	53	55	57
EPS growth	-249.9%	90.5%	14.6%	4.3%	3.3%
ROE	4.5%	9.6%	9.9%	10.3%	21.0%
PER (x)	26.8	14.1	12.3	11.8	11.4
EV/EBITDA (x)	-284.0	8.2	6.1	5.6	5.1
Dividend yield	7.4%	7.4%	7.4%	7.4%	7.4%
Forecast change			23%	17%	
IPS vs. consensus			105%	98%	

Source: Company, Indo Premier

Share price closing as of: 31 March 2023

Fig. 1: RALS' FY22 result

(Rp bn)	4Q22	4Q21	yoy, % chg	3Q22	qoq, % chg	12M22	12M21	yoy, % chg	Prev. FY22F	Comment
<b>Gross sales</b>	<b>1,017</b>	<b>1,017</b>	<b>0.0%</b>	<b>912</b>	<b>11.6%</b>	<b>4,953</b>	<b>4,176</b>	<b>18.6%</b>	<b>4,766</b>	
<b>Net sales</b>	<b>564</b>	<b>615</b>	<b>-8.2%</b>	<b>547</b>	<b>3.2%</b>	<b>2,967</b>	<b>2,593</b>	<b>14.4%</b>	<b>2,959</b>	In-line at 100% of ours, but below at 87% of consensus estimates
COGS	(687)	(704)		(647)		(3,441)	(2,966)			
<b>Gross profit</b>	<b>330</b>	<b>313</b>	<b>5.4%</b>	<b>264</b>	<b>24.7%</b>	<b>1,512</b>	<b>1,210</b>	<b>24.9%</b>		
Opex	(390)	(446)	-12.7%	(314)		(1,318)	(1,278)	3.1%		
<b>EBIT</b>	<b>(60)</b>	<b>(133)</b>	<b>55.2%</b>	<b>(50)</b>	<b>-20.1%</b>	<b>194</b>	<b>(68)</b>	<b>N/A</b>	<b>163</b>	Above at 119% of ours, but below at 69% of consensus estimates
Other income (charges)	124	215		89		231	257	-10.1%		
<b>PBT</b>	<b>64</b>	<b>81</b>	<b>-21.0%</b>	<b>39</b>	<b>66.1%</b>	<b>425</b>	<b>189</b>	<b>124.9%</b>		
Tax benefit (expense)	(10)	(18)		(27)		(73)	(23)			
<b>Net profit</b>	<b>54</b>	<b>63</b>	<b>-15.0%</b>	<b>12</b>	<b>345.6%</b>	<b>352</b>	<b>166</b>	<b>111.8%</b>	<b>275</b>	Above at 128/108% of ours/consensus estimate
<b>Margin (%)</b>										
Gross margin	32.4%	30.8%		29.0%		30.5%	29.0%			
EBIT margin	-5.9%	-13.1%		-5.5%		3.9%	-1.6%			
Net profit margin	5.3%	6.2%		1.3%		7.1%	4.0%			
*margin as % of gross sales										
<b>Segment information</b>										
<b>Gross Revenue</b>	<b>1,017</b>	<b>1,017</b>	<b>0.0%</b>	<b>912</b>	<b>11.6%</b>	<b>4,953</b>	<b>4,176</b>	<b>18.6%</b>		
Fashion outright	318	349	-8.8%	279	14.0%	1,677	1,459	15.0%		
Fashion consignment	548	521	5.1%	483	13.4%	2,575	2,071	24.3%		
Supermarket outright	141	137	2.7%	140	0.3%	649	604	7.4%		
Supermarket consignment	11	10	5.1%	10	13.4%	51	41	24.3%		
<b>Gross profit</b>	<b>330</b>	<b>313</b>	<b>5.4%</b>	<b>264</b>	<b>24.7%</b>	<b>1,512</b>	<b>1,210</b>	<b>24.9%</b>		
Fashion outright	172	157	10.0%	126	36.4%	761	613	24.2%		
Fashion consignment	137	128	7.0%	126	8.8%	667	525	27.0%		
Supermarket outright	22	27	-19.6%	11	105.7%	81	68	18.8%		
Supermarket consignment	(1)	1	-201.8%	2	-162.3%	3	4	-18.8%		
<b>Sales composition</b>										
Fashion outright	31.3%	34.3%		30.6%		33.9%	34.9%			
Fashion consignment	53.8%	51.2%		53.0%		52.0%	49.6%			
Supermarket outright	13.8%	13.5%		15.4%		13.1%	14.5%			
Supermarket consignment	1.1%	1.0%		1.0%		1.0%	1.0%			
<b>Gross margin</b>										
Fashion outright	52.3%	50.1%		47.8%		50.3%	50.6%			
Fashion consignment	41.4%	40.8%		47.5%		44.1%	43.4%			
Supermarket outright	6.7%	8.8%		4.1%		5.3%	5.6%			
Supermarket consignment	-0.3%	0.4%		0.7%		0.2%	0.3%			

Source: Company, Bloomberg, Indo Premier

Fig. 2: Forecast changes

	Previous		Current		Changes	
	2023F	2024F	2023F	2024F	2022F	2024F
<b>Financial performance (Rp bn)</b>						
Gross sales	5,535	6,319	5,250	5,565	-5.1%	-11.9%
Gross profit	1,692	1,889	1,600	1,678	-5.5%	-11.2%
EBIT	184	209	207	218	12.6%	3.9%
Non-operational income	195	195	242	251	24.1%	28.7%
Net profit	302	332	373	389	23.2%	17.1%
EPS	43	47	53	55	23.2%	17.1%
<b>Profitability metrics (%)</b>						
Gross margin	30.6%	29.9%	30.5%	30.2%	-0.1%	0.3%
Operating margin	3.3%	3.3%	3.9%	3.9%	0.6%	0.6%
Net profit margin	5.5%	5.3%	7.1%	7.0%	1.6%	1.7%
<b>Growth (%)</b>						
SSSG	15.0%	12.0%	5.0%	5.0%	-10.0%	-7.0%
Sales growth	16.1%	14.2%	6.0%	6.0%	-10.1%	-8.2%
Net profit growth	10.0%	9.8%	5.9%	4.3%	-4.2%	-5.5%

Source: Company, Indo Premier

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net Revenue	4,176	4,953	5,250	5,565	5,899
Cost of Sales	(2,966)	(3,441)	(3,651)	(3,887)	(4,138)
<b>Gross Profit</b>	<b>1,210</b>	<b>1,512</b>	<b>1,600</b>	<b>1,678</b>	<b>1,761</b>
SG&A Expenses	(1,278)	(1,318)	(1,392)	(1,461)	(1,536)
<b>Operating Profit</b>	<b>(68)</b>	<b>194</b>	<b>207</b>	<b>218</b>	<b>225</b>
Net Interest	36	31	70	74	76
Forex Gain (Loss)	0	0	0	0	0
Others-Net	221	201	172	177	183
<b>Pre-Tax Income</b>	<b>189</b>	<b>425</b>	<b>449</b>	<b>469</b>	<b>484</b>
Income Tax	(23)	(73)	(77)	(80)	(82)
Minorities	0	0	0	0	0
<b>Net Income</b>	<b>166</b>	<b>352</b>	<b>373</b>	<b>389</b>	<b>402</b>

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash & Equivalent	1,582	2,178	2,552	2,666	2,790
Receivable	7	13	14	14	15
Inventory	593	619	657	699	745
Other Current Assets	1,060	609	645	684	725
<b>Total Current Assets</b>	<b>3,242</b>	<b>3,419</b>	<b>3,868</b>	<b>4,063</b>	<b>4,275</b>
Fixed Assets - Net	867	837	743	649	554
Goodwill	0	0	0	0	0
<b>Non Current Assets</b>	<b>1,039</b>	<b>955</b>	<b>861</b>	<b>767</b>	<b>672</b>
<b>Total Assets</b>	<b>4,281</b>	<b>4,374</b>	<b>4,729</b>	<b>4,830</b>	<b>4,947</b>
ST Loans	0	0	0	0	0
Payable	607	598	634	675	719
Other Payables	50	55	64	69	73
Current Portion of LT Loans	0	0	0	0	0
<b>Total Current Liab.</b>	<b>902</b>	<b>935</b>	<b>770</b>	<b>819</b>	<b>872</b>
Long Term Loans	0	0	0	0	0
Other LT Liab.	204	195	195	195	195
<b>Total Liabilities</b>	<b>1,454</b>	<b>1,507</b>	<b>965</b>	<b>1,014</b>	<b>1,067</b>
Equity	355	355	355	355	355
Retained Earnings	3,767	3,931	3,966	4,018	4,082
Minority Interest	0	0	0	0	0
<b>Total SHE + Minority Int.</b>	<b>3,624</b>	<b>3,728</b>	<b>3,764</b>	<b>3,816</b>	<b>3,880</b>
<b>Total Liabilities &amp; Equity</b>	<b>5,078</b>	<b>5,235</b>	<b>4,729</b>	<b>4,830</b>	<b>4,947</b>

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net Income	(68)	194	207	218	225
Depr. & Amortization	73	80	124	125	126
Changes in Working Capital	(37)	452	(240)	(32)	(34)
Others	235	158	165	171	176
<b>Cash Flow From Operating</b>	<b>203</b>	<b>884</b>	<b>256</b>	<b>481</b>	<b>493</b>
Capital Expenditure	62	(50)	(30)	(31)	(31)
Others	123	912	484	0	0
<b>Cash Flow From Investing</b>	<b>185</b>	<b>862</b>	<b>455</b>	<b>(31)</b>	<b>(31)</b>
Loans	0	0	0	0	0
Equity	0	0	0	0	0
Dividends	(337)	(337)	(337)	(337)	(337)
Others	0	0	0	0	0
<b>Cash Flow From Financing</b>	<b>(337)</b>	<b>(337)</b>	<b>(337)</b>	<b>(337)</b>	<b>(337)</b>
<b>Changes in Cash</b>	<b>51</b>	<b>1,409</b>	<b>374</b>	<b>114</b>	<b>125</b>

Key Ratios	2021A	2022A	2023F	2024F	2025F
Gross Margin	29.0%	30.5%	30.5%	30.2%	29.8%
Operating Margin	-1.6%	3.9%	3.9%	3.9%	3.8%
Pre-Tax Margin	4.5%	8.6%	8.6%	8.4%	8.2%
Net Margin	4.0%	7.1%	7.1%	7.0%	6.8%
ROA	3.8%	8.1%	8.2%	8.1%	8.2%
ROE	4.5%	9.6%	9.9%	10.3%	10.4%
Acct. Receivables TO (days)	0.6	0.9	0.9	0.9	0.9
Inventory TO (days)	72.0	64.8	64.8	64.8	64.8
Payable TO (days)	73.7	62.5	62.5	62.5	62.5
Debt to Equity	N/A	N/A	N/A	N/A	N/A
Interest Coverage Ratio (x)	-2.4	5.9	N/A	N/A	N/A
Net Gearing	-43.7%	-58.4%	-67.8%	-69.9%	-71.9%

Source: Company, Indo Premier

**INVESTMENT RATINGS**

BUY : Expected total return of 10% or more within a 12-month period  
HOLD : Expected total return between -10% and 10% within a 12-month period  
SELL : Expected total return of -10% or worse within a 12-month period

**ANALYSTS CERTIFICATION**

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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