

In September 2017, RALS reported revenue of IDR 427.4bn. Pertaining to SSSG, RALS only posted -0.7% SSSG YTD where Greater Jakarta and Ex-Java regions posted a negative growth of -0.3% and -1.8% respectively, while Java region recorded a positive growth of 0.4%.

According to management, the sales on Lebaran for this year is lower than normally due to late disbursement of THR and Kartu Jakarta Pintar which are only few days before Lebaran, and weaker purchasing power as Lebaran fell just after back-to-school session.

In order to boost their sales, management engages another e-commerce namely Lazada as their landing site which has been starting on this October 2017 even though management admitted that sales from e-commerce has always been very low. Besides, the management starts collaborating with Cinemaxx to attract more customers. Moving forward, management also scales down their supermarket spaces so they can have bigger room for their department store since supermarket keeps booking very low margin over the past few years.

Our view: Even though RALS performance in 3Q17 is still below our expectation, we remain optimistic for better performance in 2018 given some strategies conducted by management going forward.

Henny Indrawati

Equity Analyst

+62 21 392 5550 ext. 610

henny.indrawati@sinarmassekuritas.co.id

Selvyna Theresia

Research Associate

+62 21 392 5550 ext. 611

selvyna.theresia@sinarmassekuritas.co.id



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