

FLASH NOTES
BSDE: Stellar 1Q17 performance (BSDE IJ. Rp1,750. BUY. TP Rp2,200)

- BSDE recorded net profits of IDR733bn in 1Q17, up by 183.3%yoy, reaching 23.5% of our full year forecast (INLINE) and 31.1% of consensus estimates (ABOVE).
- The stellar performance mainly owed to: (i) strong development revenues (+80.5%yoy in 1Q17) given the handover of more landed residential units, (ii) IDR19bn of forex gains in 1Q17 (vs. IDR9bn of forex losses in 1Q16), (iii) lower interest expenses in 1Q17 thanks to debt restructuring undertaken to refinance short-term bank loans that carried higher interest rates (8-10%) and more bond issuances (5.5%-9.25%).
- BSDE managed to maintain its net gearing at 14.5% in 1Q17, or lower than the gearing of its peers (14.5%-91.1%). Although BSDE has just issued USD70mn of additional global bonds, we believe that BSDE's gearing ratio will remain below 20% in 2017.
- BSDE is conducting product knowledge for its newest landed residential project, Avezza Mozia, which is located in the BSD phase II area. The company will offer 128 units for sale with prices ranging from IDR1.3bn to 2.2bn/unit. With an average take-up rate for landed residential property in BSD City reaching 70-80%, we forecast additional marketing sales of IDR170bn in 2Q17.
- We maintain our BUY rating on BSDE with an unchanged target price of IDR2,200 (SOTP based valuation with WACC of 13.5% and Terminal Growth of 4.0%). BSDE is currently trading at a hefty 67.8% discount to its NAV.

in Rp bn, unless stated	1Q16	4Q16	1Q17	qoq, %	yoy, %	1Q16	1Q17	yoy, %	2017F*	A/F,%*	2017F**	A/F,%**
Sales	1,105	2,268	1,754	(22.7)	58.7	1,105	1,754	58.7	8,236	21.3%	7,261	24.2%
COGS	(280)	(735)	(578)	(21.3)	106.5	(280)	(578)	106.5	(2,242)	25.8%	(1,939)	29.8%
Gross profit	825	1,533	1,176	(23.3)	42.5	825	1,176	42.5	5,993	19.6%	5,322	22.1%
Operating expenses	(367)	(497)	(423)	(14.9)	15.2	(367)	(423)	15.2	(1,930)	21.9%	(2,096)	20.2%
Operating profit	458	1,036	752	(27.4)	64.4	458	752	64.4	4,064	18.5%	3,225	23.3%
Other income/(expenses)	(119)	(192)	(63)	(67.4)	(47.3)	(109)	(37)	(66.1)	(225)	16.4%	(354)	10.4%
Pre-tax profit	353	1,026	851	(17.0)	141.0	363	877	141.3	3,839	22.8%	2,872	30.5%
Net profit	259	638	733	14.9	183.3	259	733	183.3	3,115	23.5%	2,358	31.1%
Net gearing	10.2%	19.8%	14.5%			10.2%	14.5%					
Gross margin (%)	74.7	67.6	67.0			74.7	67.0		72.8		73.3	
Opex to sales (%)	(33.3)	(21.9)	(24.1)			(33.3)	(24.1)		(23.4)		(28.9)	
Operating margin (%)	41.4	45.7	42.9			41.4	42.9		49.3		44.4	
Net margin (%)	23.4	28.1	41.8			23.4	41.8		37.8		32.5	

Antonia Febe Hartono

 Antonia.hartono@danareksa.com
 (62-21) 29555 888 ext.3504

Natalia Sutanto

 Natalia.sutanto@danareksa.com
 (62-21) 29555 888 ext. 3508

DISCLAIMER

The information contained in this report has been taken from sources which we deem reliable. However, none of P.T. Danareksa Sekuritas and/or its affiliated companies and/or their respective employees and/or agents makes any representation or warranty (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof.

We expressly disclaim any responsibility or liability (express or implied) of P.T. Danareksa Sekuritas, its affiliated companies and their respective employees and agents whatsoever and howsoever arising (including, without limitation for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this report and neither P.T. Danareksa Sekuritas, its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

The information contained in this report is not to be taken as any recommendation made by P.T. Danareksa Sekuritas or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regard to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.