

Monday, 05 February 2018
Not Rated

Intiland Development (DILD)

Trading at a hefty discount to NAV

Last price (IDR) 370

Stock Statistics

Sector	Property
Bloomberg Ticker	DILD
No of Shrs (mn)	10,366
Mkt. Cap (IDRbn/USDmn)	3,835/284
Avg. daily T/O (IDRbn/USDmn)	3.3/0.3
Major shareholders (%)	
Credit Suisse Singapore	16.52
Standard Chartered UBS/AG Singapore	12.60
Estimated free float	70.88

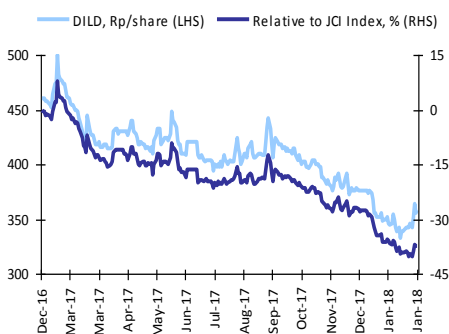
We recently met the management of DILD. After recording stellar marketing sales in 2017 (+106.2%yoy), the company hinted that it might record flat marketing sales this year. Marketing sales will be supported by: (i) the remaining marketing sales from 57 Promenade that have not been recognized yet, (ii) the launch of three apartments in Darmo Harapan (Surabaya), South Quarter Phase 2 (Jakarta), and Graha Golf (Surabaya). Using the company's in-house NAV calculation, we estimate that DILD is trading at a 79.1% discount to NAV, a deeper discount than its peers (41.7%-71.9%).

Stellar marketing sales in 2017. DILD recorded total marketing sales of IDR3.4tn in 2017, +106.2%yoy, or reaching 146.4% of the management's marketing sales target of IDR2.3tn. By segment, we note that both the development and recurring revenues segments beat the management targets (143.9% and 146.7% of the respective targets). For the development marketing sales, the stellar marketing sales owed to: (i) the successful launch of 57 Promenade in August and September 2017 (with a total of 422 units sold and expected total proceeds of IDR2.3tn, from which DILD recognized IDR1.5tn of marketing sales in 2017), (ii) encouraging industrial land sales of IDR531bn. Meanwhile, for investment properties, the encouraging performance was attributable to the operation of offices and retail space in South Quarter phase 1.

All set for 2018. While DILD has not disclosed its marketing sales target for 2018, the company hinted that it might record flat marketing sales this year. Besides the remaining marketing sales from the launch of 57 Promenade that have not been recognized yet which amount to IDR700bn, we expect the marketing sales in 2018 to be supported by the launch of several new projects, including: (i) the Darmo Harapan apartment (West Surabaya), (ii) the apartment in South Quarter phase 2 (Jakarta), (iii) the third apartment tower in Graha Golf (Surabaya). For Darmo Harapan, the company plans to launch a middle segment apartment with indicative prices of IDR18-20mn/sqm. Meanwhile, for South Quarter, the company will sell a more premium product with indicative prices of IDR35-40mn/sqm. For Graha Golf, DILD just conducted a Product Knowledge assessment last week with the selling agent providing positive feedback. Unit prices at Graha Golf will be higher (with a unit size of 183-271sqm) yet with affordable terms of payment offered (48 months of in-house installments).

Trading at a deeper discount than its peers. Using the company's latest in-house asset appraisal with the deduction of net debt and advances from customers in 9M17, we estimate that DILD currently trades at a 79.1% discount to NAV, a deeper discount than its peers which currently trade at 41.7%-71.9% discounts (the property sector trades at a 61.9% discount on average to NAV).

DILD relative to JCI Index



Source : Bloomberg



Antonia Febe Hartono, CFA
(62-21) 2955 5888 ext.3504
antonia.hartono@danareksa.com



Natalia Sutanto
(62-21) 2955 5888 ext.3508
natalia.sutanto@danareksa.com

Key Financials

	2013	2014	2015	2016	9M17
Revenue, IDRbn	1,510	1,828	2,201	2,276	1,727
EBITDA, IDRbn	437	637	605	585	426
EBITDA growth, %	29.6%	45.9%	-5.0%	-3.4%	5.3%
Net profit, IDRbn	324	430	401	299	168
EPS, IDR	31.5	41.9	39.1	28.8	16.2
EPS growth, %	80.2%	33.0%	-6.7%	-26.3%	-19.0%
BVPS, IDR	391.0	426.8	456.0	480.4	524.5
Dividend per shares, IDR	5.0	7.9	10.0	5.2	4.1
PER, x	12.0	9.0	9.7	13.1	23.3
PBV, x	1.0	0.9	0.8	0.8	0.7
Yield, %	1.3%	2.1%	2.6%	1.4%	1.1%
EV/EBITDA, x	11.1	8.6	11.0	13.5	17.5

Source : DILD

Expecting a flat gearing ratio in 2018. This year, DILD expects to maintain its gearing ratio at around 70.7%. Although Raharja Mitra Familia (the JV controlled by DILD that developed 57 Promenade) just received an equity injection from Reco Promenade Private Limited amounting to IDR230bn in October 2017, which will largely be used to pay off existing debt, the company may draw down additional loans for the construction of existing projects.

The timeline for 57 Promenade phase 2 has not been set yet. After the successful launch of two apartment towers in 57 Promenade phase 1, DILD stated that it could not provide a precise schedule for 57 Promenade phase 2. In its master plan, the company plans to develop 57 Promenade phase 2 into one-strata title office tower, one rented office tower, and one-serviced apartment tower. To develop this project, the company is also open to joint development opportunities.

Exhibit 1. The Company's in-house NAV calculation

	Location	Stakes	Area (ha)	Asset value (Rp bn)	RNAV (Rp bn)
Mixed use and high rise					
Aeropolis	Tangerang	100.0%	388.6	2,474.0	2,474
Regata	North Jakarta	50.0%	6.8	1,763.0	882
1 Park Avenue	South Jakarta	100.0%		867.0	867
West One City	West Jakarta	40.0%	20.8	1,689.0	676
Kebon Melati	Central Jakarta				632
South Quarter	South Jakarta	60.0%	1.8	562.0	337
Pantai Mutiara - Phase 1	North Jakarta	100.0%	1.7	358.0	358
Pantai Mutiara - Phase 2	North Jakarta	100.0%	1.1	262.0	262
Gandaria	South Jakarta	100.0%	4.0	263.0	263
Graha Festival	Surabaya	75.0%	5.5	2,373.0	1,780
Darmo Harapan	West Surabaya	100.0%	6.3	812.0	812
Praxis	Central Surabaya	100.0%	-	692.0	692
Avila	Surabaya	100.0%	1.1	561.0	561
Graha Golf	West Surabaya	100.0%	2.4	521.0	521
Spacio Tower	Surabaya	100.0%	-	245.0	245
Sumatra 36	Central Surabaya	100.0%	-	129.0	129
Wisma Darmo Grande	Surabaya	100.0%	0.2	51.0	51
Spazio	West Surabaya	75.0%		26.0	20
Landed residential					
Maja	Banten	100.0%	1,083.1	829.0	829
Talaga Bestari	Tangerang	100.0%	88.2	660.0	660
Serenia Hills 2	South Jakarta	100.0%	5.6	429.0	429
Serenia Hills 1	South Jakarta	100.0%	2.7	255.0	255
Magnolia Residence	Tangerang	53.0%	6.6	224.0	119
Pinang Residence	Jakarta	100.0%	2.6	117.0	117
1 Park Homes	South Jakarta	100.0%	0.9	61.0	61
Griya Semanan	Jakarta	100.0%	0.3	13.0	13
Graha Natura	West Surabaya	100.0%	59.8	1,753.0	1,753
Graha Famili	Surabaya	75.0%	3.2	362.0	272
Jajar Tunggal	Surabaya	100.0%	4.9	138.0	138
Industrial Estate					
Ngoro	East Java	100.0%	40.2	675.0	675
Ploso	East Java	100.0%	139.4	87.0	87
Investment properties					4,369
Others					1,687
Total asset (Rp bn)					23,024
Net debts (Rp bn) - 9M17					3,522
Advance from customer (Rp bn) - 9M17					1,349
Net asset value (Rp bn)					18,153
Number of shares outstanding (bn shares)					10.4
NAV per share					1,751

Source: Company

Exhibit 2. Income Statement

	2013	2014	2015	2016	9M17
Revenues	1,510	1,828	2,201	2,276	1,727
COGS	(804)	(835)	(1,158)	(1,240)	(1,021)
Gross profit	706	993	1,043	1,036	706
EBITDA	437	637	605	585	426
Oper. profit	400	595	571	511	347
Interest income	12	12	19	15	16
Interest expense	(82)	(99)	(90)	(174)	(181)
Forex Gain/(Loss)	(2)	(0)	0	(5)	2
Income From Assoc. Co's	(25)	(9)	(7)	(3)	2
Other Income (Expenses)	101	28	40	61	46
Pre-tax profit	404	528	533	407	232
Income tax	(74)	(96)	(114)	(109)	(70)
Minority interest	(6)	(2)	(18)	2	5
Net profit	324	430	401	299	168
Core Net Profit	338	512	476	418	293

Exhibit 3. Balance Sheet

	2013	2014	2015	2016	9M17
Cash & cash equivalent	529	552	405	473	711
Receivables	87	116	236	166	186
Inventory	536	1,617	2,013	2,067	2,353
Other Curr. Asset	153	183	272	327	358
Fixed assets - Net	410	258	225	244	223
Other non-curr.asset	5,820	6,281	7,138	8,562	8,813
Total asset	7,536	9,008	10,289	11,840	12,645
ST Debt	302	452	1,722	1,780	2,196
Payables	102	112	333	191	232
Other Curr. Liabilities	1,286	1,175	1,231	1,321	1,332
Long Term Debt	1,205.0	1,674.6	1,477.6	2,675.3	2,037.5
Other LT. Liabilities	539	1,125	754	815	862
Total Liabilities	3,435	4,539	5,518	6,783	6,659
Shareholder's Funds	4,014	4,382	4,682	4,980	5,437
Minority interests	87	87	89	77	548
Total Equity & Liabilities	7,536	9,008	10,289	11,840	12,645

Exhibit 4. Cash Flow

	2013	2014	2015	2016	9M17
Cash from customers	2,320	2,308	1,789	2,180	1,904
Cash paid to suppliers	(1,889)	(2,772)	(2,459)	(2,506)	(1,686)
Interest paid	(71)	(169)	(264)	(471)	(344)
Income tax paid	(114)	(107)	(123)	(129)	(61)
Other cash flow	14	1		(1)	0
Cash flow from operation	259	(740)	(1,058)	(927)	(187)
Acquire investment	(8)	(4)	(4)	(33)	(0)
Acquire of fixed asset	(147)	(94)	(47)	(49)	(39)
Other investing cash flow	(87)	9	43	14	25
Investing Cash Flow	(242)	(89)	(8)	(68)	(15)
Net change in debt	(6)	722	1,071	1,072	(224)
New Capital				-	-
Dividend payment	(3)	(81)	(103)	(54)	(42)
Other Fin. Cash Flow	300	211	(50)	45	706
Financing Cash Flow	290	852	918	1,063	440
Net Change in Cash	308	23	(148)	69	238
Cash - begin of the year	222	529	552	405	473
Cash - end of the year	529	552	405	473	711

Exhibit 5. Key Ratios

	2013	2014	2015	2016	9M17
Growth (%)					
Sales	19.6	21.1	20.4	3.4	4.1
EBITDA	29.6	45.9	(5.0)	(3.4)	5.3
Operating profit	31.8	48.7	(4.2)	(10.4)	(3.1)
Net profit	78.5	33.0	(6.7)	(25.6)	(18.2)
Profitability (%)					
Gross margin	46.7	54.3	47.4	45.5	40.9
EBITDA margin	28.9	34.8	27.5	25.7	24.7
Operating margin	26.5	32.6	25.9	22.5	20.1
Net margin	21.4	23.5	18.2	13.1	9.7
ROAA	4.3	4.8	3.9	2.5	1.3
ROAE	8.1	9.8	8.6	6.0	3.1
Leverage					
Net Gearing (x)	23.8	35.2	58.6	78.7	58.8
Interest Coverage (%)	5.3	6.4	6.7	3.4	2.4

Source : DILD

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.