

Tuesday, 13 February 2018

BUY
Maintain

Last price (IDR) 188
Target Price (IDR) 240
Upside/Downside +27.7%
Previous Target Price (IDR) 240

Stock Statistics

Sector Industrial Estate
Bloomberg Ticker DMAS IJ
No of Shrs (mn) 48,198
Mkt. Cap (IDRbn/USDmn) 9,061/664
Avg. daily T/O (IDRbn/USDmn) 3.3/0.2

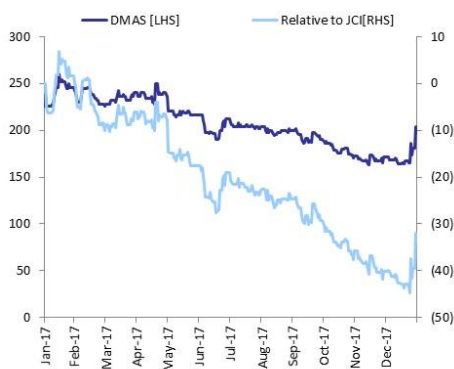
Major shareholders (%)

Sumber Arusmulia 57.3
Sojitz Corporation 25.0
Estimated free float 17.7

EPS Consensus (IDR)

	2017F	2018F	2019F
Danareksa	15.2	15.5	15.3
Consensus	14.5	17.7	19.3
Danareksa/Cons	4.6	(12.8)	(20.5)

DMAS 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

Puradelta Lestari(DMAS IJ)

Cautiously optimistic

DMAS yesterday said that it targeted marketing sales of IDR1.25tn in 2018. The marketing sales will still be mostly contributed by the industrial estates segment. In terms of area, however, DMAS only expects to record 40ha of land sales, lower than 2017's achievement of 59.1ha. Nonetheless, we retain our industrial land sales target of 60ha as we expect the company to beat its target considering: (i) plenty of inquiries remaining (100-130ha), (ii) marketing sales in January 2018 of 14ha. Maintain BUY.

Setting a conservative marketing sales target, both in rupiah terms... DMAS announced a marketing sales target of IDR1.25tn in 2018, down by 11.2%yoy. Nonetheless, should we exclude the one-off land sales to JV Panahome Deltamas Indonesia of IDR213bn, the target implies 0.8%yoy growth. The company still expects the majority of its marketing sales to come from industrial land sales.

... and in terms of industrial estates sales area. In terms of area, the company expects to record land sales of 40ha, or lower than 2017's land sales achievement of 59.1ha. Nonetheless, we retain our industrial land sales target at 60ha as we expect the company to beat its target considering (i) plenty of inquiries remaining (100-130ha), (ii) marketing sales in January 2018 of 14ha.

To raise prices slightly. This year, DMAS targets more sales of smaller land plots. This should help lift ASP, we believe. The company targets 5-10% higher blended ASP in 2018 from IDR1.7mn/sqm in 2017. From existing inquiries, the company claims that 30-40% of its total inquiries of 100ha are from more than 5 potential smaller-land size inquiries. In our forecast, we use a more conservative assumption of 3% higher ASP in 2018.

Minimal capex allocation in 2018. The company has earmarked IDR200-300bn on its 2018 capex, which will mainly be used to build infrastructure in existing areas. With abundant cash remaining of IDR541bn in addition to strong operational cash flow that may reach more than IDR300bn/pa, we believe DMAS can finance its planned capex from internal financing.

Maintain BUY. We reiterate our BUY call on DMAS with an unchanged target price of IDR240 (NAV based valuation with 65% target discount to NAV). DMAS currently trades at a 72.6% discount to NAV, slightly lower than the historical +1SD discount of 71.9%.

Key Financials

Year to 31 Dec	2015A	2016A	2017F	2018F	2019F
Revenue (IDRbn)	2,286	1,594	1,291	1,304	1,287
EBITDA (IDRbn)	1,303	800	699	702	690
EBITDA Growth (%)	29.4	(38.6)	(12.6)	0.5	(1.7)
Net profit (IDRbn)	1,368	757	733	746	739
EPS (IDR)	28.4	15.7	15.2	15.5	15.3
EPS growth (%)	27.7	(44.6)	(3.2)	1.8	(0.9)
BVPS (IDR)	148.5	153.2	153.4	159.8	165.8
DPS (IDR)	32.7	11.0	15.0	9.1	9.3
PER (x)	7.0	12.6	13.0	12.8	12.9
PBV (x)	1.3	1.3	1.3	1.2	1.2
Dividend yield (%)	16.5	5.6	7.6	4.6	4.7
EV/EBITDA (x)	6.4	10.4	12.4	12.4	12.6

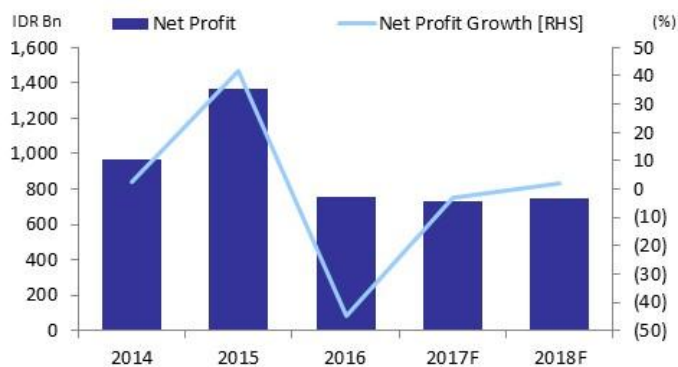
Source : DMAS, Danareksa Estimates

Exhibit 1. REVENUE AND GROWTH



Source: Company, Danareksa Sekuritas estimates

Exhibit 2. NET PROFIT AND GROWTH



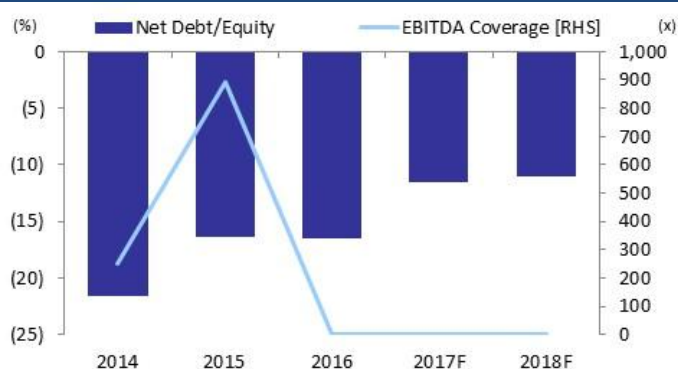
Source: Company, Danareksa Sekuritas estimates

Exhibit 3. MARGINS



Source: Company, Danareksa Sekuritas estimates

Exhibit 4. GEARING LEVEL



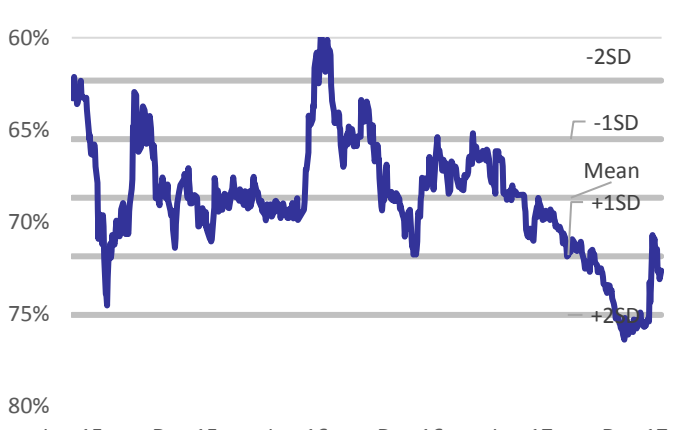
Source: Company, Danareksa Sekuritas estimates

Exhibit 5. DMAS' historical discount to NAV



Source: Company, Danareksa Sekuritas estimates

Exhibit 6. Industrial estate's historical discount to NAV



Source: Company, Danareksa Sekuritas estimates

Exhibit 7. Income Statement

Year to 31 Dec (IDRbn)	2015A	2016A	2017F	2018F	2019F
Revenue	2,286	1,594	1,291	1,304	1,287
COGS	(837)	(698)	(488)	(496)	(489)
Gross profit	1,449	896	803	808	798
EBITDA	1,303	800	699	702	690
Oper. profit	1,299	790	687	688	673
Interest income	19	10	12	17	17
Interest expense	(1)	0	0	0	0
Forex Gain/(Loss)	135	(27)	(5)	(2)	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	43	69	74	78	83
Pre-tax profit	1,495	841	767	781	774
Income tax	(127)	(84)	(35)	(35)	(35)
Minority interest	0	0	0	0	0
Net profit	1,368	757	733	746	739
Core Net Profit	1,233	785	738	748	739

Exhibit 8. Balance Sheet

Year to 31 Dec (IDRbn)	2015A	2016A	2017F	2018F	2019F
Cash & cash equivalent	1,175	1,219	850	848	820
Receivables	0	0	0	0	0
Inventory	2,428	2,380	2,501	2,619	2,740
Other Curr. Asset	893	115	83	84	84
Fixed assets - Net	183	305	311	315	317
Other non-curr.asset	3,329	3,785	3,984	4,179	4,377
Total asset	8,007	7,804	7,730	8,045	8,339
ST Debt	0	0	0	0	0
Payables	54	39	28	28	28
Other Curr. Liabilities	776	356	281	285	283
Long Term Debt	0	0	0	0	0
Other LT. Liabilities	17	20	23	28	32
Total Liabilities	847	415	332	341	343
Shareholder's Funds	7,158	7,385	7,395	7,701	7,992
Minority interests	3	3	3	3	3
Total Equity & Liabilities	8,007	7,804	7,730	8,045	8,339

Exhibit 9. Cash Flow

Year to 31 Dec (IDRbn)	2015A	2016A	2017F	2018F	2019F
Net income	1,368	757	733	746	739
Depreciation and Amort.	4	10	12	15	17
Change in Working Capital	(808)	392	(176)	(115)	(123)
Other Oper. Cash Flow	470	(452)	(200)	(200)	(203)
Operating Cash Flow	1,034	707	369	446	430
Capex	(63)	(143)	(27)	(27)	(27)
Others Inv. Cash Flow	19	10	12	17	17
Investing Cash Flow	(43)	(133)	(14)	(10)	(10)
Net change in debt	0	0	0	0	0
New Capital	976	1	0	0	0
Dividend payment	(1,578)	(530)	(723)	(440)	(448)
Other Fin. Cash Flow	(595)	0	0	0	0
Financing Cash Flow	(1,198)	(529)	(723)	(440)	(448)
Net Change in Cash	(206)	44	(369)	(3)	(27)
Cash - begin of the year	1,381	1,175	1,219	850	848
Cash - end of the year	1,175	1,219	850	848	820

Exhibit 10. Key Ratios

Year to 31 Dec	2015A	2016A	2017F	2018F	2019F
Growth (%)					
Sales	48.6	(30.3)	(19.0)	1.0	(1.3)
EBITDA	29.4	(38.6)	(12.6)	0.5	(1.7)
Operating profit	29.4	(39.2)	(13.1)	0.1	(2.1)
Net profit	41.9	(44.6)	(3.2)	1.8	(0.9)
Profitability (%)					
Gross margin	63.4	56.2	62.2	62.0	62.0
EBITDA margin	57.0	50.2	54.1	53.8	53.6
Operating margin	56.8	49.6	53.2	52.7	52.3
Net margin	59.8	47.5	56.7	57.2	57.4
ROAA	17.5	9.6	9.4	9.5	9.0
ROAE	20.2	10.4	9.9	9.9	9.4
Leverage					
Net Gearing (x)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)
Interest Coverage (x)	889.8	0.0	0.0	0.0	0.0

Source : DMAS, Danareksa Estimates

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 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.