

Thursday, 12 April 2018

BUY
Maintain

Last price (IDR)	1,760
Target Price (IDR)	2,000
Upside/Downside	+13.6%
Previous Target Price (IDR)	2,000

Stock Statistics

Sector	Property
Bloomberg Ticker	BSDE IJ
No of Shrs (mn)	19,247
Mkt. Cap (IDRbn/USDmn)	33,874/2,463
Avg. daily T/O (IDRbn/USDmn)	28.2/2.1

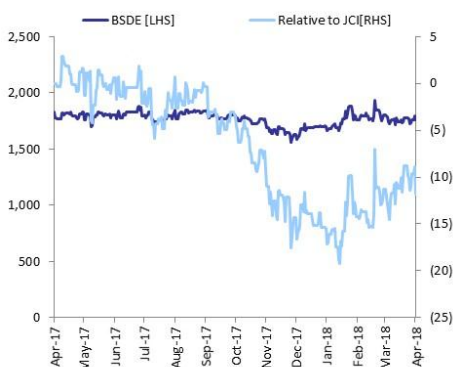
Major shareholders (%)

Paraga Artamida	26.6
Ekacentra Usahamaju	25.0
Estimated free float	39.0

EPS Consensus (IDR)

	2018F	2019F	2020F
Danareksa	147.7	110.4	123.6
Consensus	158.7	161.0	172.6
Danareksa/Cons	(7.0)	(31.4)	(28.4)

BSDE relative to JCI Index



Source : Bloomberg



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Bumi Serpong Damai (BSDE IJ)

Outperforming its peers

We reiterate our BUY call on BSDE with an unchanged target price of IDR2,000. We believe the stock still has upside given: (i) the encouraging marketing sales in 1Q18 of IDR2.5tn, +58.4%yoy, or reaching 35.1% of our full year forecast and the management's target, outperforming its peers whose 1Q18 marketing sales only reached 25.9% of management targets, and (ii) the stock's attractive valuation as BSDE currently trades at a 71.3% discount to NAV, near to its historical +1SD of 70.6%.

Stellar marketing sales in 1Q18. BSDE recorded marketing sales of IDR2.5tn in 1Q18, +58.4%yoy, or reaching 35.1% of our full year forecast and the management's target of IDR7.2tn. Compared to its peers, we note that BSDE's marketing sales outperformed (the 1Q18 marketing sales of its peers only reached 25.9% of the management targets and 26.6% of our targets on average (ranging from 11.4%-35.6%).

More varied contribution of marketing sales. BSDE's stellar performance mainly owed to marketing sales recognition from: (i) Klaska Apartment, Surabaya (1,043 units available for sale, 80% take up rate, total proceeds of IDR366bn), (ii) Southgate apartment, Jakarta (300 units available for sale, 43% take up rate, total proceeds of IDR253bn), (iii) commercial land plot sales in Serpong and MT Haryono of IDR652bn, (iv) Zadeite in BSD City (67 units available for sale, 90% take up rate, and total proceeds of IDR280bn), (v) Zora in BSD City (84 units available for sale, 32% take up rate, and total proceeds of IDR120bn), (vi) Tevana in BSD Phase 1 (176 units available for sale, 47% take up rate, and total proceeds of IDR118bn), (vii) Water Terrace in Grand Wisata Bekasi (42 units available for sale, 38% take up rate, and total proceeds of IDR40bn).

One launch in the pipeline. This month, BSDE plans to conduct one landed residential launching in Grand Wisata Bekasi named Vermella. With 57 units available for sale, prices range from IDR1.4-2bn/unit. Assuming a 50% take up rate, we estimate that this launch will generate additional marketing sales of IDR45bn. The company has not disclosed information on further planned product launches. However, with a limited number of working days in 2Q18 owing to the festive season, we believe that the launches in 2Q18 will be less than in 1Q18 (6 product launches).

Maintain BUY. We reiterate our BUY call on BSDE with an unchanged target price of IDR2,000 (SOTP based valuation with WACC of 12.8%, Terminal Growth of 4.0%, and target discount to NAV of 68%). At the moment, BSDE is trading at a 71.3% discount to NAV, above its historical +1SD of 70.6%. We believe the stock still has upside given that its marketing sales are outperforming those of its peers.

Key Financials

Year to 31 Dec	2016A	2017A	2018F	2019F	2020F
Revenue (IDRbn)	6,603	10,347	7,904	6,965	7,502
EBITDA (IDRbn)	3,035	5,475	3,912	3,248	3,584
EBITDA Growth (%)	(2.2)	80.4	(28.6)	(17.0)	10.3
Net profit (IDRbn)	1,796	4,920	2,842	2,126	2,379
EPS (IDR)	93.3	255.6	147.7	110.4	123.6
EPS growth (%)	(16.0)	173.9	(42.2)	(25.2)	11.9
BVPS (IDR)	1,072.4	1,316.7	1,450.6	1,553.2	1,670.9
DPS (IDR)	5.0	5.0	13.7	7.9	5.9
PER (x)	17.4	6.4	11.0	14.7	13.1
PBV (x)	1.5	1.2	1.1	1.0	1.0
Dividend yield (%)	0.3	0.3	0.8	0.5	0.4
EV/EBITDA (x)	11.6	6.3	8.5	10.1	9.1

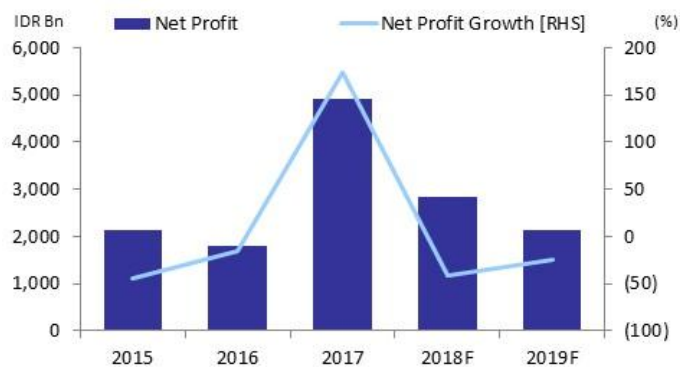
Source : BSDE, Danareksa Estimates

Exhibit 1. Revenues and Growth



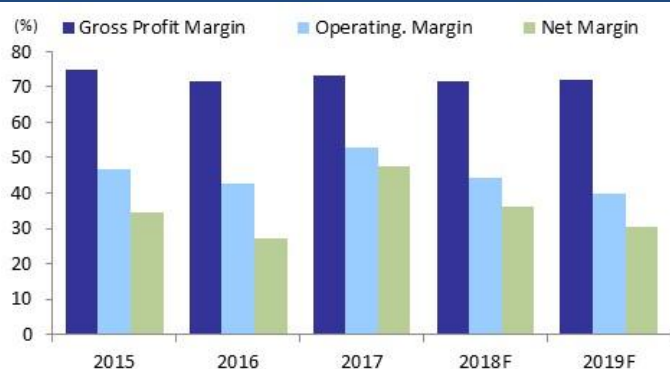
Source: Company, Danareksa Sekuritas estimates

Exhibit 2. Net Profits and Growth



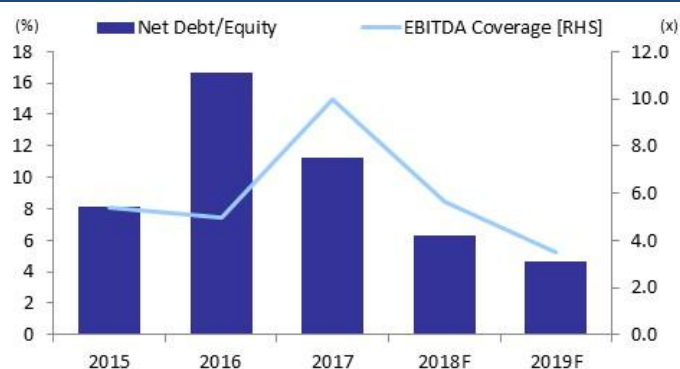
Source: Company, Danareksa Sekuritas estimates

Exhibit 3. Margins



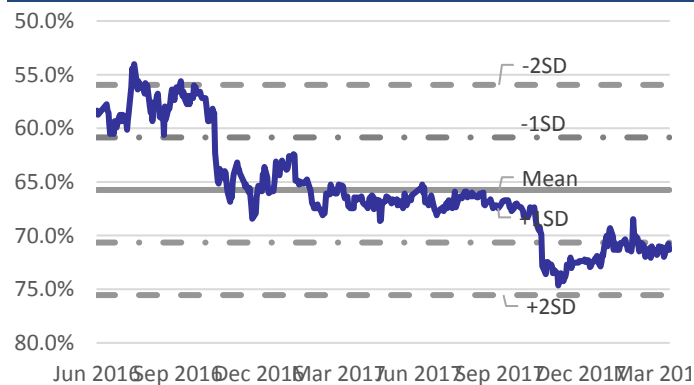
Source: Company, Danareksa Sekuritas estimates

Exhibit 4. Gearing Level



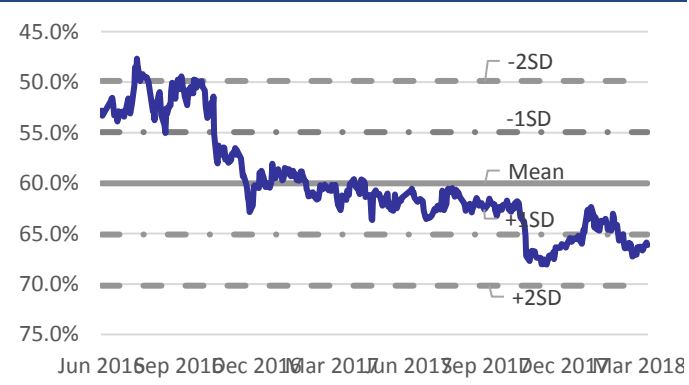
Source: Company, Danareksa Sekuritas estimates

Exhibit 5. BSDE's historical discount to NAV



Source: Company, Danareksa Sekuritas estimates

Exhibit 6. Property sector's historical discount to NAV



Source: Company, Danareksa Sekuritas estimates

Exhibit 7. Income Statement

Year to 31 Dec (IDRbn)	2016A	2017A	2018F	2019F	2020F
Revenue	6,603	10,347	7,904	6,965	7,502
COGS	(1,882)	(2,757)	(2,238)	(1,964)	(2,121)
Gross profit	4,721	7,590	5,666	5,002	5,382
EBITDA	3,035	5,475	3,912	3,248	3,584
Oper. profit	2,810	5,475	3,512	2,762	3,068
Interest income	224	266	232	455	495
Interest expense	(613)	(549)	(691)	(924)	(982)
Forex Gain/(Loss)	(116)	(48)	12	0	0
Income From Assoc. Co's	241	495	247	247	247
Other Income (Expenses)	(98)	2	0	0	0
Pre-tax profit	2,448	5,641	3,313	2,541	2,829
Income tax	(391)	(452)	(315)	(299)	(320)
Minority interest	(261)	(269)	(155)	(116)	(130)
Net profit	1,796	4,920	2,842	2,126	2,379
Core Net Profit	1,913	4,968	2,830	2,126	2,379

Exhibit 8. Balance Sheet

Year to 31 Dec (IDRbn)	2016A	2017A	2018F	2019F	2020F
Cash & cash equivalent	3,578	5,793	11,380	12,381	12,784
Receivables	420	530	405	357	384
Inventory	7,634	7,910	8,173	8,422	8,659
Other Curr. Asset	4,310	2,968	2,724	3,940	4,236
Fixed assets - Net	824	772	685	596	625
Other non-curr.asset	21,149	27,215	29,661	32,632	35,127
Total asset	38,537	45,951	53,791	59,092	62,577
ST Debt	1,121	2,051	2,190	2,397	2,456
Payables	299	1,768	1,588	1,824	1,970
Other Curr. Liabilities	4,271	3,751	4,960	6,684	7,187
Long Term Debt	6,537	7,027	11,195	11,548	11,842
Other LT. Liabilities	1,846	2,158	2,083	2,890	3,108
Total Liabilities	14,074	16,754	22,015	25,343	26,563
Shareholder's Funds	20,641	25,341	27,920	29,894	32,159
Minority interests	3,822	3,855	3,855	3,855	3,855
Total Equity & Liabilities	38,537	45,951	53,791	59,092	62,577

Exhibit 9. Cash Flow

Year to 31 Dec (IDRbn)	2016A	2017A	2018F	2019F	2020F
Net income	1,796	4,920	2,842	2,126	2,379
Depreciation and Amort.	225	304	399	486	516
Change in Working Capital	(1,673)	1,886	1,136	543	88
Other Oper. Cash Flow	413	201	474	805	542
Operating Cash Flow	761	7,312	4,852	3,961	3,525
Capex	(969)	(3,625)	(2,201)	(2,201)	(2,261)
Others Inv. Cash Flow	(1,740)	(2,240)	(443)	(277)	(160)
Investing Cash Flow	(2,710)	(5,865)	(2,644)	(2,478)	(2,420)
Net change in debt	(370)	1,651	4,350	564	353
New Capital	0	0	0	0	0
Dividend payment	(96)	(96)	(264)	(152)	(114)
Other Fin. Cash Flow	39	(790)	(705)	(893)	(942)
Financing Cash Flow	(427)	765	3,382	(481)	(702)
Net Change in Cash	(2,376)	2,212	5,590	1,001	402
Cash - begin of the year	6,137	3,578	5,793	11,380	12,381
Cash - end of the year	3,578	5,793	11,380	12,381	12,784

Exhibit 10. Key Ratios

Year to 31 Dec	2016A	2017A	2018F	2019F	2020F
Growth (%)					
Sales	6.3	56.7	(23.6)	(11.9)	7.7
EBITDA	(2.2)	80.4	(28.6)	(17.0)	10.3
Operating profit	(3.1)	94.9	(35.9)	(21.4)	11.1
Net profit	(16.0)	173.9	(42.2)	(25.2)	11.9
Profitability (%)					
Gross margin	71.5	73.4	71.7	71.8	71.7
EBITDA margin	46.0	52.9	49.5	46.6	47.8
Operating margin	42.6	52.9	44.4	39.7	40.9
Net margin	27.2	47.6	36.0	30.5	31.7
ROAA	4.8	11.6	5.7	3.8	3.9
ROAE	9.1	21.4	10.7	7.4	7.7
Leverage					
Net Gearing (x)	0.2	0.1	0.1	0.0	0.0
Interest Coverage (x)	4.6	10.0	5.1	3.0	3.1

Source : BSDE, Danareksa Estimates

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