

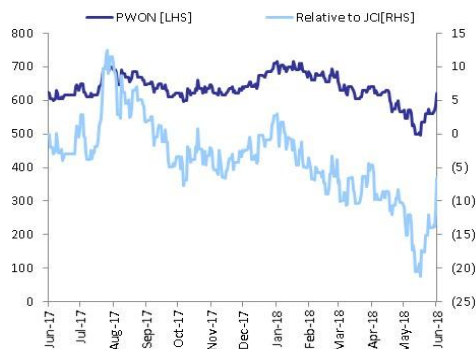
Tuesday, 17 July 2018

NEUTRAL

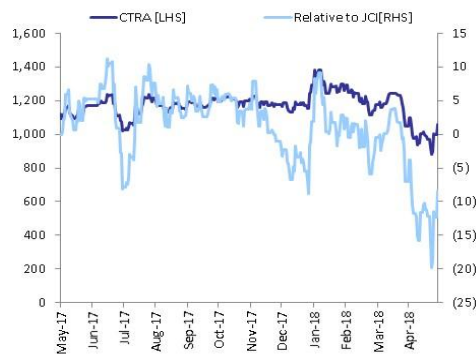
Property

1H18 Marketing Sales Check – In Line

PWON relative to JCI Index



CTRA relative to JCI Index



Source : Bloomberg

Overall, the 1H18 marketing sales are in-line (48% of our FY18 cumulative target). Most property companies are on-track with ASRI's marketing sales above target although SMRA is still behind the curve. We think most companies are on-track to reach their FY18 targets as there are plenty of projects in the pipeline in 2H18. Maintain neutral.

1H18 marketing sales summary – in line. On an aggregate basis, the 1H18 marketing sales of property companies under our coverage totalled Rp12.3tn (+36.0% YoY), or reaching 48% of the FY18 cumulative target of Rp25.4tn, mostly in-line. Better performance was recorded by ASRI and BSDE. In the case of BSDE, the company posted higher presales in 1H18 of Rp3.8tn (+50% YoY) boosted by its residential sales of Rp1.7tn (+64.0% YoY), high-rise sales of Rp865bn (+420% YoY) and commercial land plot sales (5.0Ha) of Rp888bn (+543% YoY). ASRI, meanwhile, booked higher 1H18 presales of Rp3.0tn (+235% YoY) supported by commercial land plot sales (2.5 Ha) amounting to Rp495bn, in addition to land plot sales to CFLD (50 Ha) of Rp1.2tn.

Most property names are on-track. Overall, we think the 1H18 presales performance of BSDE, PWON and CTRA is on-track, achieving between 43-52% of their FY18 presales targets. However, ASRI's 1H18 presales performance surpassed expectations, achieving 75% of its FY18 target. ASRI's presales were boosted by commercial land plot sales (2.5 Ha) of Rp495bn.

SMRA's performance lagged. Nonetheless, SMRA's 1H18 pre-sales lagged behind, achieving only 29% of its FY18 target. Its marketing sales for almost all its projects were below 40% of the FY18 projection, except for Serpong where the marketing sales were 47% of the FY18 projection at Rp637bn. We see the risk that SMRA may revise down its FY18 marketing sales guidance.

Plenty of projects in the pipeline for 2H18. Based on our checks, most property companies still have plenty of project launchings planned for 2H18, except for PWON which will rely on sales of its existing projects. ASRI plans to launch one more residential cluster/shophouses and make further land sales to CFLD. BSDE will continue to launch residential clusters in BSD City, sell land plots (~Rp900bn) and sell existing high-rise clusters such as Klaska and Southgate. CTRA's 2H18 presales will be supported by sales of Newton 1 serviced apartments to Diener Syz Real Estate amounting to Rp575bn, the launching of Newton 2 apartment, mixed-use property in Sentul and landed residential property in Citra Raya Tangerang and CitraLand Bagya City Medan. SMRA, meanwhile, plans to launch mostly residential and commercial projects in Bekasi, Bandung, Serpong, Karawang and Makassar.

Maintain neutral. At this juncture, we maintain our neutral call on the property sector with PWON and CTRA as our top picks given: 1) their sizeable recurring income and 2) low net gearing ratios. We remain concerned on the trend of rising borrowing costs while the impact of LTV relaxation remains to be seen.



Yudha Gautama

(62-21) 2955 5888 ext 3509

yudha.gautama@danareksa.com

Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		P/BV (x)		ROE (%) 2019F
					2018F	2019F	2018F	2019F	
Pakuwon Jati	PWON IJ	BUY	710	29,618.2	12.4	11.2	2.4	2.0	19.5
Ciputra Development	CTRA IJ	BUY	1,220	22,550.8	19.3	18.5	1.6	1.4	8.1
Bumi Serpong Damai	BSDE IJ	BUY	1,930	31,275.9	11.0	14.7	1.1	1.0	7.4
Summarecon Agung	SMRA IJ	BUY	1,000	12,912.0	33.7	37.7	1.9	1.8	4.9
Alam Sutra	ASRI IJ	HOLD	340	7,427.5	4.6	4.7	0.8	0.7	15.0

Exhibit 1. 1H18 Marketing Sales Performance Summary

1H18 Marketing Sales Performance Summary (IDRtn)				
	1H18 Actual	FY18 Company Target	% Achievement	Comment
CTRA	3.31	7.72	43%	IN-LINE
ASRI	2.99	4.00	75%	ABOVE
SMRA	1.15	4.00	29%	BELOW
BSDE	3.77	7.20	52%	IN-LINE
PWON	1.09	2.50	44%	IN-LINE
Total	12.32	25.42	48%	IN-LINE

Source: Company, Danareksa Sekuritas Estimate