

Monday, 09 December 2019

BUY
Maintain

Last price (IDR) 695
Target Price (IDR) 1,000
Upside/Downside +43.9%
Previous Target Price (IDR) 950

Stock Statistics

Sector Industrial Estate
Bloomberg Ticker SSIA IJ
No of Shrs (mn) 4,705
Mkt. Cap (IDRbn/USDmn) 3,270/233
Avg. daily T/O (IDRbn/USDmn) 23.3/1.7

Major shareholders (%)

Arman Investments Utama 9.8
Persada Capital Investama 7.9
Estimated free float 99.3

EPS Consensus (IDR)

	2019F	2020F	2021F
Danareksa	22.6	46.5	82.4
Consensus	17.2	48.0	59.5
Danareksa/Cons	31.8	(3.2)	38.5

SSIA relative to JCI Index



Source : Bloomberg



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Surya Semesta Internusa (SSIA IJ)

Winter is over

We expect SSIA to sell 20ha of industrial land in FY20F, or up from 18ha in FY19F. We maintain our forecast for the Subang industrial estate, for which land will start to be sold in 2021. We maintain our BUY call on SSIA as we see a clearer picture for its long-awaited industrial estates in Subang which we believe will start to be booked in FY21F. In the meantime, undeveloped land sales and the contract for Patimban toll road access should provide growth for SSIA in FY20F.

FY20F net profits expected to double supported by phase 4 undeveloped land sales. We expect SSIA to book net profits of IDR219bn in FY20F (+106% y-o-y) supported by undeveloped land sales of 100ha in its Karawang estate which should translate into revenues of IDR325bn in 3Q20. We expect the gross margin for the property business to remain flat at 70% in FY20F as the cost of phase 4 land is IDR100k per sqm.

Higher revenues despite lower industrial land sales recognition. Despite forecasting lower industrial land sales recognition of 11.8ha in FY20F (16.2ha in FY19F), we expect revenues to grow 23% y-o-y to IDR4.9tn in FY20F. The higher revenues are supported by one-off revenues coming from undeveloped land sales and construction contracts to build toll road access to Patimban Seaport which we expect to be booked next year. Going forward, we expect SSIA to continue to book higher revenues and net profits supported by the industrial land sales in its Subang estate.

Subang to kick-in in 2021. We maintain our view that industrial land sales in Subang will kick-in in 2021, rather than in 2020. In regard to the latest progress, the soft launch of Patimban Seaport is expected to begin in mid-2020. We also expect the contract to establish toll road access to Patimban Seaport to be granted in 2020. If all goes to plan we can expect the long-awaited Subang industrial estate to contribute to SSIA's book in 2021.

Maintain BUY with a higher TP of IDR1,000. We maintain our BUY call on SSIA as we expect the long-awaited Subang estate to start contributing to SSIA's book in 2021. Our TP is derived by applying a 56% discount (5-year average) to its RNAV of IDR2,234/share (from IDR2,109/share previously) as we roll forward our valuation base to FY20F. Our TP implies 1.2x FY20F book value.

Key Financials

Year to 31 Dec	2017A	2018A	2019F	2020F	2021F
Revenue (IDRbn)	3,274	3,682	3,979	4,902	5,299
EBITDA (IDRbn)	393	439	560	808	1,024
EBITDA Growth (%)	(31.0)	11.7	27.6	44.3	26.8
Net profit (IDRbn)	1,178	38	106	219	388
EPS (IDR)	250.4	8.0	22.6	46.5	82.4
EPS growth (%)	1,786.3	(96.8)	182.2	105.6	77.4
BVPS (IDR)	851.9	838.2	853.8	895.7	968.9
DPS (IDR)	11.0	20.0	7.0	4.5	9.3
PER (x)	2.8	86.2	30.5	14.9	8.4
PBV (x)	0.8	0.8	0.8	0.8	0.7
Dividend yield (%)	1.6	2.9	1.0	0.7	1.3
EV/EBITDA (x)	11.1	7.7	5.7	4.1	2.6

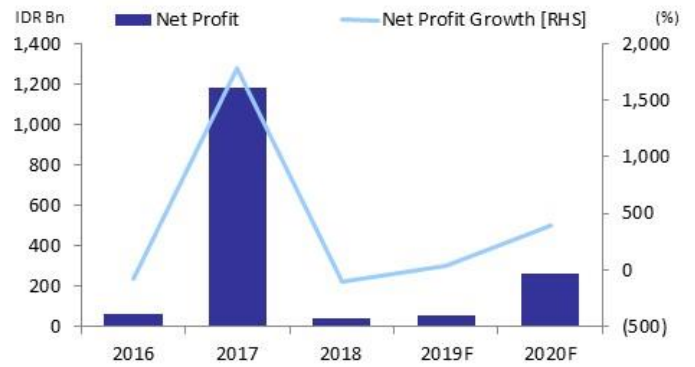
Source : SSIA, Danareksa Estimates

Exhibit 1. Revenues and Growth



Source: Company, Danareksa Sekuritas estimates

Exhibit 2. Net Profits and Growth



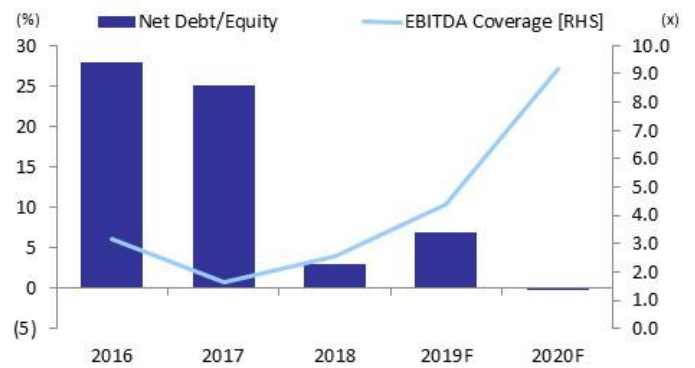
Source: Company, Danareksa Sekuritas estimates

Exhibit 3. Margins



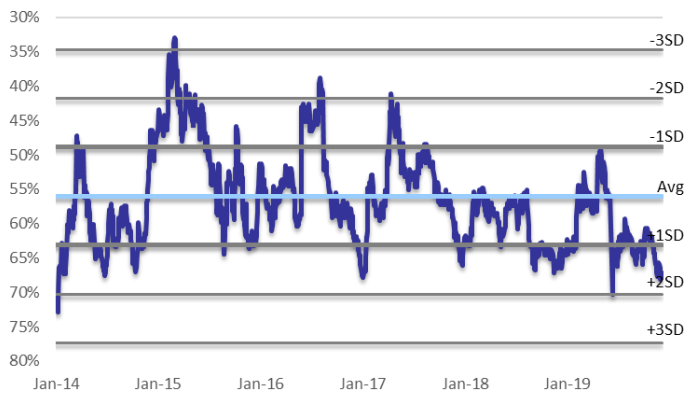
Source: Company, Danareksa Sekuritas estimates

Exhibit 4. Gearing Level



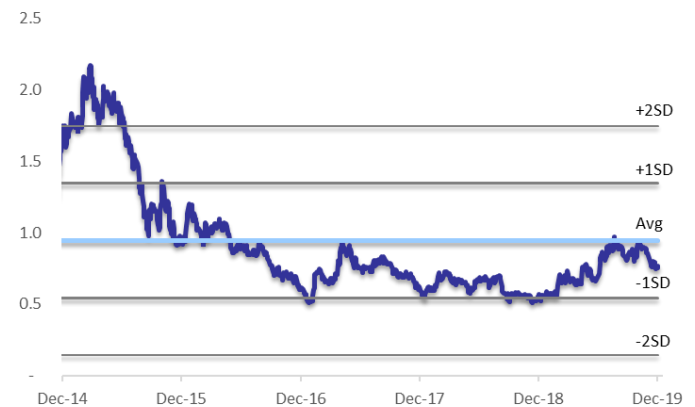
Source: Company, Danareksa Sekuritas estimates

Exhibit 5. Discount to RNAV band (5-year)



Source: Company, Danareksa Sekuritas estimates

Exhibit 6. Forward 12M P/BV band (5-year)



Source: Company, Danareksa Sekuritas estimates

Exhibit 7. Income Statement

Year to 31 Dec (IDRbn)	2017A	2018A	2019F	2020F	2021F
Revenue	3,274	3,682	3,979	4,902	5,299
COGS	(2,410)	(2,701)	(2,896)	(3,524)	(3,664)
Gross profit	864	981	1,083	1,378	1,634
EBITDA	393	439	560	808	1,024
Oper. profit	234	277	375	622	838
Interest income	56	73	49	18	11
Interest expense	(243)	(171)	(171)	(146)	(115)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	(3)	31	22	26	30
Other Income (Expenses)	1,738	4	0	0	0
Pre-tax profit	1,782	214	274	520	764
Income tax	(541)	(124)	(99)	(172)	(185)
Minority interest	(63)	(52)	(69)	(130)	(191)
Net profit	1,178	38	106	219	388
Core Net Profit	1,178	38	106	219	388

Exhibit 8. Balance Sheet

Year to 31 Dec (IDRbn)	2017A	2018A	2019F	2020F	2021F
Cash & cash equivalent	1,145	1,372	1,898	1,767	2,073
Receivables	320	343	358	441	477
Inventory	415	463	1,279	2,113	1,982
Other Curr. Asset	3,206	1,281	1,287	1,293	1,300
Fixed assets - Net	2,018	1,985	1,770	1,593	1,415
Other non-curr.asset	1,749	1,961	1,708	1,724	1,742
Total asset	8,851	7,404	8,300	8,931	8,988
ST Debt	776	755	226	74	30
Payables	456	463	492	599	623
Other Curr. Liabilities	1,408	816	1,197	1,416	1,289
Long Term Debt	1,494	751	1,622	1,754	1,422
Other LT. Liabilities	240	235	235	235	235
Total Liabilities	4,375	3,019	3,773	4,077	3,598
Shareholder's Funds	4,009	3,944	4,017	4,215	4,559
Minority interests	468	441	510	640	831
Total Equity & Liabilities	8,851	7,404	8,300	8,931	8,988

Exhibit 9. Cash Flow

Year to 31 Dec (IDRbn)	2017A	2018A	2019F	2020F	2021F
Net income	1,178	38	106	219	388
Depreciation and Amort.	159	162	203	185	186
Change in Working Capital	(1,337)	1,316	390	236	(146)
Other Oper. Cash Flow	0	0	0	0	0
Operating Cash Flow	0	1,515	699	640	428
Capex	(1,102)	(446)	(535)	(842)	123
Others Inv. Cash Flow	1,051	97	101	131	184
Investing Cash Flow	(52)	(349)	(434)	(710)	307
Net change in debt	(186)	(764)	342	(21)	(375)
New Capital	(9)	(1)	0	0	0
Dividend payment	(52)	(94)	(33)	(21)	(44)
Other Fin. Cash Flow	0	4	0	0	0
Financing Cash Flow	(246)	(855)	309	(42)	(419)
Net Change in Cash	(298)	311	574	(113)	316
Cash - begin of the year	1,520	1,145	1,372	1,898	1,767
Cash - end of the year	1,145	1,372	1,898	1,767	2,073

Exhibit 10. Key Ratios

Year to 31 Dec	2017A	2018A	2019F	2020F	2021F
Growth (%)					
Sales	(13.8)	12.5	8.1	23.2	8.1
EBITDA	(31.0)	11.7	27.6	44.3	26.8
Operating profit	(45.8)	18.3	35.1	66.0	34.7
Net profit	1,786.3	(96.8)	182.2	105.6	77.4
Profitability (%)					
Gross margin	26.4	26.6	27.2	28.1	30.8
EBITDA margin	12.0	11.9	14.1	16.5	19.3
Operating margin	7.2	7.5	9.4	12.7	15.8
Net margin	36.0	1.0	2.7	4.5	7.3
ROAA	14.7	0.5	1.4	2.5	4.3
ROAE	34.1	0.9	2.7	5.3	8.8
Leverage					
Net Gearing (x)	0.3	0.0	0.0	0.0	(0.1)
Interest Coverage (x)	1.0	1.6	2.2	4.3	7.3

Source : SSIA, Danareksa Estimates

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