

Thursday, 12 December 2019

HOLD
Maintain

Last price (IDR) 304
Target Price (IDR) 300
Upside/Downside -1.3%
Previous Target Price (IDR) 320

Stock Statistics

Sector Industrial Estate
Bloomberg Ticker DMAS IJ
No of Shrs (mn) 48,198
Mkt. Cap (IDRbn/USDmn) 14,652/1,046
Avg. daily T/O (IDRbn/USDmn) 12.9/0.9

Major shareholders (%)

Sumber Arusmulia 57.3
Sojitz Corporation 25.0
Estimated free float 17.7

EPS Consensus (IDR)

	2019F	2020F	2021F
Danareksa	24.0	28.1	21.3
Consensus	17.3	20.8	19.9
Danareksa/Cons	39.2	35.2	7.2

DMAS relative to JCI Index



Source : Bloomberg



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Puradelta Lestari (DMAS IJ)

Double-edged sword

We expect DMAS to sell 70ha of industrial land in FY20F, or less than FY19F's sales of 138ha given the lack of bulk land plot sales to Hyundai of c.78ha which should be booked in Dec 19. We reduce our TP to IDR300 (from IDR320 previously) as we roll forward our valuation to FY20F. Supported by the earnings generated from the industrial land bank sold to Hyundai, DMAS should record a dividend yield of 7.5% with the assumption of a 95% dividend payout ratio.

Strong earnings and high dividend yield. We expect DMAS to book net profits of IDR1.1tn and IDR1.3tn in FY19F and FY20F, respectively, thanks to the strong contribution from industrial land sales. This should translate into high dividend yields of 7.5% and 8.7% in FY19F and FY20F assuming a 95% dividend payout ratio.

Bulk land sales to Hyundai should secure FY20F earnings. DMAS is expected to sell c. 78ha of industrial land to Hyundai in Dec 19. We expect the ASP to be c. IDR1.7mn per sqm. In turn, this should lead to a FY19F blended ASP of c. IDR1.8mn per sqm which is lower than 9M19's ASP of IDR1.94mn per sqm. We expect the bulk of the transaction to be recognized in FY20F as the backbone of the company's profitability in that year.

Limited prospects given weak land bank replenishment. DMAS' ability to sell the bulk of its land bank is a two-edged sword. On one hand, it gives security in terms of earnings in the short-term, but on the other hand it restricts the prospect for future land sales, subject to land bank replenishment. DMAS' land bank acquisition has been slow with only 5ha acquired in FY18 and almost none acquired in 9M19.

Maintain HOLD with a lower TP and higher dividend yield. We lower our TP from IDR320 to IDR300 as we roll forward our valuation base to FY20F and maintain our discount to NAV at 56% (-2SD of its historical average). Our TP is reduced as the value of industrial land has translated into profits (and cash), resulting in a higher dividend yield.

Key Financials

Year to 31 Dec	2017A	2018A	2019F	2020F	2021F
Revenue (IDRbn)	1,336	1,036	1,945	2,467	1,896
EBITDA (IDRbn)	681	456	1,148	1,352	1,039
EBITDA Growth (%)	(14.8)	(33.0)	151.5	17.8	(23.1)
Net profit (IDRbn)	657	496	1,159	1,352	1,026
EPS (IDR)	13.6	10.3	24.0	28.1	21.3
EPS growth (%)	(13.3)	(24.5)	133.7	16.7	(24.1)
BVPS (IDR)	145.3	149.1	150.3	151.7	152.7
DPS (IDR)	13.0	21.0	22.8	26.7	20.2
PER (x)	22.9	30.3	13.0	11.1	14.7
PBV (x)	2.1	2.1	2.1	2.1	2.0
Dividend yield (%)	4.2	6.7	7.3	8.5	6.5
EV/EBITDA (x)	20.9	31.3	12.1	9.8	12.5

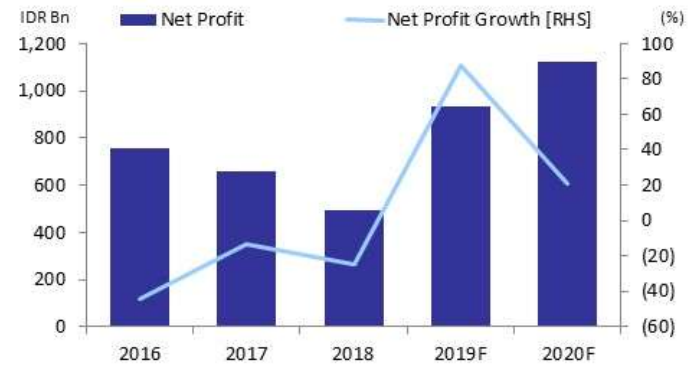
Source : DMAS, Danareksa Estimates

Exhibit 1. Revenues and Growth



Source: Company, Danareksa Sekuritas estimates

Exhibit 2. Net Profits and Growth



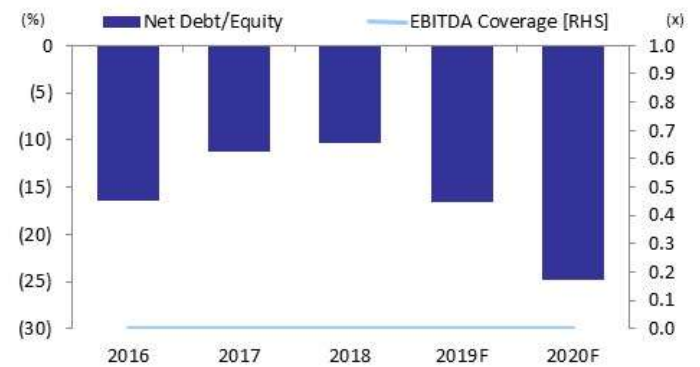
Source: Company, Danareksa Sekuritas estimates

Exhibit 3. Margins



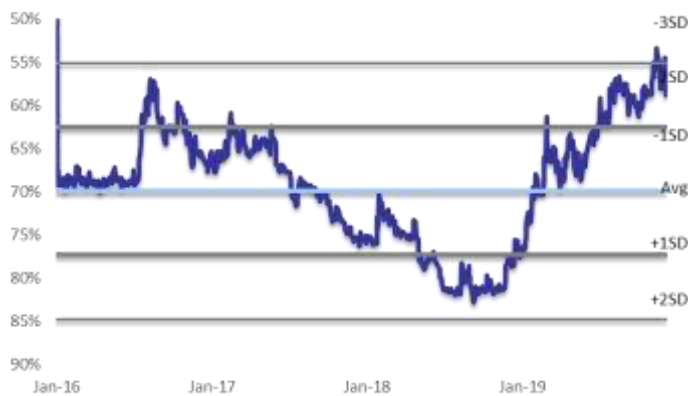
Source: Company, Danareksa Sekuritas estimates

Exhibit 4. Gearing Level



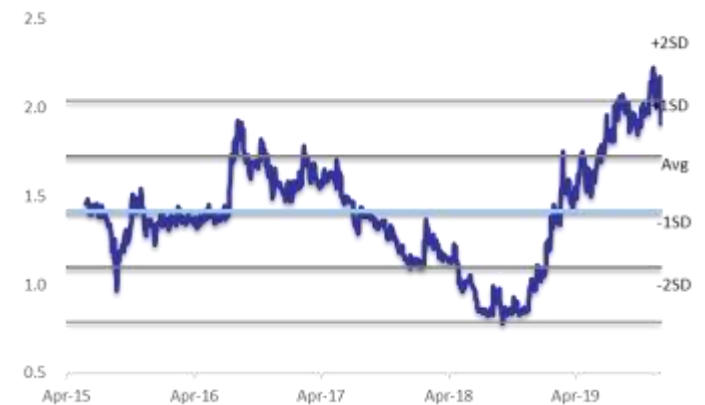
Source: Company, Danareksa Sekuritas estimates

Exhibit 5. Discount to NAV band chart



Source: Company, Danareksa Sekuritas estimates

Exhibit 6. Forward 12M P/BV



Source: Company, Danareksa Sekuritas estimates

Exhibit 7. Income Statement

Year to 31 Dec (IDRbn)	2017A	2018A	2019F	2020F	2021F
Revenue	1,336	1,036	1,945	2,467	1,896
COGS	(522)	(455)	(672)	(984)	(733)
Gross profit	815	581	1,273	1,483	1,163
EBITDA	681	456	1,148	1,352	1,039
Oper. profit	661	442	1,112	1,305	984
Interest income	24	19	15	23	0
Interest expense	0	0	0	0	0
Forex Gain/(Loss)	2	11	8	11	8
Income From Assoc. Co's	0	(4)	0	0	0
Other Income (Expenses)	21	72	75	78	84
Pre-tax profit	707	540	1,210	1,416	1,076
Income tax	(50)	(44)	(50)	(63)	(49)
Minority interest	0	0	(1)	(1)	(1)
Net profit	657	496	1,159	1,352	1,026
Core Net Profit	655	485	1,151	1,342	1,018

Exhibit 8. Balance Sheet

Year to 31 Dec (IDRbn)	2017A	2018A	2019F	2020F	2021F
Cash & cash equivalent	785	745	1,126	1,827	2,050
Receivables	0	0	0	0	0
Inventory	2,602	2,679	2,568	2,283	2,079
Other Curr. Asset	149	144	239	369	528
Fixed assets - Net	320	313	357	364	353
Other non-curr.asset	3,616	3,620	3,499	3,150	2,900
Total asset	7,471	7,500	7,789	7,994	7,909
ST Debt	0	0	0	0	0
Payables	18	2	3	5	3
Other Curr. Liabilities	419	277	487	615	473
Long Term Debt	0	0	0	0	0
Other LT. Liabilities	27	32	38	44	52
Total Liabilities	465	312	527	664	529
Shareholder's Funds	7,002	7,185	7,243	7,311	7,362
Minority interests	4	4	4	4	4
Total Equity & Liabilities	7,471	7,500	7,774	7,978	7,894

Exhibit 9. Cash Flow

Year to 31 Dec (IDRbn)	2017A	2018A	2019F	2020F	2021F
Net income	657	496	1,159	1,352	1,026
Depreciation and Amort.	20	20	36	47	55
Change in Working Capital	(213)	(231)	226	285	(98)
Other Oper. Cash Flow	154	61	132	347	268
Operating Cash Flow	618	347	1,552	2,031	1,251
Capex	(36)	(93)	(85)	(68)	(54)
Others Inv. Cash Flow	24	19	15	23	0
Investing Cash Flow	(12)	(74)	(70)	(45)	(54)
Net change in debt	0	0	0	0	0
New Capital	(3)	0	0	0	0
Dividend payment	(1,036)	(313)	(1,101)	(1,285)	(975)
Other Fin. Cash Flow	0	0	0	0	0
Financing Cash Flow	(1,039)	(313)	(1,101)	(1,285)	(975)
Net Change in Cash	(434)	(40)	381	701	222
Cash - begin of the year	1,219	785	745	1,126	1,827
Cash - end of the year	785	745	1,126	1,827	2,050

Exhibit 10. Key Ratios

Year to 31 Dec	2017A	2018A	2019F	2020F	2021F
Growth (%)					
Sales	(16.2)	(22.5)	87.7	26.8	(23.2)
EBITDA	(14.8)	(33.0)	151.5	17.8	(23.1)
Operating profit	(16.3)	(33.2)	151.7	17.4	(24.6)
Net profit	(13.3)	(24.5)	133.7	16.7	(24.1)
Profitability (%)					
Gross margin	61.0	56.1	65.5	60.1	61.3
EBITDA margin	51.0	44.0	59.0	54.8	54.8
Operating margin	49.5	42.6	57.2	52.9	51.9
Net margin	49.1	47.9	59.6	54.8	54.1
ROAA	8.6	6.6	15.2	17.1	12.9
ROAE	9.1	7.0	16.1	18.6	14.0
Leverage					
Net Gearing (x)	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)
Interest Coverage (x)	0.0	0.0	0.0	0.0	0.0

Source : DMAS, Danareksa Estimates

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