

Monday, 18 May 2020

**BUY**  
**Maintain**

Last price (IDR)	625
Target Price (IDR)	900
Upside/Downside	+44.0%
Previous Target Price (IDR)	900

#### Stock Statistics

Sector	Property
Bloomberg Ticker	BSDE JJ
No of Shrs (mn)	19,247
Mkt. Cap (IDRbn/USDmn)	12,029/808
Avg. daily T/O (IDRbn/USDmn)	14.7/1.0

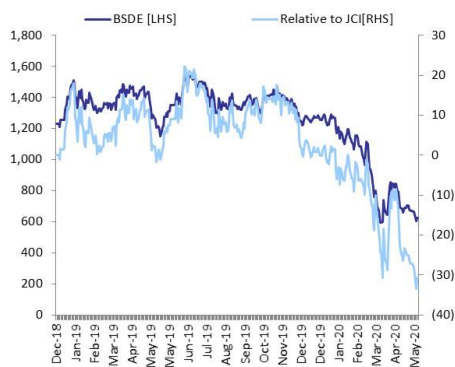
#### Major shareholders (%)

Paraga Artamida	26.6
Ekacentra Usahamaju	25.0
Estimated free float	39.8

#### EPS Consensus (IDR)

	2020F	2021F	2022F
Danareksa	123.2	109.7	109.4
Consensus	85.9	96.7	91.7
Danareksa/Cons	43.5	13.5	19.3

#### BSDE relative to JCI Index



Source : Bloomberg



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## Bumi Serpong Damai (BSDE JJ)

### Attractive valuation amid uncertainties

**The COVID-19 pandemic has created a negative impact on the performance of BSDE's assets - especially in the second quarter. However, we believe the current valuation does not justify the assets' earning generating capabilities over the longer term. We reiterate our BUY call with a TP of IDR900.**

**Maintaining its marketing sales target for now.** BSDE is still maintaining its marketing sales target (including the IDR1tn JV land sales) but may make a possible downward revision given the COVID-19 pandemic after the 2Q marketing sales figure comes out in early July. The marketing sales in April are very slow and this weakness could escalate further in May.

**The new promotional program, "Move in Quickly", to stimulate marketing sales.** The program in which the company gives an upfront discount of 20% to hard cash buyers if the purchase is made before the end of May-20 is only available on wide margin products mainly in the landed segment. The sales discount will be gradually decreased by 5% over a period of time. The promo is available for ready stock and under construction units. The program has contributed c. IDR200bn from its launch in March until last week.

**Lower recurring incomes are expected.** BSDE has closed its only 2 hotels due to poor operational efficiencies. Discussions with retail tenants are still being held with the possibility of adjusting the service charge. According to the company, not a great number of tenants are asking and they are not too eager to ask for a lower rental rate. The rental rate for offices is down by 20% due to the pandemic although in the past the rental rate was never reduced. In the long run, it is believed that office space will still be needed despite the possible shift in the trend to work from home.

**New items which add more earnings volatility.** Due to the implementation of PSAK 71, 72 and 73 which need to be fully complied with starting 1st January 2020, there are new non cash flow items. From the advance sales, the price difference between hard cash and installments is considered to be the company's interest costs. When the sale is booked (unit handover) it will become zero as it will be added back to interest income.

**Lower cost but highly dependent on the bank.** Bank Mandiri has already agreed to reduce the borrowing cost by 50bps. The portion from mortgage buyers has increased to 80% this year compared to 60% in 2019 mainly due to the promotional activities introduced by Bank BCA early this year.

#### Key Financials

Year to 31 Dec	2018A	2019A	2020F	2021F	2022F
Revenue (IDRbn)	6,629	7,085	8,223	7,717	7,773
EBITDA (IDRbn)	2,822	3,149	3,666	3,312	3,263
EBITDA Growth (%)	(51.2)	11.6	16.4	(9.7)	(1.5)
Net profit (IDRbn)	1,294	2,791	2,372	2,112	2,106
EPS (IDR)	67.2	145.0	123.2	109.7	109.4
EPS growth (%)	(73.7)	115.8	(15.0)	(11.0)	(0.3)
BVPS (IDR)	1,356.6	1,514.5	1,635.9	1,745.6	1,855.0
DPS (IDR)	0.0	0.0	0.0	0.0	0.0
PER (x)	9.3	4.3	5.1	5.7	5.7
PBV (x)	0.5	0.4	0.4	0.4	0.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
EV/EBITDA (x)	6.3	5.9	4.7	5.3	5.4

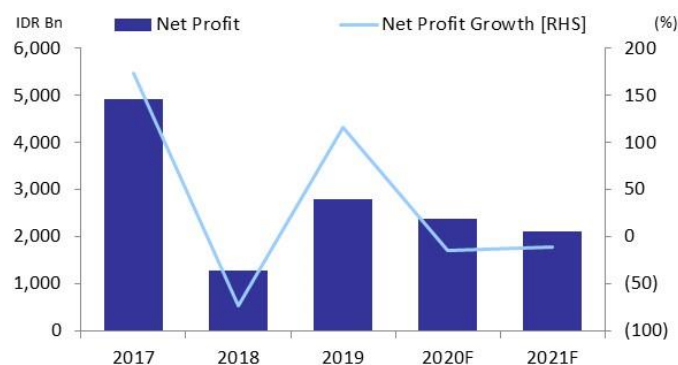
Source : BSDE, Danareksa Estimates

**Exhibit 1. Revenues and Growth**



Source: Company, Danareksa Sekuritas estimates

**Exhibit 2. Net Profits and Growth**



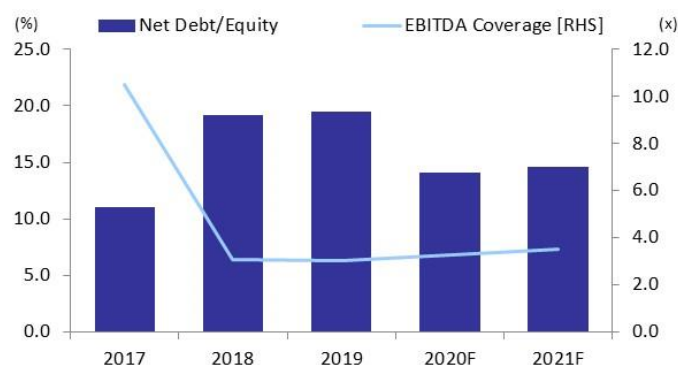
Source: Company, Danareksa Sekuritas estimates

**Exhibit 3. Margins**



Source: Company, Danareksa Sekuritas estimates

**Exhibit 4. Gearing Level**



Source: Company, Danareksa Sekuritas estimates

**Exhibit 5. Discount to RNAV Band Chart (5-year)**

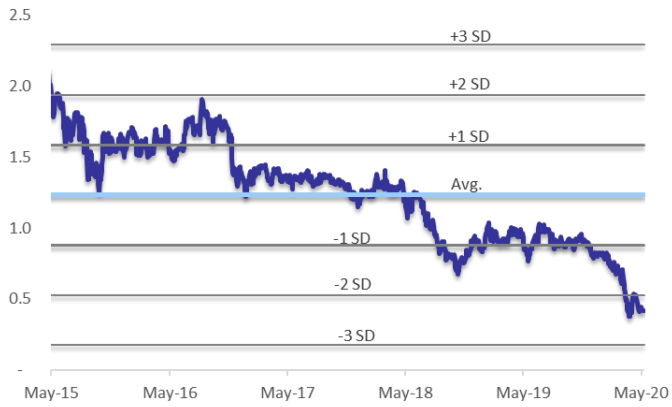


Source: Company, Danareksa Sekuritas estimates

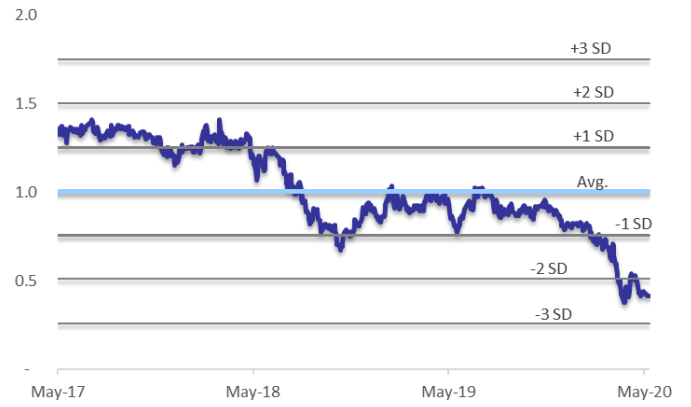
**Exhibit 6. Discount to RNAV Band Chart (3-year)**



Source: Company, Danareksa Sekuritas estimates

**Exhibit 7. PE Standard Deviation Chart**


Source: Company, Danareksa Sekuritas estimates

**Exhibit 8. PBV Standard Deviation Chart**


Source: Company, Danareksa Sekuritas estimates

### Exhibit 9. Income Statement

Year to 31 Dec (IDRbn)	2018A	2019A	2020F	2021F	2022F
<b>Revenue</b>	<b>6,629</b>	<b>7,085</b>	<b>8,223</b>	<b>7,717</b>	<b>7,773</b>
COGS	(1,874)	(2,019)	(2,463)	(2,311)	(2,341)
<b>Gross profit</b>	<b>4,755</b>	<b>5,066</b>	<b>5,760</b>	<b>5,406</b>	<b>5,432</b>
<b>EBITDA</b>	<b>2,822</b>	<b>3,149</b>	<b>3,666</b>	<b>3,312</b>	<b>3,263</b>
<b>Oper. profit</b>	<b>2,438</b>	<b>2,793</b>	<b>3,295</b>	<b>2,908</b>	<b>2,827</b>
Interest income	387	462	529	452	336
Interest expense	(913)	(1,043)	(1,114)	(941)	(744)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	63	164	164	164	164
Other Income (Expenses)	(3)	241	123	116	117
<b>Pre-tax profit</b>	<b>1,971</b>	<b>2,616</b>	<b>2,997</b>	<b>2,699</b>	<b>2,699</b>
Income tax	(331)	(298)	(337)	(331)	(338)
Minority interest	(408)	(339)	(288)	(256)	(255)
<b>Net profit</b>	<b>1,294</b>	<b>2,791</b>	<b>2,372</b>	<b>2,112</b>	<b>2,106</b>
<b>Core Net Profit</b>	<b>1,232</b>	<b>1,979</b>	<b>2,372</b>	<b>2,112</b>	<b>2,106</b>

### Exhibit 10. Balance Sheet

Year to 31 Dec (IDRbn)	2018A	2019A	2020F	2021F	2022F
Cash & cash equivalent	8,139	6,860	9,191	3,595	3,744
Receivables	293	181	275	258	260
Inventory	9,044	10,177	10,082	10,094	10,117
Other Curr. Asset	2,537	4,121	4,121	4,121	4,121
Fixed assets - Net	8,762	8,883	9,512	10,109	10,673
Other non-curr.asset	22,391	21,305	23,070	24,858	26,649
<b>Total asset</b>	<b>52,101</b>	<b>54,445</b>	<b>59,169</b>	<b>55,952</b>	<b>58,481</b>
ST Debt	817	641	5,350	0	4,536
Payables	1,163	695	1,169	1,066	1,064
Other Curr. Liabilities	6,114	6,196	6,933	6,540	6,582
Long Term Debt	13,131	12,766	8,948	9,209	4,801
Other LT. Liabilities	590	599	599	599	599
<b>Total Liabilities</b>	<b>21,815</b>	<b>20,897</b>	<b>22,998</b>	<b>17,414</b>	<b>17,582</b>
Shareholder's Funds	26,110	29,149	31,485	33,596	35,702
Minority interests	4,177	4,398	4,686	4,942	5,197
<b>Total Equity &amp; Liabilities</b>	<b>52,101</b>	<b>54,445</b>	<b>59,169</b>	<b>55,952</b>	<b>58,481</b>

### Exhibit 11. Cash Flow

Year to 31 Dec (IDRbn)	2018A	2019A	2020F	2021F	2022F
Net income	1,294	2,791	2,372	2,112	2,106
Depreciation and Amort.	384	356	371	404	436
Change in Working Capital	(280)	(2,990)	1,211	(491)	15
Other Oper. Cash Flow	0	0	0	0	0
<b>Operating Cash Flow</b>	<b>1,398</b>	<b>157</b>	<b>3,954</b>	<b>2,024</b>	<b>2,557</b>
Capex	(1,793)	(633)	(2,765)	(2,788)	(2,791)
Others Inv. Cash Flow	(1,479)	1,472	288	256	255
<b>Investing Cash Flow</b>	<b>(3,272)</b>	<b>839</b>	<b>(2,478)</b>	<b>(2,532)</b>	<b>(2,535)</b>
Net change in debt	4,917	(541)	891	(5,088)	128
New Capital	0	0	0	0	0
Dividend payment	0	0	0	0	0
Other Fin. Cash Flow	(582)	269	0	0	0
<b>Financing Cash Flow</b>	<b>4,335</b>	<b>(272)</b>	<b>891</b>	<b>(5,088)</b>	<b>128</b>
<b>Net Change in Cash</b>	<b>2,461</b>	<b>724</b>	<b>2,367</b>	<b>(5,596)</b>	<b>149</b>
Cash - begin of the year	5,793	8,139	6,860	9,191	3,595
Cash - end of the year	8,139	6,860	9,191	3,595	3,744

### Exhibit 12. Key Ratios

Year to 31 Dec	2018A	2019A	2020F	2021F	2022F
<b>Growth (%)</b>					
Sales	(35.9)	6.9	16.1	(6.2)	0.7
EBITDA	(51.2)	11.6	16.4	(9.7)	(1.5)
Operating profit	(55.5)	14.6	18.0	(11.7)	(2.8)
Net profit	(73.7)	115.8	(15.0)	(11.0)	(0.3)
<b>Profitability (%)</b>					
Gross margin	71.7	71.5	70.0	70.1	69.9
EBITDA margin	42.6	44.4	44.6	42.9	42.0
Operating margin	36.8	39.4	40.1	37.7	36.4
Net margin	19.5	39.4	28.8	27.4	27.1
ROAA	2.6	5.2	4.2	3.7	3.7
ROAE	5.0	10.1	7.8	6.5	6.1
<b>Leverage</b>					
Net Gearing (x)	0.2	0.2	0.1	0.1	0.1
Interest Coverage (x)	2.7	2.7	3.0	3.1	3.8

Source : BSDE, Danareksa Estimates

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