

**FROM EQUITY RESEARCH**
**Bumi Serpong Damai: On Track**

(BSDE IJ. Rp 1,805. BUY. TP Rp 2,200)

Last week, Sinarmas Land, the controlling shareholder of BSDE launched a new promotional program that offers more favorable terms of payment. We believe that this program will positively impact BSDE given: (i) expected additional marketing sales of IDR2.7tn, (ii) the monetization of its outstanding inventory. Coupled with the expectation of sizable commercial land plot sales, we believe that BSDE can achieve our full year marketing sales target of IDR7.2tn. Maintain BUY.

To see the full version of this report, please [click here](#)

**Kimia Farma: Overvalued**

(KAEF IJ. Rp 2,720. SELL. TP Rp 1,940)

Although KAEF is expected to book good quarterly results going forward, we don't think that the rich valuation of 54.6-51.9x FY17-18F PE is justified. Furthermore, the company's aggressive expansion – which will likely be financed by additional loans – will only generate significant revenues in 2019 at the earliest. SELL maintained.

To see the full version of this report, please [click here](#)

**Macroeconomy**

- Foreign exchange reserves are up

**Sector**

- Power plant construction target can be revised
- Consumer sector: Garuda Food targets 15% revenue growth in 2018

**Corporate**

- Agung Podomoro: Take up rate for Podomoro Deli City reached 70%
- Adhi Karya: Expects to receive funds of IDR4.0tn from LRT project by end 17 or early 18

**KEY INDEX**

	Close	Chg (%)	Ytd (%)	Vol (US\$ m)
<b>Asean - 5</b>				
Indonesia	5,905	0.1	11.5	314
Thailand	1,696	0.3	9.9	1,765
Philippines	8,311	0.2	21.5	136
Malaysia	1,764	0.3	7.4	487
Singapore	3,291	0.9	14.3	958
<b>Regional</b>				
China	3,349	0.3	7.9	39,181
Hong Kong	28,458	0.3	29.4	13,262
Japan	20,691	0.3	8.2	11,561
Korea	2,394	0.9	18.2	4,127
Taiwan	10,533	0.1	13.8	3,550
India	31,814	0.7	19.5	563
NASDAQ	6,590	0.1	22.4	76,972
Dow Jones	22,774	(0.0)	15.2	6,330

**CURRENCY AND INTEREST RATE**

		Rate	w-w (%)	m-m (%)	ytd (%)
Rupiah	Rp/1US\$	13,519	(0.3)	(1.4)	(0.3)
SBI rate	%	5.90	-	-	(1.3)
10y Gov	Indo bond	6.53	0.0	(0.0)	(1.4)

**HARD COMMODITY**

	Unit	Price	d-d (%)	m-m (%)	ytd (%)
Coal	US\$/ton	97	(1.3)	(0.6)	10.1
Gold	US\$/toz	1,277	0.0	(5.2)	10.8
Nickel	US\$/mt.ton	10,515	0.6	(13.1)	5.5
Tin	US\$/mt.ton	20,660	(2.2)	(1.2)	(2.6)

**SOFT COMMODITY**

	Unit	Price	d-d (%)	m-m (%)	ytd (%)
Cocoa	US\$/mt.ton	2,097	0.5	5.5	(2.4)
Corn	US\$/mt.ton	120	2.0	(4.4)	(6.7)
Oil (WTI)	US\$/barrel	49	0.2	4.1	(8.0)
Oil (Brent)	US\$/barrel	56	0.0	3.4	(2.1)
Palm oil	MYR/mt.ton	2,739	0.6	0.5	(14.4)
Rubber	US\$/kg	148	(0.4)	(13.1)	(23.3)
Pulp	US\$/tonne	909	N/A	2.1	12.4
Coffee	US\$/60kgbag	121	-	(2.4)	(20.2)
Sugar	US\$/MT	372	(1.5)	(2.3)	(29.1)
Wheat	US\$/ton	121	0.6	(0.5)	(4.6)

Source: Bloomberg

Monday, 09 October 2017

**BUY**  
**Maintain**

Last price (IDR)	1,805
Target Price (IDR)	2,200
Upside/Downside	+21.9%
Previous Target Price (IDR)	2,200

**Stock Statistics**

Sector	Property
Bloomberg Ticker	BSDE JJ
No of Shrs (mn)	19,247
Mkt. Cap (IDR bn/USDmn)	34,740/2,570
Avg. daily T/O (IDR bn/USDmn)	31.7/2.3

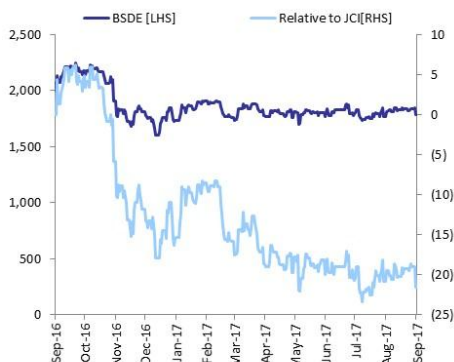
**Major shareholders**

Paraga Artamida	26.6%
Ekacentra Usahamaju	25.0%
Estimated free float (%)	n/a

**EPS Consensus (IDR)**

	2017F	2018F	2019F
Danareksa	164.3	150.0	62.0
Consensus	138.9	141.4	157.0
Danareksa/Cons	18.3	6.1	(60.5)

**BSDE relative to JCI Index**



Source : Bloomberg

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# Bumi Serpong Damai (BSDE JJ)

**On track**

Last week, Sinarmas Land, the controlling shareholder of BSDE launched a new promotional program that offers more favorable terms of payment. We believe that this program will positively impact BSDE given: (i) expected additional marketing sales of at least IDR2tn, (ii) the monetization of its outstanding inventory. Coupled with the expectation of sizable commercial land plot sales, we believe that BSDE can achieve our full year marketing sales target of IDR7.2tn. **Maintain BUY.**

**More promotional programs: Price Lock.** Last week, Sinarmas Land (SML), the controlling shareholder of BSDE, launched a new promotional program called Price Lock which offers more favorable terms of payment. For certain product categories - mainly ready-for-sale land plots in the BSD City area - SML will offer 24-month installments for the down payment (which is only 15% of the total property value - more details can be seen in exhibits 7 and 8). After the installment period, there is a grace period of several months before the remaining 85% balance needs to be paid in January 2020. This program runs from October to December 2017.

**Impact on BSDE: expected additional marketing sales of at least IDR2tn and monetization of its outstanding inventory.** Our estimate assumes that: (i) the total expected additional marketing sales from this program are IDR3tn, (ii) the total value of the projects eligible for this program is IDR8tn, (iii) the majority of the products offered in this program belong to BSDE. Looking at the type of products in categories 1 and 2, we note that most of them are ready stock products (both land plots and landed residential). Thus, we expect this program to monetize BSDE's outstanding inventory of ready-for-sale properties (including land and buildings) which reached IDR2.5tn in 1H17.

**Our full year marketing sales target of IDR7.2tn should be achieved.** BSDE has indicated that it managed to obtain marketing sales of IDR4.5tn in 9M17, or 62.0% of our full year marketing sales target (IDR7.2tn) and the management's target (IDR7.2tn). Despite the currently weak demand for property, BSDE's sales still managed to grow by 9.7%yoy, supported by sizable commercial land plot sales. With the remaining potential sizable land sales in addition to the sales generated by the Price Lock program, we believe that BSDE can achieve our full year marketing sales target.

**Maintain BUY.** We maintain our BUY call on BSDE with an unchanged target price of IDR2,200 (SOTP based valuation with WACC of 13.4% and Terminal Growth of 4.0%). We believe that supported by its sizable land bank, BSDE has greater flexibility in product offerings. Furthermore, BSDE also has lower gearing than its peers (30.7% in 2017 vs. an average gearing ratio for its peers of 58.1%).

**Key Financials**

Year to 31 Dec	2015A	2016A	2017F	2018F	2019F
Revenue, (IDRbn)	6,210	6,522	8,245	7,911	5,142
EBITDA, (IDRbn)	3,103	3,060	4,385	4,122	2,167
EBITDA Growth, (%)	11.1	(1.4)	43.3	(6.0)	(47.4)
Net profit (IDRbn)	2,139	1,796	3,163	2,887	1,193
EPS (IDR)	111.2	93.3	164.3	150.0	62.0
EPS growth (%)	(46.5)	(16.0)	76.1	(8.7)	(58.7)
BVPS, (IDR)	979.4	1,069.3	1,224.2	1,357.5	1,404.2
DPS, (IDR)	19.9	11.3	9.5	16.7	15.2
PER (x)	16.8	20.0	11.3	12.4	30.1
PBV (x)	1.9	1.7	1.5	1.4	1.3
Dividend yield (%)	1.1	0.6	0.5	0.9	0.8
EV/EBITDA (x)	12.2	13.1	8.9	9.2	17.9

Source : BSDE, Danareksa Estimates

Monday, 09 October 2017

**SELL**  
**MAINTAIN**

Last price (IDR) 2,720  
Target Price (IDR) 1,940  
Upside/Downside -28.7%  
Previous Target Price (IDR) 1,510

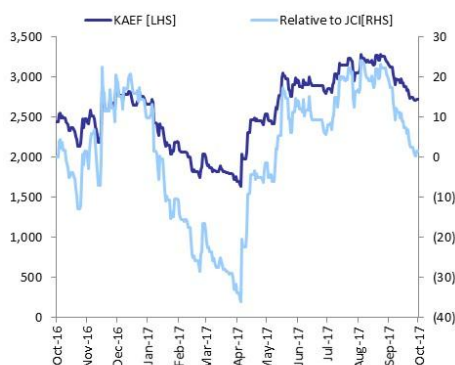
**Stock Statistics**

Sector HEALTHCARE  
Bloomberg Ticker KAEF JJ  
No of Shrs (mn) 5,554  
Mkt. Cap (IDR bn/USDmn) 15,107/1,117  
Avg. daily T/O (IDR bn/USDmn) 9.4/0.7

**Major shareholders**

Republic of Indonesia 90.0%  
Wasatch Advisors Inc 2.2%  
Estimated free float (%) 10.0

**KAEF relative to JCI Index**



Source : Bloomberg

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# KIMIA FARMA (KAEF JJ)

**Overvalued**

**Although KAEF is expected to book good quarterly results going forward, we don't think that the rich valuation of 54.6-51.9x FY17-18F PE is justified. Furthermore, the company's aggressive expansion – which will likely be financed by additional loans – will only generate significant revenues in 2019 at the earliest. SELL maintained.**

**New management and a renewed strategy.** At Kimia Farma's AGM back in April 2017, two new directors were appointed: Honesti Basyir (from Telkom Indonesia) as the president director and I.G.N. Suharta Wijaya (from PTPN III) as the finance director. We learnt from the new management that the company would implement new strategies (including inorganic growth) in a bid to become one of the three largest pharmaceutical companies in Indonesia by the end of 2019.

**New plants to commence operation in 2018-19.** KAEF is currently developing several new plants. The biggest plant is being developed on 5 ha of land in Banjarnegara, West Java to replace its existing plant in Bandung. This new plant, which will require a total investment of IDR1.3tn and have around three times the capacity of its previous plant, is now nearing completion. Operations at the plant should commence by the end of 2018 or early 2019. Another plant is being built under a JV with Shungwun Pharmacopia Co Ltd. It is also expected to commence operations by the end of 2018. This will be the first plant in Indonesia to produce active ingredients as the raw materials for several highly-needed medicines. Two other plants are also being constructed for the production of pharmaceutical salt and to produce rapid tests. The commencement of these new plants should allow KAEF to tap the increasing demand from the national health program.

**Maintain SELL with a higher TP.** With the company expected to gear up in order to finance its expansion, we revise down our FY17-18F earnings by 4% and 10%, respectively. We also roll over our valuation to 2018. This gives rise to a higher TP of IDR1,940 – based on DCF valuation (WACC 10.6%, Terminal growth of 4%). At the current share price, KAEF is trading at 55-51.9x FY17-18F PE - at par with UNVR. While we believe that KAEF will benefit significantly from growing participation in the national health program, we don't think that the expensive valuation can be justified. Maintain SELL.

**Key Financials**

Year to 31 Dec	2015A	2016A	2017F	2018F	2019F
Revenue, (IDRbn)	4,860	5,811	6,833	7,854	9,735
EBITDA, (IDRbn)	358	436	498	582	862
EBITDA Growth, (%)	1.3	21.6	14.3	16.9	48.2
Net profit (IDRbn)	261	267	277	293	457
EPS (IDR)	47.1	48.1	49.8	52.7	82.2
EPS growth (%)	2.1	2.3	3.4	5.9	55.9
BVPS, (IDR)	365.6	399.9	440.5	483.3	554.9
DPS, (IDR)	8.4	9.0	9.6	10.0	10.5
PER (x)	57.8	56.5	54.6	51.6	33.1
PBV (x)	7.4	6.8	6.2	5.6	4.9
Dividend yield (%)	0.3	0.3	0.4	0.4	0.4
EV/EBITDA (x)	41.8	35.1	33.1	28.6	19.0

Source : KAEF, Danareksa Estimates

## MARKET NEWS

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### MACROECONOMY

#### **Foreign exchange reserves are up**

Bank Indonesia's foreign exchange reserves stood at USD129.4 bn as of the end of September 2017, or up from USD128,8 bn in the previous month. This increase owed largely to foreign transactions related to tax revenues and oil and gas exports and global government loans. The current level of foreign exchange reserves is sufficient to finance around 8.9 months of imports. (Bisnis Indonesia)

### SECTOR

#### **The power plant construction target can be revised**

President Joko Widodo was reported as saying that the country's power plant infrastructure target does not have to be 35,000 MW in 2025. Rather, it can be revised down to 32,000 MW depending on the actual electricity demand and the impact on the economy. PLN expects the construction of 26,000MW of power plants to be initiated in 2017. Some 8,748 MW of plants are already in the stage of financial closing with 9,563MW of plants being built. These projects are expected to be completed in the next 5 years. (Bisnis Indonesia)

#### **Consumer sector: GarudaFood targets 15% revenues growth in 2018**

GarudaFood targets 15% revenues growth in 2018. At present, GarudaFood distributes its F&B products to 16 markets with Java its biggest market. According to the management, outside Java areas have started to show higher growth thanks to improvements in purchasing power and incomes. Garuda Food has allocated IDR2tn for capex this year for beverages (IDR1.5tn) and food (IDR500bn). (Kontan)

### CORPORATE

#### **Agung Podomoro: The take-up rate for Podomoro Deli City has reached 70%**

Agung Podomoro Land (APLN) stated that the take-up rate for Podomoro City Deli Medan has reached 70%. Located on 5.2ha of land bank, Podomoro City Deli is an integrated mixed use project located in Medan, North Sumatera, consisting of seven apartment and condominium towers, one strata title office, one hotel tower, and malls. The take-up rate has reached 87% for the apartments, 65% for the condominiums, and 65% for the premium apartments. (Bisnis Indonesia)

#### **Adhi Karya: Expects to receive IDR4.0tn of funds from the LRT project by end-17 or early-18**

Adhi Karya (ADHI) expects that IDR7.0tn will be spent on Greater Jakarta's LRT by Dec 17. So far, spending on the project has reached IDR5.0tn. This leaves another IDR2.0tn to be spent on the project this year. Project realization currently stands at 22% and the figure is expected to reach 35% by Dec 17. ADHI hopes to receive the first payment for the project from Kereta Api Indonesia (KAI) amounting to IDR4.0tn by the end of 2017 or early 2018. (Bisnis Indonesia)



**COVERAGE PERFORMANCE**
**LEADERS**

	Code	Price as on		Chg, %	w-w, %	m-m, %	YTD, %	Rating
		06-Oct-17	05-Oct-17					
Ramayana	RALS	965	935	3.2	7.2	3.8	(19.2)	BUY
Semen Indonesia	SMGR	10,700	10,375	3.1	5.7	3.9	16.6	HOLD
Timah	TINS	870	845	3.0	6.7	(5.9)	(19.1)	BUY
Bukit Asam	PTBA	11,100	10,825	2.5	6.2	(10.3)	(11.2)	BUY
Adaro Energy	ADRO	1,875	1,830	2.5	2.7	(0.5)	10.6	BUY
Ace Hardware	ACES	1,290	1,260	2.4	6.2	21.7	54.5	HOLD
PP London Sumatra	LSIP	1,470	1,440	2.1	4.3	5.8	(15.5)	BUY
Bank Tabungan Negara	BBTN	3,010	2,960	1.7	(4.4)	0.3	73.0	BUY
Matahari Department Store	LPPF	9,800	9,650	1.6	5.7	(2.2)	(35.2)	SELL
Jasa Marga	JSMR	5,825	5,750	1.3	4.0	(1.7)	34.8	BUY

Sources: Bloomberg

**LAGGARDS**

	Code	Price as on		Chg, %	w-w, %	m-m, %	YTD, %	Rating
		06-Oct-17	05-Oct-17					
Bekasi Fajar	BEST	286	296	(3.4)	5.1	2.1	12.6	BUY
Wika Beton	WTON	540	555	(2.7)	0.9	(0.9)	(34.5)	BUY
Semen Baturaja	SMBR	2,950	3,010	(2.0)	(13.2)	(1.7)	5.7	SELL
Erajaya Swasembada	ERAA	860	875	(1.7)	3.6	23.7	43.3	BUY
Ciputra Development	CTRA	1,165	1,185	(1.7)	(2.5)	3.1	(12.7)	HOLD
Waskita Beton	WSBP	350	356	(1.7)	(2.8)	(17.1)	(36.9)	BUY
Matahari Putra Prima	MPPA	650	660	(1.5)	(0.8)	6.6	(56.1)	SELL
Malindo Feedmill	MAIN	885	895	(1.1)	(2.2)	(1.7)	(31.9)	BUY
Bank Negara Indonesia	BBNI	7,425	7,500	(1.0)	0.3	2.8	34.4	HOLD
Surya Semesta	SSIA	595	600	(0.8)	1.7	(8.5)	37.1	HOLD

Sources: Bloomberg

**PREVIOUS REPORTS**

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- E-Commerce: Threats Vs. Opportunities: [SnapShot20171006](#)
- Matahari Department Store : Too attractive to ignore [Snapshot20171005](#)
- Timah : Better outlook on supply risks [Snapshot20171005](#)
- ACES: Fully valued [Snapshot20171004](#)
- Industrial Estate: Slow road to recovery [Snapshot20171003](#)
- BRPT: Heating Up [Snapshot20170929](#)
- WIIM: Better times ahead [Snapshot20170928](#)
- Poultry: Run, chicken...run! [Snapshot20170927](#)
- KINO: Better days ahead, UNTR: Continuation sturdy Komatsu sales volume [Snapshot20170926](#)
- SMRA: New residential project launch disappoints [Snapshot20170925](#)
- Automotive: Strong car sales in August 2017 [Snapshot20170922](#)

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