



BUY

Target Price: IDR1,500

Stock Data

Curent Price	: IDR1.200
52wk Range H-L	: IDR1.580-1.120
Share Outstanding	: 19,246.69 million
Free Float (%)	: 39.81%
Mkt Capitalization (IDR bn)	: 23,096

Major Shareholders

PT Paraga Artamida	: 26.57%
PT Ekacentra Usaha Maju	: 25.01%
Public <5%	48.42%



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PT Bumi Serpong Damai Tbk (BSDE)

Property

Compact House for Millenials

9M19 Highlights: Better Performance Driven by Residential Sales

BSDE booked 9M19 revenue of IDR5.23 trillion, grew 9.26% YoY (vs IDR4.78 trillion in 9M18) supported by higher residential sales (+10.13% YoY). The 9M19 revenue relatively in line with expectation, reaching 72.25%/71.83% of Consensus/MNCS estimates for FY19E. Marketing sales reached 85% of management target in FY19E to IDR5.3 trillion. The 9M19 marketing sales were mainly contributed from residential sales of IDR2.4 trillion from six projects in BSD City, Taman Banjar Wijaya, and Grand City Balikpapan. Furthermore, Fleekhauz gained popularity as a "most wanted" cluster, which was sold out within 2 weeks after being launched in 9M19.

Looking for Better Outlook in FY20E

If the pace of FY19 performance continues into FY20E, we expect BSDE to exceed our projections following the stronger demand. We believe that BSDE performance will recover supported by: 1) Successful launch of "the new compact houses project" such as Fleekhauz and Imaji Haus with average price range of IDR800 million to IDR1.5 billion per unit, while Fleekhauz phase II and Provence Suites will be launched in FY20E. The houses are installed with smart home system and fully furnished with a modern design; 2) Flagship development with an integrated business ecosystem including office, education facilities, and convention hall; 3) BSD City Phase III development covering ±2,500 ha in FY20E-FY35F; 4) Integrated infrastructure through Kunciran-Serpong toll road (11 km) which will be connected to JORR II toll road and MRT development in South Tangerang area.

Marketing Sales Robust in FY20E with Positive Catalyst Property Sector

We estimate BSDE marketing sales to reach IDR6.62 trillion in FY20E, increased by 7.29% YoY, supported by positive catalysts in the property sector such as: 1) LTV incentives through BI Regulation number 21/13/PBI/2019 effective in FY19; 2) 7-DRR interest rate trend which will potentially decrease by 25-50bps in FY20E; 3) Estimated 76% of ±81 million millennials will need a new house.

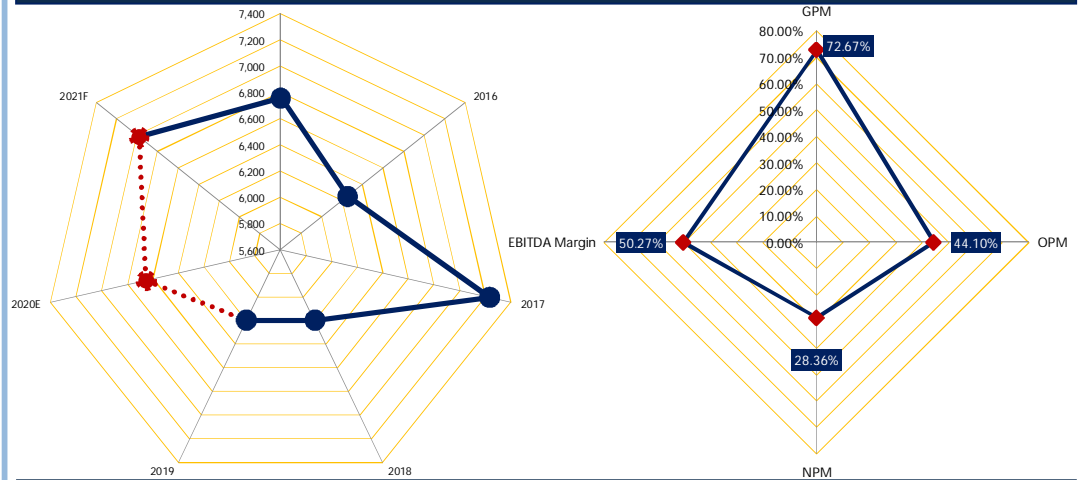
Valuation and Recommendation: BUY at Target Price IDR1,500

We recommend **BUY** for BSDE, with a **TP: of IDR1,500** which implies **PE/PBV 13.59x/0.83x** in **FY20E**. BSDE's valuation has become attractive as it is currently trading at a level of -1 STD (average 3-years PE) P/E at 8.06x and PBV at 0.84x. Risks to our call would include: 1) PSAK 72 implementation which has affected BSDE earnings; 2) Low purchasing power.

Key Financial Highlight					
In billion IDR	FY17	FY18	FY19E	FY20F	FY21F
Revenues	10,347.34	6,628.78	7,280.97	7,489.95	7,769.04
EBITDA	5,783.00	2,829.49	3,585.04	3,764.91	4,051.04
Net Income	4,920.23	1,293.91	2,593.74	2,124.06	2,324.31
ROA (%)	10.71%	2.48%	4.73%	3.55%	3.74%
ROE (%)	16.85%	4.27%	7.94%	6.14%	6.32%
PE (x)	4.69	10.80	8.90	10.87	9.94
PBV (x)	0.79	0.76	0.71	0.67	0.63

Sources : MNCS

Exhibit 01. Marketing Sales BSDE FY15-FY21F (IDR bn) & Profitability Margin as of FY20E



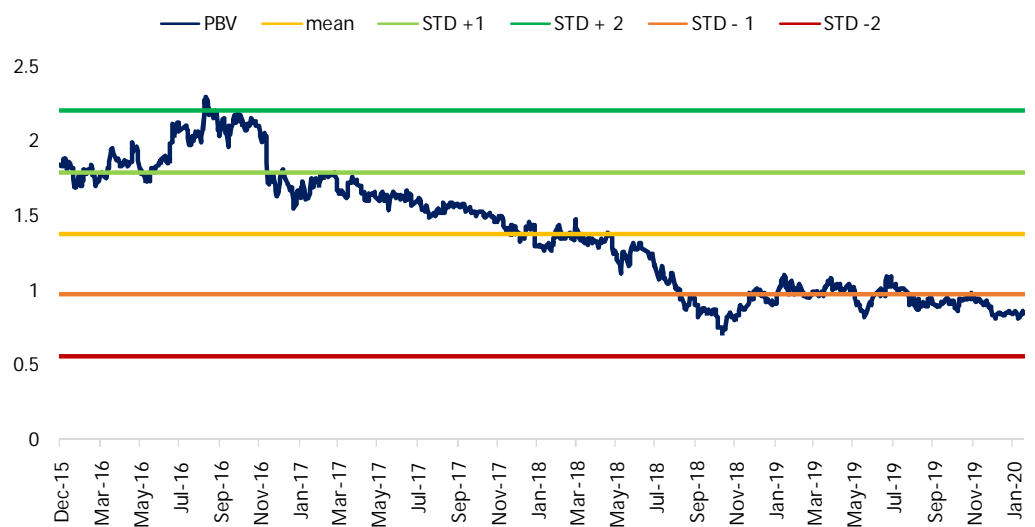
Source : Company, MNCS Estimate

Exhibit 02. 9M19 Financial Results

In IDR bn	9M19	9M18	YoY	MNCS	Cons
Sales	5,230.58	4,787.18	9.26%	71.84%	72.25%
Cost of Revenue	1,488.50	1,277.35	16.53%		
Gross Profit	3,742.08	3,509.83	6.62%		
Gross Profit Margin	71.54%	73.32%			
Op. Expenses	1,702.61	1,750.41	-2.73%		
Op.Profit	2,039.48	1,759.42	15.92%	63.94%	71.19%
Operating Profit Margin	38.99%	36.75%			
Net Profit	2,310.30	1,053.73	119.25%	89.07%	92.56%
Net Profit Margin	44.17%	22.01%			

Source : Bloomberg, MNCS Estimate

Exhibit 03. PBV Band BSDE at level 0.84x (average 3-year)



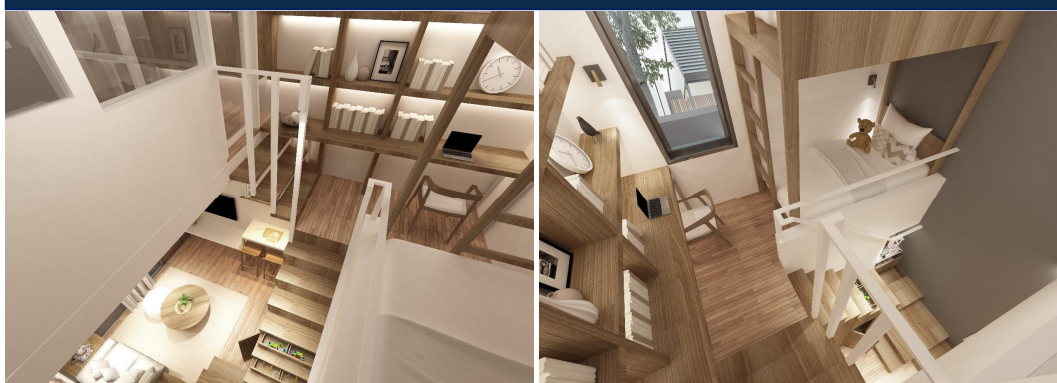
Source : Company, MNCS Estimate

Exhibit 04. Advertisement Fleek Haus and Imaji Haus



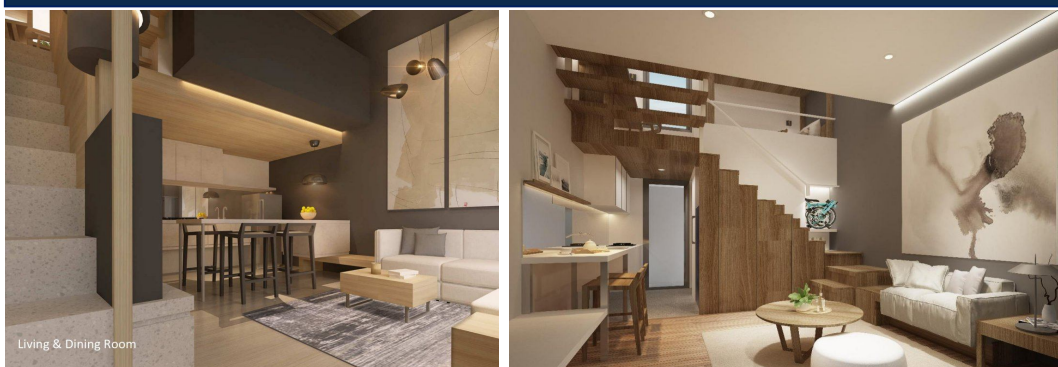
Source : Company

Exhibit 05. Compact House Design



Source : Company

Exhibit 06. Interior Design



Source : Company

Exhibit 07. Construction Design and Park Area Imaji Haus



Source : Company

Exhibit 08. Financial Projections

Income Statement						Balance Sheet					
IDR Billion	FY17	FY18	FY19E	FY20F	FY21F	IDR Billion	FY17	FY18	FY19E	FY20F	FY21F
Revenue	10,347.34	6,628.78	7,280.97	7,489.95	7,769.04	Cash & Cash Equivalents	5,793.03	9,163.18	8,263.73	9,912.19	8,444.48
Cost of Revenue	2,756.91	1,874.27	1,961.01	2,047.10	2,101.77	Accounts & Notes Receiv	489.62	292.75	321.55	330.78	343.11
Gross Profit	7,590.43	4,754.51	5,319.96	5,442.86	5,667.27	Inventories	7,910.27	9,048.27	9,467.00	9,882.59	10,146.52
Operating Expenses	2,114.93	2,316.67	2,130.45	2,139.45	2,125.35	Other ST Assets	3,771.61	2,444.47	2,684.98	2,762.04	2,864.96
Operating Profit	5,475.50	2,437.84	3,189.50	3,303.41	3,541.92	Total Current Assets	17,964.52	20,948.68	20,737.26	22,887.61	21,799.06
Interest Expense	549.13	912.71	841.11	1,060.91	1,127.34	Fixed Asset	19,266.88	20,674.89	22,561.95	25,053.88	28,124.52
Interest Income	265.99	384.05	489.67	417.79	482.09	Other LT Assets	11,785.30	22,922.18	25,204.78	28,158.21	31,737.97
Foreign Change (loss)	(47.58)	1.67	1.84	1.89	1.96	Total Noncurrent Assets	27,986.66	31,152.81	34,070.76	36,893.03	40,404.81
Other Income (Expenses)	474.39	122.29	582.48	299.60	310.76	Total Assets	45,951.19	52,101.49	54,808.02	59,780.64	62,203.87
Profit Before Income Tax	5,619.17	2,033.14	3,422.38	2,961.78	3,209.39	Accounts Payable	1,767.64	1,517.68	1,587.92	1,657.62	1,701.89
Income Tax Expenses	452.45	331.27	416.59	421.55	439.78	ST Debt	250.00	820.29	900.99	926.85	961.39
Profit of the Year	5,166.72	1,701.87	3,005.79	2,540.23	2,769.61	Other ST Liabilities	5,551.18	3,893.27	4,276.31	4,399.06	4,562.97
Minority Interest	246.49	407.97	412.05	416.17	445.30	Total Current Liabilities	7,568.82	6,231.23	6,765.22	6,983.53	7,226.25
Net Profit	4,920.23	1,293.91	2,593.74	2,124.06	2,324.31	LT Debt	7,027.41	13,131.23	12,685.84	15,415.20	15,354.94
						Other LT Liabilities	2,158.11	2,452.13	2,693.39	2,770.70	2,873.94
						Total Noncurrent Liabilities	9,185.52	15,583.36	15,379.23	18,185.89	18,228.88
						Total Equity	29,196.85	30,286.90	32,663.57	34,611.21	36,748.75
						Total Liabilities & Equity	45,951.19	52,101.49	54,808.02	59,780.64	62,203.87

Cash Flow						Ratios					
IDR Billion	FY15	FY16	FY17	FY18E	FY19F	Ratio	FY15	FY16	FY17	FY18E	FY19F
Net Income	4,920.23	1,293.91	2,593.74	2,124.06	2,324.31	Growth Year on Year					
Depreciation	307.50	391.65	395.54	461.50	509.12	Revenue Growth	58.66%	-35.94%	9.59%	9.33%	10.41%
Change in Working Capital	952.10	(1,191.10)	(377.29)	(355.12)	(231.98)	Gross Profit Growth	62.14%	-37.36%	11.89%	2.31%	4.12%
Others	1,910.23	(330.77)	142.54	45.68	61.00	Operating Profit Growth	121.40%	-57.23%	30.83%	3.57%	7.22%
CFO	8,090.06	163.68	2,754.53	2,276.12	2,662.45	Net Income Growth	115.90%	-61.18%	100.46%	-18.11%	9.43%
Capital Expenditure	(4,673.91)	(1,799.66)	(2,282.60)	(2,953.43)	(3,579.76)	Profitability					
Others	(1,669.51)	(1,758.13)	(1,030.89)	(330.34)	(441.14)	GPM	73.36%	71.73%	73.07%	72.67%	72.95%
CFI	(6,343.41)	(3,557.80)	(3,313.49)	(3,283.77)	(4,020.90)	OPM	52.92%	36.78%	43.81%	44.10%	45.59%
Dividend Paid	(419.94)	(110.88)	(217.06)	(176.42)	(186.78)	EBITDA Margin	55.89%	38.57%	49.24%	50.27%	52.14%
Net Change in Debt	(370.20)	6,674.10	(364.69)	2,755.22	(25.72)	NPM	47.55%	31.83%	35.62%	28.36%	29.92%
Equity Fund Raised	-	-	-	-	-	ROA	10.71%	2.48%	4.73%	3.55%	3.74%
Others	(3,460.50)	4,471.19	241.26	77.31	103.24	ROE	16.85%	4.27%	7.94%	6.14%	6.32%
CFF	(4,250.65)	11,055.39	(340.49)	2,656.11	(109.26)	DER (x)	0.25	0.46	0.42	0.47	0.44
Change in Cash	1,611.92	3,370.15	(899.45)	1,648.46	(1,467.71)	Current Ratio (x)	2.37	3.36	3.07	3.28	3.02
Ending Cash	5,793.03	9,163.18	8,263.73	9,912.19	8,444.48	Quick Ratio (x)	1.33	1.91	1.67	1.86	1.61

Source: Company, MNCS

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MNC Research Investment Ratings Guidance

BUY : Share price may exceed 10% over the next 12 months

HOLD : Share price may fall within the range of +/- 10% of the next 12 months

SELL : Share price may fall by more than 10% over the next 12 months

Not Rated : Stock is not within regular research coverage

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