



Big City. Big Opportunity

BUY

Target Price : IDR1,500

Stock Data

Current Price	: 1,110
52wk Range H-L	: 1,360 - 740
Share Outstanding	: 21.17 Bn
Free Float	: 39.62%
Mkt Capitalization (IDR bn)	: 23,500

Major Shareholders

PT Paraga Arta Mida	: 31.61%
PT Ekacentra Usahamaju	: 25.63%
Public	: 41.54%
Treasury Stock	: 1.20%



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PT Bumi Serpong Damai Tbk (BSDE IJ)

Property Sector

Strengthening it's Position

Real-estate sales are Driving Top-line Growth

- Marketing sales grew by 39.20% to IDR4.5tn in 1H21 (vs IDR2.90tn in 1H20), supported by the residential segment which contributed 67% of the total sales worth IDR3.02tn. This is driven by the contributions from existing development areas, such as Mozia, Greenwich, Vanya Park, Tabebuya, The Zora, Nava Park, Banjar Wijaya Park, Grand Wisata, and Kota Wisata. In addition, the contribution from the 'Wish for Home' program accounted for 22.1% of 1H21 marketing sales. Meanwhile, the commercial segment recorded a revenue of IDR1.17tn and the JV land lot was valued at IDR334bn.
- BSDE revenue in 1H21 grew 39.20% YoY to IDR3.25tn (vs IDR2.34tn in 1H20), reflecting 41.77%/43.97% of our target and consensus on FY21E. This was supported by sales from the real estate segment which grew 47.18% YoY with a total worth of IDR2.57tn (vs IDR1.75tn in 1H20) and contributed 79.04% to BSDE's total revenue. However, revenue from tenant mall rentals weakened by -12.47% YoY, with a total value of IDR365.32bn (vs IDR417.36bn in 1H20).
- Gross profit grew by 36.35% to IDR2.19tn, with GPM at the level of 67.24% (vs IDR1.60tn in 1H20), and EBITDA at the level of IDR1.34tn, increase to 97.16% YoY (vs IDR679.18bn in 1H20). Net profit was recorded at IDR680bn with a net profit margin of 20.90% (vs net loss of IDR192.68bn in 1H20), reflecting 43.54%/46.70% of our target and consensus in FY21E.

Landed House still Become Main Focus

- BSDE will still focus on landed houses in the next 5-10 years for the mid-low segment at a price range of <IDR10bn/unit, with the mass product being residential at a price of IDR1bn-IDR2bn/unit. However, BSDE will continue to provide premium residential options with a price range of IDR15bn-IDR30bn in the Nava Park cluster.
- The development in Jabodetabek will still be the focus of BSDE, considering that public interest is still quite high in this area. In addition, the government's plan to continue the development of IKT enhances the developers' spirit to develop the area. BSDE currently owns 270 ha of landbank in Balikpapan and 245 ha in Samarinda.
- BSDE prepared IDR2.5tn for capex in FY21E whereas in 1H21, a total capex of IDR1.2tn has been absorbed for land purchases and land acquisition in the BSD City area as well as toll road construction as a developing residential access.
- Property VAT relaxation is implemented through FY21, and we see the potential for this policy to continue in FY22E. Some of our assessments are: 1) Indonesia's GDP growth outlook shifts to 3.5%-4% in FY21E (from 5%-5.5% previously); 2) Property backlog is still high in Indonesia which is around 10mn.

The Investment Potential of Data Center

BSDE is currently in discussion with several strategic partners in the development of the data center business, due to the current high demand by several industries. The transaction contribution of the data center and e-commerce segments was 23.35% in 1H21, the second largest after automotive (44.09%). There is no more disclosure regarding the strategic partner and the amount of the investment value in the data center segment. We assess that the available landbank of 4,582 ha (2,318 ha in the BSD City area) in 1H21 provides an opportunity for BSDE to get a choice of strategic partners in the future. On the other hand, the feasibility of the business will depend on the location of the data center because most of the data center developments are currently in Bekasi & Karawang which have a much cheaper land price per m² (IDR2-3m/sqm).

Valuation and Recommendation: BUY at Target Price IDR1,500

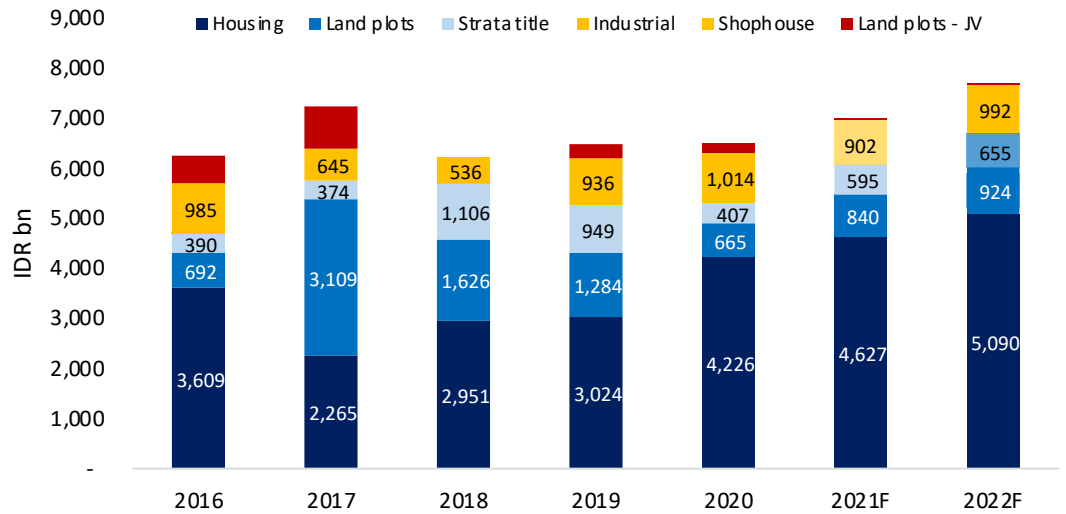
We recommend **BUY** for **BSDE**, with a **TP** of **IDR1,500** which implies PE/PBV 21.69x/1.00x in FY21E. BSDE's valuation has become attractive as it is currently traded at a level of -1 STD (average 3-years PE) P/E at 15.88x and PBV at 0.71x. Risks to our call would include: 1) 3rd Wave Covid-19; 2) Low purchasing power.

Key Financial Highlight

Billion IDR	FY18	FY19	FY20	FY21E	FY22F
Revenue	6,628.78	7,084.86	6,180.59	7,790.98	8,350.90
Net Income	1,293.85	2,791.42	281.70	1,561.71	1,817.76
EPS (IDR)	61.11	131.85	13.31	73.77	85.86
PE (x)	24.54	11.38	112.73	20.33	17.47
BVS (IDR)	1,233.26	1,376.83	1,422.64	1,505.79	1,591.65
PBV (x)	1.22	1.09	1.05	1.00	0.94
ROA (%)	2.48%	5.13%	0.46%	2.41%	2.67%
ROE (%)	4.27%	8.32%	0.82%	4.31%	4.78%
DER (x)	0.46	0.40	0.50	0.52	0.52

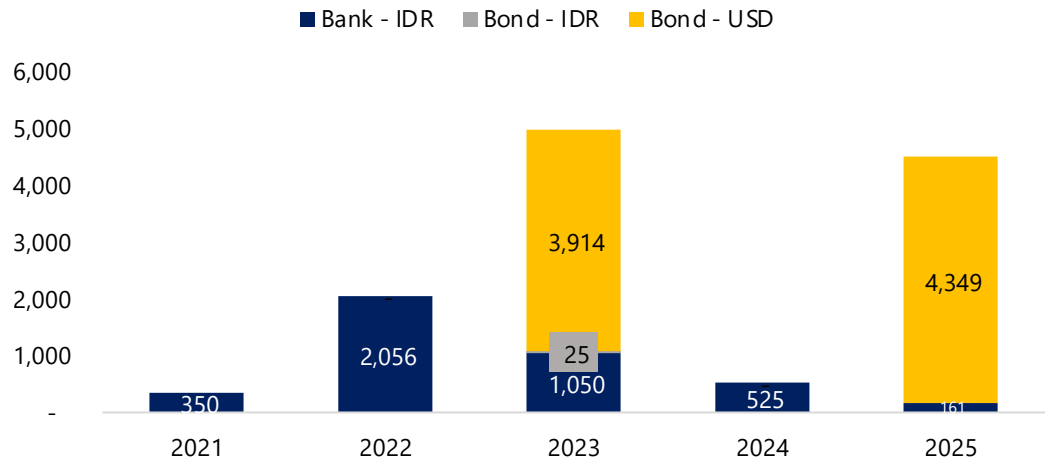
Sources: Bloomberg, MNCS

Exhibit 01. Trend of Marketing Sales BSDE in FY16-FY22F



Sources : Company, MNCS

Exhibit 02. Debt Maturity of BSDE



Sources : Company, MNCS

Exhibit 03. Wish for Home Program BSDE



Source : Company

This is a joint program promotion that is given specifically in the form of special pricing such as discounts starting from 10% which can be obtained by buying house or apartment properties.

Exhibit 4. Financial Projections

Income Statement						Balance Sheet					
IDR Billion	2018	2019	2020	2021F	2022F	IDR Billion	2018	2019	2020	2021F	2022F
Revenues	6,628.78	7,084.86	6,180.59	7,790.98	8,350.90	Current Assets	20,948.68	24,256.71	28,364.29	29,865.10	31,616.81
Cost of Revenue	1,874.27	2,018.80	1,928.75	2,304.85	2,157.52	Cash & Cash Equivalents	8,139.32	6,860.25	10,916.97	10,560.26	12,618.28
Gross Profit	4,754.51	5,066.07	4,251.84	5,486.13	6,193.38	Accounts & Notes Receiv	524.20	542.61	244.89	1,067.26	1,143.96
Operating Expense	2,589.33	2,536.62	2,269.58	2,850.78	3,055.66	Inventories	9,044.39	10,176.88	10,697.40	11,366.39	10,639.81
Operating Profit	2,165.17	2,529.45	1,982.27	2,635.35	3,137.72	Other ST Assets	3,240.76	6,676.97	6,505.03	6,871.20	7,214.76
Interest Expense	(912.71)	(1,043.35)	(1,781.52)	(1,934.28)	(2,034.73)	Non-Current Assets	31,152.81	30,188.14	32,498.64	34,964.51	36,386.01
Other	507.95	1,679.00	295.47	1,091.53	937.14	Land for Development	11,913.37	12,068.74	12,428.84	13,687.24	14,391.94
Profit Before Tax	1,760.42	3,165.10	496.22	1,792.59	2,040.13	Other Non-Current Assets	19,239.44	18,119.40	20,069.80	21,277.27	21,994.07
Tax Expense	58.60	35.02	15.89	57.36	20.40	TOTAL ASSETS	52,101.49	54,444.85	60,862.93	64,829.61	68,002.82
Minority Interest	407.97	338.66	204.56	173.52	201.97	Current Liabilities	6,231.23	6,159.44	11,965.63	12,844.53	13,387.59
Net Income	1,293.85	2,791.42	281.70	1,561.71	1,817.76	Account Payable	1,162.64	695.30	933.98	973.50	911.27
EPS (full amount)	61.11	131.85	13.31	73.77	85.86	Short Term Debt	827.07	640.66	5,512.27	6,075.70	6,391.22
						Other current liabilities	4,241.53	4,823.48	5,519.37	5,795.34	6,085.10
						Non-Current Liabilities	15,583.36	14,737.90	14,426.20	15,753.64	16,566.04
						Long-term Liabilities - Net	13,131.23	12,766.47	11,608.78	12,795.36	13,459.84
						Other Non-Current	2,452.13	1,971.43	2,817.41	2,958.28	3,106.20
						Liabilities					
						TOTAL EQUITY	30,286.90	33,547.51	34,471.10	36,231.43	38,049.19
						TOTAL LIABILITIES & EQUITY	52,101.49	54,444.85	60,862.93	64,829.61	68,002.82
Cash Flow						Ratios					
IDR Billion	2018	2019	2020E	2021F	2022F	IDR Billion	2018	2019	2020	2021F	2022F
Net Income	1,293.85	2,791.42	281.70	1,561.71	1,817.76	Revenue Growth (%)	(35.94)	6.88	(12.76)	26.06	7.19
Depreciation	384.07	355.76	374.15	411.72	432.75	Operating Profit Growth (%)	(57.23)	16.82	(21.63)	32.95	19.06
Change in Working Capital	(1,617.41)	(1,618.24)	15.89	(1,451.84)	587.64	Net Profit Growth (%)	(73.70)	115.74	(89.91)	454.39	16.40
Change in others	(591.23)	(2,092.95)	(239.38)	(342.98)	(360.13)	Current Ratio (%)	3.36	39.38	23.70	23.25	23.62
CFO Total	(530.71)	(564.02)	432.36	178.60	2,478.02	Quick Ratio (%)	1.91	120.19	93.28	90.52	102.80
Change in Investment	-	-	-	-	-	Receivable Days	28.86	27.95	14.46	50.00	50.00
Capex	(1,792.64)	(633.09)	(715.40)	(2,500.00)	(1,400.00)	Inventory Days	1,761.32	1,839.99	2,024.40	1,800.00	1,800.00
Change in Others	-	-	-	-	-	Payable Days	226.41	125.71	176.75	154.16	154.16
CFI Total	(1,792.64)	(633.09)	(715.40)	(2,500.00)	(1,400.00)	Debt to Equity (x)	0.46	0.40	0.50	0.52	0.52
Net Change in Debt	4,873.44	(551.16)	3,713.92	1,750.00	980.00	Gross Profit Margin (%)	71.73	71.51	68.79	70.42	74.16
Net Change in Equity	(260.62)	489.55	1,187.69	198.62	-	Operating Profit Margin (%)	32.66	35.70	32.07	33.83	37.57
Dividend payment	-	-	-	-	-	Net Profit Margin (%)	19.52	39.40	4.56	20.05	21.77
Others	56.82	(20.36)	(561.86)	16.06	-	ROA (%)	2.48	5.13	0.46	2.41	2.67
CFE Total	4,669.64	(81.97)	4,339.75	1,964.69	980.00	ROE (%)	4.27	8.32	0.82	4.31	4.78
Beginning Cash	5,793.03	8,139.32	6,860.25	10,916.97	10,560.26						
Ending Cash	8,139.32	6,860.25	10,916.97	10,560.26	12,618.28						

Sources : Company, MNCS

MNC Research Industry Ratings Guidance

OVERWEIGHT: Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months

NEUTRAL: Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months

UNDERWEIGHT: Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

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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