



**BUY**

Target Price : IDR1,300

## Stock Data

Current Price	: 985
52wk Range H-L	: 1,030 - 875
Share Outstanding	: 21.17 Bn
Free Float	: 33.80%
Mkt Capitalization (IDR tn)	: 20.85

## Major Shareholders

PT Paraga Arta Mida	: 35.89%
PT Ekacentra Usahamaju	: 25.63%
Public	: 37.26%
Treasury Stock	: 1.22%



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## PT Bumi Serpong Damai Tbk (BSDE IJ)

Property Sector

### Earnings More Than Doubled in FY22

#### Marketing Sales Outperformed Management's Expectations

- BSDE IJ recorded a marketing sales growth of 14.1% YoY or IDR8.8tn in FY22, reflecting 114%/103% of the management/MNCS FY22 target.
- Residential pre-sales totalled IDR5.1tn, accounting for 58% of the total achieved; contributed from existing development areas such as: 1) Vanya Park; 2) Freja; 3) Tanakayu; 4) The Zora; 5) Nava Park; 6) Enchante; 7) Grand Wisata; and 8) Kota Wisata.
- BSDE launched the "Double Dream" national promotion program from March to December, offering hard cash, installments, and express mortgage lane payment options on top of these national promotion programs. Furthermore, the government, through the Tax Office, offered a VAT subsidy program for any ready stock units purchased between January and September 2022, with a price threshold of up to IDR5bn/unit.
- Commercial business units, including commercial land plots, apartments, and shop houses totalled IDR2.1tn, accounting for 24% of the total revenue. Furthermore, IDR1.6tn in joint venture land was sold this year, accounting for 18% of BSDE's top line.
- However, we remain concerned on the soaring mortgage rates which puts pressure on Indonesian properties, as BI still projects a potentially hawkish stance.

#### Top-Bottom Line Saw Double Digit Growths in FY22, Despite High Costs

- BSDE posted a revenue of IDR10.2tn in FY22, an increase of 33.7% YoY, above consensus/MNCS expectation implying 128%/127% of FY22E target.
- Sales division recorded a growth of 39.0% YoY, while recurring income and others grew by 52.4% YoY. This performance was supported marketing sales in FY21-FY22, while the increased recurring income was from the relaxation of mobility in malls along with normalized activity. The addition of AEON Southgate TB Simatupang also contributed optimally in this period.
- Furthermore, the cost of revenues grew by 17.0% YoY to IDR3.4tn, followed by higher selling expenses (+40.6% YoY) and general expenses (+24.4% YoY). We note that commissions, advertising, and promotion costs increased by 72.2% YoY to IDR784.2bn in FY22.
- Thus, net profit increased by 80.4% YoY to IDR2.4tn, above consensus/our expectation implying 163%/183% of FY22 target.

#### Marketing sales and earnings should return to normal in FY23E

We view several imminent risks include sentiments of soaring mortgage rates and the nearing presidential election season. Hence, we assess that the marketing sales could potentially weaken ~5% - 10% in FY23E. However, we still expect a revenue growth of ~9% given that they managed to secure splendid marketing sales in FY22.

#### Valuation and Recommendation: BUY at Target Price IDR1,300

We recommend **BUY** for **BSDE**, with a **TP of: IDR1,300** which implies PE/PBV 7.9x/1.0x in FY23E. BSDE's valuation has become attractive as it is currently traded at a level of -1 STD (average 5-years) PBV at 0.6x. Risks to our call would include: 1) Low purchasing power; 2) Interest rate; 3) USD/IDR.

#### Key Financial Highlight

Billion IDR	2020	2021	2022	2023E	2024F
Revenue	6,180.6	7,654.8	10,235.5	11,250.2	11,590.6
Net Income	281.7	1,348.6	2,433.1	2,646.5	2,718.5
EPS (IDR)	13.3	63.7	114.9	125.0	128.4
PE (x)	74.0	15.5	8.6	7.9	7.7
BVS (IDR)	1,422.6	1,422.6	1,485.8	1,559.7	1,635.7
PBV (x)	0.7	1.1	1.0	1.0	0.9
ROA (%)	0.5	2.2	3.7	3.8	3.8
ROE (%)	0.9	4.3	7.2	7.3	7.0
Gearing Ratio (x)	0.2	0.1	0.1	0.1	0.0

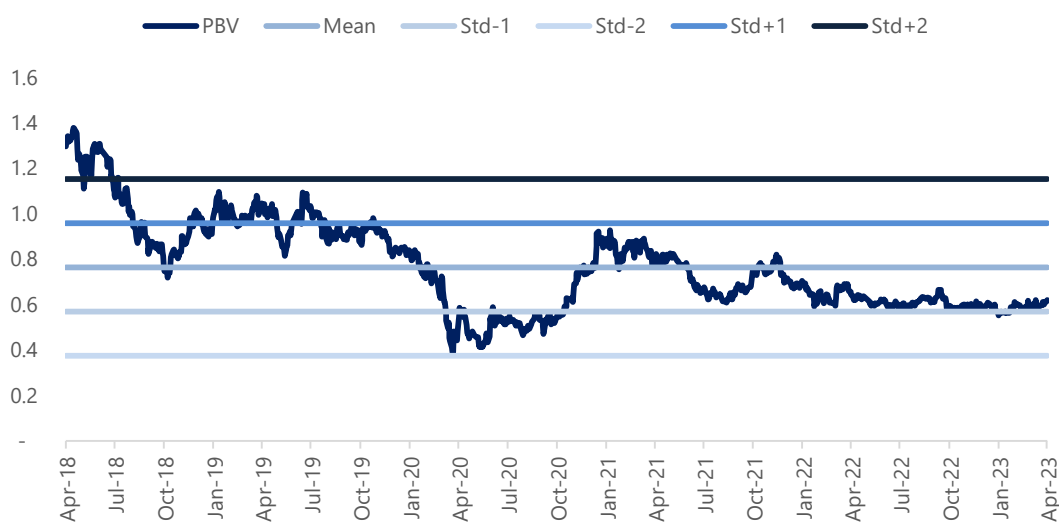
Sources: Company, MNCS

Exhibit 01. MNCS Profitability Comparison with Peers

IDR bn	FY21	FY22	YoY	FY22E MNCS	FY22E Cons	% MNCS	% Cons
<b>Revenue</b>	<b>7,654.8</b>	<b>10,235.5</b>	<b>33.71%</b>	<b>8,041.76</b>	<b>8,023.61</b>	<b>127.28%</b>	<b>127.57%</b>
COGS	2,914.8	3,409.4	16.97%				
<b>Gross Profit</b>	<b>4,740.1</b>	<b>6,826.0</b>	<b>44.01%</b>				
Selling & GA Expenses	2,110.9	2,786.7	32.02%				
<b>Op. Profit</b>	<b>2,629.2</b>	<b>4,039.3</b>	<b>53.64%</b>	<b>2,903.01</b>	<b>2,726.82</b>	<b>139.14%</b>	<b>148.13%</b>
OPM	34.3%	39.5%					
<b>Net Profit</b>	<b>1,348.6</b>	<b>2,433.1</b>	<b>80.42%</b>	<b>1,308.87</b>	<b>1,488.76</b>	<b>185.90%</b>	<b>163.43%</b>
NPM	17.6%	23.8%					

Sources : Company, MNCS

Exhibit 02. BSDE is currently trading at -1 STD (5-year average) at 0.60x PBV



Sources : Bloomberg, MNCS

Exhibit 03. "Smart Move" to accelerate marketing sales in 1H23

New promotional material to replace the success of "Double Dream"

Source : Company

Exhibit 4. Financial Projections

Income Statement						Balance Sheet					
IDR Billion	2020	2021	2022	2023E	2024F	IDR Billion	2019	2020	2021	2022E	2023F
<b>Revenues</b>	<b>6,180.6</b>	<b>7,654.8</b>	<b>10,235.5</b>	<b>11,250.2</b>	<b>11,590.6</b>	<b>Current Assets</b>	<b>28,364.3</b>	<b>28,397.8</b>	<b>29,586.7</b>	<b>32,471.4</b>	<b>33,958.8</b>
Cost of Revenue	-1,928.7	-2,914.8	-3,409.4	-4,020.5	-4,196.7	Cash & Cash Equivalents	10,508.1	7,766.9	9,734.4	9,533.0	10,713.9
<b>Gross Profit</b>	<b>4,251.8</b>	<b>4,740.1</b>	<b>6,826.0</b>	<b>7,229.7</b>	<b>7,394.0</b>	Accounts & Notes Receiv	138.9	134.9	181.5	216.9	211.1
Operating Expense	-2,269.6	-2,347.8	-3,121.0	-3,477.9	-3,669.6	Inventories	10,697.4	11,857.0	12,609.6	15,612.5	15,908.8
<b>Operating Profit</b>	<b>1,982.3</b>	<b>2,392.3</b>	<b>3,705.0</b>	<b>3,751.8</b>	<b>3,724.3</b>	Other ST Assets	7,019.9	8,638.9	7,061.1	7,109.0	7,125.1
Interest Expense	-1,781.5	-1,644.7	-1,668.0	-1,606.5	-1,517.9	<b>Non-Current Assets</b>	<b>32,498.6</b>	<b>33,072.0</b>	<b>35,412.7</b>	<b>36,418.6</b>	<b>37,498.2</b>
Other	295.5	799.5	624.7	740.2	740.2	Land for Development	12,428.8	14,472.2	15,501.3	16,647.1	17,891.5
<b>Profit Before Tax</b>	<b>496.2</b>	<b>1,547.0</b>	<b>2,661.7</b>	<b>2,885.5</b>	<b>2,946.5</b>	Other Non-Current Assets	20,069.8	18,599.7	19,911.4	19,771.5	19,606.8
Tax Expense	-10.0	-8.2	-4.8	-15.2	-4.3	<b>TOTAL ASSETS</b>	<b>60,862.9</b>	<b>61,469.7</b>	<b>64,999.4</b>	<b>68,890.0</b>	<b>71,457.1</b>
Minority Interest	-204.6	-190.2	-223.7	-223.7	-223.7	<b>Current Liabilities</b>	<b>11,832.7</b>	<b>10,967.9</b>	<b>11,332.9</b>	<b>12,552.9</b>	<b>12,716.9</b>
<b>Net Income</b>	<b>281.7</b>	<b>1,348.6</b>	<b>2,433.1</b>	<b>2,646.5</b>	<b>2,718.5</b>	Account Payable	934.0	1,111.6	901.0	1,297.9	1,231.9
EPS (full amount)	13.3	63.7	114.9	125.0	128.4	Short Term Debt	5,512.3	2,152.6	1,495.7	1,432.9	1,365.7
						Other current liabilities	5,386.4	7,703.7	8,936.1	9,822.1	10,119.3
						<b>Non-Current Liabilities</b>	<b>14,559.1</b>	<b>14,608.1</b>	<b>15,621.1</b>	<b>15,690.6</b>	<b>15,390.4</b>
						Long-term Liabilities - Net	11,608.8	9,842.0	10,482.3	10,042.3	9,571.1
						Other Non-Current	2,950.4	4,766.1	5,138.9	5,648.3	5,819.2
						Liabilities					
						<b>TOTAL EQUITY</b>	<b>34,471.1</b>	<b>35,893.7</b>	<b>38,045.4</b>	<b>40,646.6</b>	<b>43,349.8</b>
						<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>60,862.9</b>	<b>61,469.7</b>	<b>64,999.4</b>	<b>68,890.0</b>	<b>71,457.1</b>
Cash Flow						Ratios					
IDR Billion	2019	2020	2021	2022E	2023F	IDR Billion	2019	2020	2021	2022E	2023F
Net Income	281.7	1,348.6	2,433.1	2,646.5	2,718.5	<b>Growth</b>					
Depreciation	441.0	513.9	527.2	531.9	533.1	Revenue Growth (%)	-12.8	23.9	33.7	9.9	3.0
Change in Working Capital	-239.8	-978.0	-1,009.7	-2,641.4	-356.4	Operating Profit Growth (%)	-21.6	20.7	54.9	1.3	-0.7
Change in others	16.8	1,893.2	917.6	838.0	281.1	Net Profit Growth (%)	-89.9	378.7	80.4	8.8	2.7
<b>CFO Total</b>	<b>499.8</b>	<b>2,777.7</b>	<b>2,868.3</b>	<b>1,375.0</b>	<b>3,176.2</b>						
Change in Investment	-673.4	-2,162.6	-1,350.1	-1,500.0	-1,600.0	<b>Liquidity</b>					
Capex	-1,984.9	-74.0	355.4	-37.8	-12.7	Cash Ratio (x)	88.8	70.8	85.9	75.9	84.2
Change in Others	-2,658.3	-2,236.6	-994.7	-1,537.8	-1,612.7	Quick Ratio (x)	149.3	150.8	149.8	134.3	141.9
<b>CFI Total</b>	<b>3,713.9</b>	<b>-5,126.4</b>	<b>-16.7</b>	<b>-502.8</b>	<b>-538.4</b>	Current Ratio (x)	239.7	258.9	261.1	258.7	267.0
Net Change in Debt	1,120.1	86.3	-30.0	0.0	0.0	Gearing Ratio (x)	0.2	0.1	0.1	0.1	0.0
Net Change in Equity	0.0	0.0	0.0	0.0	0.0						
Dividend payment	968.6	1,757.8	140.5	464.1	155.7	<b>Margin</b>					
Others	<b>5,802.6</b>	<b>-3,282.3</b>	<b>93.8</b>	<b>-38.6</b>	<b>-382.7</b>	Gross Profit Margin (%)	68.8	61.9	66.7	64.3	63.8
<b>CFF Total</b>						Net Profit Margin (%)	4.6	17.6	23.8	23.5	23.5
<b>Beginning Cash</b>	<b>6,864.0</b>	<b>10,508.1</b>	<b>7,766.9</b>	<b>9,734.4</b>	<b>9,533.0</b>	ROA (%)	0.5	2.2	3.7	3.8	3.8
<b>Ending Cash</b>	<b>10,508.1</b>	<b>7,766.9</b>	<b>9,734.4</b>	<b>9,533.0</b>	<b>10,713.9</b>	ROE (%)	0.9	4.3	7.2	7.3	7.0

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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