



BUY

Target Price : IDR1,400

Stock Data

Current Price	: 1,180
52wk Range H-L	: 1,185 - 875
Share Outstanding	: 21.17 Bn
Free Float	: 33.8%
Mkt Capitalization (IDR tn)	: 24.9

Major Shareholders

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



Research Analyst
 Muhamad Rudy Setiawan
 Muhamad.setiawan@mncgroup.com

PT Bumi Serpong Damai Tbk (BSDE IJ)

Property Sector

Solid Quarterly Result in The Last 5 Years

BSDE Booked IDR2.1tn Marketing Sales in 1Q23

- BSDE IJ recorded a marketing sales growth of 2.9% QoQ or IDR2.1tn in 1Q23, reflecting 24.4% of the management and MNCS FY23E target. This performance was lower than last year (-13.2% YoY) due to seasonality factors and higher take up rate on high side segment (>IDR10bn/unit).
- Residential pre-sales totalled to IDR1.5tn, accounting for 69% of the total achieved; contributed from existing development areas such as: 1) Tanakayu; 2) The Zora, Nava Park; 3) Enchante; 4) Grand Wisata; 5) Kota Wisata, and also new development areas such as Eonna and Hiera.
- Meanwhile, revenue commercial business units reached IDR661bn, accounting for 31% of the total contribution, whereby the IDR200bn came mostly from commercial land plot sales in BSD City, the IDR102bn was derived from strata title (apartment/condominium), and the last IDR359bn came from shop-houses/business lofts. Its vertical development units were mostly driven by Southgate TB Simatupang, The Elements Rasuna CBD Jakarta, Aerium West Jakarta, Klaska Surabaya, and residential units in BSD City (Marigold, Akasa, Upper-West). Meanwhile, North Point Two, The Loop, and Tekno X in BSD City have primarily contributed to the shop-house scene.
- However, we are still on the lookout for potential rate cuts between 3Q23-4Q23 which would serve as a good momentum for marketing sales, whilst being cautious of the campaign period leading up to the 2024 election year.

Bottom Line Above Our and Consensus Estimates

- BSDE posted a revenue of IDR2.9tn in 1Q23, an increase of 41.9% YoY, reflecting 25.6%/28.1% of consensus/our FY23E target.
- Sales division recorded a growth of 52.0% YoY, while recurring income and others grew by 28.5% YoY. Commercial properties (apartments and shophouses) contributed 36% to the total revenues, worth IDR1tn. Revenues from commercial products were mainly contributed from Southgate Residence, Aerium, Klaska Residence and The Element, while revenues from shophouses were attained from Foresta Business Loft, TabeSpots, and 91 District.
- On the other hand, the residential segment recorded IDR948bn, or 33% of the total revenues. Revenues from landed houses mainly came from BSD City, followed by projects developed under the subsidiaries, namely PT Duta Pertiwi Tbk. (Grand Wisata Bekasi, Kota Wisata Cibubur, Taman Banjar Wijaya, Legenda Wisata) and PT Sinar Mas Wisesa (Grand City Balikpapan).
- Furthermore, the cost of revenues grew by 33.6% YoY to IDR1.0tn, followed by higher selling expenses (+17.8% YoY) and general expenses (+13.0% YoY). We note that commissions, advertising, and promotion costs increased by 22.1% YoY to IDR204.8bn in 1Q23.
- Thus, net profit increased by 154.1% YoY to IDR884.0bn, above consensus/our expectations implying 35.2%/29.5% of FY23 target.

Valuation and Recommendation: BUY at Target Price IDR1,400

We recommend BUY for **BSDE**, with a **TP of: IDR1,400** which implies PE/PBV 7.0x/0.6x in FY23E. BSDE's valuation has become attractive as it is currently traded at a level of 0 STD (average 5-years RNAV) PBV at 81% discount. Risks to our call would include: 1) Low purchasing power; 2) Interest rate hike; 3) USD/IDR rate.

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	2,997.0	3,033.9
EPS (IDR)	13.3	63.7	114.9	141.6	143.3
PE (x)	74.0	15.5	8.6	7.0	6.9
BVS (IDR)	1,422.6	1,485.8	1,588.8	1,728.2	1,870.8
PBV (x)	0.7	0.7	0.6	0.6	0.5
ROA (%)	0.5%	2.2%	3.7%	4.3%	4.2%
ROE (%)	0.9%	4.3%	7.2%	8.2%	7.7%
Gearing Ratio (x)	0.22	0.13	0.07	0.04	- 0.01

Sources: Company, MNCS

Exhibit 01. MNCS Profitability Comparison with Peers

IDR bn	1Q23	4Q22	1Q22	% QoQ	% YoY	% MNCS	% Consensus
Revenue	2,875.8	3,089.9	2,026.8	-6.9%	41.9%	25.6%	28.1%
COGS	1,025.5	751.0	767.4	36.6%	33.6%		
Gross Profit	1,850.3	2,338.9	1,259.4	-20.9%	46.9%		
Gross Margin	64.3%	75.7%	62.1%				
Operating Profit	1,112.2	1,533.7	630.5	-27.5%	76.4%	31.0%	37.4%
Operating Margin	39%	50%	31%				
Pre-Tax Profit	978.1	1,646.0	361.5	-40.6%	170.5%	32.5%	32.9%
Net Profit	884.0	1,514.8	347.9	-41.6%	154.1%	29.5%	35.2%
Net Margin	30.7%	49.0%	17.2%				

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
Revenues	6,180.6	7,654.8	10,235.5	11,250.2	11,590.6	Current Assets	28,364.3	28,397.8	29,586.7	32,821.9	34,624.8
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	9,883.5	11,379.8
Gross Profit	4,251.8	4,740.1	6,826.0	7,229.7	7,394.0	Accounts & Notes Receiv	138.9	134.9	181.5	216.9	211.1
Operating Expense	-2,269.6	-2,347.8	-3,121.0	-3,637.3	-3,710.7	Inventories	10,697.4	11,857.0	12,609.6	15,612.5	15,908.8
Operating Profit	1,982.3	2,392.3	3,705.0	3,592.3	3,683.2	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	-1,455.2	-1,469.9	Non-Current Assets	32,498.6	33,072.0	35,412.7	36,418.6	37,498.2
Other	295.5	799.5	624.7	875.7	825.0	Land for Development	12,428.8	14,472.2	15,501.3	16,647.1	17,891.5
Profit Before Tax	496.2	1,547.0	2,661.7	3,012.9	3,038.4	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	-15.9	-4.5	TOTAL ASSETS	60,862.9	61,469.7	64,999.4	69,240.5	72,123.0
Minority Interest	-204.6	-190.2	-223.7	0.0	0.0	Current Liabilities	11,832.7	10,967.9	11,332.9	12,552.9	12,716.9
Net Income	281.7	1,348.6	2,433.1	2,997.0	3,033.9	Account Payable	934.0	1,111.6	901.0	1,297.9	1,231.9
EPS (full amount)	13.3	63.7	114.9	141.6	143.3	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
						Non-Current Liabilities	14,559.1	14,608.1	15,621.1	15,690.6	15,390.4
						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					
						TOTAL EQUITY	34,471.1	35,893.7	38,045.4	40,997.1	44,015.8
						TOTAL LIABILITIES & EQUITY	60,862.9	61,469.7	64,999.4	69,240.5	72,123.0
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	2,997.0	3,033.9	Growth					
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	-3.0	2.5
Change in others	16.8	1,893.2	917.6	838.0	281.1	Net Profit Growth (%)	-89.9	378.7	80.4	23.2	1.2
CFO Total	499.8	2,777.7	2,868.3	1,725.5	3,491.7						
Capex	-673.4	-2,162.6	-1,350.1	-1,500.0	-1,600.0	Liquidity					
Change in Others	-1,984.9	-74.0	355.4	-37.8	-12.7	Cash Ratio (x)	88.8	70.8	85.9	78.7	89.5
CFI Total	-2,658.3	-2,236.6	-994.7	-1,537.8	-1,612.7	Quick Ratio (x)	149.3	150.8	149.8	137.1	147.2
Net Change in Debt	3,713.9	-5,126.4	-16.7	-502.8	-538.4	Current Ratio (x)	239.7	258.9	261.1	261.5	272.3
Net Change in Equity	1,120.1	86.3	-30.0	0.0	0.0	Gearing Ratio (x)	0.2	0.1	0.1	0.0	0.0
Dividend payment	0.0	0.0	0.0	0.0	0.0						
Others	968.6	1,757.8	140.5	464.1	155.7	Margin					
CFF Total	5,802.6	-3,282.3	93.8	-38.6	-382.7	Gross Profit Margin (%)	68.8	61.9	66.7	64.3	63.8
Beginning Cash	6,864.0	10,508.1	7,766.9	9,734.4	9,883.5	Net Profit Margin (%)	4.6	17.6	23.8	26.6	26.2
Ending Cash	10,508.1	7,766.9	9,734.4	9,883.5	11,379.8	ROA (%)	0.5	2.2	3.7	4.3	4.2
						ROE (%)	0.9	4.3	7.2	8.2	7.7

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

PT MNC SEKURITAS

MNC Financial Center Lt. 14 – 16

Jl. Kebon Sirih No. 21 - 27, Jakarta Pusat 10340

Telp : (021) 2980 3111

Fax : (021) 3983 6899

Call Center : 1500 899

Disclaimer

This research report has been issued by PT MNC Sekuritas, It may not be reproduced or further distributed or published, in whole or in part, for any purpose. PT MNC Sekuritas has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; PT MNC Sekuritas makes no guarantee, representation or warranty and accepts no responsibility to liability as to its accuracy or completeness. Expression of opinion herein are those of the research department only and are subject to change without notice. This document is not and should not be construed as an offer or the solicitation of an offer to purchase or subscribe or sell any investment. PT MNC Sekuritas and its affiliates and/or their offices, director and employees may own or have positions in any investment mentioned herein or any investment related thereto and may from time to time add to or dispose of any such investment. PT MNC Sekuritas and its affiliates may act as market maker or have assumed an underwriting position in the securities of companies discussed herein (or investment related thereto) and may sell them to or buy them from customers on a principal basis and may also perform or seek to perform investment banking or underwriting services for or relating to those companies.