

**BUY | TP : IDR1,400**
**BSDE Stock Price Data**

Last Price	:	IDR1,100
52wk High	:	IDR1,235
52wk Low	:	IDR880
Share Out	:	21.17bn
Market Cap	:	IDR23.8tn

**BSDE Stock Price Performance**

1-Day	:	+0.9%
1-Week	:	+0.9%
1-Month	:	-4.3%
3-Month	:	+0.9%
Year-to-Date	:	+21.7%

**Shareholders**

Paraga Arta Mida	:	36.46%
Ekacentra Usahamaju	:	25.63%
Public (<5%)	:	36.69%
Treasury	:	1.22%


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**PT Bumi Serpong Damai Tbk (BSDE IJ)**
**Better Margin in 1H23**
**Overall, still In-line**

- BSDE reported a remarkable 30% YoY increase in revenues in 1H23, reaching IDR5.0tn, reflecting 48.2%/48.3% of the consensus and MNCS FY23E target. This growth was primarily driven by a 58% YoY surge in commercial product sales, a 34% YoY rise in residential sales, and a 40% YoY increase in land plot sales.
- The revenue breakdown showed that 83% originated from development sales, while the remaining 17% came from non-development sales. Development sales achieved substantial growth of 44% YoY, amounting to IDR4.2tn. Notably, starting from 4Q22, the new toll road operating service business unit contributed to the company's top line through the Toll Serpong – Balaraja section 1A, contributing IDR25 bn to the revenue in the 1H23.
- In the 1H23, the overall gross profit margin for the company reached 64%, showing an improvement (vs 62% in 1H22). Specifically, the gross profit margin from land sales stood at 84%, marking an increase from 81% in the 1H22.
- G&A expenses primarily comprised of fixed costs, which saw a 15% YoY increase. This increase was largely attributed to higher expenses related to information technology. Selling expenses increased by 17% YoY. These expenses were utilized energetically to promote pre-sales products and existing inventories through a nationwide marketing campaign.
- Thus, net profit increased by 154.1% YoY to IDR884.0bn, reflecting 46.4%/49.4% of the consensus and MNCS FY23E target.

**BSDE Booked IDR4.8tn Pre-sales in 1H23**

- In the 1H23 the pre-sales figures amounted to IDR4.8tn, approximately 54% of the pre-sales target of IDR8.8tn for FY23 or grew by 3% YoY (vs IDR4.7tn in 1H22).
- Within the pre-sales contributions, residential pre-sales accounted for IDR3.0tn, constituting a substantial 63% share of the total pre-sales achieved. Meanwhile, commercial pre-sales, encompassing commercial lots, apartments, and shop houses, contributed IDR1.8tn, making up 37% of the overall pre-sales figures.
- The strong performance during the 1H23 was largely driven by the showcased residential and commercial products within BSD City. The pre-sales from the BSD City area accounted for approximately 74% of the total pre-sales achieved by BSDE in the 1H23. Alongside BSD City, other highlighted townships such as Grand Wisata in Bekasi and Kota Wisata in Cibubur also made significant contributions to the 1H23 performance. These two townships contributed 10% and 7%, respectively, to the overall pre-sales figures for the mentioned period.
- BSDE maintains a positive outlook in reaching its FY23E target of Rp8.8tn. The company plans to persist in the development and introduction of appealing new products both in BSD City and other strategic locations. As part of its strategy, BSDE has initiated a nationwide promotional campaign named "Smart Move," running from February to December 2023. This campaign presents various payment alternatives including hard cash, cash instalments, and express mortgage lane options, aimed at promoting the company's ready stocks.

**Valuation and Recommendation: BUY with a TP IDR1,400**

We recommend BUY for BSDE, with a TP of: IDR1,400 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 -0.5 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	FY20	FY21	FY22	FY23E	FY24F
Revenue	6,180.6	7,654.8	10,235.5	10,370.2	11,590.6
Net Income	281.7	1,348.6	2,433.1	2,430.4	2,796.8
EPS (IDR)	13.3	63.7	114.9	114.8	132.1
PE (x)	74.0	15.5	8.6	8.6	7.5
BVS (IDR)	1,422.6	1,485.8	1,588.8	1,703.3	1,832.9
PBV (x)	0.7	0.7	0.6	0.6	0.5
ROA (%)	0.5%	2.2%	3.7%	3.6%	3.9%
ROE (%)	0.9%	4.3%	7.2%	6.7%	7.2%

Sources : Bloomberg, MNCS Research

**Exhibit 01. BSDE's 1H23 net income results was in-line MNCS estimates**

IDR bn	1H22	1H23	% YoY	% MNCS	% Consensus
<b>Revenue</b>	<b>3,835.6</b>	<b>4,998.1</b>	<b>30.3%</b>	<b>48.2%</b>	<b>48.3%</b>
COGS	1,463.9	1,820.7	24.4%		
<b>Gross Profit</b>	<b>2,371.7</b>	<b>3,177.4</b>	<b>34.0%</b>		
Gross Margin	61.8%	63.6%			
<b>Operating Profit</b>	<b>1,018.363</b>	<b>1,609.024</b>	<b>58.0%</b>	<b>49.3%</b>	<b>41.4%</b>
Operating Margin	26.6%	32.2%			
<b>Pre-Tax Profit</b>	<b>486.3</b>	<b>1,331.8</b>	<b>173.9%</b>	<b>50.2%</b>	<b>42.9%</b>
<b>Net Profit</b>	<b>463.6</b>	<b>1,200.9</b>	<b>159.0%</b>	<b>49.4%</b>	<b>46.4%</b>
Net Margin	12.1%	24.0%			

Sources : Company, Bloomberg, MNCS

**Exhibit 02. "Smart Move" to accelerate marketing sales in FY23**


Sources : Company, MNCS

**Exhibit 03. BSDE's Currently Trading Near at -0.5 STD (5-Year Average) at 0.6x PBV band**


Sources : Bloomberg, MNCS

**Exhibit 04. Financial Projections**

in Billion IDR	Income Statement				
	FY20	FY21	FY22	FY23E	FY24F
<b>Revenues</b>	<b>6,180.6</b>	<b>7,654.8</b>	<b>10,235.5</b>	<b>10,370.2</b>	<b>11,590.6</b>
Cost of Revenue	-1,928.7	-2,914.8	-3,409.4	-3,751.5	-4,196.7
<b>Gross Profit</b>	<b>4,251.8</b>	<b>4,740.1</b>	<b>6,826.0</b>	<b>6,618.8</b>	<b>7,394.0</b>
Operating Expense	-2,269.6	-2,347.8	-3,121.0	-3,352.8	-3,710.7
<b>Operating Profit</b>	<b>1,982.3</b>	<b>2,392.3</b>	<b>3,705.0</b>	<b>3,265.9</b>	<b>3,683.2</b>
Interest Expense	-1,781.5	-1,644.7	-1,668.0	-1,455.2	-1,469.9
Other	295.5	799.5	624.7	839.8	795.5
<b>Profit Before Tax</b>	<b>496.2</b>	<b>1,547.0</b>	<b>2,661.7</b>	<b>2,650.6</b>	<b>3,008.9</b>
Tax Expense	-10.0	-8.2	-4.8	-14.0	-5.4
Minority Interest	-204.6	-190.2	-223.7	-206.2	-206.7
<b>Net Income</b>	<b>281.7</b>	<b>1,348.6</b>	<b>2,433.1</b>	<b>2,430.4</b>	<b>2,796.8</b>
EPS (full amount)	13.3	63.7	114.9	114.8	132.1

in Billion IDR	Cash Flow				
	FY20	FY21	FY22	FY23E	FY24F
Net Income	281.7	1,348.6	2,433.1	2,430.4	2,796.8
Depreciation	441.0	513.9	527.2	531.9	533.1
Change in Working Capital	-239.8	-978.0	-1,009.7	-1,666.4	-1,331.4
Change in others	16.8	1,893.2	917.6	111.3	1,007.9
<b>CFO Total</b>	<b>499.8</b>	<b>2,777.7</b>	<b>2,868.3</b>	<b>1,407.2</b>	<b>3,006.3</b>
Capex	-673.4	-2,162.6	-1,350.1	-1,500.0	-1,600.0
Change in Others	-1,984.9	-74.0	355.4	-5.0	-45.5
<b>CFI Total</b>	<b>-2,658.3</b>	<b>-2,236.6</b>	<b>-994.7</b>	<b>-1,505.0</b>	<b>-1,645.5</b>
Net Change in Debt	3,713.9	-5,126.4	-16.7	-502.8	-538.4
Net Change in Equity	1,120.1	86.3	-30.0	0.0	0.0
Dividend payment	0.0	0.0	0.0	0.0	0.0
Others	968.6	1,757.8	140.5	61.6	558.2
<b>CFF Total</b>	<b>5,802.6</b>	<b>-3,282.3</b>	<b>93.8</b>	<b>-441.1</b>	<b>19.8</b>
<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>9,195.4</b>
<b>Ending Cash</b>	<b>10,508.1</b>	<b>7,766.9</b>	<b>9,734.4</b>	<b>9,195.4</b>	<b>10,576.1</b>

in Billion IDR	Balance Sheet				
	FY20	FY21	FY22	FY23E	FY24F
<b>Current Assets</b>	<b>28,364.3</b>	<b>28,397.8</b>	<b>29,586.7</b>	<b>31,030.5</b>	<b>33,821.1</b>
Cash & Cash					
Equivalents	10,508.1	7,766.9	9,734.4	9,195.4	10,576.1
Accounts & Notes Receiv	138.9	134.9	181.5	199.9	211.1
Inventories	10,697.4	11,857.0	12,609.6	14,567.6	15,908.8
Other	7,019.9	8,638.9	7,061.1	7,067.5	7,125.1
<b>Non-Current Assets</b>	<b>32,498.6</b>	<b>33,072.0</b>	<b>35,412.7</b>	<b>36,385.9</b>	<b>37,498.2</b>
Land for Development	12,428.8	14,472.2	15,501.3	16,647.1	17,891.5
Other	20,069.8	18,599.7	19,911.4	19,738.7	19,606.8
<b>TOTAL ASSETS</b>	<b>60,862.9</b>	<b>61,469.7</b>	<b>64,999.4</b>	<b>67,416.3</b>	<b>71,319.3</b>
<b>Current Liabilities</b>	<b>11,832.7</b>	<b>10,967.9</b>	<b>11,332.9</b>	<b>11,697.7</b>	<b>12,716.9</b>
Account Payable	934.0	1,111.6	901.0	1,211.0	1,231.9
Short Term Debt	5,512.3	2,152.6	1,495.7	1,432.9	1,365.7
Other	5,386.4	7,703.7	8,936.1	9,053.8	10,119.3
<b>Non-Curr. Liabilities</b>	<b>14,559.1</b>	<b>14,608.1</b>	<b>15,621.1</b>	<b>15,248.8</b>	<b>15,390.4</b>
Long-term Debt	11,608.8	9,842.0	10,482.3	10,042.3	9,571.1
Other	2,950.4	4,766.1	5,138.9	5,206.5	5,819.2
<b>TOTAL EQUITY</b>	<b>34,471.1</b>	<b>35,893.7</b>	<b>38,045.4</b>	<b>40,469.8</b>	<b>43,212.1</b>
<b>TOTAL LIA &amp; EQUITY</b>	<b>60,862.9</b>	<b>61,469.7</b>	<b>64,999.4</b>	<b>67,416.3</b>	<b>71,319.3</b>

	Ratios				
	FY20	FY21	FY22	FY23E	FY24F
<b>Growth</b>					
Revenue Growth (%)	-12.8	23.9	33.7	1.3	11.8
Operating Profit Growth (%)	-21.6	20.7	54.9	-11.9	12.8
Net Profit Growth (%)	-89.9	378.7	80.4	-0.1	15.1
<b>Liquidity</b>					
Cash Ratio (x)	88.8	70.8	85.9	78.6	83.2
Quick Ratio (x)	149.3	150.8	149.8	140.7	140.9
Current Ratio (x)	239.7	258.9	261.1	265.3	266.0
Gearing Ratio (x)	0.2	0.1	0.1	0.1	0.0
<b>Margin</b>					
Gross Profit Margin (%)	68.8	61.9	66.7	63.8	63.8
Net Profit Margin (%)	4.6	17.6	23.8	23.4	24.1
ROA (%)	0.5	2.2	3.7	3.6	3.9
ROE (%)	0.9	4.3	7.2	6.7	7.2

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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