

Pembangunan Perumahan Tbk (PTPP)

Kinerja 2Q20, Bottom-Line Sentuh Level Terendah

Company Update | August 28, 2020

BUY

| | |
|-----------------------|--------|
| Target Price (IDR) | 1,250 |
| Consensus Price (IDR) | 1,131 |
| TP to Consensus Price | +10.5% |
| vs. Last Price | +24.4% |

Shares data

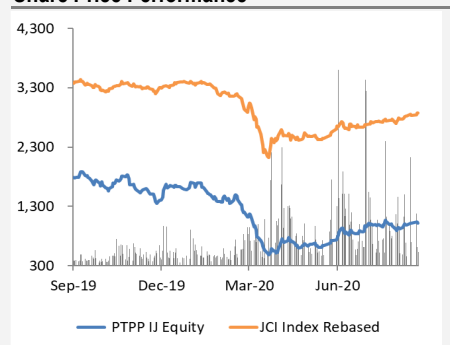
| | |
|------------------------|-----------------|
| Last Price (IDR) | 1,005 |
| Price Date as of | August, 27 2020 |
| 52 wk Range (Hi/Lo) | 1,945/484 |
| Free Float (%) | 48.8 |
| Outstanding sh. (mn) | 6,200 |
| Market Cap. (IDR bn) | 6,417 |
| Market Cap. (USD mn) | 431 |
| Avg. Trd Vol - 3M (mn) | 71.88 |
| Avg. Trd Val - 3M (bn) | 66.39 |
| Foreign Ownership | 21.7% |

Property

Construction

| | |
|-----------|---------|
| Bloomberg | PTPP IJ |
| Reuters | PTPP.JK |

Share Price Performance



| | YTD | 1M | 3M | 12M |
|-----------|--------|-------|-------|--------|
| Abs. Ret. | -36.6% | 2.0% | 52.2% | -45.2% |
| Rel. Ret. | -21.6% | -2.4% | 36.8% | -31.1% |

Ajeng Kartika Hapsari

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PTPP mencatatkan laba 2Q20 sebesar Rp3 miliar (-98,6% YoY), yang merupakan penurunan *bottom-line* terdalam bagi perseroan. Meskipun unggul dalam perolehan kontrak baru dibandingkan emiten konstruksi BUMN lain, atau meraih Rp8,98 triliun selama 1H20, namun ke depannya PTPP harus memilah kontrak mana yang memiliki skema pembayaran yang baik agar tidak memberatkan kas perusahaan. Selain itu, anggaran infrastruktur yang naik dalam RAPBN 2021 menjadi angin segar bagi perbaikan kinerja PTPP tahun depan.

Kinerja Anjlok, Semester-I 2020 Periode Berat bagi Konstruksi

PTPP mencatatkan pendapatan pada 1H20 sebesar Rp6,74 triliun atau -37% YoY (vs Rp10,72 triliun 1H19) setelah secara *historical* selama 5 tahun berturut-turut tercatat tumbuh pada kisaran 13% sampai 24% YoY. Pada 2Q20 pun pendapatan anjlok 42% YoY menjadi Rp3,40 triliun. Segmen pendapatan dengan porsi terbesar seperti konstruksi, EPC dan properti & realti pada 2Q20 kompak turun masing-masingnya menjadi Rp2,72 triliun (-37% YoY), Rp202 miliar (-56% YoY), dan Rp447 miliar (-15% YoY). Efisiensi beban pokok pendapatan dan beban operasional menaikkan GPM dan OPM pada 2Q20 menjadi 11,3% dan 4,0% dari 9,6% dan 1,7% pada 1Q20. Namun peningkatan beban-beban lainnya membuat NPM turun menjadi 0,1%. Laba 2Q20 turun hingga *single digit* senilai Rp3 miliar (-98,6% YoY vs Rp188 miliar 1H19), pun pada 1H20 laba PTPP turun 96% menjadi Rp16 miliar (vs Rp363 miliar 1H19) menjadikan ini sebagai penurunan *bottom-line* terdalam bagi kinerja PTPP.

Unggul dalam Perolehan Kontrak Baru

Selama semester-I, PTPP berhasil meraih kontrak baru sebesar Rp8,98 triliun (-39,3% YoY vs Rp14,8 triliun 1H19). Proyek konstruksi dan EPC menjadi penyumbang terbesar yaitu 48% dan 40% dari total kontrak dengan proyek antara lain *Refinery Development Master Project (RDMP) JO* (Rp1,80 triliun), *water treatment* pekanbaru (Rp1,26 triliun) dan Bogor Apartment (Rp1,17 triliun). Walaupun nilai kontrak 1H20 turun dibandingkan 1H19, namun kontrak baru PTPP lebih tinggi dibandingkan emiten konstruksi BUMN lain dengan rata-rata kontrak baru sebesar Rp5,08 triliun. PTPP diunggulkan oleh perolehan kontrak awal tahun yang berasal dari proyek RDMP senilai Rp2,25 triliun.

Net Gearing Ratio Diberatkan oleh Penurunan Nilai Kas

Gross gearing ratio stagnan pada level 131% pada 1Q20 dan 2Q20, sementara *net gearing ratio* meningkat dari 78% pada 1Q20 menjadi 92% pada 2Q20. Hal tersebut disebabkan oleh kas operasional yang tercatat minus Rp1,96 triliun, yang membuat kas dan setara kas turun menjadi Rp5,51 triliun (vs Rp7,17 triliun 1Q20). Oleh karena itu, kami melihat PTPP harus mampu mengelola arus kasnya di tengah penundaan proyek-proyek, yang menyebabkan melambatnya juga aliran dana segar ke perseroan.

Rating BUY dengan TP Rp1.250

Dalam menghadapi perlambatan ekonomi dan melemahnya sektor konstruksi, PTPP harus dapat menerapkan strategi khusus guna memperbaiki kinerja perusahaan pada 2H20 yang dapat dilakukan dengan mensukseskan divestasi, memilah proyek yang memiliki likuiditas yang baik dan mengoptimalkan penyelesaian proyek yang sedang berjalan. PTPP sendiri pun mulai melakukan ekspansi ke market global dengan menysasar pada market ASEAN dan market area mineral energi yang memiliki potensi yang besar. Selain itu, kenaikan anggaran infrastruktur yang mencapai 47,3% pada RAPBN 2021 pun menjadi sentiment positif bagi membaiknya kinerja PTPP ke depan, karena kepemilikan proyek PTPP didominasi oleh BUMN dan Pemerintah. Kami merekomendasikan BUY PTPP dengan TP Rp1.250 berdasarkan P/E 13.5x (-0.3 SD) dan potensi tingkat imbal hasil sebesar 24,4% dari harga saham saat ini.

Pembangunan Perumahan (PP) Tbk | Summary

| | 2019A | 2020F | 2021F | 2022F |
|---------------|--------|--------|--------|--------|
| Revenue | 24,660 | 16,342 | 20,960 | 25,443 |
| Growth (%) | -1.8% | -33.7% | 28.3% | 21.4% |
| EBITDA | 2,836 | 1,878 | 1,388 | 2,387 |
| Net Profit | 930 | 332 | 579 | 855 |
| EPS (IDR) | 150 | 53 | 93 | 138 |
| Growth (%) | -38.1% | -64.4% | 74.5% | 47.7% |
| P/E | 10.6x | 23.4x | 13.4x | 9.1x |
| P/BV | 10.6x | 0.5x | 0.5x | 0.5x |
| EV/EBITDA | 7.0x | 11.4x | 16.7x | 10.8x |
| ROE (%) | 5.8% | 2.2% | 3.8% | 5.4% |
| DER (%) | 105% | 131% | 141% | 158% |
| Dividen Yield | 3.1% | 2.7% | 1.3% | 2.2% |

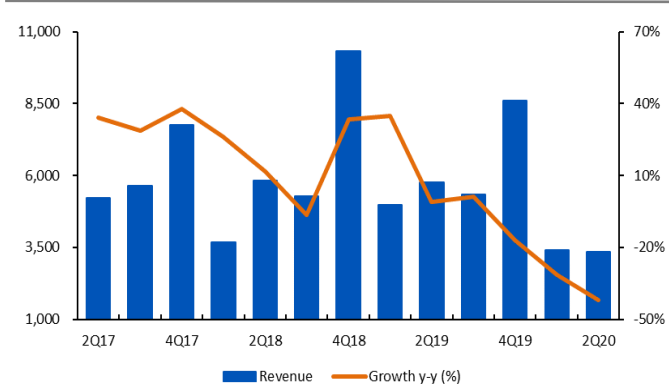
Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

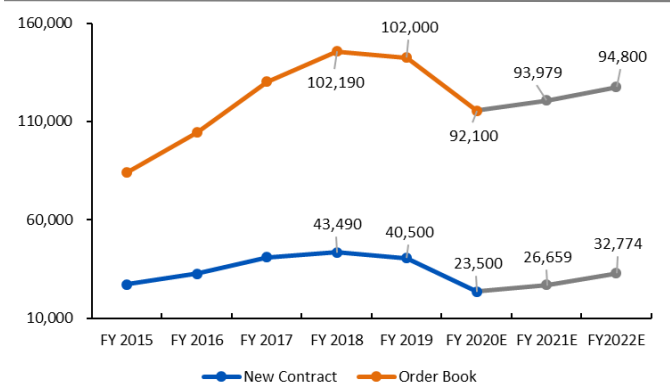
Performance Highlights in Charts

PTPP Quarterly Revenue (IDR bn) | 2Q17 - 2Q20



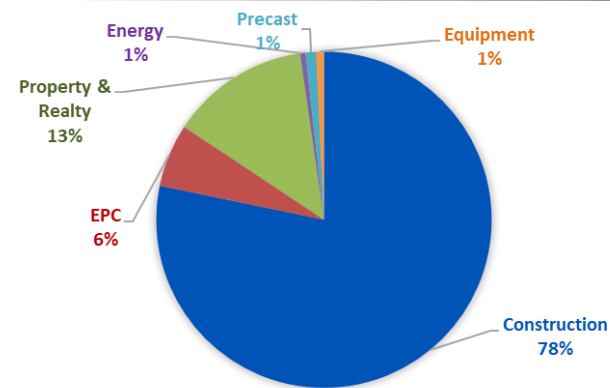
Source: Company Data, NHKSI Research

PTPP Order Book & New Contract



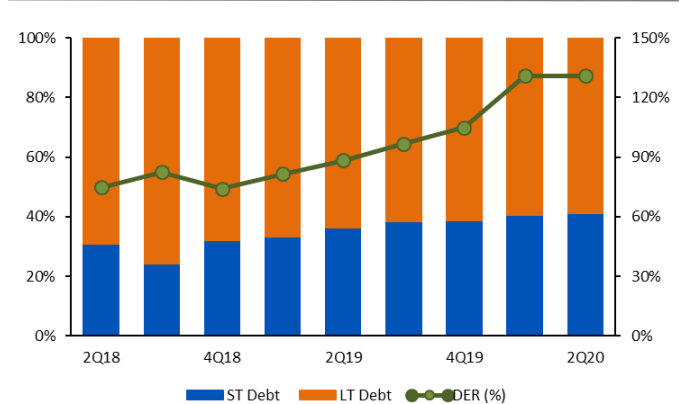
Source: Company Data, NHKSI Research

2Q20's Revenue Breakdown



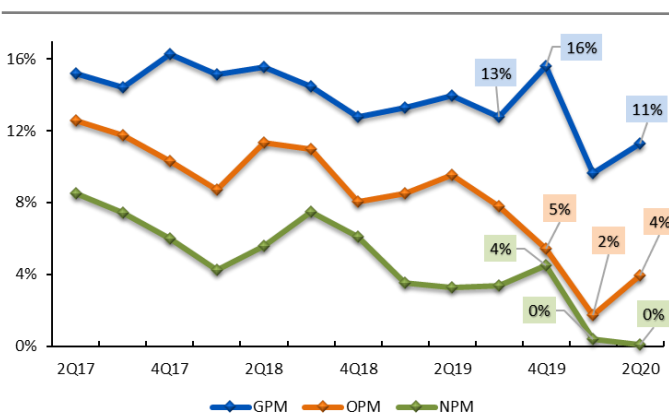
Source: Company Data, NHKSI Research

Debt Portion



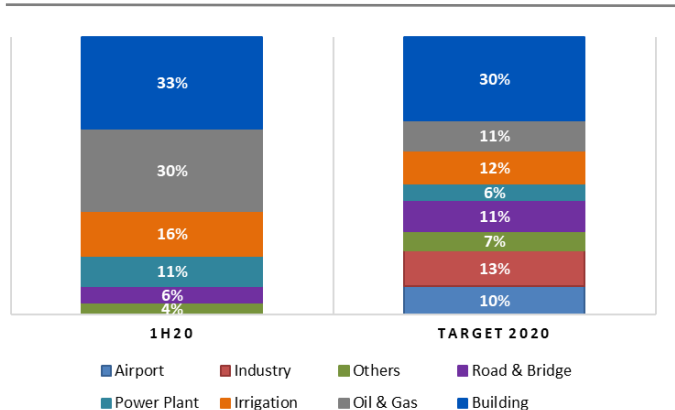
Source: Company Data, NHKSI Research

Margin Ratios



Source: Company Data, NHKSI Research

New Project based on Type of Project | 1H20 & FY20E



Source: Company Data, NHKSI Research

Quarterly Review

| | 2Q19 | 3Q19 | 4Q19 | 1Q20 | 2Q20 | | | 3Q20E |
|-------------------------|-------|-------|-------|-------|--------|----------|--------|-------|
| | | | | | Actual | Estimate | Y-Y | |
| Income statement | | | | | | | | |
| Revenue | 5,754 | 5,339 | 8,579 | 3,409 | 3,336 | -42.0% | -2.1% | 3,833 |
| Gross Profit | 804 | 682 | 1,340 | 329 | 337 | -53.1% | 14.8% | 468 |
| EBIT | 550 | 416 | 468 | 59 | 132 | -76.0% | 124.7% | 254 |
| EBITDA | 647 | 654 | 965 | 619 | 347 | -46.4% | -44.0% | 383 |
| Net Profit | 188 | 181 | 386 | 13 | 3 | -98.6% | -80.3% | 208 |
| Margin (%) | | | | | | | | |
| Gross Margin | 14.0% | 12.8% | 15.6% | 9.6% | 11.3% | -2.7% | 1.7% | 12.2% |
| EBIT Margin | 9.6% | 7.8% | 5.4% | 1.7% | 4.0% | -5.6% | 2.2% | 6.6% |
| EBITDA Margin | 11.2% | 12.3% | 11.2% | 18.2% | 10.4% | -0.9% | -7.8% | 10.0% |
| Net Profit Margin | 3.3% | 3.4% | 4.5% | 0.4% | 0.1% | -3.2% | -0.3% | 4.8% |

Unit: IDR bn, %

Source: Company Data, NHKSI Research

Revisions to Earnings

| | | 2020F | 2021F | 2022F |
|-------------------------|-----------|--------|--------|--------|
| Income Statement | | | | |
| Revenue | -Revised | 16,342 | 20,960 | 25,443 |
| | -Previous | | | |
| | -Change | | | |
| Gross Profit | -Revised | 1,845 | 2,517 | 3,264 |
| | -Previous | | | |
| | -Change | | | |
| EBIT | -Revised | 829 | 1,173 | 1,633 |
| | -Previous | | | |
| | -Change | | | |
| EBITDA | -Revised | 1,878 | 1,388 | 2,387 |
| | -Previous | | | |
| | -Change | | | |
| Net Profit | -Revised | 332 | 579 | 855 |
| | -Previous | | | |
| | -Change | | | |
| Margin | | | | |
| Gross Margin | -Revised | 11.3% | 12.0% | 12.8% |
| | -Previous | | | |
| EBIT Margin | -Revised | 5.1% | 5.6% | 6.4% |
| | -Previous | | | |
| EBITDA Margin | -Revised | 11.5% | 6.6% | 9.4% |
| | -Previous | | | |
| Net Profit Margin | -Revised | 2.0% | 2.8% | 3.4% |
| | -Previous | | | |

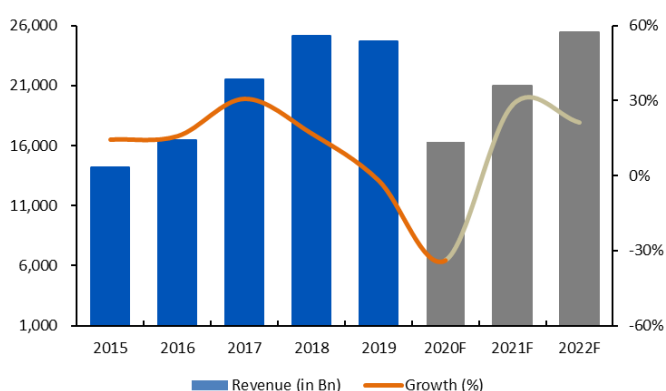
Unit: IDR bn, %

Source: Company Data, NHKSI Research

Company Overview

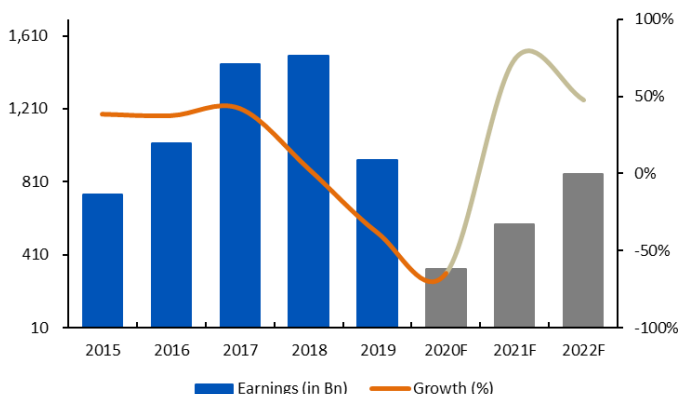
- PT Pembangunan Perumahan (PP) Tbk (PTPP) didirikan pada tahun 1953 dengan nama NV Pembangunan Perumahan
- PTPP resmi melantai di Bursa Efek Indonesia (IDX) pada 9 February 2010.
- Memiliki 5 (lima) anak perusahaan yaitu; PP Property, PP Infrastructure, PP Energy, PP Urban, PP Presisi.
- Memiliki dua pilar bisnis: Construction (Building, Civil, EPC, Specialist, Plant, and Equipment), Investment
- Sebanyak 51,00% pemegang saham merupakan Pemerintah, 0.03% oleh Shareholder Employee Cooperative, sementara sisanya 48,97% dipegang oleh publik.
- Proyek infrastruktur nasional yang sedang digarap PTPP adalah Jalan Tol Medan – Kualanamu – Tebingtinggi, Jalan Tol North Sumatera, Serang – Panimbang, Jalan Tol Semarang – Demak, Konstruksi Tower dari BPJS Ketenagakerjaan.

Revenue and Growth Movement



Source: Company Data, NHKSI Research

Earnings and Growth Movement



Source: Company Data, NHKSI Research

Analysis of Asia-Pacific Peers

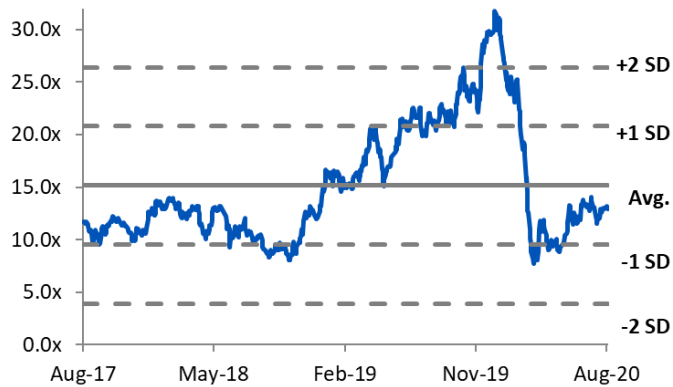
| | Market Cap (USD mn) | Asset (USD mn) | Net Profit Growth (LTM) | Net Profit Margin | DER | ROE (LTM) | P/E | P/BV |
|-------------------------------|---------------------|----------------|-------------------------|-------------------|--------|-----------|-------|------|
| Indonesia | | | | | | | | |
| PT PP PERSERO TBK | 431 | 4,058 | -64% | 2.0% | 131% | 2.6% | 28.3x | 1.1x |
| PT WASKITA KARYA PERSERO TBK | 634 | 8,853 | -92% | 3.0% | 238% | 1.5% | 35.1x | 0.6x |
| PT WIJAYA KARYA PERSERO TBK | 786 | 4,486 | -22% | 8.4% | 78% | 11.9% | 5.0x | 0.6x |
| PT ADHI KARYA PERSERO TBK | 149 | 2,637 | -29% | 4.3% | 154% | 7.7% | 4.8x | 0.4x |
| Thailand | | | | | | | | |
| CH. KARNCHANG PUBLIC CO LTD | 960 | 2,775 | -86.1% | 7.7% | 133.0% | 5.1% | 74.6x | 1.2x |
| SINO THAI ENGR & CONSTR PCL | 637 | 1,654 | -22.6% | 4.5% | 11.2% | 9.6% | 15.7x | 1.4x |
| UNIQUE ENGINEERING & CON PCL | 167 | 1,103 | -27.2% | 6.1% | 139.4% | 7.3% | 9.0x | 0.6x |
| Philippines | | | | | | | | |
| MEGAWIDE CONSTRUCTION CORP | 271 | 1,593 | - | 4.3% | 265.3% | - | - | - |
| EEL CORPORATION | 117 | 553 | - | 4.9% | 107.9% | -0.4% | 1.4x | 0.7x |
| HOUSE OF INVESTMENTS | 48 | 1,026 | 50.3% | 2.9% | 62.2% | 2.2% | 0.6x | 0.2x |
| Vietnam | | | | | | | | |
| FLC FAROS CONSTRUCTION JSC | 55 | 460 | - | 3.7% | 27.5% | -0.7% | - | 0.2x |
| HO CHI MINH CITY INFRASTRUCT | 189 | 1,262 | 325.0% | 10.8% | 159.1% | 8.0% | 11.3x | 0.8x |
| HOA BINH CONSTRUCTION GROUP | 101 | 722 | -51.9% | 2.2% | 125.3% | 7.1% | 9.5x | 0.7x |
| Malaysia | | | | | | | | |
| GAMUDA BHD | 2,007 | 4,172 | 37.5% | 15.5% | 60.7% | 6.9% | 14.4x | 1.0x |
| IJM CORP BHD | 1,080 | 5,435 | -40.2% | 3.8% | 59.6% | 2.6% | 18.0x | 0.5x |
| SUNWAY CONSTRUCTION GROUP BHD | 594 | 466 | -39.0% | 7.3% | 47.6% | 13.9% | 29.6x | 4.1x |

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

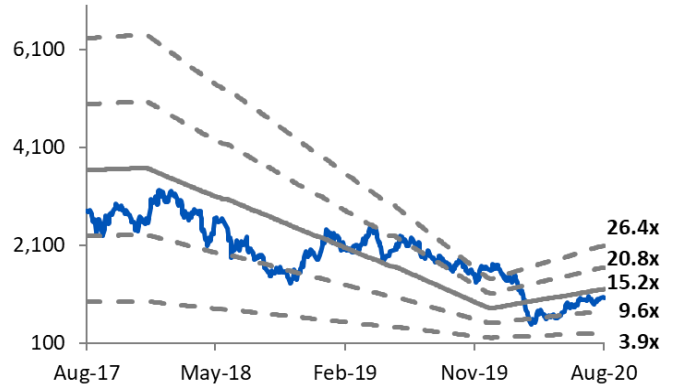
Valuation Highlights in Charts

3-Years Forward P/E Band



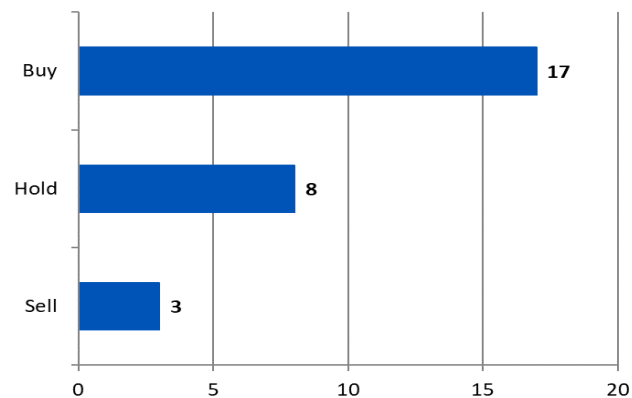
Source: Bloomberg, NHKSI Research

3-Years Dynamic Forward P/E band



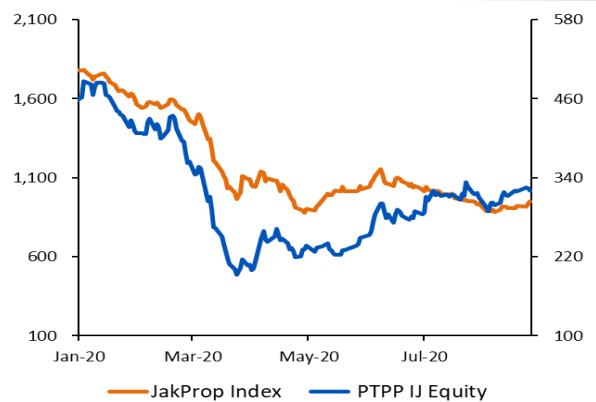
Source: Bloomberg, NHKSI Research

Analysts' Recommendation



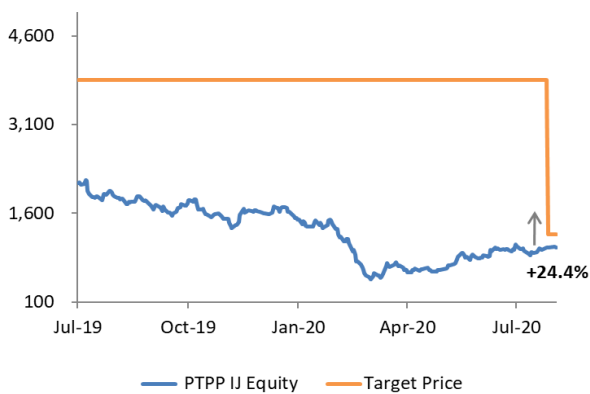
Source: Bloomberg, NHKSI Research

Correlation between PTPP and Jakarta Property Index



Source: Bloomberg, NHKSI Research

Closing and Target Price Update



Source: Bloomberg, NHKSI Research

Rating and Target Price Update

| Date | Rating | Target Price | Consensus |
|------------|--------|--------------|-----------|
| 12-04-2018 | Buy | IDR3,850 | IDR3,971 |
| 28-08-2020 | Buy | IDR1,250 | IDR1,131 |

Source: NHKSI Research

NHKSI Stock Ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Buy: greater than +15%, Hold: -15% to +15%, Sell: less than -15%.

Summary of Financials

INCOME STATEMENT

| In IDR bn | 2019/12A | 2020/12E | 2021/12E | 2022/12E |
|---------------------|----------|----------|----------|----------|
| Revenue | 24,660 | 16,342 | 20,960 | 25,443 |
| Growth (% y/y) | -1.8% | -33.7% | 28.3% | 21.4% |
| Cost of Revenue | (21,175) | (14,496) | (18,444) | (22,178) |
| Gross Profit | 3,485 | 1,845 | 2,517 | 3,264 |
| Gross Margin | 14.1% | 11.3% | 12.0% | 12.8% |
| Operating Expenses | (1,628) | (1,017) | (1,344) | (1,631) |
| EBIT | 1,857 | 829 | 1,173 | 1,633 |
| EBIT Margin | 7.5% | 5.1% | 5.6% | 6.4% |
| Depreciation | 979 | 1,049 | 215 | 754 |
| EBITDA | 2,836 | 1,878 | 1,388 | 2,387 |
| EBITDA Margin | 11.5% | 11.5% | 6.6% | 9.4% |
| Interest Expenses | (4) | (5) | (2) | (6) |
| EBT | 1,240 | 551 | 748 | 1,175 |
| Income Tax | (31) | (45) | (19) | (30) |
| Minority Interest | (278) | (174) | (151) | (291) |
| Net Profit | 930 | 332 | 579 | 855 |
| Growth (% y/y) | -38.1% | -64.4% | 74.5% | 47.7% |
| Net Profit Margin | 3.8% | 2.0% | 2.8% | 3.4% |

PROFITABILITY & STABILITY

| | 2019/12A | 2020/12E | 2021/12E | 2022/12E |
|------------------------|----------|----------|----------|----------|
| ROE | 5.8% | 2.2% | 3.8% | 5.4% |
| ROA | 1.7% | 0.6% | 1.0% | 1.3% |
| ROIC | 5.7% | 2.2% | 3.1% | 3.8% |
| Cash Dividend (IDR bn) | 300 | 209 | 100 | 174 |
| Dividend Yield (%) | 3.1% | 2.7% | 1.3% | 2.2% |
| Payout Ratio (%) | 32% | 63% | 17% | 20% |
| DER | 105% | 131% | 141% | 158% |
| Net Gearing | 42% | 69% | 76% | 87% |
| LT Debt to Equity | 64% | 81% | 87% | 98% |
| Capitalization Ratio | 51% | 57% | 59% | 61% |
| Equity Ratio | 28% | 26% | 25% | 24% |
| Debt Ratio | 29% | 34% | 36% | 38% |
| Financial Leverage | 341% | 372% | 389% | 404% |
| Current Ratio | 132% | 130% | 128% | 127% |
| Par Value (IDR) | 100 | 100 | 100 | 100 |
| Total Shares (mn) | 6,200 | 6,200 | 6,200 | 6,200 |
| Share Price (IDR) | 1,585 | 1,250 | 1,250 | 1,250 |
| Market Cap (IDR tn) | 9.8 | 7.7 | 7.7 | 7.7 |

BALANCE SHEET

| In IDR bn | 2019/12A | 2020/12E | 2021/12E | 2022/12E |
|-----------------------------|----------|----------|----------|----------|
| Cash | 9,712 | 9,026 | 10,006 | 11,629 |
| Receivables | 4,445 | 5,404 | 5,424 | 7,720 |
| Inventories | 9,566 | 10,848 | 11,385 | 12,312 |
| Total Current Assets | 38,568 | 37,031 | 39,170 | 43,102 |
| Fixed Assets | 12,689 | 13,730 | 16,240 | 19,068 |
| Other Non Current Assets | 4,933 | 5,583 | 5,360 | 5,573 |
| Total Assets | 56,190 | 56,344 | 60,769 | 67,743 |
| Payables | 18,100 | 16,056 | 16,687 | 18,190 |
| ST Debt | 6,325 | 7,343 | 8,322 | 9,916 |
| LT Debt | 9,980 | 11,860 | 13,441 | 16,015 |
| Total Liabilities | 40,638 | 41,670 | 45,334 | 51,330 |
| Capital Stock + APIC | 5,330 | 5,330 | 5,330 | 5,330 |
| Retained Earnings | 4,653 | 3,691 | 4,170 | 4,850 |
| Shareholders' Equity | 15,552 | 14,674 | 15,435 | 16,412 |

VALUATION INDEX

| | 2019/12A | 2020/12E | 2021/12E | 2022/12E |
|---------------------|----------|----------|----------|----------|
| Price /Earnings | 10.6x | 23.4x | 13.4x | 9.1x |
| Price /Book Value | 0.6x | 0.5x | 0.5x | 0.5x |
| Price/Revenue | 0.4x | 0.5x | 0.4x | 0.3x |
| PE/EPS Growth | -0.3x | -0.4x | 0.2x | 0.2x |
| EV/EBITDA | 7.0x | 11.4x | 16.7x | 10.8x |
| EV/EBIT | 10.7x | 25.8x | 19.7x | 15.8x |
| EV (IDR bn) | 19,789 | 21,358 | 23,109 | 25,835 |
| Revenue CAGR (3-Yr) | 14.4% | -8.7% | -5.9% | 1.0% |
| EPS CAGR (3-Yr) | -3.0% | -38.9% | -27.2% | -2.8% |
| Basic EPS (IDR) | 150 | 53 | 93 | 138 |
| Diluted EPS (IDR) | 150 | 53 | 93 | 138 |
| BVPS (IDR) | 2,508 | 2,367 | 2,490 | 2,647 |
| Revenue PS (IDR) | 3,977 | 2,636 | 3,381 | 4,104 |
| DPS (IDR) | 48 | 34 | 16 | 28 |

CASH FLOW STATEMENT

| In IDR bn | 2019/12A | 2020/12E | 2021/12E | 2022/12E |
|----------------------------|----------|----------|----------|----------|
| Operating Cash Flow | 564 | 57 | 573 | 1,109 |
| Investing Cash Flow | (3,289) | (1,995) | (2,336) | (3,777) |
| Financing Cash Flow | 3,195 | 1,294 | 2,743 | 4,291 |
| Net Changes in Cash | 470 | (645) | 981 | 1,622 |

OWNERSHIP

| By Geography | % Shareholders | % | |
|---------------|----------------|------------------------|------|
| Indonesia | 78.3 | Republic of Indonesia | 51.0 |
| Norway | 7.7 | Norges Bank | 5.1 |
| United States | 6.4 | Value Partners Limited | 2.1 |
| Luxembourg | 3.3 | Dimensional Fund Advi | 1.7 |

Source: Company Data, NHKSI Research

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