

Bumi Serpong Damai Tbk (BSDE IJ)

Margin Increases, Performance Recovers

BSDE books performance recovery in 3Q20. Income was recorded at IDR1.94 trillion (+19.2% YoY, +131% QoQ) supported by increase in development income segment of 37% YoY. Efficiency by BSDE lifted margin and resulted in a profit of IDR559 billion (+156.8% YoY). Marketing sales reached IDR4.7 trillion or 65% of the 2020 target. We see that BSDE's performance can still grow, supported by strong capital structure.

3Q20 Performance Gradually Recovering

3Q20 income was booked at IDR1.94 trillion (+19.2% YoY vs IDR1.63 trillion 3Q19). Income from the real estate and recurring income are each booked at IDR1.69 trillion (+37% YoY, +181% QoQ), and IDR237 billion (-38% YoY, +2% QoQ). BSDE managed to book a better performance in 3Q20 compared to 3Q19, even during the pandemic. This was boosted by land and building sales that increased 37% YoY. BSDE recorded 3Q20 income of IDR559 billion (156.8% YoY vs IDR218 billion 3Q19). Income gradually recovered after booking a loss of IDR349 billion in 2Q20. However, 9M20 profit amounted to IDR470 billion or down 79.7% (vs IDR2.31 trillion 9M19).

Reduce Costs, Increases Margins

BSDE succeeded in reducing cost of sales in 3Q20, so GPM increased to 72.9% (vs 67.3% 3Q19). On the other hand, OPM also rose to 43.1% (vs 22.3% 3Q19) supported by lower operating expenses, especially selling expenses and GA which fell 26% YoY. This ended with EBIT at IDR837 billion, an improvement from 2Q20 which experienced a loss of IDR18 billion. NPM also rose to 28.8% (vs 13.4% 3Q19).

BSD City Project Supports Marketing Sales Achievement

Marketing sales until September 2020 amounted to IDR 4.7 trillion or reached 65% of the 2020 target of IDR 7.2 trillion. BSD City contributed 63% of total marketing sales, followed by Grand Wisata 12%, The Zora BSD 8% and Kota Wisata 4%. We estimate that by the end of the year, BSDE will be able to achieve marketing sales of up to 90% of the 2020 target. This is supported by the launching of four new projects at the end of the year in BSD City, Grand Wisata and Tangerang, and the MIQ (Move-in-Quick) program offering direct discounts on finished houses and plots. Meanwhile, in 2021, BSDE will begin development in BSD City Phase 3.

BUY Recommendation with TP of IDR1,575

We see that BSDE's performance still has room to grow. BSDE still has a landbank of 3,817 ha spread across various projects in Indonesia. Its flagship project, BSD City, still has a landbank of 2,121 ha. BSDE also has a strong capital position with a low net gearing ratio of 7.3% compared to the industry at 20.1%. For that, we recommend BUY with TP of IDR1,575 using an estimated discount to NAV of 60% (1.2 SD above the 3 years average). Currently, BSDE is traded at a 74% discount to NAV. Price movements will depend on the risks of: 1) an increase in the Covid-19 case, which causes the PSBB to retighten, 2) a decrease in mortgage interest rates that are not yet maximal, 3) fluctuations in the value of the rupiah.

Bumi Serpong Damai Tbk | Summary

	2019A	2020F	2021F	2022F
Revenue	7,085	6,686	7,346	7,891
Growth (%)	6.9%	-5.6%	9.9%	7.4%
EBITDA	2,889	2,704	2,818	3,084
Net Profit	2,791	1,169	1,398	1,497
EPS (IDR)	145	61	73	78
Growth (%)	115.7%	-58.1%	19.6%	7.1%
P/E	8.7x	20.2x	20.6x	19.2x
P/BV	0.7x	0.7x	0.8x	0.8x
EV/EBITDA	9.6x	10.8x	12.6x	11.3x
ROE (%)	8.7%	3.4%	4.0%	4.1%
ROA (%)	6.8%	3.6%	4.0%	4.0%
DER (x)	0.4x	0.5x	0.6x	0.6x

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Company Update | Jan 7, 2021

BUY

Target Price (IDR)	1,575
Consensus Price (IDR)	1,253
TP to Consensus Price	+25.7%
vs. Last Price	+23.0%

Shares data

Last Price (IDR)	1,280
Price Date as of	Jan 05, 2021
52 wk Range (Hi/Lo)	1,340/585
Free Float (%)	38.6
Outstanding sh. (mn)	21,171
Market Cap. (IDR bn)	27,523
Market Cap. (USD mn)	1,974
Avg. Trd Vol - 3M (mn)	52.62
Avg. Trd Val - 3M (bn)	53.80
Foreign Ownership	51.9%

Property

Real Estate Owner & Developer

Bloomberg	BSDE IJ
Reuters	BSDE.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-3.5%	16.7%	65.5%	-2.4%
Rel. Ret.	1.3%	10.1%	42.8%	2.7%

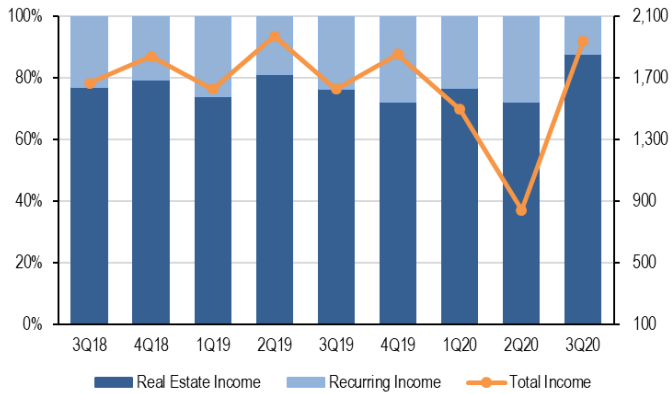
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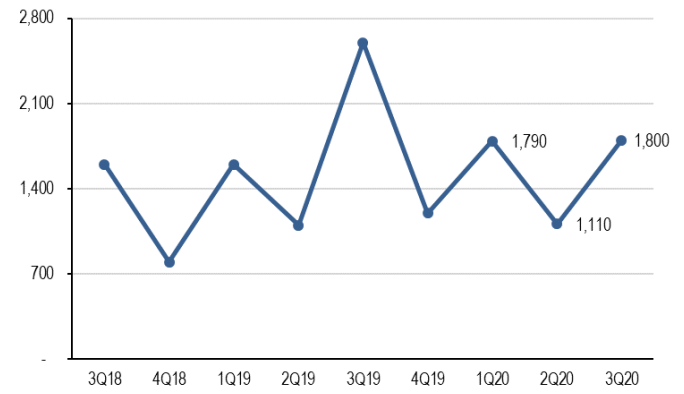
Performance Highlights in Charts

BSDE Quarterly Income (IDR bn) | 3Q18 - 3Q20



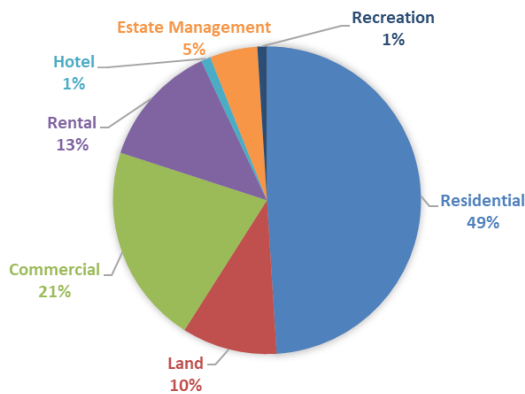
Source: Company Data, NHKSI Research

BSDE Quarterly Marketing Sales | 3Q18 - 3Q20



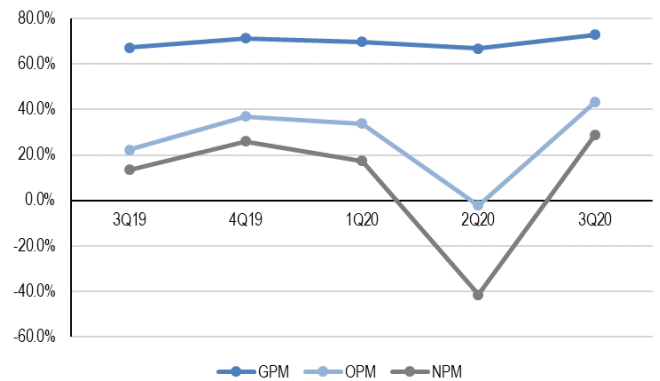
Source: Company Data, NHKSI Research

9M20's Revenue Breakdown



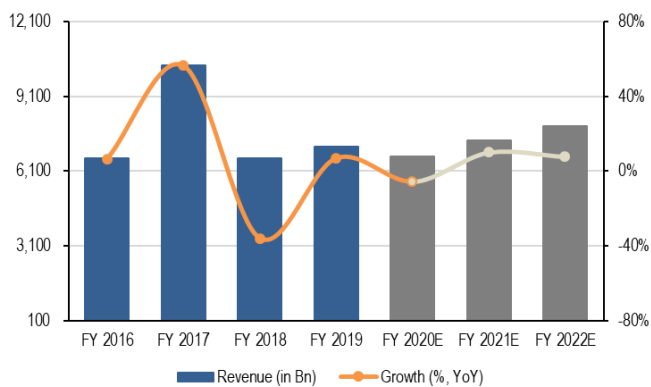
Source: Company Data, NHKSI Research

Margin Ratio



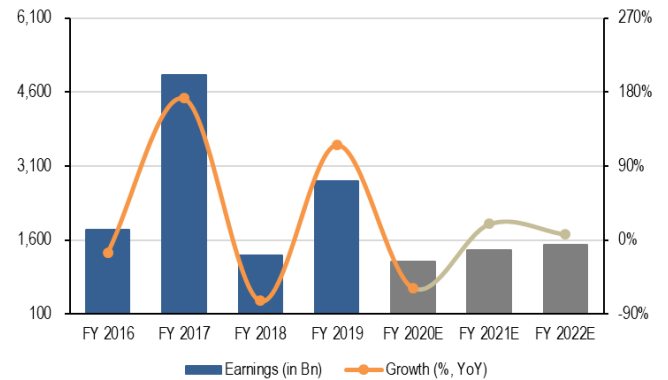
Source: Company Data, NHKSI Research

Revenue and Growth Movement



Source: Company Data, NHKSI Research

Earnings and Growth Movement



Source: Company Data, NHKSI Research

Quarterly Review

	3Q19	4Q19	1Q20	2Q20	3Q20			4Q20E
					Actual	Estimate	Y-Y	
Income statement								
Revenue	1,629	1,854	1,496	842	1,942	19.2%	130.6%	2,406
Gross Profit	1,096	1,324	1,043	562	1,415	29.2%	152.0%	1,747
EBIT	363	686	507	- 18	837	130.6%	-4759.8%	996
EBITDA	450	779	599	73	939	108.6%	1180.6%	1,093
Net Profit	218	481	260	- 349	559	156.8%	-260.2%	700
Margin (%)								
Gross Margin	67.3%	71.4%	69.7%	66.7%	72.9%	5.6%	6.2%	72.6%
EBIT Margin	22.3%	37.0%	33.9%	-2.1%	43.1%	20.8%	45.2%	41.4%
EBITDA Margin	27.6%	42.0%	40.1%	8.7%	48.3%	20.7%	39.6%	45.4%
Net Profit Margin	13.4%	25.9%	17.4%	-41.4%	28.8%	15.4%	70.2%	29.1%

Unit: IDR bn, %

Source: Company Data, NHKSI Research

Revisions to Earnings

		2020F	2021F	2022F
Income Statement				
Revenue	-Revised	6,686	7,346	7,891
	-Previous			
	-Change			
Gross Profit	-Revised	4,767	5,329	5,625
	-Previous			
	-Change			
EBIT	-Revised	2,322	2,600	2,852
	-Previous			
	-Change			
EBITDA	-Revised	2,704	2,818	3,084
	-Previous			
	-Change			
Net Profit	-Revised	1,169	1,398	1,497
	-Previous			
	-Change			
Margin				
Gross Margin	-Revised	71.3%	72.5%	71.3%
	-Previous			
EBIT Margin	-Revised	34.7%	35.4%	36.1%
	-Previous			
EBITDA Margin	-Revised	40.4%	38.4%	39.1%
	-Previous			
Net Profit Margin	-Revised	17.5%	19.0%	19.0%
	-Previous			

Unit: IDR bn, %

Source: Company Data, NHKSI Research

Company Overview

- PT Bumi Serpong Damai Tbk (BSDE) was established in 1984 by consortium of shareholders to develop BSD City as a satellite city in southwest of Jakarta.
- BSDE has started its operation in 1989 and has grown to become a new economic center in the southern outskirts of Jakarta.
- BSDE is the developer of BSD City, the biggest independent city in Indonesia, and the flagship project of Sinar Mas Land, covering an area of 5,950 ha consisting of residential areas and integrated commercial areas.
- The company has established developments in Greater Jakarta & Borneo, expanding to Semarang, Surabaya, Manado, Palembang and Makassar.
- In 2011, BSDE has finalized the acquisition process of affiliated companies, PT Duta Pertiwi Tbk, PT Sinar Mas Teladan and PT Sinar Mas Wisesa.

Analysis of Asia-Pacific Peers

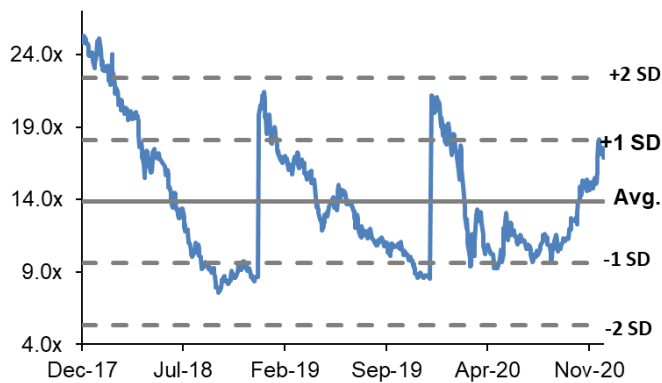
	Market Cap (USD mn)	Asset (USD mn)	Sales Growth	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Profit Margin	ROE (LTM)	P/E LTM	P/BV
Indonesia									
PT Bumi Serpong Damai Tbk	1,974	3,932	424	66	-68.36%	15.5%	3.3%	27.5x	0.9x
PT Ciputra Development Tbk	1,398	2,614	497	68	-4.05%	13.6%	6.7%	19.7x	1.3x
PT Pakuwon Jati Tbk	1,831	1,885	346	81	-59.83%	23.4%	8.1%	21.8x	1.8x
PT Summarecon Agung Tbk	869	1,765	331	13	-66.40%	3.9%	2.6%	64.4x	1.7x
Singapore									
Capitaland Ltd	12,787	61,242	4,433	981	-20.79%	22.1%	5.86%	12.1x	0.7x
Malaysia									
SP Setia Bhd	961	7,345	691	(73)	#VALUE!	-10.5%	-3.13%	#N/A N/A	0.3x
IOI Properties Group Bhd	2,129	7,679	530	121	-25.48%	22.9%	2.72%	16.7x	0.5x
Thailand									
Land & Houses PUB Co Ltd	3,238	3,802	933	286	9.60%	30.7%	18.50%	10.8x	2.0x
WHA Corp PCL	1,520	2,765	214	73	-34.91%	34.0%	7.79%	19.9x	1.6x
Philippines									
Megaworld Corp	2,717	6,896	950	250	-25.14%	26.3%	7.03%	10.6x	0.7x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

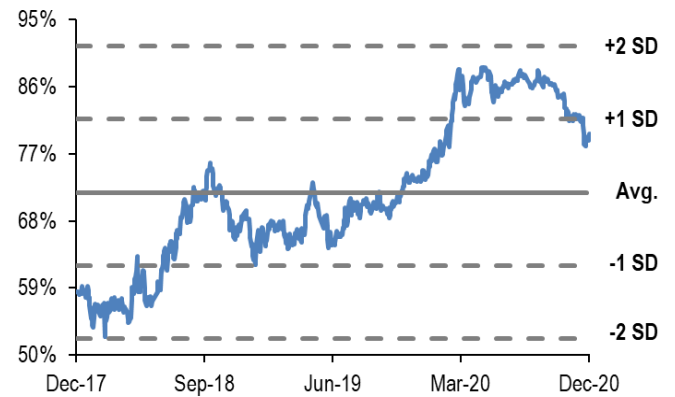
Valuation Highlights in Charts

3-Year Forward P/E Band



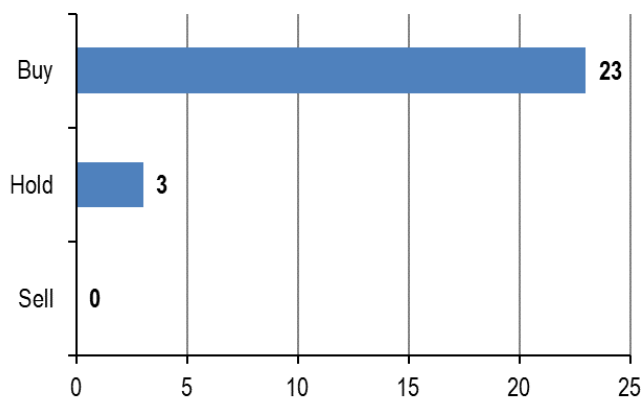
Source: Bloomberg, NHKSI Research

3-Year Discount to NAV Band



Source: Bloomberg, NHKSI Research

Analysts' Recommendation



Source: Bloomberg, NHKSI Research

Closing and Target Price Update



Source: Bloomberg, NHKSI Research

Rating and Target Price Update

Date	Rating	Target Price	Consensus
20/03/2018	Hold	1,850	2,193
07/01/2021	Buy	1,575	1,253

Source: NHKSI Research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to 15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

Summary of Financials

INCOME STATEMENT

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Revenue	7,085	6,686	7,346	7,891
<i>Growth</i>	6.9%	-5.6%	9.9%	7.4%
Cost of Revenues	(2,019)	(1,919)	(2,017)	(2,266)
Gross Profit	5,066	4,767	5,329	5,625
<i>Gross Margin</i>	71.5%	71.3%	72.5%	71.3%
Operating Expenses	(2,537)	(2,445)	(2,729)	(2,773)
EBIT	2,529	2,322	2,600	2,852
<i>EBIT Margin</i>	35.7%	34.7%	35.4%	36.1%
Depreciation	359	383	218	232
EBITDA	2,889	2,704	2,818	3,084
<i>EBITDA Margin</i>	40.8%	40.4%	38.4%	39.1%
Interest Expenses	(1,043)	(1,288)	(1,332)	(1,496)
EBT	3,165	1,489	1,800	1,927
Income Tax	(35)	(18)	(41)	(44)
Minority Interest	(339)	(302)	(361)	(386)
Net Profit	2,791	1,169	1,398	1,497
<i>Growth</i>	115.7%	-58.1%	19.6%	7.1%
<i>Net Profit Margin</i>	39.4%	17.5%	19.0%	19.0%

PROFITABILITY & STABILITY

	2019/12A	2020/12E	2021/12E	2022/12E
ROE	8.7%	3.4%	4.0%	4.1%
ROA	6.8%	3.6%	4.0%	4.0%
ROIC	5.3%	4.3%	4.6%	4.8%
Cash Dividend (IDR bn)	-	-	-	-
Dividend Yield	0.0%	0.0%	0.0%	0.0%
Payout Ratio	0.0%	0.0%	0.0%	0.0%
DER	40.0%	51.0%	56.0%	57.0%
Net Gearing	160.8%	213.7%	239.9%	254.6%
LT Debt to Equity	38.1%	34.2%	53.0%	54.0%
Capitalization Ratio	28.6%	33.8%	35.9%	36.3%
Equity Ratio	111.1%	102.7%	97.9%	96.7%
Debt Ratio	44.4%	52.3%	54.8%	55.1%
Financial Leverage	128.9%	93.8%	99.8%	102.8%
Current Ratio	393.8%	224.6%	377.3%	367.6%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	19,247	19,247	19,247	19,247
Share Price (IDR)	1,255	1,225	1,575	1,575
Market Cap (IDR tn)	24.2	23.6	30.3	30.3

BALANCE SHEET

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Cash	9,778	12,196	13,371	15,206
Receivables	181	182	263	190
Inventories	10,177	11,460	11,282	12,287
Total Current Assets	24,257	28,304	29,210	32,062
Net Fixed Assets	20,952	21,690	22,888	24,396
Other Non Current Asset	9,236	12,355	13,597	14,113
Total Assets	30,188	34,045	36,485	38,508
Payables	695	758	934	968
ST Debt	641	5,862	1,066	1,131
LT Debt	12,766	11,956	18,935	20,093
Total Liabilities	20,897	27,381	29,979	33,336
Capital Stock + APIC	8,336	8,336	8,336	8,336
Retained Earnings	21,290	21,816	23,214	24,711
Shareholders' Equity	33,548	34,968	35,716	37,234

VALUATION INDEX

	2019/12A	2020/12E	2021/12E	2022/12E
Price /Earnings	8.7x	20.2x	21.7x	20.2x
Price /Book Value	0.7x	0.7x	0.8x	0.8x
Price/Revenue	3.4x	3.5x	4.1x	3.8x
PE/EPS Growth	7.5x	-34.7x	110.9x	284.9x
EV/EBITDA	9.6x	10.8x	13.1x	11.8x
EV/EBIT	11.0x	12.6x	14.2x	12.7x
EV (IDR bn)	27,784	29,199	36,944	36,331
Revenue CAGR (3-Yr)	2.4%	-13.5%	3.5%	3.7%
EPS CAGR (3-Yr)	15.4%	-38.2%	2.6%	-18.7%
Basic EPS (IDR)	145	61	73	78
Diluted EPS (IDR)	145	61	73	78
BVPS (IDR)	1,743	1,817	1,856	1,935
Revenue PS (IDR)	368	347	382	410
DPS (IDR)	-	-	-	-

CASH FLOW STATEMENT

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Operating Cash Flow	2,558	1,073	2,012	1,820
Investing Cash Flow	(3,421)	(3,658)	(2,370)	(1,229)
Financing Cash Flow	(369)	4,457	1,533	1,244
Net Changes in Cash	(1,233)	1,872	1,175	1,835

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	47.9	PT Paraga Artamida 31.4
United States	46.9	PT Ekacentra Usaham 25.6
Norway	2.1	PT Sereasi Niaga Sakt 2.8
United Kingdom	0.6	PT Simas Tunggal Cer 1.8

Source: Company Data, NHKSI Research

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