

Bumi Serpong Damai Tbk (BSDE IJ)

Relying on Promotions to Boost Sales

Company Update | May 11, 2021

BSDE booked 1Q21 marketing sales of IDR2.5 trillion, or achieving 35% of the 2021 target. With this outstanding achievement, we see that it will be easier for BSDE to achieve the year's marketing sales target. In addition, supported by the "Wish for Home" program, lower interest rate, and various government incentives in the property sector, we believe that BSDE will be able to improve its performance this year.

Starts 2021 with Performance Growth

- BSDE booked a 1Q21 income of IDR1.67 trillion (+11.6% YoY vs IDR1.49 trillion in 1Q20).
- 42% of the total income was contributed by landed house in BSD City, Grand Wisata Bekasi, Kota Wisata Cibubur, etc. Nevertheless, the sales of landed house in 1Q21 is down by 15% YoY due to the low number of houses that could be handed over to the consumer.
- Meanwhile, land sales increased 73% YoY and recurring income fell 10% YoY.
- BSDE successfully recorded increase in margins, GPM, OPM and NPM to 73.2%, 44.7%, and 35.2% in 1Q20. They were boosted by the low selling costs of land and building that fell 21% YoY.
- BSDE recorded a net profit of IDR588 billion, or significantly higher by 126.6% YoY (vs IDR260 billion in 1Q20).
- Although the company must pay off bonds amounting to IDR4.9 trillion due in 2Q21, we believe that BSDE still has a strong balance sheet with an estimated FY21 DER at 0.5x.

Outstanding Marketing Sales

- BSDE's marketing sales target in 2021 is set at IDR7 trillion or up 8% from 2020. In 1Q21, BSDE managed to achieve marketing sales of IDR2.5 trillion (+40% YoY) or 35% of the target.
- The landed house segment contributed to 69% of the total marketing sales, or amounted to IDR1.7 trillion from the existing projects in BSD City, Kota Wisata, and Legenda Wisata.
- From March until December 2021, BSDE launched the "Wish for Home" program to the market. This program provides payment relief for both cash and mortgage payments.

Recommend BUY with TP of IDR1,450

- Other than the internal promotion program, recovery of property sales for BSDE this year is also supported by government incentives such as the LTV relaxation and tax subsidy. Thus, we estimate that the increase of income in FY21E can reach 12.7% YoY.
- We maintain our BUY rating with TP of IDR1,450 using the estimated discount to NAV of 79% (+0.47 SD average for the last 3 years) as the basis for valuation. Currently, BSDE is traded at a discount to NAV of 81%.
- Risks that may affect our TP are: 1) decreased power and interest in buying property, 2) increase in interest rates, 3) hampered vaccination program which may slow economic recovery, 4) the outbreak of a new Covid-19 variant in Indonesia.

Bumi Serpong Damai Tbk | Summary

	2020A	2021F	2022F	2023F
Revenue	6,181	6,968	7,570	8,012
Growth	-12.8%	12.7%	8.6%	5.8%
Net Profit	276	1,405	1,627	1,960
Growth	-90.1%	409.5%	15.8%	20.4%
EPS (IDR)	14	73	85	102
P/E	85.5x	19.9x	17.2x	14.2x
P/BV	0.7x	0.8x	0.8x	0.7x
EV/EBITDA	11.5x	10.6x	10.0x	9.5x
ROE	0.8%	4.0%	4.5%	5.2%
DER	0.5x	0.5x	0.5x	0.5x
Net Debt	3,693	4,170	3,825	3,338

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Buy

Target Price (IDR)	1,450
Consensus Price (IDR)	1,478
TP to Consensus Price	-1.9%
vs. Last Price	+25.0%

Shares data

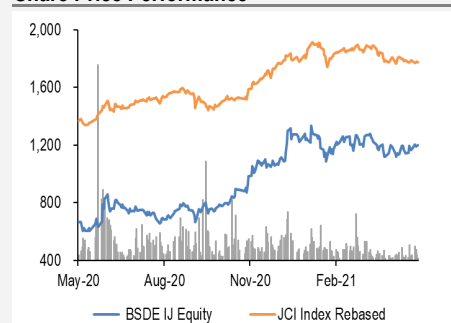
Last Price (IDR)	1,160
Price Date as of	May 10, 2021
52 wk Range (Hi/Lo)	1,360/585
Free Float (%)	38.6
Outstanding sh. (mn)	21,171
Market Cap. (IDR bn)	25,088
Market Cap. (USD mn)	1,769
Avg. Trd Vol - 3M (mn)	24.99
Avg. Trd Val - 3M (bn)	30.38
Foreign Ownership	51.9%

Property

Real Estate Owner & Developer

Bloomberg	BSDE IJ
Reuters	BSDE.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-5.1%	1.7%	2.6%	79.1%
Rel. Ret.	-2.9%	2.2%	5.5%	49.6%

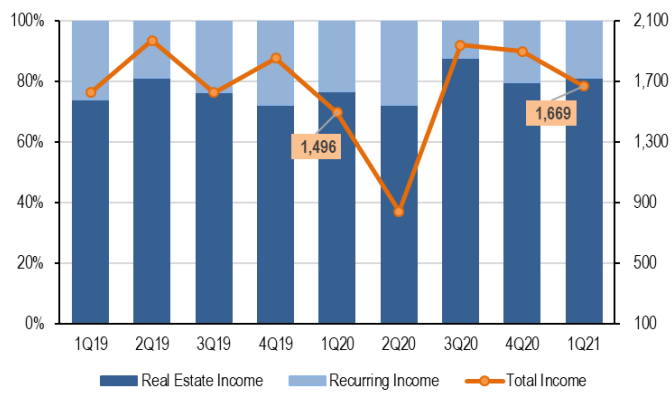
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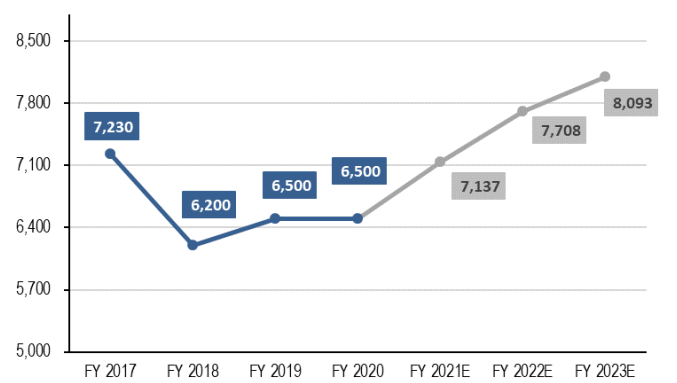
Performance Highlights in Charts

BSDE Quarterly Income (IDR bn) | 1Q19 - 1Q21



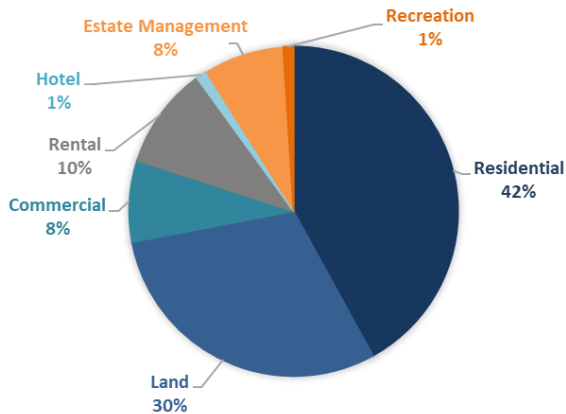
Source: Company Data, NHKSI Research

BSDE Marketing Sales | 2017 - 2023E



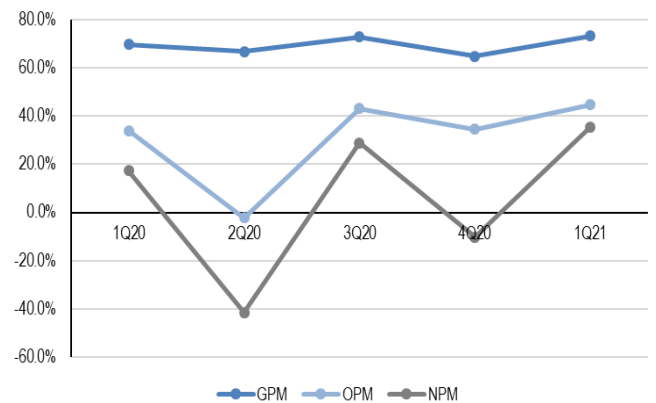
Source: Company Data, NHKSI Research

3M21's Revenue Breakdown



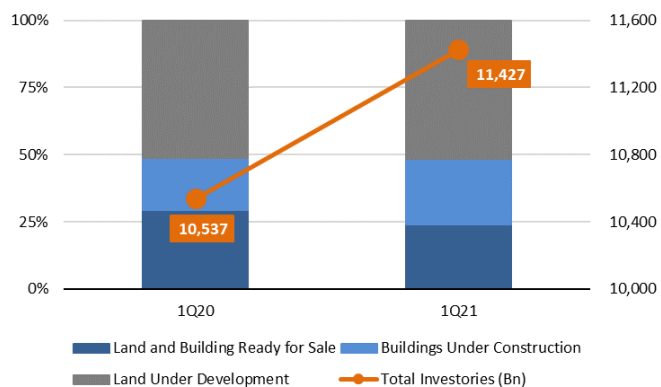
Source: Company Data, NHKSI Research

Margin Ratio



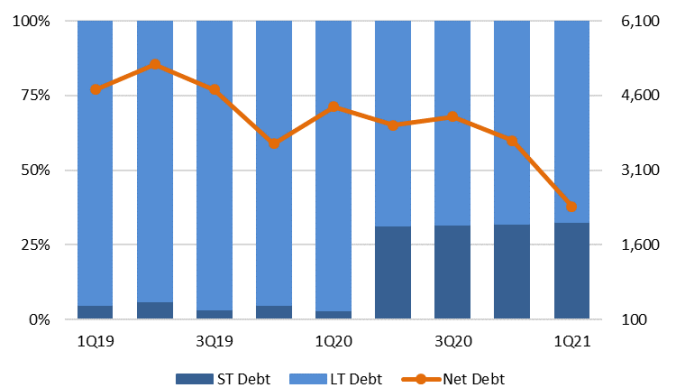
Source: Company Data, NHKSI Research

BSDE's Inventories



Source: Company Data, NHKSI Research

Debt Portion | 1Q19 - 1Q21



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

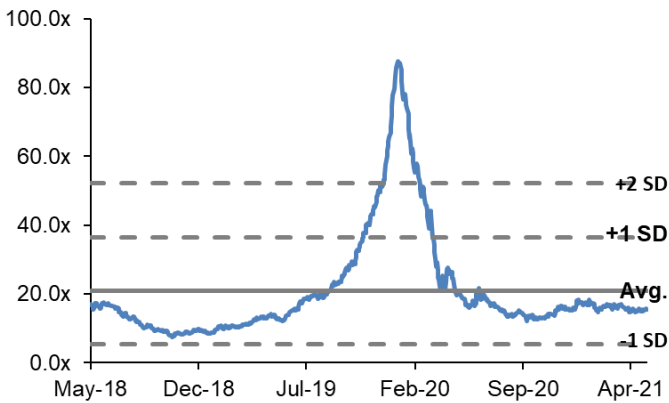
	Market Cap (USD mn)	Asset (USD mn)	Sales Growth	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Profit Margin	ROE (LTM)	P/E LTM	P/BV
Indonesia									
PT Bumi Serpong Damai Tbk	1,769	4,371	437	42	-74.91%	9.6%	2.1%	43.6x	0.8x
PT Ciputra Development Tbk	1,479	2,819	555	91	14.06%	16.4%	8.6%	15.8x	1.4x
PT Pakuwon Jati Tbk	1,749	1,900	273	64	-65.81%	23.4%	6.3%	26.9x	1.7x
PT Summarecon Agung Tbk	951	1,790	346	12	-65.08%	3.6%	2.5%	75.0x	2.0x
Singapore									
Capitaland Ltd	14,166	63,854	4,739	(1,142)	-	-24.1%	-6.89%	-	0.8x
Malaysia									
SP Setia Bhd	1,047	7,556	769	(76)	-	-9.9%	-3.23%	-	0.4x
IOI Properties Group Bhd	1,784	7,679	539	115	-29.58%	21.3%	2.54%	15.2x	0.4x
Thailand									
Land & Houses PUB Co Ltd	3,089	4,086	949	229	-28.73%	24.1%	13.96%	13.5x	1.9x
WHA Corp PCL	1,574	2,754	221	81	-21.85%	36.5%	8.66%	19.4x	1.7x
Philippines									
Megaworld Corp	2,033	7,825	792	199	-44.87%	25.2%	5.43%	10.0x	0.5x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

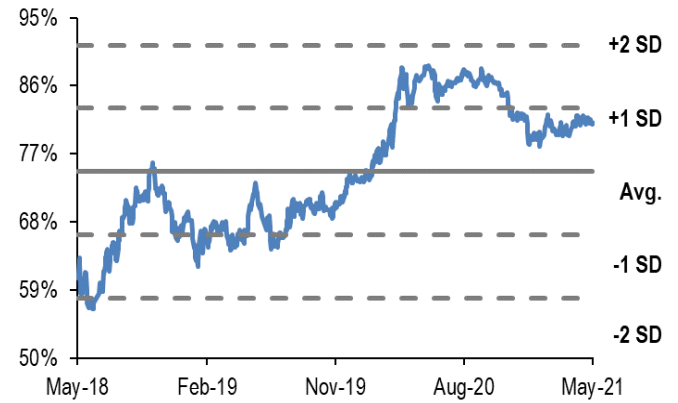
Valuation Highlights in Charts

3-Year Forward P/E Band



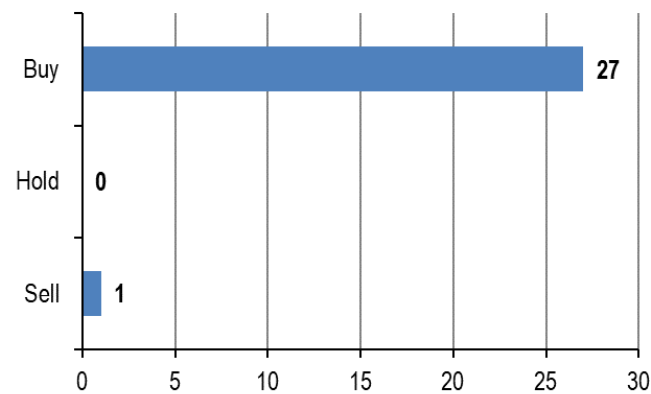
Source: Bloomberg, NHKSI Research

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

Target Price

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
20/03/2018	Hold	1,850	1,770	2,193	4.5%	-15.6%
07/01/2021	Buy	1,575	1,280	1,253	23.0%	25.7%
10/05/2021	Buy	1,450	1,160	1,478	25.0%	-1.9%

Source: NHKSI Research, Bloomberg

Summary of Financials

INCOME STATEMENT

(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Revenue	6,181	6,968	7,570	8,012
<i>Growth</i>	-12.8%	12.7%	8.6%	5.8%
Cost of Revenues	(1,929)	(2,081)	(2,162)	(2,379)
Gross Profit	4,252	4,887	5,408	5,634
<i>Gross Margin</i>	68.8%	70.1%	71.4%	70.3%
Operating Expenses	(2,270)	(2,305)	(2,660)	(2,796)
EBIT	1,982	2,583	2,748	2,838
<i>EBIT Margin</i>	32.1%	37.1%	36.3%	35.4%
Depreciation	397	442	426	463
EBITDA	2,379	3,024	3,174	3,301
<i>EBITDA Margin</i>	38.5%	43.4%	41.9%	41.2%
Interest Expenses	(1,782)	(1,667)	(1,634)	(1,377)
EBT	496	1,667	1,930	2,325
Income Tax	(16)	(15)	(17)	(21)
Minority Interest	(205)	(247)	(286)	(344)
Net Profit	276	1,405	1,627	1,960
<i>Growth</i>	-90.1%	409.5%	15.8%	20.4%
<i>Net Profit Margin</i>	4.5%	20.2%	21.5%	24.5%

PROFITABILITY & STABILITY

	2020/12A	2021/12E	2022/12E	2023/12E
ROE	0.8%	4.0%	4.5%	5.2%
ROA	0.5%	2.3%	2.5%	2.9%
Inventory Turnover	0.2x	0.2x	0.2x	0.2x
Receivables Turnover	38.7x	46.5x	42.2x	35.0x
Payables Turnover	2.4x	2.5x	2.3x	2.4x
Dividend Yield	0.0%	0.0%	0.0%	0.0%
Payout Ratio	0.0%	0.0%	0.0%	0.0%
DER	0.5x	0.5x	0.5x	0.5x
Net Gearing	0.11x	0.12x	0.10x	0.09x
Equity Ratio	56.6%	56.7%	55.7%	54.6%
Debt Ratio	28.1%	26.7%	27.9%	27.3%
Financial Leverage	169.5%	176.4%	177.9%	181.3%
Current Ratio	237.0%	356.1%	263.3%	317.1%
Quick Ratio	147.6%	205.0%	165.6%	183.9%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	19,247	19,247	19,247	19,247
Share Price (IDR)	1,225	1,450	1,450	1,450
Market Cap (IDR tn)	23.6	27.9	27.9	27.9

BALANCE SHEET

(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Cash	13,428	12,610	14,584	16,159
Receivables	139	161	198	260
Inventories	10,697	12,595	11,201	14,982
Total Current Assets	28,364	29,684	30,192	35,664
Net Fixed Assets	21,325	21,816	22,921	23,626
Other Non Current Assets	11,174	11,437	12,932	12,133
Total Non Current Assets	32,499	33,253	35,853	35,759
Total Assets	60,863	62,937	66,045	71,424
Payables	934	751	1,157	810
ST Debt	5,512	1,007	4,970	1,170
Total Current Liabilities	11,966	8,336	11,465	11,246
LT Debt	11,609	15,773	13,439	18,327
Total Liabilities	26,392	27,236	29,227	32,429
Capital Stock + APIC	8,336	8,336	8,336	8,336
Retained Earnings	21,026	22,430	24,058	26,017
Shareholders' Equity	34,471	35,701	36,818	38,995

VALUATION INDEX

	2020/12A	2021/12E	2022/12E	2023/12E
Price/Earnings	85.5x	19.9x	17.2x	14.2x
PE/EPS Growth	6.0x	0.3x	0.2x	0.1x
Price/Book Value	0.7x	0.8x	0.8x	0.7x
EV/EBITDA	11.5x	10.6x	10.0x	9.5x
EV (IDR bn)	27,270	32,077	31,733	31,246
Revenue CAGR (3-Yr)	-15.8%	1.7%	2.2%	9.0%
Net Profit CAGR (3-Yr)	-61.8%	2.8%	-16.5%	92.3%
Basic EPS (IDR)	14	73	85	102
BVPS (IDR)	1,791	1,855	1,913	2,026
DPS (IDR)	-	-	-	-

OWNERSHIP

Shareholders	%
PT Paraga Artamida	31.4
PT Ekacentra Usahamaju	25.6
PT Sereasi Niaga Sakti	2.8
Norges Bank	2.1
PT Simas Tunggal Centre	1.8
By Geography	%
Indonesia	47.5
United States	46.7
Norway	2.9
United Kingdom	0.6

CASH FLOW STATEMENT

(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E
Operating Cash Flow	1,104	1,487	2,684	2,108
Investing Cash Flow	(1,785)	(1,832)	(1,829)	(1,838)
Financing Cash Flow	4,447	(777)	1,119	1,305
Net Change in Cash	3,766	(1,122)	1,974	1,575

Source: Company Data, NHKSI Research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. 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%

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