

Bumi Serpong Damai Tbk (BSDE IJ)

Marketing Sales Growth Momentum

Company Update | August 23, 2021

BSDE recorded 2Q21 top line increase of 88.2% YoY. Housing and building sales also jumped 115% YoY due to the low based effect in 2Q20. BSDE also successfully booked marketing sales of IDR4.5 trillion or up 55.2% YoY. In 2H21, BSDE will only need to book IDR2.5 trillion to achieve the marketing sales target of the year.

2Q21 Profit Less than Optimal

- 2Q21 revenue increased by 88.2% YoY to IDR1.58 trillion due to the low based effect of 2Q20 (IDR842 billion). This boosted 1H21 revenue to IDR3.25 trillion (+39.2% YoY)
- Development revenue was recorded at IDR1.22 trillion (+102% YoY). It includes the revenue of homes and buildings rose 115% YoY.
- Recurring income also increased by 53% YoY. This includes 2Q21 revenue from the construction segment (IDR84 billion) for the construction of the Serpong-Balaraja toll road project by its subsidiary, PT Trans Bumi Serbaraja (TBS).
- On the other hand, COGS rose 121% in 2Q21, causing GPM to fall to 60.9% (vs. 66.7% 2Q21).
- 2Q21 profit was recorded at IDR92 billion (vs. IDR349 billion loss in 2Q20) or 84% below our estimate. Profits tend to be low due to high expenses.

Marketing Sales' Recovery

- BSDE managed to record marketing sales of IDR4.5 trillion in 1H21 (+55.2% YoY) or 65% of the 2021 target achieved.
- House sales still dominated, accounting for 67% of total marketing sales of IDR3.01 trillion (+83% YoY).
- We are quite optimistic that this year's marketing sales will be achieved, even exceeding the initial target. Our estimate is that FY21E's marketing sales will increase by 12% YoY.
- Sales of landed houses will still be the main contributor. It is supported by low interest rates and VAT subsidies until the end of the year.
- The start of the Serpong Balaraja Toll Road (phase 1) operation this year can also be an added value for the sales of landed houses around BSD City.

BUY Recommendation with TP IDR1,345

- We maintain the BUY rating and revising down TP to IDR1,345 using an estimated discount to NAV of 81% (+0.5 SD on average for the last 3 years) as the valuation basis. Currently, BSDE is traded at a discount to NAV of 87%.
- The risks that affect the change in our TP are: 1) cessation of VAT subsidies by the government, 2) increase in interest rates, 3) PPKM re-tightening.

Bumi Serpong Damai Tbk | Summary

	2020A	2021F	2022F	2023F
Revenue	6,181	6,841	7,342	8,027
Growth	-12.8%	10.7%	7.3%	9.3%
Net Profit	276	1,338	1,594	1,985
Growth	-90.1%	385.1%	19.2%	24.5%
EPS (IDR)	14	70	83	103
P/E	85.5x	20.9x	17.5x	14.1x
P/BV	0.7x	0.8x	0.8x	0.7x
EV/EBITDA	11.5x	10.6x	9.7x	9.1x
ROE	0.8%	3.8%	4.4%	5.2%
DER	0.5x	0.4x	0.4x	0.4x
Net Debt	3,693	2,618	2,094	1,483

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Buy

Target Price (IDR)	1,345
Consensus Price (IDR)	1,429
TP to Consensus Price	-5.9%
Potential Upside	+47.8%

Shares data

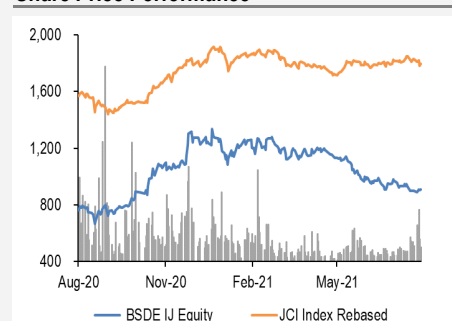
Last Price (IDR)	910
Price Date as of	August 20, 2021
52 wk Range (Hi/Lo)	1,360/640
Free Float (%)	39.8
Outstanding sh. (mn)	21,171
Market Cap. (IDR bn)	19,266
Market Cap. (USD mn)	1,330
Avg. Trd Vol - 3M (mn)	19.78
Avg. Trd Val - 3M (bn)	19.37
Foreign Ownership	51.9%

Property

Real Estate Owner & Developer

Bloomberg	BSDE IJ
Reuters	BSDE.IK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-28.1%	-4.2%	-20.2%	23.0%
Rel. Ret.	-26.8%	-4.2%	-24.2%	8.6%

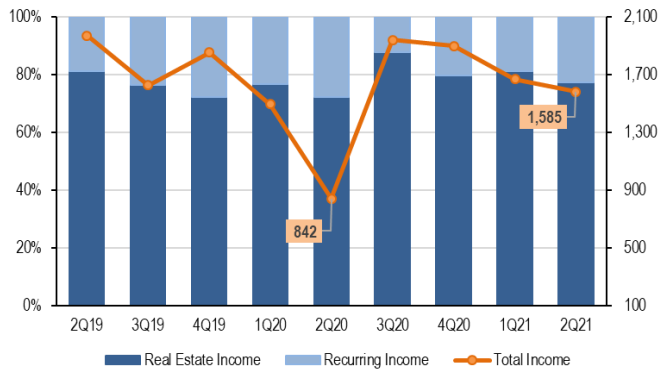
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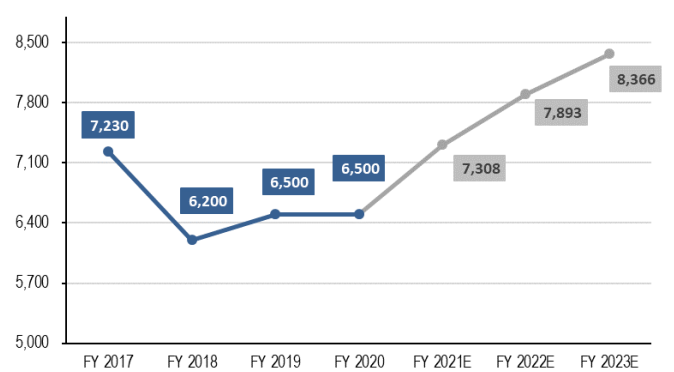
Performance Highlights in Charts

BSDE Quarterly Income (IDR bn) | 2Q19 - 2Q21



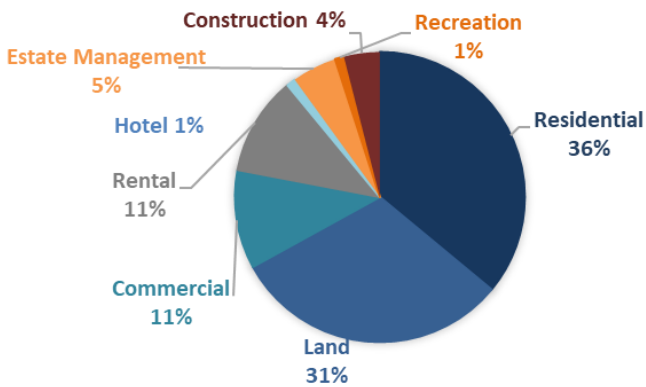
Source: Company Data, NHKSI Research

BSDE Marketing Sales | 2017 - 2023E



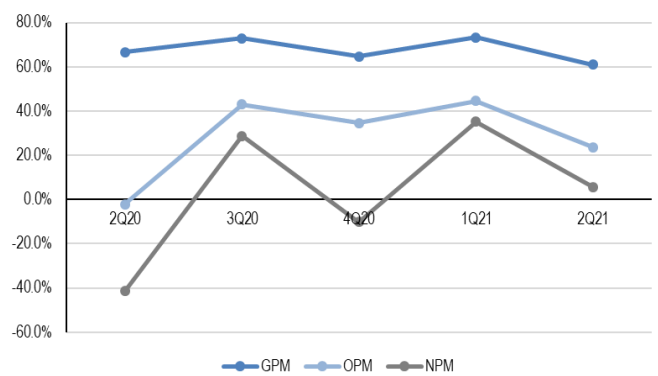
Source: Company Data, NHKSI Research

6M21's Revenue Breakdown



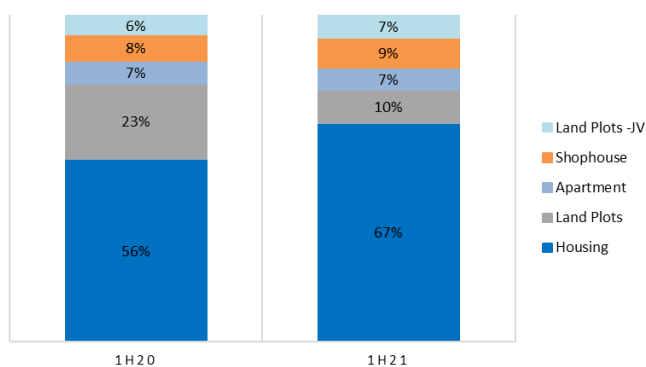
Source: Company Data, NHKSI Research

Margin Ratio



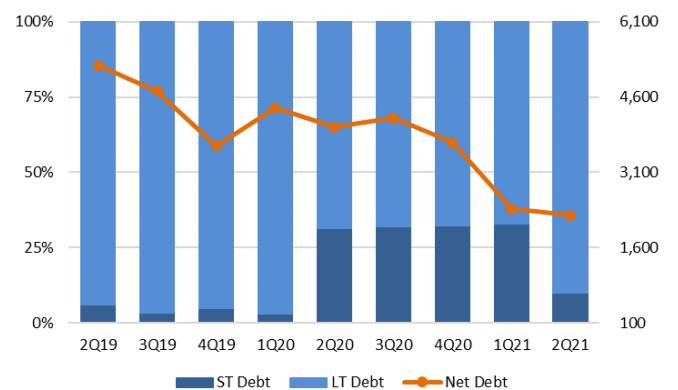
Source: Company Data, NHKSI Research

Marketing Sales Details



Source: Company Data, NHKSI Research

Debt Portion | 2Q19 - 2Q21



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

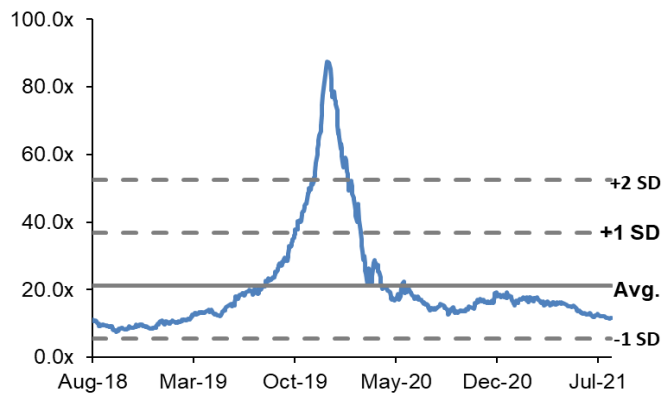
	Market Cap (USD mn)	Asset (USD mn)	Sales Growth	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Profit Margin	ROE (LTM)	P/E LTM	P/BV
Indonesia									
PT Bumi Serpong Damai Tbk	1,330	4,371	492	73	107.67%	14.8%	3.5%	18.2x	0.6x
PT Ciputra Development Tbk	1,076	2,819	644	113	58.55%	17.6%	10.7%	9.5x	1.0x
PT Pakuwon Jati Tbk	1,423	1,900	237	76	-46.75%	31.9%	7.7%	18.7x	1.4x
PT Summarecon Agung Tbk	863	1,790	348	12	-64.65%	3.6%	2.6%	62.8x	1.6x
Singapore									
Capitaland Ltd	15,437	63,854	5,375	(556)	-	-10.3%	-3.19%	-	0.9x
Malaysia									
SP Setia Bhd	1,048	7,556	1,049	(14)	-	-1.3%	-1.03%	-	0.4x
IOI Properties Group Bhd	1,548	7,679	585	141	2.99%	24.2%	3.08%	11.1x	0.3x
Thailand									
Land & Houses PUB Co Ltd	2,890	4,086	1,053	260	-11.73%	24.7%	16.35%	11.9x	1.9x
WHA Corp PCL	1,410	2,754	231	74	-5.58%	31.9%	7.93%	20.6x	1.7x
Philippines									
Megaworld Corp	1,816	7,825	772	196	-36.87%	25.4%	5.32%	9.7x	0.5x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

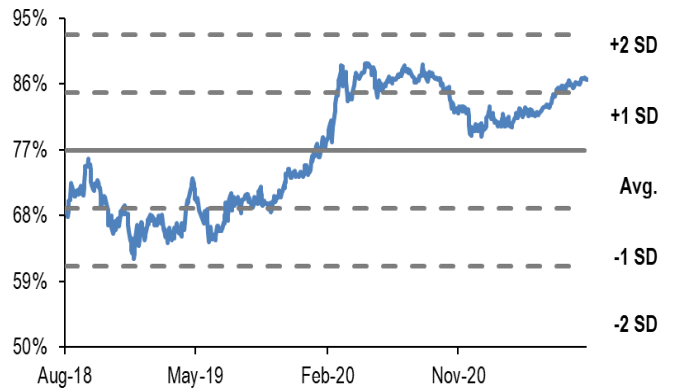
Valuation Highlights in Charts

3-Year Forward P/E Band



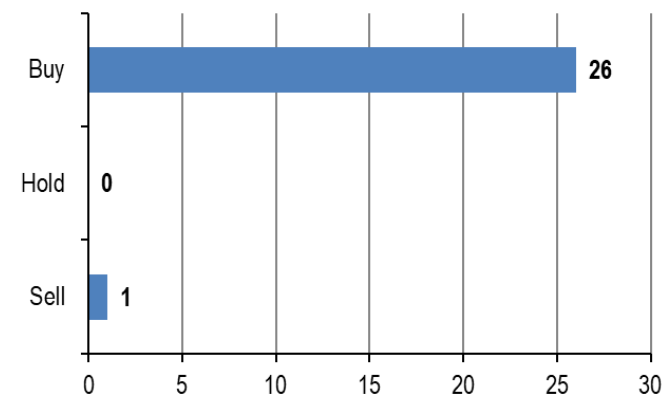
Source: Bloomberg, NHKSI Research

3-Year Discount to NAV Band



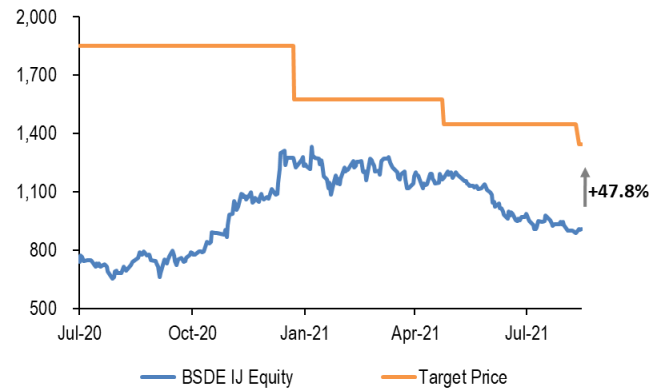
Source: Bloomberg, NHKSI Research

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	Potential Upside	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%
23/08/2021	Buy	1,345	910	1,429	47.8%	-5.9%

Source: NHKSI Research, Bloomberg

Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E		2020/12A	2021/12E	2022/12E	2023/12E
Revenue	6,181	6,841	7,342	8,027	ROE	0.8%	3.8%	4.4%	5.2%
<i>Growth</i>	-12.8%	10.7%	7.3%	9.3%	ROA	0.5%	2.2%	2.6%	3.1%
Cost of Revenues	(1,929)	(2,074)	(2,084)	(2,424)	Inventory Turnover	0.2x	0.2x	0.2x	0.2x
Gross Profit	4,252	4,767	5,257	5,603	Receivables Turnover	38.7x	48.0x	42.8x	35.2x
<i>Gross Margin</i>	68.8%	69.7%	71.6%	69.8%	Payables Turnover	2.4x	3.0x	2.6x	2.6x
Operating Expenses	(2,270)	(2,316)	(2,580)	(2,832)	Dividend Yield	0.0%	0.0%	0.0%	0.0%
EBIT	1,982	2,452	2,677	2,771	Payout Ratio	0.0%	0.0%	0.0%	0.0%
<i>EBIT Margin</i>	32.1%	35.8%	36.5%	34.5%	DER	0.5x	0.4x	0.4x	0.3x
Depreciation	397	431	413	444	Net Gearing	0.11x	0.07x	0.06x	0.04x
EBITDA	2,379	2,883	3,090	3,214	Equity Ratio	56.6%	61.3%	58.3%	61.1%
<i>EBITDA Margin</i>	38.5%	42.1%	42.1%	40.0%	Debt Ratio	28.1%	21.6%	21.6%	17.7%
Interest Expenses	(1,782)	(1,529)	(1,399)	(1,193)	Financial Leverage	169.5%	169.8%	167.4%	167.4%
EBT	496	1,658	1,976	2,461	Current Ratio	237.0%	365.1%	258.4%	270.5%
Income Tax	(16)	(21)	(25)	(31)	Quick Ratio	147.6%	215.6%	151.4%	139.0%
Minority Interest	(205)	(300)	(357)	(445)	Par Value (IDR)	100	100	100	100
Net Profit	276	1,338	1,594	1,985	Total Shares (mn)	19,247	19,247	19,247	19,247
<i>Growth</i>	-90.1%	385.1%	19.2%	24.5%	Share Price (IDR)	1,225	1,435	1,435	1,435
<i>Net Profit Margin</i>	4.5%	19.6%	21.7%	24.7%	Market Cap (IDR tn)	23.6	27.6	27.6	27.6

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E		2020/12A	2021/12E	2022/12E	2023/12E
Cash	13,428	9,972	11,514	9,832	Price /Earnings	85.5x	20.6x	17.3x	13.9x
Receivables	139	146	197	259	PE/EPS Growth	6.0x	0.3x	0.2x	0.1x
Inventories	10,697	10,443	11,459	14,016	Price /Book Value	0.7x	0.8x	0.8x	0.7x
Total Current Assets	28,364	25,500	27,689	28,836	EV/EBITDA	11.5x	10.5x	9.6x	9.1x
Net Fixed Assets	21,325	21,514	22,422	23,059	EV (IDR bn)	27,270	30,237	29,713	29,102
Other Non Current Assets	11,174	11,240	12,932	11,936	Revenue CAGR (3-Yr)	-15.8%	1.1%	1.2%	9.1%
Total Non Current Assets	32,499	32,754	35,353	34,995	Net Profit CAGR (3-Yr)	-61.8%	1.1%	-17.0%	93.1%
Total Assets	60,863	58,254	63,043	63,831	Basic EPS (IDR)	14	70	83	103
Payables	934	455	1,123	713	BVPS (IDR)	1,791	1,855	1,911	2,027
ST Debt	5,512	1,239	3,674	1,113	DPS (IDR)	-	-	-	-
Total Current Liabilities	11,966	6,985	10,717	10,660					
LT Debt	11,609	11,352	9,934	10,203					
Total Liabilities	26,392	22,556	26,264	24,811					
Capital Stock + APIC	8,336	8,336	8,336	8,336					
Retained Earnings	21,026	22,338	23,932	25,918					
Shareholders' Equity	34,471	35,698	36,779	39,020					

CASH FLOW STATEMENT					OWNERSHIP				
(IDR bn)	2020/12A	2021/12E	2022/12E	2023/12E					
Operating Cash Flow	1,104	1,953	2,656	2,104	Shareholders				%
Investing Cash Flow	(1,785)	(520)	(1,618)	(1,750)	PT Paraga Artamida				31.4
Financing Cash Flow	4,447	(4,946)	504	(2,036)	PT Ekacentra Usahamaju				25.6
Net Changes in Cash	3,766	(3,512)	1,542	(1,682)	PT Sereasi Niaga Sakti				2.8
					Norges Bank				2.1
					PT Simas Tunggal Centre				1.8
					By Geography				%
					Indonesia				47.9
					United States				47.1
					Norway				2.9
					Others				2.2

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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