

Pembangunan Perumahan Tbk (PTPP)

Targeting National Strategic Project (PSN) Contracts

In 3Q21, PTPP booked a +45.2% YoY increase in revenue. Meanwhile, profit jumped 316% YoY. PTPP revised down the new contracts to IDR27.8 trillion, in which PTPP has acquired IDR13.48 trillion of new contracts or 48.4% of the target. In the future, PTPP will aim for the National Strategic Project (PSN) in the infrastructure and EPC field with a target contract of IDR5.9 trillion.

Top Line in Line with Our Estimates

- Throughout 3Q21, PTPP recorded top line of IDR4.75 trillion (+45.2% YoY vs IDR3.27 trillion in 3Q20) or 0.8% higher than our estimates.
- The construction segment in 3Q21 was booked at IDR3.94 trillion or up 58% YoY. The contribution of construction to revenue also increased to 83% (vs 69% in 3Q20).
- Meanwhile, although cost of revenue increased 45%, GPM was still flat at 13.1%.
- Furthermore, PTPP booked 3Q21 profit of IDR43 billion (+316% YoY vs IDR10 billion in 3Q20) or 4.7% lower than our estimates.

FY21 New Contract Revision

- PTPP booked new contracts of IDR13.48 trillion throughout 9M21 or grew 15% YoY. PTPP revised the new contract target to IDR27.8 trillion (previously IDR30.19 trillion).
- PT PP Presisi Tbk (PPRE) as the subsidiary, contributed 30% of new contracts, followed by construction business at 58%.
- We see the target revision is more suitable, as Emergency Restrictions Towards Community Activities (PPKM Darurat) in 3Q21 that caused tender process to be hindered. We also estimate new contracts for FY21 to reach IDR25.95 trillion or up 16.6% YoY.

Aims for PSN Projects in the Infrastructure and EPC Fields

- For next year, PTPP will still continue its projects in the PSN, such as: Kisanan-Tebing Tinggi Toll Road (to be completed in Q2-2022), Terminal Berlian Port in Tanjung Perak, Surabaya (to be completed in Q3-2022), and Semarang-Demak Toll Road (to be completed in Q1-2022).
- This can boost PTPP's top line that we estimate to grow 18% YoY in FY22.
- Meanwhile, PTPP will aim for PSN projects in the infrastructure and EPC fields, with a contract target of IDR5.9 trillion.

Buy Rating with TP of IDR1,700

- We lowered our FY21 revenue and profit projections by -0.1% and -3.7% from our previous estimation, respectively. We see that the divestment will be finalized in 2022.
- We maintain our BUY rating with a TP of Rp1,700 based on a 13.0x forward P/E (-0.70 SD average for the last 3 years). Our TP reflects a potential upside of 36.0%.

Pembangunan Perumahan (PP) Tbk | Summary

	2020A	2021F	2022F	2023F
Revenue	15,831	18,485	21,742	26,649
Growth	-35.8%	16.8%	17.6%	22.6%
Net Profit	129	415	816	947
Growth	-86.2%	222.5%	96.6%	16.0%
EPS (IDR)	21	67	132	153
P/E	89.8x	25.4x	12.9x	11.1x
P/BV	0.8x	0.7x	0.7x	0.6x
EV/EBITDA	17.0x	16.0x	13.5x	11.8x
ROE	0.9%	2.9%	5.5%	5.9%
DER	1.3x	1.4x	1.5x	1.5x
Dividend Yield	1.8%	0.0%	0.8%	1.6%

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Company Update | Nov. 22, 2021

BUY

Target Price (IDR)	1,700
Consensus Price (IDR)	1,337
TP to Consensus Price	+27.2%
Potential Upside	+36.0%

Shares data

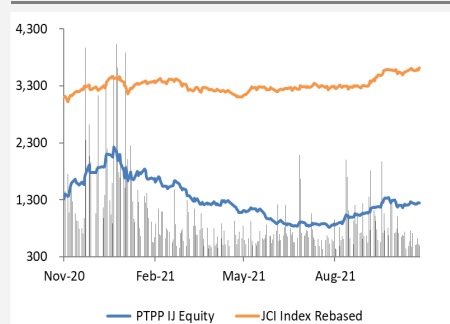
Last Price (IDR)	1,250
Price Date as of	Nov 19, 2021
52 wk Range (Hi/Low)	2,360/800
Free Float (%)	48.9
Outstanding sh. (mn)	6,200
Market Cap. (IDR bn)	7,750
Market Cap. (USD mn)	544
Avg. Trd Vol - 3M (mn)	39.00
Avg. Trd Val - 3M (bn)	43.52
Foreign Ownership	11.8%

Infrastructure

Construction

Bloomberg	PTPP IJ
Reuters	PTPP.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-33.7%	-6.7%	51.5%	6.4%
Rel. Ret.	-43.8%	-7.7%	39.4%	-13.7%

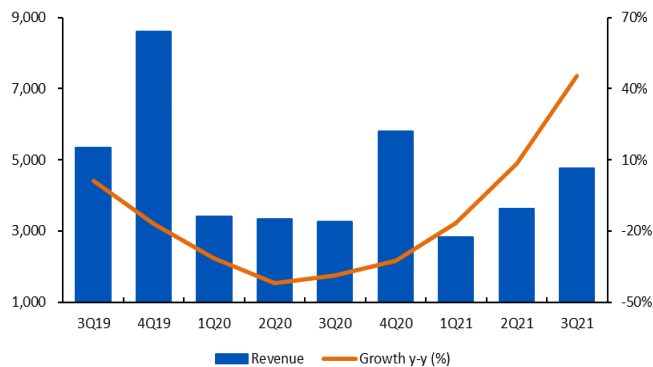
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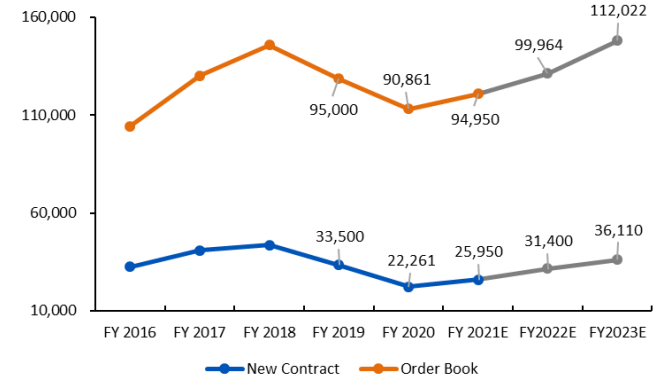
Performance Highlights in Charts

PTPP Quarterly Revenue (IDR bn) | 3Q19 - 3Q21



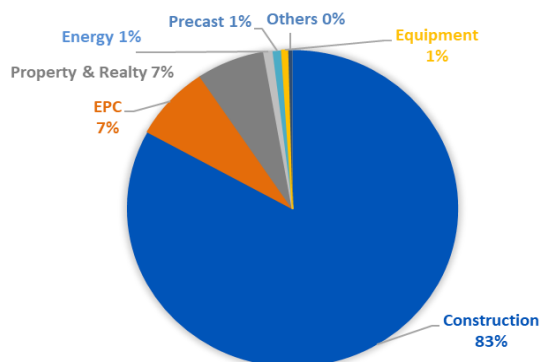
Source: Company Data, NHKSI Research

PTPP Order Book & New Contract



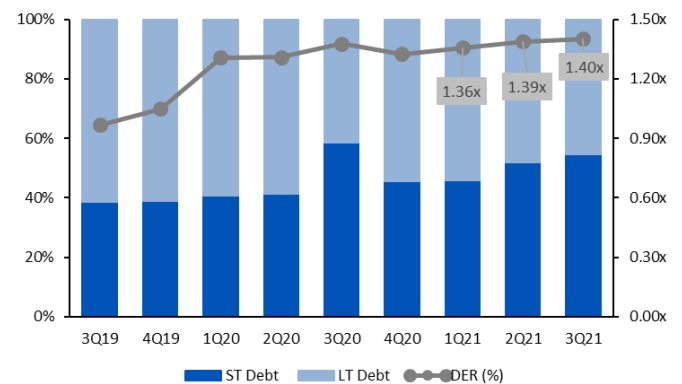
Source: Company Data, NHKSI Research

3Q21's Revenue Breakdown



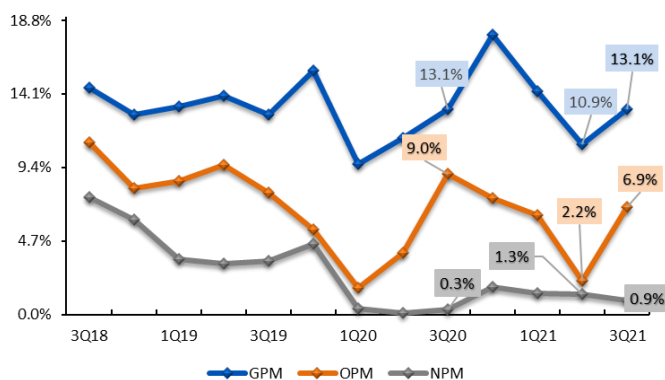
Source: Company Data, NHKSI Research

Debt Portion



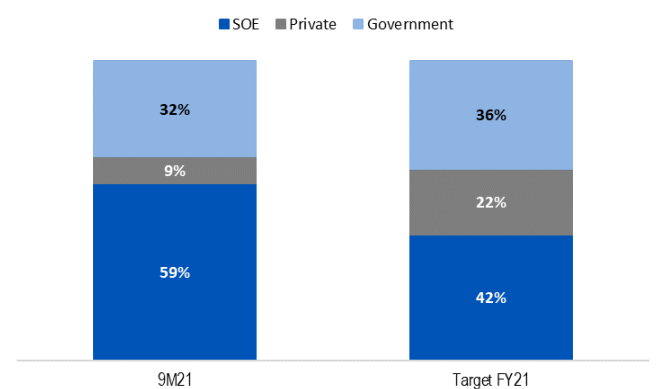
Source: Company Data, NHKSI Research

Margin Ratios



Source: Company Data, NHKSI Research

New Project based on Ownership | 9M21 & Target FY21



Source: Company Data, NHKSI Research

Company Overview



CONSTRUCTION & INVESTMENT

PT Pembangunan Perumahan (PP) Tbk (PTPP) was founded in 1953 under the name NV Pembangunan Perumahan. PTPP officially took the floor on the Indonesia Stock Exchange (IDX) on 9 February 2010. Has 5 (five) subsidiaries, namely; PP Property, PP Infrastructure, PP Energy, PP Urban, PP Precision.

PTPP has two business pillars: Construction (Building, Civil, EPC, Specialist, Plant, and Equipment), Investment. 51.00% of the shareholder is the Government, 0.03% by the Shareholder Employee Cooperative, while the remaining 48.97% is held by the public. The national infrastructure projects that are being worked on by PTPP are Medan - Kualanamu - Tebingtinggi Toll Road, North Sumatra Toll Road, Serang - Panimbang, Semarang - Demak Toll Road, Tower Construction from BPJS Ketenagakerjaan.

Analysis of Asia-Pacific Peers

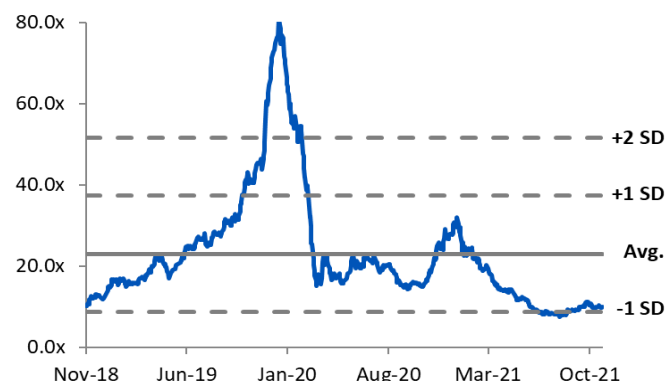
	Market Cap (USD mn)	Asset (USD mn)	Net Profit Growth (LTM)	Net Profit Margin	DER	ROE (LTM)	P/E	P/BV
Indonesia								
PT PP PERSERO TBK	544	3,840	222%	2.2%	143%	2.9%	10.5x	0.6x
PT WASKITA KARYA PERSERO TBK	777	7,583	-440.6%	-45.6%	376.2%	-55.4%	-	1.4x
PT WIJAYA KARYA PERSERO TBK	816	4,891	-98.9%	1.1%	157.8%	1.1%	62.5x	0.7x
PT ADHI KARYA PERSERO TBK	279	2,736	-92.1%	0.2%	175.3%	0.5%	152.8x	0.7x
Thailand								
CH. KARNCHANG PUBLIC CO LTD	1,152	2,760	-29.9%	3.7%	161.9%	2.6%	53.9x	1.5x
SINO THAI ENGR & CONSTR PCL	672	1,468	-34.4%	3.0%	16.8%	6.3%	27.3x	1.5x
UNIQUE ENGINEERING & CON PCL	222	1,119	-93.2%	2.0%	190.8%	0.3%	255.2x	0.9x
Philippines								
MEGAWIDE CONSTRUCTION CORP	240	1,694	-!	-3.1%	223.8%	-2.8%	-	0.9x
EEI CORPORATION	132	560	-32.9%	-14.7%	173.7%	-	-3.3x	-
HOUSE OF INVESTMENTS	59	1,081	-73.4%	-3.9%	76.2%	0.6%	6.9x	0.2x
Vietnam								
FLC FAROS CONSTRUCTION JSC	182	454	-!	0.0%	11.0%	3.1%	22.5x	0.7x
HO CHI MINH CITY INFRASTRUCT	312	1,279	-	4.7%	213.0%	0.1%	2495.5x	1.5x
HOA BINH CONSTRUCTION GROUP	261	673	-59.1%	0.8%	123.4%	2.8%	58.2x	1.6x
Malaysia								
GAMUDA BHD	1,824	4,370	58.3%	16.7%	54.9%	6.6%	12.9x	0.8x
IJM CORP BHD	1,539	5,667	157.8%	7.7%	56.1%	5.1%	13.2x	0.7x
SUNWAY CONSTRUCTION GROUP BHD	485	474	5.2%	4.7%	48.0%	12.6%	25.9x	3.2x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

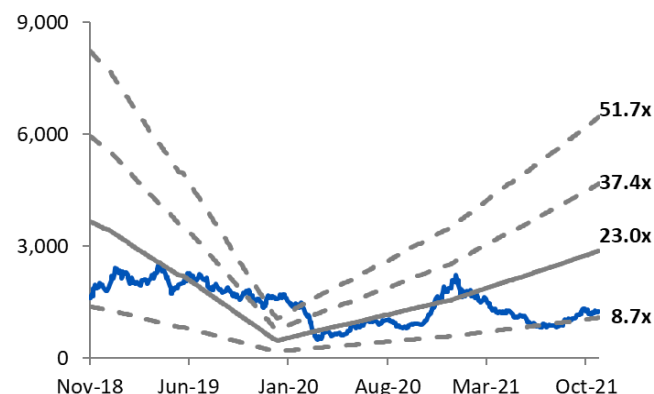
Valuation Highlights in Charts

3-Years Forward P/E Band



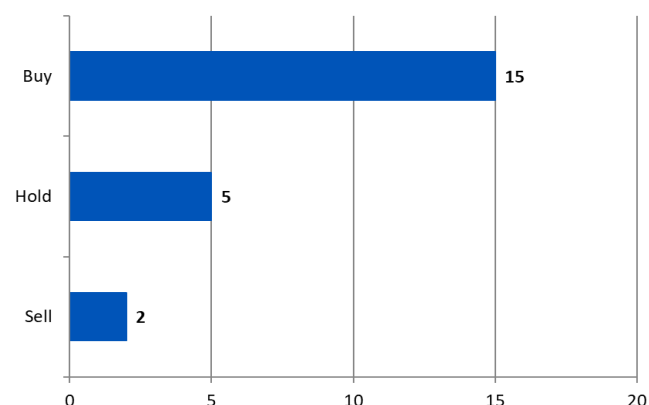
Source: Bloomberg, NHKSI Research

3-Years Dynamic Forward P/E band



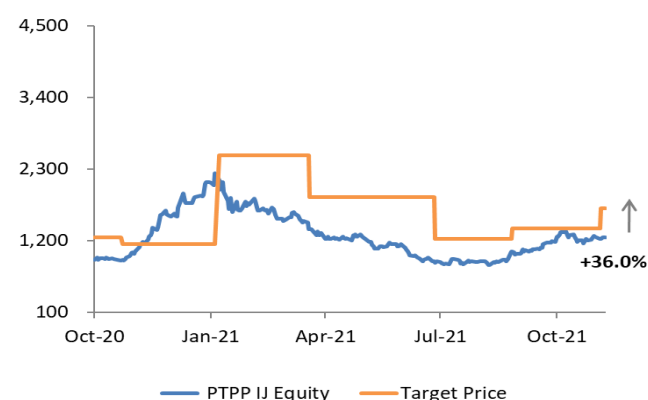
Source: Bloomberg, NHKSI Research

Analysts' Recommendation



Source: Bloomberg, NHKSI Research

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
28/08/2020	Buy	1,250 (12 Month)	1,005	1,131	+24.4%	+10.5%
10/11/2020	Buy	1,140 (12 Month)	935	1,156	+21.9%	-1.4%
18/01/2021	Overweight	2,510 (12 Month)	2,230	1,859	+12.6%	+35.0%
05/04/2021	Buy	1,870 (12 Month)	1,375	2,077	+36.0%	-10.0%
16/07/2021	Buy	1,220 (12 Month)	850	1,432	+43.5%	-14.8%
20/09/2021	Buy	1,380 (12 Month)	1,050	1,251	+31.4%	+10.3%
22/11/2021	Buy	1,700 (12 Month)	1,250	1,337	+36.0%	+27.2%

Source: NHKSI Research, Bloomberg

Summary of Financials

INCOME STATEMENT

In IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Revenue	15,831	18,485	21,742	26,649
Growth (% y/y)	-35.8%	16.8%	17.6%	22.6%
Cost of Revenue	(13,658)	(15,890)	(18,660)	(22,708)
Gross Profit	2,173	2,596	3,082	3,941
Gross Margin	13.7%	14.0%	14.2%	14.8%
Operating Expenses	(1,257)	(1,416)	(1,609)	(2,044)
EBIT	916	1,179	1,473	1,898
EBIT Margin	5.8%	6.4%	6.8%	7.1%
Depreciation	580	591	767	871
EBITDA	1,496	1,770	2,239	2,769
EBITDA Margin	9.4%	9.6%	10.3%	10.4%
Interest Expenses	(7)	(8)	(10)	(12)
EBT	290	600	1,127	1,268
Income Tax	(23)	(34)	(64)	(36)
Minority Interest	(138)	(150)	(246)	(285)
Net Profit	129	415	816	947
Growth (% y/y)	-86.2%	222.5%	96.6%	16.0%
Net Profit Margin	0.8%	2.2%	3.8%	3.6%

BALANCE SHEET

In IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Cash	8,012	6,204	6,339	6,620
Receivables	5,211	6,438	7,043	7,341
Inventories	9,525	7,452	7,169	7,762
Total Current Assets	33,925	32,595	33,073	35,104
Fixed Assets	12,597	16,277	18,120	19,913
Other Non Current Assets	6,951	7,630	7,843	8,232
Total Non Current Assets	19,548	23,907	25,962	28,146
Total Assets	53,472	56,502	59,036	63,250
Payables	15,526	15,914	15,411	15,955
ST Debt	8,442	9,976	10,803	12,073
Total Current Liabilities	27,987	29,996	30,407	32,307
LT Debt	10,114	10,679	11,753	13,029
Total Liabilities	39,465	42,058	43,586	46,736
Capital Stock + APIC	5,308	5,330	5,330	5,330
Retained Earnings	3,149	3,564	4,293	5,066
Shareholders' Equity	14,007	14,444	15,449	16,514

CASH FLOW STATEMENT

In IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Operating Cash Flow	(80)	(531)	822	698
Investing Cash Flow	(3,573)	(2,233)	(2,779)	(3,080)
Financing Cash Flow	2,067	960	2,091	2,663
Net Changes in Cash	(1,586)	(1,804)	135	281

PROFITABILITY & STABILITY

	2020/12A	2021/12E	2022/12E	2023/12E
ROE	0.9%	2.9%	5.5%	5.9%
ROA	0.2%	0.8%	1.4%	1.5%
Inventory Turnover	1.4x	1.9x	2.6x	3.0x
Receivables Turnover	3.3x	3.2x	3.2x	3.7x
Payables Turnover	0.8x	1.0x	1.2x	1.4x
Dividend Yield (%)	1.8%	0.0%	0.8%	1.6%
Payout Ratio (%)	163%	0%	11%	18%
DER	1.3x	1.4x	1.5x	1.5x
Net Gearing	75%	100%	105%	112%
Equity Ratio	26%	26%	26%	26%
Debt Ratio	35%	37%	38%	40%
Financial Leverage	350%	387%	386%	383%
Current Ratio	121%	109%	109%	109%
Quick Ratio	87%	84%	85%	85%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	6,200	6,200	6,200	6,200
Share Price (IDR)	1,865	1,700	1,700	1,700
Market Cap (IDR tn)	11.6	10.5	10.5	10.5

VALUATION INDEX

	2020/12A	2021/12E	2022/12E	2023/12E
Price /Earnings	89.8x	25.4x	12.9x	11.1x
PE/EPS Growth	-1.0x	0.1x	0.1x	0.7x
Price /Book Value	0.8x	0.7x	0.7x	0.6x
EV/EBITDA	17.0x	16.0x	13.5x	11.8x
EV (IDR bn)	25,489	28,395	30,332	32,775
Revenue CAGR (3-Yr)	-9.7%	-9.7%	-4.1%	19.0%
Net Profit CAGR (3-Yr)	-55.4%	-34.9%	-4.3%	94.5%
Basic EPS (IDR)	21	67	132	153
BVPS (IDR)	2,259	2,330	2,492	2,664
DPS (IDR)	33.8	-	14.2	28.0

OWNERSHIP

Shareholders	%
Republic of Indonesia	51.0
Norges Bank	2.8
Vanguard Group Inc	1.1
Schroder Investment Management	1.0
Others	42.8
By Geography	%
Indonesia	88.2
United States	5.5
Norway	4.7
Luxembourg	1.0

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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