

Residential & Commercial

Rising rate environment to squeeze valuation

Signs of fatigue in marketing sales

Property developers' marketing sales are on track to match or surpass the high levels seen in 2021. However, the **FY22F aggregate marketing sales level is still going to be 5-6% lower than the peak seen in 2013 and 2014, despite all-time low mortgage rates.** We see a risk of marketing sales reverting back to lower levels after property transaction incentives are not extended beyond 30Sep2022 as BSDE, SMRA, and CTRA managed to sell off ~12-29% of their respective inventories and propped up their marketing sales by 8-27% in both FY21 and 9M22. **Low affordability by end buyers** (as indicated by high property-to-income ratio), **expectations of higher mortgage rates, and currently declining consumer confidence index (CCI) amid global recession fears put a dampener on next year's marketing sales.**

Refinancing risks looming large again despite better fundamentals

Back in 2020, most property developers managed to push their debt maturities (especially global bonds) back several years to 2024 & 2025 to alleviate concerns on their cashflows commitment during covid-19 pandemic. **Considering the tightening global liquidity and negative perception, particularly on real estate companies, we foresee another challenging time for those who require to do liability management (i.e. refinancing) next year. Strong USD also adds a burden to property developers with high FX debt exposure.**

Negative implications from rising rate environment

Historically, rising rate environment has negatively impacted property stocks' performance, despite a not-so-significant direct impact on property developers' revenue and earnings. As market expects Fed to raise rate aggressively for the next few quarters, Bank Indonesia (BI) may have to follow suit considering the narrowing yield gap and strong USD. **This would put downward pressure on property stocks' performance despite having been the top 2 laggards since the beginning of 2020.**

Downgrade sector call to NEUTRAL

We rolled forward our DCF valuations to FY23, resulting in 2-10% higher NAV for BSDE, CTRA, and SMRA respective NAVs. However, the **lack of catalysts and external pressures from macro environment negated the improving fundamentals** and better solvency on property stocks. From this backdrop, **we believe that property stocks under our coverage are currently trading at their fair discount to NAV (at -1 std dev of their respective 5-year mean).** CTRA's asset-light business model in this current market for its flexibility nationwide.

Residential & commercials property valuation

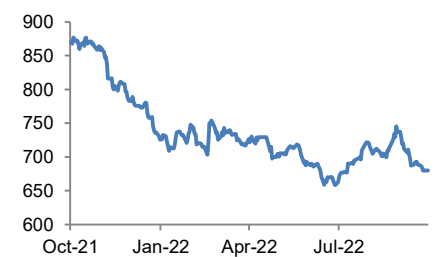
Ticker	Mkt. cap (IDR bn)	PB		PE		Earnings growth (%)		ROE (%)
		2022F	2023F	2022F	2023F	2022F	2023F	2022F
BSDE	19,266	0.6	0.6	15.1	10.3	(6.3)	45.5	4.4
CTRA	17,632	0.9	0.9	9.5	8.4	6.8	12.5	9.2
SMRA	9,327	1.0	0.9	25.9	11.0	11.1	135.3	4.1

Source: Bloomberg, KISI

Neutral (Downgrade)

Company	Rating	TP (IDR)
BSDE	HOLD	975 (+7%)
CTRA	HOLD	1,060 (+12%)
SMRA	HOLD	600 (+6%)

IDXPROP Index



Source: Bloomberg

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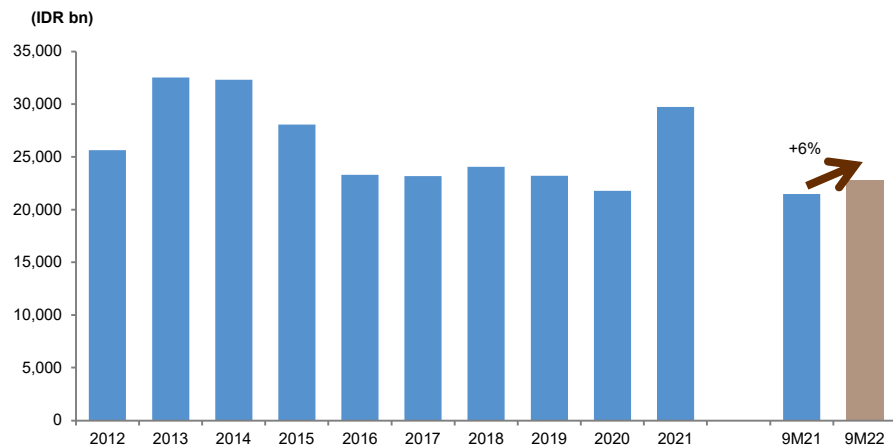
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I. Signs of fatigue in marketing sales

Property developers' marketing sales are on track to match or surpass the high levels seen in 2021 (seizing pent-up demand after a steep decline due to major disruptions caused by covid-19 pandemic in 2020). **However, the FY22F aggregate marketing sales level is still going to be 5-6% lower than the peak seen in 2013 and 2014, despite all-time low mortgage rates.**

Fig 1. Aggregate marketing sales show some fatigue going forward



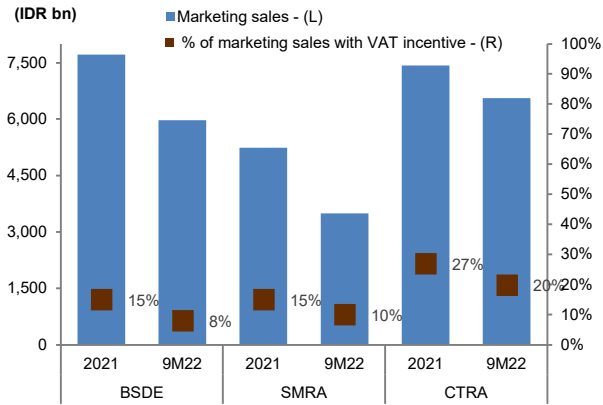
Source: Companies, KISI

Note: Aggregate marketing sales were represented by BSDE, SMRA, CTRA, PWON, ASRI, LPKR

Between Mar2021 and Sep2022 (18 months), Ministry of Finance (MoF) has provided support for property demand with **VAT removal/reduction on property transactions** (i.e. landed houses, shophouses, and apartments). This **incentive has allowed big property developers to clear out their inventories and generate extra cashflows**. Property developers under our coverage (i.e. BSDE, SMRA, and CTRA) managed to sell off ~12-29% of their respective inventories and propped up their marketing sales by 8-27% in both FY21 and 9M22.

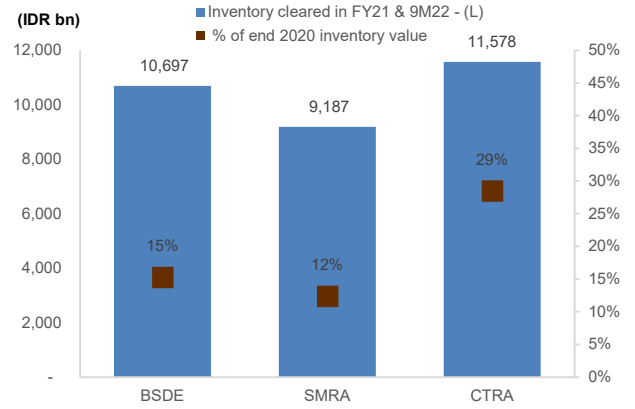
As the VAT removal/reduction incentives are not extended beyond 30Sep2022, we believe that there is a risk that aggregate marketing sales will revert back to lower levels given 1) a high property-to-income ratio (as property affordability remains an issue for end-user buyers); 2) expectations of higher mortgage rates, and 3) currently declining CCI amid global recession fears.

Fig 2. VAT incentives helped to support pre-sales



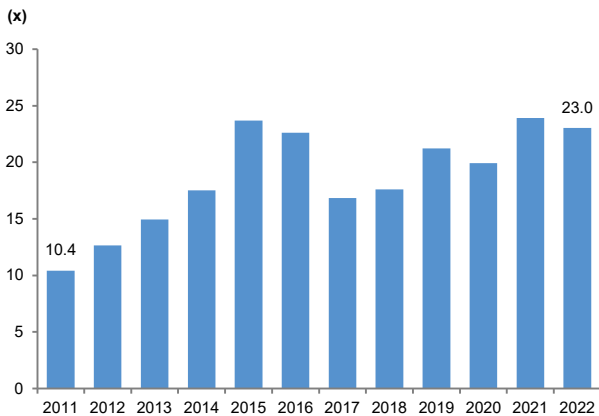
Source: Companies, KISI

Fig 3. Inventory clearance (as % of end 2020 inventory)



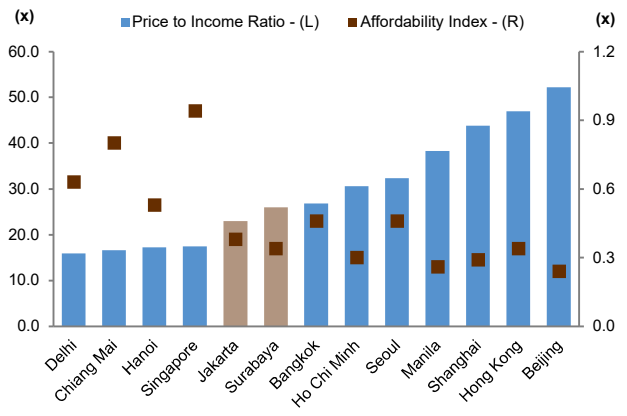
Source: Companies, KISI

Fig 4. Property price to income ratio trend - Jakarta



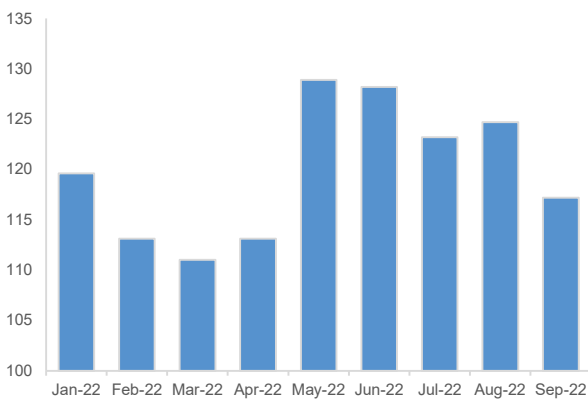
Source: Numbeo, KISI

Fig 5. Property price-to-income ratio comparison



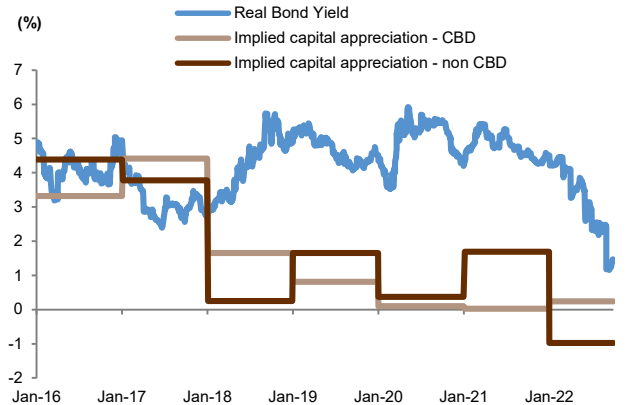
Source: Numbeo, KISI

Fig 6. Indonesia consumer confidence index trend



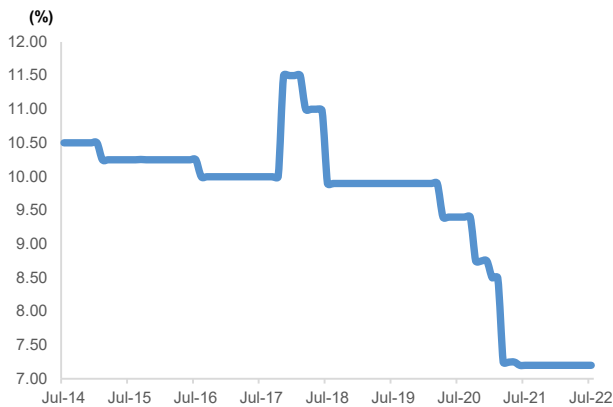
Source: Bank Indonesia (BI), Bloomberg, KISI

Fig 7. Opportunity cost of owning high-rise property



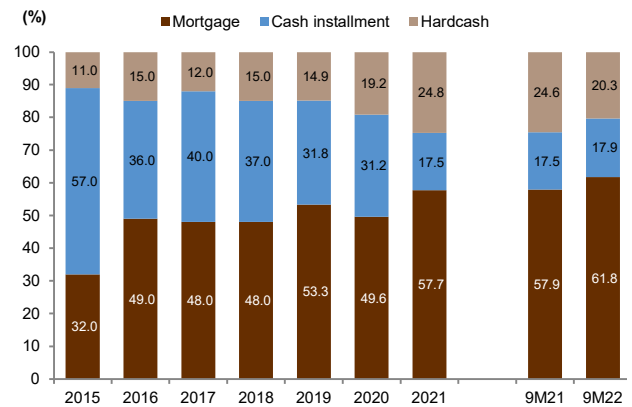
Source: Colliers, Bloomberg, KISI

Fig 8. All-time low mortgage rate



Source: BCA, KISI

Fig 9. Buyers' payment method trend



Source: CTRA presentation, KISI

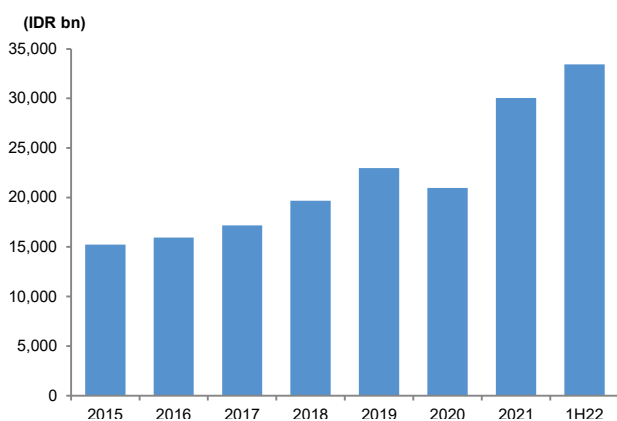
Based on latest data and indications, 9M22 marketing sales property developers under our coverage have reached 75-79% of our FY22 estimates. **YTD, we have seen better growth from outside Greater Jakarta's projects to support property developers' consolidated marketing sales**; for example, CTRA's Greater Surabaya and Gama City Medan projects pre-sales were able to offset the decline in Greater Jakarta project.

Going forward, **we foresee either stagnating or declining marketing sales for Greater Jakarta projects**. Furthermore, the **increasing availability of properties in the secondary market posed additional supply risks for property developers' future launches**. We believe that in this current market, CTRA's asset-light business model with multiple JOs nationwide is the one that offers flexibility for potential marketing sales growth going forward.

II. Refinancing risks looming large despite improving fundamentals

In general, Indonesian large property developers have managed to navigate through turbulent times due to covid-19 pandemic with a better focus on market cashflow-friendly products (i.e. landed houses and shophouses); alleviating pressure on their balance sheets as property sector leverage declined to a more manageable level.

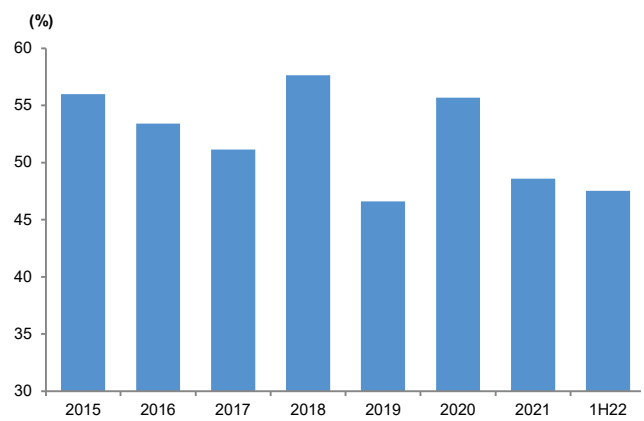
Fig 10. Property developers' cash balance trend



Source: Companies, KISI

Note: Developers included: BSDE,CTRA,SMRA,ASRI,PWON,LPKR

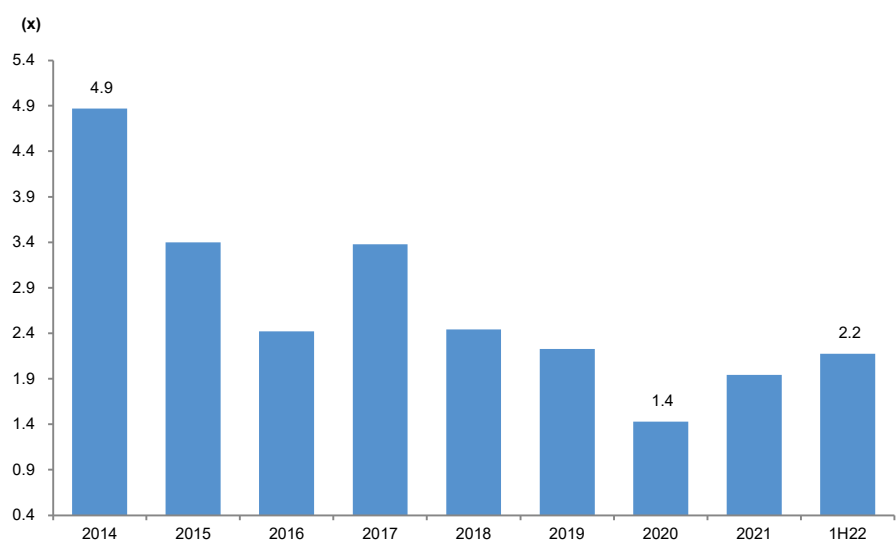
Fig 11. Property developers' declining gross leverage



Source: Colliers, Bloomberg, KISI

Note: Developers included: BSDE,CTRA,SMRA,ASRI,PWON,LPKR

Fig 12. Property developers are getting more solvent



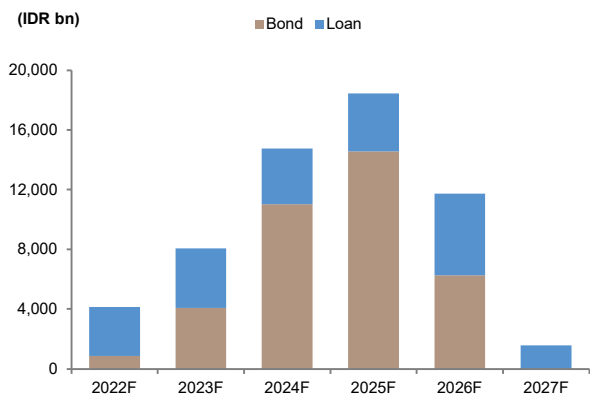
Source: Companies, KISI

Note: Developers included are BSDE, CTRA, SMRA, ASRI, PWON, LPKR

From a liability management standpoint, as we mentioned in our previous report on 30Nov2020 ([Real estate - Survivability on full display \(30Nov2020\)](#)), the large Indonesian property developers have managed to push their debt maturities (especially global bonds) mostly to 2024 & 2025 to ease concerns about their cashflows commitment.

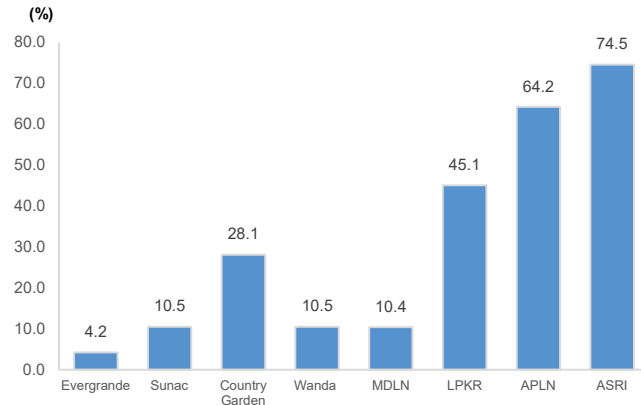
As their global bonds' maturity drew closer, we foresee another challenging time for companies which require to refinance their large bonds in tightening global liquidity conditions and the negative perception on real estate companies' cashflows (as reflected by the depressed bond price of Asia's property developers). **In addition, USD strength continues to add another burden to property developers with a high FX debt portion.**

Fig 13. Debt maturity profile



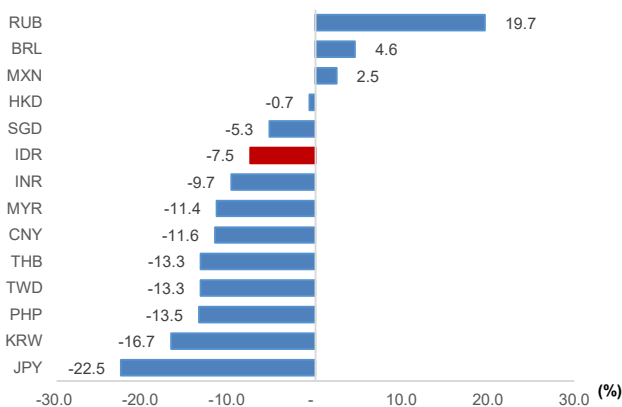
Source: Companies, KISI
Note: Developers included: BSDE,CTRA,SMRA,ASRI,PWON,LPKR

Fig 14. Global bond prices on real estate



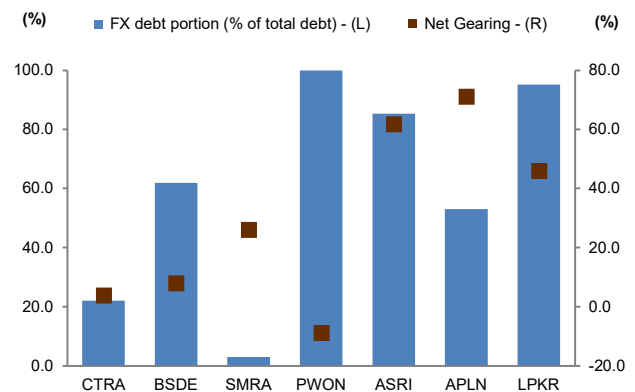
Source: Bloomberg, KISI

Fig 15. Currencies vs. USD performance YTD



Source: Bloomberg, KISI

Fig 16. Property developers' FX debt portion as of 1H22



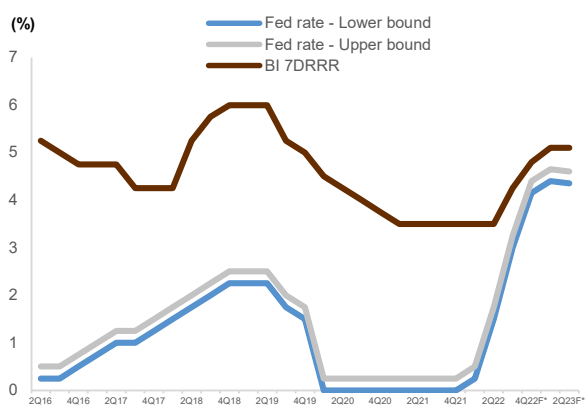
Source: Companies, KISI

III. Downgrade sector call to NEUTRAL

Although property developers' fundamentals are improving as shown in sector leverage in the previous segment (Fig 9), **rising interest rate environment negatively affected property stocks' performance historically**. As market expects Fed to continue increasing its rate to 4.65% by mid-2023, Bank Indonesia (BI) may have to follow suit considering the current narrow gap between ID and US real yields and strong USD. Property sector has been the top 2 laggards in the past 3 years (losing ~42% of value since the beginning of 2020)

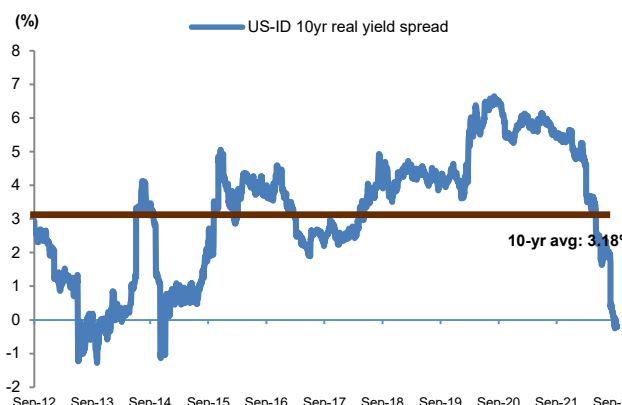
Despite the improvement in operations' sustainability and better solvency going forward, we did not see any real catalysts for property stock prices in mid-term. Therefore, in current rising rate environment, **we downgrade our sector call to NEUTRAL** despite property stocks under our coverage (i.e. BSDE, CTRA, SMRA) having lost 9-42% of their values from the beginning of 2020.

Fig 17. Fed rate & BI 7D-RRR trend



Source: Bloomberg, Bank Indonesia (BI), KISI
Note: (*) means Bloomberg consensus numbers

Fig 18. ID & US 10-yr bond real yield gap



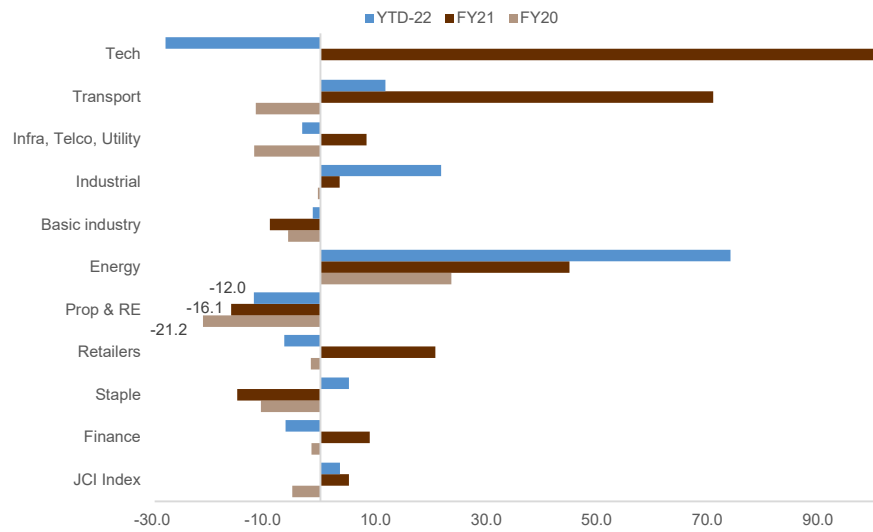
Source: Bloomberg, KISI

Table 1. Historical correlation on rate movement & property stocks' performance

Year	BI rate movement bps	Significant move (Y/N)	Property index performance (%)	Pre-sales growth (%)	Remarks
2011	(0.50)	N	12.9	61.7	Property bull market
2012	(0.25)	N	42.4	48.3	Property bull market
2013	1.75	Y	3.2	26.9	Property bull market halted
2014	0.25	N	55.8	(0.7)	Property bull market
2015	(0.25)	N	(6.5)	(13.2)	Property market started its downturn
2016	(1.75)	Y	5.5	(16.9)	Property stocks supported by sharp decline in interest rate
2017	(0.50)	N	(4.3)	(0.5)	Property bear market
2018	1.75	Y	(9.6)	3.8	Property bear market
2019	(1.00)	Y	12.5	(3.6)	Property stocks supported by sharp decline in interest rate
2020	(1.25)	Y	(21.2)	(6.1)	Covid-19 interrupted market
2021	(0.25)	N	(16.1)	36.6	Covid-19 interrupted market
YTD-22	0.75	Y	(12.0)	6.1	Property stocks under pressure from rising rate

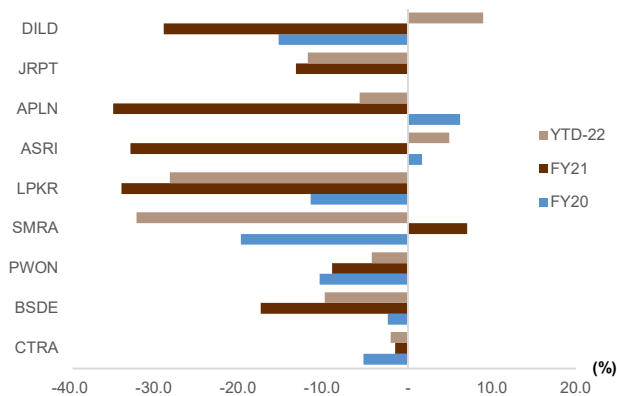
Source: Companies, Bloomberg, KISI

Fig 19. JCI Index sector performance since 2020



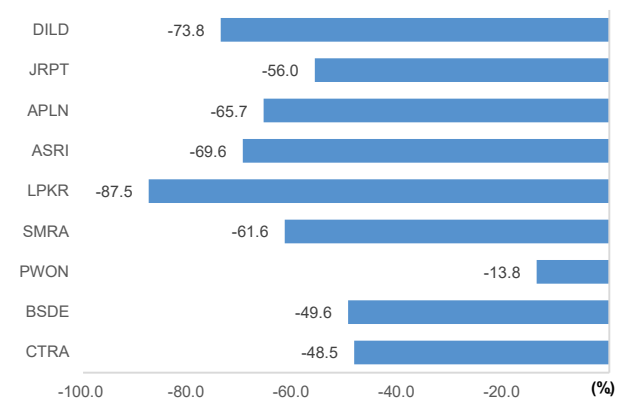
Source: Bloomberg, KISI. Note: Technology sector was introduced in 2021

Fig 20. Prominent RE developers' stocks performance



Source: Bloomberg, KISI

Fig 21. Prominent RE developers' stocks off 2014 peak



Source: Bloomberg, KISI

Table 2. Property developers' valuation

Ticker	Price (IDR)	Rating	Mkt. cap (IDR bn)	TP (IDR)	Upside (%)	PB		PE		Earnings growth (%)		ROE (%)
						2022F	2023F	2022F	2023F	2022F	2023F	2022F
BSDE	910	BUY	19,266	975	7%	0.6	0.6	15.1	10.3	(6.3)	45.5	4.4
CTRA	950	BUY	17,632	1,060	12%	0.9	0.9	9.5	8.4	6.8	12.5	9.2
SMRA	565	BUY	9,327	600	6%	1.0	0.9	25.9	11.0	11.1	135.3	4.1
PWON*	444	NC	21,383	NC		1.2	1.1	13.6	12.4	14.1	9.7	9.3
ASRI*	170	NC	3,340	NC		0.3	0.3	7.3	5.9	216.2	23.6	4.7
LPKR*	101	NC	7,161	NC		0.4	0.4	50.5	16.1	NM	214.5	0.7

Source: Bloomberg, KISI

Note: (*) means consensus numbers

Table 3. Summary of assumptions changes

Assumptions	Unit	BSDE			CTRA			SMRA		
		FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F
Marketing sales	IDR bn	8,025	7,902	8,054	8,291	8,677	8,892	4,622	4,992	5,177
Change from previous estimate (%)		10%	5%	new	19%	22%	new	3%	10%	new
Revenue	IDR bn	8,737	11,762	11,068	8,594	9,229	9,083	6,540	7,574	9,022
Change from previous estimate (%)		-10%	-8%	new	6%	13%	new	6%	9%	new
Net profit	IDR bn	1,264	1,839	2,014	1,854	2,086	1,764	359	846	1,076
Change from previous estimate (%)		-30%	-34%	new	1%	6%	new	-3%	11%	new
NAV	IDR		3,350			2,200			1,450	
Change from previous estimate (%)			3%			10%			2%	
Target Price	IDR		975			1,060			600	
Change from previous estimate (%)			-37%			-20%			-46%	
Recommendation			HOLD			HOLD			HOLD	
Previous Recommendation			BUY			BUY			BUY	

Source: KISI

Bumi Serpong Damai (BSDE, HOLD (Downgrade), TP: IDR 975)

We rolled forward our SOTP calculation to FY23, resulting in a 3% increase to our estimated BSDE's NAV of IDR3,350/share. However, considering the lack of marketing sales catalysts going forward, we downgrade our call to HOLD with a new TP of IDR975 (from IDR1,550 previously), derived from 75% disc (at its -1 std dev of its 5-yr mean) to our latest BSDE's NAV. BSDE has a huge land bank for continuous development in the considerable future, however, it stands to incur significant losses from its investment in Serpong – Balaraja toll road (a normal occurrence for first few years of toll road operations).

Ciputra Development (CTRA, HOLD (Downgrade), TP: IDR 1,060)

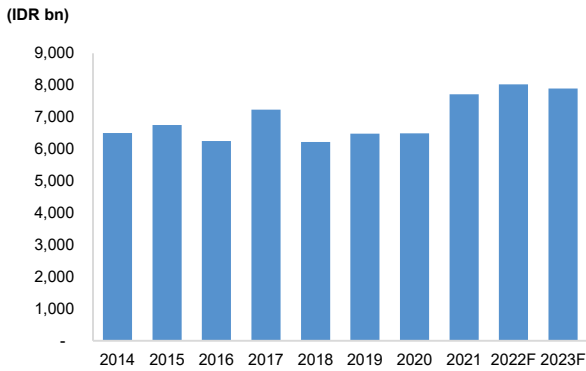
We rolled forward our SOTP calculation to FY23, resulting in a 10% increase to our estimated CTRA's NAV of IDR2,200/share. Considering the possibility of marketing sales reverting back to normal level, CTRA's asset-light business model is preferred for its flexibility nationwide which potentially outperforms peers' marketing sales. We downgrade our call to HOLD with a new TP of 1,060 (from IDR1,325 previously), derived from 65% disc (at its -1 std dev of its 5-yr mean) to our latest CTRA's NAV. CTRA is the proxy for Indonesia's property market as it develops more than 75 projects across 33 cities nationwide.

Summarecon Agung (SMRA, HOLD (Downgrade), TP: IDR 600)

We rolled forward our SOTP calculation to FY23, resulting in a 2% increase to our estimated SMRA's NAV of IDR1,450/share. However, considering the possibility of a marketing sales downturn in mid-term and lack of catalysts to the sector in general, we downgrade our call to HOLD with a new TP of IDR600 (from IDR1,110 previously), derived from 58% disc (at its -1 std dev of its 5-yr mean) to our latest SMRA's NAV. SMRA has been successful in launching new townships (i.e. Karawang, Makassar, and Bogor in the past 6 years). SMRA plans to launch new Crown Gading township located in Bekasi, West Java by end of 2022.

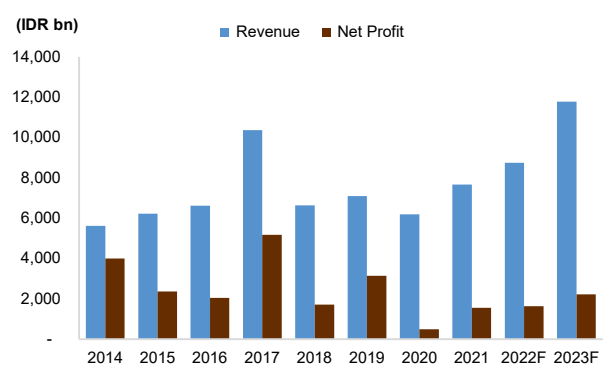
Bumi Serpong Damai (BSDE)

Fig 22. BSDE's marketing sales trend



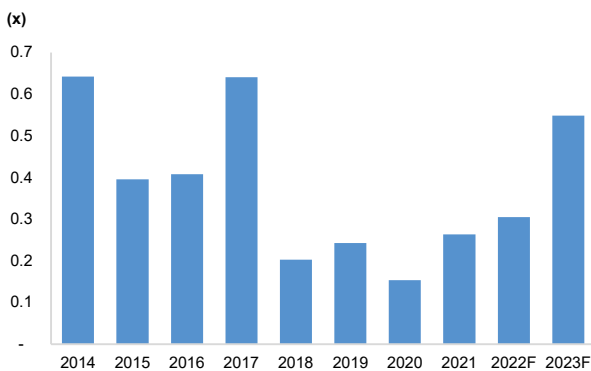
Source: BSDE company presentations, KISI

Fig 23. BSDE's revenue and net profit trend



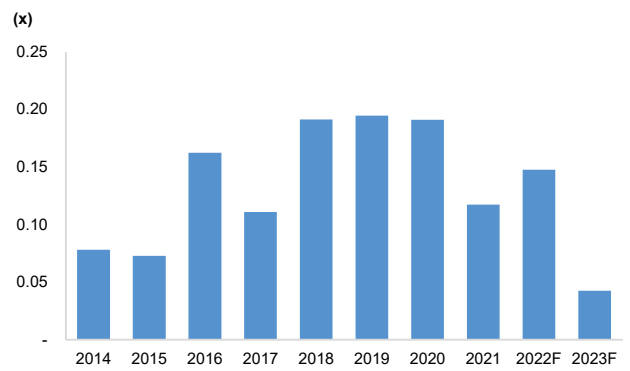
Source: BSDE financial statements, KISI

Fig 24. BSDE's EBITDA gross interest coverage



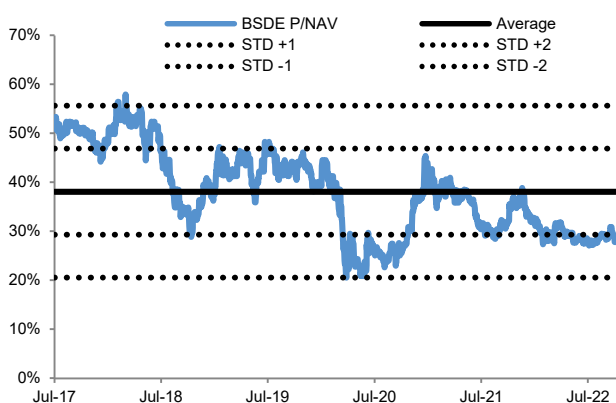
Source: BSDE financial statements, KISI

Fig 25. BSDE net gearing trend



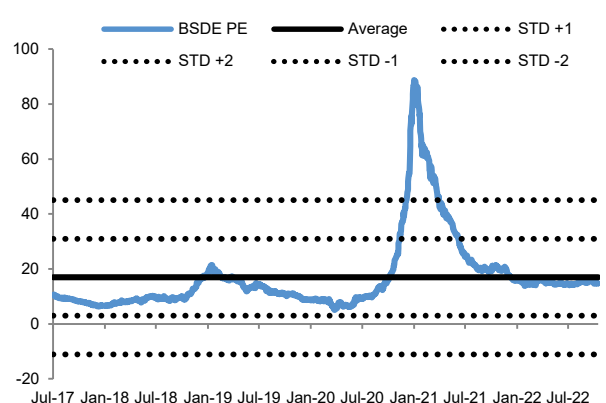
Source: BSDE financial statements, KISI

Fig 26. BSDE's price to NAV



Source: Bloomberg, KISI

Fig 27. BSDE's PE band



Source: Bloomberg, KISI

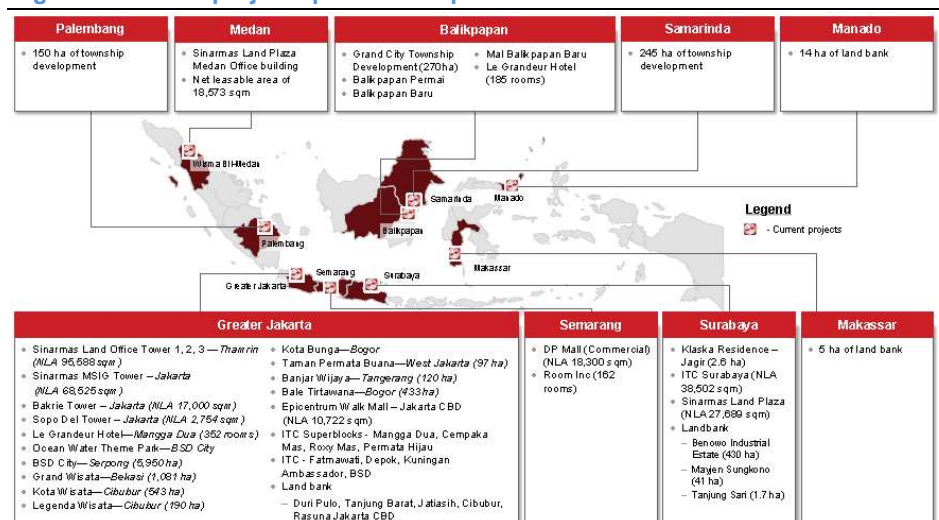
Bumi Serpong Damai (BSDE)

Table 4. BSDE's NAV details

	Adjusted value (Rp bn)	Stake	Full value (Rp bn)
Property development			
Township			
BSD City - Landed residential	50,260	100%	50,260
Bale Tirtawana - Rumpin	325	100%	325
Legenda Wisata	106	89%	120
Grand Wisata	2,673	47%	5,640
Kota Wisata	2,694	89%	3,042
Banjar Wijaya	97	89%	110
Grand City	1,026	55%	1,866
Kota Bunga	7	89%	8
Taman Permata Buana	56	89%	63
Sub-total	57,245		
Landbank & inventories			
Duri Pulo	7	100%	-
Rasuna	1,690	73%	2,323
TB Simatupang	230	89%	259
Manado	1	51%	-
Surabaya	40	73%	-
Samarinda	2	36%	-
Palembang	2	33%	-
Makassar	0	68%	-
Sub-total	1,971		
Investment properties			
Retail Malls	1,706	Various	1,706
Office for leases	3,300	Various	3,300
Hotels	110	89%	110
Sub-total	5,115	0%	
Other assets	8,226		
Net debt	1,669		
Total NAV	70,889		
No. of shares outstanding (bn)	20.9		
NAV/share (IDR)	3,350		

Source: KISI

Fig 28. BSDE's projects portfolio maps



Source: Company's presentation, KISI

Bumi Serpong Damai (BSDE)

Balance sheet		(IDR bn)				
FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F	
Current assets						
Cash & cash equivalent	10,508	7,767	5,325	5,871	5,312	
Accounts & other receivables	206	208	549	516	512	
Inventories	10,697	11,857	12,711	13,468	14,176	
Others	6,953	8,566	8,312	1,475	1,475	
Non-current assets						
Fixed assets	585	530	559	571	585	
Inventories	12,429	14,472	16,591	17,241	17,891	
Investment properties	8,296	7,958	8,542	9,762	10,983	
Other non-current assets	11,174	10,107	11,179	13,046	12,338	
Total assets	60,863	61,470	63,768	61,950	63,274	
Current liabilities						
Accounts & other payables	934	1,112	635	2,117	366	
ST debt & bond	-	-	-	-	-	
Current portion of LT debt	5,512	2,153	4,404	5	(2,820)	
Others	5,386	7,704	12,669	10,551	12,870	
Non-current liabilities						
LT debt & financial liabilities	11,609	9,842	6,425	7,556	8,967	
Deferred tax liabilities	-	-	1	1	1	
Other non-current liabilities	2,950	4,766	2,470	2,453	2,462	
Total liabilities	26,392	25,576	26,603	22,682	21,845	
Controlling interest						
Capital stock	2,117	2,117	2,117	2,117	2,117	
Additional paid-in capital	7,463	7,463	7,463	7,463	7,463	
Other Reserves	(487)	(545)	(787)	(787)	(787)	
Retained earnings	21,026	22,420	23,684	25,523	27,537	
Minority interest	4,352	4,438	4,688	4,952	5,100	
Shareholders' equity	34,471	35,894	37,165	39,268	41,430	
Cash flow		(IDR bn)				
FY-ending Dec.	2020A	2021A	2022F	2023F	2024F	
C/F from operating						
Net profit	276	1,349	1,264	1,839	2,014	
Depreciation	397	433	412	432	454	
Net incr. in W/C	792	1,524	(1,140)	1,373	1,358	
C/F from investing						
CAPEX	(133)	(23)	(658)	(1,567)	(1,572)	
Others	(1,050)	392	775	3,669	143	
C/F from financing						
Incr. in equity	1,246	2	5	5	5	
Incr. in debts	3,400	(5,360)	(2,244)	(4,399)	(2,349)	
Dividends	-	-	-	-	-	
Others	(1,339)	(1,127)	(875)	(826)	(630)	
C/F from others						
	-	-	-	-	-	
Increase in cash	3,589	(2,811)	(2,461)	527	(577)	

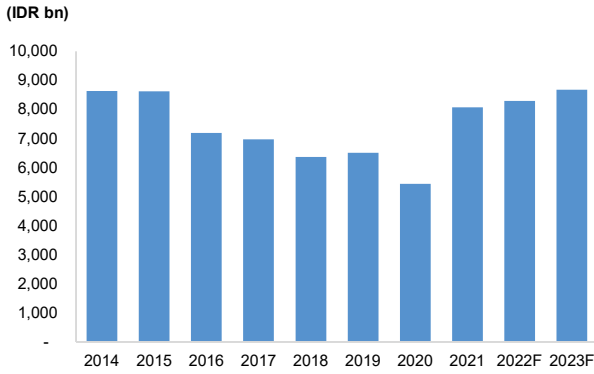
Income statement		(IDR bn)				
FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F	
Sales	6,181	7,655	8,737	11,762	11,068	
COGS	(1,929)	(2,915)	(3,479)	(5,481)	(4,945)	
Gross profit	4,252	4,740	5,258	6,280	6,122	
SG&A expense	(2,048)	(2,111)	(2,380)	(2,420)	(2,505)	
Operating profit	2,204	2,629	2,879	3,860	3,618	
Financial income						
Interest income	560	393	151	111	85	
Financial expense						
Interest expense	(1,782)	(1,645)	(1,352)	(1,480)	(1,212)	
Other non-operating profit	95	99	8	(152)	(152)	
Gains (Losses) in associates, subsidiaries and JV	(360)	307	205	205	205	
Earnings before tax	718	1,784	1,890	2,544	2,543	
Income taxes	(238)	(245)	(268)	(328)	(318)	
Net profit	276	1,349	1,264	1,839	2,014	
Non-controlling interest						
Other comprehensive profit	-	-	-	-	-	
Total comprehensive profit	-	-	-	-	-	
Total comprehensive profit of controlling interest	-	-	-	-	-	
EBITDA	2,623	3,153	3,290	4,132	3,911	

Key financial data

FY-ending Dec.	2020A	2021A	2022F	2023F	2024F
per share data (IDR)					
EPS	14	64	60	88	96
BPS	1,510	1,504	1,553	1,641	1,737
DPS	0.0	0.0	0.0	0.0	0.0
Growth (%)					
Sales growth	-12.8	23.9	14.1	34.6	-5.9
OP growth	-21.1	19.3	9.5	34.1	-6.3
NP growth	-84.7	220.4	5.4	36.6	0.4
EBITDA growth	-19.3	20.2	4.3	25.6	-5.3
Profitability (%)					
OP margin	35.7	34.3	32.9	32.8	32.7
NP margin	7.8	20.1	18.6	18.8	20.1
EBITDA margin	42.4	41.2	37.7	35.1	35.3
ROA	0.8	2.5	2.6	3.5	3.6
ROE	1.4	4.4	4.4	5.8	5.5
Dividend yield					
Dividend payout ratio	0.0	0.0	0.0	0.0	0.0
Stability					
Net debt (IDR bn)	6,585	4,206	5,483	1,669	813
Int.-bearing debt/equity (%)	19.1	11.7	14.8	4.2	2.0
Valuation (X)					
PE	65.8	14.1	15.1	10.3	9.5
PB	0.6	0.6	0.6	0.6	0.5
EV/EBITDA	9.4	7.1	7.2	4.8	4.8

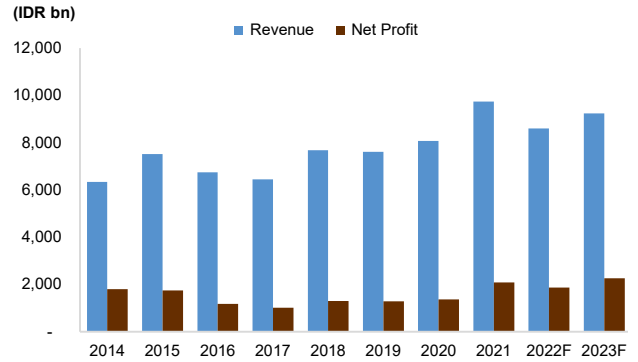
Ciputra Development (CTRA)

Fig 29. CTRA's marketing sales trend



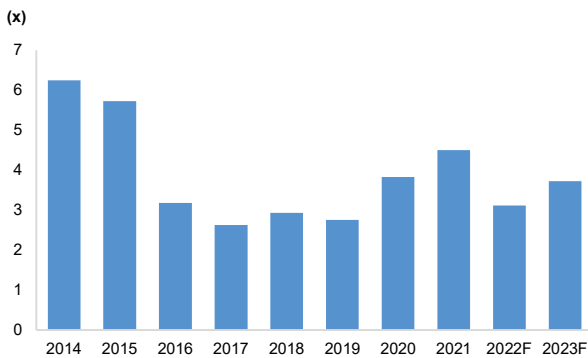
Source: CTRA company presentations, KISI

Fig 30. CTRA's revenue and net profit trend



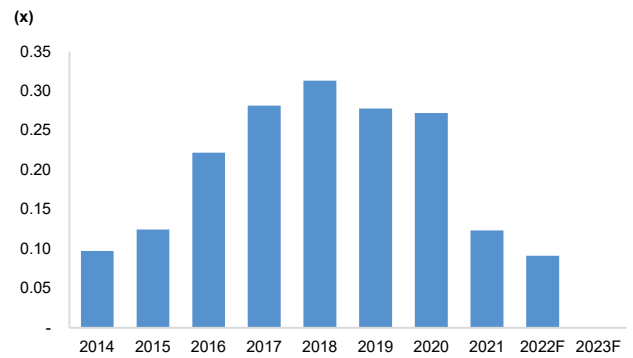
Source: CTRA financial statements, KISI

Fig 31. CTRA's EBITDA gross interest coverage



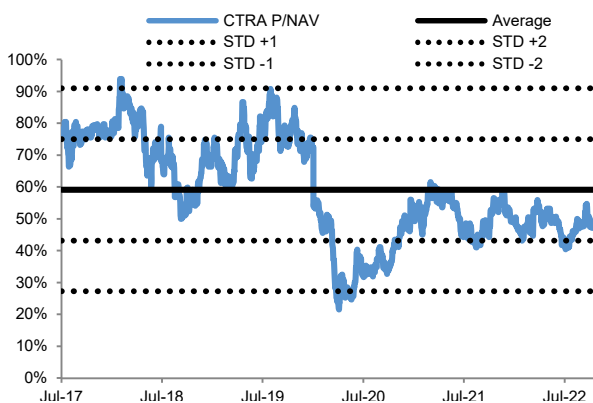
Source: CTRA financial statements, KISI

Fig 32. CTRA net gearing trend



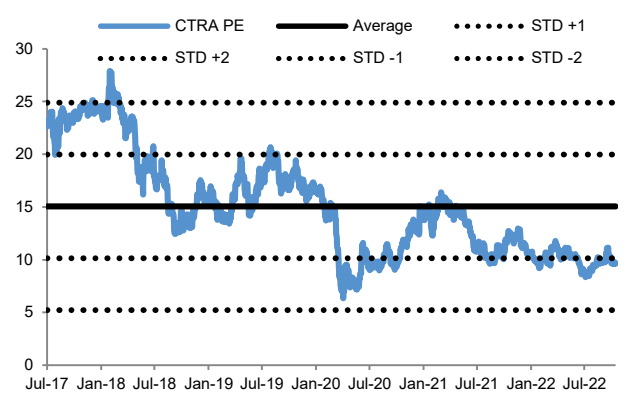
Source: CTRA financial statements, KISI

Fig 33. CTRA's price to NAV



Source: Bloomberg, KISI

Fig 34. CTRA's PE band



Source: Bloomberg, KISI

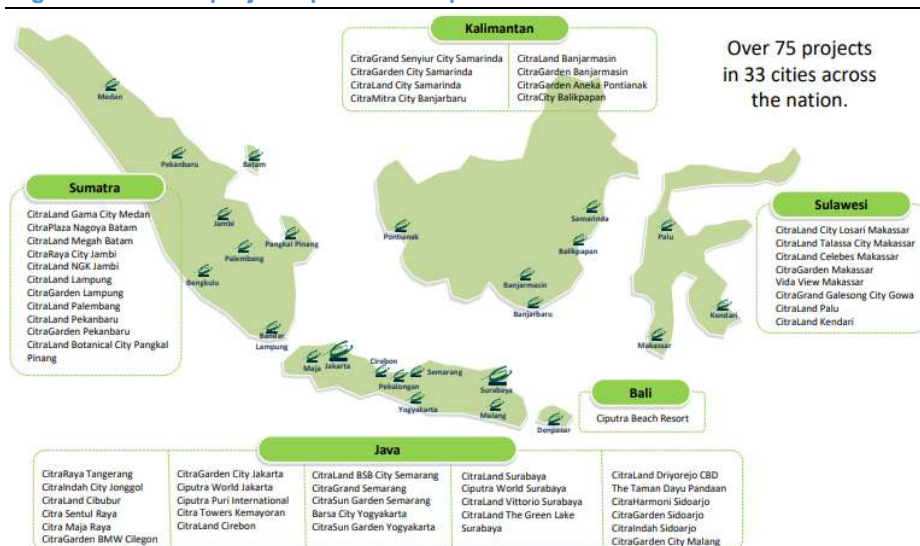
Ciputra Development (CTRA)

Table 5. CTRA's NAV details

	Adjusted value (Rp bn)	Stake	Full value (Rp bn)
Property development			
Township			
Citra Raya Tangerang	6,150	100%	6,150
Citra Indah Jonggol	693	100%	693
Citra Garden City Jakarta	3,034	100%	3,034
Puri	429	100%	429
Citraland Cibubur	442	60%	737
Citra Land Surabaya	14,019	100%	14,019
Citra Harmoni Sidoarjo	723	100%	723
Citra Garden Sidoarjo	67	60%	112
Citra Land Lampung	236	100%	236
Citra Land Palembang	439	60%	732
Ciputra Beach Resort Bali	516	100%	516
Other landbanks	-	51%	-
JO projects	2,176	Implied	2,176
Sub-total	28,923		
Mixed-use projects			
Ciputra World Jakarta	684	100%	684
Ciputra World Surabaya	130	53%	246
Citra Land Surabaya	25	51%	50
Ciputra International	271	55%	493
Others	263	Implied	263
Sub-total	2,150		
Investment properties			
Retail Malls	6,181	100%	5,507
Office for leases	1,842	100%	1,596
Hotels	1,629	100%	1,607
Hospitals	1,190	100%	653
Sub-total	10,841		
Net debt	17		
Total NAV	41,898		
No. of shares outstanding (bn)	18.5		
NAV/share (Rp)	2,200		

Source: KISI

Fig 35. CTRA's projects portfolio maps



Source: Company's presentation, KISI

Ciputra Development (CTRA)

Balance sheet		(IDR bn)				
FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F	
Current assets						
Cash & cash equivalent	5,276	7,162	6,151	6,149	6,278	
Accounts & other receivables	2,404	2,516	6,176	3,159	6,028	
Inventories	12,240	11,578	12,086	12,622	13,186	
Others	726	639	700	700	700	
Non-current assets						
Fixed assets	2,595	2,504	2,500	2,509	2,548	
Inventories	7,563	7,689	7,889	8,189	8,589	
Investment properties	5,523	5,528	5,633	5,722	5,808	
Other non-current assets	2,929	3,053	1,638	5,584	5,593	
Total assets	39,255	40,668	42,774	44,634	48,731	
Current liabilities						
Accounts & other payables	1,691	1,904	1,593	2,019	1,724	
ST debt & bond	792	329	329	329	329	
Current portion of LT debt	2,360	1,023	575	-	(4,265)	
Others	6,767	7,708	8,057	8,921	9,307	
Non-current liabilities						
LT debt & financial liabilities	6,872	8,203	7,165	5,837	9,383	
Deferred tax liabilities	27	24	25	25	25	
Other non-current liabilities	277	246	266	281	297	
Total liabilities	21,798	21,274	21,723	21,558	21,139	
Controlling interest						
Capital stock	4,640	4,640	4,640	4,640	4,640	
Additional paid-in capital	3,570	3,570	3,570	3,570	3,570	
Other Reserves	(13)	47	62	62	62	
Retained earnings	7,135	8,713	10,342	12,186	13,679	
Minority interest	2,125	2,424	2,437	2,618	2,803	
Shareholders' equity	17,458	19,394	21,051	23,076	24,754	
Cash flow		(IDR bn)				
FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F	
C/F from operating						
Net profit	1,321	1,735	1,854	2,086	1,764	
Depreciation	299	309	324	349	370	
Net incr. in W/C	(406)	1,603	(1,236)	(1,054)	(509)	
C/F from investing						
CAPEX	(744)	(644)	(429)	(425)	(508)	
Others	(94)	(457)	(142)	(142)	(142)	
C/F from financing						
Incr. in equity	-	-	-	-	-	
Incr. in debts	770	(466)	(1,156)	(575)	(575)	
Dividends	(175)	(237)	(226)	(241)	(271)	
Others	(7)	(21)	-	-	-	
C/F from others						
	-	-	-	-	-	
Increase in cash	1,034	1,869	(1,010)	(2)	129	

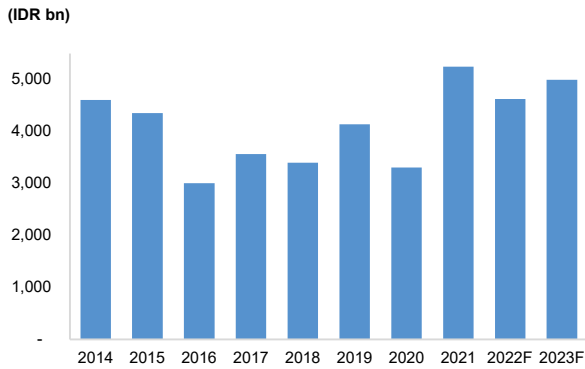
Income statement		(IDR bn)				
FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F	
Sales	8,071	9,730	8,594	9,229	9,083	
COGS	(3,949)	(4,890)	(3,989)	(4,121)	(4,271)	
Gross profit	4,121	4,840	4,604	5,109	4,812	
SG&A expense	(1,523)	(1,548)	(1,619)	(1,746)	(1,850)	
Operating profit						
Financial income						
Interest income	250	238	214	195	195	
Financial expense						
Interest expense	(1,235)	(1,241)	(1,094)	(1,024)	(937)	
Other non-operating profit	49	67	47	51	51	
Gains (Losses) in associates, subsidiaries and JV	(4)	41	9	9	9	
Earnings before tax						
Income taxes	(288)	(309)	(295)	(329)	(331)	
Net profit	1,321	1,735	1,854	2,086	1,764	
Non-controlling interest						
Other comprehensive profit	-	-	-	-	-	
Total comprehensive profit	-	-	-	-	-	
Total comprehensive profit of controlling interest	-	-	-	-	-	
EBITDA	2,947	3,667	3,409	3,812	3,431	

Key financial data

FY-ending Dec.	2020A	2021A	2022F	2023F	2024F
per share data (IDR)					
EPS	71	94	100	113	95
BPS	827	916	1,004	1,104	1,184
DPS	19	19	19	19	19
Growth (%)					
Sales growth	6.1	20.6	-11.7	7.4	-1.6
OP growth	20.6	26.7	-9.3	12.6	-11.9
NP growth	-1.5	6.8	52.3	-10.6	21.4
EBITDA growth	18.9	24.4	-7.0	11.8	-10.0
Profitability (%)					
OP margin	32.2	33.8	34.7	36.4	32.6
NP margin	16.4	17.8	21.6	22.6	19.4
EBITDA margin	36.5	37.7	39.7	41.3	37.8
ROA	3.5	4.3	4.4	4.8	3.8
ROE	7.5	9.4	9.2	9.5	7.4
Dividend yield	0.8	0.9	1.3	1.4	1.5
Dividend payout ratio	12.8	11.9	13.0	13.0	13.0
Stability					
Net debt (IDR bn)	4,748	2,393	1,918	17	-831
Int.-bearing debt/equity (%)	57.4	49.3	38.3	26.7	22.0
Valuation (X)					
PE	13.3	10.1	9.5	8.4	10.0
PB	1.1	1.0	0.9	0.9	0.8
EV/EBITDA	7.6	5.5	5.7	4.6	4.9

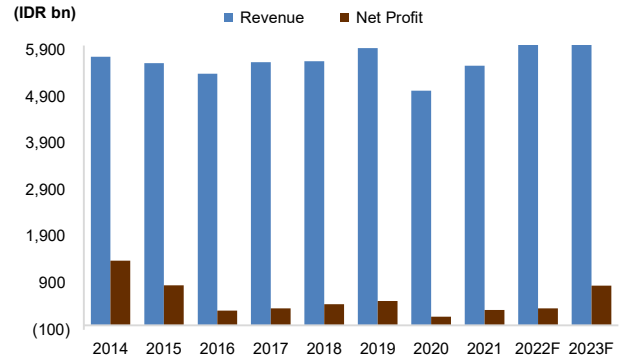
Summarecon Agung (SMRA)

Fig 36. SMRA's marketing sales trend



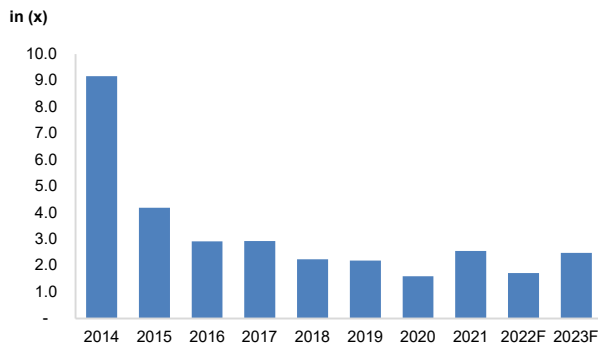
Source: SMRA company presentations, KISI

Fig 37. SMRA's revenue and net profit trend



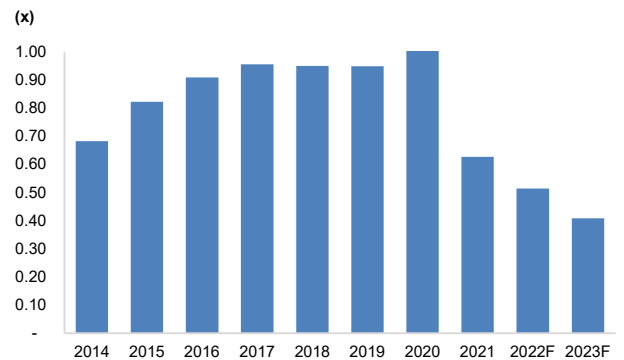
Source: SMRA financial statements, KISI

Fig 38. SMRA's EBITDA gross interest coverage



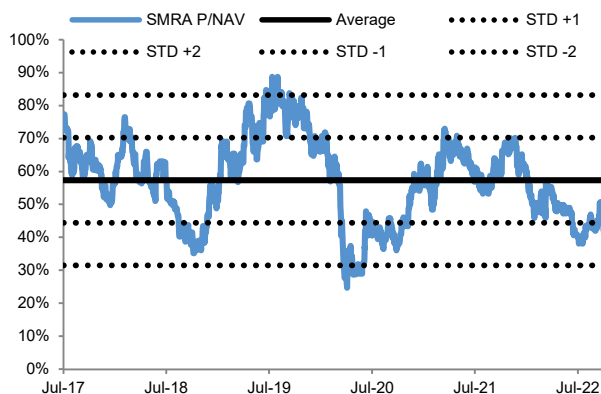
Source: SMRA financial statements, KISI

Fig 39. SMRA net gearing trend



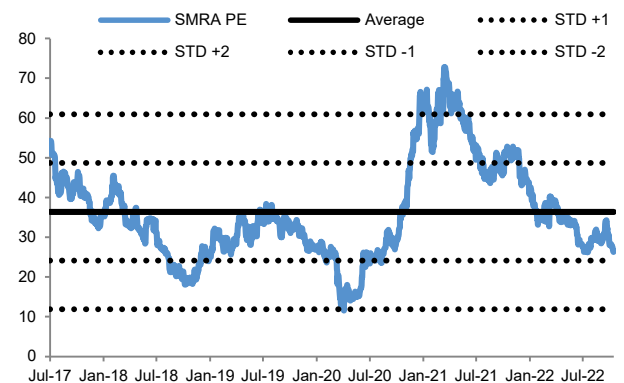
Source: SMRA financial statements, KISI

Fig 40. SMRA's price to NAV



Source: Bloomberg, KISI

Fig 41. SMRA's PE band



Source: Bloomberg, KISI

Summarecon Agung (SMRA)

Table 6. SMRA's NAV details

	Adjusted Value (Rp bn)	Stake	Full Value (Rp bn)
Townships			
Summarecon Serpong	6,794	100%	6,794
Summarecon Bekasi	1,194	100%	1,194
Summarecon Bandung	6,296	100%	6,296
Summarecon Karawang	137	100%	137
Summarecon Makassar	823	100%	823
Summarecon Crown Gading	1,646	51%	3,227
Summarecon Bogor	1,496	51%	2,932
Subtotal	18,385		
Apartments and Office			
Summarecon Kelapa Gading	516	100%	516
Summarecon Serpong	615	68%	905
Summarecon Bekasi	256	100%	256
Subtotal	1,388		
Investment properties			
Retail malls	6,591	100%	6,591
Office lease	216	100%	216
Hotels	1,867	100%	1,867
Subtotal	8,673		
Net debt	3,807		
Total NAV	24,639		
No. of shares outstanding (bn)	16.5		
NAV/share (Rp)	1,450		

Source: KISI

Fig 42. SMRA's projects portfolio maps



Source: Company's presentation, KISI

Summarecon Agung (SMRA)

Balance sheet		(IDR bn)				
FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F	
Current assets						
Cash & cash equivalent	1,656	2,774	1,393	1,379	1,338	
Accounts & other receivables	364	344	718	482	911	
Inventories	9,187	9,254	9,838	10,483	11,090	
Others	682	659	764	764	764	
Non-current assets						
Fixed assets	332	318	334	350	368	
Inventories	6,260	6,167	6,367	6,567	6,767	
Investment properties	4,383	4,260	4,305	4,340	4,378	
Other non-current assets	2,060	2,275	5,289	3,683	3,605	
Total assets	24,923	26,050	29,009	28,047	29,221	
Current liabilities						
Accounts & other payables	438	405	384	398	435	
ST debt & bond	2,671	1,590	1,790	1,790	1,790	
Current portion of LT debt	885	830	1,240	842	842	
Others	1,290	1,362	1,505	1,662	1,842	
Non-current liabilities						
LT debt & financial liabilities	5,483	4,120	4,222	3,396	2,569	
Deferred tax liabilities	25	19	20	20	20	
Other non-current liabilities	2,073	7,277	8,054	7,200	7,710	
Total liabilities	15,837	14,819	17,305	15,349	15,276	
Controlling interest						
Capital stock	1,443	1,651	1,651	1,651	1,651	
Additional paid-in capital	23	1,307	1,307	1,307	1,307	
Other Reserves	(2)	(2)	(2)	(2)	(2)	
Retained earnings	5,382	5,705	6,064	6,910	7,986	
Minority interest	2,240	2,569	2,684	2,832	3,002	
Shareholders' equity	9,086	11,230	11,704	12,698	13,944	
Cash flow		(IDR bn)				
FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F	
C/F from operating						
Net profit	180	324	359	846	1,076	
Depreciation	259	250	242	235	228	
Net incr. in W/C	(462)	1,870	97	70	(175)	
C/F from investing						
CAPEX	(462)	(521)	(268)	(252)	(255)	
Others	(18)	23	(14)	(14)	(14)	
C/F from financing						
Incr. in equity	120	1,591	(58)	(58)	(58)	
Incr. in debts	374	(2,421)	(1,740)	(842)	(842)	
Dividends	(0)	(0)	-	-	-	
Others	-	-	-	-	-	
C/F from others						
	(8)	1,117	(1,381)	(15)	(40)	
Increase in cash						

Income statement		(IDR bn)				
FY-ending Dec. (IDR bn)	2020A	2021A	2022F	2023F	2024F	
Sales	5,030	5,568	6,540	7,574	9,022	
COGS	(2,738)	(2,974)	(3,092)	(3,641)	(4,657)	
Gross profit	2,292	2,594	2,876	3,429	3,820	
SG&A expense	(1,022)	(1,040)	(1,113)	(1,225)	(1,345)	
Operating profit	1,270	1,554	1,763	2,204	2,475	
Financial income						
Interest income	190	192	108	69	70	
Financial expense						
Interest expense	(1,033)	(1,002)	(1,180)	(990)	(967)	
Other non-operating profit	6	3	13	13	13	
Gains (Losses) in associates, subsidiaries and JV	6	8	10	10	10	
Earnings before tax	440	756	714	1,306	1,601	
Income taxes	(194)	(206)	(240)	(311)	(355)	
Net profit	180	324	359	846	1,076	
Non-controlling interest						
Other comprehensive profit	-	-	-	-	-	
Total comprehensive profit	-	-	-	-	-	
Total comprehensive profit of controlling interest	-	-	-	-	-	
EBITDA	1,535	1,808	2,018	2,452	2,717	

Key financial data

FY-ending Dec.	2020A	2021A	2022F	2023F	2024F
per share data (IDR)					
EPS	12.5	19.6	21.8	51.2	65.2
BPS	474.5	524.6	546.4	597.7	662.8
DPS	0.0	0.0	-	-	-
Growth (%)					
Sales growth	(15.3)	10.7	17.5	15.8	19.1
OP growth	(19.6)	22.4	13.4	25.0	12.3
NP growth	(59.9)	123.6	(13.8)	109.7	25.3
EBITDA growth	(16.9)	17.7	11.7	21.5	10.8
Profitability (%)					
OP margin	25.2	27.9	27.0	29.1	27.4
NP margin	4.9	9.9	7.2	13.1	13.8
EBITDA margin	30.5	32.5	30.9	32.4	30.1
ROA	1.0	2.2	1.7	3.5	4.4
ROE	2.7	5.4	4.1	8.1	9.4
Dividend yield	-	-	-	-	-
Dividend payout ratio	-	-	-	-	-
Stability					
Net debt (IDR bn)	7,795.8	4,265.4	4,619.5	3,807.2	3,020.6
Int.-bearing debt/equity (%)	104.0	62.7	51.4	40.8	31.3
Valuation (X)					
PE	45.3	28.8	25.9	11.0	8.7
PB	1.2	1.1	1.0	0.9	0.9
EV/EBITDA	10.4	6.9	6.3	4.9	4.1

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