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**PT Alam Sutera Realty Tbk is a full service real estate company. The company develops and manages residential, commercial, leisure, and recreational projects.**

**Current Price: IDR 525**

**52-Week Target Price: IDR 515**

*Previous Target Price: IDR 450*



#### Share Price Performance

Price (IDR)	525
52-Week High (07/29/15)	560
52-Week Low (09/29/15)	307
52-Week Beta	1.86
YTD Change/%	182 / 53.06%

#### Stock Information

Market Cap (IDR)	10,315.9 B
Shares Out/Float (M)	19,649.4 / 9,533

## Company Update

### PT Alam Sutera Realty Tbk (ASRI)

## 1H16 Earnings Review

**NEUTRAL**

**NEUTRAL with TP IDR 515/Share**

We change our rating to NEUTRAL with 52-week target price at IDR 515/share (60% discount to NAV). The target price implies 13x PER FY16E and 8x FY17F.

#### Weak 2Q16 Results

On quarterly basis, the company reported weak results across the board in 2Q16. In this quarter alone, top line revenue decreased by 48% QoQ and 40% YoY to IDR 442.4bn, while gross profit also decreased by 65% QoQ and 68% YoY to IDR 194bn. Net profit to reach IDR 30.7bn, a significant fell by 94% QoQ, due to higher operating expenses.

#### Lower Operating Expenses Rescue 1H16 Net Profit Growth

In 1H16, revenue dropped by 26% YoY to IDR 1.3tn and COGS jumped by 51% YoY to IDR 543.8bn which has made gross profit fell by 46% YoY to IDR 741.5bn. Gross margin compressed to 58% from 79% in 1H15. However on the back of significantly lower operating expenses by 79% YoY to IDR 172.7bn, net profit increased by 4% YoY to IDR 559.6bn with its net margin increased to 44% from 31% in 1H15.

#### 6M16 Presales Achieved 19% FY16E Target

In the period of the first six months this year, the company achieved IDR 1tn or equal to 19% of its FY16E target of IDR 5tn. In the industry, the achievement was considerably lower than its peers.

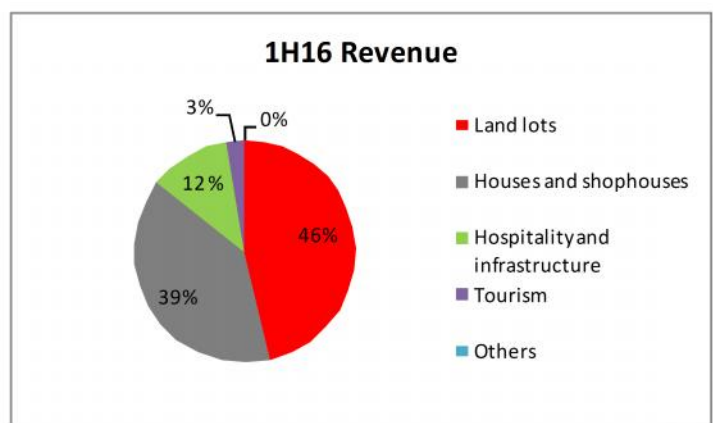
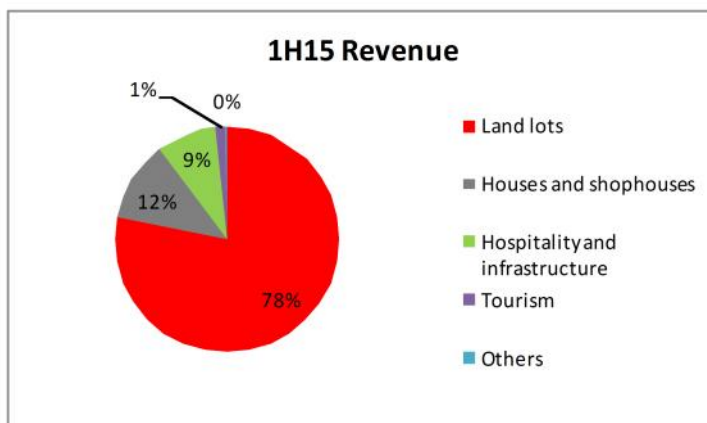
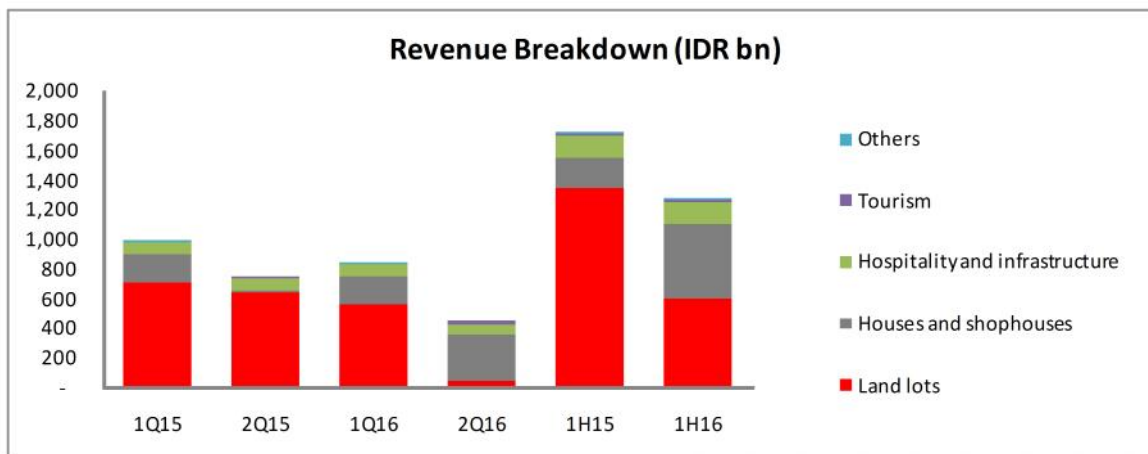
#### Security Deposit Disbursement for Development in Pasar Kemis

As a follow-up from the previous agreement to build a joint venture company in order to develop a 100 ha of land in Pasar Kemis, the company will disburse a security deposit loan with a total value of IDR 1.45tn or equal to RMB 713mn from China Fortune Land Development Co. Ltd. The fund will be used for the development of industrial estate in the area.

I/S (IDR bn)	2014	2015	2016E	2017F	2018F
Revenue	3,630	2,783	2,567	3,830	6,586
Gross profit	2,306	2,056	1,899	2,834	4,872
Operating profit	1,725	1,484	1,398	2,086	3,587
Net profit	1,176	684	758	1,243	2,565
EPS - full amount	55.85	30.36	38.18	62.47	128.81

Source: Company Data, SinarMas Investment Research

Income Statement (in billion of IDR)	1Q15	2Q15	1Q16	2Q16	QoQ	YoY	1H15	1H16	YoY
Revenues	990.66	741.92	842.87	442.43	-48%	-40%	1,732.58	1,285.30	-26%
Cost of Revenues	225.04	136.13	295.34	248.42	-16%	82%	361.17	543.76	51%
Gross Profit	765.61	605.79	547.53	194.01	-65%	-68%	1,371.41	741.54	-46%
<i>margin</i>	<i>77%</i>	<i>82%</i>	<i>65%</i>	<i>44%</i>			<i>79%</i>	<i>58%</i>	
Operating Expenses	470.02	346.34	25.93	146.80	466%	-58%	816.36	172.73	-79%
Income Before Tax Expenses	295.59	259.46	521.60	47.21	-91%	-82%	555.04	568.81	2%
Tax Expense/(Benefits)	(23.46)	42.88	(7.25)	16.49	328%	-62%	19.41	9.24	-52%
Income for the Period	319.05	216.58	528.84	30.73	-94%	-86%	535.63	559.57	4%
<i>margin</i>	<i>32%</i>	<i>29%</i>	<i>63%</i>	<i>7%</i>			<i>31%</i>	<i>44%</i>	
Other Comprehensive Income/(Loss)	0.96	-	0.31	0.31	0%	#DIV/0!	0.96	0.62	-35%
Total Comprehensive Income	320.00	216.58	529.15	31.04	-94%	-86%	536.58	560.19	4%
Total profit for the period attributable to:									
Owners of the parent company	279.58	174.78	527.39	30.69	-94%	-82%	454.36	558.09	23%
Non-controlling interest	39.47	41.80	1.45	0.03	-98%	-100%	81.27	1.49	-98%
	319.05	216.58	528.84	30.73	-94%	-86%	535.63	559.57	4%
EPS (full amount)	14.23	8.94	26.84	1.56	-94%	-83%	23.17	28.40	23%



**Appendix I: Financial Statements**

<b>Balance Sheet (in billion of IDR)</b>	<b>2014</b>	<b>2015</b>	<b>2016E</b>	<b>2017F</b>	<b>2018F</b>
Cash and cash equivalents	881	638	1,553	897	468
Time deposits	380	300	273	410	702
Inventories	931	1,156	862	1,439	2,343
Prepaid taxes	356	440	323	536	875
<b>Total Current Assets</b>	<b>3,188</b>	<b>2,699</b>	<b>3,313</b>	<b>3,621</b>	<b>5,068</b>
Other non-current financial assets	571	751	549	926	1,500
Inventories	2,821	4,394	3,024	5,280	8,417
Land for development	7,367	8,481	8,981	9,381	9,681
Investment properties	1,079	1,042	1,032	1,020	1,007
Fixed assets	958	1,097	1,247	1,397	1,547
<b>Total Non-current Assets</b>	<b>13,736</b>	<b>16,011</b>	<b>15,277</b>	<b>18,503</b>	<b>23,152</b>
Trade payables					
- Third parties	143	1,031	510	1,086	1,587
- Related parties	17	2	5	5	11
Sales advances	1,850	1,847	1,506	2,395	3,991
<b>Total Current Liabilities</b>	<b>2,803</b>	<b>3,752</b>	<b>2,596</b>	<b>4,459</b>	<b>7,163</b>
Long term bank loans	230	1,072	1,590	1,590	1,590
Sales advances	1,037	949	804	1,253	2,108
Bond payable	6,376	6,218	6,072	6,072	6,072
<b>Total Non-current Liabilities</b>	<b>7,750</b>	<b>8,355</b>	<b>8,564</b>	<b>9,061</b>	<b>10,006</b>
Share capital	1,965	1,965	1,965	1,965	1,965
Retained earnings					
- Appropriated	2	4	6	8	10
- Unappropriated	3,598	4,057	4,745	5,897	8,305
<b>Total Equity Attributable to Owners of the Parent</b>	<b>6,118</b>	<b>6,454</b>	<b>7,269</b>	<b>8,423</b>	<b>10,833</b>
Non-controlling interest	253	148	159	177	214
<b>TOTAL EQUITY</b>	<b>6,371</b>	<b>6,602</b>	<b>7,428</b>	<b>8,600</b>	<b>11,047</b>

<b>Income Statement (in billion of IDR)</b>	<b>2014</b>	<b>2015</b>	<b>2016E</b>	<b>2017F</b>	<b>2018F</b>
Sales, Services and Other Revenues	3,631	2,784	2,568	3,831	6,587
Cost of Sales, Services and Other Revenues	1,324	728	668	997	1,714
<b>Gross Profit</b>	<b>2,307</b>	<b>2,056</b>	<b>1,900</b>	<b>2,834</b>	<b>4,873</b>
Operating Expenses					
Selling Expenses	153	122	90	134	231
General and Administrative Expenses	246	307	283	422	725
Final Tax	183	143	128	192	329
<b>Total Operating Expenses</b>	<b>581</b>	<b>571</b>	<b>501</b>	<b>747</b>	<b>1,285</b>
<b>Operating Income</b>	<b>1,725</b>	<b>1,485</b>	<b>1,399</b>	<b>2,087</b>	<b>3,587</b>
Total Other Income/(Expenses)	(476)	(726)	(557)	(708)	(742)
<b>Income Before Tax Expenses</b>	<b>1,249</b>	<b>759</b>	<b>842</b>	<b>1,379</b>	<b>2,846</b>
Total Tax Expenses/(Benefits)	72	75	83	136	280
<b>Income for The Year</b>	<b>1,177</b>	<b>684</b>	<b>759</b>	<b>1,243</b>	<b>2,566</b>

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