

**A challenging time.** We expect BSDE pre-sales to decline by 11% YoY in 2020E to IDR 5.8tn due to the COVID-19 outbreak. Our pre-sales forecast derived from 40%/25%/10% lower pre-sales in 2Q/3Q/4Q20 respectively. We are expecting pre-sales to improve slowly in 3Q20 and better in 4Q20. Moreover, we forecast recurring income will decline by 23% in 2020 as it directly impacted by the massive social distancing mandate from the Government. We believe vaccine or effective drugs is necessary to reopen society, then the developers' recurring income businesses could improve. Before that, we believe people's spending behavior will not back to normal as before the COVID-19 pandemic. Until then, people are also likely to withhold making significant discretionary purchases which include property.

**3M20 pre-sales not yet reflected the impact of COVID-19, expect revision after 1H20 results.** Pre-sales recorded at IDR 1.8tn (+15% YoY) and achieved 25% of the company's FY20 pre-sales target of IDR 7.2tn. The sales were backed by more launches during the period and a few land plot sales which one of them (IDR 226bn) sold to the Government of Indonesia related to Serpong-Balaraja toll road. Segment-wise, housing/shophouse booked growth of 59%/214% YoY respectively, while apartment sales decreased by 86% YoY. We expect BSDE to revise its FY20 pre-sales target after 2Q20 results due to weaker economic condition. BSDE also held a "Move-in Quickly" promotion which offers a price discount for units launched prior to 2019, in an effort to increase inventory monetization.

**Maintain our BUY with lower TP.** We lower our TP for BSDE to IDR 1,025 which reflects a 75% discount to its NAV and 0.6x FY20 PBV. At current, BSDE is traded at an undemanding valuation of 0.4x PBV. We believe, BSDE should be able to hold out at the current condition. The balance sheet remains healthy with a strong cash position, naturally hedge debt, and no massive short-term mature debt. Strategy wise, the company has been maintaining cash-flow and preserve liquidity with temporarily pausing the construction progress of newly launched projects and halt land acquisition plan for this year.

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#### Stock Information

Sector	Property
Bloomberg Ticker	BSDE IJ
Market Cap. (IDR tn)	13.1
Share Out./Float (mn)	19,247/7,662
Current Price	680
52-week Target Price	1,025
Upside (%)	50.7%

#### Share Price Performance

52W High (06/21/19)	1,580
52W Low (03/24/20)	590
52W Beta	1.6
YTD Change (%)	-45.0%

#### Relative Valuations

Trailing P/E	7.7x
Forward P/E	21.1x
P/BV	0.6x

Highlights (IDR Bn)	2018	2019	2020E	2021F	2022F
Pre-sales	6,219	6,480	5,760	6,500	7,000
growth (%)	-14.0%	4.2%	-11.1%	12.8%	7.7%
Revenue	6,629	7,085	6,019	6,082	6,089
Revenue growth (%)	-35.9%	6.9%	-15.0%	1.0%	0.1%
EBITDA	2,270	2,591	1,736	1,753	1,666
Net Profit	1,294	2,791	935	1,242	1,167
EPS (IDR)	67	145	49	65	61
EPS growth (%)	-73.7%	115.7%	-66.5%	32.9%	-6.0%
P/E (x)	15.2	7.1	21.1	15.9	16.9
P/BV (x)	0.7	0.6	0.6	0.6	0.5

**BSDE earnings forecast revision**

IDR bn	Old		New		Change	
	2020E	2021F	2020E	2021F	2020E	2021F
Revenue	6,560	6,901	6,019	6,082	-8.2%	-11.9%
Gross profit	4,725	4,956	4,236	4,334	-10.4%	-12.5%
GPM	72.0%	71.8%	70.4%	71.3%		
Operatig profit	1,941	2,052	1,635	1,654	-15.8%	-19.4%
OPM	29.6%	29.7%	27.2%	27.2%		
Profit before tax	1,759	1,900	1,059	1,394	-39.8%	-26.6%
Net profit	1,567	1,693	935	1,242	-40.4%	-26.6%
NPM	23.9%	24.5%	15.5%	20.4%		

Source: Company data, Sinarmas Investment Research

**Cut earnings assumption.** We reduce our earnings estimate by 40% for 2020E and 27% for 2021F due to impact of COVID-19 pandemic and an absent of one-off gain like in 2019.

<b>Income Statement (IDR Bn)</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021F</b>	<b>2022F</b>
<b>Revenue</b>	<b>6,629</b>	<b>7,085</b>	<b>6,019</b>	<b>6,082</b>	<b>6,089</b>
% growth	-35.9%	6.9%	-15.0%	1.0%	0.1%
Cost of revenues	1,874	2,019	1,784	1,748	1,762
% growth	-32.0%	7.7%	-11.6%	-2.0%	0.8%
<b>Gross profit</b>	<b>4,755</b>	<b>5,066</b>	<b>4,236</b>	<b>4,334</b>	<b>4,327</b>
% growth	-37.4%	6.6%	-16.4%	2.3%	-0.2%
Operating expenses	2,589	2,537	2,601	2,681	2,758
% growth	2.4%	-2.0%	2.5%	3.1%	2.9%
<b>Operating profit</b>	<b>2,165</b>	<b>2,529</b>	<b>1,635</b>	<b>1,654</b>	<b>1,569</b>
% growth	-57.2%	16.8%	-35.4%	1.1%	-5.1%
<b>EBITDA</b>	<b>2,270</b>	<b>2,591</b>	<b>1,736</b>	<b>1,753</b>	<b>1,666</b>
% growth	-56.1%	14.1%	-33.0%	0.9%	-5.0%
Net interest	-526	-581	-645	-529	-679
<b>Earnings before tax</b>	<b>1,760</b>	<b>3,165</b>	<b>1,059</b>	<b>1,394</b>	<b>1,310</b>
% growth	-66.3%	79.8%	-66.6%	31.7%	-6.0%
Tax	-59	-35	-11	-14	-13
<b>Net income</b>	<b>1,294</b>	<b>2,791</b>	<b>935</b>	<b>1,242</b>	<b>1,167</b>
% growth	-73.7%	115.7%	-66.5%	32.9%	-6.0%
<b>EPS (IDR)</b>	<b>67</b>	<b>145</b>	<b>49</b>	<b>65</b>	<b>61</b>
% growth	-73.7%	115.7%	-66.5%	32.9%	-6.0%

<b>Balance Sheet (IDR Bn)</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021F</b>	<b>2022F</b>
Cash & equivalents	8,139	6,860	6,603	3,849	6,413
Trade receivables	293	181	235	220	205
Inventories	9,044	10,177	10,168	10,700	11,278
Others	3,472	7,039	5,329	5,079	5,124
<b>Total Current Assets</b>	<b>20,949</b>	<b>24,257</b>	<b>22,335</b>	<b>19,848</b>	<b>23,020</b>
LT Investment	15,562	15,318	15,654	15,715	15,850
Net fixed assets	677	632	575	510	448
Other LT assets	14,915	14,239	14,633	15,296	16,015
<b>Total Assets</b>	<b>52,101</b>	<b>54,445</b>	<b>53,197</b>	<b>51,369</b>	<b>55,333</b>
Short-term loans	827	641	4,795	0	8,340
Payables	1,163	695	1,031	974	945
Others	4,242	4,823	3,140	3,425	3,679
<b>Total Current Liabilities</b>	<b>6,231</b>	<b>6,159</b>	<b>8,966</b>	<b>4,399</b>	<b>12,964</b>
Long-term debt	13,131	12,766	7,971	9,971	3,631
Other liabilities	2,452	1,971	2,056	2,104	2,251
<b>Total Liabilities</b>	<b>21,815</b>	<b>20,897</b>	<b>18,994</b>	<b>16,474</b>	<b>18,846</b>
<b>Total Equity</b>	<b>30,287</b>	<b>33,548</b>	<b>34,204</b>	<b>34,895</b>	<b>36,487</b>

Source: Company data, Sinarmas Investment Research

Cash Flow (IDR Bn)	2018	2019	2020E	2021F	2022F
Net Income	1,294	2,791	935	1,242	1,167
Depreciation	384	356	433	438	453
Chg in working cap.	752	4,472	-317	40	383
<b>CF from operating</b>	<b>926</b>	<b>-1,325</b>	<b>1,685</b>	<b>1,640</b>	<b>1,237</b>
Chg in fixed asset	31	44	66	55	55
Chg in LT assets	3,519	-653	1,042	1,042	1,190
Chg in LT liabilities	301	-481	85	48	147
<b>CF from investing</b>	<b>-3,249</b>	<b>128</b>	<b>-1,023</b>	<b>-1,049</b>	<b>-1,099</b>
Chg in equity	-261	490	-241	-501	472
Chg in ST loans	-1,224	-186	4,155	-4,795	8,340
Chg in LT loans	6,097	-365	-4,795	2,000	-6,340
Dividend	-57	20	37	50	47
<b>CF from financing</b>	<b>4,670</b>	<b>-82</b>	<b>-919</b>	<b>-3,346</b>	<b>2,426</b>
Net Cashflow	2,346	-1,279	-257	-2,754	2,564
Beginning of Cash	5,793	8,139	6,860	6,603	3,849
<b>Ending Cash</b>	<b>8,139</b>	<b>6,860</b>	<b>6,603</b>	<b>3,849</b>	<b>6,413</b>

Financial Ratios (%)	2018	2019	2020E	2021F	2022F
<b>Profitability</b>					
ROA	2.5%	5.1%	1.8%	2.4%	2.1%
ROE	5.0%	9.6%	3.1%	3.9%	3.6%
Gross profit margin	71.7%	71.5%	70.4%	71.3%	71.1%
Operating margin	32.7%	35.7%	27.2%	27.2%	25.8%
Net margin	19.5%	39.4%	15.5%	20.4%	19.2%
<b>Solvency &amp; Liquidity</b>					
Interest cover (x)	2.4	2.4	1.7	2.2	1.7
Debt to equity (x)	0.5	0.4	0.4	0.3	0.3
Net debt to equity (x)	0.2	0.2	0.2	0.2	0.2
Current ratio	3.4	3.9	2.5	4.5	1.8
Quick ratio	1.9	2.3	1.4	2.1	0.9
<b>Valuations</b>					
P/E (x)	15.2	7.1	21.1	15.9	16.9
P/BV (x)	0.7	0.6	0.6	0.6	0.5
<b>Key Assumption</b>					
Pre-sales growth	-14.0%	4.2%	-11.1%	12.8%	7.7%

Source: Company data, Sinarmas Investment Research

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