

**3Q20: Robust recovery led by development revenue.** BSDE reported 9M20 revenue of IDR 4.28tn (-18.2% YoY), forming 71%/70% of our/consensus estimate. On 3Q20 alone, BSDE posted revenue of IDR 1.94tn (+130.6% QoQ, +19.2% YoY), a strong recovery driven by a 180% QoQ increased in development revenue. On the other hand, its recurring income showed a +2% QoQ increased, whereas rental/hotel/recreation/building management posted -10%/+251%/-62%/+54% QoQ growth. Profitability wise, BSDE's GPM improved to 72.9% in 3Q20 from 66.7% in 2Q20 due to its recognition from higher-margin products as well as improvement in the investment properties business. On the cost side, BSDE managed to decrease Opex by 5% QoQ/24% YoY through efficiency initiatives which also help the company back to profit at the operating level in 3Q20. Net profit in 3Q20 came in at IDR 558.9bn which brings 9M20 profit to IDR 469.6bn (-80% YoY), in-line as it reached 51% of our estimate, while it formed 40% of the consensus.

**Good products are well sold.** BSDE reported 9M20 pre-sales of IDR 4.7tn (-10.5% YoY) and reached 65% of its un-revised FY20E pre-sales target (IDR 7.2tn). The 3Q20 period was the strongest quarter year-to-date with IDR 1.82tn of pre-sales booked. Housing and shophouse contributed 70%/24% of the total pre-sales and posted growth of +116% QoQ/503% QoQ respectively, driven by successful product launches and MIQ promotion initiative. We are of the view that pre-sales performance should continue to perform despite the Covid-19 condition as housing is a basic need which is also supported by the low-interest-rate environment. Thus, BSDE who focuses on the current trend with attractive price point (<IDR 2bn), attractive features, and a good location landed housing should enjoy strong sales performance. We are positive for BSDE to at least matching the 2019 pre-sales achievement of IDR 6.5tn in FY20E (90% of target).

**Maintain BUY with higher TP.** We reiterate our BUY recommendation for BSDE and raised our TP to IDR 1,100, implying a 75% discount to its NAV and 0.57x FY21 PBV. BSDE is our top picks for the sector as it showed robust pre-sales performance, Covid-19-adjusted strategy, and strong balance sheet. Nevertheless, BSDE is currently trading cheap at attractive valuation of 0.47x FY21E PBV and provides a decent upside. We are turning more positive on the sector which we believe will continue to improve going forwards driven by ample housing backlog in Indonesia and recovery in the economic outlook. The downside risk to our call is prolonged Covid-19 condition.

Highlights (IDR Bn)	2018	2019	2020E	2021F	2022F
Pre-sales	6,219	6,480	6,480	6,500	6,700
growth (%)	-14.0%	4.2%	0.0%	0.3%	3.1%
Revenue	6,629	7,085	6,040	6,533	6,900
Revenue growth (%)	-35.9%	6.9%	-14.7%	8.2%	5.6%
EBITDA	2,270	2,591	2,074	2,381	2,556
Net Profit	1,294	2,791	916	1,480	1,379
EPS (IDR)	67	145	48	77	72
EPS growth (%)	-73.7%	115.7%	-67.2%	61.6%	-6.8%
P/E (x)	13.5	6.2	19.0	11.8	12.6
P/BV (x)	0.6	0.5	0.5	0.5	0.4

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#### Stock Information

Sector	Property
Bloomberg Ticker	BSDE IJ
Market Cap. (IDR tn)	19.2
Share Out./Float (mn)	21,171/8,178
Current Price	905
52-week Target Price	1,100
Upside (%)	21.5%

#### Share Price Performance

52W High (11/04/19)	1,425
52W Low (05/13/20)	585
52W Beta	1.5
YTD Change (%)	-27.9%

#### Relative Valuations

Trailing P/E	19.1x
Forward P/E	11.8x
P/BV	0.6x

### BSDE 3Q20 Earnings Summary

IDR bn	3Q19	2Q20	3Q20	QoQ	YoY	9M19	9M20	YoY	% DH	% Cons
Revenue	1,629	842	1,942	130.6%	19.2%	5,231	4,280	-18.2%	70.8%	70.3%
Gross profit	1,096	562	1,415	152.0%	29.2%	3,742	3,020	-19.3%		
Operating profit	363	(18)	837	-4759.7%	130.6%	1,844	1,325	-28.1%		
Profit before tax	270	(330)	643	-294.9%	138.7%	2,527	626	-75.2%		
Net profit	218	(349)	559	-260.2%	156.8%	2,310	470	-79.7%	51.3%	39.5%
Gross margin	67.3%	66.7%	72.9%			71.5%	70.6%			
Operating margin	22.3%	-2.1%	43.1%			35.2%	31.0%			
Net profit margin	13.4%	-41.4%	28.8%			44.2%	11.0%			

Source: Company data, Sinarmas Investment Research

### BSDE 9M20 pre-sales performance

BSDE	3Q19	2Q20	3Q20	QoQ	YoY	9M19	9M20	YoY
Housing	1,156	589	1,273	116%	10%	2,383	2,920	23%
Land Plots	586	133	(33)	-125%	-106%	844	625	-26%
Strata Title	146	122	148	21%	1%	896	346	-61%
Industrial	-	-	-	N/A	N/A	-	-	N/A
Shophouse	647	72	432	503%	-33%	854	638	-25%
Land Plots - JV	-	181	-	-100%	N/A	287	181	-37%
<b>TOTAL</b>	<b>2,535</b>	<b>1,096</b>	<b>1,820</b>	<b>66%</b>	<b>-28.2%</b>	<b>5,264</b>	<b>4,710</b>	<b>-11%</b>

Source: Company data, Sinarmas Investment Research

### BSDE earnings forecast revision

IDR bn	Old		New		Change	
	2020E	2021F	2020E	2021F	2020E	2021F
Revenue	6,019	6,082	6,040	6,533	0.4%	7.4%
Gross profit	4,236	4,334	4,266	4,675	0.7%	7.9%
GPM	70.4%	71.3%	70.6%	71.6%		
Operating profit	1,635	1,654	1,998	2,304	22.2%	39.3%
OPM	27.2%	27.2%	33.1%	35.3%		
Profit before tax	1,059	1,394	1,120	1,741	5.8%	24.9%
Net profit	935	1,242	916	1,480	-2.0%	19.2%
NPM	15.5%	20.4%	15.2%	22.7%		

Source: Company data, Sinarmas Investment Research

**Revising our forecast.** We lowered our FY20E and increased our FY21F EPS by 2%/19% as we baking in an investment property business profitability improvement during a more positive Covid-19 condition and better economic outlook in 2021.

<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>6,040</b>	<b>6,533</b>	<b>6,900</b>
% growth	-35.9%	6.9%	-14.7%	8.2%	5.6%
Cost of revenues	1,874	2,019	1,774	1,858	1,976
% growth	-32.0%	7.7%	-12.1%	4.7%	6.3%
<b>Gross profit</b>	<b>4,755</b>	<b>5,066</b>	<b>4,266</b>	<b>4,675</b>	<b>4,924</b>
% growth	-37.4%	6.6%	-15.8%	9.6%	5.3%
Operating expenses	2,589	2,537	2,268	2,371	2,448
% growth	2.4%	-2.0%	-10.6%	4.5%	3.3%
<b>Operating profit</b>	<b>2,165</b>	<b>2,529</b>	<b>1,998</b>	<b>2,304</b>	<b>2,476</b>
% growth	-57.2%	16.8%	-21.0%	15.3%	7.4%
<b>EBITDA</b>	<b>2,270</b>	<b>2,591</b>	<b>2,074</b>	<b>2,381</b>	<b>2,556</b>
% growth	-56.1%	14.1%	-20.0%	14.8%	7.4%
Net interest	(526)	(581)	(764)	(423)	(714)
<b>Earnings before tax</b>	<b>1,760</b>	<b>3,165</b>	<b>1,120</b>	<b>1,741</b>	<b>1,654</b>
% growth	-66.3%	79.8%	-64.6%	55.4%	-5.0%
Tax	(59)	(35)	(11)	(17)	(17)
<b>Net income</b>	<b>1,294</b>	<b>2,791</b>	<b>916</b>	<b>1,480</b>	<b>1,379</b>
% growth	-73.7%	115.7%	-67.2%	61.6%	-6.8%
<b>EPS (IDR)</b>	<b>67</b>	<b>145</b>	<b>48</b>	<b>77</b>	<b>72</b>
% growth	-73.7%	115.7%	-67.2%	61.6%	-6.8%

<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	13,285	8,155	13,211
Trade receivables	293	181	236	237	232
Inventories	9,044	10,177	10,420	10,785	11,325
Others	3,472	7,039	5,428	5,117	5,190
<b>Total Current Assets</b>	<b>20,949</b>	<b>24,257</b>	<b>29,369</b>	<b>24,293</b>	<b>29,958</b>
LT Investment	15,562	15,318	15,654	15,717	15,897
Net fixed assets	677	632	606	569	532
Other LT assets	14,915	14,239	14,742	15,426	16,116
<b>Total Assets</b>	<b>52,101</b>	<b>54,445</b>	<b>60,372</b>	<b>56,004</b>	<b>62,503</b>
Short-term loans	827	641	4,795	0	12,840
Payables	1,163	695	1,026	1,036	1,060
Others	4,242	4,823	3,471	3,463	3,611
<b>Total Current Liabilities</b>	<b>6,231</b>	<b>6,159</b>	<b>9,293</b>	<b>4,499</b>	<b>17,511</b>
Long-term debt	13,131	12,766	12,471	12,471	3,631
Other liabilities	2,452	1,971	2,197	2,172	2,319
<b>Total Liabilities</b>	<b>21,815</b>	<b>20,897</b>	<b>23,961</b>	<b>19,142</b>	<b>23,462</b>
<b>Total Equity</b>	<b>30,287</b>	<b>33,548</b>	<b>36,411</b>	<b>36,862</b>	<b>39,041</b>

Source: Company data, Sinarmas Investment Research

Cash Flow (IDR Bn)	2018	2019	2020E	2021F	2022F
Net Income	1,294	2,791	916	1,480	1,379
Depreciation	384	356	402	411	432
Chg in working cap.	752	4,472	(292)	53	437
<b>CF from operating</b>	<b>926</b>	<b>(1,325)</b>	<b>1,610</b>	<b>1,838</b>	<b>1,375</b>
Chg in fixed asset	31	44	66	55	60
Chg in LT assets	3,519	(653)	1,151	1,064	1,207
Chg in LT liabilities	301	(481)	226	(25)	148
<b>CF from investing</b>	<b>(3,249)</b>	<b>128</b>	<b>(991)</b>	<b>(1,145)</b>	<b>(1,119)</b>
Chg in equity	(261)	490	1,984	(969)	855
Chg in ST loans	(1,224)	(186)	4,155	(4,795)	12,840
Chg in LT loans	6,097	(365)	(295)	0	(8,840)
Dividend	(57)	20	37	59	55
<b>CF from financing</b>	<b>4,670</b>	<b>(82)</b>	<b>5,806</b>	<b>(5,824)</b>	<b>4,799</b>
Net Cashflow	2,346	(1,279)	6,425	(5,130)	5,056
Beginning of Cash	5,793	8,139	6,860	13,285	8,155
<b>Ending Cash</b>	<b>8,139</b>	<b>6,860</b>	<b>13,285</b>	<b>8,155</b>	<b>13,211</b>

Financial Ratios (%)	2018	2019	2020E	2021F	2022F
<b>Profitability</b>					
ROA	2.5%	5.1%	1.5%	2.6%	2.2%
ROE	5.0%	9.6%	2.9%	4.5%	4.0%
Gross profit margin	71.7%	71.5%	70.6%	71.6%	71.4%
Operating margin	32.7%	35.7%	33.1%	35.3%	35.9%
Net margin	19.5%	39.4%	15.2%	22.7%	20.0%
<b>Solvency &amp; Liquidity</b>					
Interest cover (x)	2.4	2.4	1.5	2.5	2.0
Debt to equity (x)	0.5	0.4	0.5	0.3	0.4
Net debt to equity (x)	0.2	0.2	0.1	0.1	0.1
Current ratio	3.4	3.9	3.2	5.4	1.7
Quick ratio	1.9	2.3	2.0	3.0	1.1
<b>Valuations</b>					
P/E (x)	13.5	6.2	19.0	11.8	12.6
P/BV (x)	0.6	0.5	0.5	0.5	0.4
<b>Key Assumption</b>					
Pre-sales growth	-14.0%	4.2%	0.0%	0.3%	3.1%

Source: Company data, Sinarmas Investment Research

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