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PT Bumi Serpong Damai Tbk develops real estate including housing infrastructure, commercial, and industrial estates, golf courses, and public facilities.

Current Price: IDR 1,840

52-Week Target Price: IDR 2,200

Previous Target Price: IDR 2,200



Share Price Performance

Price (IDR)	1,840
52-Week High (04/07/15)	2,210
52-Week Low (09/29/15)	1,235
52-Week Beta	1.84
YTD Change/%	40 / 2.22%

Stock Information

Market Cap (IDR)	35,413.9 B
Shares Out/Float (M)	19,246.7 / 6,817

Company Update

PT Bumi Serpong Damai Tbk (BSDE)

The Ability to Execute

BUY

BUY TP IDR 2,200/share. We maintain our BUY rating with 52-week target price of IDR 2,200/share (50% discount to NAV). Despite the company's FY15 weak performances, BSDE is still our top pick in the sector. With huge cash balances and low gearing level, the company will have the ability to execute their projects very well. Also, we believe FY16E presales target, which relatively flat from last year, will be achieved on the back of domestic economy recovery.

FY15 Results Below Estimates. Revenue increased by 11% YoY to IDR 6.21tn (89% of our FY15). In line with the increase in revenue, gross profit also increased by 11% YoY to IDR 4.64tn with gross margin remains stable at 75%. Operating profit increased by 8% YoY to IDR 2.55tn. Net profit went down by 41% YoY to IDR 2.35tn (83% of our FY15) mainly due to the one time off transaction of PLIN acquisition gain recorded in FY14 amounting to IDR 1.5tn. However, if the acquisition excluded, net profit decreased by 6% YoY.

Strong Balance Sheet. The company has strong balance sheet on the back of their low debt to equity ratio (DER) of 32% and cash balances of IDR 6.11tn which was significantly increased by 117% YoY, mainly generated from more cash collection from customers, proceeds from new shares issuance amounting to IDR 1.6tn and from USD bond issuance amounting to USD 225mn. With this excellence, the company will have power to expand in the future.

Stable FY16E Presales Target. The company targets its marketing sales to reach IDR 6.86tn this year, increased by 2% YoY from IDR 6.76tn in FY15, with the composition ratio of 56% from residential sales and 44% from commercial sales. BSD City will contribute approximately 64% while new projects like Aerium, Tanjung Barat, and Jagir Condominiums will be around 13%. The Element Condominium will continue its presales and will target to IDR 525bn.

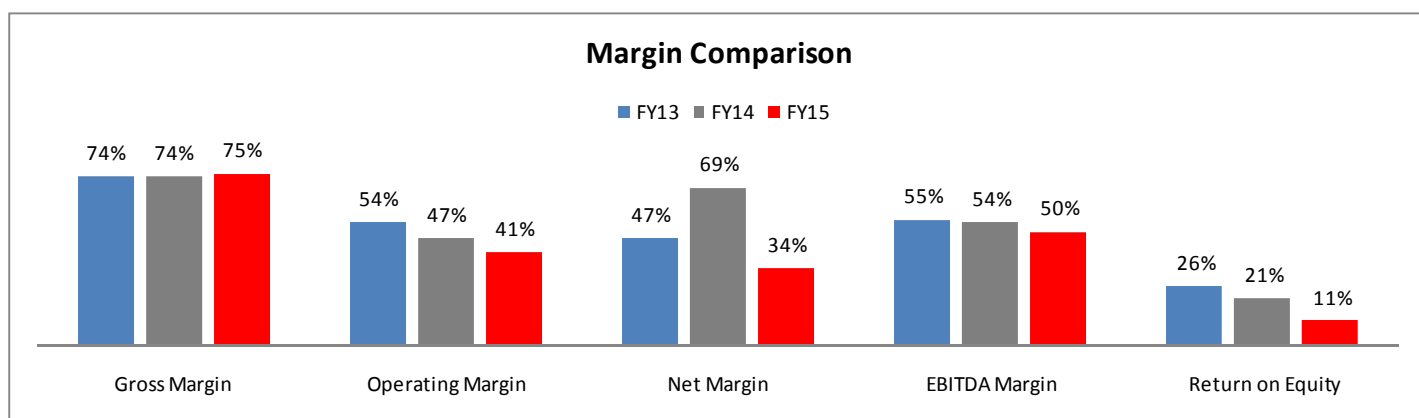
I/S (IDR bn)	2014	2015	2016E	2017F	2018F
Revenue	5,613	6,209	6,353	6,729	7,125
Gross profit	4,167	4,638	4,811	5,095	5,415
Operating profit	2,357	2,547	2,754	2,896	3,097
Net profit	3,993	2,351	2,928	3,311	3,648
EPS - full amount	211.19	112.44	145.04	164.00	180.68

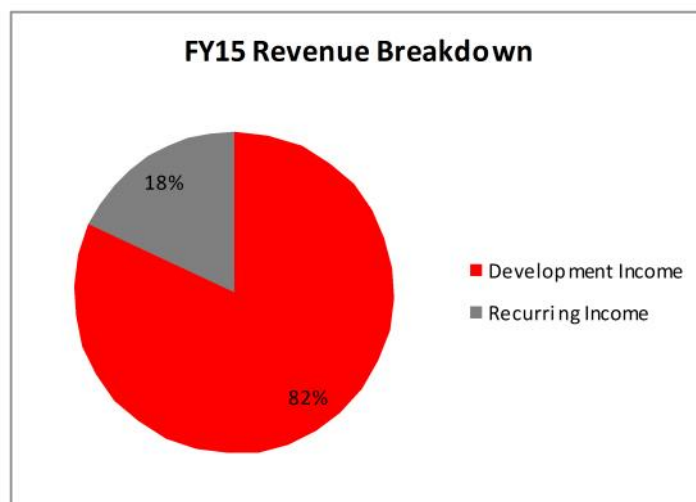
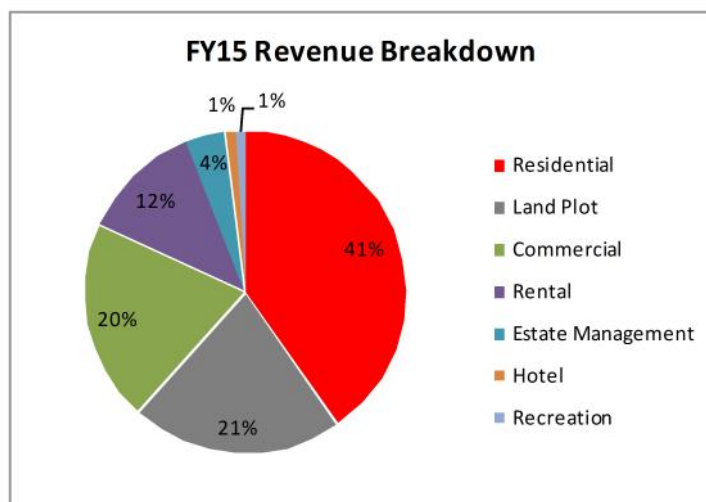
FY15 Results Below Estimates.

Revenue increased by 11% YoY to IDR 6.21tn (89% of our FY15). Sales development (+13% YoY) contributed by 82% to total revenue while recurring income (+15% YoY) contributed by 18%. The three biggest contributors to total revenue were residential, land plot and commercial sales by 40%, 21% and 20% in respectively, and the remaining 18% were coming from leasing office and retail mall spaces, estate management, and recreation park.

In line with the increase in revenue, gross profit also increased by 11% YoY to IDR 4.64tn with gross margin remains stable at 75%. Operating profit increased by 8% YoY to IDR 2.55tn. Although EBITDA increased by 4% YoY to IDR 3.08tn, EBITDA margin decreased by 4% YoY from 54% in FY14 to 50% in FY15 due to less land plot sales portion. Net profit went down by 41% YoY to IDR 2.35tn (83% of our FY15) mainly due to the one time off transaction of PLIN acquisition gain recorded in FY14 amounting to IDR 1.5tn. However, if the acquisition excluded, net profit decreased by 6% YoY.

Income Statement (in billion of IDR)	FY15	Margin %	FY14	Margin %	+/- %
Revenue	6,210		5,614		11%
Gross Profit	4,638	75%	4,167	74%	11%
Operating Profit	2,547	41%	2,358	42%	8%
EBITDA	3,083	50%	2,959	53%	4%
Profit Before Tax	2,362	38%	3,997	71%	-41%
Net Profit	2,351	38%	3,994	71%	-41%
Net Profit after MI	2,139	34%	3,818	68%	-44%
EPS (full amount)	112		211		-47%





Marketing Sales	FY14 Actual	FY15 Actual	+/-	%	FY16E Target	+/-	%
Residential							
BSD City	1,377,402	3,289,782	139%	49%	2,085,748	-37%	30%
Nava Park	600,398	560,948	-7%	8%	542,284	-3%	8%
Kota Wisata	336,975	248,282	-26%	4%	243,976	-2%	4%
Grand Wisata	381,770	321,142	-16%	5%	416,093	30%	6%
Taman Permata Buana	74,374	-	-100%	0%	-	0%	0%
Taman Banjar Wijaya	105,115	253,916	142%	4%	165,116	-35%	2%
Legenda Wisata	116,636	236,958	103%	4%	99,561	-58%	1%
Grand City Balikpapan	368,405	274,122	-26%	4%	225,153	-18%	3%
Grand City Samarinda	-	-	0%	0%	-	0%	0%
Total Residential	3,361,075	5,185,150	54%	77%	3,777,931	-27%	55%
Commercial							
BSD Commercial Lot	2,023,493	608,979	-70%	9%	792,473	30%	12%
BSD Com Product	863,144	709,522	-18%	11%	927,237	31%	14%
Aerium TPB	-	-	0%	0%	337,243	100%	5%
Element Rasuna	-	253,559	100%	4%	525,674	107%	8%
Tanjung Barat	-	-	0%	0%	247,875	100%	4%
Jagir Surabaya	-	-	0%	0%	256,195	100%	4%
Total Commercial	2,886,637	1,572,060	-46%	23%	3,086,697	96%	45%
JV Land							
HKL 68 ha	-	-	0%	0%	-	0%	0%
AEON 9.5 ha	-	-	0%	0%	-	0%	0%
TPB 1.8 ha	259,995	-	-100%	0%	-	0%	0%
Total JV Land	259,995	-	-100%	0%	-	0%	0%
TOTAL MARKETING SALES	6,507,707	6,757,210 ▲	4%	100%	6,864,628 ▲	2%	100%

Name of Projects	Land Area sqm	Price IDR mn/sqm	Ownership %	Net Asset Value IDR bn
DEVELOPED LAND				
BSD City	5,434,997	13.00	100%	46,986
Kota Wisata	1,085,417	4.50	85%	2,761
Grand Wisata	5,233,157	4.50	46%	7,204
Grand City	736,283	3.00	65%	955
Grand City	2,040,410	3.00	55%	2,239
Kota Bunga	64,715	1.50	85%	55
Mangga Dua Center	1,648	1.00	89%	1
Legenda Wisata	50,000	2.50	85%	71
Taman Permata Buana	30,000	15.00	71%	212
Taman Banjar Wijaya	130,000	5.00	89%	383
Bale Tirtawana	3,190,000	1.00	100%	2,121
SUBTOTAL	17,996,627			62,986
VACANT LAND				
BSD City	23,065,003	0.20	100%	4,382
Surabaya	3,094,162	0.20	89%	521
Makassar	53,667	0.10	68%	3
Cibubur	1,610,334	0.20	89%	271
Surabaya	31,005	0.10	100%	3
Palembang	1,434,681	0.15	60%	123
Jakarta	7,955	14.00	100%	106
Jakarta	55,000	25.00	100%	1,306
Duri Pulo	160,000	5.00	85%	646
Lakarsantri	400,000	1.50	100%	570
Lenteng Agung	56,000	20.00	85%	904
Jatiasih	839,154	0.10	85%	68
Surabaya	16,769	5.50	100%	88
South Gate	32,327	18.00	89%	490
SUBTOTAL	30,856,057			9,480
TOTAL LANDBANK	48,852,684			72,467
Investment Properties				12,694
TOTAL ASSET				85,160
Less Debt and Advances				9,433
Add Cash				6,109
NAV				81,837
No. of Shares (bn shares)				18.37
NAV/share				4,454
Discount to NAV				50%
Target Price				2,227

Appendix I: Financial Statements

Balance Sheet (in million of IDR)	2014	2015	2016E	2017F	2018F
Cash and cash equivalents	2,820,498	6,109,240	7,445,538	7,670,517	7,283,041
Inventories	5,015,819	6,547,652	5,454,906	6,294,878	6,765,964
Advances	2,017,735	2,786,108	2,343,073	2,639,725	2,873,501
Total Current Assets	11,168,088	16,789,560	16,329,723	17,645,786	18,029,095
Advances	-	618,959	633,323	670,734	710,295
Investment in shares	5,331,879	5,414,215	5,539,862	5,867,113	6,213,162
Land for development	8,038,489	8,594,183	9,285,747	9,965,323	10,607,665
Property and equipment	607,141	803,253	971,031	1,123,810	1,261,588
Investment properties	2,714,951	3,277,560	3,672,602	4,047,644	4,402,686
Total Noncurrent Assets	17,038,771	19,232,589	20,566,942	22,043,273	23,468,828
Short-term bank loans	1,420,000	1,897,000	-	-	-
Advances received	3,127,687	3,068,652	4,102,078	4,689,833	5,021,347
Rental advances	171,181	215,876	183,176	211,038	225,552
Long-term bank loan	1,024	91,628	34,086	34,086	-
Lease liabilities	17,119	66,830	107,898	-	-
Bonds payable	84,833	-	479,000	1,750,000	436,000
Total Current Liabilities	5,433,086	6,146,403	5,166,704	6,976,071	5,992,582
Advances received	724,928	763,716	1,275,820	1,231,789	1,376,195
Rental advances	345,935	491,204	427,886	466,702	512,603
Long-term bank loan	101,987	68,172	34,086	-	-
Lease liabilities	32,678	107,898	-	-	-
Bonds payable	2,649,518	5,693,363	5,156,000	3,406,000	2,970,000
Total Noncurrent Liabilities	4,333,603	7,779,055	7,182,405	5,418,968	5,193,110
Capital stock	1,837,185	1,924,670	1,924,670	1,924,670	1,924,670
Additional paid-in capital	4,812,272	6,378,253	6,378,253	6,378,253	6,378,253
Retained Earnings - Appropriated	31,813	33,813	35,813	37,813	39,813
Retained Earnings - Unappropriated	8,848,875	10,693,844	13,142,611	15,887,076	18,903,286
Total	15,348,604	18,849,521	21,300,387	24,046,851	27,065,062
Non-controlling Interests	3,091,566	3,247,169	3,247,169	3,247,169	3,247,169
TOTAL EQUITY	18,440,170	22,096,690	24,547,556	27,294,021	30,312,231

Income Statement (in million of IDR)	2014	2015	2016E	2017F	2018F
Revenues	5,613,890	6,209,574	6,353,679	6,729,004	7,125,888
Cost of Revenues	1,446,518	1,571,559	1,542,005	1,633,374	1,710,587
Gross Profit	4,167,372	4,638,016	4,811,674	5,095,630	5,415,301
Selling	455,706	530,182	529,122	567,455	597,177
General and Administrative	1,047,415	1,207,249	1,210,354	1,295,044	1,364,442
Final Tax	306,547	353,175	317,684	336,450	356,294
Total Operating Expenses	1,809,668	2,090,606	2,057,159	2,198,948	2,317,913
Operating Profit	2,357,704	2,547,410	2,754,515	2,896,682	3,097,388
Interest and Investment Income	277,249	251,445	549,832	670,098	690,347
Interest and Other Financial Charges	(384,629)	(574,967)	(362,403)	(240,389)	(122,882)
Other Income (Expenses) - net	(20,720)	(232,949)	187,429	429,709	567,465
Profit Before Tax	3,997,295	2,362,082	2,941,944	3,326,391	3,664,853
Current Tax Expense	3,308	10,702	13,329	15,071	16,604
Profit for the Year	3,993,987	2,351,380	2,928,615	3,311,320	3,648,249

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