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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 1,770

52-Week Target Price: IDR 2,200

Previous Target Price: IDR 2,200



Share Price Performance

Price (IDR)	1,770
52-Week High (04/20/16)	2,005
52-Week Low (09/29/15)	1,235
52-Week Beta	1.81
YTD Change/%	-30 / -1.67%

Stock Information

Market Cap (IDR)	34,066.7 B
Shares Out/Float (M)	19,246.7 / 6,817

Company Update

PT Bumi Serpong Damai Tbk (BSDE)

Size Does Matter

BUY

BUY TP IDR 2,200/share. We reiterate our BUY rating and maintain 52-week TP of IDR 2,200/share by using 50% discount to NAV. It still has 24% upside potential from its current price. The target price represents 15x PER FY16E.

Weak 1Q16 Results. 1Q16 net profit was reached to IDR 297.03bn, a decrease by 65% YoY, which only accounts 10% of our FY16E. The significant decrease in net profit was mainly due to a 32% YoY decrease in revenue, a loss on foreign exchange by IDR 8.97bn compared to IDR 46.89bn of gain in 1Q15, and an increase in interest expense to IDR 160.5bn from IDR 99.48bn in 1Q15 as caused by the USD 225mn of bond issuance in 2Q15 and also the increase in short-term loan. Net profit margin stood at 23%, fell from 52% in 1Q15.

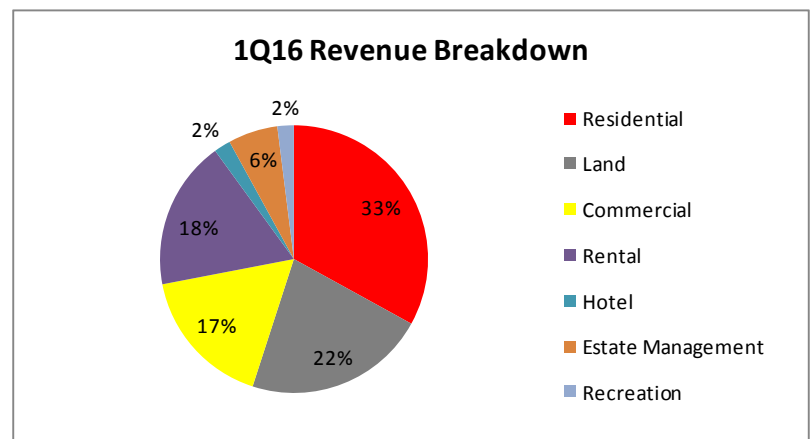
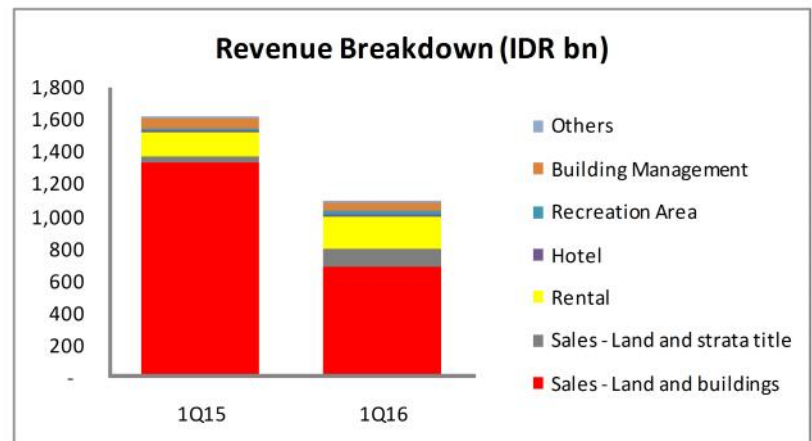
Slower Development Revenue Recognition. Revenue decreased by 32% YoY to IDR 1.11tn (17% of our FY16E) due to a decrease in the sales of land and buildings by 42% YoY to IDR 799.92bn as there was no remarkable transactions recorded in the sales of land as those happened in 1Q15. Moreover, the cash collection pattern from customer was changed since the company launched longer cash installment from maximum 2 years to 4 years which resulting slower in accounting revenue booking.

Two New Investment Properties Support Recurring Income. On the other hand, we highlight rental income increased by 28% YoY to IDR 199.62bn on the back of new rental income from Green Office Park 6 since 2H15 and newly launched built to suit project 'Court Megastore BSD City' since 1Q16. As of March 2016, recurring income took 28% total revenue portion compared to 16% as of 1Q15.

Tax Amnesty Catalyst. Should the tax amnesty bill passed by parliament, we believe the company will be the most benefited among domestic developer peers as a huge amount of money will be repatriated back to Indonesia. The company has the flexibility and power to utilize its large landbank based on the boom in property demand at that time.

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

Income Statement Highlights (in billion of IDR)	1Q16	Margin %	1Q15	Margin %	+/- %
Revenue	1,105.02		1,624.14		-32%
Cost of Revenue	279.95	25%	342.96	21%	-18%
Gross Profit	825.07 ▲	75%	1,281.19	79%	-36%
Operating Expenses	433.65	39%	448.24	28%	-3%
Operating Profit	391.42 ▲	35%	832.94	51%	-53%
EBITDA	418.82	38%	857.81	53%	-51%
Other Income (Expenses)	(94.21)	-9%	11.62	1%	-911%
Profit Before Tax	297.21 ▲	27%	844.56	52%	-65%
Current Tax Expense	0.17	0%	0.37	0%	-53%
Net Profit	297.03 ▲	27%	844.19	52%	-65%
Other Comprehensive Loss	2.48	0%	(6.51)	0% ▲	138%
Total Comprehensive Income	299.51 ▲	27%	837.68	52%	-64%
EPS (full amount)	13.60		43.29		-69%



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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