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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 2,060

52-Week Target Price: IDR 2,400

Previous Target Price: IDR 2,200



Share Price Performance

Price (IDR)	2,060
52-Week High (06/28/16)	2,210
52-Week Low (09/29/15)	1,235
52-Week Beta	1.76
YTD Change/%	260 / 14.44%

Stock Information

Market Cap (IDR)	39,648.2 B
Shares Out/Float (M)	19,246.7 / 7,247

Company Update

PT Bumi Serpong Damai Tbk (BSDE)

1H16 Earnings Review

BUY

BUY with TP IDR 2,400/Share

We maintain our BUY rating for the stock with its 52-week target price being upgraded to IDR 2,400/share, which translates a 48% discount to NAV. The target price reflects 19x PER FY16E and 16x PER FY17F. We believe the tax amnesty effects will outperform BSDE as the company's fundamental still strong and as the biggest market capitalization among developers.

Robust 2Q16 Results Performance Albeit 1H16 Results Below Expectation

On quarterly basis, we view the company's performance very robust in 2Q16 alone, as the net profit rose by 105% QoQ to IDR 609bn and revenue also rose by 60% QoQ to IDR 1.77tn. Net profit margin improved from 27% in 1Q16 to 34% in 2Q16. However, on yearly basis, 1H16 net profit decreased by 40% YoY to IDR 906bn (36% of our FY16E forecast) with its net margin fell from 45% in 1H15 to 32% in 1H16, which we believe the reasons behind that were mainly due to revenues decreased by 15% YoY to IDR 2.87tn (43% of our FY16E forecast) and interest expense rose by 57.5% YoY to IDR 321bn due to additional bond issuance. The company succeeded to maintain its gross profit margin at 74%, relatively flat compare to the same period last year, on the back of cost of revenues decreased by 12% YoY to IDR 757bn.

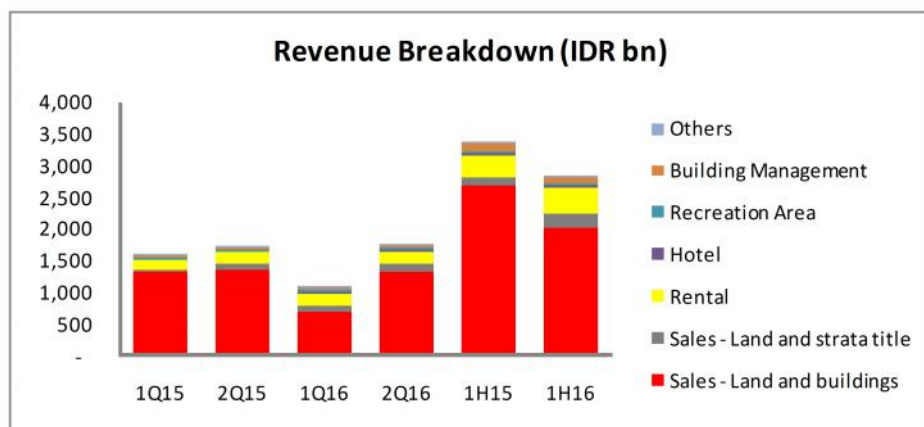
6M16 Presales Reached 37% of FY16E Target

The company's 6M16 presales was one of the best performers among developers in the industry. The company booked 6M16 presales achievement to reach IDR 2.53tn (-27% YoY) or equal to 37% of its FY16E target of IDR 6.86tn. The three biggest contributors to 6M16 presales were housing by IDR 1.35tn (equal to 53% of 6M16 presales), strata title by IDR 470bn (19%) and land plots by IDR 391bn (15%). We believe the presales figure will catch up in 2H16 to reach its FY16E target as the company will be launching more new projects in 2H16. Moreover, we view property sector in general will benefited from the easing in macro perspective such as tax amnesty program, higher LTV ratio, and lower lending rate for KPR ownership.

I/S (IDR bn)	2014	2015	2016E	2017F	2018F
Revenue	5,613	6,209	6,696	7,089	7,612
Gross profit	4,167	4,638	4,815	5,225	5,559
Operating profit	2,357	2,547	2,647	2,908	3,083
Net profit	3,993	2,351	2,527	2,954	3,299
EPS - full amount	211.19	112.44	125.18	146.34	163.42

Income Statement (in billion of IDR)	1Q15	2Q15	1Q16	2Q16	QoQ %	YoY %	1H15	1H16	YoY %
Revenues	1,624	1,761	1,105	1,766	60%	0%	3,385	2,871	-15%
Cost of Revenues	343	513	280	477	70%	-7%	856	757	-12%
Gross Profit	1,281	1,248	825	1,289	56%	3%	2,529	2,114	-16%
<i>margin</i>	<i>79%</i>	<i>71%</i>	<i>75%</i>	<i>73%</i>			<i>75%</i>	<i>74%</i>	
Operating Expenses	448	547	434	568	31%	4%	996	1,002	1%
Operating Profit	833	701	391	721	84%	3%	1,534	1,112	-27%
Other Income (Expenses)	12	(23)	(94)	(110)	16%	369%	(12)	(204)	1633%
Profit Before Tax	845	677	297	611	106%	-10%	1,522	908	-40%
Current Tax Expense	0	(0)	0	3	1452%	3952%	0	3	868%
Profit for the Period	844	677	297	609	105%	-10%	1,522	906	-40%
<i>margin</i>	<i>52%</i>	<i>38%</i>	<i>27%</i>	<i>34%</i>			<i>45%</i>	<i>32%</i>	
Other Comprehensive Income (Loss)	(7)	(0)	2	0	-83%	240%	(7)	3	142%
Total Comprehensive Income	838	677	300	609	103%	-10%	1,515	908	-40%
<i>margin</i>	<i>52%</i>	<i>38%</i>	<i>27%</i>	<i>34%</i>			<i>45%</i>	<i>32%</i>	
Profit for the period attributable to:									
- Owners of the company	795	620	259	563	118%	-9%	1,415	822	-42%
- Non-controlling interests	49	57	38	45	19%	-21%	106	84	-21%
	844	677	297	609	105%	-10%	1,522	906	-40%
EPS (full amount)	43.29	31.95	13.60	29.10	114%	-9%	75.24	42.70	-43%

Marketing Sales	6M16			6M15			YoY
	Unit	IDR bn	%	Unit	IDR bn	%	%
Housing	1,067	1,349	53%	1,122	1,938	73%	-30%
Land Plots	5	391	15%	-	136	5%	188%
Strata Title	526	470	19%	222	234	9%	101%
Industrial	5	17	1%	2	9	0%	99%
Shophouse	116	305	12%	110	327	12%	-7%
Sub Total	1,719	2,533	100%	1,456	2,644	100%	-4%
Land Plots - JV	-	-	0%	-	-	0%	
Total	1,719	2,533	100%	1,456	2,644	100%	-4%



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	7,852,090	9,216,195	8,256,205
Inventories	5,015,819	6,547,652	5,749,584	6,632,020	7,227,920
Advances	2,017,735	2,786,108	2,469,648	2,781,104	3,069,693
Total Current Assets	11,168,088	16,789,560	17,215,360	19,724,718	19,734,838
Advances	-	618,959	667,535	706,658	758,792
Investment in shares	5,331,879	5,414,215	5,839,131	6,181,345	6,637,375
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	20,901,257	22,394,176	23,942,984
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	193,071	222,341	240,951
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	5,209,863	7,014,723	6,048,160
Advances received	724,928	763,716	1,275,820	1,231,789	1,376,195
Rental advances	345,935	491,204	451,001	491,698	547,601
Long-term bank loan	101,987	68,172	34,086	-	-
Lease liabilities	32,678	107,898	-	-	-
Bonds payable	2,649,518	5,693,363	6,656,000	6,406,000	5,970,000
Total Noncurrent Liabilities	4,333,603	7,779,055	8,724,101	8,463,035	8,255,085
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	12,777,708	15,234,191	17,965,633
Total	15,348,604	18,849,521	20,935,483	23,393,966	26,127,408
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	24,182,653	26,641,135	29,374,578

Income Statement (in million of IDR)	2014	2015	2016E	2017F	2018F
Revenues	5,613,890	6,209,574	6,696,911	7,089,397	7,612,419
Cost of Revenues	1,446,518	1,571,559	1,881,498	1,864,089	2,052,712
Gross Profit	4,167,372	4,638,016	4,815,412	5,225,308	5,559,707
Selling	455,706	530,182	557,705	597,846	637,950
General and Administrative	1,047,415	1,207,249	1,275,738	1,364,404	1,457,601
Final Tax	306,547	353,175	334,846	354,470	380,621
Total Operating Expenses	1,809,668	2,090,606	2,168,289	2,316,720	2,476,172
Operating Profit	2,357,704	2,547,410	2,647,123	2,908,588	3,083,535
Interest and Investment Income	277,249	251,445	549,832	706,688	829,458
Interest and Other Financial Charges	(384,629)	(574,967)	(657,878)	(647,114)	(598,357)
Other Income (Expenses) - net	(20,720)	(232,949)	(108,046)	59,574	231,101
Profit Before Tax	3,997,295	2,362,082	2,539,077	2,968,162	3,314,636
Current Tax Expense	3,308	10,702	11,504	13,448	15,018
Profit for the Year	3,993,987	2,351,380	2,527,573	2,954,714	3,299,618

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