

As we spoke with the management, the company plans to revise down their FY17 pre-sales target to IDR 3,5tn from IDR 4,5tn (-22,2%) due to current market condition. With the new target on set, Summarecon is optimistic to reach their full target by the end of 2017.

Below are their new FY17E pre-sales target breakdown:

- SKG : 300bn (-200bn or -40%)
- SBK : 700bn (+150bn or +27,28%)
- SSP : 1100bn (-700bn or -38.8%)
- SKW : 400bn (unchanged)
- SBD : 1000bn (-250bn or -25%)

All in all, in order to achieve another IDR 2tn pre-sales achievement in 2H17, Summarecon plans to hold six new project launching. The first project to be launch will be Sapphire Commercial in Summarecon Karawang on 12 August 2017, with price starts from IDR 1.4bn (IDR 150-200bn total pre-sales). Meanwhile, there are five more projects to be launched (residential cluster and commercial) located in Bekasi, Serpong, Kerawang and Bandung with prices ranging between IDR 1bn to IDR 2bn for residential and IDR 2.5bn for commercial.

The next five projects location breakdown:

- SBK : Orchard 2 Residential
- SSP : Residential cluster
- SKW : Residential cluster
- SBD : commercial and residential

**Our view: we view that the company is trading at an attractive valuation as current market price reflects a 68.5% discount from our estimated NAV. Nonetheless, we see that current market condition still does not favor the sector despite attractive valuation offered, especially factoring the soft demand and pre-marketing sales in 1H17. Hence, we remain NEUTRAL on PT Summarecon Agung Tbk (SMRA) while we wait for the second quarter results.**

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