

Worry less on results as it is just a matter of time. DMAS recorded 1Q19 revenue of IDR 6.4bn (-48.0% YoY, -99.0% QoQ), while net income was booked at IDR 8.2bn (+186.9% YoY, -97.5% QoQ). Due to the weak top-line, DMAS recorded a loss of IDR 26.7bn at operating level as opex increased by 24% YoY. Below operating, DMAS bottom-line was supported by a strong gain on estate management operation which recorded a profit of IDR 32.2bn (+123% YoY) as industrial activities in the estate increased, while interest income doubled to IDR 11.2bn (+115% YoY). Despite the below estimate results, we believe it is only a matter of time until the sales backlog materializes. Management expects sales backlog recognition to happen this year. On balance sheet side, the company still maintains zero debt and is rich in cash.

FY19 pre-sales target almost secured, completed with ample land inquiries recorded. As of 1Q19, DMAS successfully managed to book IDR 914bn worth of pre-sales, increased by 176% YoY and translated to 73% achievement of company's IDR 1.25tn FY19 pre-sales target. The sales were contributed from 19ha industrial land sales and 9ha commercial land sales. Moreover, the company is currently negotiating to sell another 5-10ha industrial land sales, plus 1ha of commercial land sales that will potentially be booked in either 2Q19 or 3Q19 pre-sales. Assuming ASP of IDR 2mn/sqm for industrial and IDR 7mn/sqm for commercial, these potential land sales could deliver extra IDR 270bn of pre-sales. Not to mention, DMAS holds ±150ha of land inquiries as of now, in which the majority part of it is from Korean automotive (>50ha) and e-commerce sector which approximately accounted for 20-40ha. With its sizeable industrial land coupled with good supporting facilities, we believe DMAS could potentially win these big tenants.

The stars are aligning for DMAS. We believe that the company has the potential to benefit from both US-China trade war and S&P upgrade on Indonesia's sovereign credit rating. In short, the trade war should result in industrial relocation to Southeast Asia (including Indonesia) from companies with Chinese production bases to avoid US import rates, while the risk of slowing economic growth could lead to The Fed cutting rate that provides positive sentiment to the sector. On the other hand, the S&P upgrade was on the back of strong economic growth prospects of Indonesia, stable policy and prudent fiscal framework which we believe could boost investor confidence and bring more direct investment to Indonesia. We see that these factors were already reflected in a substantial amount of land inquiry recorded by DMAS. However, the risk is coming from a delay of investor execution on buying the land. Finally, as there are more positive catalysts than the negative, added with the prospective outlook for DMAS, we reiterate our **BUY** recommendation and raising our TP to IDR 300, reflecting a 60% discount to its NAV.

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Sector	Industrial Estate
Bloomberg Ticker	DMAS IJ
Market Cap. (IDR tn)	12.9
Share Out./Float (mn)	48,198/8,540
Current Price	IDR 268
52-week Target Price	IDR 300
Upside (%)	15.4%

Share Price Performance

52W High (04/23/19)	278
52W Low (09/05/18)	117
52W Beta	1.4
YTD Change (%)	66.0%

Relative Valuations

Trailing P/E	25.8x
Forward P/E	22.9x
P/BV	2.0x

Highlights (IDR Bn)	2017	2018	2019E	2020F	2021F
Pre-sales	1,408	884	1,302	1,354	1,412
growth (%)	31.3%	-37.2%	47.3%	4.0%	4.3%
Revenue	1,336	1,036	1,273	1,328	1,452
Revenue growth (%)	-16.2%	-22.5%	22.8%	4.3%	9.3%
Gross profit	815	581	736	753	829
EBITDA	644	436	576	583	640
Net profit	657	496	631	660	727
EPS (IDR)	13.6	10.3	13.1	13.7	15.1
Gross margin	61.0%	56.1%	57.8%	56.7%	57.1%
Net margin	49.1%	47.9%	49.6%	49.7%	50.1%

Income Statement (IDR Bn)	2017	2018	2019E	2020F	2021F
Revenue	1,336	1,036	1,273	1,328	1,452
Cost of revenues	522	455	537	575	623
Gross profit	815	581	736	753	829
Operating expenses	191	165	180	192	211
Operating profit	624	415	555	561	618
EBITDA	644	436	576	583	640
Interest income	24	19	22	23	25
Other income (expense)	22	80	73	90	100
Profit before tax	670	514	650	674	743
Tax	13	18	20	13	15
Net profit	657	496	631	660	728
Minority interest	0	0	0	0	0
Attributable net profit	657	496	631	660	727
Earnings per share (IDR)	14	10	13	14	15

Balance Sheet (IDR Bn)	2017	2018	2019E	2020F	2021F
Cash & equivalents	785	745	1,024	1,053	1,105
Trade receivables	50	83	45	46	51
Inventories	2,602	2,679	2,725	2,735	2,748
Advances	81	32	51	53	58
Others	18	29	29	32	37
Current assets	3,536	3,568	3,874	3,920	3,999
Fixed assets	320	313	308	307	306
Investment properties	31	111	120	121	120
Inventories	3,517	3,411	3,330	3,343	3,359
Other long-term assets	67	97	98	99	100
Total assets	7,471	7,500	7,730	7,790	7,885
Payables	18	2	32	34	37
Short-term debt	-	-	-	-	-
Advances received	272	165	197	229	235
Others short-term liabilities	148	113	140	133	148
Total current liabilities	438	279	369	397	420
Long-term employee benefits	27	32	38	40	44
Total Liabilities	465	312	407	437	464
Capital stock	4,820	4,820	4,820	4,820	4,820
Additional paid in capital	380	380	380	380	380
Retained earnings	1,803	1,985	2,120	2,150	2,217
Equity attributable to owners	7,002	7,185	7,319	7,349	7,416
Minority interest	4	4	4	4	5
Shareholder's equity	7,006	7,189	7,324	7,353	7,421

Cash Flow (IDR Bn)	2017	2018	2019E	2020F	2021F
Net profit	657	496	631	660	728
Depreciation	20	20	21	22	22
Changes in net working capital	213	231	(62)	(11)	4
Operating cash flow	464	286	714	693	746
Changes in fixed asset	33	12	15	19	20
Changes in long-term assets	(168)	5	(70)	16	18
Changes in long-term liabilities	7	5	6	2	4
Investing cash flow	142	(13)	61	(33)	(34)
Changes in equity	0	(0)	1	0	0
Changes in short-term loans	-	-	-	-	-
Changes in long-term loans	-	-	-	-	-
Dividend	1,040	313	496	631	660
Financing cash flow	(1,039)	(314)	(496)	(630)	(660)
Net Cashflow	(434)	(40)	279	29	52
Beginning of Cash	1,219	785	745	1,024	1,053
Ending Cash	785	745	1,024	1,053	1,105

Ratio Analysis (IDR Bn)	2017	2018	2019E	2020F	2021F
Pre-sales growth	31.3%	-37.2%	47.3%	4.0%	4.3%
Revenue growth	-16.2%	-22.5%	22.8%	4.3%	9.3%
Net profit growth	-13.3%	-24.4%	27.1%	4.7%	10.2%
Gross profit margin	61.0%	56.1%	57.8%	56.7%	57.1%
Operating margin	46.7%	40.1%	43.6%	42.3%	42.5%
EBITDA margin	48.2%	42.0%	45.3%	43.9%	44.1%
Net margin	49.1%	47.9%	49.6%	49.7%	50.1%
ROA	8.8%	6.6%	8.2%	8.5%	9.2%
ROE	9.4%	6.9%	8.6%	9.0%	9.8%
Debt to equity (x)	0%	0%	0%	0%	0%
Net debt to equity (x)	0%	0%	0%	0%	0%
Current ratio (x)	8.1	12.8	10.5	9.9	9.5
PER (x)	22.0	29.1	22.9	21.9	19.9
PBV (x)	2.1	2.0	2.0	2.0	1.9

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ADD: Share price may range between 10% to 15% over the next 12 months.

NEUTRAL: Share price may range between -10% to +10% over the next 12 months.

REDUCE: Share price may range between -10% to -15% over the next 12 months.

SELL: Share price may fall by more than 15% over the next 12 months.

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