

Recent launches was a surprise. Early 2018 has been quite good for BSD as its recent launches shows a good take-up rate. Looking at the latest launches, Zora and Jadeite which are priced starting from IDR 4bn, have a surprising take-up rate. Up to now, Zora has been sold 27 units from total 86 units (31% take-up rate) with ASP stood at IDR 4.8bn. On the other hand, Jadeite outstandingly has a 90% take-up rate from total 67 units, recorded IDR 280bn of pre-sales with ASP at IDR 4.67bn. Moreover, we also believe the next launching of Savia Phase II on 11th March will also experience a good take-up rate due the to continuity of its last performance. In our opinion, though it is too early to judge, this could be an early good sign for property demand.

FY17: the year of land sales. BSD's FY17 pre-sales result has beaten up our estimate at IDR 7.23tn (+15.7% YoY), achieving 100.5%/105.8% of company and our FY17 pre-sales target respectively. In details, land plot sales contributed 43% of total pre-sales, followed by land plots-JV (12%), housing (31%), strata title (5%), and shophouse (9%). Compared to last year, housing/strata-title/shophouse have experienced a decline by 37%/4%/34% YoY respectively. On the other side, land plots incredibly increased by 350% YoY to IDR 3.1tn, where it was mostly contributed from 8.3ha land sales to Country Garden (developer of BSD+ Skyhouse).

FY18: a new focus. This year, management expects a flat growth of pre-sales target which stands at IDR 7.2tn. Management plans to change their focus to increase its residential (housing and strata-title) and commercial (shophouse) sales, as they lower land plot sales expectation to IDR 1.5tn (-52% YoY). BSD targets to significantly boost its sales from strata-title project (Southgate & The Elements) this year, while housing (NavaPark, Zora, Jadeite, Foresta, VanyaPark, Savia) will open new cluster soon after the previous one shows a decent take-up rate.

Cautiously optimistic. We have a cautiously optimistic stance for the overall property sector. FY17 aggregate pre-sales recorded a positive growth by 4% YoY after having 3 years of negative growth in 2014-2016. We also believe that 2016 was the bottom and 2018 could post another positive pre-sales growth. At current, the sector is still enjoying low-interest environment which could lure property demand. However, the downside risks could come from political tension and a weaker than expected economic growth.

Overall, despite a flat pre-sales target for this year, we see a good start for BSD in 2018 as its recent launches has indicated a good demand. Residential and commercial segments are expected to record a positive growth this year as company will focus on those segments and lower land plot sales target. Moreover, BSD as the biggest township in the area still promises a good future prospect since it provides ample land bank, good accessibility and future capital gain potential. Thus, we maintain our BUY rating for BSDE with TP of IDR 2,200, which represents 60% discount to NAV.

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