

The 1H18 marketing sales achievement was the weakest performance since 2010. SMRA only recorded IDR 1.15tn (-20.4% YoY) of pre-sales which achieved 28.8%/36.0% of company's/our FY18 pre-sales target. As we stated in our report [SMRA IJ: Grey Skies Ahead](#) on 30th May 2018, SMRA could potentially miss their FY18 pre-sales target with the expected negative growth on 2Q18 due to fewer project launches compared to last year (1 in 2Q18 vs 5 in 2Q17).

Going forward, with IDR 2.85tn pre-sales (71.2% of FY18 pre-sales target) to be achieved in 2H18, the possibility for target revision is big. Worth to remember, last year in July, SMRA revised down their FY17 pre-sales target to IDR 3.5tn from IDR 4.5tn (-22.2%). Their 1H17 pre-sales also recorded weak results which only achieved 32.1% of their initial FY17 target.

Overall, we believe SMRA is going to face one of the toughest period ahead considering their debts maturity schedule while having a tight cash position in the current challenging property industry. Moreover, as we know SMRA's fundamental remains challenging with higher funding cost and high minority interest, **we reiterate our NEUTRAL stance with 52-weeks target price at IDR 1,050, reflecting 70% discount to its RNAV.**

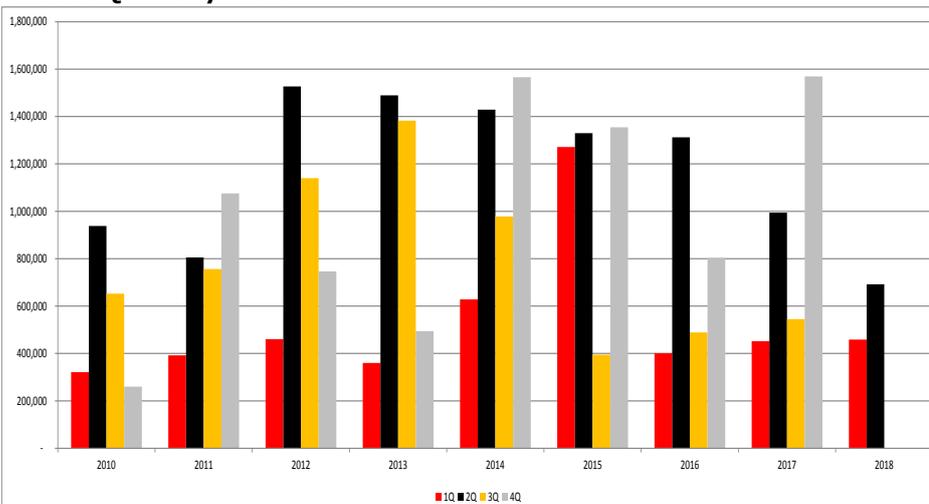
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SMRA's Quarterly Pre-sales Performance



Source: Sinarmas Investment Research

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