

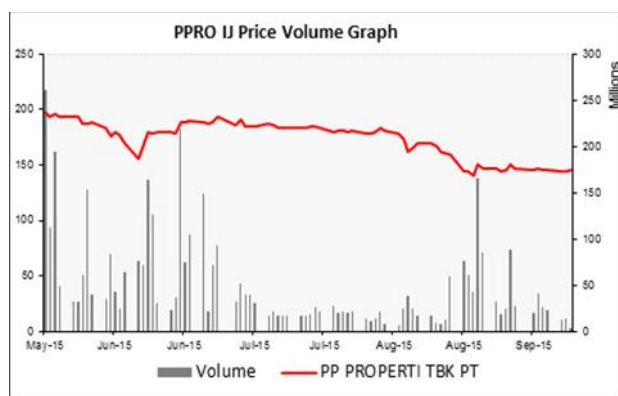
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PT PP Properti Tbk develops various properties, including housing, apartments, offices and malls. It currently operates mainly in Java, specifically in the Jabodetabek and Surabaya areas.

Current Price: IDR 167

52-Week Target Price: IDR 193



Share Price Performance	
Price (IDR)	167
52-Week High (04/02/15)	250
52-Week Low (26/08/15)	135
52-Week Beta	0.75
IPO Change/%	(18)/(9.7%)

Stock Information	
Market Cap (IDR)	2,345.3B
Shares Out/Float (M)	14,044 / 4,912

Source: Bloomberg, Sinarmas Investment Research

Company Update

PT PP Properti Tbk (PPRO)

All the Pieces Just Add Up

BUY

- **We upgrade our 52-week target price on PT PP Properti Tbk (PPRO) to IDR 193 while maintaining a BUY, representing a 16% upside from current levels.** In our view PPRO will benefit from increasing positive sentiment toward both the property and industrial estate sectors, as the government pushes the transformation of a commodity-led economic growth to a manufacturing-led economic growth. 3Q15 results also came in stronger than expected.
- **The property and industrial estate sectors will benefit most from the recent stimulus packages rolled out by the government.** As the government has started deregulation in industrial estate investments, the Grand Kamala Lagoon project will be further buoyed as it is dependent on the industrial estates around Bekasi. The project is expected to make up 50%/23% of FY15E/FY16F revenues.
- **Tax amnesty issues will provide an added boost to the company.** As the government prepares its tax amnesty plans to attract fresh money from overseas, we have singled out that the whole property will benefit. In our view fresh money will attract more investments into both residential properties and manufacturing centers, both of which will benefit the company greatly.
- **3Q15 revenues up 233% YoY; marketing sales up 41% YoY.** We attribute this impressive result to: i) optimism over industrial estates in Bekasi and ii) significantly lower base in 3Q14.
- **Remain cautious on lack of diversification of projects.** As a company still in its growth stage, we reiterate our concerns that the company currently only has a handful of projects under development.

Financial Highlights	2014	2015F	2016E	2017E	2018E
Revenue (IDR bn)	555	1,654	1,792	2,108	2,715
% growth		198%	8%	18%	29%
Gross Profit (IDR bn)	160	447	457	575	767
Net Profit (IDR bn)	106	265	275	357	509
% growth		150%	4%	30%	43%
EV/EBITDA (x)	13.2	9.2	10.4	8.4	5.9
Gross Margin (%)	28.8%	27.0%	25.5%	27.3%	28.3%
Net Margin (%)	19.1%	16.0%	15.4%	16.9%	18.7%
Return on Equity (%)	10.8%	22.8%	19.2%	20.4%	23.3%
Return on Assets (%)	6.2%	10.2%	8.6%	8.2%	7.8%

Source: Company Data, Sinarmas Investment Research

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