

Higher than expected marketing sales

7 February 2024



BSDE IJ	BUY
Sector	Property.
Price at 31 Jan 2024 (IDR)	1,020
Price target (IDR)	1,545
Upside/Downside (%)	51.5

Stock Information

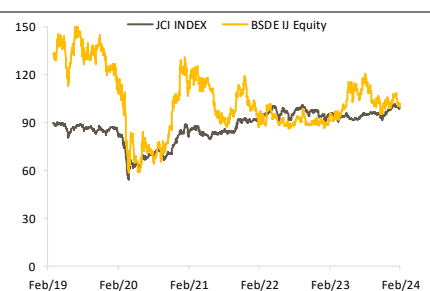
PT Bumi Serpong Damai Tbk develops real estate including housing infrastructure, commercial and industrial estates, golf courses, and public facilities.

Market cap (IDR bn)	21,595
Shares outstanding (mn)	21,171.4
52-week range (IDR)	925 - 1235
3M average daily vol. ('000)	12,802
3M average daily val. (IDR mn)	13,431

Shareholders (%)

Paraga Arta Mida	39.6
Ekacentra Usahamaju	25.6
Treasury Stock	1.97
Public	32.9

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	(5.1)	2.0	7.3

Analyst

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BSDE has maintained consistent marketing sales growth since 2019, achieving a 5-year CAGR of 8.8%. In FY23, the company surpassed its target with IDR9.5 tn in marketing sales, driven by strong 4Q23 performance, particularly in sales to a JV company, while the residential segment experienced a decline due to the absence of product launches. Looking ahead to 2024, we expect BSDE's marketing sales to reach IDR9.65 tn with a 1.6% yoy growth, anticipating a potential turnaround in the residential sector supported by infrastructure developments and VAT exemption incentives. Reiterate BUY on BSDE with higher TP of IDR1,545 using DCF-based TP (WACC: 11.3%; LTG: 3%), which implied to 0.8x '24F PB and 75.0% ' discount to '24F RNAV.

Consistent marketing sales growth since 2019 (5-year CAGR of 8.8%)

BSDE's booked IDR2.75 tn of marketing sales in 4Q23 (+31.7% yoy/+40.4% qoq) resulting a IDR9.5 tn of marketing sales in FY23 (+7.9% yoy), surpassing its target of IDR8.8 tn for FY23. The strong growth in 4Q23 is due to strong sales to JV company (land in Jatisampurna, near Cibubur/ JV with ASII IJ), which contributed to IDR1.87 tn of marketing sales. However, the residential segment experienced a decline in sales, reaching IDR 542 bn (-56.5% yoy/- 62.6% qoq) due to the absence of product launches in 4Q23.

Commercial and JV land plot segment contributed the growth in 2023

For FY23, the residential segment contributed IDR 5.0 trillion, reflecting a marginal decrease of 2.1% yoy and constituting 53% of the total marketing sales. The commercial segment demonstrated robust performance, contributing IDR 2.62 tn (+25.9% yoy), representing a 28% share of the total marketing sales. The remaining sales were derived from JV land plot transactions, totalling IDR 1.87 tn (16.6% yoy). Geographically, BSD City projects account for approximately 57% of overall marketing sales or 71% of total marketing sales when excluding JV land sales. Following closely are Grand Wisata and Kota Wisata, contributing 9% and 5% to the total marketing sales, or 11% and 6% respectively when JV land sales are excluded.

Expect marketing sales to reach IDR 9.65 t in 2024 (+1.6% yoy) due to high base

BSDE aims to maintain marketing sales at IDR9.5 tn in 2024, considering the elevated base achieved in 2023. Similarly, we expect marketing sales to grow by 1.6% yoy, assuming 7% growth in the residential & shophouse segment, a slight decline on land plot sales, and 20% decline in JV-landplot sales to IDR1.5 tn. Demand in residential and shophouse segment is expected to remain solid due to the finalization of township facilities and amenity projects, the completion of toll infrastructure developments in BSD City with new exit toll in Legok (BSD Phase 3), and the industrial advancement in the east of Jakarta as well as the improving infrastructure connectivity in the south of Jakarta which support the demand in Grand Wisata and Kota Wisata. On the other hand, the VAT exemption incentive is expected to boost apartment sales.

Undemanding valuation. Reiterate BUY with higher TP of IDR1,545 (previously IDR 1,520)

We reiterate BUY on BSDE with higher target price of IDR1,545 using DCF-based TP (WACC: 11.3%; LTG: 3%), which implied to 0.8x '24F PB and 75.0% discount to '24F RNAV. We like BSDE due to 1) our expectation on robust marketing sales growth CAGR of 6.8% in the next 5 years a; 2) undemanding valuation, and 3) continuous development in BSD City. Yet, risks to our call included 1) weak property demand; 2) higher building material cost; 3) stiff competition from the nearby competitor.

Exhibit 1 : Key Statistics

Year end Dec (IDR bn)	2022A	2023E	2024F	2025F
Revenue	10,235	10,665	11,086	11,594
Net Income	2,433	2,640	2,529	2,880
EPS (IDR)	115	114	116	133
EPS Change (YoY)	80.4	8.5	(4.2)	13.9
P/E	8.4	8.5	8.4	7.3
EV/EBITDA	6.2	6.4	5.8	5.2
P/BV	0.6	0.6	0.5	0.5
ROE	7.6	7.9	7.3	8.0
Dividend Yield	0.0	0.5	0.5	0.5
Net gearing (%)	(0.4)	(2.8)	(7.7)	(11.9)

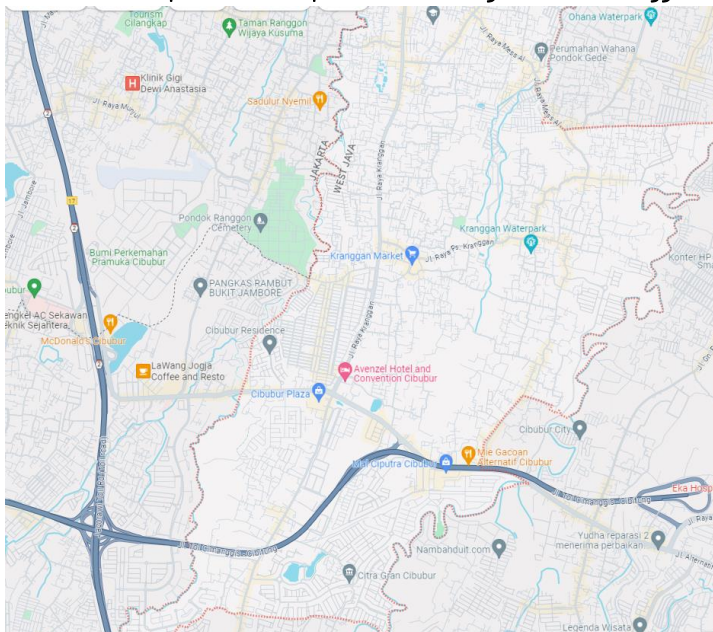
Sources: Company, KBVS Research

Exhibit 2: BSDE's Marketing Sales Target (IDR mn)

Project	2023 Actual	2024 Target	Contribution (%)
Residential / Township			
BSD City	1,429,179	1,500,000	16%
Nava Park	1,094,529	900,000	9%
Grand Wisata	789,697	900,000	9%
Hiera	687,458	650,000	7%
Kota Wisata	225,485	430,000	5%
Grand City Balikpapan	435,457	320,000	3%
The Zora	208,166	230,000	2%
Taman Banjar Wijaya	14,076	70,000	1%
Taman Permata Buana	120,632	40,000	0%
Legenda Wisata	7,819	10,000	0%
Total Residential	5,012,496	5,050,000	53%
Commercial			
BSD City	1,710,332	1,700,000	18%
Non-BSD Township	492,719	500,000	5%
Southgate Apartment	135,439	300,000	3%
Element Condominium	114,018	200,000	2%
Akasa / Upper West Apartment	81,616	100,000	1%
Aerium Condominium	73,967	100,000	1%
Klaska Residence	11,967	50,000	1%
Total Commercial	2,620,058	2,950,000	31%
Sub-total	7,632,554	8,000,000	84%
Total JV land sales	1,870,275	1,500,000	16%
Total Marketing Sales	9,502,829	9,500,000	100%

Source: Company, KBVS Research

Exhibit 3: Jatisampurna area (red point) is close to Jagorawi and Cimanggis – Cibitung toll road



Source: Google Map

Exhibit 4: BSDE's Valuation Summary

DCF Valuation	2024	2025	2026	2027	2028
Net Income	2,676	2,948	3,290	3,525	3,920
Depreciation	487	503	522	547	568
NWC	(503)	(506)	(511)	(512)	(514)
Interest Expense (1-tax)	1,016	856	705	705	705
Capex	(1,547)	(1,552)	(1,557)	(1,633)	(1,712)
FCFF	2,128	2,248	2,449	2,632	2,967
Discount factor	1.0	1.1	1.2	1.4	1.5
Discounted Free Cash Flow	2,128	2,020	1,977	1,909	1,934
Terminal Value	36,822				
Discounted Terminal Value	23,995				
Enterprise Value	33,963				
Net debt	(3,877)				
Equity value	37,840				
Minority interest	(5,144)				
Fair value per share 2024F (IDR)	1,544				
Round up (IDR)	1,545				

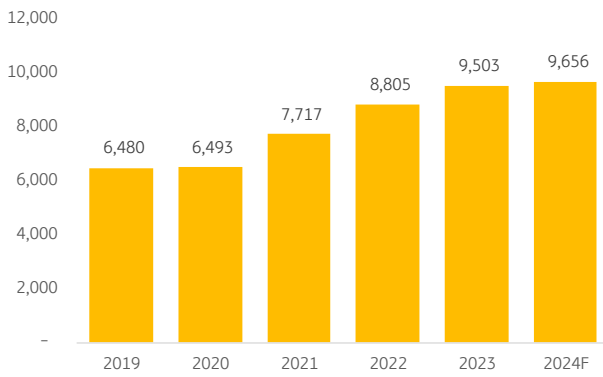
Source: KBVS Research

Exhibit 5: BSDE's Launching Recap

Year	Product	Units Launched	ASP (IDR)	Take Up Rate (*)at date of the announcement	Proceeds (Rpb)
2022	Latinos Business District (shophouse- BSD City)	99	1.5-1.8 bn	60%	90
	New West Field (shophouse - Grand Wisata)	26 units phase 1	2.3- 3.0 bn	60%	28
	The Blizfield (housing - BSD City)	37 unit phase 1	3.7 -7 bn	90%	162
	Askara Nue (housing - BSD City)	51	2-3.3 bn	100%	106
	Z Living (housing - Grand Wisata)	141	1.4-2.1 bn	100%	234
	Tanakayu "Jiva" and "Svani" (housing -BSD City)	368	1.5-2.8 bn	100%	610
	The Zora "Kanade" (housing -BSD City)	56	6.5-14 bn	50%	200
	Enchante (housing -BSD City)	30 unit phase 1	10.6-28.1 bn	30%	150
	Campton (Shophouse - BSD City)	80	2- 3 bn	100%	120
	Freja Extension (housing - BSD City)	66	~ 2bn	100%	120
	Greenwich (Shophouse - BSD City)	82	3.4 - 5.1 bn	100%	250
	Tanakayu "Svasti" (housing -BSD City) *)take rate est based on unit s	152	2.2 - 3.3 bn	66.4%	196
	Tanakayu "Chava"	121	3-4.1 bn	34.0%	114
	Northpoint Two Nava Park (Shophouse)	17	20-20.3 bn	17%	51
	Eonna "Aerra"	85	4.8 - 8.0 bn	35%	135
	The Loop BSD (Shophouse)	86	2.5-3.8 bn	55%	116
	Nordville - Grand City Balikpapan (housing)	116	1.7-3.4 bn	44%	112
	Hiera - BSD City "Welton"	79	2.8 - 4.9 bn	84%	224
	2023	Layton (Housing - Nava Park)	39	18 -32.9bn	66.7%
Tanamas (Housing - Grand Wisata)		33	1.4-2.8bn	73%	35
Vermont (Housing - Kota Wisata)		27	2.2-3.5 bn	55.6%	34
Delrey Business Townhouse (Shophouse - BSD City)		73	4.1-7.1 bn	56.2%	197
Frontrow Studioloft (Shophouse - Kota Wisata)		60	3-3.5 b	100%	201
"Tanakayu" Vasya (Housing - BSD City)		43	3-5 bn	72%	91
Namee "Eonna" (Housing - BSD City)		19	5.0-5.2 bn	63%	52
Enchante Business Park (Shophouse - BSD City)		104	~3-5 bn	77%	248
"Terravia" Adora (Housing - BSD City)		48	~2-3 bn	~70%	61
Iconix Studio Loft (Shophouse - BSD City)		26	~8.3 bn	16 of 26 unit sold	115

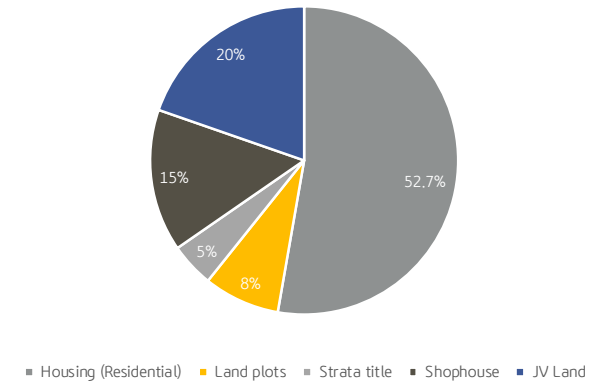
Source: Company, KBVS Research

Exhibit 6: BSDE's Marketing Sales Forecast (IDR bn)



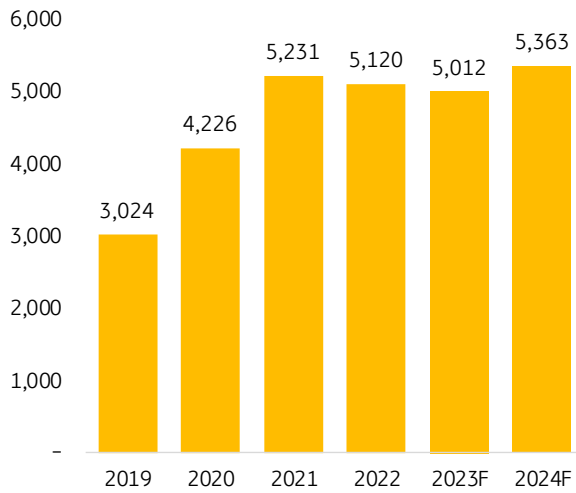
Source: Company, KBVS Research

Exhibit 7: BSDE's Marketing Sales Based on Products (2023)



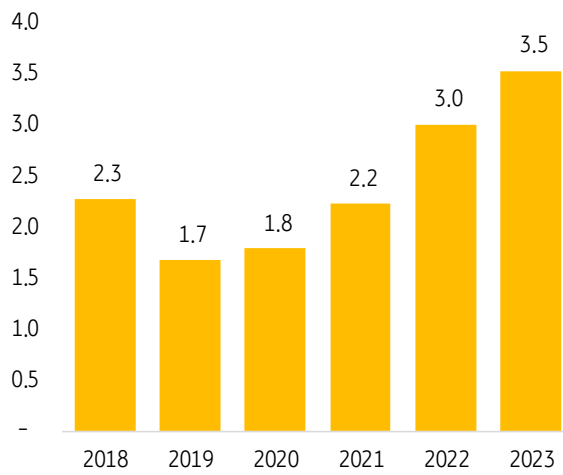
Source: Company, KBVS Research

Exhibit 8: BSDE's Marketing Sales of Housing Products (IDR bn)



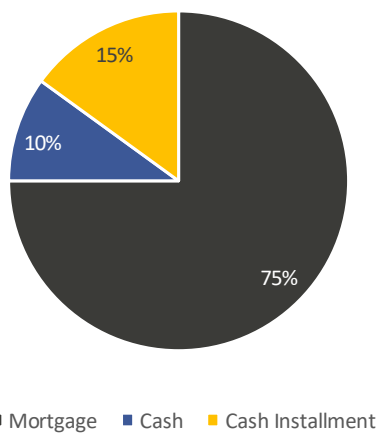
Source: Company, KBVS Research

Exhibit 9: BSDE's Housing Product Mix ASP (IDR bn)



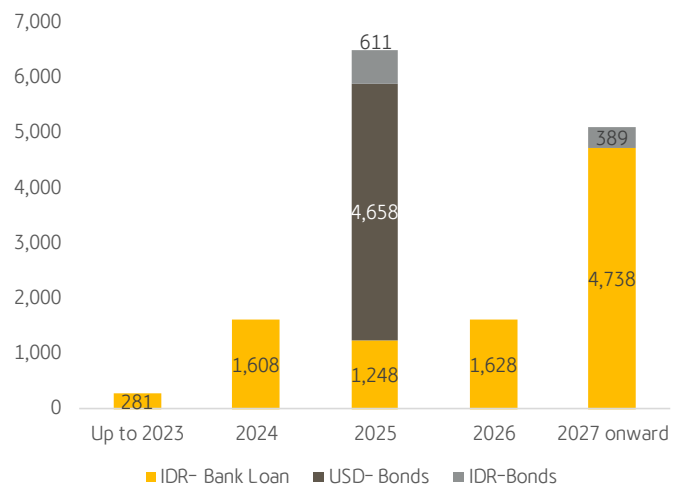
Source: Company, KBVS Research

Exhibit 10: BSDE's Customer Payment Profile



Source: Company, KBVS Research

Exhibit 11: BSDE's Debt Maturity



Source: Company, KBVS Research

FINANCIAL TABLES

Exhibit 12: Profit & Loss summary

Profit & Loss (IDR bn)	2021	2022	2023F	2024F	2025F
Revenue	7,655	10,235	10,665	11,086	11,594
Cost of revenue	(2,915)	(3,409)	(3,874)	(4,040)	(4,230)
Gross profit	4,740	6,826	6,791	7,046	7,364
Selling expenses	(991)	(1,393)	(1,471)	(1,548)	(1,629)
G&A expenses	(1,120)	(1,394)	(1,482)	(1,582)	(1,687)
Operating profit	2,629	4,039	3,838	3,916	4,048
EBITDA	2,766	4,123	3,905	4,006	4,163
Other op. income/exp	(345)	(817)	(591)	(812)	(855)
Finance income	393	332	382	445	568
Finance expense	(984)	(822)	(954)	(1,020)	(859)
Inc/loss from assoc.	91	263	649	682	716
Pre-tax profit	1,784	2,996	3,324	3,210	3,619
Tax expense	(8)	(5)	(11)	(11)	(12)
Minority interest	(190)	(224)	(326)	(313)	(356)
Net profit	1,349	2,433	2,640	2,529	2,880
EPS (IDR)	49	115	114	116	133

Source: Company, KBVS Research

Exhibit 13: Balance sheet

Balance Sheet (IDR bn)	2021	2022	2023F	2024F	2025F
Cash and equivalents	7,382	9,734	9,822	13,155	13,149
Trade receivables	208	472	354	368	385
Inventories	11,857	12,610	13,110	13,610	14,110
Net- Fixed assets	8,488	8,286	8,498	8,629	8,703
Other assets	33,535	33,897	36,277	37,175	38,257
Total Assets	61,470	64,999	68,061	72,938	74,604
Trade payables	1,112	901	1,143	1,192	1,249
Short-term debt + CMLTD	-	63	-	2,220	2,279
Long-term debt	9,842	10,482	9,680	8,620	6,341
Other liabilities	14,622	15,507	15,912	16,840	17,530
Total Liabilities	25,576	26,954	26,736	28,872	27,398
Minority interest	4,438	4,408	4,788	5,106	5,469
Paid capital	9,292	9,292	9,292	9,292	9,292
Retained earnings	22,163	24,345	27,244	29,668	32,444
Other equities	9,292	9,292	9,292	9,292	9,292
Total Equity	31,456	33,637	36,536	38,961	41,736

Source: Company, KBVS Research

FINANCIAL TABLES

Exhibit 14: Profit & Loss summary

Cash Flow (IDR bn)	2021	2022	2023F	2024F	2025F
Net income	1,349	2,433	2,640	2,529	2,880
Depreciation & amortization	418	414	448	487	503
Change in working capital	2,646	667	(1,196)	520	150
Cash flow from operations	4,413	3,514	1,892	3,536	3,533
Capex	(25)	(212)	(660)	(618)	(576)
Others	(446)	364	(50)	(50)	(50)
Cash flow from investments	(471)	152	(710)	(668)	(626)
Changes in debt	(5,122)	(12)	(865)	1,160	(2,220)
Changes in equity	-	-	-	-	-
Dividends paid	-	-	(105)	(105)	(105)
Others	28	(262)	744	318	364
Cash flow from financing	(5,093)	(274)	(226)	1,373	(1,961)
Net Cash Flow	(1,152)	3,392	956	4,241	946

Source: Company, KBVS Research

Exhibit 15: Cash flow

Key Ratios (%)	2021	2022	2023F	2024F	2025F
Revenue growth	23.9	33.7	7.5	1.9	3.6
EBIT growth	20.7	54.9	(5.8)	1.9	3.3
EBITDA growth	18.3	76.3	67.0	71.3	78.1
Net profit growth	378.7	80.4	8.5	(4.2)	13.9
Gross margin	61.9	66.7	63.7	63.6	63.5
EBIT margin	31.3	36.2	32.7	32.1	31.7
EBITDA margin	36.1	40.3	36.6	36.1	35.9
Net margin	17.6	23.8	24.8	22.8	24.8
ROA	2.2	3.9	4.1	3.8	4.3
ROE	4.4	7.6	7.9	7.3	8.0
Net gearing (x)	0.0	(0.0)	(0.0)	(0.1)	(0.1)
Net debt/EBITDA (x)	0.1	(0.0)	(0.3)	(0.8)	(1.3)
Interest coverage ratio (x)	4.7	8.4	6.8	7.0	14.3

Source: Company, KBVS Research

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