

1H24 Earnings Highly Above Our and Consensus Expectation

30 August 2024



BSDE IJ	BUY
Sector	Property.
Price at 29 Aug 2024 (IDR)	1,295
Price target (IDR)	1,585
Upside/Downside (%)	22.4

Stock Information

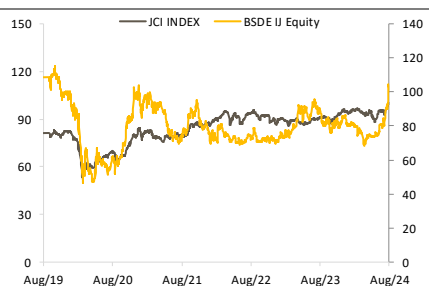
PT Bumi Serpong Damai Tbk develops real estate including housing infrastructure, commercial and industrial estates, golf courses, and public facilities.

Market cap (IDR bn)	27,417
Shares outstanding (mn)	21,171
52-week range (IDR)	870 – 1,340
3M average daily vol. ('000)	16,497
3M average daily val. (IDR mn)	17,831

Shareholders (%)

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

Stock Performance



	1M	3M	12M
Performance	23.1	34.7	12.3

Analyst
Benjamin Mikael
benjamin.mikael@kbvalbury.com

BSDE reported strong net profit growth of IDR896 bn in 2Q24, up 182.6% yoy but down 37.6% qoq, driven by higher product handovers. The company plans to acquire a 91.9% stake in SMDM for S\$195.2 mn. While the acquisition cost appears reasonable, the primary concern is SMDM's weak earnings power. Following BSDE's better-than-expected performance, we upgraded our earnings forecast to IDR3.4 tn. We reiterate BUY on BSDE with higher TP of IDR1,585 using DCF-based TP as we roll-over the valuation to 2025, which implied to 0.8x '24F PB and 74.7% discount to '24F RNAV.

BSDE booked IDR896 bn in net profit for 2Q24, (+182.6% yoy) but down 37.6% qoq

The strong net profit growth in yoy basis was primarily due to an 89% increase in real estate revenue, driven by higher product hand-over. This resulted in BSDE reported a net profit of IDR2.3 tn (+94.2% yoy). During 1H24, revenues from landed houses primarily came from Yuthica, Blizfield, and Greenwich in BSD City. Additional contributions came from Grand Wisata in Bekasi, Kota Wisata in Cibubur, and Grand City in Balikpapan. Meanwhile, revenues from commercial land were mainly driven by sales in BSD City. 1H24 earnings is highly above our (87% of FY24F) and consensus expectation (81.4% of FY24F),

Expect earnings to reach IDR3.4 tn (+76.3% yoy) in 2024

As BSDE's net profit has significantly exceeded our expectations, we have revised up our earnings forecast to IDR3.4 tn, marking the second-highest earnings in the company's history. The key drivers for 2H24 earnings are likely to include the potential remaining ~IDR900 bn from JV-land plot sales and a historically higher volume of handovers in 2H24. Conversely, the short-term contract liabilities decreased by 15.2% ytd to IDR6.8 tn as of 1H24, suggesting a slower product handover pace within the next 1 year. For 2025, we conservatively expect BSDE to record a net profit of IDR2.4 tn (-29% yoy) after a high base in 2024. Despite the sizable decline, 2025F earnings remain higher than the 2023 figures.

Promising prospect of SMDM despite current weak earnings power

BSDE plans to acquire a 91.9% stake in SMDM, an affiliated company, which has same beneficiary owner, Sinarmasland, for S\$195.2 mn (~IDR2.3 tn). SMDM owns approximately 1,074 hectares of land across Harvest City, Rancamaya, and Royal Tajur. We estimate the acquisition cost at IDR 214k/sqm, which equates to 1.06x of 2023 P/B and 22x of 2023 P/E. While the acquisition cost appears reasonable, the primary concern is SMDM's weak earnings power, as it only generated IDR104 bn in profit in 2023, reflecting a mere 3.4% ROE. For 2024, SMDM targets IDR250 bn in marketing sales. We expect BSDE management to drive potential marketing sales to improve SMDM's profitability.

Catalyst in 2H24

Some catalyst in 2H24 are a) more aggressive product launching, b) extension of 100% VAT discount to Dec'24, c) Serpong- Balaraja toll road opening in 3Q/4Q24 which expected to connect into BSD City Phase 3 Township into JORR 1 toll road, and d) opening of some amenities such as Eastvara mall and Living World Grand Wisata Bekasi.

Reiterate BUY with higher TP of IDR1,585 (Previously IDR:1,310)

We reiterate BUY on BSDE with higher target price of IDR1,565 using DCF-based TP (WACC: 11.3%; LTG: 3%) as we roll-over the valuation to 2025, which implied to 0.8x '24F PB and 74.7% 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 ; 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)	2023	2024F	2025F	2026F
Revenue	11,539	12,293	10,780	11,386
EBITDA	3,324	5,113	3,908	4,099
Net income	1,945	3,430	2,441	2,725
EPS growth (%)	(20.0)	76.3	(28.8)	11.6
PER (x)	11.7	7.9	11.1	9.9
PBV (x)	0.7	0.7	0.6	0.6
EV/EBITDA (x)	9.9	6.3	7.6	6.7
ROE	5.8	9.8	6.7	7.3
Dividend yield (%)	0.4	0.0	0.0	0.0
Gearing (x)	0.0	(0.0)	(0.1)	(0.1)

Sources: Company, KBVS Research

Exhibit 2: BSDE's 1H24 Result

(IDR bn)	1H24	1H23	YoY (%)	2Q24	2Q23	YoY (%)	QoQ (%)
Revenue	7,347	4,998	47.0	3,572	2,122	68.3	(5.4)
Real Estates	6,803	4,537	49.9	3,268	1,729	89.0	(7.5)
Property	335	316	6	168	315	(47)	0.5
Others + Toll Roads	208	145	43	149	78	91	149.2
COGS	(2,483)	(1,821)	36.4	(3,606)	(795)	353.5	(421.0)
Gross Profit	4,864	3,177	53.1	2,213	1,327	66.7	(16.5)
EBIT	2,947	1,609	83.1	1,263	497	154.2	(25.0)
Interest expense (loan)	(350)	(408)	(14.2)	(175)	(207)	(15.5)	(0.7)
Other income (exp.)	(60)	(102)	-41.4	(46)	(86)	-47.0	221.2
Associate & JV	127	261	(51)	79	163	(52)	62.2
Pre-tax income	2,664	1,360	95.9	1,122	368	205.1	(27.3)
Taxes	(20)	(7)	198.0	(18)	(1)	1364.9	1,007.4
Minorities	(311)	(152)	104.6	(208)	(49)	320.7	101.0
Net income (Parent)	2,333	1,201	94.2	896	317	182.6	(37.6)
Margins (%)							
Gross Profit Margin	66.2	63.6		61.9	62.5		
EBIT margin	40.1	32.2		35.4	23.4		
Net Margin	31.8	24.0		25.1	14.9		

Source: Company,

KBVS Research

Exhibit 3: BSDE's Valuation Summary

DCF Valuation	2025	2026	2027	2028	2029
Net Income	2,441	2,725	2,877	2,941	3,272
Depreciation	548	566	595	617	643
NWC	(477)	(509)	(510)	(512)	(512)
Interest Expense (1-tax)	912	762	762	762	727
Capex	(874)	(943)	(1,015)	(1,091)	(1,170)
FCFF	2,551	2,601	2,710	2,718	2,960
Discount factor	1.0	1.1	1.2	1.4	1.5
Discounted Free Cash Flow	2,551	2,337	2,189	1,974	1,931
Terminal Value	36,903				
Discounted Terminal Value	24,082				
Enterprise Value	35,065				
Net debt	(4,055)				
Equity value	39,120				
Minority interest	(5,535)				
Fair value per share 2025F (IDR)	1,586				
Round down (IDR)	1,585				

Source: KBVS Research

Exhibit 4: 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
2024	Devant Studioloft (Shophouse - Kota Wisata)	30	7.3-10.1 bn	13 of 30 unit sold	96
	Klasika "Levante" (Housing - Grand Wisata)	56	1.6-2.1 bn	44 of 56 unit sold	77
	Cascade Studio Loft - (Shophouse - BSD City)	22	3.6-8.9 bn	18 of 22 unit sold	108
	7th Avenue Biztown (Shophouse) - Grand City Balikpapan	30	2.2-4.3 bn	18 of 30 unit sold	55
	Akasha Prominent - (shophouse- BSD)	56	~1 bn	~52%	~40
	West Village - (shophouse - BSD)	72	3-9.7 bn	54 of 72	163
	Tresor - (housing -bsd)	38	12 & 21 bn	11 of 38	192
	Launching Plan:				
	Winyard- (Housing-BSD City)	80	~5bn		
	Second Phase West Village (Shophouse- BSD City)	>30	3-9.7 bn		
	Northridge Ultimate (Shophouse- BSD City)	~50	3-10 bn		
	The Kaia "Yara" (Housing- Grand Wisata)	~50	3-8 bn		
	Townville (Housing- Grand City Balikpapan)	~30	3-6 bn		
	Shophouse in Kota Wisata	n.a	~2-5 bn		
	Next Phase of "Terravia" (Housing - BSD City)	n.a	~2-3 bn		

Source: Company, KBVS Research

Exhibit 5: SMDM's Key Financial Figures

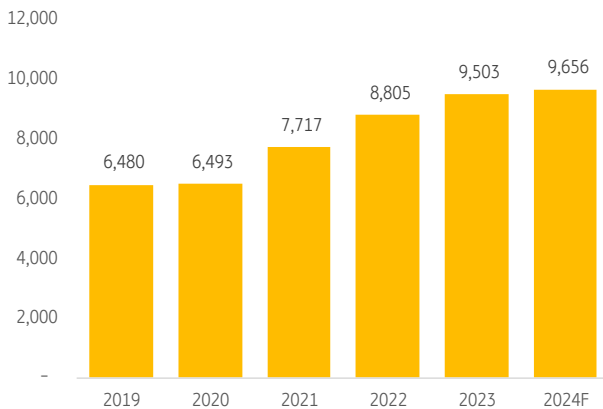
(IDR bn)	2023
Cash and equivalents	322
Trade receivables	20
Other receivables	2
Inventories	2
Real estate assets	2,811
Property and equipment	250
Investment properties	57
Other assets	70
TOTAL ASSETS	3,535
Short term bank loans	28
Trade payables	16
Other payables	30
Current maturities of long term debt	9
Long term bank loans	59
Other liabilities	335
TOTAL LIABILITIES	476
Share capital	1,518
Paid in capital	2
Advance for subscription of shares	4
Retained earnings	643
Non controlling interest	891
TOTAL EQUITY	3,058

Source: Company, KBVS Research

(IDR bn)	2023	2022
Revenues	496	566
Cost of revenue	(206)	(220)
Gross profit	290	347
Selling expenses	(46)	(41)
GA expenses	(148)	(122)
Final tax expenses	(9)	(11)
EBIT	87	173
EBITDA	95	178
Finance charges	(8)	(4)
Others	20	13
Pre-tax profit	99	181
Income tax expenses	(1)	(2)
Minority interest	7	(16)
Net income	104	164
EPS (IDR)	22	34

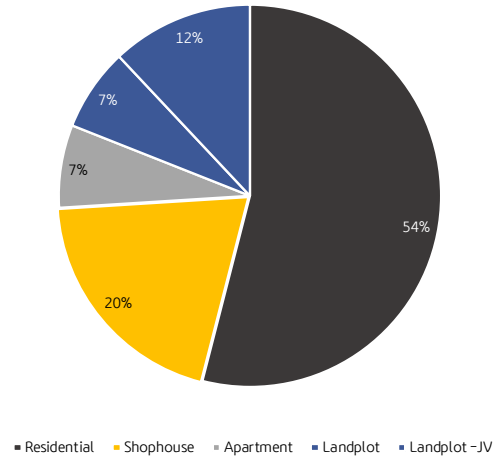
Key Ratios (%)	2023
Revenue growth	-12.3%
EBIT growth	-49.8%
EBITDA growth	-46.8%
Net profit growth	-36.4%
Gross margin	58.5%
EBIT margin	17.5%
EBITDA margin	19.1%
Net margin	21.0%
ROA	2.9%
ROE	3.4%
Net gearing (x)	0.03
Net debt/EBITDA (x)	1.01
Interest coverage ratio (x)	11.39

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



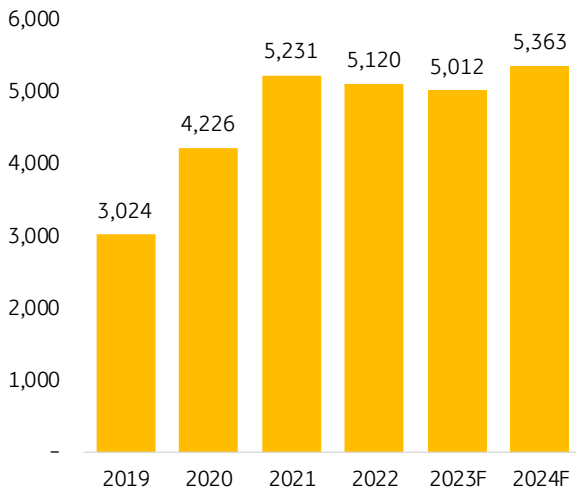
Source: Company, KBVS Research

Exhibit 7: BSDE's Marketing Sales Based on Products (1H24)



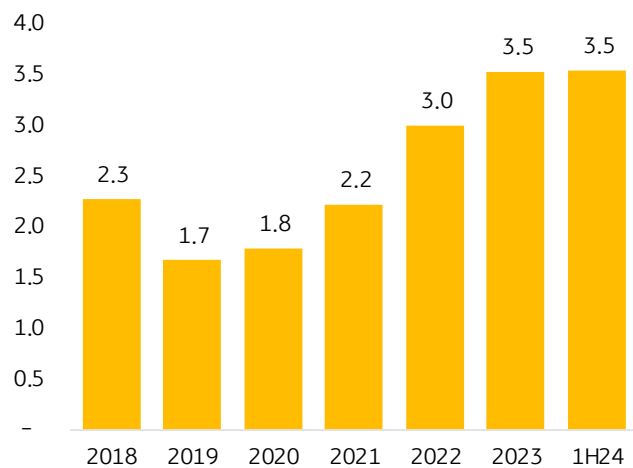
Source: Company, KBVS Research

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



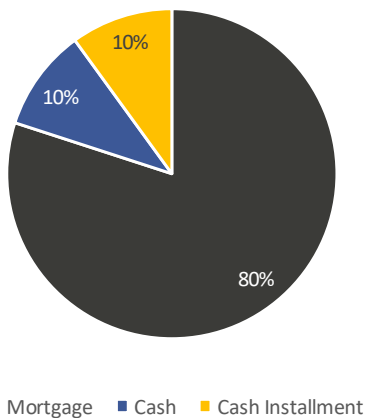
Source: Company, KBVS Research

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



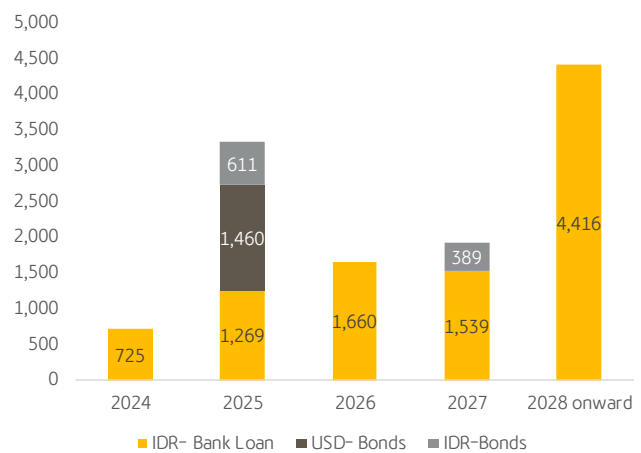
Source: Company, KBVS Research

Exhibit 10: BSDE's Customer Payment Profile (1Q24)



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)	2022	2023	2024F	2025F	2026F
Revenue	10,235	11,539	12,293	10,780	11,386
Cost of revenue	(3,409)	(5,127)	(3,892)	(3,539)	(3,733)
Gross profit	6,826	6,412	8,401	7,241	7,653
Selling expenses	(1,393)	(1,545)	(1,632)	(1,721)	(1,816)
G&A expenses	(1,394)	(1,567)	(1,682)	(1,794)	(1,915)
Operating profit	4,039	3,299	5,086	3,725	3,922
EBITDA	4,123	3,324	5,113	3,908	4,099
Other op. income/exp	(817)	(1,140)	(725)	(750)	(793)
Finance income	332	497	497	594	612
Finance expense	(822)	(841)	(864)	(916)	(765)
Inc/loss from assoc.	263	843	422	548	575
Pre-tax profit	2,996	2,658	4,416	3,201	3,552
Tax expense	(5)	(10)	(12)	(11)	(11)
Minority interest	(224)	(314)	(558)	(397)	(444)
Net profit	2,433	1,945	3,430	2,441	2,725
EPS (IDR)	115	110	164	117	130

Source: Company, KBVS Research

Exhibit 13: Balance sheet

Balance Sheet (IDR bn)	2022	2023	2024F	2025F	2026F
Cash and equivalents	9,734	9,426	12,879	13,310	13,907
Trade receivables	472	355	408	358	378
Inventories	12,610	14,308	14,808	15,308	15,808
Net- Fixed assets	8,286	9,748	11,068	11,159	11,264
Other assets	33,897	32,992	34,429	34,026	34,405
Total Assets	64,999	66,828	73,592	74,161	75,761
Trade payables	901	1,030	1,149	1,045	1,102
Short-term debt + CMLTD	63	28	2,279	2,279	0
Long-term debt	10,482	10,195	10,155	7,875	7,875
Other liabilities	15,507	14,373	14,998	15,190	15,930
Total Liabilities	26,954	25,626	28,581	26,389	24,907
Minority interest	4,408	4,731	5,215	5,535	5,892
Paid capital	9,292	9,292	9,292	9,292	9,292
Retained earnings	24,345	27,179	30,504	32,945	35,670
Other equities	9,292	9,292	9,292	9,292	9,292
Total Equity	33,637	36,471	39,796	42,237	44,962

Source: Company, KBVS Research

FINANCIAL TABLES

Exhibit 14: Cash Flow

Cash Flow (IDR bn)	2022	2023	2024F	2025F	2026F
Net income	2,433	1,945	3,430	2,441	2,725
Depreciation & amortization	414	441	534	548	566
Change in working capital	667	(2,073)	(752)	304	198
Cash flow from operations	3,514	314	3,213	3,294	3,489
Capex	(212)	(1,903)	(1,854)	(639)	(671)
Others	364	(1,256)	(50)	(50)	(50)
Cash flow from investments	152	(3,158)	(1,904)	(689)	(721)
Changes in debt	(12)	(145)	1,941	(2,279)	(2,279)
Changes in equity	-	-	-	-	-
Dividends paid	-	-	-	-	-
Others	(262)	1,218	380	320	357
Cash flow from financing	(274)	1,073	2,320	(1,959)	(1,922)
Net Cash Flow	3,392	(1,771)	3,628	645	845

Source: Company, KBVS Research

Exhibit 15: Key Ratios

Key Ratios (%)	2022	2023	2024F	2025F	2026F
Revenue growth	33.7	12.7	6.5	(12.3)	5.6
EBIT growth	54.9	(21.5)	60.5	(27.8)	5.2
EBITDA growth	76.3	42.2	118.7	67.1	75.3
Net profit growth	80.4	(20.0)	76.3	(28.8)	11.6
Gross margin	66.7	55.6	68.3	67.2	67.2
EBIT margin	36.2	25.2	38.0	31.3	31.2
EBITDA margin	40.3	28.8	41.6	36.2	36.0
Net margin	23.8	16.9	27.9	22.6	23.9
ROA	3.9	3.0	5.1	3.6	4.0
ROE	7.6	5.8	9.8	6.7	7.3
Net gearing (x)	(0.0)	0.0	(0.0)	(0.1)	(0.1)
Net debt/EBITDA (x)	(0.0)	0.1	(0.2)	(1.0)	(1.7)
Interest coverage ratio (x)	8.4	9.7	13.9	12.1	26.8

Source: Company, KBVS Research

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KB Valbury Sekuritas

Head Office

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Kelurahan Karet Tengsin,
Kecamatan Tanah Abang, Jakarta Pusat 10220, Indonesia
T. +62 21 – 250 98 300
F. +62 21 – 255 33 778

Branch Office

Jakarta – Sudirman

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Karet Tengsin,
Tanah Abang, Jakarta Pusat 10220
T. (021) 25098300/301

Bandung

Jl. HOS Cokroaminoto No. 82
Bandung 40171
T. (022) 87255800

Palembang

Komplek PTC Mall Blok I No. 7
Jl. R. Sukanto
Palembang 30114
T. (0711) 5700281

Semarang

Candi Plaza Building Lt. Dasar
Jl. Sultan Agung No. 90-90A
Semarang 50252
T. (024) 8501122

Jakarta – Kelapa Gading

Rukan Plaza Pasifik
Jl. Raya Boulevard Barat Blok A1 No. 10
Jakarta Utara 11620
T. (021) 29451577

Malang

Jl. Pahlawan Trip No. 7
Malang 65112
T. (0341) 585888

Surabaya

Pakuwon Center Lt 21
Jl. Embong Malang No.1
Surabaya 60261
T. (031) 21008080

Makassar

Komplek RUKO Citraland City Losari
Business Park, Blok B2 No. 09
Jl. Citraland Boulevard Makassar 90111
T. (0241) 16000818

Jakarta – Puri Indah

Rukan Grand Aries Niaga Blok E1 No. IV
Jl. Taman Aries, Kembangan
Jakarta Barat 11620
T. (021) 22542390

Banjarmasin

Jl. Gatot Subroto No. 33
Banjarmasin 70235
T. (0511) – 3265918

Padang

Jl. Kampung Nias II No. 10,
Padang 25211
T. (0751) 8955747

Medan

Komplek Jati Junction No. P5-5A
Jl. Perintis Kemerdekaan
Medan 20218
T. (061) 88816222

Jakarta – Pluit

Jl. Pluit Putra Raya No. 2
Jakarta Utara 14450
T. (021) 6692119

Pekanbaru

Jl. Tuanku Tambusai, Komplek CNN
Blok A No. 3 Pekanbaru 28291
T. (0761) 839393

Yogyakarta

Jl. Magelang KM 5.5 No. 75
Yogyakarta 55000
T. (0274) 623111

Denpasar

Jl. Teuku Umar No. 177
Komplek Ibis Styles Hotel
Denpasar Bali 80114
T. (0361) 225229

Investment Gallery

Jakarta

Citra Garden 6 Ruko Sixth Avenue
Blok J.1 A/18, Cengkareng
Jakarta Barat 11820
T. (021) 522392181

Semarang

Jl. MT Haryono 637
Semarang 50242
T. (024) 8415195

Salatiga

Jl. Diponegoro No. 68
Salatiga 50711
T. (0298) 313007

Solo

Jl. Ronggowarsito No. 34
Surakarta 57118
T. (0271) 6726306