

9M23 profit grew 92.6% yoy; beats estimate

2 November 2023



<b>BSDE IJ</b>	<b>BUY</b>
Sector	Property.
Price at 1 Nov 2023 (IDR)	970
Price target (IDR)	1,520
Upside/Downside (%)	56.7

**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)	21,277
Shares outstanding (mn)	21,171
52-week range (IDR)	880 - 1235
3M average daily vol. ('000)	16,682
3M average daily val. (IDR mn)	18,017

**Shareholders (%)**

Paraga Arta Mida	39.4
Ekacentra Usahamaju	25.6
Treasury Stock	1.97
Public	33.0

**Stock Performance**



Source: Bloomberg

	<b>1M</b>	<b>3M</b>	<b>12M</b>
Performance	(8.1)	(18.8)	4.3

**Analyst**

Benjamin Mikael  
benjamin.mikael@kbvalbury.com

BSDE's 3Q23 results beat the estimate, we anticipate that BSDE could surpass their FY23 marketing sales target and net profit could reach a five-year all-time high, driven by the sale of land to a joint venture company amounting to IDR 1.58 tn, with the realization expected in 4Q23. We forecast marketing sales to reach IDR 9.4 t (+8.4% yoy) primarily driven by 7% growth in the residential segment. Additionally, several recurring income and amenities projects are expected to operate in 2024 which could enhance the appeal of BSD City as a desirable location for homebuyers. Reiterate BUY on BSDE with TP of IDR1,520 using DCF-based TP (WACC: 11.3%; LTG: 3%), which implied to 0.8x '24F PB and 75.7% discount to '24F RNAV.

**3Q23 results beat estimate**

BSDE booked IDR568 bn of net profit in 3Q23 (+25.0% yoy/+79.3% qoq). This resulted in 9M23 net profit came at IDR1.77 tn (+92.6%), which is above with street's estimate (73% of cons). Supporting the bottom line, there was a significant 377% increase in the share of net income from associates and joint ventures, reaching IDR487 bn, which mostly contributed from PT Bumi Parama Wisesa - Nava Park project (IDR344 bn - net profit). 3Q23 revenue drop (-30.2% yoy) is due to lower revenue recognition from real estate segment (-32.3% yoy). However, BSDE booked modest ytd growth of 2.3%, totaling IDR7.3 tn in 9M23, largely in-line.

**Solid 9M23 marketing sales achievement**

BSDE's booked IDR1.9 tn of marketing sales in 3Q23 (-4.2% yoy/-26% qoq). This resulted 9M23 marketing sales at 6.7 tn which contributed ~77% of FY23 target of IDR8.8 tn. Looking ahead to FY23F, we anticipate that BSDE could surpass their FY23 marketing sales target and net profit could reach a five-year all-time high, driven by the sale of land to a joint venture company amounting to IDR 1.58 tn, with realization expected in 4Q23.

**Expect marketing sales to reach IDR 9.4 t in 2024 (+8.4% yoy)**

In 2024 we forecast marketing sales to reach IDR 9.4t (+8.4% yoy) primarily driven by 7% growth in the residential segment. The impact from VAT incentives could accelerate apartment sales, noted BSDE has ~IDR1.6 tn of apartment inventory. Additionally, several recurring income streams such as Knowledge Hub (100% stake), AEON Deltamas (30% stake), Living World Kota Wisata (40% stake), and Living World Grand Wisata (40% stake) is expected to operate in 2024. Furthermore, ongoing amenities projects such Eastvara Mall, Grand Lucky Superstore, Jatim park, and Cimory Dairy Land is expected to commence in 2024 which could enhance the appeal of BSD City as a desirable location for homebuyers. On the earnings side, we anticipate a slight decrease of 4.2% to IDR2.5 tn due to a high base in 2023F.

**Undemanding valuation. Reinitiate BUY with TP IDR1,520**

We reiterate BUY on BSDE with target price of IDR1,520 using DCF-based TP (WACC: 11.3%; LTG: 3%), which implied to 0.8x '24F PB and 75.7% 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 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: Financial Summary**

(IDR bn)	9M23	9M22	YoY(%)	3Q23	3Q22	YoY (%)	QoQ (%)
<b>Revenue</b>	<b>7,308</b>	<b>7,146</b>	<b>2.3</b>	<b>2,310</b>	<b>3,310</b>	<b>-30.2</b>	<b>8.9</b>
Real Estates	6,587	6,123	7.6	1,799	2,662	-32.4	-9.2
Property	478	423	13	414	338	22	552.5
Others + Toll Roads	238	599	(60)	93	310	(70)	19.2
COGS	(2,644)	(2,658)	-0.5	(823)	(1,195)	-31.1	3.5
<b>Gross Profit</b>	<b>4,664</b>	<b>4,487</b>	<b>4.0</b>	<b>1,487</b>	<b>2,115</b>	<b>-29.7</b>	<b>12.0</b>
<b>EBIT</b>	<b>2,272</b>	<b>2,171</b>	<b>4.6</b>	<b>663</b>	<b>1,153</b>	<b>-42.5</b>	<b>33.3</b>
Interest expense (loan)	(613)	(633)	(3.1)	(205)	(206)	(0.5)	-0.7
Other income (exp.)	(132)	(615)	-78.5	(30)	(547)	-94.5	-64.8
Associate & JV	487	102	377	226	116	95	38.5
Pre-tax income	2,013	1,026	96.2	653	516	26.6	77.7
Taxes	(7)	(5)	61.8	(1)	(4)	-76.6	-32.3
Minorities	(236)	(103)	129.4	(84)	(58)	46.2	70.2
<b>Net income (Parent)</b>	<b>1,769</b>	<b>918</b>	<b>92.6</b>	<b>568</b>	<b>455</b>	<b>25.0</b>	<b>79.3</b>

**Margins (%)**

Gross Profit Margin	63.8	62.8		64.4	63.9
EBIT margin	31.1	30.4		28.7	34.8
Net Margin	24.2	12.9		24.6	13.7

Source: Company, Bloomberg, KBVS Research

**Exhibit 3: BSDE's Valuation Summary**

DCF Valuation	2024	2025	2026	2027	2028
Net Income	<b>2,529</b>	<b>2,880</b>	<b>3,258</b>	<b>3,527</b>	<b>3,949</b>
Depreciation	487	503	522	547	568
NWC	(506)	(508)	(512)	(513)	(515)
Interest Expense (1-tax)	1,016	855	705	705	705
Capex	(1,547)	(1,552)	(1,557)	(1,633)	(1,712)
<b>FCFF</b>	<b>1,977</b>	<b>2,178</b>	<b>2,416</b>	<b>2,633</b>	<b>2,996</b>
Discount factor	1.0	1.1	1.2	1.4	1.5
Discounted Free Cash Flow	1,977	1,957	1,950	1,910	1,952
Terminal Value	<b>37,185</b>				
Discounted Terminal Value	24,234				
Enterprise Value	<b>33,981</b>				
Net debt	<b>(3,375)</b>				
Equity value	37,355				
Minority interest	(5,106)				
<b>Fair value per share 2024F (IDR)</b>	<b>1,523</b>				
<b>Round down (IDR)</b>	<b>1,520</b>				

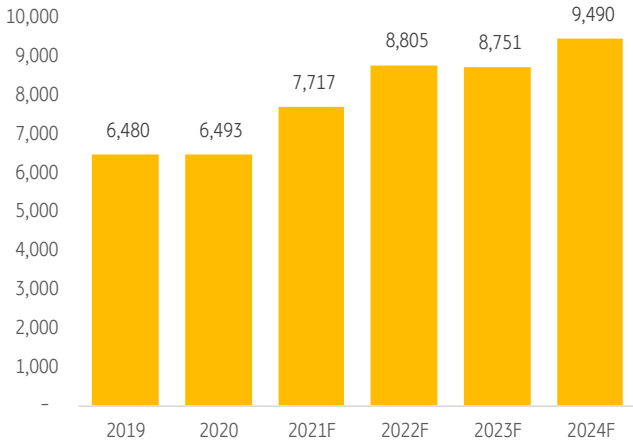
Source: KBVS Research

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%	60
<b>Plan in 4Q23</b>					
Devant Studioloft (Shophouse - Kota Wisata)	~20-30	6-8 bn			
Classika (Housing - Grand Wisata)	n.a	1-2 bn			
Layton (Housing - Nava Park) - potential plan					

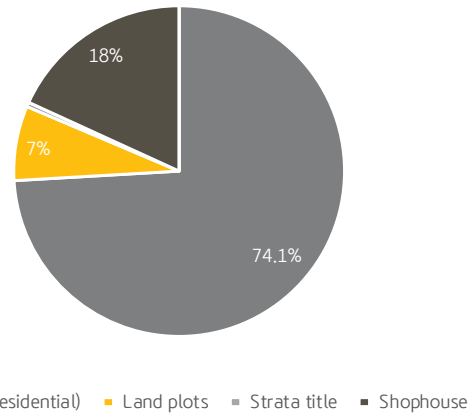
Source: Company, KBVS Research

Exhibit 5: BSDE's Marketing Sales Forecast (IDR bn)



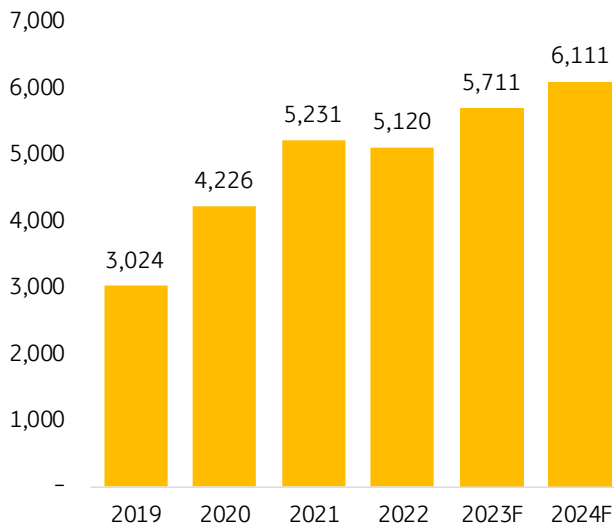
Source: Company, KBVS Research

Exhibit 6: BSDE's Marketing Sales Based on Products (9M23)



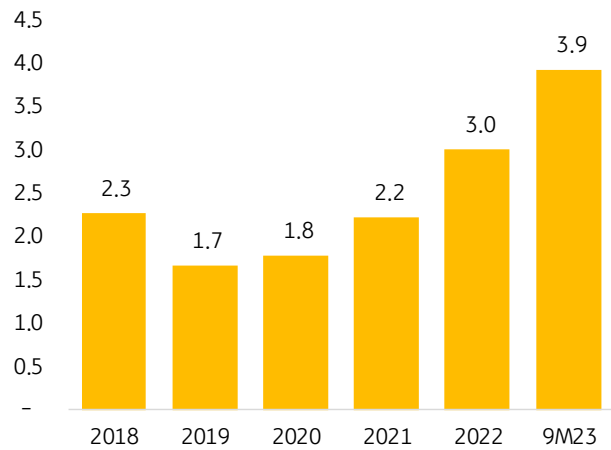
Source: Company, KBVS Research

Exhibit 7: BSDE's Marketing Sales of Housing Products (IDR bn)



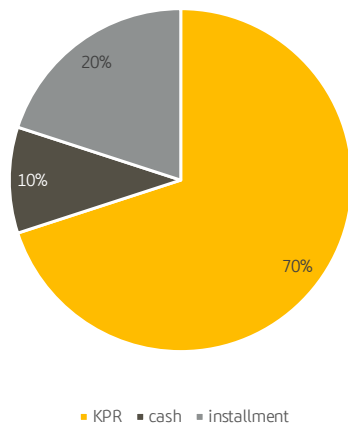
Source: Company, KBVS Research

Exhibit 8: BSDE's Housing Product Mixed ASP (Rp bn)



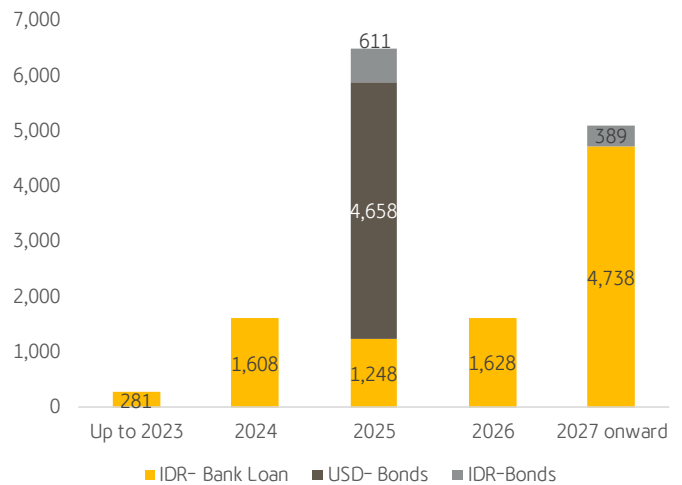
Source: Company, KBVS Research

Exhibit 9: BSDE's Customer Payment Profile -9M23 (%)



Source: Company, KBVS Research

Exhibit 10: BSDE's Debt Maturity



Source: Company, KBVS Research

FINANCIAL TABLES

Exhibit 11: Profit & Loss summary

Profit & Loss (IDR bn)	2021	2022	2023F	2024F	2025F
<b>Revenue</b>	<b>7,655</b>	<b>10,235</b>	<b>10,665</b>	<b>11,086</b>	<b>11,594</b>
Cost of revenue	(2,915)	(3,409)	(3,874)	(4,040)	(4,230)
<b>Gross profit</b>	<b>4,740</b>	<b>6,826</b>	<b>6,791</b>	<b>7,046</b>	<b>7,364</b>
Selling expenses	(991)	(1,393)	(1,471)	(1,548)	(1,629)
G&A expenses	(1,120)	(1,394)	(1,482)	(1,582)	(1,687)
<b>Operating profit</b>	<b>2,629</b>	<b>4,039</b>	<b>3,838</b>	<b>3,916</b>	<b>4,048</b>
<b>EBITDA</b>	<b>2,766</b>	<b>4,123</b>	<b>3,905</b>	<b>4,006</b>	<b>4,163</b>
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
<b>Pre-tax profit</b>	<b>1,784</b>	<b>2,996</b>	<b>3,324</b>	<b>3,210</b>	<b>3,619</b>
Tax expense	(8)	(5)	(11)	(11)	(12)
Minority interest	(190)	(224)	(326)	(313)	(356)
<b>Net profit</b>	<b>1,349</b>	<b>2,433</b>	<b>2,640</b>	<b>2,529</b>	<b>2,880</b>
EPS (IDR)	49	115	114	116	133

Source: Company, KBVS Research

Exhibit 12: 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
<b>Total Assets</b>	<b>61,470</b>	<b>64,999</b>	<b>68,061</b>	<b>72,938</b>	<b>74,604</b>
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
<b>Total Liabilities</b>	<b>25,576</b>	<b>26,954</b>	<b>26,736</b>	<b>28,872</b>	<b>27,398</b>
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
<b>Total Equity</b>	<b>31,456</b>	<b>33,637</b>	<b>36,536</b>	<b>38,961</b>	<b>41,736</b>

Source: Company, KBVS Research

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Exhibit 13: 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
<b>Cash flow from operations</b>	<b>4,413</b>	<b>3,514</b>	<b>1,892</b>	<b>3,536</b>	<b>3,533</b>
Capex	(25)	(212)	(660)	(618)	(576)
Others	(446)	364	(50)	(50)	(50)
<b>Cash flow from investments</b>	<b>(471)</b>	<b>152</b>	<b>(710)</b>	<b>(668)</b>	<b>(626)</b>
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
<b>Cash flow from financing</b>	<b>(5,093)</b>	<b>(274)</b>	<b>(226)</b>	<b>1,373</b>	<b>(1,961)</b>
<b>Net Cash Flow</b>	<b>(1,152)</b>	<b>3,392</b>	<b>956</b>	<b>4,241</b>	<b>946</b>

Source: Company, KBVS Research

Exhibit 14: Cash flow

Key Ratios (%)	2021	2022	2023F	2024F	2025F
Revenue growth	23.9	65.6	72.6	79.4	87.6
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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### KB Valbury Sekuritas Head Office

Sahid Sudirman Center 41<sup>st</sup> 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

#### Jakarta – Kelapa Gading

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

#### Jakarta – Puri Indah

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

#### Jakarta – Pluit

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

#### Bandung

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

#### Malang

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

#### Banjarmasin

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

#### Pekanbaru

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

#### Palembang

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

#### Surabaya

Pakuwon Center Lt 21  
 Jl. Embong Malang No.1  
 Surabaya 60261  
 T. (031) 2955788

#### Padang

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

#### Yogyakarta

Jl. Magelang KM 5.5 No. 75  
 Yogyakarta 55000  
 T. (0274) 625111

#### Semarang

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

#### Makassar

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

#### Medan

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

#### 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