

Expect Earnings Turnaround in 2024F

6 May 2024



BSDE II	BUY
Sector	Property.
Price at 6 May 2024 (IDR)	920
Price target (IDR)	1,310
Upside/Downside (%)	42.4

Stock Information

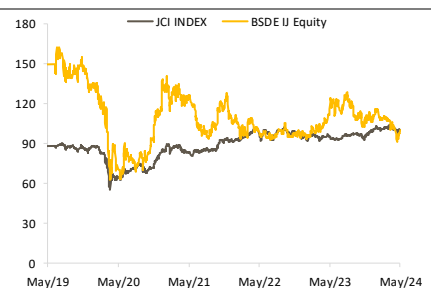
PT Bumi Serpong Damai Tbk develops real estate including housing infrastructure, commercial and industrial estates, golf courses, and public facilities.

Market cap (IDR bn)	19,478
Shares outstanding (mn)	21,171
52-week range (IDR)	870 - 1235
3M average daily vol. ('000)	13,913
3M average daily val. (IDR mn)	13,469

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	(2.6)	(8.2)	(14.0)

Analyst

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In 1Q24, BSDE achieved robust net profit growth, soaring by 62.6% yoy driven primarily by a remarkable surge in real estate revenue, witnessing a 25.9% yoy increase. This performance surpassed both internal and street projections, with earnings expected to further grow by 37.8% in 2024, supported by improved JV-land plot sales margins and minimized forex losses. Additionally, BSDE maintained an in-line marketing sales achievement in 1Q24 of IDR2.22 tn (+3% yoy). Reiterate BUY on BSDE with TP of IDR1,310 using DCF-based TP (WACC: 11.3%; LTG: 3%), which implied to 0.7x '24F PB and 78.7% ' discount to '24F RNAV.

Booked strong net profit growth in 1Q24 of IDR1.4 tn (+62.6% yoy, +715% qoq).

Strong profit growth was predominantly fueled by enhanced recognition of real estate revenue, which soared by 25.9% yoy to reach IDR3.5 tn, propelled by robust recognition in both residential (68% yoy) and land (72% yoy). Moreover, the gross profit margin witnessed a significant expansion of nearly 600 basis points on yoy basis. The performance in 1Q24 exceeded both our internal estimates and street projections, representing 53.6% of our estimate (IDR2.7 tn) and 56.8% (IDR2.5 tn) of the street estimate, respectively.

Expect earnings to grow by 37.8% yoy in 2024

We anticipate earnings turnaround by 37.8% to IDR2.7 tn due to JV-land plot sales margin improvement as well as lesser forex loss which arose in 2023 due to the refinancing. We view our net profit target should be achievable considering the strong performance in 1Q24 as well as the optimistic target set by the company to achieve IDR11.7 of revenue (+9.6% yoy) and IDR3.2 tn in net profit in 2024 (+64.5% yoy). The recent depreciation of Rupiah should give a minimum impact to BSDE, as the current USD loan only amounted US\$ 88.9 mn or roughly around IDR1.4 tn (only equivalent to 3.7% to equity).

In-line marketing sales achievement in 1Q24

In the 1Q24, BSDE achieved marketing sales of IDR2.22 tn (+3% yoy), which accounted to ~23% of 2024 target of IDR9.65 tn of our 2024F forecast. The Residential segment contributed IDR1.26 tn, which accounted for 57% of the total pre-sales, driven by the offerings in BSD City like Nava Park, Hiera, The Zora, Eonna, Terravia, and newly launched residential project in Grand Wisata Bekasi (Klasika - Levante). On the commercial segment, pre-sales amounted to IDR965 bn, with shophouse sales leading at IDR627 bn, followed by commercial land lot pre-sales at IDR191 bn, and apartment unit pre-sales at IDR147 bn.

The success in shophouse pre-sales was buoyed by new launches such as Cascade Studio Loft at BSD City, Devant Business Loft at Kota Wisata Cibubur, and 7th Avenue Biztown in Grand City Balikpapan, alongside strong sales from existing products. Meanwhile, apartment unit sales were primarily driven by properties like Southgate and Aerium in Jakarta, as well as Akasa and Upper West in BSD City.

Undemanding valuation. Reiterate BUY with TP of IDR1,310

We reiterate BUY on BSDE with higher target price of IDR1,310 using DCF-based TP (WACC: 11.3%; LTG: 3%), which implied to 0.7x '24F PB and 78.7% 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)	2023	2024F	2025F	2026F
Revenue	11,539	10,679	10,357	10,939
EBITDA	3,324	3,978	3,610	3,784
Net income	1,945	2,680	2,496	2,768
EPS growth (%)	(20.0)	37.8	(6.9)	10.9
PER (x)	8.3	7.2	7.7	7.0
PBV (x)	0.5	0.5	0.5	0.4
EV/EBITDA (x)	7.5	6.1	6.2	5.3
ROE	5.8	7.8	7.0	7.5
Dividend yield (%)	0.5	0.5	0.5	0.5
Gearing (x)	0.0	(0.0)	(0.1)	(0.1)

Sources: Company, KBVS Research

Exhibit 2: BSDE's Marketing Sales Achievement 1Q24

Segment	Unit	1Q24		Unit	1Q23		YoY (%)	QOQ (%)
		Value IDR (bn)	Cont (%)		Value IDR (Mn)	Cont (%)		
Residential	378	1,255.6	57%	328	1,488	69%	-16%	131%
Commercial Lot	2	190.9	9%	3	200	9%	-5%	755%
Apartments	88	147.3	7%	68	102	5%	44%	-14%
Shophouse	229	626.5	28%	112	359	17%	75%	331%
Land Plot	0	-	0%	0	-	0%	0%	-100%
Total	697	2,220.3	100%	511	2,149	100%	3%	-19%

Source: Company, KBVS Research

Exhibit 3: BSDE's Valuation Summary

DCF Valuation	2024	2025	2026	2027	2028
Net Income	2,680	2,496	2,768	2,919	2,979
Depreciation	534	548	566	595	617
NWC	(403)	(495)	(509)	(509)	(511)
Interest Expense (1-tax)	1,053	889	738	738	738
Capex	(2,054)	(874)	(943)	(1,015)	(1,091)
FCFF	1,810	2,564	2,620	2,728	2,733
Discount factor	1.0	1.1	1.2	1.4	1.5
Discounted Free Cash Flow	1,810	2,304	2,115	1,979	1,781
Terminal Value	33,958				
Discounted Terminal Value	22,138				
Enterprise Value	32,128				
Net debt	(746)				
Equity value	32,875				
Minority interest	(5,103)				
Fair value per share 2024F (IDR)	1,312				
Round down (IDR)	1,310				

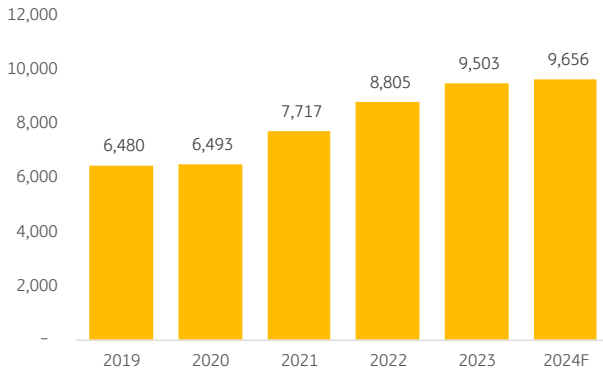
Source: KBVS Research

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%	489
	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	

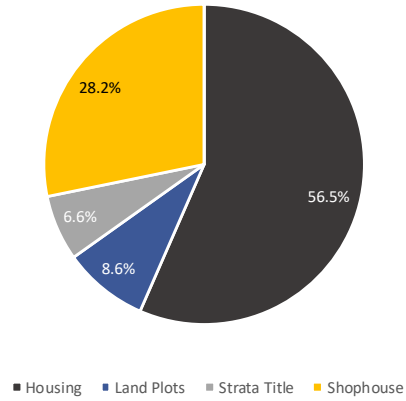
Source: Company, KBVS Research

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



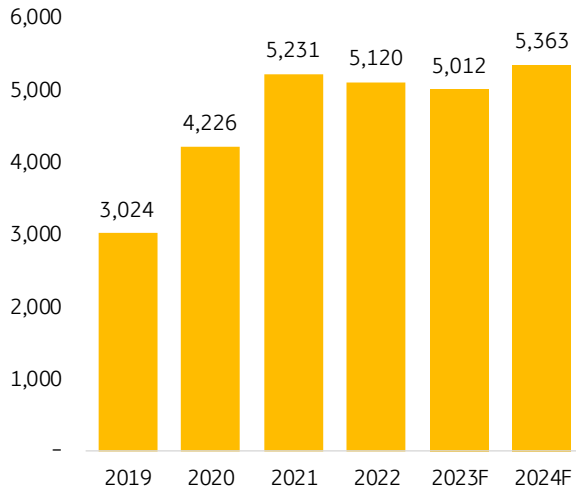
Source: Company, KBVS Research

Exhibit 6: BSDE's Marketing Sales Based on Products (1Q24)



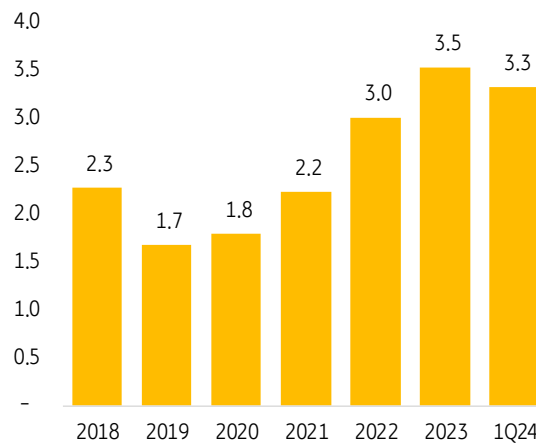
Source: Company, KBVS Research

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



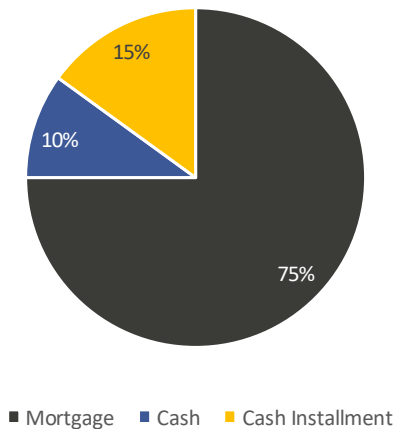
Source: Company, KBVS Research

Exhibit 8: BSDE's Housing Product Mix ASP (IDR bn)



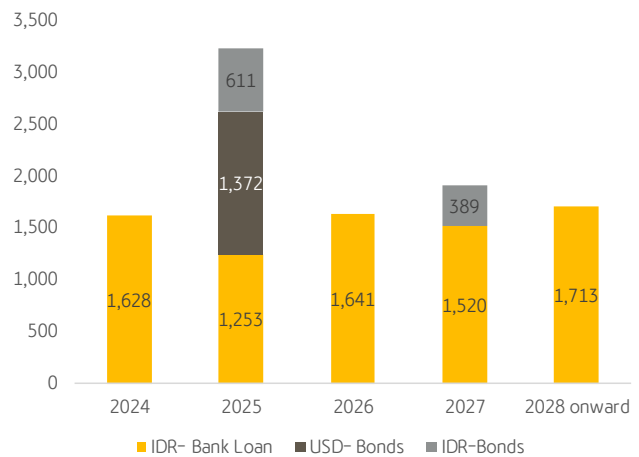
Source: Company, KBVS Research

Exhibit 9: BSDE's Customer Payment Profile (1Q24)



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)	2022	2023	2024F	2025F	2026F
Revenue	10,235	11,539	10,679	10,357	10,939
Cost of revenue	(3,409)	(5,127)	(3,477)	(3,430)	(3,618)
Gross profit	6,826	6,412	7,202	6,927	7,320
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	3,888	3,411	3,590
EBITDA	4,123	3,324	3,978	3,610	3,784
Other op. income/exp	(817)	(1,140)	(781)	(808)	(854)
Finance income	332	497	497	559	561
Finance expense	(822)	(841)	(1,057)	(892)	(741)
Inc/loss from assoc.	263	843	931	978	1,027
Pre-tax profit	2,996	2,658	3,478	3,247	3,583
Tax expense	(5)	(10)	(11)	(10)	(11)
Minority interest	(224)	(314)	(436)	(406)	(451)
Net profit	2,433	1,945	2,680	2,496	2,768
EPS (IDR)	115	110	128	119	132

Source: Company, KBVS Research

Exhibit 12: Balance sheet

Balance Sheet (IDR bn)	2022	2023	2024F	2025F	2026F
Cash and equivalents	9,734	9,426	12,031	12,095	12,619
Trade receivables	472	355	355	344	363
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	33,779	33,860	34,237
Total Assets	64,999	66,828	72,040	72,766	74,291
Trade payables	901	1,030	1,026	1,012	1,068
Short-term debt + CMLTD	63	28	2,279	2,279	(7,521)
Long-term debt	10,482	10,195	9,585	7,306	14,827
Other liabilities	15,507	14,373	15,105	15,419	16,155
Total Liabilities	26,954	25,626	27,996	26,016	24,529
Minority interest	4,408	4,731	5,103	5,417	5,766
Paid capital	9,292	9,292	9,292	9,292	9,292
Retained earnings	24,345	27,179	29,649	32,041	34,704
Other equities	9,292	9,292	9,292	9,292	9,292
Total Equity	33,637	36,471	38,942	41,333	43,996

Source: Company, KBVS Research

FINANCIAL TABLES

Exhibit 13: Profit & Loss summary

Cash Flow (IDR bn)	2022	2023	2024F	2025F	2026F
Net income	2,433	1,945	2,680	2,496	2,768
Depreciation & amortization	414	441	534	548	566
Change in working capital	667	(2,073)	(330)	(7)	196
Cash flow from operations	3,514	314	2,884	3,038	3,529
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)	1,641	(2,279)	(2,279)
Changes in equity	-	-	-	-	-
Dividends paid	-	-	(105)	(105)	(105)
Others	(262)	1,218	268	313	349
Cash flow from financing	(274)	1,073	1,804	(2,070)	(2,035)
Net Cash Flow	3,392	(1,771)	2,784	278	773

Source: Company, KBVS Research

Exhibit 14: Cash flow

Key Ratios (%)	2022	2023	2024F	2025F	2026F
Revenue growth	33.7	12.7	(7.5)	(3.0)	5.6
EBIT growth	54.9	(21.5)	21.5	(13.0)	5.2
EBITDA growth	76.3	42.2	70.1	54.4	61.9
Net profit growth	80.4	(20.0)	37.8	(6.9)	10.9
Gross margin	66.7	55.6	67.4	66.9	66.9
EBIT margin	36.2	25.2	33.1	29.7	29.6
EBITDA margin	40.3	28.8	37.3	34.9	34.6
Net margin	23.8	16.9	25.1	24.1	25.3
ROA	3.9	3.0	4.0	3.7	4.1
ROE	7.6	5.8	7.8	7.0	7.5
Net gearing (x)	(0.0)	0.0	(0.0)	(0.1)	(0.1)
Net debt/EBITDA (x)	(0.0)	0.1	(0.2)	(0.9)	(1.6)
Interest coverage ratio (x)	8.4	9.7	7.1	10.8	21.1

Source: Company, KBVS Research

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