

Summarecon Agung

BUY (unchanged)

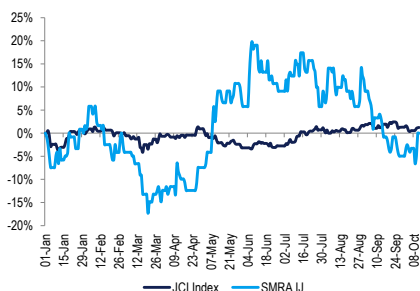
Company Update | Property | SMRA IJ | 13 October 2023

Stock Data

Target price	Rp805
Prior TP	Rp805
Current price	Rp605
Upside/downside	+34%
Shares outstanding (mn)	16,509
Market cap (Rp bn)	9,988
Free float	65%
Avg. 6m daily T/O (Rp bn)	23

Price Performance

	3M	6M	12M
Absolute	-12.9%	9.0%	7.1%
Relative to JCI	-14.8%	7.0%	6.7%
52w low/high (Rp)	500 - 725		



Major Shareholders

Semarop Agung	33.8%
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9M23 presales: behind but 3Q showed a meaningful recovery

- SMRA booked of Rp3.1tr of presales in 9M23 (-12% yoy) which accounts for 63/61% of ours/company's FY23F presales target.
- 3Q23 presales of Rp1.5tr (+23% yoy/+51% qoq) mainly driven from new launches proceeds during the quarter by 54% contribution.
- We reiterate our Buy rating on SMRA with unchanged TP of Rp805.

9M23 presales review: behind ours/company's target

In 9M23, SMRA reported presales at Rp3.1tr (-12% yoy) which accounted for 63/61% of ours/company's FY23F presales target of Rp4.8/5tr. Until 9M23, SMRA launched 6 new products from its existing projects with total presales of Rp1.3tr which contributed 43% to 9M23 presales. In Sep alone, SMRA booked Rp356bn (+34% yoy/-53% mom) with Crown Gading as the biggest contributor at 53%.

3Q23 presales: strong growth amid solid new launches

In 3Q23, SMRA booked presales of Rp1.5tr (+23% yoy/ +51% qoq) with Bogor and Crown Gading projects as the key drivers. During 3Q23 alone, SMRA launched 3 new products includes a residential cluster in Bandung and Bogor and a shop house in Crown Gading which contributed Rp826bn of presales (57% to 3Q23 presales). In Oct23, SMRA to launch Crystal Boulevard (shop house) in Bekasi with price range of Rp3.4-11bn (SMRA to release 29 units for the stage 1 launching out of 115 total units) on 21Oct23 and Sapphire Commercial (shop house) with price range of Rp3.9-4.9bn (SMRA to release 20 units for the stage 1 launching out of 40 total units) on 28Oct23. In addition, we noticed that SMRA is planning to launch a residential cluster in Crown Gading with estimated price of c.Rp1.1-2.2bn in Nov23.

9M23 payment profile

Mortgage buyers' proportion still remained high at 41% in 9M23 (vs. 34/44% in FY21/22) while instalment buyers' proportion relatively stable at 41% (vs. 41/37% in FY21/22). Going forward, high mortgage portion shall be beneficial for SMRA cash flow position.

Reiterate Buy with unchanged TP

We are reviewing our forecast with unchanged TP of Rp805. Currently, SMRA trades at 83% discount to NAV (vs. 5Y average of 78%). Key downside risks are weak presales demand and higher debt balance.

Financial Summary (Rp bn)	2021A	2022A	2023F	2024F	2025F
Revenue	5,568	5,719	6,507	7,123	7,565
EBITDA	1,819	1,984	2,268	2,493	2,675
Net profit	324	625	681	861	1,008
EPS growth (%)	80%	93%	9%	26%	17%
ROE	4%	7%	7%	8%	9%
PER (x)	29.1	16.0	14.7	11.6	9.9
EV/EBITDA (x)	7.5	6.4	4.9	4.5	4.1
Dividend yield	0%	0%	0%	0%	0%
IPS vs. consensus			88%	97%	98%

Source: Company, Indo Premier

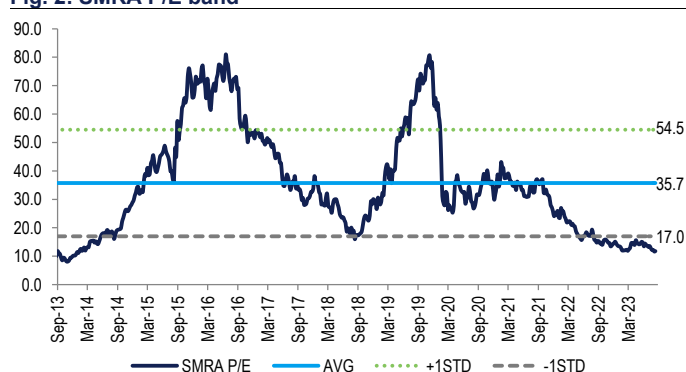
Share price closing as of: 12 October 2023

Fig. 1: SMRA 9M23 presales

in Rp bn	9M23	9M22	%YoY	3Q23	3Q22	%YoY	2Q23	%QoQ
Kelapa Gading	42	92	-54%	9	45	-79%	7	40%
Bekasi	590	624	-5%	209	221	-6%	204	3%
Serpong	821	1,799	-54%	179	448	-60%	487	-63%
Bandung	226	573	-61%	125	263	-52%	51	143%
Karaw ang	22	131	-83%	1	13	-92%	15	-93%
Makassar	110	125	-11%	54	37	46%	17	215%
Bogor	823	150	447%	626	150	316%	96	553%
Crow n Gading	434	-	NA	250	-	NA	84	199%
Total	3,068	3,494	-12%	1,454	1,178	23%	960	51%

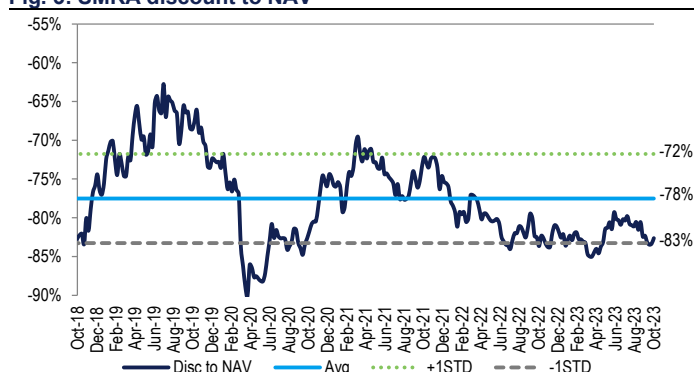
Source: Company, Indo Premier

Fig. 2: SMRA P/E band



Source: Company, Bloomberg, Indo Premier

Fig. 3: SMRA discount to NAV



Source: Company, Bloomberg, Indo Premier

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net revenue	5,568	5,719	6,507	7,123	7,565
Cost of sales	2,974	2,720	3,230	3,528	3,730
Gross profit	2,594	3,000	3,276	3,595	3,835
SG&A Expenses	1,040	1,274	1,344	1,472	1,563
Operating profit	1,554	1,726	1,932	2,123	2,272
Net interest	(810)	(700)	(659)	(605)	(554)
Forex gain (loss)	-	-	-	-	-
Others	12	(8)	8	8	8
Pre-tax income	756	1,018	1,281	1,527	1,726
Income tax	(206)	(246)	(336)	(376)	(410)
Minority interest	(226)	(146)	(264)	(289)	(307)
Net income	324	625	681	861	1,008

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash & equivalent	2,774	3,143	4,690	4,708	3,425
Receivable	280	308	327	355	375
Inventory	9,254	9,960	9,230	10,080	10,657
Other current assets	723	881	723	723	723
Total current assets	13,031	14,291	14,970	15,866	15,180
Fixed assets	318	370	912	1,173	1,411
Other non-current assets	12,701	13,773	12,868	12,937	12,997
Total non-current assets	13,019	14,143	13,780	14,111	14,407
Total assets	26,050	28,434	28,750	29,977	29,587
ST loans	1,590	2,018	1,333	1,333	1,333
Payable	144	163	156	164	169
Other payables	5,532	8,074	5,433	6,836	5,362
Total current liab.	7,266	10,256	6,922	8,333	6,863
Long term loans	3,927	2,647	4,382	3,037	2,893
Other LT liab.	3,626	3,781	4,591	4,601	4,509
Total liabilities	14,819	16,684	15,895	15,972	14,266
Equity	2,956	2,956	2,956	2,956	2,956
Retained earnings	5,705	6,241	6,833	7,694	8,702
Minority interest	2,569	2,553	3,066	3,355	3,662
Total SHE + minority int.	11,230	11,750	12,855	14,005	15,321
Total liabilities & equity	26,050	28,434	28,750	29,977	29,587

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
EBIT	1,554	1,726	1,932	2,123	2,272
Depr. & amortization	264	258	336	370	403
Changes in working capital	(49)	(738)	345	(852)	(759)
Others	673	1,411	(987)	(973)	(956)
Cash flow from operating	2,443	2,657	1,626	668	960
Capital expenditure	(521)	(839)	(700)	(700)	(700)
Others	25	(20)	-	-	-
Cash flow from investing	(496)	(859)	(700)	(700)	(700)
Loans	(2,421)	(1,156)	(367)	50	(1,543)
Equity	1,492	-	-	-	-
Dividends	(0)	(99)	(0)	(0)	(0)
Others	98	(171)	(0)	(0)	(0)
Cash flow from financing	(830)	(1,426)	(367)	50	(1,543)
Changes in cash	1,117	371	559	18	(1,283)

Key Ratios	2021A	2022A	2023F	2024F	2025F
Gross margin	47%	52%	50%	50%	51%
Operating margin	28%	30%	30%	30%	30%
Pre-tax margin	14%	18%	20%	21%	23%
Net margin	6%	11%	10%	12%	13%
ROA	6%	6%	7%	7%	8%
ROE	4%	7%	7%	8%	9%
ROIC	10%	11%	12%	13%	14%
Acct. receivables TO (days)	16.6	17.3	16.6	16.6	16.6
Inventory TO (days)	1,131.7	1,289.3	1,042.9	1,042.9	1,042.9
Payable TO (days)	9.3	10.6	9.4	9.4	9.4
Debt to equity	81%	64%	60%	56%	38%
Interest coverage ratio (x)	1.6	2.0	2.5	2.9	3.3
Net gearing	49%	30%	12%	12%	9%

Source: Company, Indo Premier

INVESTMENT RATINGS

BUY	: Expected total return of 10% or more within a 12-month period
HOLD	: Expected total return between -10% and 10% within a 12-month period
SELL	: Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION

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