

Summarecon Agung

BUY (unchanged)

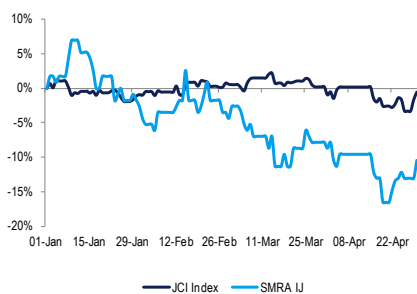
Company Update | Property | SMRA IJ | 02 May 2024

Stock Data

Target price	Rp625
Prior TP	Rp610
Current price	Rp510
Upside/downside	22%
Shares outstanding (mn)	16,509
Market cap (Rp bn)	8,502
Free float	64%
Avg. 6m daily T/O (Rp bn)	28

Price Performance

	3M	6M	12M
Absolute	-8.8%	-3.7%	-8.0%
Relative to JCI	-9.4%	-10.9%	-13.4%
52w low/high (Rp)	480 - 725		



Major Shareholders

Semarop Agung	33.8%
---------------	-------

Ryan Dimitry

PT Indo Premier Sekuritas
 ryan.dimitry@ipc.co.id
 +62 21 5088 7168 ext. 717

Anthony

PT Indo Premier Sekuritas
 anthony@ipc.co.id
 +62 21 5088 7168 ext. 715

1Q24 results: strong beat from higher revenue recognition

- 1Q24 net profit of Rp441bn (+62% yoy/+291% qoq) beat our/consensus' estimates at 49/53% of FY24F due to strong housing revenue recognition.
- FY23 revenue of Rp2.1tr (+42% yoy/+35% qoq) came above our/cons' estimates at 29/30% amid VAT exempt projects recognition.
- We maintain our Buy rating with a higher TP of Rp625/sh to reflect a higher revenue recognition for FY24F estimates.

Strong earnings beat on higher revenue recognition

SMRA recorded a 1Q24 net profit of Rp441bn (+62% yoy/291% qoq), forming 49/53% of our/consensus FY24F (vs. 3yr average 1Q run-rate of 24% across FY19, 22, 23, ex-COVID). The strong beat was driven by sizeable revenue recognition across all non-recurring segments.

Non-recurring segment performed well, driving a beat in gross profit

Gross profit came in at Rp1.1tr (+42% yoy/+40% qoq), above our/consensus estimates at 29/32% run-rate. GPM was flat yoy at 52% in 1Q24 (vs. 52/50% in 1Q23/4Q23), as non-recurring margin of 55% (+12bps yoy/+222bps qoq) was able to offset the decline in recurring margin of 45% (-201bps yoy/-191bps qoq).

Bekasi and Serpong was the main driver of strong 1Q24 revenue

Revenue of Rp2.1tr (+42% yoy/+35% qoq) was above our/consensus at 29/30% of FY24F, as non-recurring revenue jumped by +58% yoy/+67% qoq. housing segment was the largest contributor at Rp1.1tr (+54% yoy/+88% qoq), followed by shophouse at Rp165bn (+12% yoy/+49% qoq), landplots at Rp83bn (+348% yoy/-43% qoq) and apartment at Rp76bn (+348% yoy/+431% qoq). The high revenue recognition was due to the effects of VAT exemptions (Rp560/420bn from Bekasi/Serpong clusters).

Higher net gearing post-bond issuance

SMRA's net gearing rose to 43% in 1Q24 (vs. 28/40% in 1Q23/4Q23), as total debt grew to Rp7.8tr (+30% yoy/+8% qoq) post-bond issuance of Rp900bn to finance land bank acquisition for a township project in Tangerang, which will start to be sold in 4Q24. Its cash level increased to Rp3.4tr (+4% yoy/+3% qoq) in the quarter.

Reiterate Buy with a higher TP of Rp625/share

SMRA reported a strong set of 1Q24 results. We revised up our EPS forecast by +7-10% in FY24-25F to incorporate 1Q24 data points. We maintain our Buy rating with a higher TP of Rp625/sh (vs. Rp610/sh previously), based on a blended-valuation of P/E multiple (unchanged P/E target of 11x) and disc. to NAV (unchanged at -84%). SMRA currently trades at a P/E multiple of 9x and a disc. to NAV of -86%. Risks are weak presales and purchasing power.

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Revenue	6,659	7,617	7,784	8,103	6,659
EBITDA	2,164	2,500	2,652	2,854	2,164
Net profit	766	944	1,078	1,192	766
EPS growth (%)	22%	23%	14%	11%	22%
ROE	8%	9%	10%	10%	8%
PER (x)	11.0	8.9	7.8	7.1	11.0
EV/EBITDA (x)	5.7	5.5	5.2	5.1	5.7
Dividend yield	1%	1%	2%	2%	2%
IPS vs. consensus			117%	122%	114%

Source: Company, Indo Premier

Share price closing as of: 02 May 2024

Fig. 1: SMRA 1Q24 results summary

SMRA 1Q24 results (Rp bn)	1Q24	1Q23	%YoY	4Q23	%QoQ	IPS FY24F	% of IPS	Cons FY24F	%of Cons
Revenue	2,134	1,499	42%	1,578	35%	7,284	29%	7,231	30%
COGS	(1,034)	(726)	42%	(790)	31%	(3,551)	29%		
Gross profit	1,100	773	42%	788	40%	3,733	29%	3,417	32%
GP margin %	52%	52%		50%		51%		47%	
Opex	(383)	(303)	27%	(433)	-11%	(1,596)	24%		
EBIT	717	471	52%	355	102%	2,136	34%	1,945	37%
Interest expense	(240)	(173)	38%	(229)	5%	(718)	33%		
Interest & invt inc	50	49	3%	55	-7%	181	28%		
Others (include forex)	6	4	61%	10	-40%				
Pretax profit	533	350	52%	191	179%	1,610	33%	1,444	37%
Tax	(87)	(66)	32%	(73)	21%	(394)	22%		
Minority interests	(4)	(12)	-65%	(5)	-21%	(319)	1%		
Net profit	441	272	62%	113	291%	897	49%	837	53%

Source: Company, Indo Premier

Fig. 2: SMRA 1Q24 results summary

Revenue breakdown (Rp bn)	1Q24	1Q23	%YoY	4Q23	%QoQ
Non-recurring	1,442	911	58%	863	67%
House	1,112	722	54%	592	88%
Shophouses	165	147	12%	110	49%
Office	6	7	-22%	(0)	-11304%
Apartment	76	17	348%	14	431%
Land plots and others	83	18	367%	146	-43%
Recurring	692	588	18%	715	-3%
Total revenue	2,134	1,499	42%	1,578	35%
Gross margin breakdown	1Q24	1Q23	YoY (bp)	4Q23	QoQ (bp)
Non-recurring	55%	55%	12	53%	222
House	53%	53%	(10)	51%	189
Shophouses	62%	61%	100	25%	3,678
Office	50%	49%	117	-403%	45,273
Apartment	40%	41%	(170)	137%	(9,780)
Land plots and others	81%	89%	(814)	74%	679
Recurring	45%	47%	(201)	47%	(191)
Gross profit margin	52%	52%	(3)	50%	163

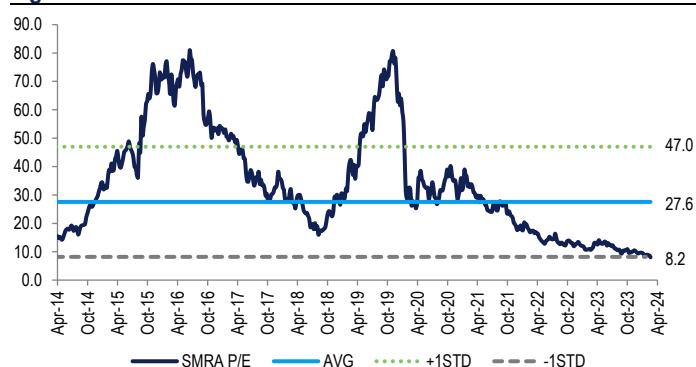
Source: Company, Indo Premier

Fig. 3: Forecast changes

Forecast changes	Old			New			Changes		
	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F
Net revenue	7,123	7,565	8,025	7,617	7,784	8,103	7%	3%	1%
Cost of sales	(3,528)	(3,730)	(3,794)	(3,742)	(3,750)	(3,829)	6%	1%	1%
Gross profit	3,595	3,835	4,232	3,875	4,034	4,274	8%	5%	1%
<i>GP margin (%)</i>	<i>50%</i>	<i>51%</i>	<i>53%</i>	<i>51%</i>	<i>52%</i>	<i>53%</i>			
SG&A Expenses	(1,472)	(1,563)	(1,759)	(1,669)	(1,706)	(1,776)	13%	9%	1%
Operating profit	2,123	2,272	2,473	2,206	2,328	2,498	4%	2%	1%
Net interest	(605)	(554)	(511)	(537)	(494)	(511)	-11%	-11%	0%
Forex gain (loss)	-	-	-	-	-	-			
Others	8	8	12	11	12	12	37%	40%	1%
Pre-tax income	1,527	1,726	1,974	1,680	1,845	2,000	10%	7%	1%
Income tax	(376)	(410)	(451)	(403)	(427)	(453)	7%	4%	0%
Minority interest	(289)	(307)	(352)	(334)	(341)	(355)	15%	11%	1%
Net income	861	1,008	1,172	944	1,078	1,192	10%	7%	2%
Presales	4,838	4,962	4,911	4,894	4,832	4,911	1%	-3%	0%

Source: Company, Indo Premier

Fig. 4: SMRA P/E band



Source: Company, Bloomberg, Indo Premier

Fig. 5: SMRA discount to NAV



Source: Company, Bloomberg, Indo Premier

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
--------------------------	-------	-------	-------	-------	-------

Net revenue	5,719	6,659	7,617	7,784	8,103
Cost of sales	(2,720)	(3,299)	(3,742)	(3,750)	(3,829)
Gross profit	3,000	3,360	3,875	4,034	4,274
SG&A Expenses	(1,274)	(1,459)	(1,669)	(1,706)	(1,776)
Operating profit	1,726	1,900	2,206	2,328	2,498
Net interest	(700)	(576)	(537)	(494)	(511)
Forex gain (loss)	-	-	-	-	-
Others	(8)	22	11	12	12
Pre-tax income	1,018	1,345	1,680	1,845	2,000
Income tax	(246)	(288)	(403)	(427)	(453)
Minority interest	(146)	(292)	(334)	(341)	(355)
Net income	625	766	944	1,078	1,192

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	3,143	3,293	2,372	3,036	2,952
Receivable	308	247	315	321	334
Inventory	9,960	10,906	11,006	11,030	10,939
Other current assets	881	1,116	1,116	1,116	1,116
Total current assets	14,291	15,562	14,808	15,503	15,341
Fixed assets	370	442	498	548	590
Other non-current assets	13,773	15,164	15,543	15,570	15,643
Total non-current assets	14,143	15,606	16,041	16,118	16,234
Total assets	28,434	31,168	30,849	31,622	31,575
ST loans	2,018	2,766	2,018	2,018	2,018
Payable	163	162	172	173	175
Other payables	7,962	8,857	7,705	7,063	6,154
Total current liab.	10,144	11,786	9,895	9,254	8,348
Long term loans	2,647	3,445	3,524	4,268	4,778
Other LT liab.	3,893	3,635	3,990	3,416	2,417
Total liabilities	16,684	18,865	17,410	16,938	15,543
Equity	2,956	2,956	2,956	2,956	2,956
Retained earnings	6,241	6,870	7,673	8,576	9,570
Minority interest	2,553	2,476	2,810	3,151	3,506
Total SHE + minority int.	11,750	12,303	13,439	14,684	16,032
Total liabilities & equity	28,434	31,168	30,849	31,622	31,575

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
EBIT	1,726	1,900	2,206	2,328	2,498
Depr. & amortization	258	264	294	325	355
Changes in working capital	(738)	(903)	(2,122)	(1,180)	(1,916)
Others	1,411	137	(565)	(218)	(329)
Cash flow from operating	2,657	1,398	(187)	1,254	608
Capital expenditure	(839)	(2,047)	(1,093)	(1,093)	(1,093)
Others	(20)	10	-	-	-
Cash flow from investing	(859)	(2,037)	(1,093)	(1,093)	(1,093)
Loans	(1,156)	1,282	500	676	600
Equity	-	-	-	-	-
Dividends	(99)	(115)	(141)	(174)	(199)
Others	(171)	(377)	-	-	-
Cash flow from financing	(1,426)	790	359	502	401
Changes in cash	371	150	(921)	664	(84)

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	52%	50%	51%	52%	53%
Operating margin	30%	29%	29%	30%	31%
Pre-tax margin	18%	20%	22%	24%	25%
Net margin	11%	12%	12%	14%	15%
ROA	6%	6%	7%	7%	8%
ROE	7%	8%	9%	10%	10%
ROIC	11%	12%	12%	12%	12%
Acct. receivables TO (days)	17	15	15	15	15
Inventory TO (days)	1,289	1,154	1,074	1,074	1,043
Payable TO (days)	11	10	10	10	10
Debt to equity	64%	73%	72%	73%	72%
Interest coverage ratio (x)	2.0	2.5	3.1	3.5	3.6
Net gearing	30%	40%	50%	46%	48%

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

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

DISCLAIMERS

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document do not have any regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT Indo Premier Sekuritas or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.