Summarecon Agung Tbk
(SMRA)
Masih Menanti

Penurunan Kinerja Segmen Pengembang Properti

SMRA mencatatkan penurunan kinerja *top line* pada 1Q18. Pendapatan bersih tercatat turun menjadi Rp1,2 triliun (-2,5% y-y) dan margin kotor juga menurun menjadi 44,9% secara tahunan. Hal ini lebih disebabkan oleh penurunan segmen pengembang properti, terutama **pada penjualan rumah dan kapling**. Selain itu, kinerja laba bersih 1Q18 juga menurun menjadi Rp41,8 miliar (-41,8% y-y) sehingga margin laba bersih tergerus dari 5,8% pada 1Q17 menjadi 3,5% pada 1Q18.

Meski demikian, ***marketing sales*** **SMRA tercatat tumbuh menjadi Rp459 miliar (+1,8% y-y)**. Kenaikan ini ditopang oleh kenaikan penjualan segmen rumah dan ruko. Selain itu, segmen properti investasi juga tumbuh menjadi Rp352 miliar (+10,2% y-y) yang ditopang oleh naiknya harga sewa rata-rata di 3 mal SMRA.

Pergeseran Fokus Pembangunan Proyek ke Bandung

SMRA menggeser fokus pengembangan proyek dari Serpong ke Bandung. **Peluncuran dua proyek komersial di Serpong dibatalkan** dari rencana awal serta tanggal peluncuran 3 proyek residensial dan satu proyek komersial diundur hingga 2H18. Namun SMRA **menambah rencana peluncuran dua proyek residensial dan 3 proyek komersial di Bandung** pada 2018.

Target Harga Rp1,050

Kami menggunakan estimasi *discount to RNAV* sebesar 74.3% (1SD di atas rata-rata 3 tahun terakhir sebesar 64,9%) sebagai basis metode valuasi. Saat ini, saham SMRA diperdagangkan dengan *discount to RNAV* 2018F sebesar 76%.

**Summarecon Agung Tbk | ** Summary (IDR bn)

	2016/12A	2017/12A	2018/12E	2019/12E
Net Revenues	5,398	5,641	5,955	6,268
Net Revenues growth	*-4.0%*	*4.5%*	*5.6%*	*5.2%*
EBITDA	1,678	1,679	1,772	1,852
Net profit	312	362	489	518
EPS (IDR)	22	25	34	36
EPS growth	*-63.6%*	*16.2%*	*35.1%*	*6.0%*
BVPS (IDR)	566	579	605	642
EBITDA margin	*31.1%*	*29.8%*	*29.8%*	*29.5%*
Net Profit Margin	*5.8%*	*6.4%*	*8.2%*	*8.3%*
ROE	*4.0%*	*4.4%*	*5.7%*	*5.8%*
ROA	*1.6%*	*1.7%*	*2.2%*	*2.3%*
ROIC	*9.4%*	*8.5%*	*9.3%*	*9.5%*
P/E	61.3x	37.7x	29.1x	27.4x
P/BV	2.3x	1.6x	1.6x	1.5x
EV/EBITDA	15.7x	12.6x	12.1x	11.8x
DPS (IDR)	5.0	5.0	6.9	6.9
Dividend yield	*0.4%*	*0.5%*	*0.7%*	*0.7%*

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

NH KORINDO SEKURITAS

Company Report | Jun 04, 2018

Hold

Dec 2018 TP (IDR)	**1,050**
Consensus Price (IDR)	1,140
TP to Consensus Price	-7.9%
vs. Last Price	+6.6%

Shares data

Last Price (IDR)	985
Price date as of	May 31, 2018
52 wk range (Hi/Lo)	1,335 / 805
Free float	59.3%
Outstanding sh.(mn)	14,427
Market Cap (IDR bn)	14,210
Market Cap (USD mn)	1,023
Avg. Trd Vol - 3M (mn)	12.78
Avg. Trd Val - 3M (bn)	12.08
Foreign Ownership	99.8%

Property

Real Estate Owner & Developer

Bloomberg	**SMRA.IJ**
Reuters	**SMRA.JK**

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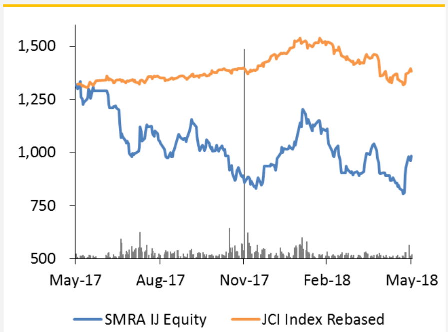
Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	4.2%	8.8%	-7.9%	-25.4%
Rel. Ret.	10.1%	9.0%	1.5%	-29.7%

Sekilas tentang SMRA

SMRA merupakan salah satu perusahaan pengembang properti di Indonesia yang dikenal melalui pengembangan kota terpadunya. SMRA mulai beroperasi pada 1975 dengan mengembangkan lahan seluas 10 hektar di Kelapa Gading, Jakarta. Kini, portfolio SMRA mencakup pengembangan kawasan terpadu di Kelapa Gading, Serpong, Bekasi, Bandung dan Karawang. Pada 2018 SMRA juga akan mengembangkan bisnisnya ke Makassar melalui proyek Summarecon Mutiara Makassar.

Selain segmen pengembangan properti, pendapatan SMRA juga bersumber dari segmen investasi dan manajemen properti serta segmen rekreasi dan *hospitality*. SMRA juga mengembangkan divisi *hospitality* di Bali melalui proyek Movenpick Resort & Spa dan Samasta Lifestyle Village.

Industri Pengembang Properti Indonesia di ASEAN

Indonesia merupakan negara terluas yang memiliki persediaan tanah dan jumlah penduduk terbanyak di ASEAN. Hal tersebut menjadikan Indonesia sebagai lokasi yang baik bagi bisnis pengembang properti. Pengembang properti Indonesia memiliki persediaan tanah yang lebih besar daripada pengembang di negara ASEAN. Seperti BKSL, mempunyai persediaan lahan 14.666 hektar dan BSDE 3.966 hektar.

Sektor properti di Indonesia dan Filipina menjadi yang paling bersaing di antara negara ASEAN. Pengembang-pengembang properti di negara tersebut mencatatkan *gross margin* yang lebih baik walaupun mempunyai total aset yang lebih rendah dari negara-negara lainnya.

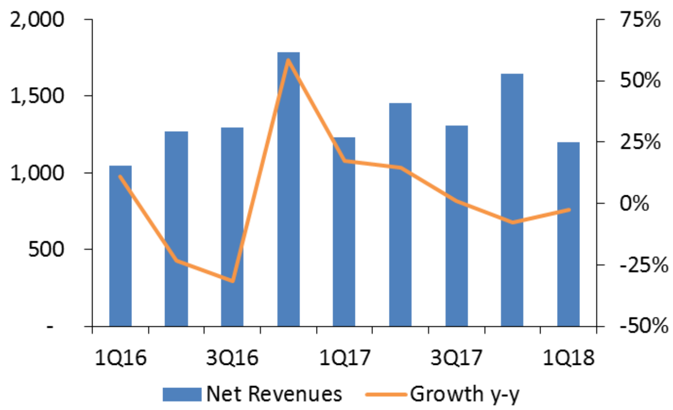
ASEAN Property Developer

Company	Market Cap (USD mn)	Total Asset (USD mn)	Sales Growth	Gross Margin	Operating Margin	Net Profit Growth	ROE	P/E	Dividend Yield
BSDE	2,361	3,382	56.71%	73.4%	48.9%	102.4%	19.5%	7.1x	0.3%
CTRA	1,349	2,333	-4.40%	47%	25.2%	-23.2%	6.1%	23.2x	0.5%
PWON	1,941	1,719	18.10%	59%	48.9%	41.5%	21.0%	12.9x	0.8%
SMRA	1,023	1,594	4.50%	46%	23.8%	-6.5%	5.2%	42.6x	0.5%
Singapore									
Capitaland Ltd	10,986	45,972	-12.23%	40%	47%	8.7%	8.1%	10.1x	3.4%
Malaysia									
SP Setia Bhd	2,982	6,826	-20.86%	33%	22%	-13.6%	7.5%	14.2x	5.0%
IOI Properties Group Bhd	2,256	7,823	38.36%	44%	32%	-12.2%	4.8%	10.7x	3.7%
Thailand									
Land & Houses PUB Co Ltd	4,179	3,362	16.76%	34%	30%	32.9%	21.6%	12.0x	6.7%
WHA Corp Ltd	1,941	2,260	-46.72%	47%	39%	38.7%	14.0%	19.6x	3.2%
Philippines									
Megaworld Corp	3,008	6,212	8.65%	62%	41%	12.6%	9.4%	12.0x	1.1%

Source: Bloomberg, NHKS research

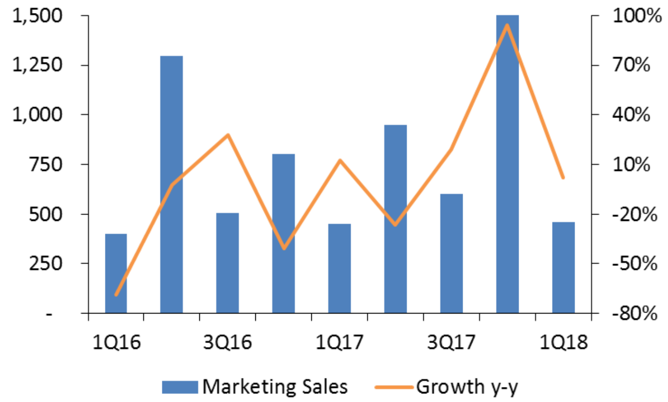
Operational Performance

Quarterly Net Revenues (IDR bn) | 1Q16 - 1Q18



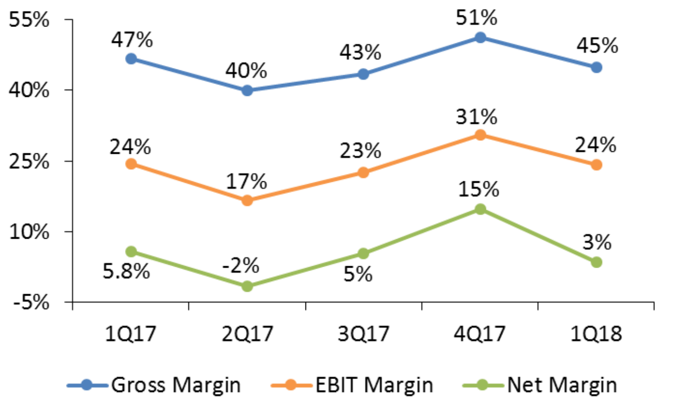
Source: Company, Bloomberg, NHKS research

Quarterly Marketing Sales (IDR bn) | 1Q16 - 1Q18



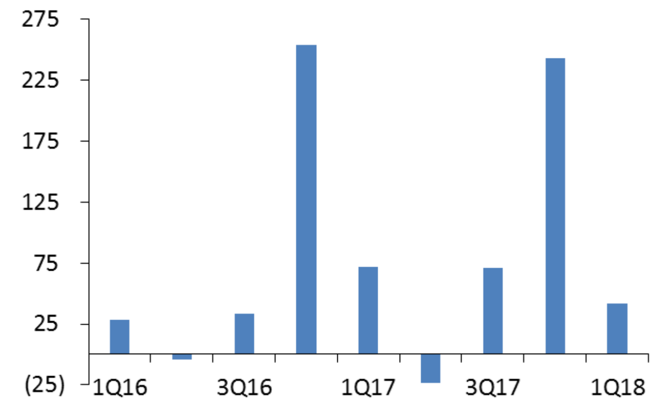
Source: Company, NHKS research

Margin Ratios | 1Q17 - 1Q18



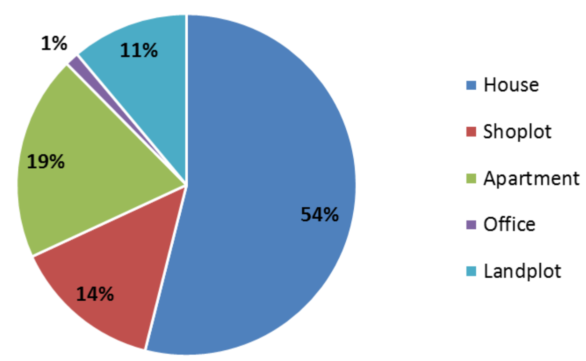
Source: Company, NHKS research

Quarterly Net Profit | 1Q16 - 1Q18



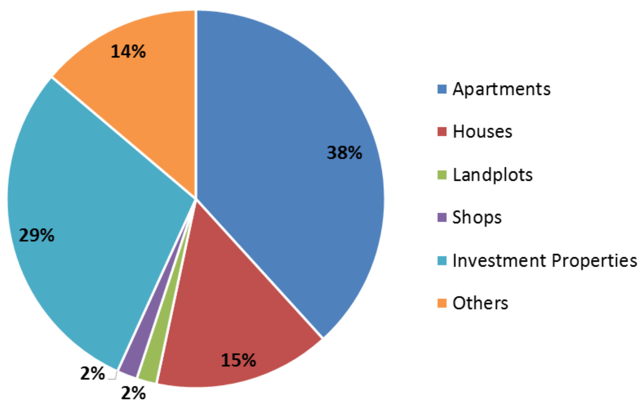
Source: Company, Bloomberg, NHKS research

Marketing Sales Breakdown | 1Q18



Source: Company, NHKS research

Revenues Breakdown | 1Q18



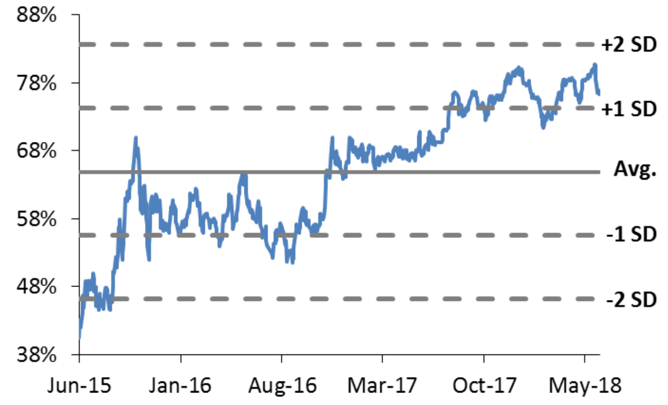
Source: Company, NHKS research

Multiple Valuation

Forward P/E band | Last 3 years

Source: NHKS research

Discount to NAV band | Last 3 years



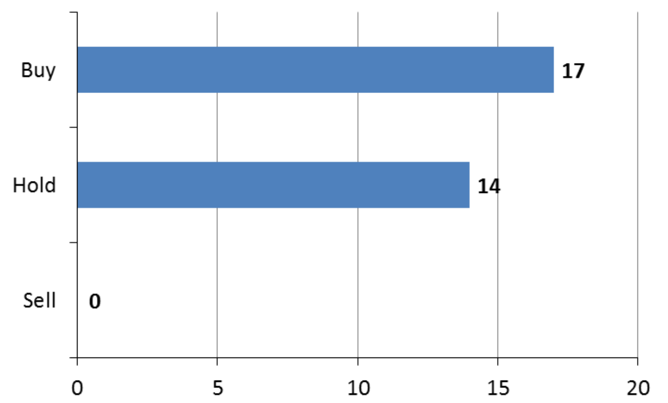
Source: NHKS research

Rating and target price

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
04/30/2018	Hold	960	905	1,203	+6.1%	-20.2%
05/31/2018	Hold	1,050	985	1,140	+6.6%	-7.9%

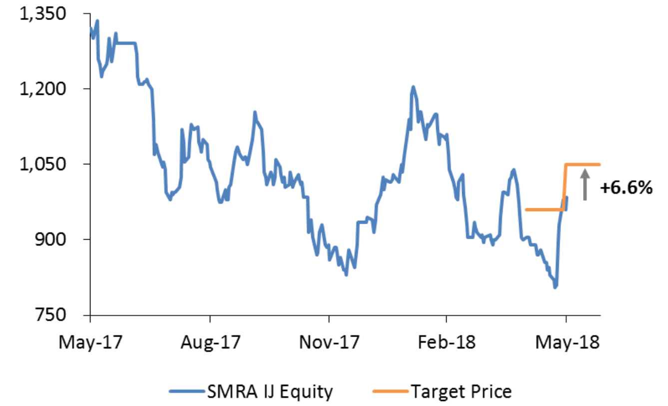
Source: Bloomberg, NHKS research

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

1. Period: End of year target price
2. Rating system based on a stock's absolute return from the date of publication
   - Buy : Greater than +15%
   - Hold : -15% to +15%
   - Sell : Less than -15%

Summary of Financials

SMRA Summary		
Last Price (IDR)	May 31, 2018	985
Target Price (IDR)	Dec 2018	1,050
Analyst: Michael Tjahjadi	Rating:	Hold

INCOME STATEMENT

In IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Net Revenues	**5,398**	**5,641**	**5,955**	**6,268**
Growth (% y/y)	*-4.0%*	*4.5%*	*5.6%*	*5.2%*
Cost of Sales	(2,800)	(3,074)	(3,222)	(3,393)
Gross Profit	**2,598**	**2,567**	**2,733**	**2,875**
Gross Margin	*48.1%*	*45.5%*	*45.9%*	*45.9%*
Operating Expenses	(1,189)	(1,226)	(1,292)	(1,363)
EBIT	**1,409**	**1,341**	**1,441**	**1,512**
EBIT Margin	*26.1%*	*23.8%*	*24.2%*	*24.1%*
Depreciation	269	338	331	340
EBITDA	**1,678**	**1,679**	**1,772**	**1,852**
EBITDA Margin	*31.1%*	*29.8%*	*29.8%*	*29.5%*
Interest Expenses	(634)	(632)	(622)	(577)
EBT	**616**	**540**	**656**	**763**
Income Tax	(11)	(7)	(7)	(9)
Minority Interest	(293)	(170)	(159)	(235)
Net Profit	**312**	**362**	**489**	**518**
Growth (% y/y)	*-63.6%*	*16.2%*	*35.1%*	*6.0%*
Net Profit Margin	*5.8%*	*6.4%*	*8.2%*	*8.3%*

BALANCE SHEET

In IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Cash	2,076	1,482	1,094	1,022
Receivables	539	645	650	713
Inventories	5,531	6,498	7,383	8,001
Total Current Assets	**8,699**	**9,158**	**9,673**	**10,301**
Net Fixed Assets	11,096	11,179	11,252	11,336
Other Non Current Assets	1,016	1,325	1,529	1,776
Total Assets	**20,810**	**21,663**	**22,453**	**23,413**
Payables	58	81	61	85
ST Debt	1,402	1,497	1,972	2,697
Other Current Liab.	2,757	4,698	4,184	4,142
LT Debt	6,024	5,589	4,601	4,045
Other Non Current Liab.	2,403	1,444	2,906	3,182
Total Liabilities	**12,645**	**13,309**	**13,724**	**14,151**
Shareholders' Equity	**8,166**	**8,354**	**8,729**	**9,262**

CASH FLOW STATEMENT

In IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Net Income	312	362	489	518
Deprec & Amortization	269	338	331	340
Chg. In Working Capital	(509)	(1,070)	(124)	(718)
CFO	71	(370)	696	140
Capex	(789)	(469)	(445)	(424)
CFI	(799)	(443)	(392)	(396)
Dividends Paid	(72)	(72)	(72)	(100)
Net Borrowing (PMT)	1,223	534	(521)	169
CFF	1,301	256	(692)	184
Net Changes in Cash	573	(557)	(389)	(72)

OWNERSHIP

By Geography	%	Shareholders	%
Unknown	70.4	PT Semarop Agung	33.5
United States	9.8	PT Sinarmegah J	6.6
Netherlands	9.7	APG Stiching Strat R	5.6
Luxembourg	4.8	Vanguard Group	2.8

PROFITABILITY & STABILITY

	2016/12A	2017/12A	2018/12E	2019/12E
ROE	4.0%	4.4%	5.7%	5.8%
ROA	1.6%	1.7%	2.2%	2.3%
ROIC	9.4%	8.5%	9.3%	9.5%
EBITDA/Equity	21.4%	20.3%	20.7%	20.6%
EBITDA/Assets	8.5%	7.9%	8.0%	8.1%
Cash Dividend (IDR bn)	72	72	100	100
Dividend Yield (%)	0.4%	0.5%	0.7%	0.7%
Payout Ratio (%)	23%	20%	20%	19%
DER	91%	85%	75%	73%
Net Gearing	119%	109%	95%	92%
LT Debt to Equity	74%	67%	53%	44%
Capitalization Ratio	48%	46%	43%	42%
Equity Ratio	39%	39%	39%	40%
Debt Ratio	36%	33%	29%	29%
Financial Leverage	252%	257%	258%	255%
Current Ratio	206%	146%	156%	149%
Quick Ratio	62%	34%	28%	25%
Cash Ratio	49%	24%	18%	15%
Cash Conversion Cycle	696.9	744.4	817.9	859.2
Par Value (IDR)	100	100	100	100
Total Shares (mn)	14,427	14,427	14,427	14,427
Share Price (IDR)	1,325	945	985	985
Market Cap (IDR tn)	19.1	13.6	14.2	14.2

VALUATION INDEX

	2016/12A	2017/12A	2018/12E	2019/12E
Price /Earnings	61.3x	37.7x	29.1x	27.4x
Price /Book Value	2.3x	1.6x	1.6x	1.5x
Price/Revenue	3.5x	2.4x	2.4x	2.3x
PE/EPS Growth	-1.0x	2.3x	0.8x	4.6x
EV/EBITDA	15.7x	12.6x	12.1x	11.8x
EV/EBIT	18.7x	15.7x	14.9x	14.5x
EV (IDR bn)	26,389	21,081	21,497	21,852
Revenue CAGR (3-Yr)	9.7%	-0.7%	1.9%	5.1%
EPS CAGR (3-Yr)	-34.6%	-36.1%	-17.0%	18.5%
Basic EPS (IDR)	22	25	34	36
Diluted EPS (IDR)	22	25	34	36
BVPS (IDR)	566	579	605	642
Revenue PS (IDR)	374	391	413	434
DPS (IDR)	5	5	7	7

DCF, RIM & EVA

	2016/12A	2017/12A	2018/12E	2019/12E
DCF (IDR bn)				
NOPAT	1,384	1,322	1,426	1,493
+Depr./Amor.	269	338	331	340
-CAPEX	(789)	(469)	(445)	(424)
-Incr. (Decr.) in Working Cap.	(509)	(1,070)	(124)	(718)
(Unlevered) FCFF	355	121	1,187	691
WACC				
Cost of Debt (Tax Adj.)	10.5%	8.3%	9.5%	9.2%
Cost of Equity (COE)	10.6%	11.5%	11.8%	12.0%
WACC (%)	10.6%	10.4%	11.1%	11.1%
RIM				
Spread (FROE-COE) (%)	-6.5%	-7.1%	-6.0%	-6.1%
Residual Income (IDR bn)	(489)	(576)	(499)	(529)
Equity Charge (IDR bn)	801	938	988	1,048
EVA				
Invested Capital (IDR bn)	13,728	15,592	15,440	15,302
ROIC-WACC (%)	-0.5%	-1.9%	-1.9%	-1.3%
EVA (IDR bn)	(72)	(299)	(287)	(206)