

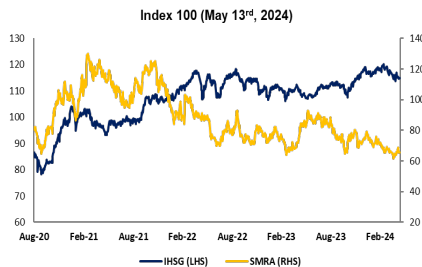
Monday, May 20th, 2024

Buy

Price (Apr 14 th , 24)	535
Target Price	705
Potential Upside	31.78%
Market Cap	8.66 T
Number of Share	16.50 B
52w Lo/Hi	480 / 535

Source : IDX | Phintraco Sekuritas Research
| as of May 14th, 2024

IHSG vs SMRA



Source : IDX

Shareholder	%
Others (<5%)	64.54
PT. Semarop Agung	33.83
Lilawati Rahardjo	1.50
Harto Djojo Nagaria	0.13

Source : Company | as of fin. statement FY-23

EPS Consensus vs Forecast

	AT	Consensus*	%Diff
2024F	65.55	53.35	+23%
2025F	69.49	56.77	+22%

Source : *marketscreener | as of May 14th, 2024

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PT Summarecon Agung Tbk

(SMRA.JK / SMRA.IJ)

Potential for Post-Election Property Sales Recovery

SMRA's net profit grew 62% yoy to IDR 441 billion in 3M24. This growth aligns with revenue growth to IDR 2.13 trillion in 3M24. Property sales were still the main contributor to SMRA's revenue (67.56%) in 3M24. Home sales increased by 53.97% yoy, followed by commercial buildings by 12.43% yoy. Apart from that, SMRA's recurring income also increased by 21.49% yoy. The Cost of Good Sold (COGS) was recorded at IDR 1,034 billion (+42% yoy). This increase in COGS is in line with the rise in home sales 3M24.

The increase in net gearing ratio in 3M24 was relatively limited. BI survey results show that most financing sources for residential property development come from internal company funds (72.82%). At SMRA, there was an increase in the net gearing ratio to 41.95% in 3M24, compared to 37.23% in 3M23. This increase is not a significant problem, considering that SMRA's equity value is enormous, and the net gearing ratio still below 50%. On the other hand, SMRA has relatively small foreign currency debt (1.28%) compared to peers and fell 43% yoy to IDR 68.59 million in 3M24, so it can avoid fluctuations in the rupiah exchange rate.

SMRA is targeting total marketing sales in FY24F to reach IDR 5 trillion. This target is an increase of 11% compared to FY23F results. Until March 2024, SMRA achieved marketing sales of IDR 809 billion (16.18%). House sales in Greater Jakarta (83%) at IDR 2-5 billion (64%) still dominate the acquisition (figure 7). Regarding recurring income, until January 2024, SMRA has five shopping malls, with Summarecon Mall Kelapa Gading providing the highest contribution to SMRA's income (50%). In January 2024, SMRA will also start opening Summarecon Mall Bandung.

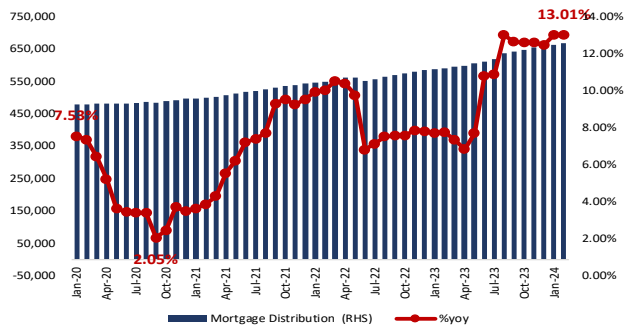
Property Vs. Interest Rates. Based on a Bank Indonesia (BI) survey, the main financing scheme for purchasing a house in Indonesia is mortgage, which is 75.89%. During the high interest rates in 2023, mortgage financing still recorded growth, although limited (figure 1). Meanwhile, the realization of housing financing liquidity facilities (FLPP) still experienced growth of 12.17% yoy in 4Q23. This trend was also accompanied by an increase in the residential property price index (1.74% yoy).

After the election is over, property sales have the potential to increase. During the election period, consumers tend to postpone purchasing a house; for example, in 2019, residential property sales experienced slower growth (+1.19% yoy) compared to 2018 growth of 13.95% yoy. So, after the election, residential property sales have the potential to grow better. Besides that, SMRA's sales composition, which is still dominated by houses in the price range (Rp. 2-5 billion), benefits from government-borne VAT incentives. For recurring income, SMRA targets an 8-10% contribution from Summarecon Mall Bandung and will open Summarecon Mall Bekasi phase II in 2H25. We project that net profit in FY24F will grow and reach IDR 799 billion.

Using the discounted cash flow and revalued net asset value methods, we estimate the fair value of SMRA to be 705 (10.80x expected P/E FY24F and 50% discount to NAV). Considering SMRA's fair price, we give SMRA a buy rating with a potential upside of 27.63%.

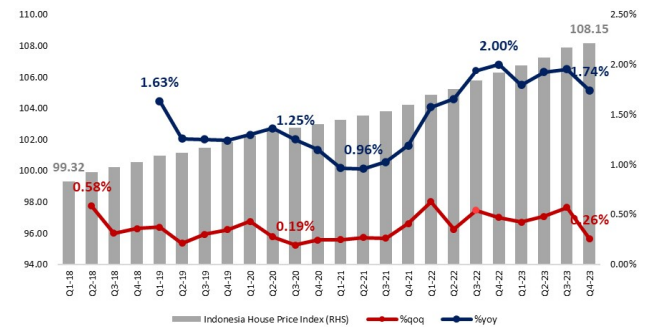
Property Sector Highlight

Figure 1. Mortgage Distribution (IDR Billion)



Source : OJK | Phintraco Sekuritas Research

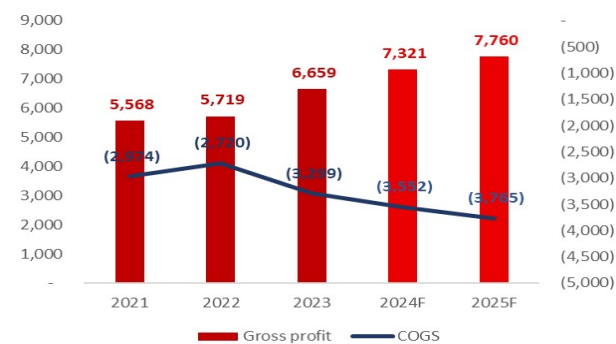
Figure 2. Indonesia House Price Index



Source : BI | Phintraco Sekuritas Research

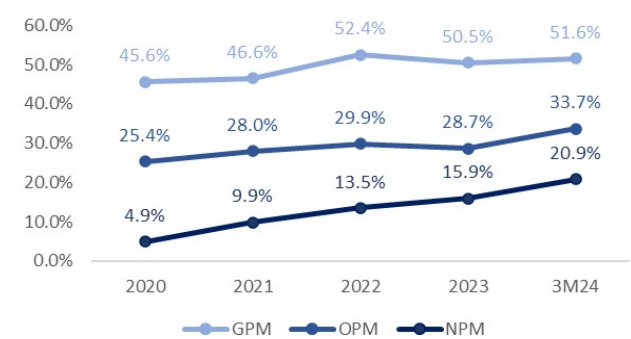
Performance Highlight

Figure 3. Financial Performance (IDR Billion)



Source : Company | Phintraco Sekuritas Research

Figure 4. Profitability Ratios



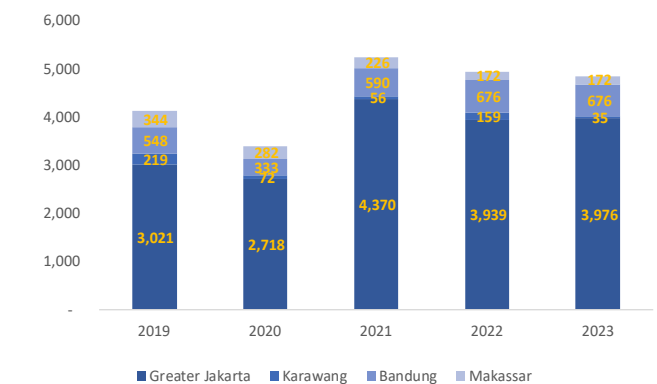
Source : Company | Phintraco Sekuritas Research

Figure 5. Marketing Sales Target FY24F (%3M24)



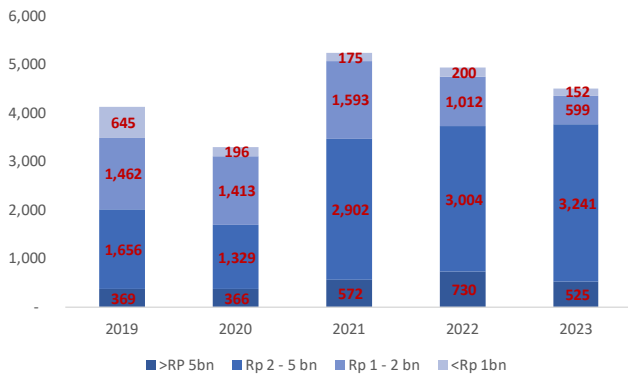
Source : Company | Phintraco Sekuritas Research

Figure 6. Marketing Sales by Location (IDR Bn)



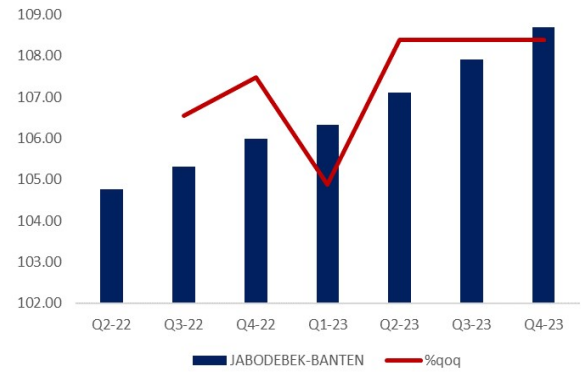
Source : Company | Phintraco Sekuritas Research

Figure 7. Product Price Range (IDR Billion)



Source : Company | Phintraco Sekuritas Research

Figure 8. Housing Price Index JABODEBEK-Banten



Source : BI | Phintraco Sekuritas Research

Key Financial Figures

(in Billion Rupiah)						
INCOME STATEMENT	FY21	FY22	FY23	3M24	FY24F	FY25F
Revenue	5,568	5,719	6,659	2,134	7,321	7,760
Growth	10.69%	2.72%	16.42%	0.00%	9.95%	6.00%
Cost of Goods Sold	(2,974)	(2,720)	(3,299)	(1,034)	(3,552)	(3,765)
Gross Profit	2,594	3,000	3,360	1,100	3,769	3,995
GPM	46.59%	52.45%	50.45%	51.55%	51.49%	51.49%
EBIT	1,558	1,708	1,912	718	2,225	2,359
EBIT Margin	27.98%	29.87%	28.71%	33.66%	0.00%	0.00%
Other Income/(Charge)						
Interest Income	192	157	181	50	221	234
Interest Expense	(1,002)	(857)	(757)	(240)	(970)	(1,028)
Net Interest Income (Expenses)	(810)	(700)	(576)	(190)	(749)	(794)
Profit Before Tax	756	1,018	1,345	533	1,486	1,575
EBT Margin	13.58%	17.80%	20.20%	24.99%	0.00%	0.00%
Net Profit After Tax	550	772	1,058	446	1,082	1,147
NPM	9.87%	13.49%	15.88%	20.89%	0.00%	0.00%

Source : Company | Phintraco Sekuritas Research

(in Billion Rupiah)						
BALANCE SHEET	FY21	FY22	FY23	3M24	FY24F	FY25F
Asset						
Cash	2,774	3,143	3,293	3,388	1,762	2,276
Accounts Receivable	249	294	236	270	322	341
Inventories	8,514	9,187	9,254	9,960	10,748	-
Total Current Assets	13,031	14,291	15,562	15,556	13,565	14,321
Fixed Assets	318	370	442	451	490	526
Total Non Current Assets	13,019	14,143	15,606	16,278	16,858	17,791
Total Asset	26,050	28,434	31,168	31,835	30,423	32,112
Liabilities						
Short Term Debt	1,590	2,018	2,766	3,434	3,100	3,100
Accounts Payable	71	87	91	86	84	84
Accrued Expense	816	1,104	1,082	908	930	968
Total Current Liabilities	6,969	9,501	11,786	12,629	10,468	10,805
Long-Term Debt	4,126	3,290	3,445	3,252	3,329	3,329
Contract Liabilities	3,329	3,473	3,113	2,665	2,834	3,083
Total Non Current Liabilities	7,851	7,182	7,080	6,479	6,623	6,883
Total Liabilities	14,819	16,684	18,865	19,108	17,090	17,689
Equity	11,230	11,750	12,303	12,727	13,332	14,423

Source : Company | AT Research

(in Billion Rupiah)						
CASH FLOW	FY21	FY22	FY23	3M24	FY24F	FY25F
Cash Flow from Operating						
Net Income	324	625	766	441	799	847
Depreciation & Amortization	(10)	3	4	(49)	(11)	(3)
Working Capital	7	(446)	(906)	(55)	122	(174)
Others	(1,421)	2,087	2,069	999	(974)	268
Net-CFFO	(1,101)	2,269	1,933	1,336	(63)	939
Cash Flow from Investing						
CAPEX	17	(65)	(84)	36	(40)	(39)
Others	8	(1,062)	(1,383)	(659)	(1,200)	(892)
Net-CFFI	25	(1,127)	(1,467)	(623)	(1,240)	(930)
Cash Flow from Financing						
Ch. in Lt liab.	(1,362)	(836)	155	(192)	(116)	-
Ch. in other non-current liab.	1,821	(106)	(213)	(18)	230	244
Equity	1,821	(106)	(213)	(18)	230	244
Net-CFFF	2,194	(774)	(316)	(618)	(227)	505
NET CASH FLOW	1,117	369	150	95	(1,530)	513

Source : Company | Phintraco Sekuritas Research

RATIOS	FY21	FY22	FY23	3M24	FY24F	FY25F
Profitability Ratio (%)						
GPM	46.59%	52.45%	50.45%	51.55%	51.49%	51.49%
OPM (EBITDA Margin)	27.98%	29.87%	28.71%	33.66%	0.00%	0.00%
NPM	9.87%	13.49%	15.88%	20.89%	0.00%	0.00%
ROA	1.24%	2.20%	2.46%	1.39%	2.63%	2.64%
ROE	2.88%	5.32%	6.23%	3.47%	6.00%	5.87%
ROIC	2.80%	5.16%	6.01%	3.35%	5.78%	5.67%
Activity Ratio (X)						
Inventory Turnover	0.32	0.27	0.30	0.10	0.34	0.35
Receivables Turnover	22.35	19.46	28.23	7.92	22.74	22.74
Payables Turnover	41.97	31.11	36.09	12.04	42.42	44.97
Days of Inventory	1,135.76	1,336.67	1,206.54	3,795.03	1,082.90	1,040.29
Days of Receivables	16.33	18.75	12.93	46.11	16.05	16.05
Days of Payables	8.70	11.73	10.11	30.32	8.60	8.12
Leverage Ratio (%)						
Debt to Asset Ratio	21.94%	18.67%	19.93%	21.00%	21.13%	20.02%
Debt to Equity Ratio	50.90%	45.17%	50.48%	52.54%	48.22%	44.57%
Liabilities to Asset Ratio	56.89%	58.68%	60.53%	60.02%	56.18%	55.08%
Liabilities to Equity Ratio	131.96%	141.99%	153.34%	150.14%	128.19%	122.64%
Interest Rate	17.54%	16.15%	12.19%	3.59%	15.08%	15.99%
Liquidity Ratio (X)						
Current Ratio	2.42	1.91	1.73	1.69	1.84	1.86
Quick Ratio	0.70	0.58	0.52	0.52	0.41	0.47
Cash Ratio	0.52	0.42	0.37	0.37	0.24	0.30
Price Ratio						
Share Price (IDR)	835	605	575	530	530	530
Average Share Price (IDR)	860	652	607	547	547	547
Outstanding Shares (in Billion)	17	17	17	17	17	17
EPS (IDR) (annualized)	33	47	64	27	66	69
BVPS (IDR)	681	712	746	771	808	874
RPS (IDR)	337	347	404	129	444	470
PER(X)	25.06	12.93	8.97	19.62	8.08	7.63
PBV(X)	1.23	0.85	0.77	0.69	0.66	0.61
P/R(X)	2.47	1.75	1.42	4.10	1.19	1.13
Dividends						
DPS	-	6.00	7.00	-	-	0.23
DPR	-	18%	15%	-	-	-
Div. Yield	-	1%	1%	-	-	-

Source : Company | Phintraco Sekuritas Research

SMRA P/B Band (5 Years)



Source : IDX | Company | Phintraco Sekuritas Research

Glossarium

FLPP	: Pembiayaan perumahan kepada masyarakat berpenghasilan rendah
PPN	: Pajak Pertambahan Nilai
NAV	: <i>Net Asset Value</i>
BVPS	: <i>Book Value per Share</i>
CFFF	: <i>Cash Flow from Financing</i>
CFFI	: <i>Cash Flow from Investing</i>
CFFO	: <i>Cash Flow from Operating</i>
DPR	: <i>Dividend Payout Ratio</i>
DPS	: <i>Dividend per Share</i>
EBIT	: <i>Earning Before Interest & Tax</i>
EBITDA	: <i>Earning Before Interest, Tax, Depreciation & Amortization</i>
EBT	: <i>Earning Before Tax</i>
EPS	: <i>Earning per Share</i>
EV	: <i>Enterprise Value</i>
NPM	: <i>Net Profit Margin</i>
NPM	: <i>Net Profit Margin</i>
OPM	: <i>Operating Profit Margin</i>
PBV	: <i>Price to Book Value</i>
PER	: <i>Price to Earning Ratio</i>
ROA	: <i>Return on Asset</i>
ROE	: <i>Return on Equity</i>



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Rating for Stocks :

- Buy : The stock is expected to give total return (price appreciation + dividend yield) of $> +10\%$ over the next 12 months.
- Hold : The stock is expected to give total return of $> 0\%$ to $\leq +10\%$ over the next 12 months.
- Sell : The stock is expected to give total return of $< 0\%$ over the next 12 months.
- Outperform : The stock is expected to do slightly better than the market return. Equal to "moderate buy"
- Underperform : The stock is expected to do slightly worse than the market return. Equal to "moderate sell"

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Kantor Cabang & Mitra GI BEI



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