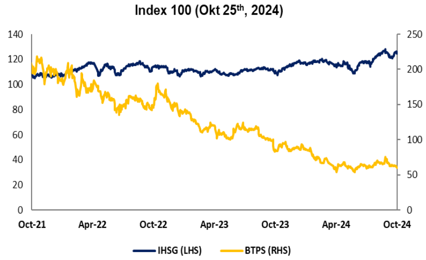
Wednesday, **October 30th, 2024**

Buy

Price (Feb 29th, 24)	1080
Target Price	1315
Potential Upside	21.70%
Market Cap	9.07 T
Number of Share	7.62 B
52w Lo/Hi	1110 / 1410

Source : IDX | Phintraco Sekuritas Research | as of Oct 29th, 2024

IHSG vs BTPS



Source : IDX

Shareholder	%
PT Bank BTPN Tbk	70.01%
Public	29.99%

Source : Company | as of fin. statement Q3-24

EPS Consensus vs Forecast

	AT	Consensus*	%Diff
2024F	105	144.80	-21.05
2025F	107	159.41	-32.70

Source : *marketscreener | as of Oct 29th, 2024

Research Analyst
Nurwachidah
+62 21 255 6138 Ext. 8302
nurwachidah@phintracosekuritas.com

PT Bank BTPN Syariah Tbk

(BTPS.JK / BTPS.IJ)

Stay Focused on Consumer Empowerment

BTPS's net profit fell 24% yoy to IDR771 billion in 9M24. This decline aligns with BTPS's bottom line performance, where Margin Income fell 6% yoy to IDR4.07 trillion in 9M24. This performance is the impact of BTPS being more conservative in distributing financing in 2024 to maintain BTPS's asset quality. In terms of expenses, Margin Expense -6% yoy or +3% QoQ to IDR283 billion in 9M24, with Provision Expense +8% yoy or -13% QoQ to IDR1.06 trillion in 9M24.

BTPS continues to make efforts to improve asset quality. Net Non-Performing Financing (NPF) of 0.0% in 9M24 is lower than 0.7% in 9M23 and 0.3% in FY23. However, NPF-gross increased to 3.6% in 9M24 vs. 3.0% in 9M23. Various improvement efforts are made by BTPS, such as continuous portfolio monitoring, with adjustments made per problematic region. BTPS is also more focused on reducing cycle one financing (new customers) to improve asset quality. For information, the number of cycle one customers was 24% in 9M24, lower than 26% in 6M24 and 29% in 9M23.

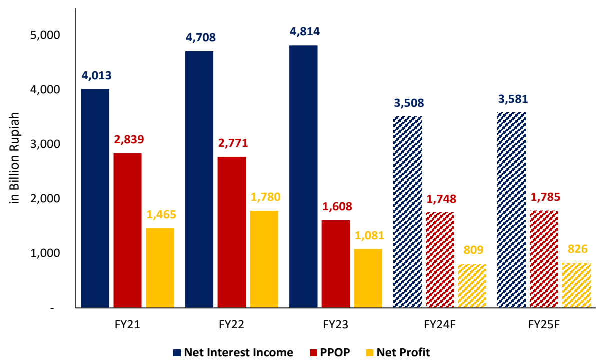
Consumer empowerment to increase consumer loyalty. BTPS has a lower-class market segmentation, even though it is classified as unbankable, so it has the advantage of minimal competition in this segment, with potential customers of around 45 million people as of 9M24. BTPS has an empowerment program called "bestee" to increase the capacity of its customers as entrepreneurs by providing them access to knowledge or accompanied by contributors through an integrated digital platform. This program consists of two applications called "bestee ku" and "kita bestee". The number of customers is 265.7 thousand communities, with the number of active customers being 3.87 million in 9M24 compared to 258 thousand communities in 9M23.

BTPS focuses on developing new features for Tepat mobile banking. One of the features added in 2024 is the biller feature to increase transactions with third parties, such as purchasing electricity tokens, and the addition of Islamic features, such as zakat payments and sharia financial information. In addition, BTPS will facilitate the receipt of cash waqf and develop the Cash Waqf Linked Deposit feature (so that waqf funds can be invested in sharia financial instruments such as deposits). With the potential of sharia banking in Indonesia and the development and improvement of service quality, we estimate that BTPS can record a profit of IDR 809 billion in 2024F.

Using the Discounted Cash Flow method with a Required Return of 10.10% and Terminal Growth of 2.08%, we estimate BTPS' fair value at 1,315 (12.52x expected P/E). Considering BTPS' fair price and relative valuation below 1.82x –1 standard deviation of 5-year P/B, we give BTPS a buy rating with a potential upside of 21.70%.

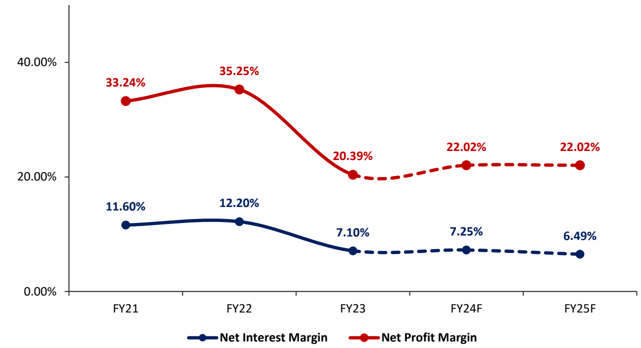
Performance Highlight

Figure 1. Financial Performance



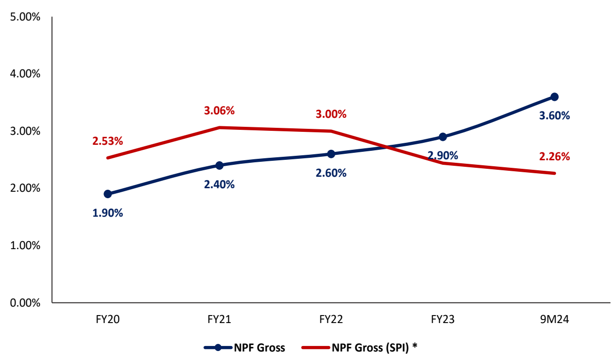
Source : Company | Phintraco Sekuritas Research

Figure 2. Profitability Ratios



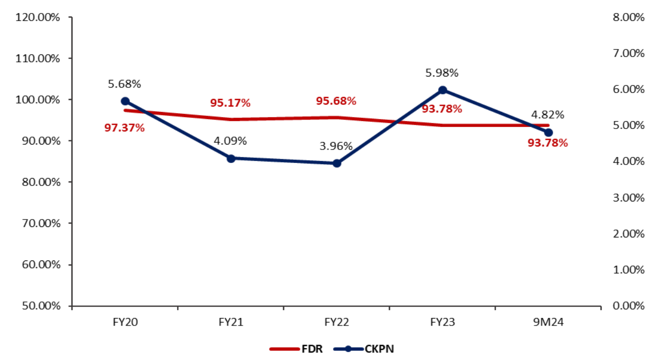
Source : Company | Phintraco Sekuritas Research

Figure 3. Asset Quality



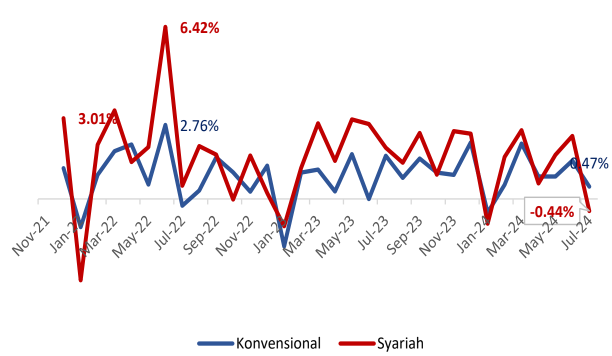
Source : Company | Phintraco Sekuritas Research

Figure 4. Liquidity Ratios



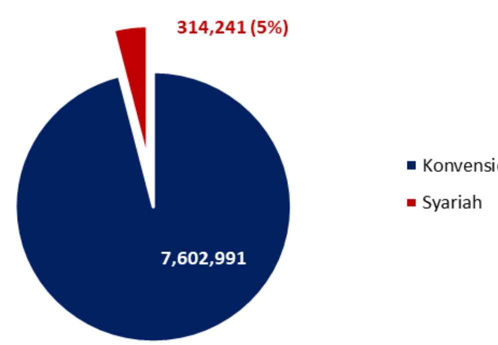
Source : Company | Phintraco Sekuritas Research

Figure 5. Banking Credit Growth in Indonesia



Source : OJK | Phintraco Sekuritas Research

Figure 6. Portion of Banking Credit Distribution 6M24 (Bn)



Source : OJK | Phintraco Sekuritas Research

Key Financial Figures

(in Billion Rupiah)

INCOME STATEMENT	FY21	FY22	FY23	9M24	FY24E	FY25F
Interest Income	4,408	5,048	5,299	3,642	3,903	3,984
Interest Expense	(394)	(340)	(485)	(380)	(396)	(404)
Net Interest Income	**4,013**	**4,708**	**4,814**	**3,261**	**3,508**	**3,581**
NIM	*91.05%*	*93.26%*	*90.85%*	*89.68%*	*89.86%*	*89.86%*
PPOP	**2,320**	**2,839**	**2,771**	**1,608**	**1,748**	**1,785**
Provision	(728)	(945)	(1,898)	(1,108)	**(788)**	**(805)**
Profit Before Tax	1,877	2,282	1,380	982	1,035	1,056
EBT Margin	*42.60%*	*45.21%*	*26.04%*	*26.98%*	*26.51%*	*26.51%*
Net Profit After Tax	**1,465**	**1,780**	**1,081**	**771**	**809**	**826**
NPM	*33.24%*	*35.25%*	*20.39%*	*21.16%*	*20.73%*	*20.73%*

Source : Company | Phintraco Sekuritas Research

(in Billion Rupiah)

BALANCE SHEET	FY21	FY22	FY23	9M24	FY24E	FY25F
Asset						
Cash & Marketable Securities	3,604	5,916	6,162	6,731	6,847	7,496
Loans	10	60	19	381	21	22
Current Accounts	1,082	743	771	1,166	1,363	1,402
Total Current Assets	14,716	18,065	17,819	17,861	18,327	19,179
Fixed Assets	377	379	376	368	415	423
Investments	3,281	2,494	2,981	2,855	2,109	2,153
Total Non Current Assets	3,828	3,097	3,616	3,498	2,698	2,754
Total Asset	**18,544**	**21,162**	**21,435**	**21,359**	**21,025**	**21,933**
Liabilities						
Portion of Long Term Debt	-	-	-	-	-	-
Deposits	2,068	2,205	2,222	2,090	2,180	2,354
Total Current Liabilities	2,289	2,557	2,454	2,309	2,449	2,628
Long-Term Debt	-	-	-	-	-	-
Total Non Current Liabilities	254	353	283	294	249	254
Total Liabilities	**2,543**	**2,911**	**2,737**	**2,603**	**2,697**	**2,882**
Equity	**7,095**	**8,408**	**8,777**	**9,009**	**9,346**	**9,936**

Source : Company | Phintraco Sekuritas Research

(in Billion Rupiah)

CASH FLOW	FY21	FY22	FY23	9M24	FY24E	FY25F
Cash Flow from Operating						
Net Income	1,465	1,780	1,080	771	809	826
Depreciation & Amortization	102	129	(7)	69	(179)	11
Working Capital	1,030	(547)	518	312	(64)	2
Others	(22)	(221)	(129)	69	234	(24)
Net-CFFO	**2,575**	**1,140**	**1,463**	**1,220**	**800**	**815**
Cash Flow from Investing						
CAPEX	(147)	(131)	10	(61)	141	(20)
Others	(1,697)	787	(487)	126	872	(44)
Net-CFFI	**(1,875)**	**602**	**(512)**	**49**	**1,097**	**(67)**
Cash Flow from Financing						
Ch. in Lt liab.	-	-	-	-	-	-
Ch. in other non-current liab.	(181)	100	(70)	11	(35)	5
Equity	(249)	(466)	(711)	(539)	(240)	(236)
Net-CFFF	**552**	**571**	**(704)**	**(701)**	**(1,213)**	**(98)**
NET CASH FLOW	**1,252**	**2,313**	**246**	**568**	**685**	**649**

Source : Company | Phintraco Sekuritas Research

RATIOS	FY21	FY22	FY23	FY24E	FY25F
Profitability Ratio (%)					
OPM (EBITDA Margin)	38.42%	40.06%	16.33%	26.83%	26.83%
NPM	33.24%	35.25%	20.39%	20.73%	20.73%
ROA	7.90%	8.41%	5.04%	3.85%	3.77%
ROE	20.65%	21.17%	12.31%	8.66%	8.31%
Banking Ratio					
BOPO	59.97%	58.12%	76.24%	64.78%	64.78%
LFR	95.17%	95.68%	93.78%	94.88%	94.88%
CAR	58.27%	53.66%	51.60%	54.51%	54.51%
NPF Gross	2.37%	2.65%	5.98%	3.67%	3.67%
Price Ratio					
Share Price (IDR)	3,580	2,790	1,690	1,355	1,355
Average Share Price (IDR)	3,321	3,079	2,072	1,355	1,355
Outstanding Shares (in Billion)	8	8	8	8	8
EPS (IDR)	190	231	140	105	107
BVPS (IDR)	921	1,091	1,139	1,290	1,368
RPS (IDR)	572	655	688	517	528
PER(X)	18.83	12.08	12.05	12.90	12.64
PBV(X)	3.89	2.56	1.48	1.05	0.99
P/R(X)	6.26	4.26	2.46	2.62	2.57
EV/EBITDA	190.17	231.00	140.27	105.01	107.20
Dividends					
DPS	31	59	88	-	-
DPR	16.53%	25.37%	63.04%	-	-
Div. Yield	0.84%	1.64%	3.17%	-	-

Source : Company | Phintraco Sekuritas Research

BANKING RATIOS GUIDANCE	
CAR	>8%
LDR	78%~92%

Source : Bank Indonesia | Phintraco Sekuritas Research

BTPS P/B Band (5 Years)

Source : Company | Phintraco Sekuritas Research

Glossarium

CFFO : *Cash Flow from Operating*

CFFI : *Cash Flow from Investing*

CFFF : *Cash Flow from Financing*

EBITDA : *Earning Before Interest, Tax, Depreciation & Amortization*

EBIT : *Earning Before Interes & Tax*

EBT : *Earning Before Tax*

OPM : *Operating Profit Margin*

NPM : *Net Profit Margin*

ROA : *Return on Asset*

ROE : *Return on Equity*

EPS : *Earning per Share*

BVPS : *Book Value per Share*

RPS : *Revenue per Share*

PER : *Price to Earning Ratio*

PBV : *Price to Book Value*

P / R : *Price to Revenue Ratio*

DPS : *Dividend per Share*

DPR : *Dividend Payout Ratio*

EV : *Enterprise Value*

OJK : Otoritas Jasa Keuangan

COF : *Cost of Fund*

BOPO : Biaya Operasi Pendapatan Operasi

DPK : Dana Pihak Ketiga

CAR : *Capital Adequacy Ratio*

CASA : *Current Account Saving Account*

LDR : *Loan to Deposit Ratio*

LFR : *Loan to Financing Ratio*

NIM : *Net Interest Margin*

NPL : *Non Performing Loan*

PPOP : *Pre-Provision Operating Profit*

PHINTRACO
SEKURITAS

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 ≤ +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"

PHINTRACO SEKURITAS

Kantor Cabang & Mitra GI BEI