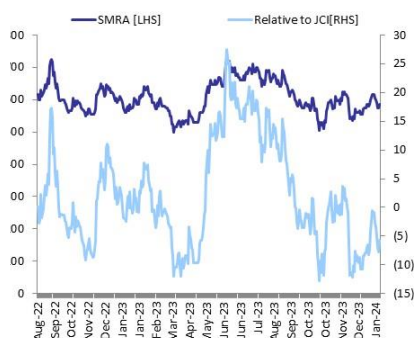


Buy

(Maintained)

Last Price (Rp)	505
Target Price (Rp)	1,000
Previous Target Price (Rp)	1,000
Upside/Downside	+98.0%
No. of Shares (mn)	14,427
Mkt Cap (Rpbn/US\$mn)	7,286/447
Avg, Daily T/O (Rpbn/US\$mn)	25.4/1.6
Free Float (%)	61.6
Major Shareholder (%)	
Semarop Agung	33.8
Sinarmegah Jayasentosa	5.9
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	52.3 53.6 50.7
Consensus	56.5 53.4 50.6
BRIDS/Cons (%)	(7.4) 0.4 0.2

SMRA relative to JCI Index



Source: Bloomberg

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Summarecon Agung (SMRA IJ)

Strategically Located Projects in High-Density Areas, the cheapest in the sector

- 5M24 pre-sales were backed by landed-residential projects, which is aligned with the sector's current macro-theme, we believe.
- The company expects to backload its FY24F presales in 2H24, from new launches in Bogor, Bandung, and the new Bitung project.
- We resume our coverage with a Buy rating and disc. to RNAV-based TP of Rp1,000.

VAT-exempted products Contributed ~61% to 5M24 Pre-Sales

Despite decent double-digit growth in 5M24 pre-sales (Rp1.49tr, +12%yoy), SMRA's pre-sales run rate was still below expectations (27% and 30% of our/the company's FY24F est). Landed houses accounted for the bulk of sales in 5M24 (82% vs. 51% in 5M23). This is aligned with the sector's macro theme for FY24F, in which landed residential property is the key driver of growth supported by VAT and LTV incentives. In 5M24, VAT-exempted products were 61% of SMRA's pre-sales reaching ~Rp925bn, with sales financed by mortgages increasing to 57% from 38% in 5M23.

We lower our FY24F pre-sales est. by 17%, expect them to catch up in 2H24

Incorporating the 5M24 pre-sales, we lower our FY24F pre-sales forecast by 17% to Rp4.58tr (~8% below the company's target of Rp5.0tr). SMRA plans to launch a residential project in the Bitung area, with planned ASP of Rp1.0-1.5bn, and targeted pre-sales of Rp570bn. We conservatively expect only Rp285-300bn in pre-sales, taking into consideration the risk of launch delays and the high-competition in the Tangerang market. We also expect Bekasi to continue its organic inventory sales trend (no new launches YTD, with avg. pre-sales of Rp88bn/mo.), as we believe the area is the second most preferred option for the Jakarta urban population to choose a home, while it also qualifies for VAT-exempted prices. For Bogor and Bandung, we expect the pre-sales to be aided by new launches of shoplots and houses in 2H24.

Resuming Coverage with a Buy rating and TP of Rp1,000

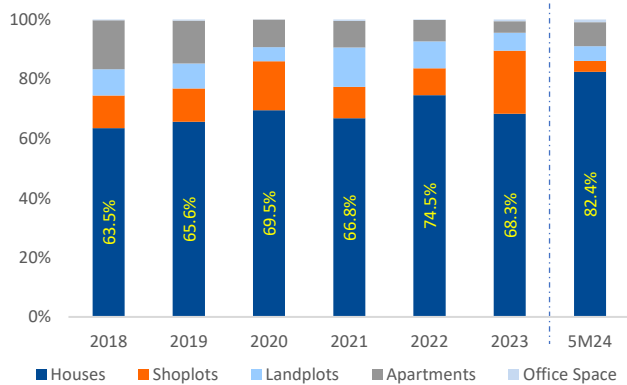
We resume our coverage on SMRA with a Buy rating and TP of Rp1,000, based on our 73% disc. to RNAV. The stock trades at an attractive valuation at 85% disc.to RNAV (vs. peers avg. of ~69%), close to -2SD of its 5-yr. average level. Key risks lie in potentially lower pre-sales, partly due to a limited project network ex-Java (~17% to total projects) compared to CTRA (~32%), which may cushion pre-sales growth if there is a slowdown in the saturated Java market.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	5,719	6,659	7,451	7,499	7,754
EBITDA (Rpbn)	1,984	2,164	2,525	2,575	2,288
EBITDA Growth (%)	9.1	9.0	16.7	2.0	(11.1)
Net Profit (Rpbn)	625	766	863	885	837
EPS (Rp)	37.9	46.4	52.3	53.6	50.7
EPS Growth (%)	93.2	22.5	12.7	2.6	(5.5)
BVPS (Rp)	557.1	595.3	639.0	682.9	723.7
DPS (Rp)	6.0	7.0	8.6	9.7	9.9
PER (x)	13.3	10.9	9.7	9.4	10.0
PBV (x)	0.9	0.8	0.8	0.7	0.7
Dividend yield (%)	1.2	1.4	1.7	1.9	2.0
EV/EBITDA	5.6	5.7	4.7	4.8	5.5

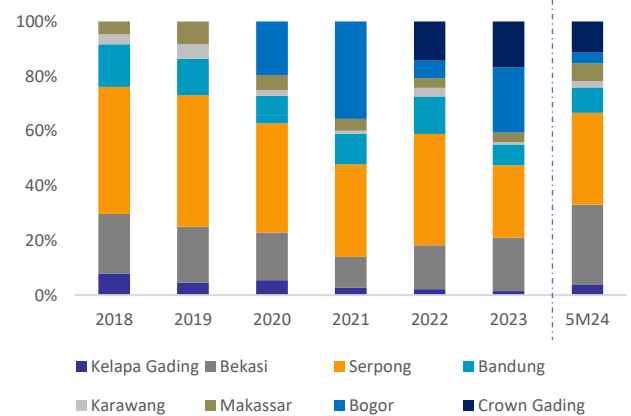
Source: SMRA, BRIDS Estimates

Exhibit 1. Aggregate Pre-Sales per Product Type (%)



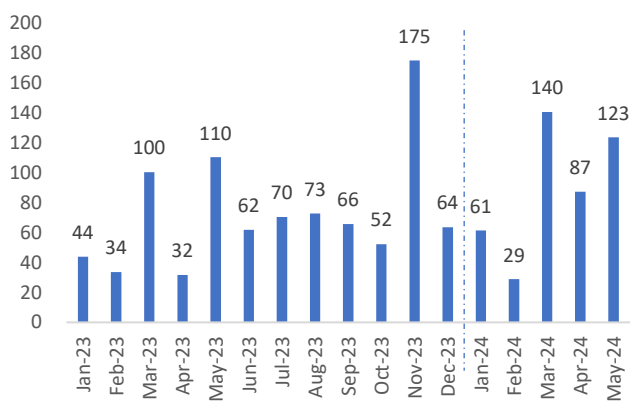
Source: Company, BRIDS

Exhibit 2. Pre-Sales per Project Contribution (%)



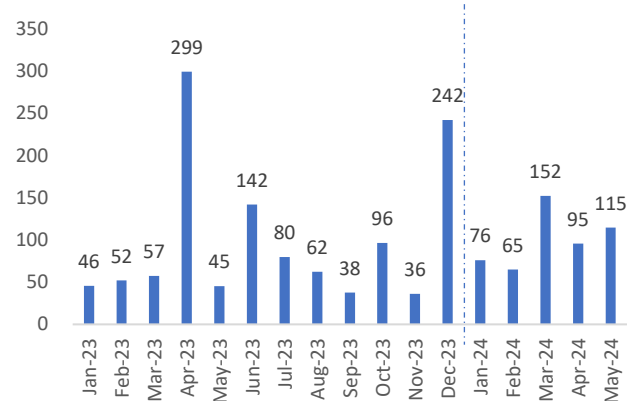
Source: Company, BRIDS

Exhibit 3. Monthly Pre-Sales Trend (Bekasi Project, Rpbn)



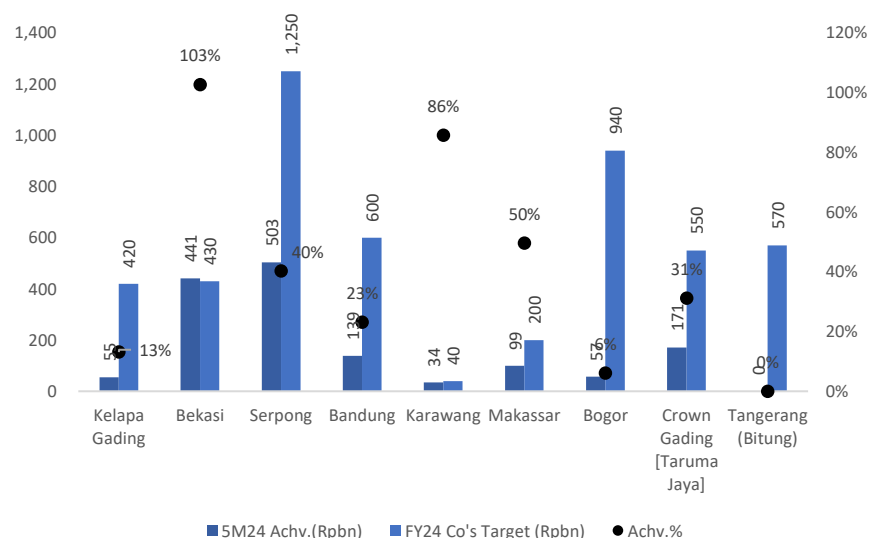
Source: Company, BRIDS

Exhibit 4. Monthly Pre-Sales Trend (Serpong Project, Rpbn)



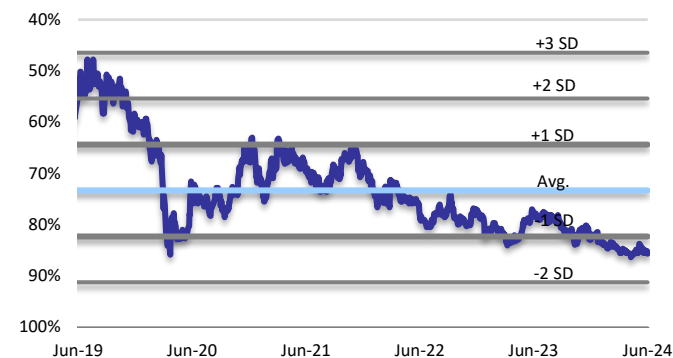
Source: Company, BRIDS

Exhibit 5. Marketing Sales Achievement Recap



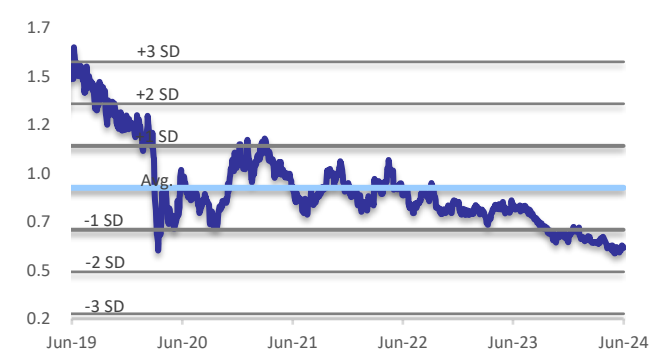
Source: Company, BRIDS

Exhibit 6. Discount to RNAV Band Chart (5-year)



Source: Bloomberg, BRIDS Estimates

Exhibit 7. Forward 12M PBV Band Chart (5-year)



Source: Bloomberg, BRIDS Estimates

Exhibit 8. SMRA's RNAV Calculation

Projects	Location	Stakes	Area (ha)	Plot ratio	Price/sqm (Rp mn/sqm)	Method	RNAV (Rp bn)	% to Total
Summarecon Kelapa Gading	North Jakarta	100%	8.0	50%	25.6	NAV	1,023	2%
Summarecon Serpong								
Own Land	Tangerang	100%	338.0	60%	8.4	NAV	17,093	28%
JO with JBC	Tangerang	80%	128.0	60%	10.1	NAV	6,198	10%
JO with LK	Tangerang	70%	42.0	60%	10.1	NAV	1,779	3%
JO with TGS and LK	Tangerang	55%	10.0	60%	10.1	NAV	333	1%
Summarecon Bekasi								
Own Land	Bekasi	100%	67.0	60%	9.1	NAV	3,643	6%
Summarecon Crown Gading	Bekasi	51%	286.0	60%	9.1	NAV	7,931	13%
Summarecon Bogor	West Java	51%	366.0	60%	6.4	NAV	7,221	12%
Summarecon Karawang								
JV (under PT SMTH)	West Java	51%	6.5	60%	4.1	NAV	81	0%
Summarecon Bandung	West Java	100%	293.0	60%	5.2	NAV	9,135	15%
Summarecon Makassar								
Own Land	South Sulawesi	100%	163.0		0.3	NAV	453	1%
JV (under PT SGMC)	South Sulawesi	51%	135.0	60%	2.0	NAV	836	1%
JV (under PT SGMF)	South Sulawesi	26%	14.0	60%	2.0	NAV	44	0%
Summarecon Bali	Bali	100%	20.0		3.4	At cost	671	1%
Others		100%	225.0		0.3	At cost	625	1%
Apartment and offices						DCF	969	2%
Investment property								
Mall and retail						DCF	14,713	24%
Hotels						DCF	2,609	4%
Other properties						DCF	161	0%
Total asset (Rp bn)							75,519	
Net debts (Rp bn)							3,461	
Advance to customer (Rp bn)							9,960	
Net asset value (Rp bn)							62,097	
Discount to NAV (%)							73%	
Number of shares outstanding (bn shares)							16.5	
NAV per share							3,761	
Target price (Rp/share)							1,000	
Current price							505	
Current discount to NAV							86.57%	

Source: BRIDS Estimates

Exhibit 9. Peers Comparison

Company	Mkt. Cap (Rpbn)	Revenue (Rpbn)		Net Profit (Rpbn)		ROE (%)		P/E (x)		P/BV (x)		Net Debt (Cash) (x)		Current Price disc. to RNAV
		24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	
CTRA	20,853.0	9,954	10,683	1,995	2,227	10.7	9.7	9.4	9.5	1.0	0.9	0.03	(0.02)	66%
PWON	19,264.0	6,671	7,518	2,177	2,554	10.3	10.9	8.9	7.5	0.9	0.8	(0.20)	(0.27)	71%
BSDE	19,901.0	10,193	9,430	2,285	1,980	6.1	5.0	8.7	10.1	0.5	0.5	0.03	0.03	71%
SMRA	8,337.0	7,451	7,499	863	885	8.2	7.9	9.7	9.4	0.8	0.7	0.26	0.29	85%

Source: BRIDS, Bloomberg

Exhibit 10. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	5,719	6,659	7,451	7,499	7,754
COGS	(2,720)	(3,299)	(3,686)	(3,678)	(3,814)
Gross profit	3,000	3,360	3,765	3,821	3,940
EBITDA	1,984	2,164	2,525	2,575	2,288
Oper. profit	1,726	1,900	2,219	2,226	2,288
Interest income	157	181	194	206	122
Interest expense	(418)	(382)	(562)	(505)	(492)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	9	10	10	10	10
Other Income (Expenses)	(456)	(363)	(369)	(399)	(431)
Pre-tax profit	1,018	1,345	1,492	1,537	1,497
Income tax	(246)	(288)	(311)	(321)	(333)
Minority interest	(146)	(292)	(318)	(331)	(327)
Net profit	625	766	863	885	837
Core Net Profit	625	766	863	885	837

Exhibit 11. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	3,143	3,293	3,498	2,074	1,920
Receivables	294	236	264	266	275
Inventory	9,960	10,906	11,685	12,464	13,243
Other Curr. Asset	895	1,127	1,162	1,164	1,175
Fixed assets - Net	370	442	479	488	469
Other non-curr.asset	13,773	15,164	15,928	16,525	17,155
Total asset	28,434	31,168	33,015	32,981	34,237
ST Debt	2,625	3,759	4,148	4,024	4,943
Payables	87	91	102	102	106
Other Curr. Liabilities	6,311	7,417	8,298	8,341	8,628
Long Term Debt	3,284	3,439	2,812	2,026	1,190
Other LT. Liabilities	3,898	3,640	4,034	4,056	4,184
Total Liabilities	16,206	18,347	19,393	18,550	19,051
Shareholder's Funds	9,197	9,827	10,548	11,274	11,948
Minority interests	2,553	2,476	2,556	2,639	2,720
Total Equity & Liabilities	27,956	30,650	32,497	32,463	33,719

Exhibit 12. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	625	766	863	885	837
Depreciation and Amort.	227	252	306	349	375
Change in Working Capital	1,970	(11)	49	(739)	(508)
Other Oper. Cash Flow	266	(106)	611	313	449
Operating Cash Flow	3,089	901	1,829	808	1,152
Capex	(595)	(1,155)	(1,093)	(1,093)	(1,093)
Others Inv. Cash Flow	(436)	(330)	331	352	277
Investing Cash Flow	(1,031)	(1,485)	(762)	(741)	(816)
Net change in debt	(1,130)	1,289	(238)	(909)	83
New Capital	0	0	0	0	0
Dividend payment	(89)	(137)	(142)	(159)	(164)
Other Fin. Cash Flow	(418)	(382)	(562)	(505)	(492)
Financing Cash Flow	(1,638)	770	(942)	(1,574)	(572)
Net Change in Cash	420	186	126	(1,507)	(236)
Cash - begin of the year	2,774	3,143	3,293	3,498	2,074
Cash - end of the year	3,143	3,293	3,498	2,074	1,920

Exhibit 13. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	2.7	16.4	11.9	0.7	3.4
EBITDA	9.1	9.0	16.7	2.0	(11.1)
Operating profit	11.0	10.1	16.8	0.3	2.8
Net profit	93.2	22.5	12.7	2.6	(5.5)
Profitability (%)					
Gross margin	52.4	50.5	50.5	51.0	50.8
EBITDA margin	34.7	32.5	33.9	34.3	29.5
Operating margin	30.2	28.5	29.8	29.7	29.5
Net margin	10.9	11.5	11.6	11.8	10.8
ROAA	2.3	2.6	2.7	2.7	2.5
ROAE	7.0	8.1	8.5	8.1	7.2
Leverage					
Net Gearing (x)	0.2	0.3	0.3	0.3	0.3
Interest Coverage (x)	4.1	5.0	4.0	4.4	4.7

Source: SMRA, BRIDS Estimates

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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

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