

Buy

(Maintained)

Last Price (Rp)	595
Target Price (Rp)	1,000
Previous Target Price (Rp)	1,000
Upside/Downside	+68.1%
No. of Shares (mn)	14,427
Mkt Cap (Rpbn/US\$mn)	8,584/532
Avg, Daily T/O (Rpbn/US\$mn)	25.9/1.6
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	58.6 57.1 50.0
BRIDS/Cons (%)	(10.8) (6.0) 1.4

SMRA relative to JCI Index



Source: Bloomberg

BRI Danareksa Sekuritas Analysts

Ismail Fakhri Suweleh

(62-21) 5091 4100 ext. 3505

ismail.suweleh@brids.co.id

Summarecon Agung (SMRA IJ)

Inline 1H24 pre-sales; Potential one-off tax expenses in 2Q24 from MKG asset transfer

- SMRA's 1H24 pre-sales of Rp1.72tr only formed 34% of its FY24F target, yet we deem this expected as it aims to backload sales in 2H24.
- We estimate a one-off tax expenses of ~Rp600bn from the recent transfer of Kelapa Gading assets.
- We maintain our Buy rating with TP of Rp1,000 (73% disc to RNAV) on SMRA's attractive and strategically-located projects.

Weak 1H24 presales was expected as it shall backload into 2H24

SMRA booked marketing sales of Rp1.72tr (+7%yoy) during 1H24, bringing its run rate to 38%/ 34% of ours/ company's FY24F target. While the Jun24 marketing sales weakened vs. May24, particularly for Bekasi and Serpong projects (-60%mom), overall 1H24 achievement from these two key projects remain on-track to co's FY24F target (114% to FY24F for Bekasi, and 44% for Serpong) (exh.5). SMRA's overall optically weak 1H24 achievement came as expected as the company aims to backload its marketing sales in 2H24 from new launches in Bogor, Bandung and the 100ha new Bitung project.

Potential one-off tax exp. in 2Q24 financials from MKG asset transfer

SMRA recently transferred its assets in the Kelapa Gading area (ie, SM Kelapa Gading and other related assets) into its fully owned subsidiary Summarecon Investment Property (SMIP). We see this reorganization as the final phase to complete SMIP, as the Kelapa Gading assets is the last one to be injected into SMIP, which contributed ~39% to SMRA's Rp1.9tr recurring business revenue in FY24F. We estimate a one-off tax expense of around Rp600bn (7.5% from the Rp8tr asset value), representing 40% to our FY24F profit before taxes. For SMRA's overall FY24F earnings, we expect ~61% of marketing sales to come from VAT-exempted products (~Rp1.05tr in 1H24), which we forecast to potentially translate into ~Rp400bn net profit (48% of our FY24F).

Maintain our Buy rating and TP of Rp1,000 for SMRA

We maintain our Buy rating with TP of Rp1,000 based on 73% disc. to RNAV. SMRA currently trades at an attractive 84% disc. to RNAV (cheapest in the sector vs. peers average at ~67%), with better trading liquidity of Rp26bn/day in the last 6-mo. (vs. peers avg. of Rp19bn/day). We believe SMRA's strategic projects located in high-density areas should gradually translate into better pre-sales going forward. Key risks lie in short-term lower pre-sales realization, partly due to a limited project network in ex-Java (~17% to total projects) compared to CTRA (~32%).

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

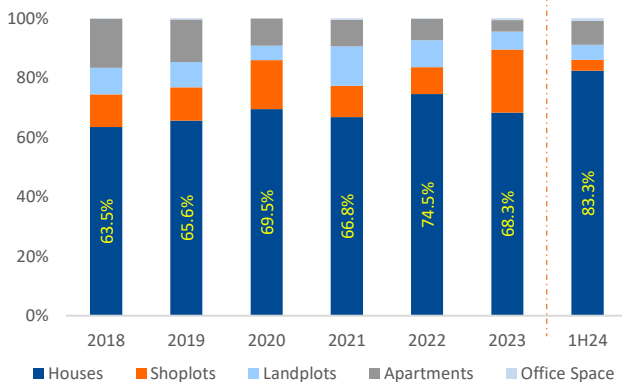
Source: SMRA, BRIDS Estimates

Inline 1H24 pre-sales; Potential one-off tax expenses in 2Q24 from MKG asset transfer

No Firm Timeline Yet on SMIP IPO Plan

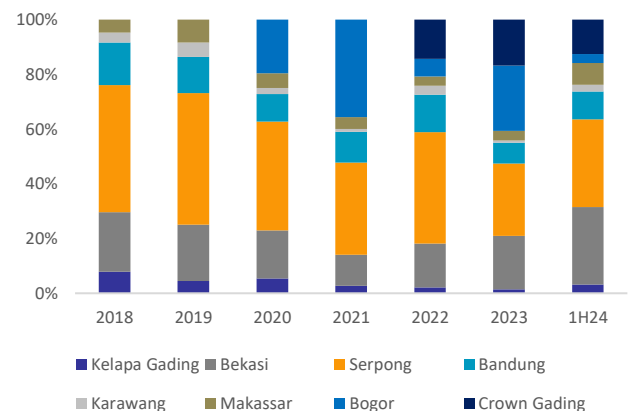
Our latest discussion with SMRA management indicated that there is no firm timeline yet on the SMIP IPO plan, despite increasing market talks. At present, we roughly estimate that the recurring assets under SMIP (comprising of Malls at Kelapa Gading, Bekasi, Serpong, Bandung, Villagio, also hotels) to worth Rp15-20tr. Assuming 20% dilution at SMIP level, the IPO may generate ~Rp3.1-4.1tr proceed for SMRA. This cash proceed shall support further balance sheet deleveraging to compete with peers lower gearing level (exh.9) and be utilized to strengthen the recurring business units, and in turn, shall lower SMRA's valuation disc. to RNAV.

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



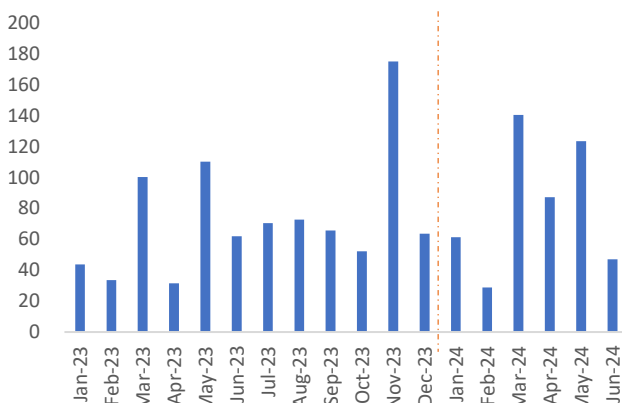
Source: Company, BRIDS

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



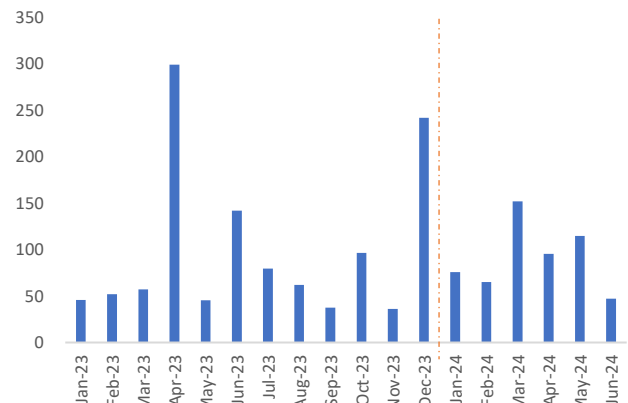
Source: Company, BRIDS

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



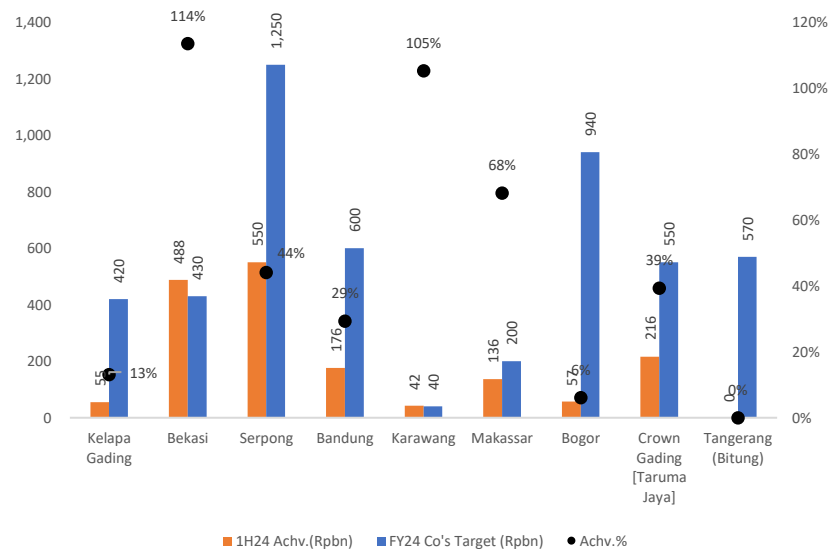
Source: Company, BRIDS

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



Source: Company, BRIDS

Exhibit 5. Marketing Sales Achievement Recap



Source: Company, BRIDS

Exhibit 6. 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							595	
Current discount to NAV							84.18%	

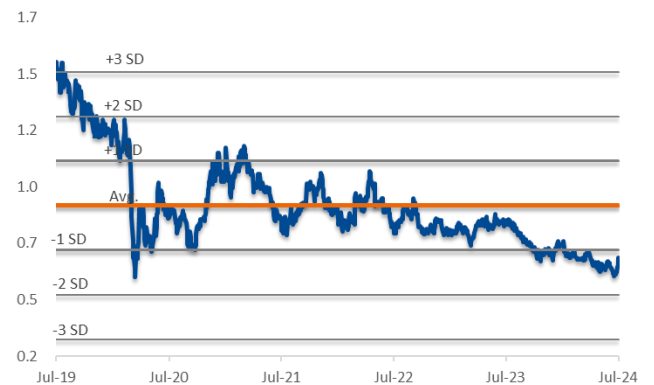
Source: BRIDS Estimates

Exhibit 7. Discount to RNAV Band Chart (5-year)



Source: Bloomberg, BRIDS Estimates

Exhibit 8. Forward 12M PBV Band Chart (5-year)



Source: Bloomberg, 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)		Current Price disc. to RNAV
		24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	
CTRA	23,540	10,998	12,287	2,290	2,740	10.9	11.9	10.3	8.6	1.1	1.0	-23%	-37%	63%
BSDE	21,807	10,193	9,430	2,285	1,980	6.1	5.0	9.5	11.0	0.6	0.5	2%	2%	69%
PWON	20,227	6,671	7,518	2,177	2,554	10.3	10.9	9.3	7.9	1.0	0.9	-20%	-27%	70%
SMRA	9,823	7,451	7,499	863	885	8.2	7.9	11.4	11.1	0.9	0.9	26%	28%	84%

Source: Bloomberg, BRIDS Estimates

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

BRI Danareksa Equity Research Team

Erindra Krisnawan, CFA	Head of Equity Research, Strategy, Coal	erindra.krisnawan@brids.co.id
Natalia Sutanto	Consumer, Cigarettes, Pharmaceuticals, Retail	natalia.sutanto@brids.co.id
Niko Margaronis	Telco, Tower, Technology, Media	niko.margaronis@brids.co.id
Timothy Wijaya	Metal, Oil and Gas	timothy.wijaya@brids.co.id
Victor Stefano	Banks, Poultry	victor.stefano@brids.co.id
Ismail Fakhri Suweleh	Healthcare, Property, Industrial Estate	ismail.suweleh@brids.co.id
Richard Jerry, CFA	Automotive, Cement	richard.jerry@brids.co.id
Ni Putu Wilastita Muthia Sofi	Research Associate	wilastita.sofi@brids.co.id
Naura Reyhan Muchlis	Research Associate	naura.muchlis@brids.co.id
Sabela Nur Amalina	Research Associate	sabela.amalina@brids.co.id
Christian Immanuel Sitorus	Research Associate	christian.sitorus@brids.co.id

BRI Danareksa Economic Research Team

Helmy Kristanto	Chief Economist, Macro Strategy	helmy.kristanto@brids.co.id
Dr. Telisa Aulia Falianty	Senior Advisor	telisa.falianty@brids.co.id
Kefas Sidauruk	Economist	kefas.sidauruk@brids.co.id

BRI Danareksa Institutional Equity Sales Team

Yofi Lasini	Head of Institutional Sales and Dealing	yofi.lasini@brids.co.id
Novrita Endah Putrianti	Institutional Sales Unit Head	novrita.putrianti@brids.co.id
Ehrlicch Suhartono	Institutional Sales Associate	ehrliech@brids.co.id
Yunita Nababan	Institutional Sales Associate	yunita@brids.co.id
Adeline Solaiman	Institutional Sales Associate	adeline.solaiman@brids.co.id
Andreas Kenny	Institutional Sales Associate	andreas.kenny@brids.co.id
Christy Halim	Institutional Sales Associate	christy.halim@brids.co.id
Jason Joseph	Institutional Sales Associate	jason.joseph@brids.co.id

BRI Danareksa Sales Traders

Mitcha Sondakh	Head of Sales Trader	mitcha.sondakh@brids.co.id
Suryanti Salim	Sales Trader	suryanti.salim@brids.co.id

INVESTMENT RATING

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

Disclaimer

The information contained in this report has been taken from sources which we deem reliable. However, none of PT BRI Danareksa Sekuritas and/or its affiliated and/or their respective employees and/or agents makes any representation or warrant (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof.

We expressly disclaim any responsibility or liability (express or implied) of PT BRI Danareksa Sekuritas, its affiliated companies and their respective employees and agents whatsoever and howsoever arising (including, without limitations for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as results of acting in reliance upon the whole or any part of the contents of this report and neither PT BRI Danareksa Sekuritas, its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

The information contained in the report is not to be taken as any recommendation made by PT BRI Danareksa Sekuritas or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regards to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.