

# Buy

## Summarecon Agung (SMRA IJ) FY24 Marketing Sales: In-Line with Our Expectations, Missed Company Target

Last Price (Rp)	464
Target Price (Rp)	800
Upside/Downside	+72.4%
No. of Shares (mn)	16,509
Mkt Cap (Rpbn/US\$mn)	7,660/468
Avg, Daily T/O (Rpbn/US\$mn)	33.7/2.1

- **SMRA booked marketing sales of Rp4.36tr in FY24 (-3%yoy), aligned with our expectation of Rp4.33tr, yet missed co's target of Rp5.0tr.**
- **Overall, Bekasi and Serpong remain the driver of FY24 pre-sales, yet Bandung, Bogor, and Tangerang were the laggards.**
- **We maintain Buy rating on SMRA due to its ability to cater middle-class end-users demand in Greater Jakarta, with strong recurring revenues.**

### Key Financials:

	2024F	2025F	2026F
EPS (Rp)	72.8	51.6	48.0
PER (x)	6.4	9.0	9.7
PBV (x)	0.7	0.7	0.6
EV/EBITDA (x)	3.2	4.8	5.7
Dividend yield (%)	1.8	2.9	2.1
ROAE (%)	11.6	7.6	6.7

- **Overall Results:** SMRA booked marketing sales of Rp1.7tr in 4Q24 (+82%qoq, +18%yoy), bringing its cumulative FY24 achievement to Rp4.36tr (-3%yoy), relatively in-line with our estimates of Rp4.33tr (101%), yet below company's target of Rp5.0tr (87%).
- A strong qoq achievement was expected due to the backloading of several key launchings, which includes the newly introduced Tangerang project. Tangerang project, however, booked only Rp187bn marketing sales in Dec24, implying a relatively modest achievement at 33% to co's target at Rp570bn.
- Excluding Tangerang, 4Q24 achievement still grew 5%qoq, 62%yoy, primarily contributed by the launching of Quantum Shophouses in Serpong which booked around Rp250bn (13% contribution to total 4Q24), and Centeria Square Shophouses and Maple Park Landed Residential in Bogor, which together booked around Rp155bn (9% contribution to total 4Q24).
- **Product, Pricing, Location, and Payer Mixes:** Product mixes remain dominated by landed houses (75%) and shophouses (15%). Average selling price of cumulative FY24 is at Rp2.4bn, with mortgage payer mixes at 53%, followed by cash installment 27%, and full-cash 20%.
- **Summary:** Overall FY24 marketing sales performance has been beating target in several key projects (Bekasi, Serpong), however the misses in the other big projects (Bandung, Bogor, and particularly Tangerang) have resulted in the company not meeting its FY24 target. We have previously assessed this risk, thus, had lowered our marketing sales estimates in [our prev note](#). **We believe the market also already anticipates and priced-in the FY24 marketing sales results.**
- The company has yet to finalize its FY25F marketing sales target, yet we expect it to book Rp4.54tr (+4.9%yoy vs. FY16-24 CAGR at 4.2%).
- We maintain our Buy rating on SMRA with our 79% disc.to RNAV-based TP of Rp800. We like SMRA's pricing mix of Rp1-5bn, which caters to entry-level end-user demand for landed houses in Greater Jakarta. The company also boasts a strong recurring revenue franchise, contributing approximately 42% to FY25F revenue. Moreover, SMRA emerges as a value option in the sector, with its current 87% discount to RNAV. *Risks: Weaker overall demand in Greater Jakarta.*

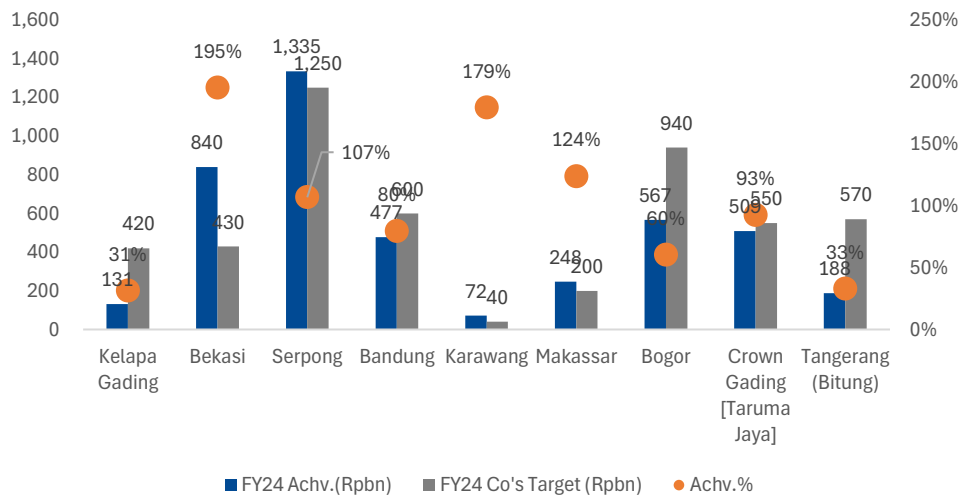
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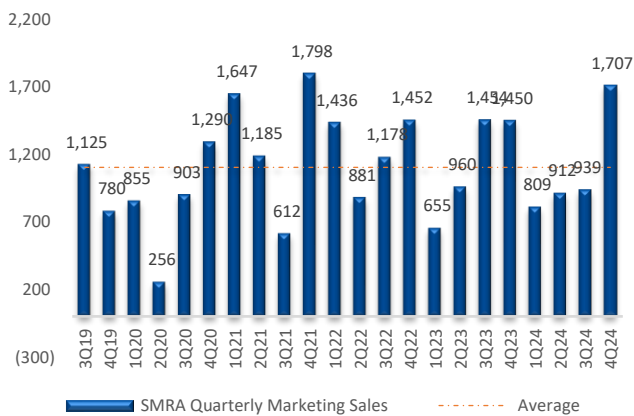
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**Exhibit 1. Marketing Sales Achievement by Project (Rpbn,%)**



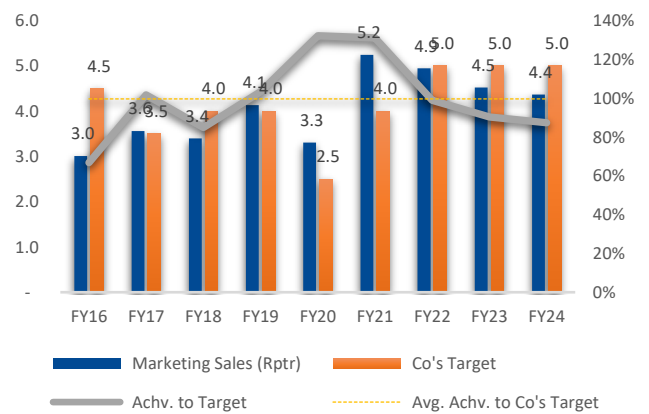
Source: Company, BRIDS

**Exhibit 2. Quarterly Marketing Sales (Rpbn)**



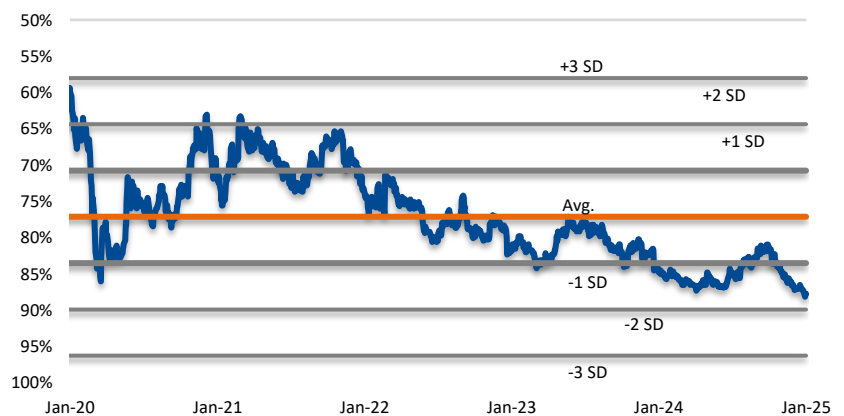
Source: Company, BRIDS

**Exhibit 3. Historical Achievement to Co's Target**



Source: Company, BRIDS

**Exhibit 4. SMRA Disc. to RNAV**



Source: Bloomberg, BRIDS Estimates

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**INVESTMENT RATING**

<b>BUY</b>	Expected total return of 10% or more within a 12-month period
<b>HOLD</b>	Expected total return between -10% and 10% within a 12-month period
<b>SELL</b>	Expected total return of -10% or worse within a 12-month period

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