

Buy

Summarecon Agung (SMRA IJ) KTA Update Call: Long-Term Focus Remains on Monetizing Existing Projects

Last Price (Rp)	404
Target Price (Rp)	800
Upside/Downside	+98.0%
No. of Shares (mn)	16,509
Mkt Cap (Rpbn/US\$mn)	6,669/396
Avg, Daily T/O (Rpbn/US\$mn)	21.7/1.3

Key Financials:

	2025F	2026F	2027F
EPS (Rp)	51.9	48.2	51.4
PER (x)	7.8	8.4	7.9
PBV (x)	0.6	0.5	0.5
EV/EBITDA (x)	4.4	4.5	4.3
Dividend yield (%)	3.3	2.4	2.2
ROAE (%)	7.6	6.7	6.8

- SMRA's key strategy will remain focused on monetizing its existing projects through higher number of launchings and expansion of malls.
- The company maintains its Rp5tr FY25 pre-sales target, as it sees strong support from VAT exemption-driven demand (66% of 1Q25 pre-sales).
- We maintain our Buy rating on SMRA with our 79% disc.to RNAV based TP of Rp800. Risks include weaker overall demand in Greater Jakarta.

Key Future Strategy:

- Focus remains on launching products within existing projects and landbanks. To reduce the risk of overconcentration in Greater Jakarta, the company is increasing the number of launches and expanding into new townships like Tangerang.
- SMRA is also cautiously exploring the ex-Java market, including potential JO-JV opportunities with local developers.
- Efforts continue to enhance recurring revenue monetization, especially through malls, with the following pipeline:
 - Expansion of Bekasi Mall NLA by 48k sqm to reach 100k sqm. We estimate this could lift Bekasi Mall's revenue contribution from currently 4–5% to around 7% by FY26. The current SM Bekasi Mall occupancy rate is 98%, compared to Pakuwon Mall Bekasi at 95% (with 45k sqm NLA).
 - New mall development in Makassar with 31k sqm NLA.
 - Harris Hotel Serpong in the pipeline.
- No specific new strategy is in place to improve ROE. Dividend payout increases are still pending decisions from the upcoming AGMS.

FY24 Performance Review:

- FY24 pre-sales fell short of target, reaching Rp4.4tr vs. the Rp5.0tr target, due to the postponement of several product launches to 2H24 in response to the election year.

FY25 Pre-Sales Outlook:

- Product launches are expected to be more evenly distributed across all four quarters, with a push to accelerate sales from Tangerang.
- Despite 1Q25 pre-sales at only Rp877bn (18% run-rate), SMRA still believes the Rp5tr target is achievable, supported by VAT exemption incentives.
- VAT-exempted pre-sales contributed Rp580bn (66% of 1Q25 pre-sales). The company currently holds another Rp400-450bn in VAT-inventory to support the full-year target. We are currently reviewing our FY25F/26F pre-sales and revenue recognition estimates.
- SMRA also aims to accelerate development to bring more products into VAT-exempt status.

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- ✚ **Other Insights:**
- 1Q Mall traffic remained relatively stable yoy, despite Ramadhan falling entirely in Mar25.
 - The company sees no signs of slowing mortgage loan disbursement, even amid recent headlines about rising NPLs in the mortgage segment nationally.
 - SMIP IPO remains postponed, with the company continuing to monitor market dynamics before proceeding.
- ✚ **We maintain our Buy rating on SMRA with our 79% disc.to RNAV-based TP of Rp800.** SMRA's marketing strategy aligns well with the current Indonesia's property market preference trend, both in pricing (Rp1–5bn) and product mixes (~79% landed residential), which caters to entry-level end-user demand in Greater Jakarta. Risk includes weaker overall demand in Greater Jakarta, which could slow marketing sales due to the high project concentrations in the area (~82% to pre-sales).

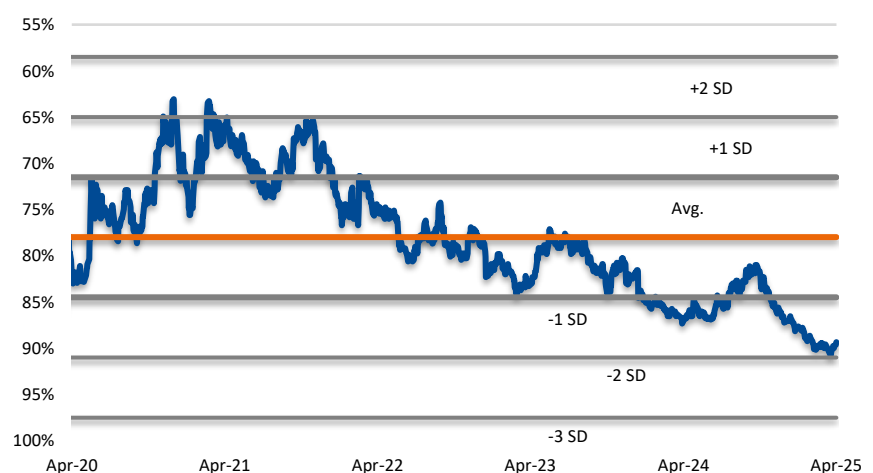
Exhibit 1. Peers Valuation

Company	Revenue (Rpbn)		Net Profit (Rpbn)		Net Profit Growth (%)		ROE (%)		Net Debt (Cash)	
	25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
CTRA	10,977	11,797	2,257	2,636	14.7	16.8	10.0	10.7	-22%	-29%
BSDE	14,777	13,796	3,924	3,760	1.6	(4.2)	9.2	8.1	-7%	-13%
PWON	6,938	6,678	2,360	2,218	9.6	(6.0)	11.0	9.6	-11%	-12%
SMRA	7,329	7,380	853	792	(29.1)	(7.1)	7.6	6.7	33%	33%
Average					(0.8)	(0.1)	9.4	8.8	-2%	-5%
Growth Aggr.	1%	-1%	2%	0%						

Company	P/E (x)		P/BV (x)		Mkt. Sales (Rpbn)		Price/Mkt. Sales		Disc.to RNAV		
	25F	26F	25F	26F	25F	26F	25F	26F	Current	Avg.5-Yr.	Diff.%
CTRA	6.9	5.9	0.7	0.6	11,515	12,038	1.4	1.3	76%	64%	12%
BSDE	4.5	4.6	0.4	0.4	9,690	8,691	1.8	2.0	83%	71%	11%
PWON	7.5	7.9	0.8	0.7	1,535	1,312	11.5	13.4	76%	65%	12%
SMRA	7.8	8.4	0.6	0.5	4,543	4,765	1.5	1.4	89%	78%	11%
Average	6.7	6.7	0.6	0.6	6,821	6,702	4.0	4.5	81%	70%	12%
Median	7.2	6.9	0.6	0.6	7,117	6,728	1.6	1.7	80%	68%	12%
Growth Aggr.					4%	-2%					

Source: Company, Bloomberg, BRIDS Estimates

Exhibit 2. SMRA Disc. to RNAV



Source: Bloomberg, BRIDS Estimates

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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

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