

Indonesia Property - KTAs from Verdhana-Nomura  
Conference 2024

15 Nov  
2024

Property

KTAs from Verdhana-Nomura Conference 2024

**Ciputra Development (CTRA IJ, Buy)** – CTRA's strategy of targeting the IDR1-3bn segment, particularly first-time buyers, remains effective despite increasing competition from smaller developers. The company's prudent buyback policy ensures mortgage availability, particularly in ex-Java regions with a 30% rejection rate. Currently, mortgage financing is dominated by BCA (42% share) and Mandiri (17%); the sweet spot is 10Y tenure. Funding is still driven by hotels and hospitals, remains robust (+14% y-y). For FY25, the extension of the VAT incentive waiver is positive, but may have limited impact due to inventory constraints. The company continues to focus on the middle-upper segment, which offers resilient demand and healthy margins. New project launches are planned for Greater Jakarta, Surabaya, Medan, and Makassar, building on the success of previous launches.

**Bumi Serpong Damai (BSDE IJ, Buy)** – BSDE is on track to achieve its FY24 pre-sales target of IDR9.5tn (9M24: IDR6.2tn, or 72% of target). The company plans to launch four new projects in 4Q24, including residential (IDR1-6bn/unit) and shophouse developments (IDR2-10bn/unit), situated in the Greater Jakarta area. The recent SMDM acquisition adds 800-1,000 hectares of landbank. Estimated acquisition cost is at IDR260-320K/sqm for the gross land-bank, a lucrative figure given the surrounding ASP of IDR5-10mn/sqm. While revenue growth is expected to be flat (~IDR12.7tn with backlog of IDR4.2-13tn), improved margins due to product mix and last year's one-off costs and lower forex losses will boost net profit.

**Pakuwon Jati (PWON IJ, Buy)** – PWON's mall business is benefiting from the upcoming launch of Pakuwon Mall Bekasi (100% occupancy rate) and a shift towards F&B tenants replacing supermarkets (which should improve rental rates). PWON is benefiting from the influx of Chinese brands that are driving tenant demand. Particularly in high-end and regional malls, traffic is 5-10% above the pre-Covid level. The hotel segment is experiencing growth due to increased wedding demand, with a focus on ballroom rentals in 5-star hotels and room occupancy in 4-star hotels. PWON plans to expand its project pipeline in 2027-2028, with capex funded internally or potentially through short-term loans.

**Summarecon Agung (SMRA IJ, Buy)** – SMRA's residential focus remains on the IDR2-3bn segment. New launches (7 projects) will focus on Greater Jakarta Area (Serpong, Tangerang, Bogor). Tangerang will offer IDR0.9-4.0bn products with a total project area of 100ha, located near Citra Maja and toll access. The VAT incentive inventory will support sales until next year (up to IDR1tn). In the investment property segment, Summarecon Bekasi Mall Phase 2 and Makassar projects are key growth drivers. The company is also benefiting from the end of discount periods for certain properties (Bandung and Villagio) and service charge adjustments.

**Kawasan Industri Jababeka (KIJA IJ, Not rated)** – Kendal Industrial Estate id contributing a significant portion of pre-sales (56% of 9M24), with 84% of buyers coming from China vs 11% local. Its substantial landbank, encompassing 2,000 ha of permitted land and 433 ha in Phase 1, coupled with its strategic location, positions it for future growth. The influx of key electric vehicle (EV) tenants, such as BTR and LBM, further strengthens its prospects. Currently, the land ASP is valued at IDR1.6mn/sqm. Infrastructure improvements are underway, including the completion of the ring road to Tanjung Mas Port (expected in 2024) and the Kendal International Seaport (FY26F). In the hospitality segment, Tanjung Lesung and Morotai offer promising opportunities, especially with upcoming infrastructure developments. In the medium term, the company aims to develop Morotai (1,892 hectares) as a tourism and logistics hub. Tanjung Lesung (1,489 hectares of landbank) is poised to benefit from the completion of the toll road in the coming years. KIJA aims to refinance its USD-denominated debt to reduce currency risk. Currently, KIJA hedges most of its debt with the gradual goal of deleveraging. KIJA's DER stands at 0.6x (IDR4.3tn debt).

**Surya Semesta Internusa (SSIA IJ, Not rated)** – SSIA's Karawang industrial estate is nearing completion, with land utilization reaching 100%. The Subang project will gradually book BYD purchases (108 ha) until 1Q25. The upcoming Patimban Port toll road access (FY26) will further leverage company land ASP. Currently, SSIA's land in Subang is valued at USD110-125/ha, with plans for industrial (65%), residential (25%), and commercial (10%). On the other hand, NRCA (subsidiary) is expected to deliver annual growth of ~10%, driven by ongoing infrastructure projects like the Patimban Toll Phase 2. High-rise projects remain the primary customer segment for NRCA.

Fig. 1: 9M24 results summary

Ticker	Mkt Cap (IDR tn)	9M24 Mkt. Sales (% yoy)	9M24 Revenue (% yoy)	9M24 NPAT (% yoy)	Top-Line Consensus (Above/Below/In-line)	Remarks	Valuation 25F		
							PE (x)	PB (x)	ROE (%)
Developers									
BSDE	23	-7%	38%	53%	Above	- Mkt. sales will be more driven by shophouses - SMDM consolidation opens plenty landbank	6.8	0.5	7.8%
CTRA	22	11%	8%	8%	In-line	- Expect a higher property development accrual in 4Q24F	10	0.9	9.0%
PANI	284	166%	21%	91%	na.	- Strong residential pre-sales - Expecting higher traffic in 2025 as toll road came online	na.	na.	3.3%
PWON	21	12%	5%	12%	In-line	- FX driven NPAT - Bekasi Mall tenants at 100% occupancy - kicker for next year growth	8.8	0.9	11%

Research Analysts

Gerald Hugo (gerald.hugo@verdhana.id)  
Felix Justin (felix.justin@verdhana.id)  
Jupriadi Tan (jupriadi.tan@verdhana.id)

**INVESTMENT RATINGS**

A rating of ‘Buy’, indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months. A rating of ‘Neutral’, indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months. A rating of ‘Reduce’, indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months. A rating of ‘Suspended’, indicates that the rating, target price, and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies. Securities and/or companies that are labelled as ‘Not Rated’ or ‘No Rating’ are not in regular research coverage. Benchmark is Indonesia Composite Index (‘IDX Composite’). A ‘Target Price’, if discussed, indicates the analyst’s forecast for the share price with a 12-month time horizon, reflecting in part of the analyst’s estimates for the company’s earnings, and may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market in general.

**GENERAL DISCLOSURE/DISCLAIMER**

This report is prepared by PT Verdhana Sekuritas Indonesia (“PTVSI”) a securities company registered in Indonesia, supervised by Indonesia Financial Services Authority (OJK) and a member of the Indonesia Stock Exchange (IDX).

This report is intended for client of PTVSI only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of PTVSI.

The research set out in this report is based on information obtained from sources believed to be reliable, but PTVSI do not make any representation or warranty as to its accuracy, completeness or correctness. The information in this report is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the company (or companies) referred to in this report. Any information, valuations, opinions, estimates, forecasts, ratings or targets herein constitutes a judgment as of the date of this report is published, and there is no assurance that future results or events will be consistent.

This report is not to be construed as an offer or a solicitation of an offer to buy or sell any securities or financial products. PTVSI and its associates, its directors, and/or its employees may from time to time have interests in the securities mentioned in this report or it may or will engage in any securities transaction or other capital market services for the company (companies) mentioned herein.

**ANALYST CERTIFICATION**

The research analyst primarily responsible for the content of this report and certifies that the views about the companies including their securities expressed in this report accurately reflect his/her personal views. The analyst also certifies that no part of his/her compensation was, is, or will be, directly, or indirectly, related to specific recommendations or views expressed in this report.

**RESTRICTIONS ON DISTRIBUTION**

By accepting this report, the recipient hereof represents and warrants that you are entitled to receive such report in accordance with the restrictions and agrees to be bound by the limitations contained herein. Neither this report nor any copy hereof may be distributed except in compliance with applicable Indonesian capital market laws and regulations.