

BUY (Unchanged)

Stock Data	
Target price (Rp)	Rp700
Prior TP (Rp)	Rp630
Shareprice (Rp)	Rp580
Upside/downside (%)	+20.7
Sharesoutstanding (m)	4,705
Marketcap. (US\$ m)	193
Free float (%)	60.5
Avg. 6m dailyT/O (US\$ m)	0.7

Price Performance			
	3M	6M	12M
Absolute (%)	29.5	18.9	-4.9
Relative to JCI (%)	21.3	10.0	-4.0
52w high/low (Rp)	610 - 436		



Major Shareholders	
PT Arman Investment Utama	9.9%
PT Persada Capital Investama	7.9%
PT Union Sampoerna	5.5%

Estimate Change; Vs. Consensus		
	2018	2019
Latest EPS (Rp)	2.3	8.5
Vs. Prior EPS (%)	nm	10.4
Vs. Consensus (%)	nm	(33.0)

Source: Bloomberg

Joey Faustian

PT Indo Premier Sekuritas
joey.faustian@ipc.co.id
+62 21 5793 1168

Better earnings expected in 4Q18

- We forecast earnings of Rp11bn in FY18F (9M18: loss of Rp66bn).
- Likely to win Patimban toll road construction worth Rp1.2tn.
- Subang estate to start presales in early 2020.
- Maintain Buy with higher TP of Rp700 (from Rp630).

Better than expected operational performance across all business lines.

We forecast SSIA to book earnings of Rp11bn in FY18F, given stronger than expected marketing sales, new contract and better performance from hospitality business in 4Q18. SSIA is guiding for Revenue of Rp3.5tn, while indicating positive earnings turnaround due to immediate recognition of industrial land sales, which is SSIA's only high margin business. Throughout 2018, SSIA reported marketing sales of 8.3ha (FY17: 2.1ha), with ASP of US\$120/sqm (-18% yoy), exceeding our FY18 marketing sales assumptions of 5ha. In addition, NRCA managed to book new contract of Rp2.7tn in FY18 (-4% yoy), also exceeding our FY18 assumption new contract of Rp2.5tn. In the other hand, SSIA's recorded better occupancy rate in all its hospitality facilities supported by Asian games and IMF World bank annual meeting in Bali.

Huge contribution from Patimban toll road construction. Despite project tender delay, we believe SSIA will win the tender process in 2H19 given SSIA's right-to-match privilege as the project initiator with JSMR, PT Daya Mulia Turangga and PT Jasa Sarana. We expect NRCA to reach new contract of Rp3tn in FY19F (SSIA: Rp3.5tn), supported by building and infrastructure (Patimban toll road) project of Rp1.7tn and Rp1.3tn, respectively. In the other hand, we forecast SSIA to book 12ha industrial sales in FY19F (SSIA: 15ha), supported by 30ha inquiries from consumer goods, auto, and building material sector.

Subang first phase development of 300ha. SSIA is planning to start the infrastructure development in Subang industrial estate by 2H19, along with the development of Patimban toll road access. The company expected 300ha first phase development with target presales of ±40ha in early 2020 with ASP USD90-100/sqm. According to the company, most of the inquiries for Subang industrial estate were from Japanese and auto related sector.

Maintain Buy with higher TP of Rp700. We maintain our positive view on the counter given better than expected 2018's operational performance. In addition, we also expect higher earnings forecast by 10% in FY19F as we increase NRCA contract assumption to Rp3tn in FY19F (from: Rp2.7tn) and Batiqa occupancy rate to 67% (from 65%). Given higher earnings outlook going forward, our RNAV calculation was increased to Rp700/share. SSIA currently trades at 58% discount to our RNAV estimate or FY19F P/B of 0.6x.

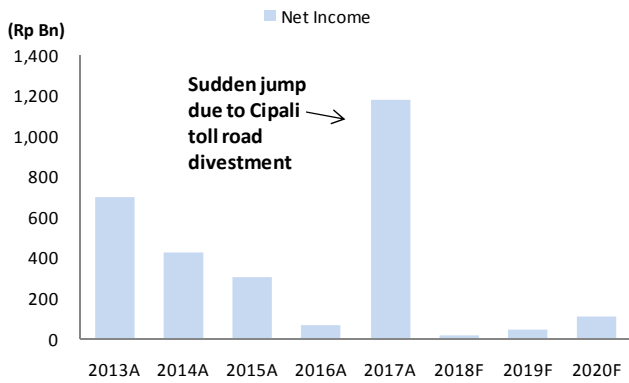
Year To 31 Dec	2016A	2017A	2018F	2019F	2020F
Revenue (RpBn)	3,797	3,274	3,649	3,921	4,292
EBITDA (RpBn)	567	367	359	309	414
EBITDA Growth (%)	(16.1)	(35.2)	(2.3)	(13.8)	33.9
Net Profit (RpBn)	62	1,178	11	40	104
EPS (Rp)	13	250	2	9	22
EPS Growth (%)	(79.3)	1,786.4	(99.1)	266.0	159.1
Net Gearing (%)	27.9	25.1	6.6	11.6	10.0
PER (x)	43.7	2.3	248.6	67.9	26.2
PBV (x)	0.8	0.6	0.6	0.6	0.6
Dividend Yield (%)	1.7	1.9	6.5	0.1	0.2
EV/EBITDA (x)	3.2	4.4	6.8	7.2	5.5

Source: SSIA, IndoPremier

Share Price Closing as of : 19-February-2019

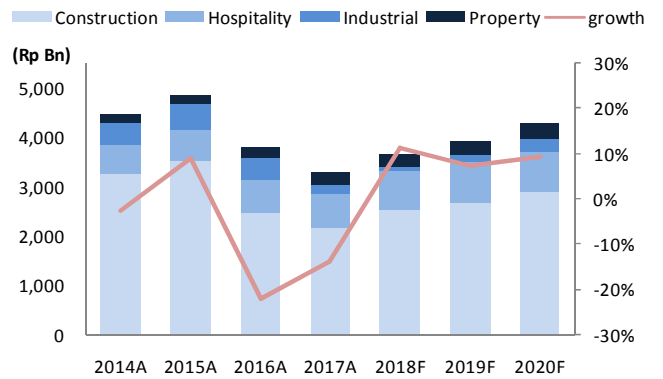
SSIA IJ Company Update

Fig. 1: Earnings to gradually improve going forward



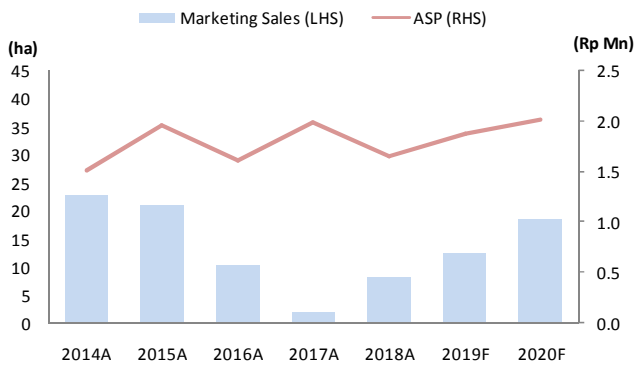
Source: Company, IndoPremier

Fig. 2: Revenue by segments



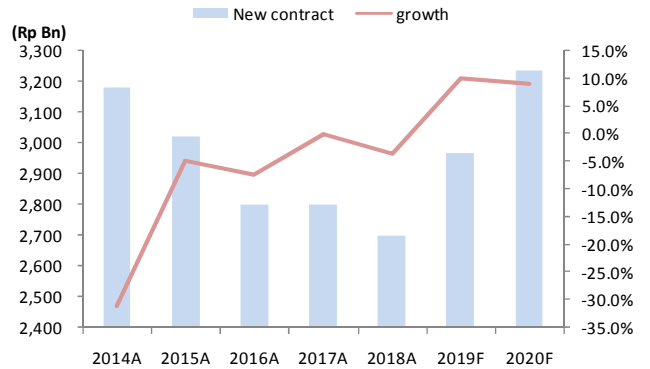
Source: Company, IndoPremier

Fig. 3: Marketing sales to reach 19ha in FY20



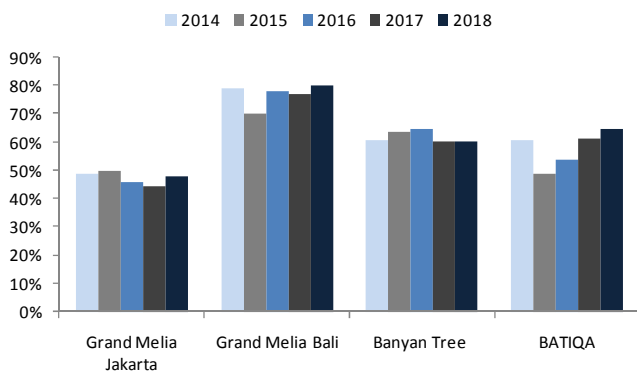
Source: Company, IndoPremier

Fig. 4: NRCA's new contract to grow by 9% in FY18-20F



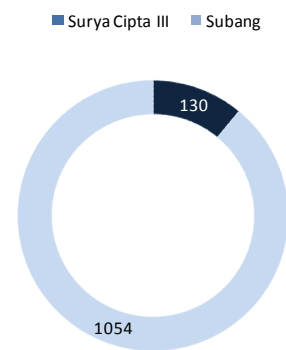
Source: Company, IndoPremier

Fig. 5: Better Occupancy Rate (OR) in all hotel lines



Source: Company, IndoPremier

Fig. 6: Subang landbank expected to reach 1,200ha in FY19F



Source: Company, IndoPremier

SSIA IJ Company Update

Fig. 7: Earnings Revisions

Rp Bn	FY18F			FY19F		
	old	new	change	old	new	change
Revenues (Rp Bn)	3,609	3,649	1.1%	3,817	3,921	2.7%
Gross profit	879	911	3.7%	954	984	3.1%
Operating profit	267	294	9.9%	289	320	10.9%
Net profit	(5)	11	nm	36	40	10.4%
Margins (%)						
GPM	24.3%	25.0%		25.0%	25.1%	
OPM	7.4%	8.1%		7.6%	8.2%	
NPM	-0.2%	0.3%		1.0%	1.0%	

Source: Company, IndoPremier

SSIA IJ Company Update

Year To 31 Dec (RpBn)	2016A	2017A	2018F	2019F	2020F
Income Statement					
Net Revenue	3,797	3,274	3,649	3,921	4,292
Cost of Sales	(2,728)	(2,410)	(2,738)	(2,936)	(3,169)
Gross Profit	1,069	864	911	984	1,124
SG&A Expenses	(636)	(629)	(629)	(682)	(767)
Operating Profit	433	234	282	303	357
Net Interest	(181)	(243)	(172)	(155)	(143)
Forex Gain (Loss)	(5)	1	1	1	1
Others-Net	(50)	1,790	37	43	52
Pre-Tax Income	197	1,782	148	191	266
Income Tax	(103)	(84)	(93)	(100)	(111)
Minorities	(38)	(63)	(44)	(51)	(51)
Net Income	62	1,178	11	40	104
Balance Sheet					
Cash & Equivalent	1,520	1,145	1,280	931	955
Receivable	1,193	3,364	1,464	1,612	1,766
Inventory	392	415	458	491	530
Other Current Assets	276	161	160	169	183
Total Current Assets	3,381	5,085	3,362	3,204	3,433
Fixed Assets - Net	2,394	3,315	3,792	4,059	4,143
Goodwill	0	0	0	0	0
Non Current Assets	103	37	56	61	66
Total Assets	7,195	8,851	7,517	7,641	7,952
ST Loans	0	550	0	0	0
Payable	538	456	0	552	586
Other Payables	606	1,408	856	912	1,019
Current Portion of LT Loans	752	226	742	734	734
Total Current Liab.	1,896	2,640	2,085	2,199	2,339
Long Term Loans	1,704	1,494	823	709	675
Other LT Liab.	242	240	268	323	397
Total Liabilities	3,843	4,375	3,176	3,230	3,411
Equity	994	985	985	986	986
Retained Earnings	1,918	3,023	2,858	2,896	2,994
Minority Interest	441	468	497	528	561
Total SHE + Minority Int.	3,353	4,477	4,341	4,410	4,541
Total Liabilities & Equity	7,195	8,851	7,517	7,641	7,952

Source: SSIA, IndoPremier

SSIA IJ Company Update

Year to 31 Dec	2016A	2017A	2018F	2019F	2020F
Cash Flow					
Net Income (Excl.Extraordinary&Min.Int)	101	1,241	55	91	155
Depr. & Amortization	137	159	173	183	191
Changes in Working Capital	203	(2,070)	1,821	(114)	(156)
Others	138	166	66	67	203
Cash Flow From Operating	571	(47)	2,116	227	393
Capital Expenditure	(430)	(1,013)	(670)	(454)	(281)
Others	60	865	110	0	0
Cash Flow From Investing	(370)	(148)	(560)	(454)	(281)
Loans	1,079	(186)	(706)	(122)	(34)
Equity	3	0	0	0	0
Dividends	(45)	(51)	(177)	(2)	(6)
Others	(148)	(251)	(152)	(120)	(93)
Cash Flow From Financing	889	(488)	(1,035)	(243)	(134)
Changes in Cash	1,091	(684)	521	(471)	(21)
Financial Ratios					
Gross Margin (%)	28.2	26.4	25.0	25.1	26.2
Operating Margin (%)	11.4	7.2	7.7	7.7	8.3
Pre-Tax Margin (%)	5.2	54.4	4.0	4.9	6.2
Net Margin (%)	1.6	36.0	0.3	1.0	2.4
ROA (%)	0.9	14.7	0.1	0.5	1.3
ROE (%)	1.9	30.1	0.2	0.9	2.3
ROIC (%)	1.3	19.3	0.2	0.7	1.9
Acct. Receivables TO (days)	33.9	33.7	35.5	37.6	37.3
Acct. Receivables - Other TO (days)	78.8	220.4	206.0	105.6	106.3
Inventory TO (days)	6.3	6.0	6.3	6.2	6.2
Payable TO (days)	63.9	75.3	62.9	64.6	65.6
Acct. Payables - Other TO (days)	0.1	2.9	2.5	0.1	0.1
Debt to Equity (%)	73.3	50.7	36.0	32.7	31.0
Interest Coverage Ratio (x)	0.4	1.0	0.6	0.5	0.4
Net Gearing (%)	27.9	25.1	6.6	11.6	10.0

Source: SSIA, IndoPremier

Head Office

PT INDO PREMIER SEKURITAS

Wisma GKBI 7/F Suite 718

Jl. Jend. Sudirman No.28

Jakarta 10210 - Indonesia

p +62.21.5793.1168

f +62.21.5793.1167

INVESTMENT RATINGS

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

ANALYSTS CERTIFICATION.

The views expressed in this research report accurately reflect the analysts personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

DISCLAIMERS

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT. Indo Premier Sekuritas or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.