

18 October 2022  
Property and Real Estate

Price	IDR	50
Target Price	IDR	118
JKSE Index		6,831.115



### Stock Information

Bloomberg Code	PPRO IJ
Market Cap (IDR bn)	3,083.8
52-week high (IDR)	80
52-week low (IDR)	50
Shares issued (mn)	61,675.7
Free float (%)	21.21

Major share holders	(%)
PT PP Tbk (Persero)	64.96%
PT Asabri (Persero)	5.33%
IFG	8.51%
YKKPP	0.06%
Public	21.14%

USD/ IDR – YE (IDR)	
2021	14,310
2022F (6m-avg)	14,831

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### Investment Consideration

#### 9M2022 marketing sales Jump

- As of September, PPRO achieved marketing sales of IDR 656 billion, much higher than 2021 marketing sales of IDR 380 billion. Most of the marketing sales came from Grand Dharmahusada Lagoon at 15.6% of the total, followed by Apartemen Begawan Malang at 14.7%. With a 51% budget marketing sales achievement in 9M2022, PPRO is optimistic they can reach the marketing sales target of IDR 1.28 trillion for 2022.
- In 1H2022, PPRO revenue reached IDR 984 billion, an increase of +69% YoY, while in 2Q2022 revenue reached IDR 603.8 billion, an increase of +67% YoY and +58.5% QoQ.
- Since 2020, the property industry has seen a decline. Despite many government incentives, demand is still depressed. The property industry has started to recover in 2022 though, and this is expected for continue despite the VAT discount ending in September, and higher than expected mortgage rates.

#### More development projects

- PPRO had three new developments starting in 2022, a landed house project in Cilegon, development of national strategic areas in Batang, and another landed house development in Cibubur.
- The landed house project in Cilegon is on a 180 ha development area, and expected to contribute IDR 18 trillion to revenue until 2044.
- The national strategic areas project in Batang, will build a township and is expected to contribute revenue of IDR 1,8 trillion.
- The landed house project in Transyogi, Cibubur is expected to contribute revenue of IDR 4.6 trillion with an 8.1 ha development area.
- The landed house projects are expected to boost PPRO marketing sales in the future.

#### 1H2022 Result: Triple-digit growth bottom line

- In line with higher revenue, PPRO bottom line profit increased +137% YoY to IDR 5.25 billion in 1H2022. For 2Q2022, PPRO bottom line profit jumped +229.5% YoY or +206% QoQ to IDR 3.96 billion. PPRO EBITDA also increased +57% YoY in 1H2022 to IDR 79.4 billion, while 2Q2022 EBITDA jumped +105% to IDR 53.3 billion with a higher EBITDA margin of 8.8% from 5.2% in 2Q2021.
- In terms of debt, PPRO has fully paid Bonds and MTNs which matured in 2022 with a total value of IDR 2.5 trillion. This means a better credit ratio for 2022F.
- We expect PPRO bottom line profit will reach IDR 22.8 billion with +12% YoY growth.

#### Valuation: TP 118, Upside 131% BUY

- We have a one year target price for PPRO of IDR. 118, based on a 46% discount to RNAV/share or offering investors a potential return of 131%.

Financial Highlights	2019A	2020A	2021A	2022F	2023F
P/BV	0,98	1,48	0,90	1,85	1,67
PER (x)	15,30	53,03	175,72	324,00	243,13
Current Ratio (X)	1,39	1,39	1,77	1,86	1,80
Revenue (IDR Mn)	1.624.169	2.075.242	862.465	1.452.998	1.763.720
EBITDA (IDR Mn)	385.906	297.294	198.681	214.908	233.523
Net Income (IDR Mn)	249.682	109.330	20.358	22.843	27.727
EBITDA Margin	23,8%	14,3%	23,0%	14,8%	13,2%
ROA	1,4%	0,6%	0,1%	0,1%	0,1%
Debt / Asset (x)	0,8	0,8	0,8	0,8	0,8

## Pictures: KIT Batang Project



## Pictures: Transyogi Cibubur Project

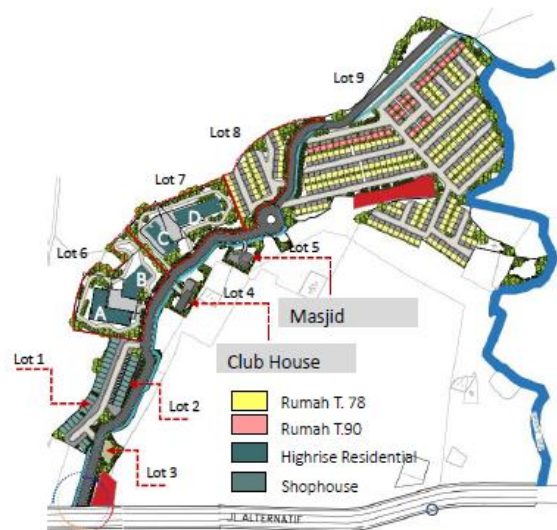


Table: Income Statement QoQ (IDR. Million)

Profit and Loss (IDR Mn)	1Q2022	2Q2022	QoQ	1H2021	1H2022	YoY	2Q2021	YoY
<b>Net Revenues</b>	<b>380.966</b>	<b>603804</b>	<b>58%</b>	<b>583.193</b>	<b>984.769</b>	<b>69%</b>	<b>362.010</b>	<b>67%</b>
Cost of Revenues	-346.151	-550330	59%	-503.793	-896.481	78%	-305.398	80%
<b>Gross Profit</b>	<b>34.815</b>	<b>53473</b>	<b>54%</b>	<b>79.400</b>	<b>88.288</b>	<b>11%</b>	<b>56.612</b>	<b>-6%</b>
Operating Expenses	-32.788	-49292	50%	-74.677	-82.080	10%	-54.235	-9%
<b>Profit Before Tax</b>	<b>2.028</b>	<b>4181</b>	<b>106%</b>	<b>4.723</b>	<b>6.209</b>	<b>31%</b>	<b>2.377</b>	<b>76%</b>
Tax Expense	-566	-469	-17%	-1.170	-1.036	-11%	-409	15%
<b>NIAT</b>	<b>1.461</b>	<b>3712</b>	<b>154%</b>	<b>3.553</b>	<b>5.173</b>	<b>46%</b>	<b>1.968</b>	<b>89%</b>
Minority Interest	-168	247	-247%	-1.339	79	-106%	-767	-132%
<b>Net Income</b>	<b>1.294</b>	<b>3959</b>	<b>206%</b>	<b>2.214</b>	<b>5.252</b>	<b>137%</b>	<b>1.202</b>	<b>229%</b>
EPS	0,02	0,06	206%	0,04	0,09	137%	0,02	229%
<b>EBITDA</b>	<b>26.080</b>	<b>53.338</b>	<b>105%</b>	<b>50.640</b>	<b>79.418</b>	<b>57%</b>	<b>18.939</b>	<b>182%</b>
<b>GPM (%)</b>	<b>9,1%</b>	<b>8,9%</b>		<b>13,6%</b>	<b>9,0%</b>		<b>15,6%</b>	
<b>OPM (%)</b>	<b>0,5%</b>	<b>0,7%</b>		<b>0,8%</b>	<b>0,6%</b>		<b>0,7%</b>	
<b>EBITDA MARGIN (%)</b>	<b>6,8%</b>	<b>8,8%</b>		<b>8,7%</b>	<b>8,1%</b>		<b>5,2%</b>	
<b>NPM (%)</b>	<b>0,3%</b>	<b>0,7%</b>		<b>0,4%</b>	<b>0,5%</b>		<b>0,3%</b>	

Sources: Company and Binaartha

**Table: Income Statement YoY (IDR. Million)**

Income Statement (IDR Mn)	2018A	2019A	2020A	2021A	2022F	2023F
<b>Net Revenues</b>	<b>2.556.175</b>	<b>1.624.169</b>	<b>2.075.242</b>	<b>862.465</b>	<b>1.452.998</b>	<b>1.763.720</b>
Cost of Revenues	-1.893.598	-1.183.101	-1.689.005	-766.020	-1.312.058	-1.592.639
<b>Gross Profit</b>	<b>662.577</b>	<b>441.068</b>	<b>386.237</b>	<b>96.445</b>	<b>140.941</b>	<b>171.081</b>
Operating Expenses	-96.809	-192.982	-258.586	-73.719	-116.240	-141.098
<b>Profit Before Tax</b>	<b>565.768</b>	<b>248.086</b>	<b>127.651</b>	<b>22.725</b>	<b>24.701</b>	<b>29.983</b>
Tax Expense	-68.984	-807	-1.156	-1.706	-1.976	-2.399
<b>NIAT</b>	<b>496.783</b>	<b>247.279</b>	<b>126.495</b>	<b>21.020</b>	<b>22.725</b>	<b>27.585</b>
Minority Interest	-25.526	2.403	-17.165	-662	118	143
<b>Net Income</b>	<b>471.258</b>	<b>249.682</b>	<b>109.330</b>	<b>20.358</b>	<b>22.843</b>	<b>27.727</b>
<b>EPS (IDR)</b>	<b>8</b>	<b>4</b>	<b>2</b>	<b>0,3</b>	<b>0,4</b>	<b>0,5</b>
<b>EBITDA</b>	<b>702.064</b>	<b>385.906</b>	<b>297.294</b>	<b>198.681</b>	<b>214.908</b>	<b>233.523</b>

Sources: Company and Binaartha

**Table: Cash Flow YoY (IDR. Million)**

Cash Flow (In IDR Mn)	2018A	2019A	2020A	2021A	2022F	2023FA
Net Income	471.258	249.682	109.330	20.358	22.843	27.727
Depreciation	72.047	0	17.236	18.381	18.381	18.600
Change in WC	-1.459.436	2.154.354	43.045	-2.139.970	-593.949	1.056.181
<b>Cash From Operating Activities</b>	<b>-916.131</b>	<b>2.404.036</b>	<b>169.612</b>	<b>-2.101.232</b>	<b>-552.725</b>	<b>1.102.508</b>
Capex	-680.619	-2.755.103	-1.262.273	2.325.726	-801.308	180.588
<b>Cash From Investing Activities</b>	<b>-680.619</b>	<b>-2.755.103</b>	<b>-1.262.273</b>	<b>2.325.726</b>	<b>-801.308</b>	<b>180.588</b>
Bonds Payable	466.157	1.332.288	-511.694	-1.166.067	-202.494	0
MTN	280.000	-1.110.000	-450.000	-120.000	-30.000	0
Bank Loans	294.030	1.162.191	-157.968	-610.007	500	500
Other Long term liabilities	-233.161	573.812	2.177.352	2.934.247	692.021	-562.856
Equity	347.202	-1.645.176	-80.334	25.717	286.395	-88.776
<b>Cash From Financing Activities</b>	<b>1.154.228</b>	<b>313.114</b>	<b>977.355</b>	<b>1.063.890</b>	<b>746.422</b>	<b>-651.132</b>
<b>Net Changes in Cash</b>	<b>-442.522</b>	<b>-37.953</b>	<b>-115.306</b>	<b>1.288.384</b>	<b>-607.611</b>	<b>631.964</b>
<b>Beginning Balance</b>	<b>996.491</b>	<b>553.970</b>	<b>516.017</b>	<b>400.710</b>	<b>1.689.094</b>	<b>1.081.484</b>
<b>Ending Balance</b>	<b>553.970</b>	<b>516.017</b>	<b>400.710</b>	<b>1.689.094</b>	<b>1.081.484</b>	<b>1.713.448</b>

Sources: Company and Binaartha

**Table: Statement of Financial Position YoY (IDR. Million)**

Statement of Financial Position (In IDR Mn)	2019A	2020A	2021A	2022F	2023F
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	516.017	400.710	1.689.094	1.081.484	1.713.448
Trade Accounts Receivable	1.208.330	774.270	1.836.011	1.961.548	1.940.092
Inventories	6.678.759	6.720.248	9.449.750	8.866.721	7.750.116
Others Current Assets	687.646	539.175	393.261	653.849	685.373
<b>Total Current Assets</b>	<b>9.090.751</b>	<b>8.434.403</b>	<b>13.368.116</b>	<b>12.563.602</b>	<b>12.089.030</b>
<b>NONCURRENT ASSETS</b>					
Fixed Assets	1.134.389	1.101.547	1.541.917	1.560.298	1.578.679
Land For Development	4.898.884	5.317.524	3.567.104	3.723.109	3.615.626
Other Noncurrent Assets	2.784.107	3.643.348	2.609.290	3.217.830	3.107.744
<b>Total Noncurrent Assets</b>	<b>8.817.381</b>	<b>10.062.418</b>	<b>7.718.311</b>	<b>8.501.238</b>	<b>8.302.049</b>
<b>TOTAL ASSETS</b>	<b>17.908.132</b>	<b>18.496.821</b>	<b>21.086.427</b>	<b>21.064.840</b>	<b>20.391.079</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Short-term Bank Loans	1.343.883	2.121.853	2.793.709	2.993.709	3.193.709
Trade Account Payable	2.491.302	2.622.683	3.101.716	726.499	881.860
Others Current Liabilities	2.719.810	1.312.462	1.666.932	3.051.297	2.645.580
<b>Total Current Liabilities</b>	<b>6.554.994</b>	<b>6.056.998</b>	<b>7.562.357</b>	<b>6.771.505</b>	<b>6.721.149</b>
<b>NONCURRENT LIABILITIES</b>					
Bonds Payable	2.397.460	1.885.765	719.699	517.205	517.205
MTN	600.000	150.000	30.000	0	0
Bank Loans	2.471.233	2.313.265	1.703.257	1.703.757	1.704.257
Others Noncurrent Liabilities	1.461.372	3.638.724	6.572.971	7.264.992	6.702.136
<b>Total Noncurrent Liabilities</b>	<b>6.930.064</b>	<b>7.987.754</b>	<b>9.025.927</b>	<b>9.485.954</b>	<b>8.923.598</b>
<b>TOTAL LIABILITIES</b>	<b>13.485.059</b>	<b>14.044.751</b>	<b>16.588.283</b>	<b>16.257.459</b>	<b>15.644.747</b>
Non-controlling interest	517.304	534.666	535.597	799.149	705.488
<b>EQUITY</b>	<b>3.905.770</b>	<b>3.917.404</b>	<b>3.962.547</b>	<b>4.008.232</b>	<b>4.040.844</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>17.908.132</b>	<b>18.496.821</b>	<b>21.086.427</b>	<b>21.064.840</b>	<b>20.391.079</b>

Sources: Company and Binaartha

**Table: Ratio Highlights YoY**

	2019A	2020A	2021A	2022F	2023F
<b>Growth (%)</b>					
Revenue	-36,5%	27,8%	-58,4%	68,5%	21,4%
Operation Income	-56,2%	-48,5%	-82,2%	8,7%	21,4%
EBITDA	-45,0%	-23,0%	-33,2%	8,2%	8,7%
Net Income	-47,0%	-56,2%	-81,4%	12,2%	21,4%
<b>Profitability (%)</b>					
Gross Profit Margin	27,2%	18,6%	11,2%	9,7%	9,7%
Operating Margin	15,3%	6,2%	2,6%	1,7%	1,7%
EBITDA Margin	23,8%	14,3%	23,0%	14,8%	13,2%
Net Profit Margin	15,4%	5,3%	2,4%	1,6%	1,6%
ROA	1,4%	0,6%	0,1%	0,1%	0,1%
ROE	6,4%	2,8%	0,5%	0,6%	0,7%
<b>Per Share</b>					
EPS (IDR)	4,4	1,8	0,3	0,4	0,5
BVPS (x)	69,5	63,5	64,2	65,0	71,9
P/BV (x)	1,0	1,5	0,9	1,8	1,7
PER (x)	15,3	53,0	175,7	324,0	243,1
P/CF (x)	1,6	34,2	-1,7	-13,4	6,1
<b>Liquidity (x)</b>					
Current Ratio (X)	1,39	1,39	1,77	1,86	1,80
Cash Ratio (x)	0,08	0,07	0,22	0,16	0,25
<b>Credit protection</b>					
Debt/EBITDA (x)	34,94	47,24	83,49	75,65	66,99
Debt/Equity (x)	3,45	3,59	4,19	4,06	3,87
Debt / Asset (x)	0,75	0,76	0,79	0,77	0,77
EBITDA int Coverage (x)	3,87	2,98	1,47	1,60	1,67

Sources: Company and Binaartha

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**Stock Ratings:**

Buy : a recommendation to purchase the security with upside potential of **20% or greater**

Hold : a recommendation to neither buy nor sell a security with upside potential of **0-19%**.

Sel : a recommendation to close out a long position in a security with upside potential **below 0% or negative**.

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