Earning Flash

PT Bank Tabungan Negara (Persero), Tbk.

MEGACAPITAL Sekuritas

Fly on the Wall

7 December 2017

Kami merekomendasikan *BUY* untuk saham BBTN dengan *target price* IDR4,200. *Target price* tersebut mencerminkan PER'17F 13.67x, PBVR'17F 1.64x dan *Market Cap. to Deposits* 17'F sebesar 151.6x. Ditunjuknya BBTN oleh Pemerintah sebagai bank pelaksana program sejuta rumah semakin mengukuhkan posisi BBTN sebagai pemain utama pembiayaan kredit pemilikan rumah (KPR). Kemudian, masuknya BBTN ke dalam *Morgan Stanley Capital International* (MSCI) *Global Standard Index* dapat menambah sentimen bagi pergerakan dan kinerja BBTN. Berdasarkan valuasi yang kami lakukan dengan pertimbangan harga penutupan hari Selasa (06/12) di level IDR3,380, maka terdapat *upside potential* sebesar +24.3%, kami rekomendasikan *BUY* untuk saham BBTN.

Housing Backlog Remains Top Opportunity. Memperhatikan pencapaian program Sejuta Rumah dan permasalahan *backlog* perumahan, BBTN dapat berperan mengurangi *backlog* dan sekaligus menangkap peluang dalam mengembangkan bisnis perumahan. Potensi pasar di luar program pemerintah dalam bentuk *backlog* perumahan mencapai >13 juta unit.

Focus on Housing Loan and Selektif on Non-Housing Loans. BBTN mendukung program pemerintah dan memimpin bisnis perumahan sebanyak >35%, terbesar di antara perbankan nasional lainnya. Potensi pembiayaan perumahan yaitu sebanyak 700,000 unit rumah dengan penguasaan pasar sebesar +37.57% dan 98% pasar rumah bersubsidi. Hingga akhir kuarta III/2017, BBTN telah meyalurkan KPR sekitar 167,000 unit rumah. Dari catatan tersebut, 130,000 unit di antaranya merupakan KPR subsidi. Lalu, yang sedang berjalan dalam bentuk kredit konstruksi sebanyak 300,000 unit rumah.

Rise of Middle Class and Demographic Bonus. Revolusi kelas menengah yang dimulai sejak tahun 2010 seiring terlampuainya pendapatan perkapita Indonesia USD3,000 per tahun dan adanya fenomena bonus demografi yang terjadi karena meningkatnya jumlah penduduk produktif yang berpotensi menjadi *engine of growth* bagi perekonomian. Bonus demografi adalah bonus (*window opportunity*) yang dinikmati suatu negara sebagai akibat dari besarnya proporsi penduduk produktif (rentang usia 15-64 tahun) dalam evolusi kependudukan.

Valuation & Recommendation. Kami menetapkan *target price* untuk BBTN di level IDR4,200 dimana *target price* tersebut mencerminkan PER'17F 13.67x dan PBVR'17F 1.64x serta *market cap. To deposits* 17'F sebesar 151.6x. Dengan membandingkan harga penutupan BBTN di Selasa(6/12) pada level IDR3,380 dimana terdapat *upside potential* sebesar +24.3% maka kami merekomendasikan *BUY* untuk saham BBTN.

Exhibit 01 - Key Matrics

	2012A	2013A	2014A	2015A	2016A	2017E	2018F	2019F
Profit Margin	16.1%	14.5%	8.9%	12.4%	15.3%	14.3%	13.3%	15.7%
EBITDA Margin	22.0%	19.9%	12.3%	17.0%	19.4%	18.9%	18.4%	21.2%
PGwt	NA	14.5%	-26.7%	61.6%	41.5%	4.6%	6.3%	34.1%
EPS Growth	NA	0.0%	-27.0%	62.0%	41.1%	4.8%	6.3%	34.1%
ROA	1.9%	1.8%	1.1%	1.6%	1.8%	1.1%	0.9%	1.0%
ROE	18.2%	22.8%	21.9%	20.2%	18.4%	16.9%	16.8%	16.5%
NIM	5.8%	5.3%	5.8%	6.0%	5.9%	5.5%	5.8%	6.0%
CAR	17.7%	15.7%	16.9%	18.7%	21.9%	20.0%	20.1%	20.3%
LDR	100.9%	104.4%	108.9%	108.8%	102.7%	102.3%	102.9%	103.3%
CIR	49.7%	50.9%	57.2%	50.1%	48.4%	53.0%	55.0%	55.0%
NPL	4.1%	0.4%	0.6%	0.7%	1.3%	1.3%	1.3%	1.3%
Market Cap	15.02	9.19	12.73	13.70	18.43	37.28	39.63	53.15
Market Cap / Deposits	0.2x	0.1x	0.1x	0.1x	0.1x	0.2x	0.2x	0.2x
Loan Growth	NA	23.5%	15.1%	19.7%	18.6%	21.6%	22.2%	22.9%
Deposits Growth	NA	19.3%	10.7%	19.9%	25.3%	20.6%	21.5%	22.4%
Assets Growth	NA	17.4%	10.2%	18.8%	24.7%	19.2%	21.2%	23.0%

BUY, +24,3%

Price (04/12)	IDR3,380
Target Price	**IDR4,200**
Ticker	BBTN
Industry	Financials

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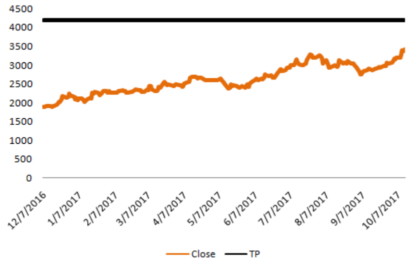


Company Description:

PT Bank Tabungan Negara (Persero) Tbk. ("BBTN") telah berdiri sejak tahun 1897 dengan nama Postspaarbank. Di era kemerdekaan, tepatnya tahun 1950 Pemerintah Republik Indonesia mengubah nama Postspaarbank menjadi Bank Tabungan Pos dan kemudian berganti nama lagi menjadi Bank Tabungan Negara pada tahun 1963.

Pada tahun 1974, BBTN ditunjuk Pemerintah sebagai satu-satunya institusi yang menyalurkan Kredit Pemilikan Rumah (KPR) bagi golongan masyarakat menengah ke bawah.

BBTN mencatatkan saham perdana pada 17 Desember 2009 di Bursa Efek Indonesia, dan menjadi bank pertama di Indonesia yang melakukan sekuritisasi aset melalui pencatatan transaksi Kontrak Investasi Kolektif - Efek Beragun Aset (KIK-EBA).

Stock Data

52-week Range (IDR)	3,450 | 1,610
Mkt Cap (IDR bn)	36,22
JCI Weight	0.54%
Shares O/S (bn	10,59
YTD Change	96,55%

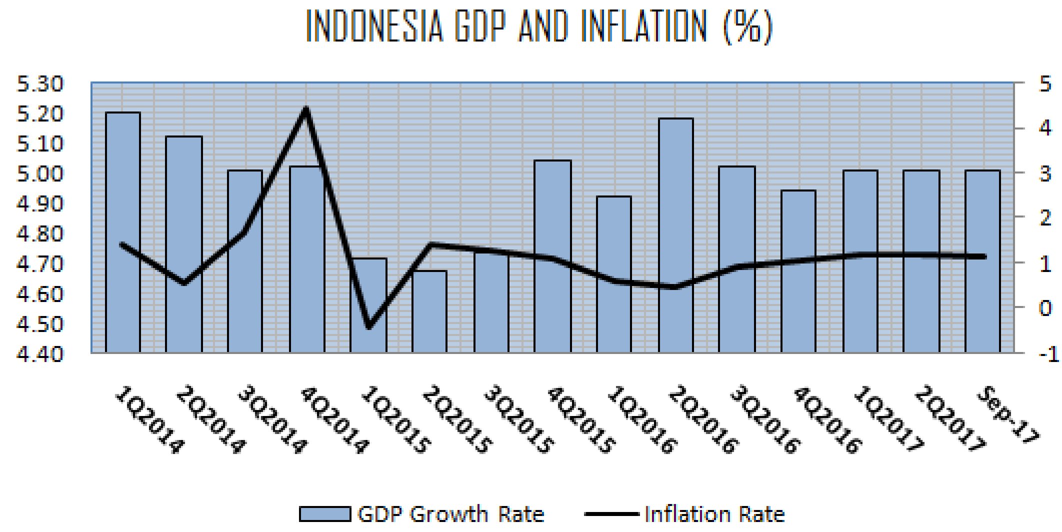
Share Holders:

The Government of Republic of Indonesia	60.00%
Public	14.03%
Foreign Shareholder	25.97%

Menara Bank BTN Jl. Gajah Mada No.1
Jakarta Pusat 10130 - Indonesia

www.btn.co.id

Indonesia GDP Growth, Inflation and Commodity Prices



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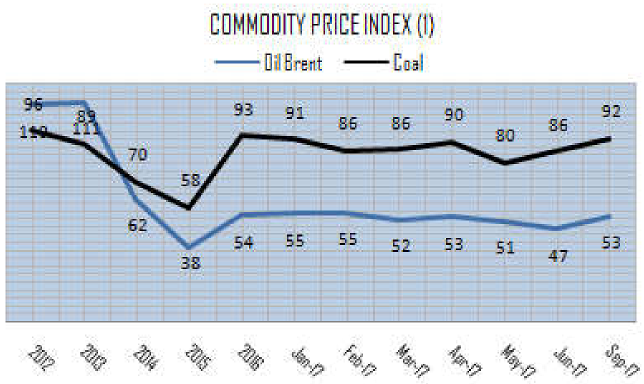

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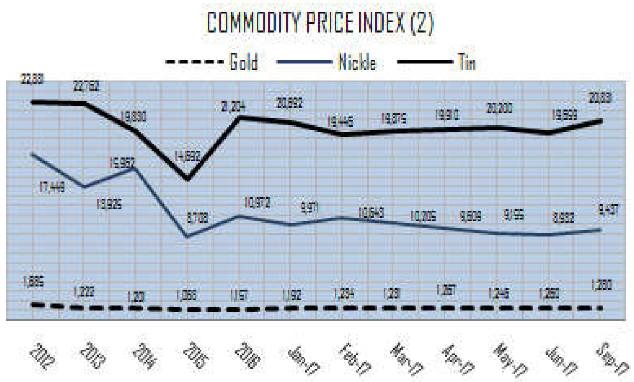

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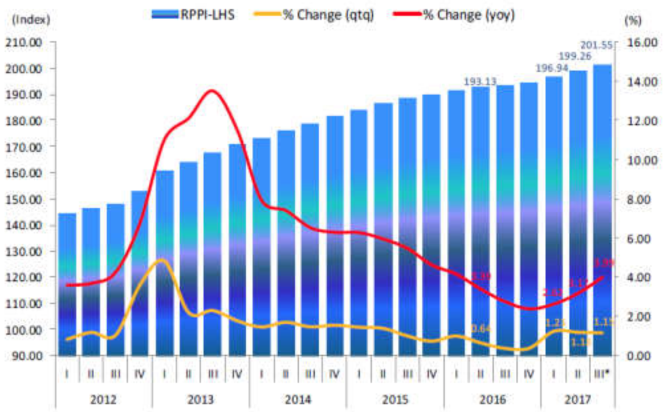
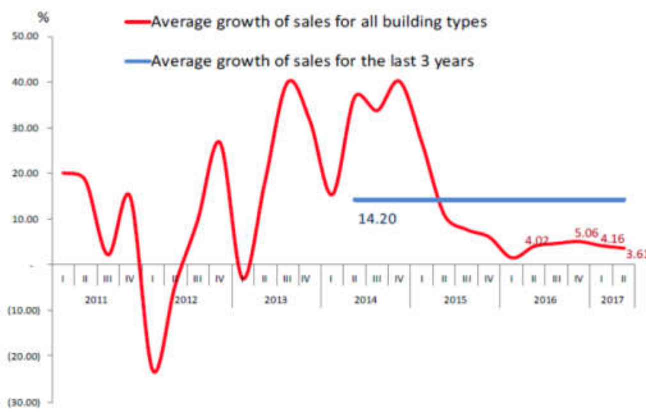


Sumber: MCS Research, Bank Indonesia BTN Management



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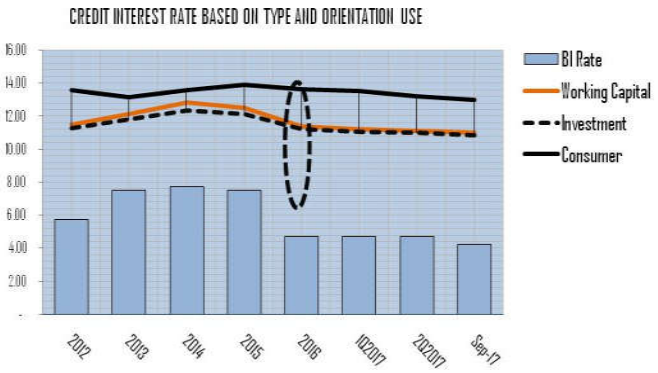
Indonesia Banking Statistics



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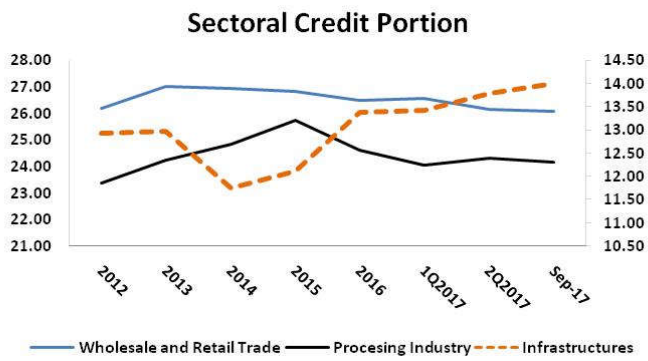

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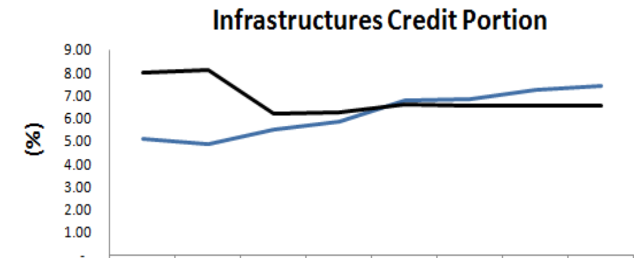
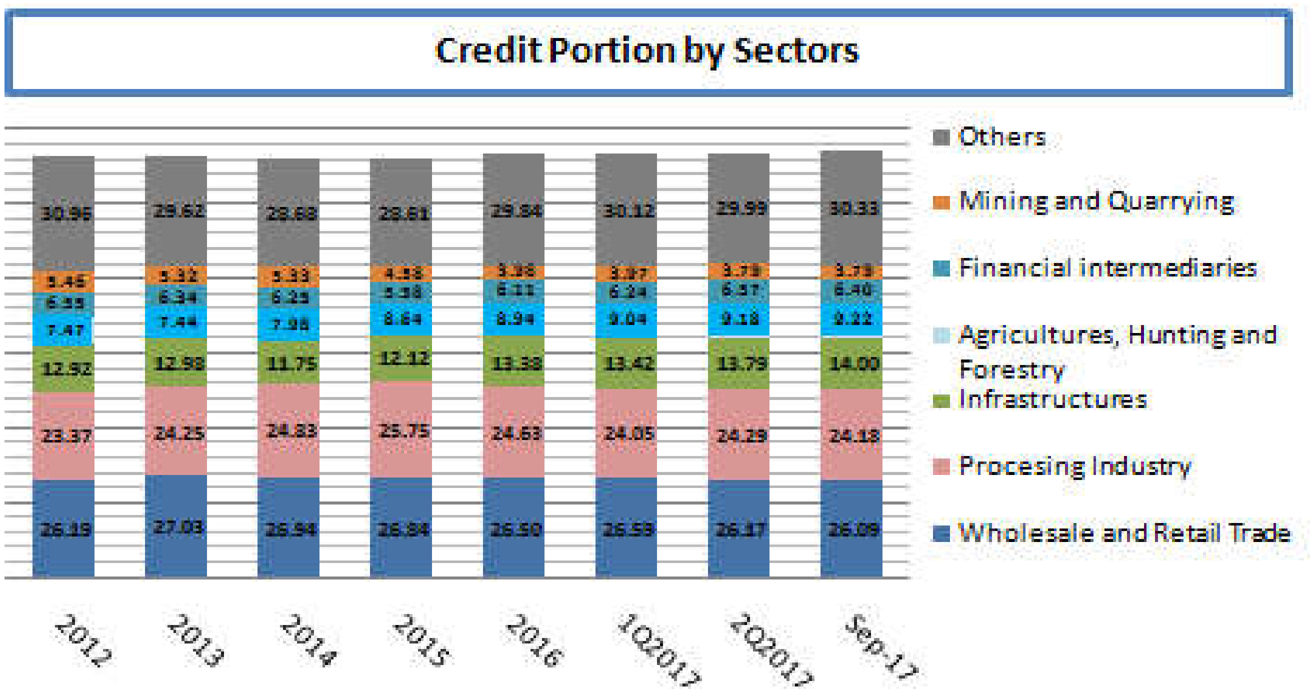


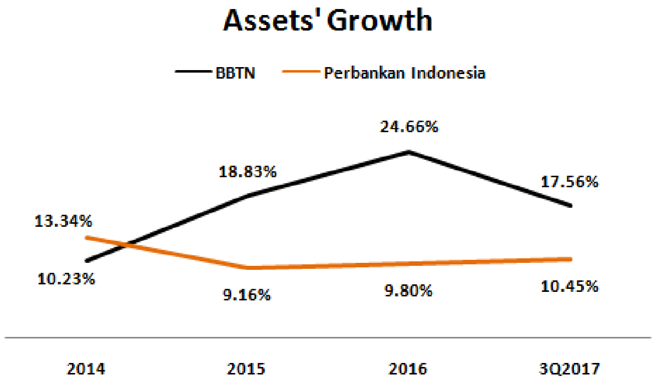
	2012	2013	2014	2015	2016	1Q2017	2Q2017	Sep-17
Construction	5.09	4.87	5.53	5.86	6.76	6.84	7.25	7.42
Real Estate	7.99	8.11	6.22	6.26	6.62	6.58	6.54	6.58

Sumber: MCS Research, OJK

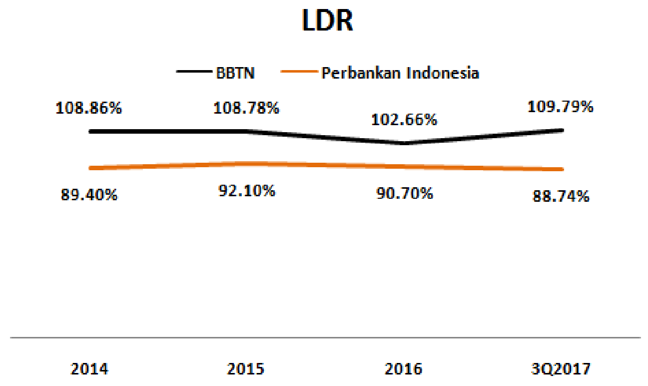


Sumber: MCS Research, OJK

BBTN and Indonesia Banking Performance



Sumber: MCS Research, OJK, BBTN Managment



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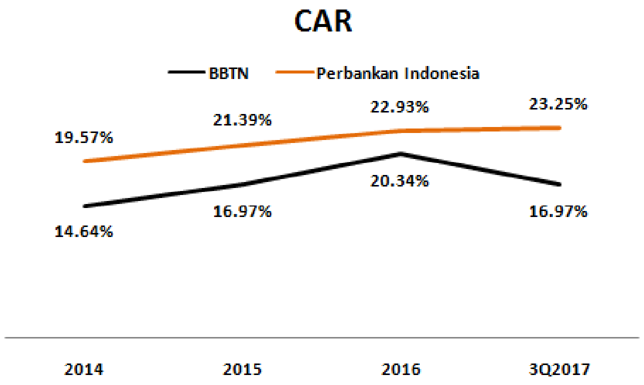

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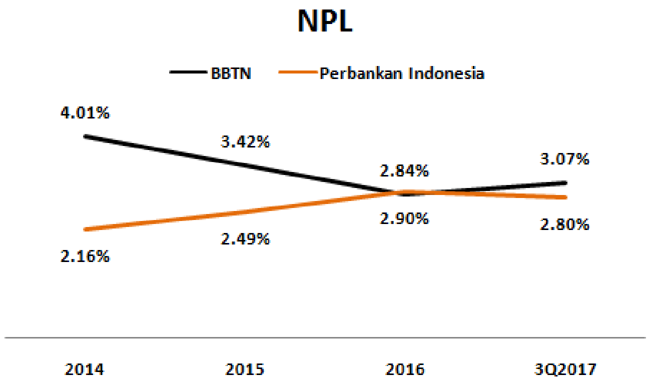

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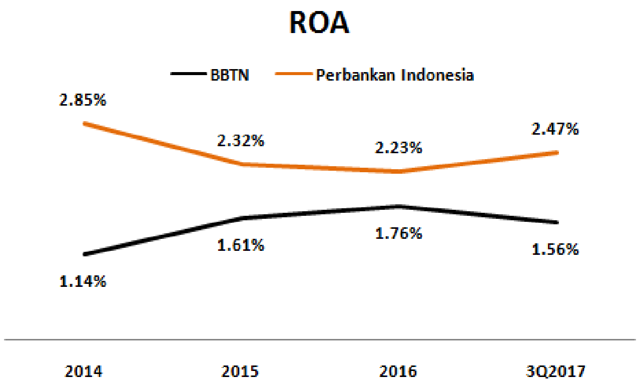

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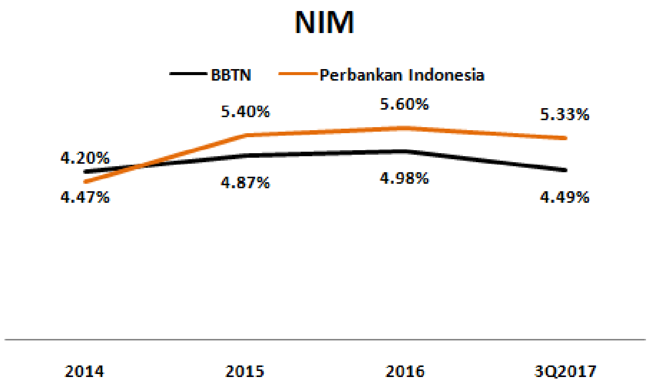

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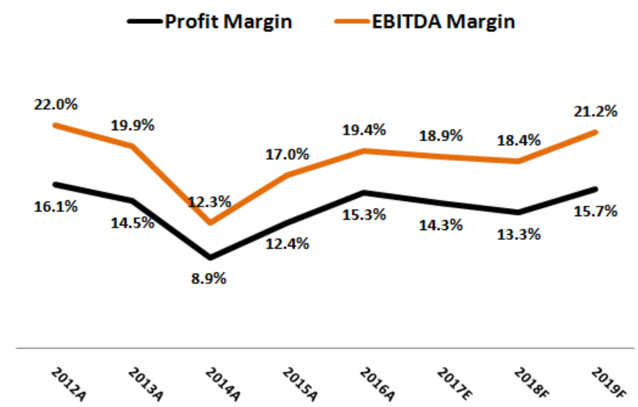
BBTN Financial Performance and Projection



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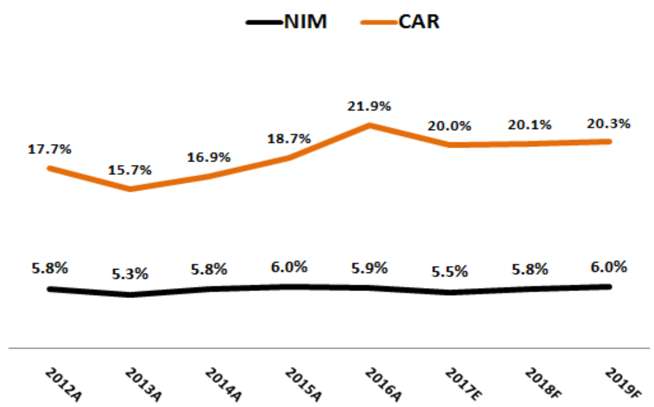

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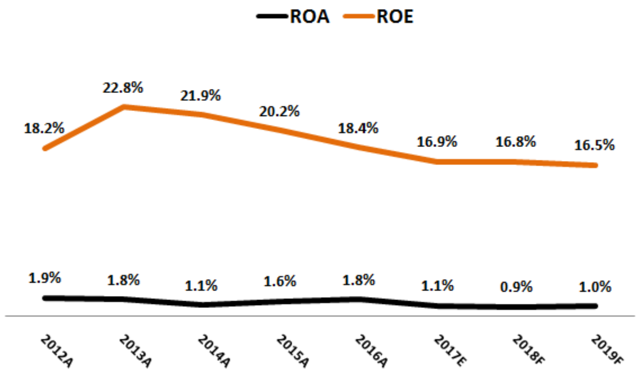

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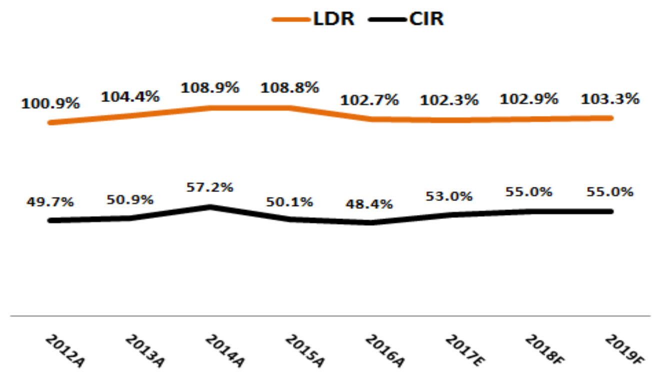

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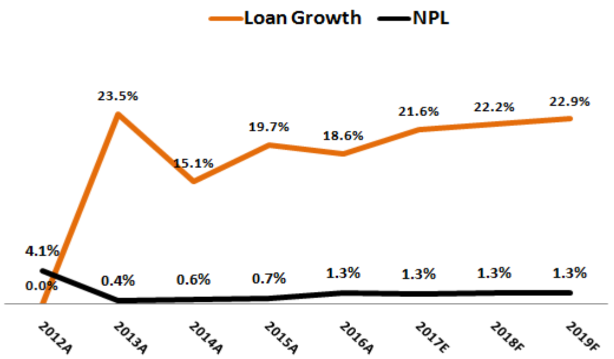

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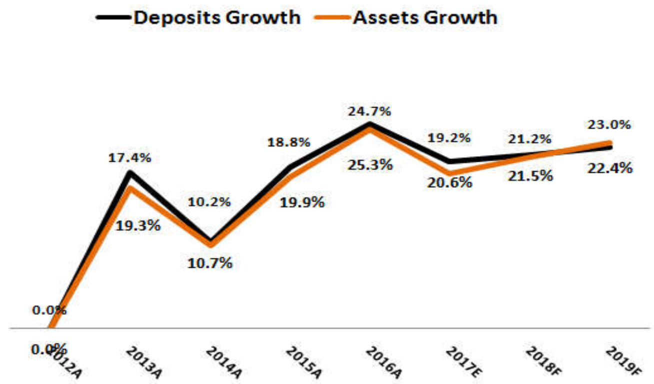

Sumber: MCS Research, BBTN Managment

Valuasi dan Rekomendasi

BBTN - WACC	
Capital Structure	
Debt-to-Total Capitalization	40.0%
Equity-to-Total Capitalization	60.0%
Cost of Debt	
Cost of Debt	4.4%
Tax Rate	25.0%
After-tax Cost of Debt	**3.30%**
Cost of Equity	
Risk-free Rate	4.1%
Equity Risk Premium	8.5%
Levered Beta	1.35
Cost of Equity	**15.54%**
Specific Risk	0.00%
WACC	**10.64%**

BBTN Regulatory Risk Weighted Assets and Capital Ratios (IDR trillion)

	FY 2012A	FY 2013A	FY 2014A	FY 2015A	FY 2016A	FY 2017E	FY 2018F
Total Core Capital and Supplementary Capital	9.43	10.35	11.17	13.89	16.44	21.87	24.78
Risk weighted assets (RWA)	**53.32**	**66.26**	**76.33**	**81.88**	**86.19**	**114.66**	**129.93**
RWA (%)	*17.69%*	*15.62%*	*14.64%*	*16.97%*	*19.07%*	*19.07%*	*19.07%*
Core capital							
Tier I capital	**9.43**	**10.35**	**11.17**	**13.89**	**16.44**	**21.87**	**24.78**
Supplementary capital							
Core capital	9.04	9.88	10.74	12.17	12.66	19.79	22.43
Tier II capital	0.39	0.47	0.44	1.72	3.78	2.08	2.35
Total capital	**9.43**	**10.35**	**11.17**	**13.89**	**16.44**	**21.87**	**24.78**
Total capital ratio	*17.69%*	*15.62%*	*14.64%*	*16.97%*	*19.07%*	*19.07%*	*19.07%*

Valuation Method	Value	Std.	Rec.
PBV	1.64	x	v
PER	13.67	x	v
Market Caps to Deposit	151.56	x	v
ROE to COE	0.09%	%	v
Target Price FY 2018		**IDR 4,200**	

BBTN Financials Statement

(in IDR trillion)

Profit & Loss	FY 2012A	FY 2013A	FY 2014A	FY 2015A	FY 2016A	FY 2017E	FY 2018F	FY 2019F
+ Interest & inv't income	8.48	10.78	12.81	14.97	17.14	19.20	21.88	24.95
- Interest Expense	4.08	5.13	7.34	8.16	8.98	10.17	12.04	13.72
+ Net Interest Income	4.40	5.65	5.46	6.81	8.16	9.02	9.85	11.23
+ Trading Account Profit	0.02	0.04	0.12	0.16	0.28	0.48	0.81	1.38
+ Commissions & Fees Earned	0.69	0.39	0.47	0.53	0.59	0.66	0.74	0.83
+ Other Operating Income	0.19	0.33	0.31	0.41	0.41	0.70	1.18	2.01
Net Revenue	**5.31**	**6.42**	**6.36**	**7.92**	**9.44**	**10.86**	**12.58**	**15.44**
- Provisions for Loan Losses	0.21	0.43	0.77	0.90	0.71	0.74	0.78	0.82
Net Revenue After Provisions	**5.10**	**5.99**	**5.59**	**7.02**	**8.74**	**10.12**	**11.80**	**14.63**
- Non-Interest Expense	3.23	3.85	4.01	4.48	5.39	6.46	7.76	9.31
Operating Income	**1.87**	**2.14**	**1.58**	**2.53**	**3.35**	**3.65**	**4.05**	**5.32**
- Net Non-Operating Losses (Gains)	0.01	- 0.00	- 0.00	- 0.01	0.02	0.02	0.02	0.02
Pretax Income	**1.86**	**2.14**	**1.58**	**2.54**	**3.33**	**3.63**	**4.02**	**5.30**
- Income Tax Expenses	0.50	0.58	0.43	0.69	0.71	0.89	1.11	1.39
Income Before XO Items	**1.36**	**1.56**	**1.15**	**1.85**	**2.62**	**2.74**	**2.91**	**3.91**
- Extraordinary Loss Net of Tax	-	-	-	-	-	-	-	-
- Minority Interests	-	-	-	-	-	-	-	-
Net Income	**1.36**	**1.56**	**1.15**	**1.85**	**2.62**	**2.74**	**2.91**	**3.91**

(in IDR trillion)

Balance Sheet	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017F	FY 2018F	FY 2018F
Assets								
+ Cash & Near Cash Items	7.99	10.78	10.29	12.17	12.03	12.63	13.26	13.92
+ Interbanking Assets	11.63	5.24	2.59	8.04	17.58	17.58	17.58	17.58
+ Short-Term Investments	6.49	10.62	11.58	6.58	3.89	2.30	1.36	0.80
+ Net Loans	80.43	99.33	114.35	136.91	162.33	197.40	241.23	296.44
+ Total Loans	81.41	100.47	115.92	138.96	164.45	199.62	243.56	298.89
- Reserve for Losses on Loans	0.98	1.14	1.57	2.05	2.12	2.22	2.33	2.45
+ Long-Term Investments	1.99	1.96	2.10	3.46	9.53	14.29	21.44	32.15
+ Net Fixed Assets	1.58	1.52	1.49	1.55	4.66	6.97	10.42	15.59
+ Other Assets	1.63	1.71	2.19	3.10	4.16	4.16	4.16	4.16
Total Assets	**111.75**	**131.17**	**144.58**	**171.81**	**214.17**	**255.32**	**309.44**	**380.65**
Liabilities & Shareholders' Equity								
+ Demand Deposits	13.27	19.12	23.42	31.37	45.85	62.65	85.62	117.02
+ Saving Deposits	21.54	24.24	26.17	30.76	34.83	39.29	44.32	50.00
+ Time Deposits	45.86	52.85	56.88	65.58	79.32	91.04	104.49	119.94
+ Other Deposits	-	-	-	-	-	-	-	-
+ Customer Deposits	80.67	96.21	106.47	127.71	159.99	192.98	234.44	286.95
+ ST Borrowings & Repos	6.75	5.40	8.84	12.14	12.02	12.02	12.02	12.02
+ Other Short-Term Liabilities	1.39	1.53	2.14	2.32	2.46	2.46	2.46	2.46
+ Long-Term Borrowings	10.17	13.44	11.67	11.94	15.93	21.35	31.10	45.89
+ Other Long-Term Liabilities	2.49	3.04	3.20	3.85	4.63	4.63	4.63	4.63
Total Liabilities	**101.47**	**119.61**	**132.33**	**157.95**	**195.04**	**233.45**	**284.66**	**351.96**
+ Total Preferred Equity	-	-	-	-	-	-	-	-
+ Minority Interest	-	-	-	-	-	-	-	-
+ Share Capital & APIC	7.07	7.32	7.32	7.34	7.35	7.35	7.35	7.35
+ Retained Earnings & Other Equity	3.20	4.24	4.93	6.52	11.78	14.52	17.43	21.34
Total Equity	**10.28**	**11.56**	**12.25**	**13.86**	**19.13**	**21.87**	**24.78**	**28.69**
Total Liabilities & Equity	**111.75**	**131.17**	**144.58**	**171.81**	**214.17**	**255.32**	**309.44**	**380.65**
	-	-	-	-	-	-	-	-

BBTN Financials Statement

(in IDR trillion)

Cash Flow	FY 2013A	FY 2014A	FY 2015A	FY 2016A	FY 2017F	FY 2018F	FY 2019F
Net Cash Provided by Operational Activity	(1.33)	(2.05)	1.71	9.78	10.47	11.62	13.04
Net Cash Provided by Investment Activity	(2.23)	(3.33)	2.64	(1.97)	0.64	2.25	4.13
Net Cash Provided by Financing Activity	2.19	0.30	2.83	1.59	1.92	1.95	2.10
Net Increse/Decrease in Cash and Cash Equivalent	(1.37)	(5.08)	7.18	9.40	13.04	15.82	19.27
Beginning Balance of Cash and Cash Equivalent	19.48	18.11	12.88	20.21	29.61	30.21	30.84
Ending Balance of Cash and Cash Equivalent	**18.11**	**12.88**	**20.21**	**29.61**	**30.21**	**30.84**	**31.50**

	2012A	2013A	2014A	2015A	2016A	2017E	2018F	2019F
Profit Margin	16.1%	14.5%	8.9%	12.4%	15.3%	14.3%	13.3%	15.7%
EBITDA Margin	22.0%	19.9%	12.3%	17.0%	19.4%	18.9%	18.4%	21.2%
PGwt	NA	14.5%	-26.7%	61.6%	41.5%	4.6%	6.3%	34.1%
EPS Growth	NA	0.0%	-27.0%	62.0%	41.1%	4.8%	6.3%	34.1%
ROA	1.9%	1.8%	1.1%	1.6%	1.8%	1.1%	0.9%	1.0%
ROE	18.2%	22.8%	21.9%	20.2%	18.4%	16.9%	16.8%	16.5%
NIM	5.8%	5.3%	5.8%	6.0%	5.9%	5.5%	5.8%	6.0%
CAR	17.7%	15.7%	16.9%	18.7%	21.9%	20.0%	20.1%	20.3%
LDR	100.9%	104.4%	108.9%	108.8%	102.7%	102.3%	102.9%	103.3%
CIR	49.7%	50.9%	57.2%	50.1%	48.4%	53.0%	55.0%	55.0%
NPL	4.1%	0.4%	0.6%	0.7%	1.3%	1.3%	1.3%	1.3%
Market Cap	15.02	9.19	12.73	13.70	18.43	37.28	39.63	53.15
Market Cap / Deposits	0.2x	0.1x	0.1x	0.1x	0.1x	0.2x	0.2x	0.2x
Loan Growth	NA	23.5%	15.1%	19.7%	18.6%	21.6%	22.2%	22.9%
Deposits Growth	NA	19.3%	10.7%	19.9%	25.3%	20.6%	21.5%	22.4%
Assets Growth	NA	17.4%	10.2%	18.8%	24.7%	19.2%	21.2%	23.0%

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