

# Ciputra Development Tbk (CTRA IJ)

## Optimistic Marketing Sales Target will be Achieved

In 2Q21, CTRA successfully booked a net profit of IDR240 billion (vs net loss of IDR8 billion in 2Q20). Boosted by a significant increase in Revenue by 67.6% YoY to IDR2.17 trillion. Meanwhile, throughout 1H21, CTRA managed to reach 62% of the FY21 marketing sales target. CTRA also held Ciputra Festival 4.0 in an effort to boost sales.

### Significant Growth Across the Board

- In 2Q21, CTRA booked development income of IDR1.79 trillion (+67% YoY). Income from landed house sales grew 68% YoY.
- Recurring Income was booked at IDR380 billion (+73% YoY). We expect recurring income in 3Q21 to stay low as CTRA applies a rent discount of up to 100% for the tenants in its shopping mall business.
- 1H21 income jumped 43.4% YoY to IDR4.02 trillion. Meanwhile, 2Q21 income was recorded at IDR2.17 trillion (+67.6% YoY).
- GPM was booked at 47.5% (vs 45.5% 2Q20). OPM was at 27.07% (vs 9.4% 2Q20), due to G&A costs efficiency.
- CTRA successfully recorded net profit of IDR240 billion (VS net loss of IDR8 billion 2Q20).

### Effective VAT Subsidy, Marketing Sales Reaches 61% of Target

- Throughout 1H21, CTRA managed to achieve marketing sales of IDR3.56 trillion (+89.5% YoY) or 61% of the FY21 target.
- Sales of landed houses and land supported marketing sales with 90% contribution, followed by shophouses (5%), apartments (3%), and offices (1%).
- We see that the public is quite enthusiast about the VAT subsidy provided by the government, and the trend of low interest rates. It can be seen from the mortgage which rose to 56% (vs 50% FY20).
- CTRA successfully implemented a strategy of discounts or rent reductions for tenants during PPKM, which has maintained mall occupancy rate above 90%.

### Strategy to Boost Marketing Sales

- To achieve this year's marketing sales target, in 2H21 CTRA must be able to maximize asset sales from two new projects: CitraLand Puncak Tidar in Malang and Citra Landmark in Ciracas.
- Meanwhile, CTRA is holding Ciputra Festival 4.0 until the end of this year by providing various promos to boost marketing sales.
- Thus, we are optimistic that the FY21 marketing sales target can be achieved, or even surpassed (+11.9% YoY).

### Recommend BUY with TP of IDR1,320

- We maintain our BUY rating, with a TP of IDR1,320 using an estimated discount to NAV of 78.62% (-2.1 SD in the last 3 years). Currently, CTRA is traded at a discount to NAV of 85%.
- The risks of our TP change are 1) changes to the government's incentive policy, 2) an increase in interest rates, 3) the emergence of a new variant of Covid-19 which causes another slowdown in mobility.

### Ciputra Development Tbk | Summary

	2020A	2021F	2022F	2023F
Revenue	8,071	8,595	9,128	9,590
Growth	6.1%	6.5%	6.2%	5.1%
Net Profit	1,321	1,409	1,620	1,766
Growth	14.1%	6.7%	15.0%	9.0%
EPS (IDR)	71	76	87	95
P/E	13.8x	17.4x	15.1x	13.9x
P/BV	1.0x	1.3x	1.2x	1.1x
EV/EBITDA	8.5x	9.6x	8.4x	7.8x
ROE	7.5%	7.7%	8.3%	8.4%
DER	57.4%	56.0%	56.0%	55.0%
Net Debt	4,748	3,912	3,805	3,821

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

### Company Update | Sept 14, 2021

## Buy

Target Price (IDR)	1,320
Consensus Price (IDR)	1,322
TP to Consensus Price	-0.2%
Potential Upside	+36.8%

### Shares data

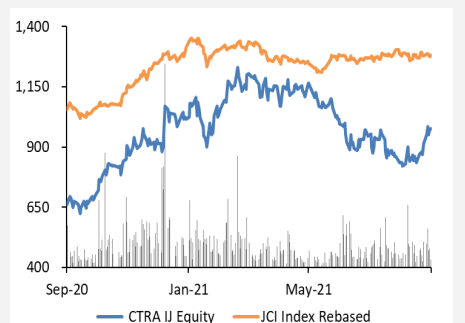
Last Price (IDR)	965
Price Date as of	Sept 13, 2021
52 wk Range (Hi/Lo)	1,350/620
Free Float (%)	46.7
Outstanding sh. (mn)	18,560
Market Cap. (IDR bn)	18,096
Market Cap. (USD mn)	1,271
Avg. Trd Vol - 3M (mn)	28.58
Avg. Trd Val - 3M (bn)	26.09
Foreign Ownership	18.1%

### Property

#### Real Estate Owner & Developer

Bloomberg	CTRA IJ
Reuters	CTRA.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-5.8%	16.8%	-3.9%	46.6%
Rel. Ret.	-5.6%	17.3%	-3.7%	22.0%

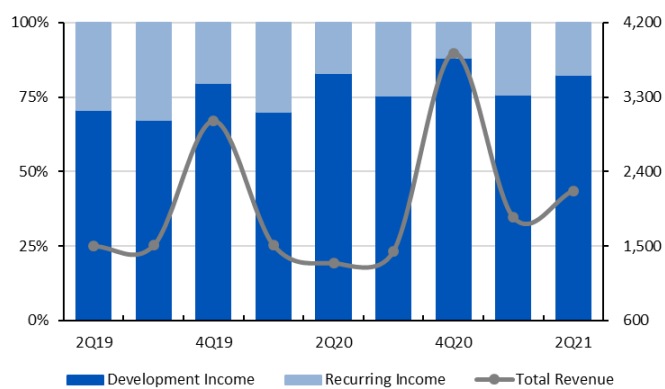
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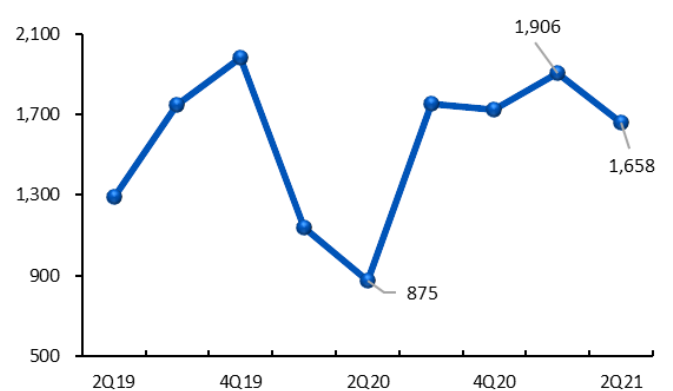
## Performance Highlights in Charts

CTRA Quarterly Income (IDR bn) | 2Q19 - 2Q21



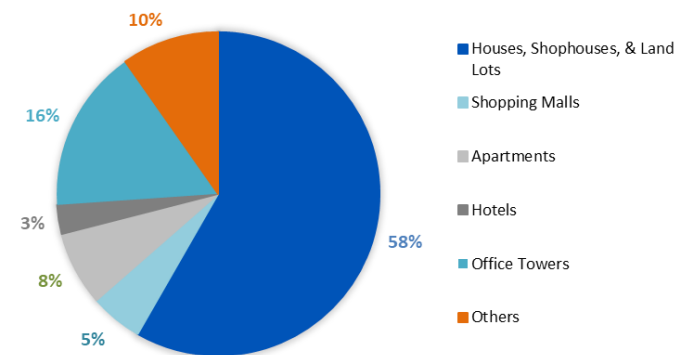
Source: Company Data, NHKSI Research

CTRA Quarterly Marketing Sales | 2Q19 - 2Q21



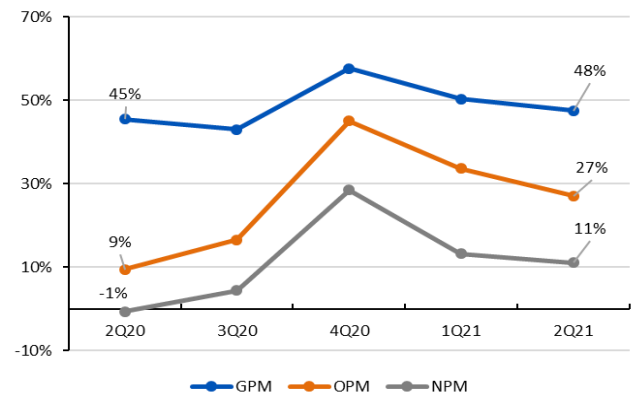
Source: Company Data, NHKSI Research

6M21's Revenue Breakdown



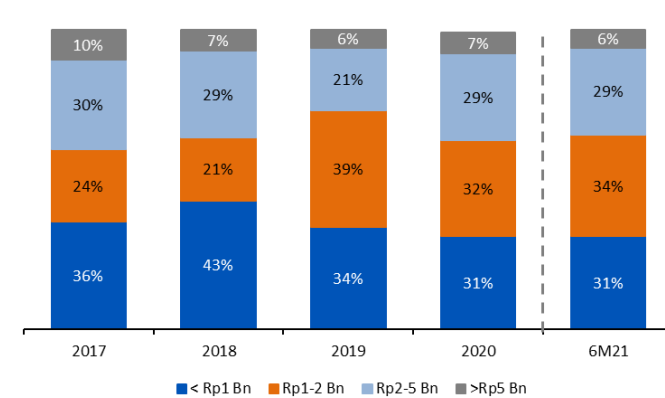
Source: Company Data, NHKSI Research

Margin Ratio



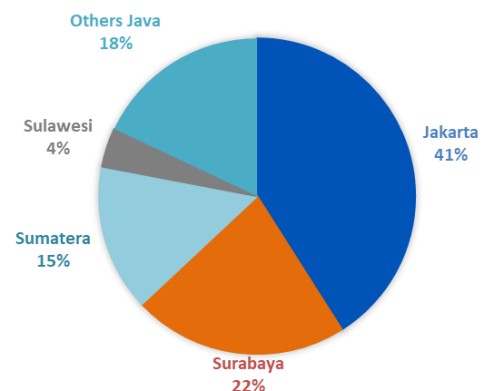
Source: Company Data, NHKSI Research

Pre Sales per Unit Price



Source: Company Data, NHKSI Research

Pre Sales per Location



Source: Company Data, NHKSI Research

## Company Overview

On October 22, 1981 it was established a company named PT Citra Habitat Indonesia which changed to be PT Ciputra Development (CTRA) in 1990. CTRA was listed on Indonesia Stock Exchange (IDX) in 1994. CTRA has 3 (three) subsidiaries engaged in residential property and 6 (six) subsidiaries engaged in commercial property.



CTRA runs business lines on property development for sale and commercial property development and management. CTRA has diversified portfolio over 75 projects in 33 cities across the nation. CTRA's largest project was on Jakarta and surrounded areas. The projects are Citra Garden City, Ciputra International, Mall & Hotel Ciputra, Citra Tower Kemayoran, Ciputra World Jakarta, CitraRaya Tangerang, dan Citra Maja Raya.

### Analysis of Asia-Pacific Peers

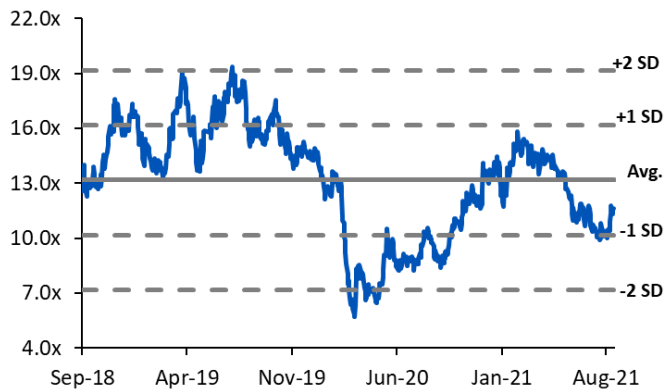
	Market Cap (USD mn)	Asset (USD mn)	Sales Growth	Gross Margin	Operating Margin	Net Profit Growth	ROE (LTM)	P/E (LTM)	P/BV
<b>Indonesia</b>									
PT Bumi Serpong Damai Tbk	1,472	4,371	-12.76%	68.8%	32.1%	107.7%	3.5%	19.8x	0.7x
PT Ciputra Development Tbk	1,271	2,819	6.08%	51%	29.9%	58.6%	10.7%	11.1x	1.1x
PT Pakuwon Jati Tbk	1,576	1,900	-44.78%	49%	31.7%	-50.4%	6.2%	24.6x	1.5x
PT Summarecon Agung Tbk	1,018	1,790	-15.34%	46%	21.5%	-26.1%	3.9%	46.7x	1.8x
<b>Singapore</b>									
Capitaland Ltd	15,525	63,854	4.78%	45%	1%	-	-3.2%	-	0.9x
<b>Malaysia</b>									
SP Setia Bhd	1,190	7,556	-17.84%	20%	10%	-	-1.0%	-	0.4x
IOI Properties Group Bhd	1,704	8,057	17.59%	48%	34%	37.3%	3.4%	10.7x	0.3x
<b>Thailand</b>									
Land & Houses PUB Co Ltd	2,923	4,086	-0.3%	30.1%	21.8%	-11.7%	16.4%	11.8x	1.9x
WHA Corp PCL	1,417	2,754	-33.92%	44%	38%	-5.6%	7.9%	20.3x	1.7x
<b>Philippines</b>									
Megaworld Corp	1,914	7,825	-36.62%	62%	32%	-36.9%	5.3%	10.1x	0.5x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

## Valuation Highlights in Charts

### 3-Year Forward P/E Band



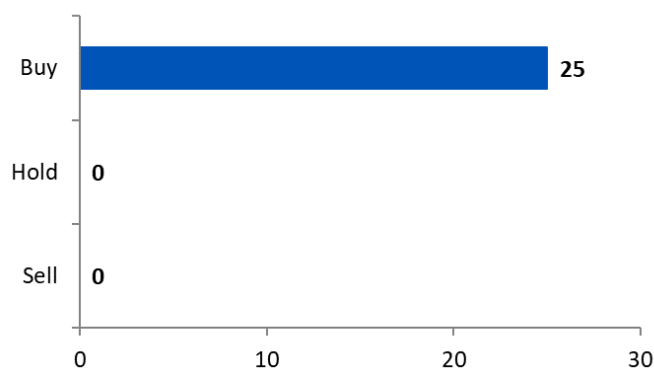
Source: Bloomberg, NHKSI Research

### 3-Year Discount to NAV Band



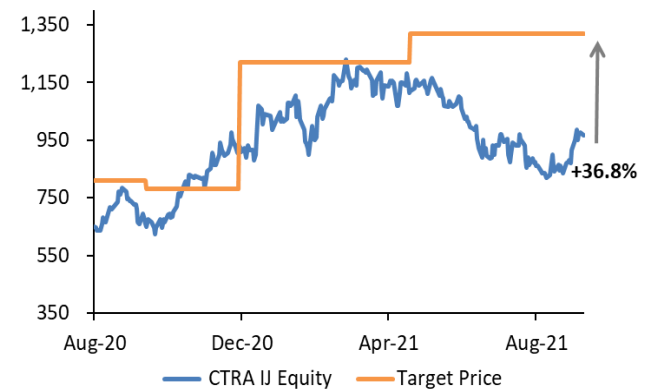
Source: Bloomberg, NHKSI Research

### Recommendations by Analysts



Source: Bloomberg, NHKSI Research

### Closing and Target Price Update



Source: Bloomberg, NHKSI Research

## Rating and Target Price Update

### Target Price

Date	Rating	Target Price	Last Price	Consensus	Potential Upside	vs Consensus
03/06/2020	Buy	810	665	871	21.8%	-7.0%
24/09/2020	Buy	780	645	881	20.9%	-11.5%
11/12/2020	Buy	1,220	900	1,032	35.6%	18.2%
29/04/2021	Overweight	1,320	1,160	1,313	13.8%	0.5%
09/07/2021	Buy	1,320	970	1,343	36.1%	-1.7%
14/09/2021	Buy	1,320	965	1,322	36.8%	-0.2%

Source: NHKSI Research, Bloomberg

## Summary of Financials

## INCOME STATEMENT

In IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Revenues	8,071	8,595	9,128	9,590
Growth (% y/y)	6.1%	6.5%	6.2%	5.1%
COGS	(3,949)	(4,191)	(4,134)	(4,267)
<b>Gross Profit</b>	<b>4,121</b>	<b>4,404</b>	<b>4,994</b>	<b>5,323</b>
Gross Margin	51.1%	51.2%	54.7%	55.5%
Operating Expenses	(1,705)	(1,724)	(1,895)	(1,975)
<b>EBIT</b>	<b>2,417</b>	<b>2,680</b>	<b>3,100</b>	<b>3,348</b>
EBIT Margin	29.9%	31.2%	34.0%	34.9%
Depreciation	299	286	287	302
<b>EBITDA</b>	<b>2,716</b>	<b>2,966</b>	<b>3,386</b>	<b>3,650</b>
EBITDA Margin	33.6%	34.5%	37.1%	38.1%
Interest Expenses	(1,235)	(1,222)	(1,358)	(1,416)
<b>EBT</b>	<b>1,428</b>	<b>1,703</b>	<b>2,011</b>	<b>2,210</b>
Income Tax	(57)	(69)	(230)	(268)
Minority Interest	(50)	(225)	(161)	(176)
<b>Net Profit</b>	<b>1,321</b>	<b>1,409</b>	<b>1,620</b>	<b>1,766</b>
Growth (% y/y)	14.1%	6.7%	15.0%	9.0%
Net Profit Margin	16.4%	16.4%	17.7%	18.4%

## BALANCE SHEET

In IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Cash	5,276	6,677	7,520	8,188
Receivables	937	758	1,043	1,157
Inventories	12,240	11,934	13,332	12,517
<b>Total Current Assets</b>	<b>20,646</b>	<b>21,517</b>	<b>24,067</b>	<b>24,060</b>
Net Fixed Assets	15,681	16,095	16,948	17,858
Other Non Current Assets	2,929	2,863	2,797	2,731
<b>Total Non Current Assets</b>	<b>18,610</b>	<b>18,957</b>	<b>19,745</b>	<b>20,589</b>
<b>Total Assets</b>	<b>39,255</b>	<b>40,474</b>	<b>43,812</b>	<b>44,649</b>
Payables	1,985	1,235	1,120	1,135
ST Debt	3,152	2,492	2,666	2,827
<b>Total Current Liabilities</b>	<b>11,609</b>	<b>9,811</b>	<b>11,141</b>	<b>10,006</b>
LT Debt	6,872	8,096	8,659	9,183
<b>Total Liabilities</b>	<b>21,798</b>	<b>21,566</b>	<b>23,589</b>	<b>22,814</b>
Capital Stock + APIC	8,210	8,210	8,210	8,210
Retained Earnings	7,135	8,378	9,797	11,357
<b>Shareholders' Equity</b>	<b>17,458</b>	<b>18,908</b>	<b>20,223</b>	<b>21,835</b>

## CASH FLOW STATEMENT

In IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Operating Cash Flow	1,214	2,601	1,356	1,447
Investing Cash Flow	(838)	(1,594)	(945)	(1,309)
Financing Cash Flow	658	389	432	530
<b>Net Changes in Cash</b>	<b>1,034</b>	<b>1,396</b>	<b>843</b>	<b>668</b>

## PROFITABILITY &amp; STABILITY

	2020/12A	2021/12E	2022/12E	2023/12E
ROE	7.5%	7.7%	8.3%	8.4%
ROA	3.5%	3.5%	3.8%	4.0%
Inventory Turnover	0.3x	0.3x	0.3x	0.3x
Receivables Turnover	7.6x	10.1x	10.1x	8.7x
Payables Turnover	2.1x	2.6x	3.5x	3.8x
Dividend Yield (%)	0.8%	0.7%	0.8%	0.8%
Payout Ratio (%)	11.2%	11.8%	12.4%	11.7%
DER	57%	56%	56%	55%
Net Gearing	122%	129%	138%	146%
Equity Ratio	44%	47%	46%	49%
Debt Ratio	26%	26%	26%	27%
Financial Leverage	161%	219%	215%	210%
Current Ratio	1.78	2.19	2.16	2.40
Quick Ratio	39%	44%	46%	51%
Par Value (IDR)	250	250	250	250
Total Shares (mn)	18,560	18,560	18,560	18,560
Share Price (IDR)	985	1,320	1,320	1,320
Market Cap (IDR tn)	18.3	24.5	24.5	24.5

## VALUATION INDEX

	2020/12A	2021/12E	2022/12E	2023/12E
Price /Earnings	13.8x	17.4x	15.1x	13.9x
PE/EPS Growth	1.0x	2.6x	1.0x	1.5x
Price /Book Value	1.0x	1.3x	1.2x	1.1x
EV/EBITDA	8.5x	9.6x	8.4x	7.8x
EV (IDR bn)	23,030	28,411	28,305	28,321
Revenue CAGR (3-Yr)	7.8%	3.9%	6.3%	5.9%
Net Income CAGR (3-Yr)	13.9%	5.9%	11.8%	10.2%
Basic EPS (IDR)	71	76	87	95
BVPS (IDR)	941	1,019	1,090	1,176
DPS (IDR)	7.99	8.98	10.80	11.10

## OWNERSHIP

Shareholders	%
PT Sang Pelopor	53.2
Vanguard Group Inc	2.9
Norgers Bank	2.5
Dimensional Fund Adv.	1.4
Others	40.0
<b>By Geography</b>	<b>%</b>
Indonesia	81.9
United States	8.4
Norway	3.8
Luxembourg	2.9

Source: Company Data, NHKSI Research

**NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings**

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
  - Buy : Greater than +15%
  - Overweight : +5% to +15%
  - Hold : -5% to +5%
  - Underweight : -5% to -15%
  - Sell : Less than -15%

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