

Ciputra Development Tbk (CTRA)

Kuatnya Optimisme

Pertumbuhan Tipis Kinerja Margin pada Kuartal IV

CTRA mencatatkan penurunan kinerja pada 2017. Pendapatan mengalami penurunan menjadi Rp6,4 triliun (-4,40% y-y), yang diakibatkan oleh penurunan kinerja segmen *property development* (-7.6% y-y). Laba bersih 2017 juga menurun menjadi Rp894 miliar (-4,19% y-y). Namun, **pada 4Q17 CTRA mampu mencatatkan kinerja margin yang lebih baik dari pada 3Q17.**

Optimis Peningkatan Kinerja pada 2018

Pada 1Q18, CTRA mampu mencatatkan *marketing sales* sebesar Rp1,614 triliun (+33% y-y). Angka ini merupakan **yang tertinggi dibandingkan marketing sales pada 1Q16 dan 1Q17** dan mencapai 21% dari target 2018 sebesar Rp7,7 triliun. *Marketing sales* 1Q18 masih **didominasi oleh penjualan unit dengan harga jual di bawah Rp1 miliar** dengan porsi 37%.

Adapun, CTRA juga **akan lebih agresif pada 2H18** dengan peluncuran berbagai proyek: apartemen di Cawang dan Pulo Gadung, serta *superblock* di Bandung. Seiring dengan perbaikan kinerja pada 1Q18 dan adanya pengakuan *marketing sales* yang didapat sejak beberapa tahun lalu, kami mengamati bahwa **target pertumbuhan pendapatan minimal 20% pada 2018 oleh manajemen akan tercapai.**

Target Harga Rp1.370

Kami menggunakan estimasi *discount to RNAV* sebesar 65,0% (rata-rata 3 tahun terakhir) sebagai basis metode valuasi. Saat ini, saham CTRA diperdagangkan dengan *discount to RNAV* 2018/F sebesar 70%.

Ciputra Development Tbk | Summary (IDR bn)

	2016/12A	2017/12A	2018/12E	2019/12E
Revenue	6,739	6,443	8,277	7,101
<i>Revenue growth</i>	-10.3%	-4.4%	28.5%	-14.2%
EBITDA	2,097	1,725	2,928	2,253
Net profit	933	894	1,521	1,035
EPS (IDR)	61	48	82	56
<i>EPS growth</i>	-27.3%	-4.2%	70.0%	-31.9%
BVPS (IDR)	927	832	931	990
EBITDA margin	31.1%	26.8%	35.4%	31.7%
Net Profit Margin	13.9%	13.9%	18.4%	14.6%
ROE	6.8%	6.0%	9.3%	5.8%
ROA	3.4%	2.9%	4.5%	2.9%
ROIC	8.4%	5.8%	8.5%	6.0%
P/E	22.1x	24.6x	14.1x	20.7x
P/BV	1.4x	1.4x	1.2x	1.2x
EV/EBITDA	15.4x	18.3x	11.1x	14.7x
DPS (IDR)	5.7	4.9	8.0	5.4
<i>Dividend yield</i>	0.4%	0.4%	0.7%	0.5%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Buy

Dec 2018 TP (IDR)	1,370
Consensus Price (IDR)	1,449
TP to Consensus Price vs. Last Price	-5.4% +18.6%

Shares data

Last Price (IDR)	1,155
Price date as of	Apr 25, 2018
52 wk range (Hi/Lo)	1,380 / 1,020
Free float	49.0%
Outstanding sh.(mn)	18,560
Market Cap (IDR bn)	23,015
Market Cap (USD mn)	1,518
Avg. Trd Vol - 3M (mn)	15.71
Avg. Trd Val - 3M (bn)	20.05
Foreign Ownership	24.9%

Property

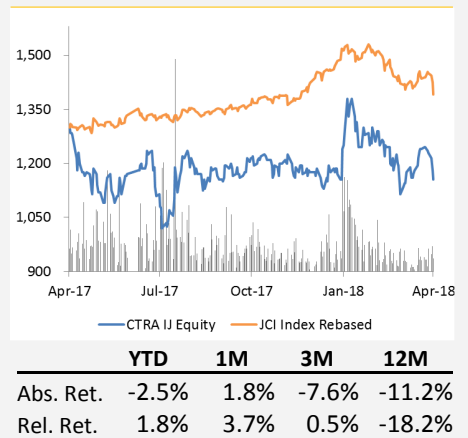
Real Estate Owner & Developer

Bloomberg	CTRA.IJ
Reuters	CTRA.JK

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Share Price Performance



Sekilas tentang CTRA

CTRA merupakan salah satu perusahaan pengembang properti di Indonesia dengan portfolio proyek yang paling terdiversifikasi, meliputi perumahan, apartemen, pusat perbelanjaan, lapangan golf, hotel, rumah sakit dan perkantoran. CTRA memulai usahanya pada 1981 melalui pengembangan CitraGarden City Jakarta. Kini, CTRA telah mengembangkan 75 proyek yang tersebar di 33 kota di seluruh Indonesia.

Meskipun sebagian besar proyek yang dikembangkan ditujukan pada konsumen kelas menengah, CTRA juga memiliki proyek bagi segmen kelas bawah (Citra Maja Raya) hingga segmen kelas atas (Ciputra World). Selain itu, CTRA mempunyai *landbank* sebesar 1,410 hektare yang dimiliki secara langsung dan 5,063 hektare melalui skema *joint-operation*.

Industri Pengembang Properti Indonesia di ASEAN

Indonesia merupakan negara terluas yang memiliki persediaan tanah dan jumlah penduduk terbanyak di ASEAN. Hal tersebut menjadikan Indonesia sebagai lokasi yang baik bagi bisnis pengembang properti. Pengembang properti Indonesia memiliki persediaan tanah yang lebih besar daripada pengembang di negara ASEAN. Seperti BKSL, mempunyai persediaan lahan 14.666 hektare dan BSDE 3.966 hektare.

Sektor properti di Indonesia dan Filipina menjadi yang paling bersaing di antara negara ASEAN. Pengembang-pengembang properti di negara tersebut mencatatkan *gross margin* yang lebih baik walaupun mempunyai total aset yang lebih rendah dari negara-negara lainnya.

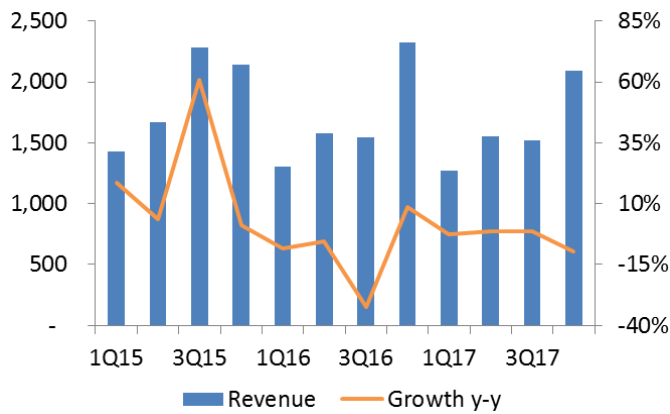
ASEAN Property Developer

Company	Market Cap (USD mn)	Total Asset (USD mn)	Sales Growth	Gross Margin	Operating Margin	Net Profit Growth	ROE	P/E	Dividend Yield
BSDE	2,494	3,382	56.71%	73.4%	48.9%	173.9%	21.4%	7.0x	0.3%
PWON	1,535	2,333	-4.40%	47%	25.2%	-12.4%	6.9%	23.8x	0.4%
CTRA	2,034	1,719	18.10%	59%	48.9%	12.1%	19.7%	15.2x	0.8%
SMRA	981	1,594	4.50%	46%	23.8%	16.2%	5.7%	37.8x	0.5%
Singapore									
Capitaland Ltd	11,864	45,972	-12.23%	40%	47%	30.3%	8.6%	10.3x	2.7%
Malaysia									
SP Setia Bhd	2,972	6,826	-20.86%	33%	22%	-9.8%	8.8%	12.8x	5.1%
IOI Properties Group Bhd	2,139	7,823	38.36%	44%	32%	-27.7%	4.7%	10.2x	3.9%
Thailand									
Land & Houses PUB Co Ltd	4,131	3,362	16.76%	34%	30%	21.4%	21.6%	12.5x	6.4%
WHA Corp Ltd	1,763	2,260	-46.72%	47%	39%	12.7%	14.0%	17.5x	5.2%
Philippines									
Megaworld Corp	2,622	6,212	8.65%	62%	41%	12.7%	9.3%	10.7x	1.3%

Source: Bloomberg, NHKS research

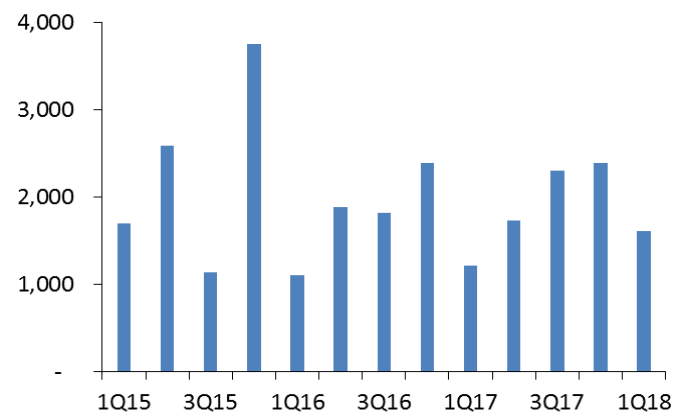
Operational Performance

Quarterly Revenue (IDR bn) | 1Q15 - 4Q17



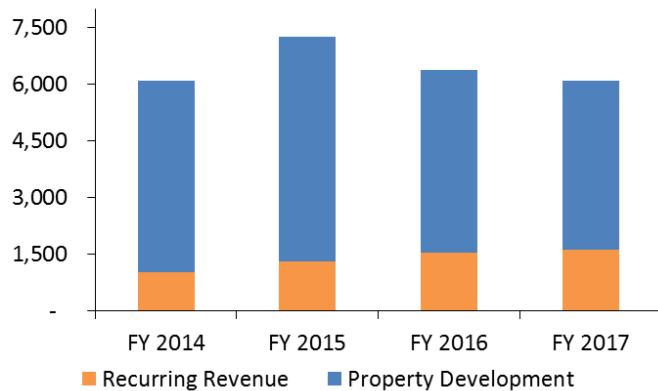
Source: Company, Bloomberg, NHKS research

Marketing Sales (IDR bn) | 1Q15 - 1Q18



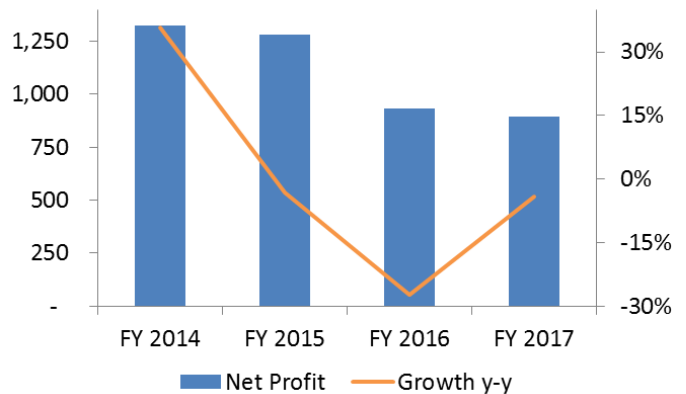
Source: Company, NHKS research

Annual Revenue | 2014 - 2017



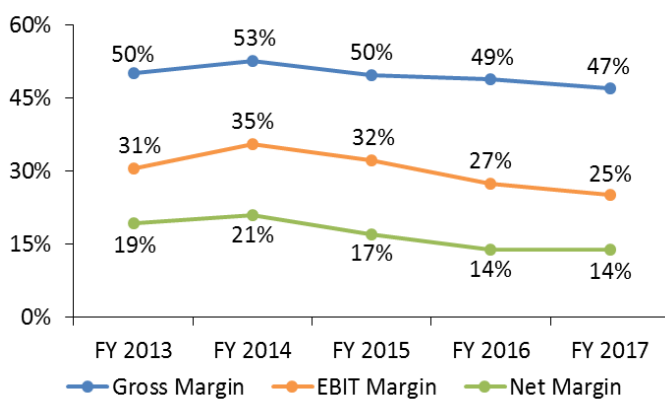
Source: Company, Bloomberg, NHKS research

Annual Net Profit | 2014 - 2017



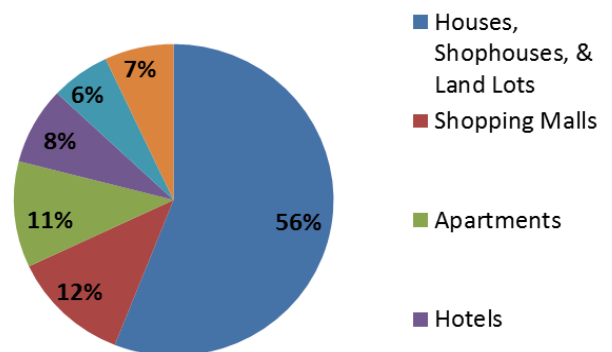
Source: Company, Bloomberg, NHKS research

Gross, EBIT & Net Margin | 2013 - 2017



Source: Company, Bloomberg, NHKS research

Revenue Breakdown | 4Q17



Source: Company, NHKS research

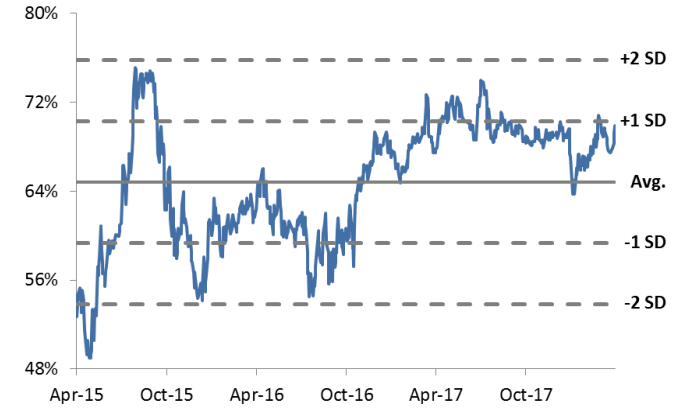
Multiple Valuation

Forward P/E band | Last 3 years



Source: NHKS research

Discount to NAV band | Last 3 years



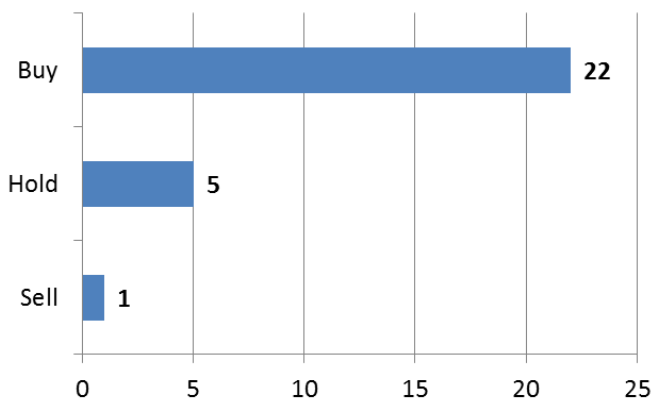
Source: NHKS research

Rating and target price

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
04/25/2018	Buy	1,370	1,155	1,449	+18.6%	-5.4%

Source: Bloomberg, NHKS research

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

- Period: End of year target price
- Rating system based on a stock's absolute return from the date of publication
 - Buy : Greater than +15%
 - Hold : -15% to +15%
 - Sell : Less than -15%

Summary of Financials

CTRA Summary		
Last Price (IDR)	April 25, 2018	1,155
Target Price (IDR)	Dec 2018	1,370
Analyst: Michael Tjahjadi	Rating:	Buy

INCOME STATEMENT

In IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Revenue	6,739	6,443	8,277	7,101
Growth (% y/y)	-10.3%	-4.4%	28.5%	-14.2%
COGS	(3,454)	(3,423)	(4,199)	(3,638)
Gross Profit	3,285	3,019	4,078	3,463
Gross Margin	48.7%	46.9%	49.3%	48.8%
Operating Expenses	(1,435)	(1,397)	(1,448)	(1,540)
EBIT	1,850	1,623	2,630	1,924
EBIT Margin	27.5%	25.2%	31.8%	27.1%
Depreciation	246	103	298	329
EBITDA	2,097	1,725	2,928	2,253
EBITDA Margin	31.1%	26.8%	35.4%	31.7%
Interest Expenses	(566)	(551)	(625)	(701)
EBT	1,501	1,298	2,277	1,457
Income Tax	(155)	(279)	(490)	(259)
Minority Interest	(237)	(124)	(266)	(162)
Net Profit	933	894	1,521	1,035
Growth (% y/y)	-27.3%	-4.2%	70.0%	-31.9%
Net Profit Margin	13.9%	13.9%	18.4%	14.6%

BALANCE SHEET

In IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Cash	3,468	3,229	3,817	3,046
Receivables	938	958	1,687	1,302
Inventories	7,945	9,480	10,297	10,832
Total Current Assets	13,711	15,167	17,442	16,962
Net Fixed Assets	12,743	13,756	15,114	16,559
Other Non Current Assets	2,619	2,783	2,947	3,030
Total Assets	29,072	31,706	35,503	36,551
Payables	829	839	864	901
ST Debt	1,686	1,170	1,525	1,734
Other Current Liab.	4,796	5,774	6,729	6,274
LT Debt	4,976	6,388	6,945	7,159
Other Non Current Liab.	2,487	2,085	2,156	2,107
Total Liabilities	14,774	16,255	18,218	18,175
Shareholders' Equity	14,298	15,451	17,285	18,375

CASH FLOW STATEMENT

In IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Net Income	933	894	1,521	1,035
Deprec & Amortization	246	103	298	329
Chg. In Working Capital	(1,139)	(525)	(708)	(708)
CF	41	472	1,110	657
Capex	(347)	(1,381)	(1,655)	(1,775)
CFI	(1,053)	(1,761)	(1,749)	(1,907)
Dividends Paid	(123)	(176)	(92)	(148)
Net Borrowing (PMT)	1,384	872	912	424
CCF	1,446	1,050	1,226	479
Net Changes in Cash	433	(238)	588	(771)

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	75.1	PT Sang Pelopor 44.8
United States	12.2	PT Apratima Sejahtera 6.2
Norway	4.4	Norges Bank 3.0
Luxembourg	3.9	Vanguard Group 2.8

PROFITABILITY & STABILITY

	2016/12A	2017/12A	2018/12E	2019/12E
ROE	6.8%	6.0%	9.3%	5.8%
ROA	3.4%	2.9%	4.5%	2.9%
ROIC	8.4%	5.8%	8.5%	6.0%
EBITDA/Equity	15.3%	11.6%	17.9%	12.6%
EBITDA/Assets	7.6%	5.7%	8.7%	6.3%
Cash Dividend (IDR bn)	88	92	148	101
Dividend Yield (%)	0.4%	0.4%	0.7%	0.5%
Payout Ratio (%)	9.4%	10.2%	9.7%	9.7%
DER	47%	49%	49%	48%
Net Gearing	81%	77%	75%	73%
LT Debt to Equity	35%	41%	40%	39%
Capitalization Ratio	32%	33%	33%	33%
Equity Ratio	49%	49%	49%	50%
Debt Ratio	23%	24%	24%	24%
Financial Leverage	202%	204%	205%	202%
Current Ratio	188%	195%	191%	190%
Quick Ratio	60%	54%	60%	49%
Cash Ratio	47%	41%	42%	34%
Cash Conversion Cycle	747.2	893.7	843.9	1,048.3
Par Value (IDR)	250	250	250	250
Total Shares (mn)	15,425	18,560	18,560	18,560
Share Price (IDR)	1,335	1,185	1,155	1,155
Market Cap (IDR tn)	20.6	22.0	21.4	21.4

VALUATION INDEX

	2016/12A	2017/12A	2018/12E	2019/12E
Price /Earnings	22.1x	24.6x	14.1x	20.7x
Price /Book Value	1.4x	1.4x	1.2x	1.2x
Price/Revenue	3.1x	3.4x	2.6x	3.0x
PE/EPS Growth	-0.8x	-5.9x	0.2x	-0.6x
EV/EBITDA	15.4x	18.3x	11.1x	14.7x
EV/EBIT	17.5x	19.5x	12.3x	17.2x
EV (IDR bn)	32,375	31,625	32,386	33,013
Sales CAGR (3-Yr)	9.9%	0.5%	3.3%	1.8%
EPS CAGR (3-Yr)	-1.5%	-12.3%	5.8%	3.5%
Basic EPS (IDR)	61	48	82	56
Diluted EPS (IDR)	61	48	82	56
BVPS (IDR)	927	832	931	990
Revenue PS (IDR)	437	347	446	383
DPS (IDR)	6	5	8	5

DCF, RIM & EVA

	2016/12A	2017/12A	2018/12E	2019/12E
DCF (IDR bn)				
NOPAT	1,659	1,273	2,064	1,581
+Depr./Amor.	246	103	298	329
-CAPEX	(347)	(1,381)	(1,655)	(1,775)
-Incr. (Decr.) in Working Cap.	(1,139)	(525)	(708)	(708)
(Unlevered) FCFF	419	(530)	(2)	(573)
WACC				
Cost of Debt (Tax Adj.)	8.3%	7.0%	7.3%	7.8%
Cost of Equity (COE)	10.5%	9.2%	9.1%	9.5%
WACC (%)	10.0%	8.6%	8.6%	9.0%
RIM				
Spread (FROE-COE) (%)	-3.4%	-3.0%	0.8%	-3.5%
Residual Income (IDR bn)	(441)	(423)	121	(609)
Equity Charge (IDR bn)	1,374	1,318	1,400	1,644
EVA				
Invested Capital (IDR bn)	18,328	20,960	23,009	25,755
ROIC-WACC (%)	-0.9%	-2.6%	0.4%	-2.9%
EVA (IDR bn)	(170)	(538)	96	(742)

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