

Ciputra Development Tbk (CTRA IJ)

Solid Marketing Sales Despite Pandemic

Company Update | April 29, 2021

Overweight

| | |
|---------------------------|--------------|
| Target Price (IDR) | 1,320 |
| Consensus Price (IDR) | 1,313 |
| TP to Consensus Price | +0.5% |
| vs. Last Price | +13.8% |

Shares data

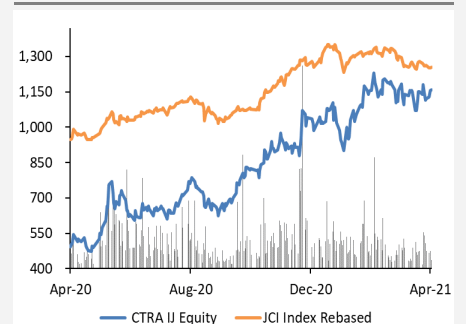
| | |
|------------------------|--------------|
| Last Price (IDR) | 1,160 |
| Price Date as of | Apr 28, 2021 |
| 52 wk Range (Hi/Lo) | 2,281/1,177 |
| Free Float (%) | 47.1 |
| Outstanding sh. (mn) | 18,560 |
| Market Cap. (IDR bn) | 21,530 |
| Market Cap. (USD mn) | 1,487 |
| Avg. Trd Vol - 3M (mn) | 33.29 |
| Avg. Trd Val - 3M (bn) | 37.45 |
| Foreign Ownership | 19.3% |

Property

Real Estate Owner & Developer

| | |
|-----------|----------|
| Bloomberg | CTRA IJ |
| Reuters | CTRA.IJK |

Share Price Performance



| | YTD | 1M | 3M | 12M |
|-----------|-------|-------|-------|--------|
| Abs. Ret. | 11.0% | -2.1% | 26.1% | 129.7% |
| Rel. Ret. | 13.7% | 1.0% | 26.2% | 97.8% |

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CTRA managed to book 4Q20 income of IDR3.83 trillion (+167% QoQ, +29.7% YoY) boosted by development income (+15.4% YoY). Meanwhile, recurring income fell 29.8%. On the other hand, FY20 marketing sales income achieved 122% of the target. We are optimistic that this year CTRA's marketing sales will be able to grow up to 15% YoY. It is supported by the downward trend of interest rates, various incentives from the government, and national economic recovery.

Successfully doing Cost Efficiency

- CTRA booked 4Q20 income of IDR3.83 trillion (+29.7% vs Rp2.95 trillion 4Q19). The achievement led CTRA's FY20 revenue to IDR8.07 trillion (+6.1% YoY vs IDR7.61 trillion in FY19).
- Sales of the residential houses and shophouse segment in FY20 was recorded at IDR6.18 trillion (+19.7% YoY), and sales of apartment was at IDR1.08 trillion (+23.5% YoY). Both boosted the FY20 development income significantly to IDR7.26 trillion (+23.5% YoY).
- Meanwhile, recurring income fell 29.8% YoY. In which the shopping center and hotel segments declined 32.2% YoY and 59.1% YoY as PSBB restrictions limit the visits.
- CTRA succeeded in carrying our expense efficiency, increasing all margins. GPM, OPM, and NPM all increased to 51.1%, 29.9%, and 16.4% (vs 49.8%; 29.4%; and 15.2% FY19).
- Although financial expense jumped 34% YoY, CTRA managed to record a profit of IDR1.32 trillion or up 14.1% YoY (vs IDR1.15 trillion in FY19).

Marketing Sales Exceeds 2020 Target

- CTRA successfully achieved FY20 marketing sales of IDR5.49 trillion or 122% of the target in 2020 set at IDR4.51 trillion.
- Marketing sales was still dominated by house and land sales (90% of marketing sales) with a price range of under IDR2 billion. Sales still target the mid to low segment and end-user.
- In 2021, CTRA plans to release new projects such as: residential property in CitraLand Puncak Tidar, Malang, and apartment in the Citra Landmark, Ciracas. Furthermore, CTRA will also launch 18 new clusters from 7 existing projects.
- Supported by government incentives (LTV relaxation, tax subsidies) and low interest rates trend, we are sure that CTRA will be able to book up to 15% YoY increase in marketing sales this year.

Recommend Overweight with TP at IDR1,320

- We downgrade our rating to Overweight with a TP of IDR1,320 by using estimated discount to NAV of 78% (-1.7 SD from 3-year average).
- We see that the current price level reflects the fundamental condition of CTRA regarding the Covid-19 pandemic as well as sentiment on incentives from the government in the property sector.
- Risks that will affect changes to our TP are; 1) stunted economic growth may have an impact on decreasing property purchasing power, 2) changes to government incentive policies, and 3) increases in interest rates. Currently, CTRA is traded at a discount to NAV of 80%.

Ciputra Development Tbk | Summary

| | 2019A | 2020A | 2021F | 2022F |
|------------|-------|-------|-------|-------|
| Revenue | 7,608 | 8,071 | 8,894 | 9,507 |
| Growth | -0.8% | 6.1% | 10.2% | 6.9% |
| Net Profit | 1,158 | 1,321 | 1,478 | 1,576 |
| Growth | -2.3% | 14.1% | 11.9% | 6.6% |
| EPS (IDR) | 62 | 71 | 80 | 85 |
| P/E | 16.7x | 13.8x | 16.6x | 15.5x |
| P/BV | 1.1x | 1.0x | 1.3x | 1.2x |
| EV/EBITDA | 9.7x | 8.5x | 9.5x | 8.3x |
| ROE | 6.7% | 7.5% | 8.1% | 8.1% |
| DER | 51.7% | 57.4% | 56.0% | 53.8% |
| Net Debt | 4,938 | 4,748 | 3,808 | 2,840 |

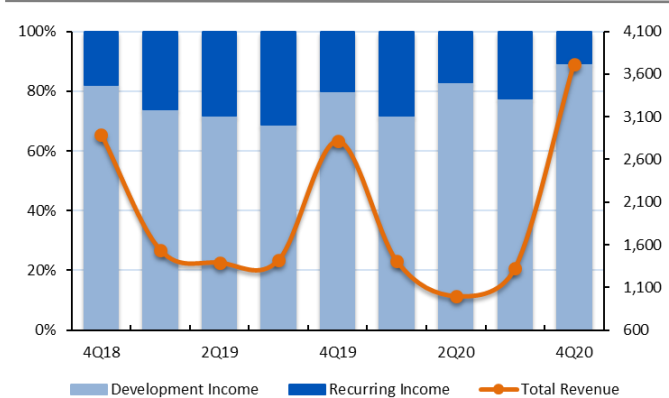
Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

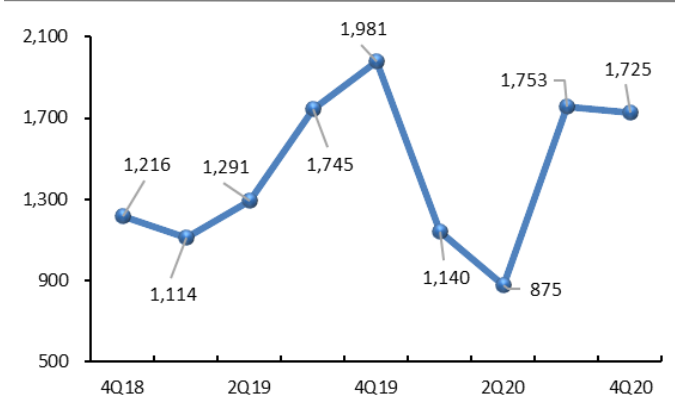
Performance Highlights in Charts

CTRA Quarterly Income (IDR bn) | 4Q18 - 4Q20



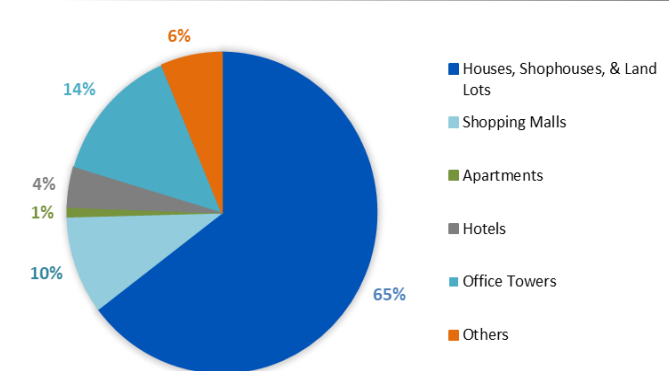
Source: Company Data, NHKSI Research

CTRA Quarterly Marketing Sales | 4Q18 - 4Q20



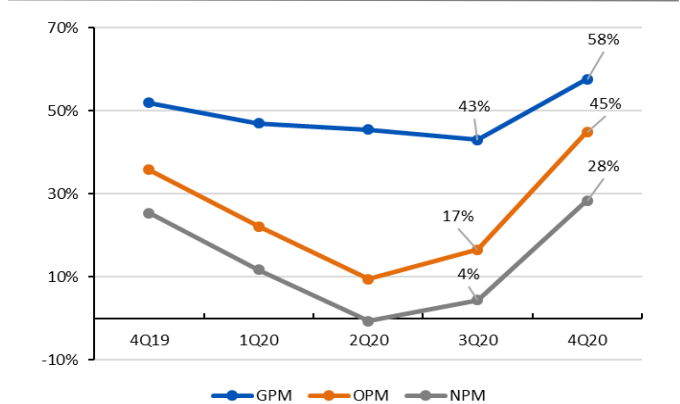
Source: Company Data, NHKSI Research

12M20's Revenue Breakdown



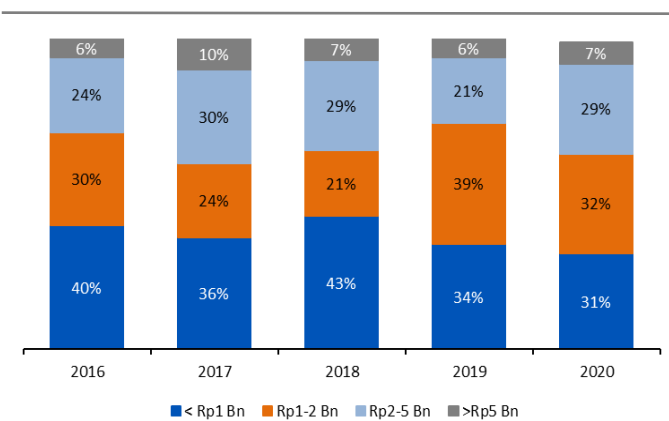
Source: Company Data, NHKSI Research

Margin Ratio



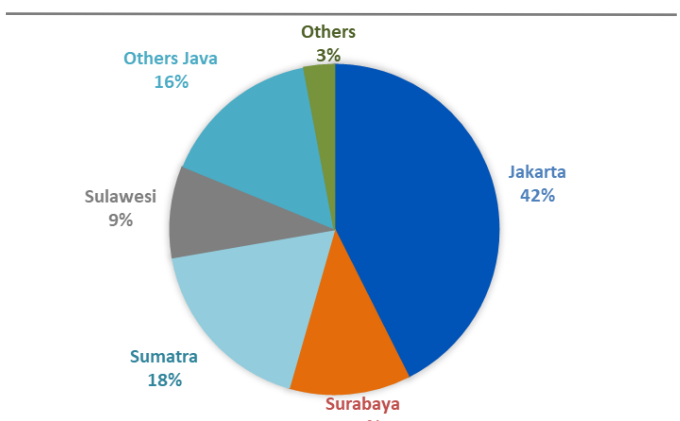
Source: Company Data, NHKSI Research

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 established 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

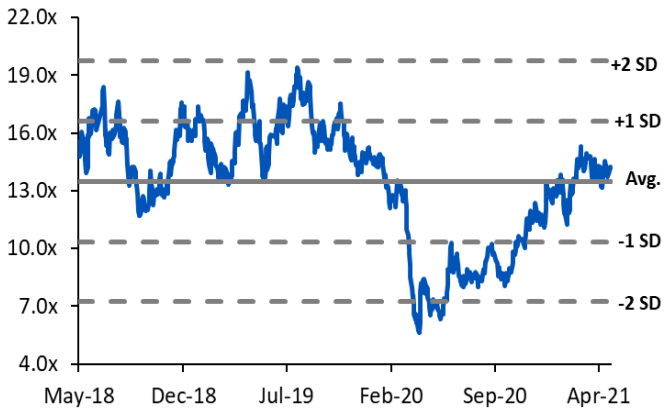
| | Market Cap (USD mn) | Asset (USD mn) | Sales Growth | Gross Margin | Operating Margin | Net Profit Growth | ROE (LTM) | P/E (LTM) | P/BV |
|----------------------------|------------------------|-------------------|--------------|--------------|---------------------|----------------------|-----------|-----------|------|
| Indonesia | | | | | | | | | |
| PT Bumi Serpong Damai Tbk | 1,718 | 4,371 | -12.76% | 68.8% | 32.1% | -89.9% | 0.9% | 92.2x | 0.8x |
| PT Ciputra Development Tbk | 1,487 | 2,819 | 6.08% | 51% | 29.9% | 14.1% | 8.6% | 16.2x | 1.4x |
| PT Pakuwon Jati Tbk | 1,796 | 1,900 | -44.78% | 49% | 31.7% | -65.8% | 6.3% | 28.0x | 1.8x |
| PT Summarecon Agung Tbk | 1,006 | 1,790 | -15.34% | 46% | 21.5% | -65.1% | 2.5% | 81.0x | 2.1x |
| Singapore | | | | | | | | | |
| Capitaland Ltd | 14,612 | 63,854 | 4.78% | 45% | 1% | - | -6.9% | - | 0.9x |
| Malaysia | | | | | | | | | |
| SP Setia Bhd | 1,028 | 7,556 | -17.84% | 20% | 10% | - | -3.2% | - | 0.4x |
| IOI Properties Group Bhd | 1,839 | 7,679 | -3.69% | 56% | 38% | -29.6% | 2.5% | 15.6x | 0.4x |
| Thailand | | | | | | | | | |
| Land & Houses PUB Co Ltd | 3,222 | 4,086 | -0.3% | 30.1% | 21.8% | -28.7% | 14.0% | 14.1x | 2.0x |
| WHA Corp PCL | 1,555 | 2,754 | -33.92% | 44% | 38% | -21.8% | 8.7% | 19.3x | 1.7x |
| Philippines | | | | | | | | | |
| Megaworld Corp | 2,061 | 7,825 | -36.62% | 62% | 32% | -44.9% | 5.4% | 10.3x | 0.5x |

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

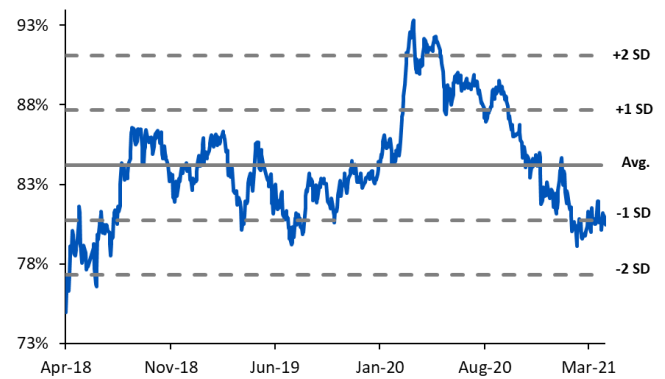
Valuation Highlights in Charts

3-Year Forward P/E Band



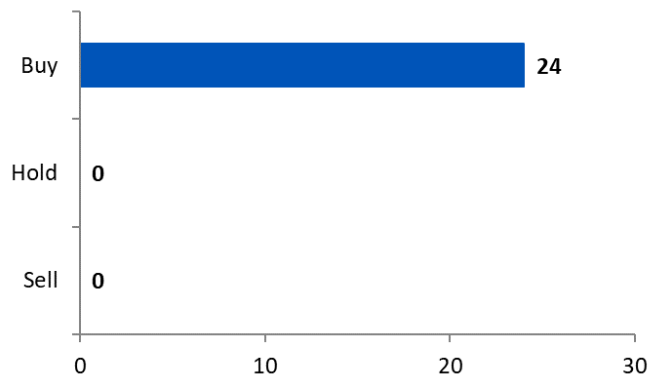
Source: Bloomberg, NHKS Research

3-Year Discount to NAV Band



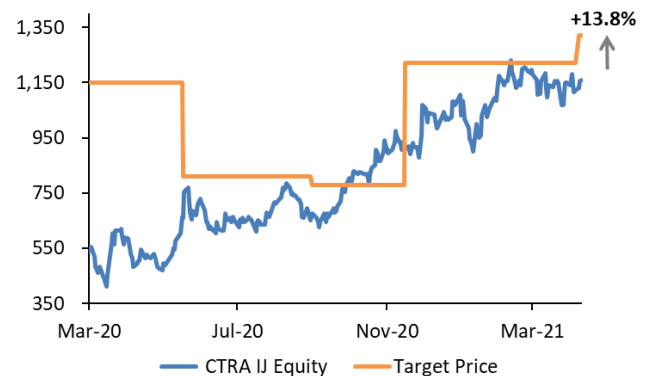
Source: Bloomberg, NHKS Research

Recommendations by Analysts



Source: Bloomberg, NHKS Research

Closing and Target Price Update



Source: Bloomberg, NHKS Research

Rating and Target Price Update

Target Price

| Date | Rating | Target Price | Last Price | Consensus | vs Last Price | 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% |

Source: NHKSI Research, Bloomberg

Summary of Financials

INCOME STATEMENT

| In IDR bn | 2019/12A | 2020/12A | 2021/12E | 2022/12E |
|---------------------|--------------|--------------|--------------|--------------|
| Revenues | 7,608 | 8,071 | 8,894 | 9,507 |
| Growth (% y/y) | -0.8% | 6.1% | 10.2% | 6.9% |
| COGS | (3,816) | (3,949) | (4,313) | (4,557) |
| Gross Profit | 3,792 | 4,121 | 4,580 | 4,950 |
| Gross Margin | 49.8% | 51.1% | 51.5% | 52.1% |
| Operating Expenses | (1,551) | (1,705) | (1,901) | (1,973) |
| EBIT | 2,240 | 2,417 | 2,679 | 2,977 |
| EBIT Margin | 29.4% | 29.9% | 30.1% | 31.3% |
| Depreciation | 259 | 299 | 298 | 304 |
| EBITDA | 2,500 | 2,716 | 2,977 | 3,281 |
| EBITDA Margin | 32.9% | 33.6% | 33.5% | 34.5% |
| Interest Expenses | (923) | (1,235) | (1,194) | (1,340) |
| EBT | 1,608 | 1,428 | 1,771 | 1,934 |
| Income Tax | (325) | (57) | (135) | (221) |
| Minority Interest | (125) | (50) | (158) | (138) |
| Net Profit | 1,158 | 1,321 | 1,478 | 1,576 |
| Growth (% y/y) | -2.3% | 14.1% | 11.9% | 6.6% |
| Net Profit Margin | 15.2% | 16.4% | 16.6% | 16.6% |

BALANCE SHEET

| In IDR bn | 2019/12A | 2020/12A | 2021/12E | 2022/12E |
|----------------------------------|---------------|---------------|---------------|---------------|
| Cash | 4,238 | 5,276 | 6,755 | 8,023 |
| Receivables | 1,173 | 937 | 1,217 | 1,177 |
| Inventories | 10,661 | 12,240 | 13,856 | 12,465 |
| Total Current Assets | 18,195 | 20,646 | 24,002 | 23,823 |
| Net Fixed Assets | 15,189 | 15,681 | 16,321 | 16,905 |
| Other Non Current Assets | 2,812 | 2,929 | 4,369 | 5,809 |
| Total Non Current Assets | 18,001 | 18,610 | 20,690 | 22,715 |
| Total Assets | 36,196 | 39,255 | 44,692 | 46,538 |
| Payables | 1,838 | 1,985 | 1,329 | 2,627 |
| ST Debt | 1,434 | 3,152 | 2,486 | 2,557 |
| Total Current Liabilities | 8,368 | 11,609 | 12,664 | 11,287 |
| LT Debt | 7,742 | 6,872 | 8,077 | 8,307 |
| Total Liabilities | 18,434 | 21,798 | 25,830 | 26,357 |
| Capital Stock + APIC | 8,232 | 8,210 | 8,210 | 8,210 |
| Retained Earnings | 7,146 | 7,135 | 8,446 | 9,812 |
| Shareholders' Equity | 17,762 | 17,458 | 18,863 | 20,181 |

CASH FLOW STATEMENT

| In IDR bn | 2019/12A | 2020/12A | 2021/12E | 2022/12E |
|----------------------------|--------------|--------------|--------------|--------------|
| Operating Cash Flow | 980 | 1,214 | 1,618 | 1,880 |
| Investing Cash Flow | (582) | (838) | (606) | (654) |
| Financing Cash Flow | 604 | 658 | 467 | 43 |
| Net Changes in Cash | 1,001 | 1,034 | 1,479 | 1,269 |

PROFITABILITY & STABILITY

| | 2019/12A | 2020/12A | 2021/12E | 2022/12E |
|----------------------|----------|----------|----------|----------|
| ROE | 6.7% | 7.5% | 8.1% | 8.1% |
| ROA | 3.3% | 3.5% | 3.5% | 3.5% |
| Inventory Turnover | 0.4x | 0.3x | 0.3x | 0.3x |
| Receivables Turnover | 6.4x | 7.6x | 8.3x | 7.9x |
| Payables Turnover | 2.1x | 2.1x | 2.6x | 2.3x |
| Dividend Yield (%) | 1.0% | 0.8% | 0.7% | 0.9% |
| Payout Ratio (%) | 16.0% | 11.2% | 11.3% | 13.3% |
| DER | 52% | 57% | 56% | 54% |
| Net Gearing | 111% | 122% | 129% | 132% |
| Equity Ratio | 49% | 44% | 42% | 43% |
| Debt Ratio | 25% | 26% | 24% | 23% |
| Financial Leverage | 153% | 214% | 231% | 234% |
| Current Ratio | 2.17 | 1.78 | 1.90 | 2.11 |
| Quick Ratio | 41% | 39% | 39% | 43% |
| Par Value (IDR) | 250 | 250 | 250 | 250 |
| Total Shares (mn) | 18,560 | 18,560 | 18,560 | 18,560 |
| Share Price (IDR) | 1,040 | 985 | 1,320 | 1,320 |
| Market Cap (IDR tn) | 19.3 | 18.3 | 24.5 | 24.5 |

VALUATION INDEX

| | 2019/12A | 2020/12A | 2021/12E | 2022/12E |
|------------------------|----------|----------|----------|----------|
| Price /Earnings | 16.7x | 13.8x | 16.6x | 15.5x |
| PE/EPS Growth | -7.2x | 1.0x | 1.4x | 2.3x |
| Price /Book Value | 1.1x | 1.0x | 1.3x | 1.2x |
| EV/EBITDA | 9.7x | 8.5x | 9.5x | 8.3x |
| EV (IDR bn) | 24,241 | 23,030 | 28,308 | 27,340 |
| Revenue CAGR (3-Yr) | 4.1% | 7.8% | 5.1% | 7.7% |
| Net Income CAGR (3-Yr) | 7.4% | 13.9% | 7.6% | 10.8% |
| Basic EPS (IDR) | 62 | 71 | 80 | 85 |
| BVPS (IDR) | 957 | 941 | 1,016 | 1,087 |
| DPS (IDR) | 9.99 | 7.99 | 8.98 | 11.32 |

OWNERSHIP

| | % |
|-----------------------|----------|
| Shareholders | % |
| PT Sang Pelopor | 52.8 |
| Vanguard Group Inc | 2.7 |
| Norgers Bank | 2.5 |
| Fiera Capital Corp. | 1.6 |
| Dimensional Fund Adv. | 1.2 |
| By Geography | % |
| Indonesia | 80.7 |
| United States | 7.9 |
| Norway | 3.8 |
| Luxembourg | 3.2 |

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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