

# Ciputra Development Tbk (CTRA IJ)

## VAT Subsidy Boosts Marketing Sales

Company Update | July 09, 2021

CTRA successfully booked stellar performance in 1Q21. Amid the pandemic, revenue and profit grew significantly by 22.6% YoY and 37.1% YoY. Marketing sales in 1Q21 also have reached 32% of target. Supported by government-born VAT subsidy and vast development land, we estimate the increase of marketing sales to reach 8%-9% this year.

### Booked Performance Increase in 1Q21

- In 1Q21 CTRA booked a revenue of IDR1.85 trillion (+22.6% YoY vs IDR1.51 trillion 1Q20). This was only slightly below (-0.6%) our estimates.
- Development revenue grew 32.7% YoY. Apartment and land sales contributed most (1,109% YoY, and 236% YoY). Meanwhile, landed house revenue slightly grew at 0.4% YoY.
- Recurring income recorded a decline of 0.9% YoY. Revenue from the mall and hotel segments fell 26.8% YoY and 51.2% YoY, as performance in 1Q20 had not been affected by the pandemic.
- CTRA managed to book an increase in all margins. GPM, OPM, NPM increased to 50.2%, 33.7%, and 13.1% (vs 46.9%, 22.2%, and 11.8% in 1Q20).
- Thus, 1Q21 profit grew 37.1% YoY to IDR243 billion (vs IDR178 billion in 1Q20).

### Develop Existing Land to Gain Marketing Sales

- CTRA booked marketing sales of IDR1.9 trillion (+67.2% YoY) or 32% of this year's target at IDR5.8 trillion.
- This year, CTRA have two newly released products. They are landed house in CitraLand Puncak Tidar Malang, and Citra Landmark apartment in Ciracas.
- CTRA will also continue to build new cluster/tower in existing projects and target the end-user segment.
- We estimate CTRA's marketing sales to grow 8%-9% YoY.

### Recommend BUY with TP at IDR1.320

- We believe the government incentive in the form of VAT subsidy which is extended until the end of 2021 (previously August 2021), can be the driver for this year's marketing sales income. Especially since CTRA's sales target is dominated by middle-to-low income class.
- We revised our recommendation to BUY, while maintaining TP of IDR1,320 using the estimated discount to NAV of 78.65% (-1.9 SD in the last 3 years). Currently CTRA is traded at a discount to NAV of 84%.
- Risks to our TP revision are: 1) a change in the government's incentive policy, 2) interest rate increase, 3) hike in Covid-19 cases which causes a decrease in purchasing power.

### Ciputra Development Tbk | Summary

	2020A	2021F	2022F	2023F
Revenue	8,071	8,840	9,113	9,543
Growth	6.1%	9.5%	3.1%	4.7%
Net Profit	1,321	1,534	1,676	1,725
Growth	14.1%	16.2%	9.3%	2.9%
EPS (IDR)	71	83	90	93
P/E	13.8x	16.0x	14.6x	14.2x
P/BV	1.0x	1.3x	1.2x	1.1x
EV/EBITDA	8.5x	9.7x	8.4x	8.0x
ROE	7.5%	8.4%	8.5%	8.2%
DER	57.4%	56.0%	56.0%	55.0%
Net Debt	4,748	4,158	3,888	3,652

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

## Buy

Target Price (IDR)	1,320
Consensus Price (IDR)	1,343
TP to Consensus Price	-1.7%
Potential Upside	+36.1%

### Shares data

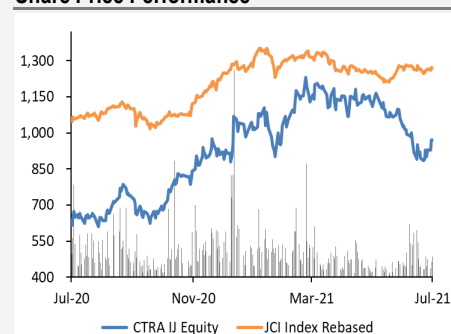
Last Price (IDR)	970
Price Date as of	July 07, 2021
52 wk Range (Hi/Low)	1,350/570
Free Float (%)	46.7
Outstanding sh. (mn)	18,560
Market Cap. (IDR bn)	18,003
Market Cap. (USD mn)	1,238
Avg. Trd Vol - 3M (mn)	22.87
Avg. Trd Val - 3M (bn)	23.83
Foreign Ownership	18.1%

### Property

#### Real Estate Owner & Developer

Bloomberg	CTRA IJ
Reuters	CTRA.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-6.3%	-5.4%	-15.7%	57.7%
Rel. Ret.	-5.3%	-4.9%	-15.8%	36.5%

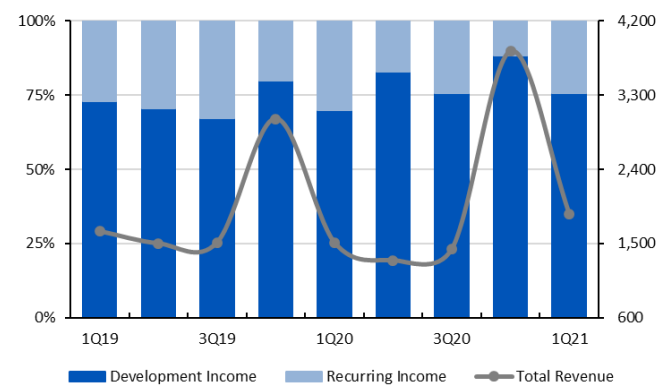
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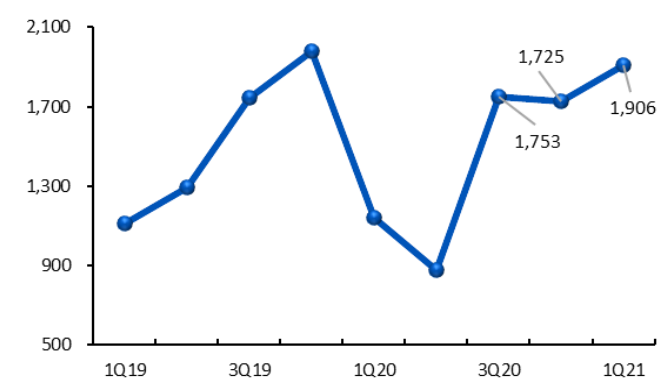
## Performance Highlights in Charts

CTRA Quarterly Income (IDR bn) | 1Q19 - 1Q21



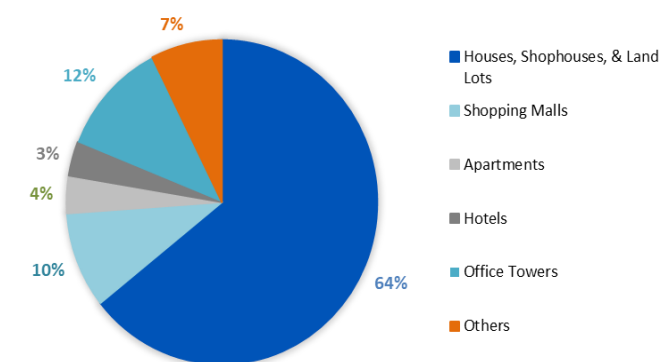
Source: Company Data, NHKSI Research

CTRA Quarterly Marketing Sales | 1Q19 - 1Q21



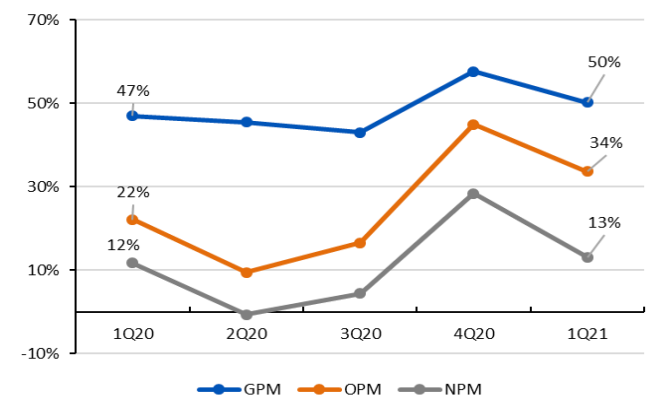
Source: Company Data, NHKSI Research

3M21's Revenue Breakdown



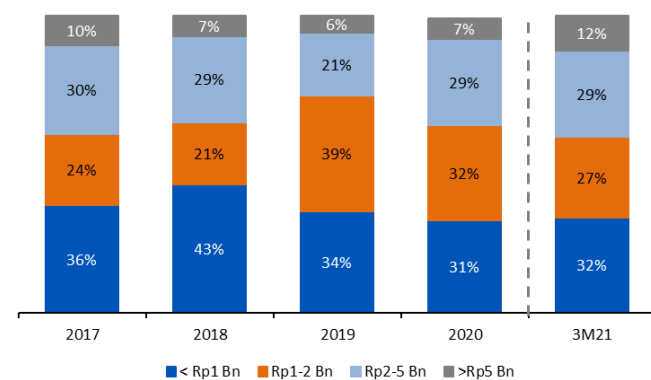
Source: Company Data, NHKSI Research

Margin Ratio



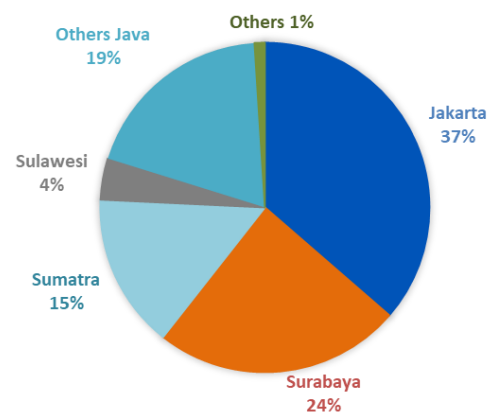
Source: Company Data, NHKSI Research

Pre Sales per Unit Price



Source: Company Data, NHKSI Research

Pre Sales per Location | 3M21



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	1,420	4,371	-12.76%	68.8%	32.1%	-74.9%	2.1%	35.8x	0.7x
PT Ciputra Development Tbk	1,238	2,819	6.08%	51%	29.9%	31.7%	9.2%	13.0x	1.2x
PT Pakuwon Jati Tbk	1,471	1,900	-44.78%	49%	31.7%	-46.7%	7.7%	19.4x	1.4x
PT Summarecon Agung Tbk	963	1,790	-15.34%	46%	21.5%	-64.6%	2.6%	70.2x	1.8x
<b>Singapore</b>									
Capitaland Ltd	14,395	63,854	4.78%	45%	1%	-	-6.9%	-	0.9x
<b>Malaysia</b>									
SP Setia Bhd	1,069	7,556	-17.84%	20%	10%	-	-2.8%	-	0.4x
IOI Properties Group Bhd	1,491	7,679	-3.69%	56%	38%	3.0%	3.1%	10.5x	0.3x
<b>Thailand</b>									
Land & Houses PUB Co Ltd	2,929	4,086	-0.3%	30.1%	21.8%	-20.9%	14.6%	12.5x	1.8x
WHA Corp PCL	1,429	2,754	-33.92%	44%	38%	-12.4%	9.0%	18.1x	1.6x
<b>Philippines</b>									
Megaworld Corp	2,067	7,825	-36.62%	62%	32%	-50.3%	5.0%	12.3x	0.6x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

## Valuation Highlights in Charts

### 3-Year Forward P/E Band



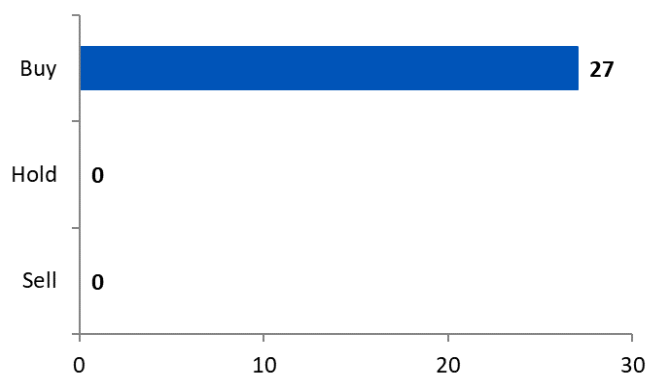
Source: Bloomberg, NHKS Research

### 3-Year Discount to NAV Band



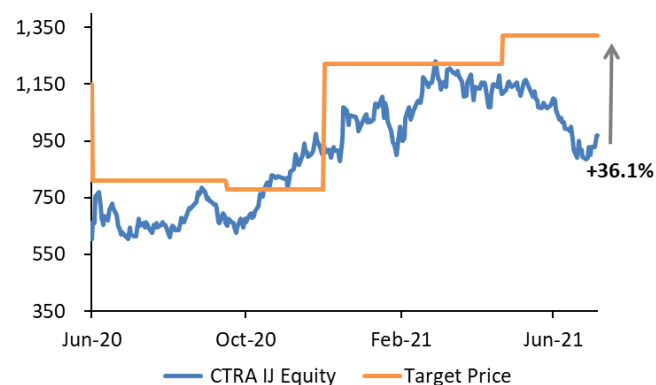
Source: Bloomberg, NHKS Research

### 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	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%

Source: NHKSI Research, Bloomberg

## Summary of Financials

## INCOME STATEMENT

In IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Revenues	8,071	8,840	9,113	9,543
Growth (% y/y)	6.1%	9.5%	3.1%	4.7%
COGS	(3,949)	(4,250)	(4,134)	(4,292)
Gross Profit	4,121	4,590	4,979	5,251
Gross Margin	51.1%	51.9%	54.6%	55.0%
Operating Expenses	(1,705)	(1,930)	(1,892)	(2,049)
EBIT	2,417	2,660	3,087	3,202
EBIT Margin	29.9%	30.1%	33.9%	33.5%
Depreciation	299	287	290	307
EBITDA	2,716	2,947	3,377	3,508
EBITDA Margin	33.6%	33.3%	37.1%	36.8%
Interest Expenses	(1,235)	(1,112)	(1,306)	(1,333)
EBT	1,428	1,815	2,058	2,158
Income Tax	(57)	(118)	(235)	(288)
Minority Interest	(50)	(163)	(146)	(145)
Net Profit	1,321	1,534	1,676	1,725
Growth (% y/y)	14.1%	16.2%	9.3%	2.9%
Net Profit Margin	16.4%	17.4%	18.4%	18.1%

## BALANCE SHEET

In IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Cash	5,276	6,484	7,520	8,409
Receivables	937	908	995	1,249
Inventories	12,240	13,174	12,533	13,919
Total Current Assets	20,646	22,698	23,191	25,729
Net Fixed Assets	15,681	16,158	17,041	17,944
Other Non Current Assets	2,929	2,969	3,009	3,049
Total Non Current Assets	18,610	19,127	20,050	20,993
Total Assets	39,255	41,825	43,241	46,722
Payables	1,985	1,281	1,075	1,194
ST Debt	3,152	2,505	2,685	2,839
Total Current Liabilities	11,609	11,257	10,313	11,482
LT Debt	6,872	8,137	8,723	9,222
Total Liabilities	21,798	22,822	22,868	24,794
Capital Stock + APIC	8,210	8,210	8,210	8,210
Retained Earnings	7,135	8,503	9,961	11,473
Shareholders' Equity	17,458	19,004	20,373	21,929

## CASH FLOW STATEMENT

In IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Operating Cash Flow	1,214	1,561	1,386	1,396
Investing Cash Flow	(838)	(874)	(808)	(992)
Financing Cash Flow	658	512	459	484
Net Changes in Cash	1,034	1,199	1,037	888

## PROFITABILITY &amp; STABILITY

	2020/12A	2021/12E	2022/12E	2023/12E
ROE	7.5%	8.4%	8.5%	8.2%
ROA	3.5%	3.8%	3.9%	3.8%
Inventory Turnover	0.3x	0.3x	0.3x	0.3x
Receivables Turnover	7.6x	9.6x	9.6x	8.5x
Payables Turnover	2.1x	2.6x	3.5x	3.8x
Dividend Yield (%)	0.8%	0.7%	0.9%	0.9%
Payout Ratio (%)	11.2%	10.9%	13.0%	12.4%
DER	57%	56%	56%	55%
Net Gearing	122%	130%	139%	147%
Equity Ratio	44%	45%	47%	47%
Debt Ratio	26%	25%	26%	26%
Financial Leverage	161%	222%	216%	213%
Current Ratio	1.78	2.02	2.25	2.24
Quick Ratio	39%	42%	47%	48%
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	16.0x	14.6x	14.2x
PE/EPS Growth	1.0x	1.0x	1.6x	4.9x
Price /Book Value	1.0x	1.3x	1.2x	1.1x
EV/EBITDA	8.5x	9.7x	8.4x	8.0x
EV (IDR bn)	23,030	28,658	28,388	28,152
Revenue CAGR (3-Yr)	7.8%	4.8%	6.2%	5.7%
Net Income CAGR (3-Yr)	13.9%	9.0%	13.1%	9.3%
Basic EPS (IDR)	71	83	90	93
BVPS (IDR)	941	1,024	1,098	1,181
DPS (IDR)	7.99	8.98	11.76	11.48

## OWNERSHIP

Shareholders	%
PT Sang Pelopor	53.2
Vanguard Group Inc	2.9
Norgers Bank	2.5
Dimensional Fund Adv.	1.4
Others	40.0
By Geography	%
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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