

Ciputra Development Tbk (CTRA IJ)

Focused in Developing New Cluster in Existing Projects

In 3Q21, CTRA booked a significant increase in revenue and profit by 83.1% YoY and 747.3% YoY. Meanwhile, throughout 9M21, marketing sales reached 85% of the year's target. The highest increase in marketing sales was supported by landed house sales in Surabaya, Medan, and Tangerang. In the future, CTRA will focus on building new clusters in existing projects such as CitraRaya Tangerang, Citra Sentul Raya, Citra Maja Raya, and CitraLand Surabaya.

Books Significant Jump in Profit

- CTRA recorded 3Q21 revenue of IDR2.62 trillion (+83.1% YoY, +21.2% QoQ). Development income boosted revenue by 108% YoY. Shophouse and landed house sales jumped 108% YoY.
- Meanwhile, recurring income in 3Q21 only slightly grew by 7% YoY due to the Emergency PPKM implementation in 3Q21.
- CTRA booked 3Q21 profit of IDR531 billion (+747.3% YoY, 121% QoQ), higher than our estimates.

Confident Marketing Sales Target will be Achieved

- In 9M21, CTRA booked marketing sales of IDR5 billion (+33% YoY) or 85% of its IDR5.8 trillion target. The highest marketing sales increase was seen on the sales of landed house in Surabaya, Medan, and Tangerang.
- House sales with price range around IDR1-2 billion jumped 60% YoY, a sign that purchasing power of the middle to low segment remained strong.
- Therefore, we are confident that marketing sales will achieve its target, with a possibility of exceeding it by 16.5% YoY.

Positive Impact of Government Policy

- We see that the VAT Borne by the Government policy has been well-utilized by the buyers. This is reflected in CTRA's sales, where payments using KPR and cash jumped by 45% YoY and 85% YoY respectively.
- Buyers tend to pursue the completion time for the transaction before the year ends, since the policy is scheduled to expire in December 2021. This will be a challenge for CTRA's sales next year.

Cooperates with PTPN II to Develop Lands in Medan

- CTRA established a joint cooperation with PT Perkebunan Nusantara II (PTPN II) to develop landed house project in Medan.
- This project will be divided into several phases. The first phase is CitraLand KDM Helvetia, followed by the next phase of development.
- In the future, CTRA will focus on constructing new clusters in the existing projects such as CitraRaya Tangerang, Citra Sentul Raya, Citra Maja Raya, and CitraLand Surabaya.

Recommend BUY with TP of IDR1,400

- We maintain BUY with TP of IDR1,400 based on discount to NAV 77.4% (-2.4 SD of 3-year average). Currently CTRA is traded at discount to NAV of 83%.
- Risks to our TP are 1) changes in the government's incentive policy, 2) increased interest rate, 3) new variant of Covid-19 that cause mobility to slow down.

Ciputra Development Tbk | Summary

	2020A	2021F	2022F	2023F
Revenue	8,071	9,879	10,042	10,582
Growth	6.1%	22.4%	1.6%	5.4%
Net Profit	1,321	1,851	1,922	2,140
Growth	14.1%	40.1%	3.9%	11.3%
EPS (IDR)	71	100	104	115
P/E	13.8x	14.0x	13.5x	12.1x
P/BV	1.0x	1.3x	1.2x	1.1x
EV/EBITDA	8.5x	8.3x	7.9x	7.1x
ROE	7.5%	10.0%	9.5%	9.8%
DER	57.4%	51.3%	56.0%	55.0%
Net Debt	4,748	3,297	3,202	3,169

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Company Update | Dec 08, 2021

BUY

Target Price (IDR)	1,400
Consensus Price (IDR)	1,382
TP to Consensus Price	+1.3%
Potential Upside	+30.8%

Shares data

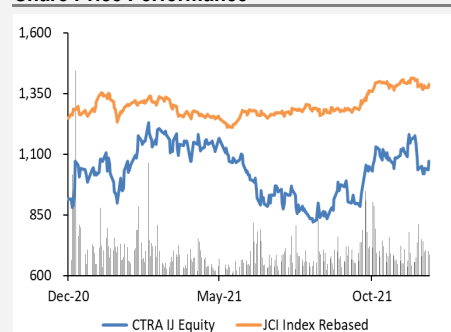
Last Price (IDR)	1,070
Price Date as of	Dec 07, 2021
52 wk Range (Hi/Lo)	1,350/815
Free Float (%)	46.7
Outstanding sh. (mn)	18,560
Market Cap. (IDR bn)	19,860
Market Cap. (USD mn)	1,384
Avg. Trd Vol - 3M (mn)	38.47
Avg. Trd Val - 3M (bn)	40.11
Foreign Ownership	17.0%

Property

Real Estate Owner & Developer

Bloomberg	CTRA IJ
Reuters	CTRA.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	3.4%	-2.3%	8.6%	16.3%
Rel. Ret.	-4.8%	-1.8%	8.9%	5.0%

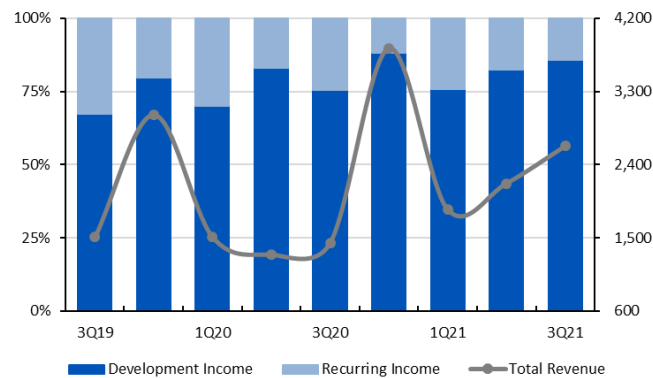
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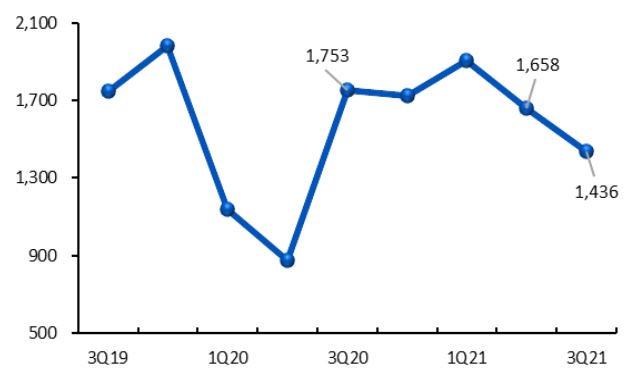
Performance Highlights in Charts

CTRA Quarterly Income (IDR bn) | 3Q19 - 3Q21



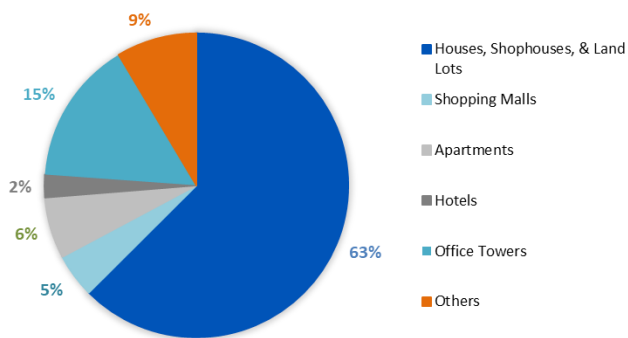
Source: Company Data, NHKSI Research

CTRA Quarterly Marketing Sales | 3Q19 - 3Q21



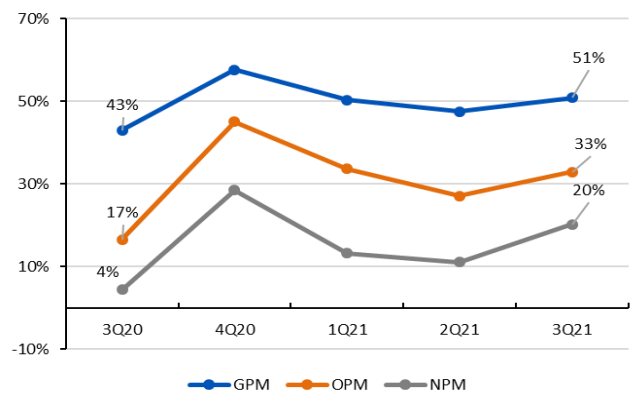
Source: Company Data, NHKSI Research

9M21's Revenue Breakdown



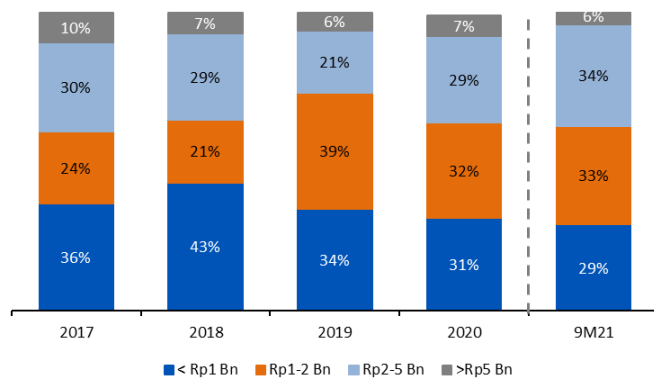
Source: Company Data, NHKSI Research

Margin Ratio



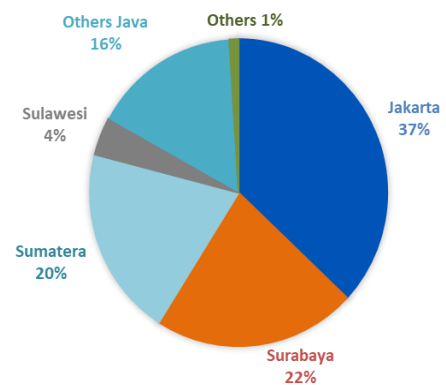
Source: Company Data, NHKSI Research

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

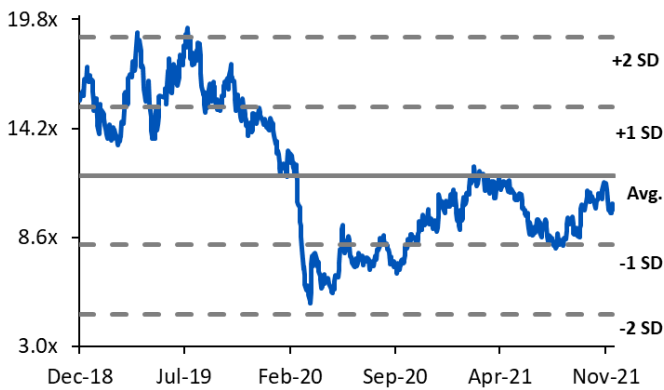
	Market Cap (USD mn)	Asset (USD mn)	Sales Growth	Gross Margin	Operating Margin	Net Profit Growth	ROE (LTM)	P/E (LTM)	P/BV
Indonesia									
PT Bumi Serpong Damai Tbk	1,564	4,371	-12.76%	68.8%	32.1%	107.7%	3.5%	21.2x	0.7x
PT Ciputra Development Tbk	1,384	2,819	6.08%	51%	29.9%	116.0%	13.6%	9.4x	1.2x
PT Pakuwon Jati Tbk	1,631	1,900	-44.78%	49%	31.7%	-10.2%	7.1%	22.3x	1.5x
PT Summarecon Agung Tbk	1,009	1,790	-15.34%	46%	21.5%	92.7%	4.6%	36.5x	1.7x
Singapore									
Capitaland Ltd	-	63,854	4.78%	45%	1%	-	-3.2%	-	-
Malaysia									
SP Setia Bhd	1,195	7,556	-17.84%	20%	10%	-	0.7%	59.3x	0.4x
IOI Properties Group Bhd	1,409	8,057	17.59%	48%	28%	26.2%	3.5%	8.8x	0.3x
Thailand									
Land & Houses PUB Co Ltd	3,034	4,086	-0.3%	30.1%	21.8%	-18.5%	15.2%	13.8x	2.1x
WHA Corp PCL	1,536	2,754	-33.92%	44%	38%	-11.5%	7.0%	25.6x	1.9x
Philippines									
Megaworld Corp	1,959	7,825	-36.62%	62%	32%	-15.3%	5.9%	9.3x	0.6x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

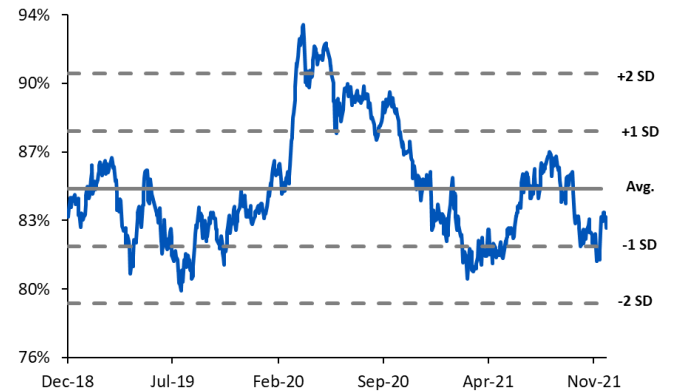
Valuation Highlights in Charts

3-Year Forward P/E Band



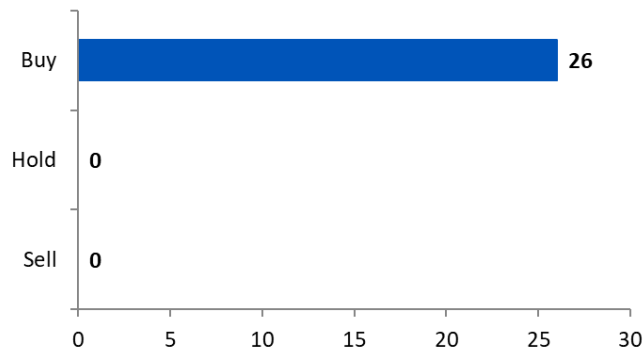
Source: Bloomberg, NHKSI Research

3-Year Discount to NAV Band



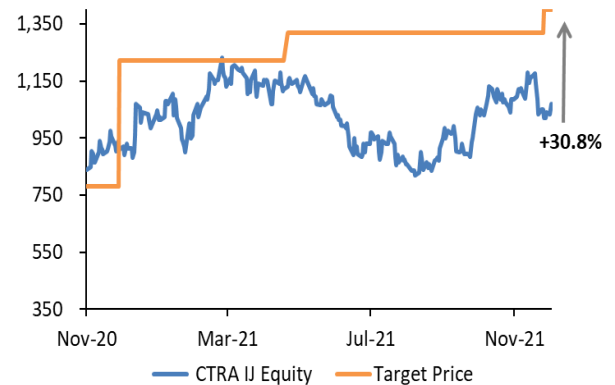
Source: Bloomberg, NHKSI Research

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%
08/12/2021	Buy	1,400	1,070	1,385	30.8%	1.1%

Source: NHKSI Research, Bloomberg

Summary of Financials

INCOME STATEMENT

In IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Revenues	8,071	9,879	10,042	10,582
Growth (% y/y)	6.1%	22.4%	1.6%	5.4%
COGS	(3,949)	(4,846)	(4,533)	(4,685)
Gross Profit	4,121	5,034	5,510	5,898
Gross Margin	51.1%	50.9%	54.9%	55.7%
Operating Expenses	(1,705)	(1,799)	(2,085)	(2,081)
EBIT	2,417	3,234	3,425	3,816
EBIT Margin	29.9%	32.7%	34.1%	36.1%
Depreciation	299	286	285	301
EBITDA	2,716	3,520	3,710	4,118
EBITDA Margin	33.6%	35.6%	36.9%	38.9%
Interest Expenses	(1,235)	(313)	(825)	(669)
EBT	1,428	2,205	2,390	2,653
Income Tax	(57)	(47)	(273)	(296)
Minority Interest	(50)	(306)	(194)	(217)
Net Profit	1,321	1,851	1,922	2,140
Growth (% y/y)	14.1%	40.1%	3.9%	11.3%
Net Profit Margin	16.4%	18.7%	19.1%	20.2%

PROFITABILITY & STABILITY

	2020/12A	2021/12E	2022/12E	2023/12E
ROE	7.5%	10.0%	9.5%	9.8%
ROA	3.5%	4.5%	4.4%	4.6%
Inventory Turnover	0.3x	0.4x	0.3x	0.3x
Receivables Turnover	7.6x	10.6x	10.6x	8.9x
Payables Turnover	2.1x	2.6x	3.5x	3.8x
Dividend Yield (%)	0.8%	0.6%	1.0%	0.9%
Payout Ratio (%)	11.2%	8.5%	13.7%	11.1%
DER	57%	51%	56%	55%
Net Gearing	122%	121%	143%	153%
Equity Ratio	44%	45%	48%	47%
Debt Ratio	26%	23%	27%	26%
Financial Leverage	161%	223%	216%	211%
Current Ratio	1.78	2.05	2.54	2.38
Quick Ratio	39%	41%	50%	51%
Par Value (IDR)	250	250	250	250
Total Shares (mn)	18,560	18,560	18,560	18,560
Share Price (IDR)	985	1,400	1,400	1,400
Market Cap (IDR tn)	18.3	26.0	26.0	26.0

BALANCE SHEET

In IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Cash	5,276	6,650	8,518	9,420
Receivables	937	931	968	1,416
Inventories	12,240	14,408	12,686	15,060
Total Current Assets	20,646	24,131	24,334	28,078
Net Fixed Assets	15,681	16,090	17,116	18,147
Other Non Current Assets	2,929	2,741	2,554	2,367
Total Non Current Assets	18,610	18,832	19,670	20,514
Total Assets	39,255	42,963	44,004	48,593
Payables	1,985	1,739	844	1,632
ST Debt	3,152	1,370	1,615	1,734
Total Current Liabilities	11,609	11,752	9,570	11,805
LT Debt	6,872	8,577	10,106	10,855
Total Liabilities	21,798	23,574	23,076	25,703
Capital Stock + APIC	8,210	8,210	8,210	8,210
Retained Earnings	7,135	8,829	10,488	12,390
Shareholders' Equity	17,458	19,388	20,929	22,890

CASH FLOW STATEMENT

In IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Operating Cash Flow	1,214	2,514	1,445	1,715
Investing Cash Flow	(838)	(839)	(969)	(1,504)
Financing Cash Flow	658	(303)	1,391	691
Net Changes in Cash	1,034	1,372	1,867	903

VALUATION INDEX

	2020/12A	2021/12E	2022/12E	2023/12E
Price /Earnings	13.8x	14.0x	13.5x	12.1x
PE/EPS Growth	1.0x	0.3x	3.5x	1.1x
Price /Book Value	1.0x	1.3x	1.2x	1.1x
EV/EBITDA	8.5x	8.3x	7.9x	7.1x
EV (IDR bn)	23,030	29,281	29,187	29,154
Revenue CAGR (3-Yr)	7.8%	8.8%	9.7%	9.5%
Net Income CAGR (3-Yr)	13.9%	16.0%	18.4%	17.4%
Basic EPS (IDR)	71	100	104	115
BVPS (IDR)	941	1,045	1,128	1,233
DPS (IDR)	7.99	8.49	14.18	12.81

OWNERSHIP

Shareholders	%
PT Sang Pelopor	53.2
Vanguard Group Inc	2.9
Norgers Bank	2.5
Schroder Investment Management	1.7
Others	39.6
By Geography	%
Indonesia	83.0
United States	8.5
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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