

Ciputra Development (CTRA)

Marketing Sales Stronger Than Expected Despite Interest Rates Remaining High

Ciputra Development (CTRA) reported over IDR 3.32 trillion in marketing sales for 1Q24. Despite being 4% lower YoY (IDR 3.32 trillion vs IDR 3.45 trillion), this figure exceeded expectations, especially since high interest rates and economic & political uncertainty plagued the first quarter of this year. With CTRA's target marketing sales for FY24 being at IDR 11.1 trillion, they have achieved 30% of that figure within the first 3 months.

Strong growth across the board

- CTRA recorded revenues of IDR 2.32 trillion in 1Q24, marking an 8.7% YoY rise (IDR 2.32 trillion vs IDR 2.13 trillion). Net income also increased by 16.9% YoY (IDR 483 billion vs IDR 413 billion) as overall gross profit margin, operating margin, and net profit margin improved.
- The majority of revenue is derived from the houses, shophouses, and land lots segment which experienced a 7.4% YoY increase (IDR 1.57 trillion vs 1.46 trillion). This segment is boosted by government VAT incentives, which will continue to last until December 2024.
- CTRA's aforementioned strong marketing sales results is due to no small part caused by their Sumatera projects, primarily the CitraLand Sampali KDM Project launched in January 2024 which recorded IDR 844 billion in marketing sales and 349 units sold.

Other segments saw growth too as economy remains steady

- Office sales (208%), hospitals (29.1%), and shopping malls (16.6%) are also segments which recorded significant top line improvements.
- CTRA's shopping malls recorded a solid 88% occupancy as of 1Q24 end, out of 257,000 m2 NLA. The 16.6% YoY rise (IDR 188 billion vs IDR 161 billion) comes off the back of improving foot traffic & increase in rental rates.
- Shopping mall tenants are quite diversified, with the largest area portion being rented by department stores (19%) and entertainment & leisure sector (19%). A majority of tenants are also locked into long term leases, with 57% of the leases only expiring in 2028 or later.
- The hospital segment, on the other hand, saw improvement in their performance due to an increased number of cases of dengue and viral diseases.

New Gresik project to be launched

- CTRA is also currently planning to launch their new development project, CitraLand Gresik Kota, in the second half of 2024.
- This new project in East Java involved developing 28 hectares of land, and is strategically targeted towards middle class consumers.
- The unit price will start at IDR 1 billion, with 2024 pre-sales estimated to reach approximately IDR 250 billion.

Recommend Buy with TP of IDR 1,450

- Following our previous TP that has been reached, we decided to maintain our BUY recommendation for CTRA and adjust the new TP to IDR 1,450. This reflects a PBV value of 1.31 equivalent to their 5-yr +1 standard deviation. CTRA is currently trading at a PBV of 1.02
- We are also taking into consideration the relatively high possibility of interest rate cuts in the next 12 months which could boost the performance of the property sector further.
- Risks: 1) USD/IDR exchange rate 2) Interest rate 3) Purchasing power decline

Ciputra Development Tbk | Summary

in IDR bn	2023A	2024E	2025F	2026F
Revenue	9,246	10,126	11,120	12,009
Revenue growth	1.3%	9.5%	9.8%	8.0%
Net profit	1,846	2,071	2,296	2,427
EPS (IDR)	100	112	124	131
Net Profit growth	-0.9%	12.2%	10.9%	5.7%
NPM	20.0%	20.4%	20.7%	20.2%
ROE	8.5%	8.8%	9.0%	8.7%
ROA	4.3%	4.6%	4.8%	4.8%
P/E	11.7x	13.0x	11.7x	11.1x
P/BV	1.0x	1.1x	1.0x	0.9x
EV/EBITDA	7.1x	7.6x	6.5x	5.5x

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Company Update | May 30, 2024

Buy

Target Price (IDR)	1,450
Consensus Price (IDR)	1,475
TP to Consensus Price	-1.7%
Potential Upside	+26.1%

Shares data

Last Price (IDR)	1,150
Price Date as of	May 29, 2024
52 wk Range (Hi/Lo)	1,335/975
Free Float (%)	43.1
Outstanding sh.(mn)	18,536
Market Cap (IDR bn)	21,316
Market Cap (USD mn)	1,332
Avg. Trd Vol - 3M (mn)	21.1
Foreign Ownership	25.4%

Property

Real Estate Owner & Developer

Bloomberg	CTRA IJ
Reuters	CTRA.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-1.7%	-4.6%	-12.9%	5.0%
Rel. Ret.	0.1%	-3.3%	-10.5%	-2.6%

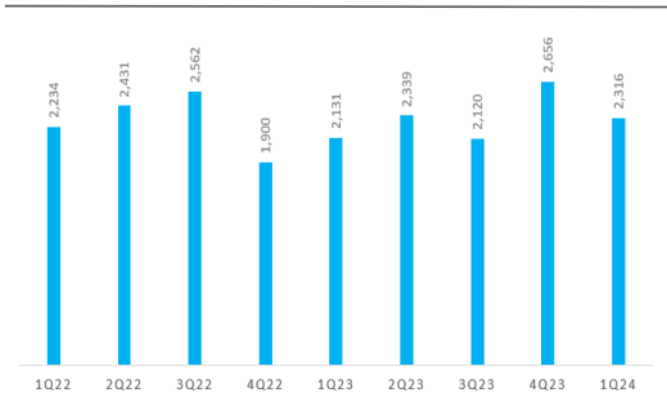
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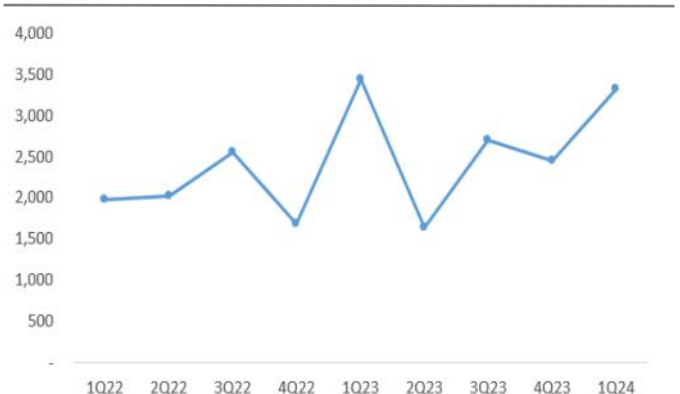
Performance Highlights in Charts

CTRA Quarterly Revenue (IDR bn) | 1Q22 - 1Q24



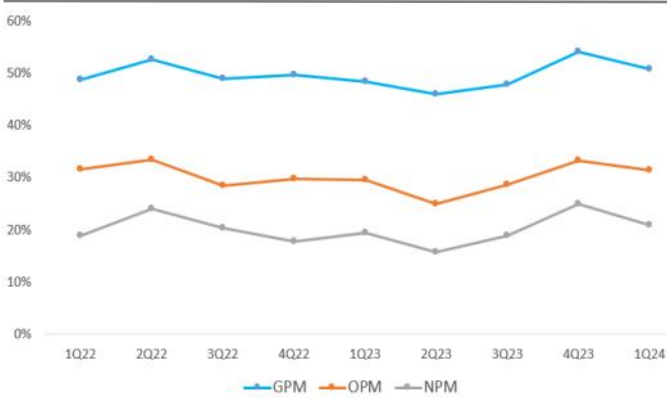
Source: Company Data, NHKSI Research

CTRA Quarterly Marketing Sales (IDR bn) | 1Q22 - 1Q24



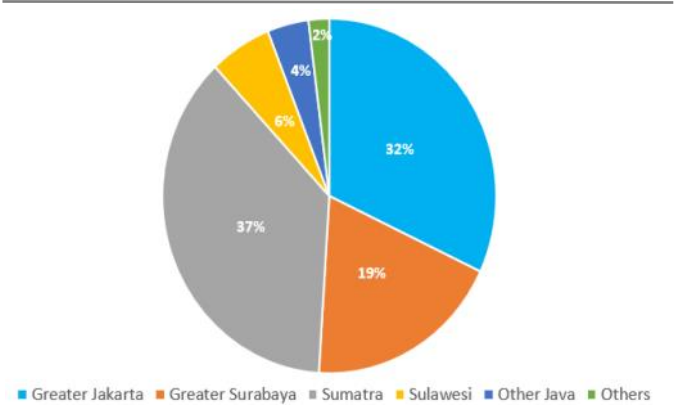
Source: Company Data, NHKSI Research

CTRA Margin Ratios | 1Q22 - 1Q24



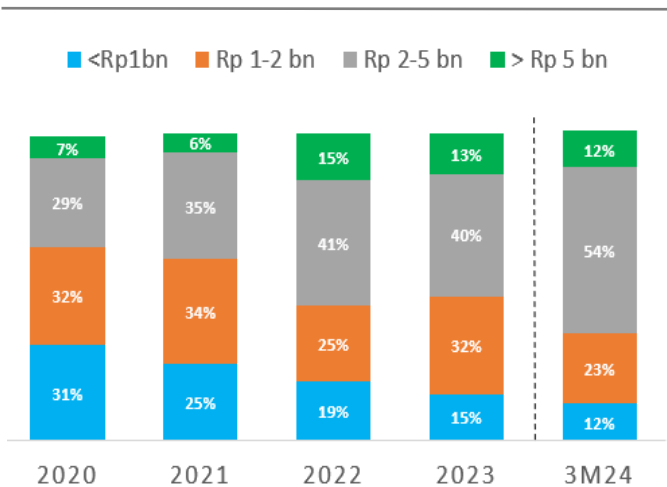
Source: Company Data, NHKSI Research

CTRA Presales per Location | 3M24



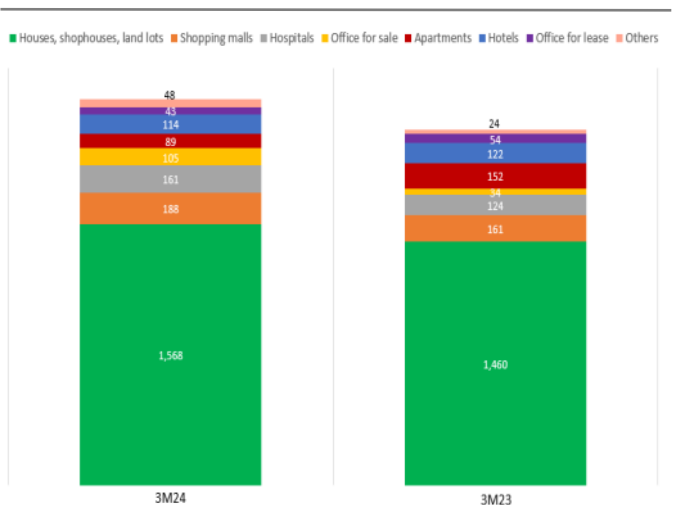
Source: Company Data, NHKSI Research

CTRA Presales per Unit Price | 2020 - 3M24



Source: Company Data, NHKSI Research

CTRA Revenue Breakdown | 3M23 vs 3M24



Source: Company Data, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F
Revenue	9,246	10,126	11,120	12,009
<i>Growth</i>	1.3%	9.5%	9.8%	8.0%
COGS	4,686	5,093	5,329	5,677
Gross Profit	4,560	5,033	5,792	6,333
<i>Gross Margin</i>	49.3%	49.7%	52.1%	52.7%
Operating Expenses	(1,856)	(2,039)	(2,397)	(2,556)
EBIT	2,703	2,994	3,395	3,777
<i>EBIT Margin</i>	29.2%	29.6%	30.5%	31.4%
Depreciation	355	366	385	414
EBITDA	3,058	3,360	3,780	4,190
<i>EBITDA Margin</i>	33.1%	33.2%	34.0%	34.9%
EBT	1,968	2,278	2,511	2,664
Income Tax	59	61	64	66
Minority Interest	62	146	150	170
Net Profit	1,846	2,071	2,296	2,427
<i>Growth</i>	-0.9%	12.2%	10.9%	5.7%
<i>Net Profit Margin</i>	20.0%	20.4%	20.7%	20.2%

BALANCE SHEET

(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F
Cash	10,601	11,330	12,617	13,524
Receivables	734	712	690	655
Inventories	12,120	12,746	13,540	14,403
Total Current Assets	25,748	27,190	29,398	31,239
Net Fixed Assets	15,577	16,542	16,909	17,244
Other Non Current Assets	2,790	2,947	3,117	3,398
Total Assets	44,115	46,680	49,424	51,881
Payables	2,130	2,356	2,596	2,788
ST Debt	622	568	554	490
LT Debt	7,469	6,815	6,650	5,889
Total Liabilities	21,490	22,070	22,743	22,883
Capital Stock	4,634	4,634	4,634	4,634
Retained Earnings	11,885	13,622	15,518	17,465
Shareholders' Equity	22,625	24,609	26,681	28,997

CASH FLOW STATEMENT

(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F
Operating Cash Flow	3,865	2,908	3,265	3,778
Investing Cash Flow	(1,176)	(1,127)	(1,385)	(1,542)
Financing Cash Flow	(1,140)	(1,055)	(598)	(1,334)
Net Changes in Cash	1,551	729	1,287	907

PROFITABILITY & STABILITY

	2023/12A	2024/12F	2025/12F	2026/12F
ROE	8.5%	8.8%	9.0%	8.7%
ROA	4.3%	4.6%	4.8%	4.8%
Inventory Turnover	0.8	0.8	0.8	0.8
Days Inventory Outstanding	478.5	459.4	444.4	437.7
Receivables Turnover	13.8	14.2	16.1	18.3
Account Receivable Days	26.5	25.7	22.6	19.9
Dividend Yield (%)	1.3%	1.2%	1.5%	1.8%
Payout Ratio (%)	15.1%	16.1%	17.4%	19.8%
DER	35.8%	30.0%	27.0%	22.0%
Current Ratio	2.4	2.3	2.4	2.4
Quick Ratio	2.1	2.1	2.1	2.1
DAR	18%	16%	15%	12%
Total Shares (mn)	18,536	18,536	18,536	18,536
Share Price (IDR)	1,170	1,450	1,450	1,450
Market Cap (IDR tn)	21.7	26.9	26.9	26.9

VALUATION INDEX

	2023/12A	2024/12F	2025/12F	2026/12F
Price/Earnings	11.7x	13.0x	11.7x	11.1x
Price/Book Value	1.0x	1.1x	1.0x	0.9x
EV/EBITDA	7.1x	7.6x	6.5x	5.5x
EV (IDR bn)	21,756	25,633	24,425	23,061
BVPS (IDR)	1,221	1,328	1,439	1,564
Basic EPS (IDR)	100	112	124	131

TOP OWNERSHIP

Shareholders	%
PT Sang Pelopor	53.31
FIL Ltd	3.36
Norges Bank	3.03

By Geography	
Indonesia	74.59
United States	6.40
Luxembourg	6.17

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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