

Toning down 2024F earnings estimate

19 April 2024



CTRA IJ	BUY
Sector	Property.
Price at 18 Apr 2024 (IDR)	1,135
Price target (IDR)	1,350
Upside/Downside (%)	18.9

Stock Information

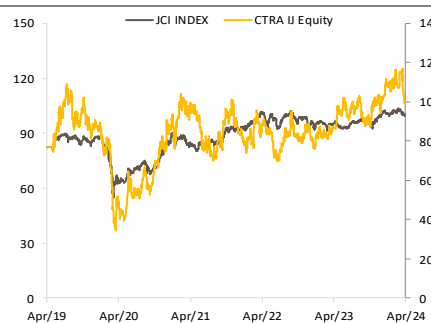
Ciputra Development Tbk develops and sells real estate including office spaces, shopping centers, and related facilities.

Market cap (IDR bn)	21,038
Shares outstanding (mn)	18,536
52-week range (IDR)	975 – 1,335
3M average daily vol. ('000)	20,989
3M average daily val. (IDR mn)	26,165

Shareholders (%)

Sang Pelopor	53.3
Public	46.7

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	(11.3)	(7.0)	13.5

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CTRA projects 8% revenue and 5% profit growth for FY24, which is below ours and consensus' initial expectation. Marketing sales are expected to record stronger growth in the upcoming quarters after slightly declined 4% yoy in 1Q24, attributed to the high-base effect in 1Q23, compounded by the presidential election, and fasting month. On the other hand, the mid-term outlook for recurring income is promising, with a new hospital in Surabaya set to open in 2/3Q24 with 200 beds, as well as potential projects in Makassar. Reiterate BUY on CTRA with lower DCF-based TP of IDR1,350 (WACC: 11.1%; LTG: 3%), which implies to 1.0x '24F PB and 74.2% discount to '24F RNAV.

Expect stronger marketing sales growth in the upcoming quarters

CTRA reported marketing sales of Rp3.3 tn (-4% yoy) in 1Q24. This drop was attributed by the high-base effect in 1Q23, compounded by the presidential election, and fasting month. On the other hand, CTRA achieved 30% of its full-year 2024 target of Rp11.1 tn, surpassing the 24% historical average for 1Q performance in the last 5 years. CTRA focused on maximizing VAT-exempted marketing sales through an accelerated construction program launched in Nov'23, resulting in Rp1.1 tn in sales. Additionally, successful project launches contributed Rp1.3 tn, with an 83% take-up rate from 579 units across various locations.

Guided 5% net profit growth in 2024

CTRA projects financial growth for 2024, anticipating an 8% increase in both revenue and gross profit driven by higher recognition from real estate business, with gross margin remaining stable between 49%-50%. Net income is also expected to climb by 5%. The projection is below our and consensus initial expectation of IDR2.2tn and IDR2.1tn, respectively (at the date of announcement).

There are additional reductions in profit coming from a) reduction in interest income for 2024 due to a potential decrease in cash reserves allocated for land banking, consequently leading to a decrease in interest earnings, b) potential forex loss in 2024, as the hedging strategy has transitioned from full to partial hedging, resulting in the reclassification of forex impacts from Other Comprehensive Income (OCI) to the Profit and Loss (PL) statement, and c) rise in minority interest for the upcoming year, primarily attributed to the projected increase in revenue from the Joint Venture (JV) projects in 2024. Thus, we conservatively adjusted down our profit forecast to IDR1.94 tn (+5% yoy).

Promising mid-term outlook

The mid-term outlook for recurring income is promising, a hospital in Surabaya is slated to commence operations in 2/3Q24, boasting 200 beds. Additionally, there are prospects for additional recurring income streams, including a hospital and mall in Makassar in the coming years.

Reiterate BUY with lower TP IDR1,350 (previously IDR1,450)

Following the downward adjustment in earnings and our expectation in higher capex, we reiterate BUY on CTRA with target price of IDR1,350 using DCF-based TP (WACC: 11.1%; LTG: 3%), which implied to 1.0x '24F PB and 74.2% discount to '24F RNAV. We like CTRA due to 1) robust marketing sales growth CAGR of 6.6% in the next 5 years, 2) geographical diversification to capture strong regional demand, and 3) strong brand equity, enabling secure project acquisition with minimal capital risk. Yet, risks to our call included 1) weak property demand; 2) higher building material cost; 3) stiff competition.

Exhibit 1 : Key Statistics

Year end Dec (IDR bn)	2023A	2024F	2025F	2026F
Revenue (IDR bn)	9,245	10,031	9,970	10,668
Net Income (IDR bn)	1,846	1,939	1,899	2,107
EPS (IDR)	99	104	102	114
P/E	11.4	10.9	11.1	10.0
EV/EBITDA	7.3	6.4	6.3	5.3
P/BV	0.9	0.9	0.8	0.7
ROE	9.6	9.3	8.4	0.0
Dividend Yield	1.3	1.3	1.4	1.4
Net gearing (x)	(11.1)	(14.1)	(17.2)	239.0

Source: Company, KBVS Research

Exhibit 2: CTRA's Valuation Summary

DCF Valuation	2024	2025	2026	2027	2028
Cash flow multiple	1	2	3	4	5
Net Profit	1,939	1,899	2,107	2,407	2,769
Interest expense (1-tax)	691	616	565	515	465
Depreciation	374	403	425	447	472
NWC	(854)	(244)	(356)	(384)	(408)
Capex	(1,543)	(843)	(858)	(874)	(891)
FCFF	607	1,831	1,884	2,110	2,407
Discount factor	1.1	1.2	1.4	1.5	1.7
Discounted Free Cash Flow	546	1,483	1,373	1,385	1,422
Terminal Value	30,597				
Discounted Terminal Value	18,073				
Enterprise Value	24,282				
Net debt	(3,436)				
Equity value	27,718				
Minority interest	(2,702)				
Fair value per share 2024F	1,350				
Fair value per share 2024F (rounded)	1,350				

Source: KBVS Research

Exhibit 3: CTRA's Launching Recap

	Project	Price (IDR)	Take Up Rate (%)	Marketing Sales (IDR bn)
2022				
1Q22	CitraLand Gama City Medan – Shophouses	3.4-4.6bn	100	127
2Q22	CitraLand Surabaya – Residential: Northwest Park Extension	< 2bn	71	241
	CitraLand Gama City Medan – Shophouses: R11	2.2-3.4bn	close to 100%	51
	CitraLand Losari City Makassar – Residential: Golden Avenue	3-5.8 bn	62	62
	Citra Maja Raya – Residential: Agate Cluster	0.23 - 0.34 bn	38.4	14
	Citra Maja Raya – Residential: Tampak Siring Cluster	0.35 - 0.58 bn	93	39
3Q22	CitraLand Surabaya – Residential: District 9	2.6bn - 5.3bn	73	548
	CitraLand Gama City Medan – Residential: Rochester Cluster	3.0bn - 6.7bn	65	424
	(New Project) CitraLand City Kedamean	0.5 - Rp1.6bn	73	170
	CitraLand Gama City Medan – Shophouses: R23	8.4 bn	100	154
	CitraGarden City Jakarta – Shophouses: The Harbour	3.2 bn	95	124
4Q22	CitraLand Tanjung Morawa KDM – Residential	450mn - 1.1bn	34	260
	CitraLand Tanjung Morawa KDM – Shophouse	1.2bn - 2.2bn	95	
	CitraGarden City Jakarta – Shophouses: The Conch	3.3bn	100	95
	CitraCity Balikpapan – Residential: The Richmore	1.7bn - 2.5bn	43	67
	CitraLand Tallasa City Makassar – Residential: Red Terracotta Phase 2	1.4bn - 2.1bn	48	53
2023				
1Q23	CitraGarden Serpong – Residential: New Project	700mn - 3.1bn	96	1,300
	CitraLand Surabaya – Residential: Pelican Hill	1.8bn - 3.6bn	90	337
	CitraLand Surabaya – Shophouses: One Arcade	3.8bn - 5.2bn	100	169
	CitraLand Gama City Medan – Shophouses: Orchard Avenue	2.6bn	63	97
2Q23	CitraGarden City Jakarta – The Garden	3.7 bn - 4.4 bn	100	123
	CitraGarden City Jakarta – CitraLake Villa	11.6 bn - 12.5 bn	29	90
	CitraRaya Tangerang – Varena	0.6 bn - 0.9 bn	90	72
	CitraLand City Losari Makassar – C-Walk	5.9 bn	54	70
3Q23	CitraGarden Serpong – La Valee	1.9 bn - 3.4 bn	81	591
	CitraGarden Serpong – Diandre Cluster	0.8 bn - 2.0 bn	86	427
	CitraLand Gama City Medan – R28 and R32	2.8 bn - 2.9 bn	48	61
4Q23	Citra City Sentul – New Project	1.0 bn - 6.2 bn	67	685
	Citra Garden Bintaro – New Project	1.0 bn - 3.5 bn	63	720
	CitraLand Surabaya- Attic House	1.1 bn - 2.2 bn	82	136
2024				
1Q24	CitraLand Sampali Kota Deli Megapolitan	1.8 - 4.7 bn	88	844
	CitraLand Tanjung Morawa KDM – West Lakes Cluster	2.2-17 bn	100	213
	CitraLand Surabaya – Dempsey Hill Cluster	1.9-3.9bn	75	209
	CitraLand City Losari Makassar – Azure	2.2 - 3.9 bn	51	68
Upcoming launch				Target
2Q24	CitraGarden Serpong – Cluster Elaia	1.0-2.2 bn		600
	CitraLand Gama City Medan – Sentosa Cove Phase 2	3.7-6.4 bn		239
	Citra City Sentul – Corvina Cluster	0.8-2.0 bn		193
2H24	CitraLand City Losari Makassar – Canal Drive Shophouses	8.4-14 bn		196
4Q24	CitraLand Gresik – New Project	1.0-4.0 bn		250

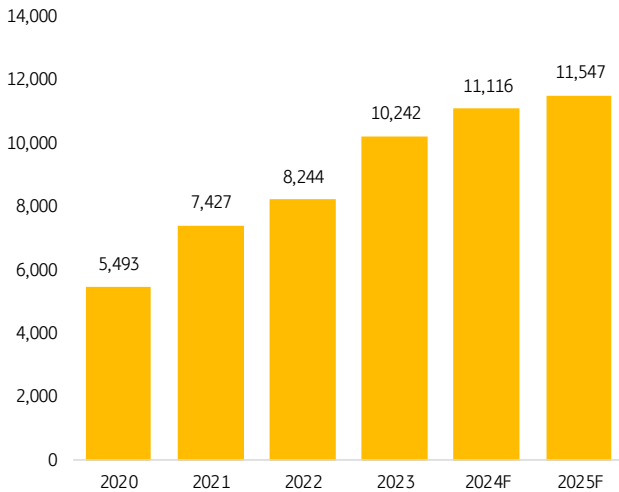
Source: Company, KBVS Research

Exhibit 4: CTRA's FY23 Result

In bn IDR	FY23	FY23	YoY (%)	4Q23	4Q22	YoY (%)	QoQ (%)
Sales	9,245	9,127	1.3%	2,656	1,900	39.8%	25.3%
Land Lots, Residential and Shophouse	6,061	6,122	-1.0%	1,856	1,030	80.1%	37.4%
Apartments	663	484	37.0%	163	117	38.9%	-17.1%
Office	397	582	-31.7%	19	177	-89.5%	-43.9%
Real Estate	7,121	7,188	-0.9%	2,037	1,325	53.8%	29.0%
Shopping centers	657	586	12.0%	168	156	7.5%	-1.4%
Hotels	521	430	21.1%	154	136	13.3%	15.1%
Office	204	213	-4.1%	44	56	-22.6%	-20.1%
Golf courses	55	47	16.7%	15	13	13.6%	-8.8%
Rental	1,437	1,277	12.5%	380	361	5.2%	1.5%
Healthcare	560	580	-3.4%	153	166	-7.4%	0.2%
Others	127	82	54.9%	85	48	76.0%	602.5%
Others	687	662	3.8%	238	214	11.4%	44.4%
COGS	(4,685)	(4,559)	2.8%	(1,217)	(957)	27.2%	9.9%
Gross Profit	4,560	4,568	-0.2%	1,439	943	52.6%	42.1%
EBIT	2,544	2,677	-5.0%	898	515	74.4%	73.8%
Interest expense (loan)	(703)	(668)	5.3%	(169)	(173)	-1.9%	-8.6%
Other Income (exp)	50	(18)	-381.3%	(59)	17	-449.3%	-187.7%
Associate & JV	77	68	13.7%	25	25	1.3%	-12.6%
Pre-tax income	1,968	2,059	-4.4%	694	384	80.8%	62.3%
Taxes	(59)	(57)	3.0%	(36)	(29)	26.9%	349.0%
Minorities	(63)	(140)	-54.9%	11	(18)	-160.3%	-153.2%
Net Income	1,847	1,862	-0.8%	666	338	97.2%	65.5%
Margins (%)							
Gross Margin	49%	50%		54%	50%		
Operating Margin	28%	29%		34%	27%		
Net Margin	20%	20%		25%	18%		

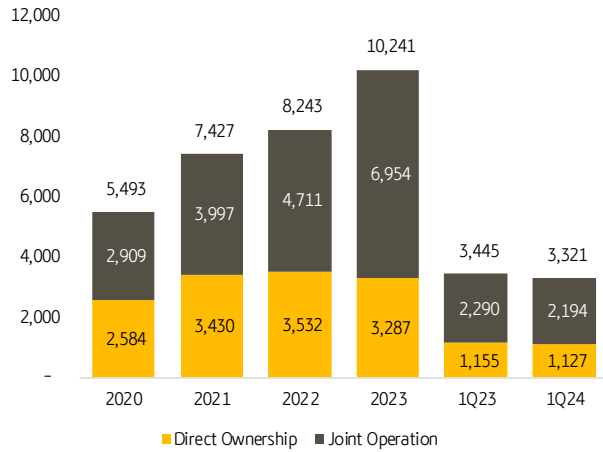
Source: Company, KBVS Research

Exhibit 5: CTRA's Marketing Sales Forecast (IDR bn)



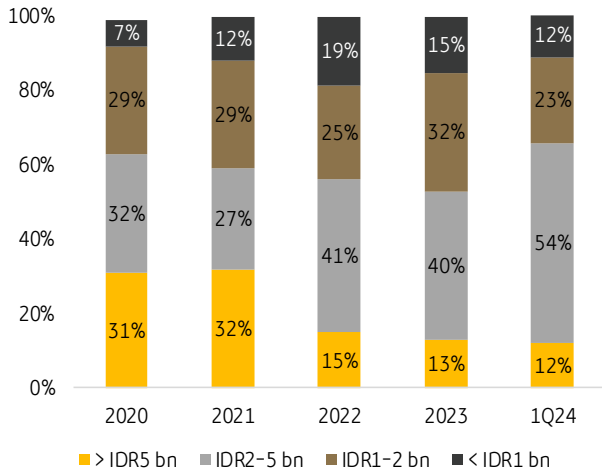
Source: Company, KBVS Research

Exhibit 6: CTRA's 1Q24 Marketing Sales



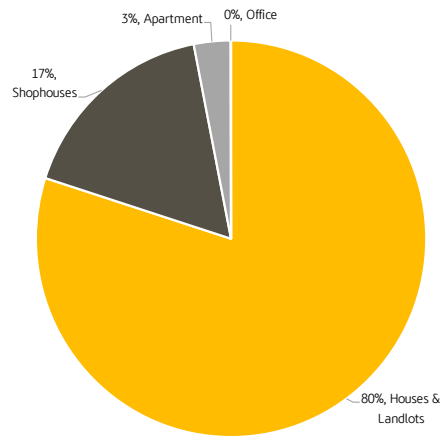
Source: Company, KBVS Research

Exhibit 7: CTRA's Marketing Sales Based on Price (IDR bn)



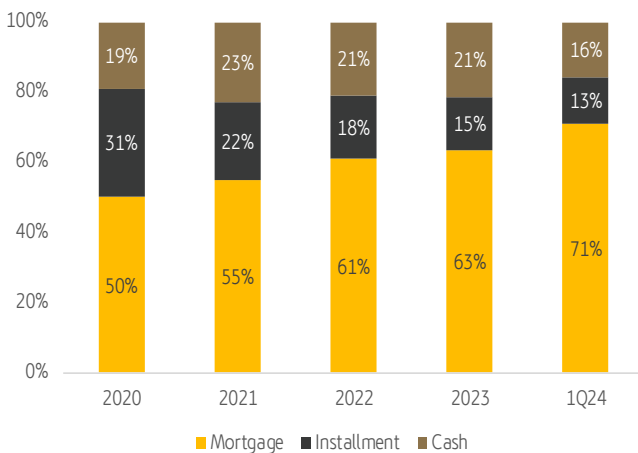
Source: Company, KBVS Research

Exhibit 8: CTRA's Marketing Sales Based on Products (1Q24)



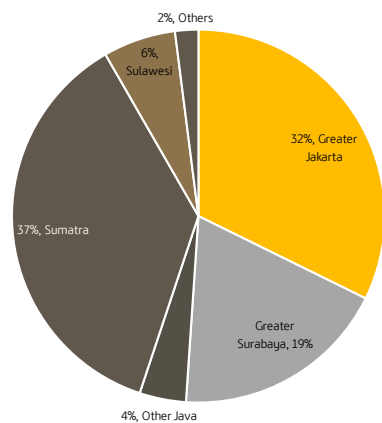
Source: Company, KBVS Research

Exhibit 9: CTRA's Customer Payment Profile (%)



Source: Company, KBVS Research

Exhibit 10: CTRA's Marketing Sales based on Geography (%)



Source: Company, KBVS Research

FINANCIAL TABLES



Exhibit 11: Profit & Loss summary

Profit & Loss (Rp bn)	2022	2023	2024F	2025F	2026F
Revenue	9,127	9,245	10,031	9,970	10,668
Cost of revenue	(4,559)	(4,686)	(5,080)	(5,034)	(5,374)
Gross profit	4,568	4,559	4,951	4,936	5,294
Selling expenses	(1,506)	(1,626)	(1,736)	(1,833)	(1,960)
G&A expenses	(383)	(390)	(423)	(420)	(450)
Operating profit	2,678	2,543	2,792	2,683	2,884
EBITDA	3,019	2,899	3,166	3,086	3,309
Other op. income/exp	204	237	(325)	(335)	(379)
Finance income	247	396	371	369	389
Finance expense	(1,069)	(1,209)	(712)	(635)	(583)
Inc/loss from assoc.	-	-	-	-	-
Pre-tax profit	2,060	1,968	2,126	2,082	2,310
Tax expense	(57)	(59)	(63)	(62)	(69)
Minority interest	(140)	(63)	(124)	(121)	(134)
Net profit	1,863	1,846	1,939	1,899	2,107
EPS (IDR)	100	99	104	102	114

Source: Company, KBVS Research

Exhibit 12: Balance sheet

Balance Sheet (Rp bn)	2022	2023	2024F	2025F	2026F
Cash and equivalents	9,042	10,601	10,537	11,104	12,661
Trade receivables	2,179	1,970	2,395	2,380	2,547
Inventories	11,641	12,120	12,620	12,870	13,120
Net- Fixed assets	2,569	2,835	3,177	3,498	3,799
Other assets	16,472	16,589	17,329	17,382	17,597
Total Assets	41,902	44,115	46,058	47,234	49,723
Trade payables	1,789	1,790	1,940	1,923	2,053
Short-term debt + CMLTD	879	622	622	622	622
Long-term debt	8,038	7,469	6,480	5,980	5,480
Other liabilities	10,283	11,609	12,605	12,569	13,472
Total Liabilities	20,989	21,490	21,647	21,094	21,627
Minority interest	2,475	2,579	2,702	2,824	2,958
Paid capital	8,210	8,173	8,173	8,173	8,173
Retained earnings	10,228	11,873	13,536	15,143	16,966
Other equities	0	0	0	0	0
Total Equity	20,913	22,625	24,411	26,140	28,097

Source: Company, KBVS Research

Exhibit 13: Profit & Loss summary

Cash Flow (Rp bn)	2022	2023	2024F	2025F	2026F
Net income	1,863	1,846	1,939	1,899	2,107
Depreciation & amortization	341	355	374	403	425
Change in working capital	346	794	354	(419)	393
Cash flow from operations	2,550	2,995	2,667	1,883	2,925
Capex	(43)	(744)	(1,543)	(843)	(858)
Others	242	70	(169)	75	6
Cash flow from investments	199	(674)	(1,712)	(768)	(852)
Changes in debt	(638)	(826)	(990)	(500)	(500)
Changes in equity	-	-	-	-	-
Dividends paid	(260)	(278)	(277)	(291)	(285)
Others	(85)	181	124	121	134
Cash flow from financing	(983)	(922)	(1,143)	(670)	(649)
Net Cash Flow	1,766	1,399	(188)	445	1,424

Source: Company, KBVS Research

Exhibit 14: Cash flow

Key Ratios (%)	2022	2023	2024F	2025F	2026F
Revenue growth	(6.2)	1.3	8.5	(0.6)	7.0
EBIT growth	(11.8)	(5.0)	9.8	(3.9)	7.5
EBITDA growth	(9.7)	(4.0)	9.2	(2.5)	7.2
Net profit growth	7.4	(0.9)	5.0	(2.1)	11.0
Gross margin	50.0	49.3	49.4	49.5	49.6
EBIT margin	29.3	27.5	27.8	26.9	27.0
EBITDA margin	33.1	31.4	31.6	31.0	31.0
Net margin	20.4	20.0	19.3	19.0	19.8
ROA	4.5	4.3	4.3	4.1	4.3
ROE	10.5	9.6	9.3	8.4	8.7
Net gearing (x)	(0.0)	(0.1)	(0.1)	(0.2)	(0.2)
Net debt/EBITDA (x)	(0.0)	(0.9)	(1.1)	(1.5)	(2.0)
Interest coverage ratio (x)	3.7	3.6	9.3	11.6	17.1

Source: Company, KBVS Research

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