

Envisioning a new high in marketing sales for 2024

16 January 2024



CTRA IJ	BUY
Sector	Property.
Price at 15 Jan 2024 (IDR)	1,230
Price target (IDR)	1,450
Upside/Downside (%)	17.8

Stock Information

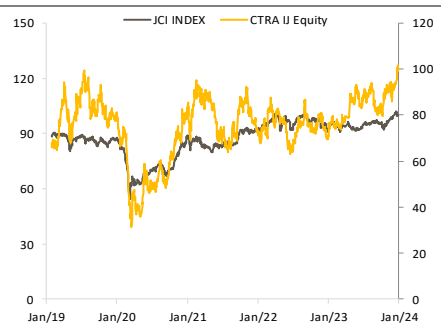
Ciputra Development Tbk develops and sells real estate including office spaces, shopping centers, and related facilities.

Market cap (IDR bn)	22,799
Shares outstanding (mn)	18,536
52-week range (IDR)	885 – 1,300
3M average daily vol. ('000)	21,734
3M average daily val. (IDR mn)	24,526

Shareholders (%)

Sang Pelopor	53.3
Public	46.7

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	8.3	21.5	39.1

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CTRA achieved record-breaking marketing sales of IDR 10.2 tn in FY23, surpassing targets with growth in the Greater Jakarta area. Following the strong achievement in 2023, we upgraded marketing sales projection to IDR 11 tn, driven by new projects like CitraLand Sampali Kota Deli Megapolitan in Medan, and potentially the other new projects as well as benefit from VAT incentives. We anticipate CTRA will achieve an all-time high net profit of IDR 2.2 tn in 2024. Reiterate BUY on CTRA with higher TP of IDR1,450 using DCF-based TP (WACC: 11.1%; LTG: 3%), which implied to 1.1x '24F PB and 71.7% ' discount to '24F RNAV.

All-time high marketing sales achievement of IDR10.2 tn (+24% yoy)

CTRA's booked IDR2.45 tn of marketing sales in 4Q23 (+44.6% yoy/-9.6% qoq). During the quarter, CTRA strategically expanded its project portfolio with 2 launches from the new project and one new cluster in an existing project which generated IDR1.5 tn of marketing sales with a 67% take-up rate from 1,241 units. This resulted in FY23 marketing sales at IDR10.2 tn (+24% yoy) and surpassed the upgraded FY23 target of IDR9.8 tn (105% of 2023F target). The contribution of JO projects to total marketing sales grew significantly, from 57.2% in 2022 to 67.9% in 2023. The landed and residential segment contributed a significant portion of CTRA's marketing sales with an 80% contribution and a strong growth of 26% yoy. The Greater Jakarta area solidified its position as the primary region, contributing to 52% of our marketing sales and attaining an impressive yoy growth of 203%. Other regions experienced a decline in marketing sales in 2023 due to fewer products launched in the region and limited remaining residential stock at CitraLand City Losari Makassar.

Upgraded our 2024F marketing sales forecast to IDR 11tn (+7.3% yoy)

We upgraded our 2024F marketing sales forecast to IDR 11t (+8.4% yoy), previously at IDR10.5 tn following the strong marketing sales achievement in 2023F primarily driven by several potential new projects in 2024F. Hitting the ground running in 2024, CTRA unveiled its first Medan project, CitraLand Sampali Kota Deli Megapolitan. This development marks a continuation of their JO PTPN II, following the successes of CitraLand Helvetia KDM in 2021 and CitraLand Tanjung Morawa KDM in 2022. Sampali is located 6 km from the city center and offers a wide range of houses from IDR1.8 bn to IDR4.7 bn and shophouses from Rp2.5 bn to Rp2.7 bn. The launch generated IDR844 bn marketing sales. CTRA also have 2 other upcoming products launched in 2024: 1) a new low-rise apartment in CitraLand City Losari Makassar (Azure) in 1Q24 with marketing sales target of IDR121 bn and 2) new residential development in CitraGarden Serpong (Cluster Eurya) with estimated marketing sales of IDR600 bn in 2Q24.

Benefited most from the VAT incentives

CTRA is benefited the most from the VAT incentives policy as ~87% of the marketing sales are within the segment, supported with the latest inventory data of IDR1.8tn (IDR0.8 tn of house &shophouse and IDR1 tn of apartment) as well the company could accelerate IDR2.1 tn of house and shophouse inventory. CTRA strategically leveraged the renewed VAT incentive program, implemented in Nov'23, fueling IDR769 bn of marketing sales in 2023. Additionally, favorable mortgage rates remained a constant tailwind throughout 2023, representing 63% of total marketing sales.

Reinitiate BUY with higher TP IDR1,450

We reiterate BUY on CTRA with target price of IDR1,450 using DCF-based TP (WACC: 11.1%; LTG: 3%), which implied to 1.1x '24F PB and 71.7% discount to '24F RNAV. We like CTRA due to 1) our expectation on 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 from the nearby competitor.

Exhibit 1 : Key Statistics

Year end Dec (IDR bn)	2022A	2023E	2024F	2025F
Revenue (Rp bn)	9,127	9,306	10,435	10,628
Net Income (Rp bn)	1,863	1,713	2,182	2,306
EPS (IDR)	100	92	118	124
P/E	12.3	13.3	10.5	9.9
EV/EBITDA	8.3	8.7	6.7	6.3
P/BV	1.1	1.0	0.9	0.9
ROE	10.5	8.9	10.5	10.1
Dividend Yield	1.1	1.2	1.1	1.4
Net gearing (%)	(0.6)	(2.8)	(11.3)	(15.1)

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	2,182	2,306	2,687	3,076	3,540
Interest expense (1-tax)	641	601	561	521	481
Depreciation	360	384	398	420	442
NWC	(432)	(281)	(403)	(396)	(422)
Capex	(1,206)	(1,258)	(1,314)	(1,371)	(1,432)
FCFF	1,545	1,752	1,931	2,250	2,609
Discount factor	1.1	1.2	1.4	1.5	1.7
Discounted Free Cash Flow	1,391	1,420	1,409	1,478	1,543
Terminal Value	33,282				
Discounted Terminal Value	19,685				
Enterprise Value	26,926				
Net debt	(2,783)				
Equity value	29,710				
Minority interest	(2,814)				
Fair value per share 2024F	1,451				
Fair value per share 2024F (rounded)	1,450				

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	95
	CitraGarden City Jakarta – Shophouses: The Conch	3.3bn	100	67
	CitraCity Balikpapan – Residential: The Richmore	1.7bn – 2.5bn	43	53
	CitraLand Tallasa City Makassar – Residential: Red Terracotta Phase 2	1.4bn – 2.1bn	48	
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				Target
1Q24	CitraLand Sampali Kota Deli Megapolitan	1.8 – 4.7 bn		844 (act)
	CitraLand City Losari Makassar – Azure	2.2 – 3.9 bn		121
2Q24	CitraGarden Serpong – Cluster Eurya	1.3 bn		600

Source: Company, KBVS Research

Exhibit 4: CTRA's Top 10 Project by Marketing Sales

Project	Location	FY23 Marketing Sales (IDR bn)	FY23 Units Sold	FY23 Average
CitraGarden Serpong	Greater Jakarta	2,438	1,611	1.5
CitraLand Surabaya	Greater Surabaya	1,377	604	2.3
CitraGarden Bintaro	Greater Jakarta	720	348	2.1
CitraLand Gama City Medan	Sumatra	691	215	3.2
Citra City Sentul	Greater Jakarta	685	385	1.8
CitraLand City Losari Makassar	Sulawesi	557	115	4.8
CitraGarden City Jakarta	Greater Jakarta	460	113	4.1
Citra Raya Tangerang	Greater Jakarta	381	414	0.9
Ciputra International Puri	Greater Jakarta	214	14	15.3
CitraLand Tallasa City Makassar	Sulawesi	202	119	1.7

Source: CTRA, KBVS Research

Exhibit 5: CTRA's Marketing Sales by Products

Product Type	FY23 Marketing Sales (IDR bn)	% yoy
Houses & Land Lots	8,157	26%
Shophouses	1,791	27%
Apartment	185	-36%
Office	109	94%
Total	10,241	24%

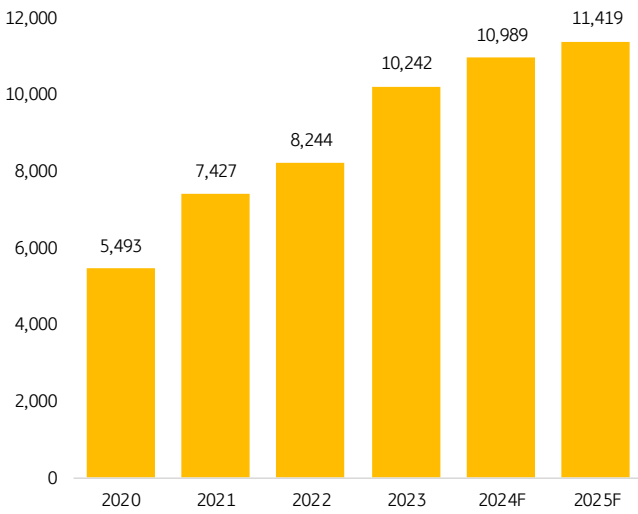
Source: CTRA, KBVS Research

Exhibit 6: CTRA's Marketing Sales by Locations

Location	FY23 Marketing Sales (IDR bn)	% yoy
Greater Jakarta	5,341	203%
Greater Surabaya	1,910	-2%
Other Java	772	-24%
Sumatra	1,113	-44%
Sulawesi	961	-23%
Others	145	-48%
Total	10,241	24%

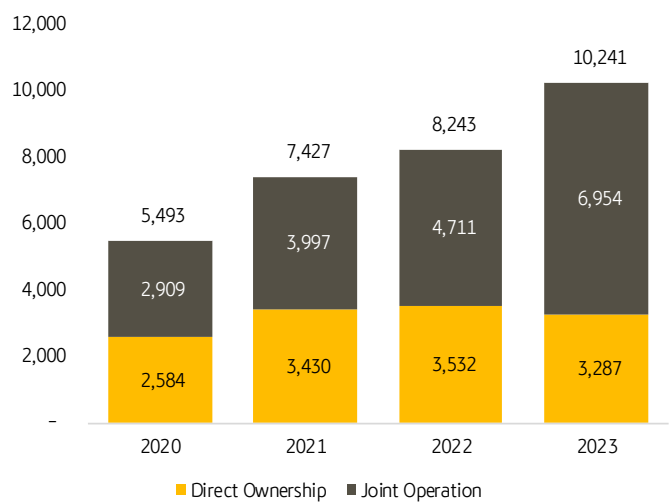
Source: CTRA, KBVS Research

Exhibit 7: CTRA's Marketing Sales Forecast (IDR bn)



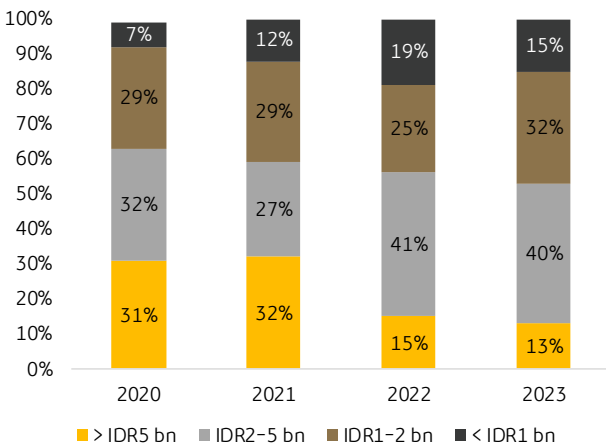
Source: Company, KBVS Research

Exhibit 8: CTRA's 9M23 Marketing Sales



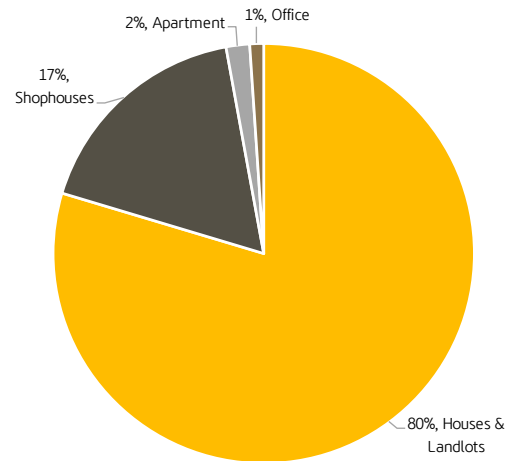
Source: Company, KBVS Research

Exhibit 9: CTRA's Marketing Sales Based on Price (IDR bn)



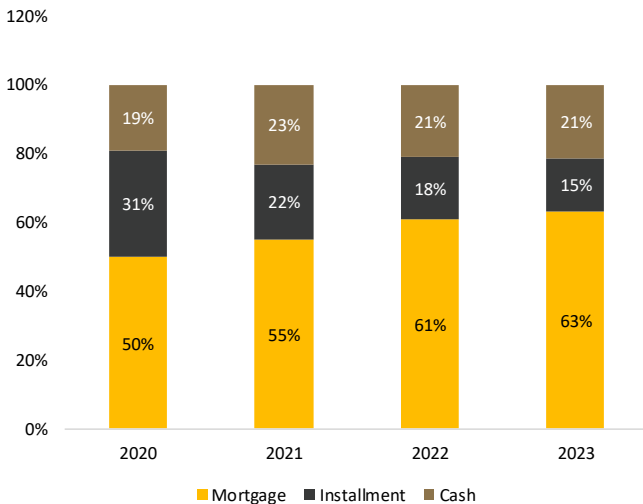
Source: Company, KBVS Research

Exhibit 10: CTRA's Marketing Sales Based on Products (2023)



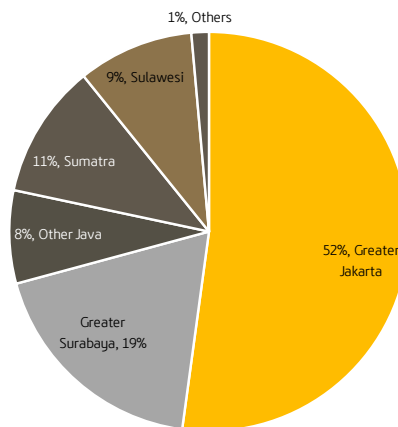
Source: Company, KBVS Research

Exhibit 11: CTRA's Customer Payment Profile -2023 (%)



Source: Company, KBVS Research

Exhibit 12: CTRA's Marketing Sales based on Geography (%)



Source: Company, KBVS Research

FINANCIAL TABLES

Exhibit 13: Profit & Loss summary

Profit & Loss (Rp bn)	2021	2022	2023F	2024F	2025F
Revenue	9,730	9,127	9,306	10,435	10,628
Cost of revenue	(4,890)	(4,559)	(4,803)	(5,261)	(5,339)
Gross profit	4,840	4,568	4,503	5,174	5,288
Selling expenses	(1,437)	(1,506)	(1,565)	(1,659)	(1,723)
G&A expenses	(368)	(383)	(419)	(470)	(478)
Operating profit	3,035	2,678	2,519	3,045	3,087
EBITDA	3,344	3,019	2,857	3,406	3,471
Other op. income/exp	115	204	(286)	(312)	(322)
Finance income	238	247	362	365	431
Finance expense	(1,251)	(1,069)	(680)	(659)	(618)
Inc/loss from assoc.	-	-	-	-	-
Pre-tax profit	2,137	2,060	1,915	2,440	2,578
Tax expense	(49)	(57)	(53)	(67)	(71)
Minority interest	(352)	(140)	(149)	(190)	(201)
Net profit	1,735	1,863	1,713	2,182	2,306
EPS (IDR)	93	100	92	118	124

Source: Company, KBVS Research

Exhibit 14: Balance sheet

Balance Sheet (Rp bn)	2021	2022	2023F	2024F	2025F
Cash and equivalents	7,162	9,042	9,131	10,774	11,523
Trade receivables	2,516	2,179	2,222	2,491	2,537
Inventories	11,578	11,641	11,870	12,120	12,370
Net- Fixed assets	2,504	2,569	2,552	2,529	2,501
Other assets	16,909	16,472	17,578	18,477	19,384
Total Assets	40,668	41,902	43,353	46,391	48,315
Trade payables	1,904	1,789	1,885	2,065	2,095
Short-term debt + CMLTD	1,352	879	548	548	548
Long-term debt	8,203	8,038	7,942	7,442	6,942
Other liabilities	9,815	10,283	10,482	11,725	11,938
Total Liabilities	21,274	20,989	20,857	21,780	21,524
Minority interest	2,424	2,475	2,624	2,814	3,014
Paid capital	8,210	8,210	8,210	8,210	8,210
Retained earnings	8,760	10,228	11,662	13,587	15,566
Other equities	0	0	0	0	0
Total Equity	19,394	20,913	22,496	24,611	26,791

Source: Company, KBVS Research

FINANCIAL TABLES

Exhibit 15: Profit & Loss summary

Cash Flow (Rp bn)	2021	2022	2023F	2024F	2025F
Net income	1,735	1,863	1,713	2,182	2,306
Depreciation & amortization	309	341	337	360	384
Change in working capital	231	346	(105)	582	(287)
Cash flow from operations	2,276	2,550	1,946	3,125	2,404
Capex	(892)	(43)	(1,156)	(1,206)	(1,258)
Others	337	242	(293)	101	30
Cash flow from investments	(555)	199	(1,449)	(1,104)	(1,228)
Changes in debt	(469)	(638)	(427)	(500)	(500)
Changes in equity	-	-	-	-	-
Dividends paid	(158)	(260)	(280)	(257)	(327)
Others	359	(85)	149	190	201
Cash flow from financing	(268)	(983)	(557)	(567)	(627)
Net Cash Flow	1,453	1,766	(60)	1,453	548

Source: Company, KBVS Research

Exhibit 16: Cash flow

Key Ratios (%)	2021	2022	2023F	2024F	2025F
Revenue growth	20.6	(6.2)	2.0	12.1	1.8
EBIT growth	28.2	(11.8)	(5.9)	20.9	1.4
EBITDA growth	25.4	(9.7)	(5.4)	19.2	1.9
Net profit growth	31.4	7.4	(8.0)	27.4	5.7
Gross margin	49.7	50.0	48.4	49.6	49.8
EBIT margin	31.2	29.3	27.1	29.2	29.0
EBITDA margin	34.4	33.1	30.7	32.6	32.7
Net margin	17.8	20.4	18.4	20.9	21.7
ROA	4.3	4.5	4.0	4.9	4.9
ROE	10.7	10.5	8.9	10.5	10.1
Net gearing (x)	0.1	(0.0)	(0.0)	(0.1)	(0.2)
Net debt/EBITDA (x)	0.7	(0.0)	(0.2)	(0.8)	(1.2)
Interest coverage ratio (x)	3.3	3.7	9.0	11.6	18.5


Source: Company, KBVS Research

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