

Maintaining the positive momentum in 2024

8 November 2023



<b>CTRA IJ</b>	<b>BUY</b>
Sector	Property
Price at 8 Nov 2023 (IDR)	1,130
Price target (IDR)	1,410
Upside/Downside (%)	24.7

**Stock Information**

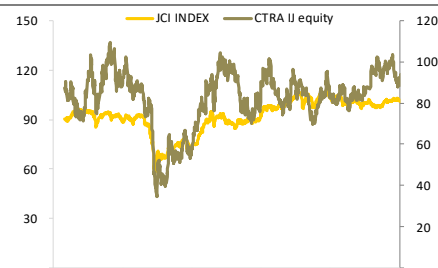
Ciputra Development Tbk develops and sells real estate including office spaces, shopping centres, and related facilities.

Market cap (IDR bn)	20,973
Shares outstanding (mn)	18,536
52-week range (IDR)	865 - 1,195
3M average daily vol. ('000)	24,473
3M average daily val. (IDR mn)	26,381

**Shareholders (%)**

Sang Pelopor	53.3
Public	46.7

**Stock Performance**



Source: Bloomberg

	<b>1M</b>	<b>3M</b>	<b>12M</b>
Performance	9.7	1.8	24.2

**Analyst**

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CTRA's 3Q23 result fell below estimate; yet, there's optimism for a net income to rebound in 4Q23 as the company expects to recognize more revenue in 2H23. 9M23 marketing sales remain on track, achieving 79.7% of the upgraded FY23 target of IDR9.8 tn. We forecast marketing sales to reach IDR10.5 t (+8.4% yoy) primarily driven by new projects pipeline (still under negotiation) as well as benefit from VAT incentives. We also anticipate that CTRA will achieve an all-time high net profit of IDR2 tn in 2024. Reinitiate BUY on CTRA with DCF-based TP of IDR1,410 (WACC: 11.1%; LTG: 3%), implying 1.1x '24F PBV and 72.5% discount to '24F RNAV.

**9M23 declined 22.5% yoy; fall below estimate**

CTRA booked IDR402 bn of net profit in 3Q23 (+22.7% yoy/+9.9% qoq). This resulted in 9M23 net profit came at IDR1.18 tn (-22.5% yoy), which is below street's estimate (63.2% of cons). 3Q23 revenue drop (-17.3% yoy) is due to slower revenue recognition from real estate segment (-24.0% yoy). Meanwhile, 9M23 revenue declined 9% yoy, totalling IDR6.6 tn in 9M23, largely in-line. 9M23 gross margin dropped by 279bps, partly impacting the decline in net profit. 2021-22 was a high base for CTRA, thus the company guided for slower growth in 2023, with revenue expected to grow up to 5% and net income expected to decline up to 10%. We anticipate CTRA's net income could rebound in 4Q23, as the company expects to recognize more revenue in the 2H23.

**Strong 9M23 marketing sales achievement**

CTRA's booked IDR2.7 tn of marketing sales in 3Q23 (+5.8% yoy/+64.8% qoq). This resulted 9M23 marketing sales at IDR7.8 tn which reaching 79.7% of the upgraded FY23 target of IDR9.8 tn. Looking ahead to FY23F, we anticipate that CTRA could surpass their FY23 marketing sales target driven by the successful launch of the new 400 hectares project in Citra City Sentul, which contributed to strong marketing sales of IDR685 bn from 385 units, surpassing the company target of IDR400 bn. Additionally, 3 new products planned for 4Q23, named Citra Garden Bintaro (new project), Citraland Sampali KDM - (new project), and Citraland Gama City Medan (Sentosa Cove Cluster) are targeted to add IDR1.15 tn to marketing sales this year.

**Expect marketing sales to reach IDR10.5 tn in 2024**

In 2024 we forecast marketing sales to reach IDR10.5 tn (+8.4% yoy) primarily driven by several new projects in the pipeline that are still under negotiation process. They are located in the big cities such as greater Jakarta, greater Surabaya, Medan, and Makassar. Furthermore, CTRA is poised to benefit from VAT incentives, applicable to both newly launched houses and existing inventory. Notably, units priced below IDR5 bn contributed significantly, accounting for 85% of marketing sales in 9M23. Anticipating this strong performance, we expect CTRA's revenue to grow by 7.2% yoy, reaching IDR9.8 tn in 2024. We also anticipate that CTRA will achieve an all-time high net profit of IDR2 tn in 2024.

**Reinitiate BUY with TP of IDR1,410**

We reinitiate BUY on CTRA with DCF-based target price of IDR1,410 (WACC: 11.1%; LTG: 3%), which implied to 1.1x '24F PBV and 72.5% discount to '24F RNAV. We like CTRA due to 1) our expectation on robust marketing sales growth CAGR of 7.8% 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	9,169	9,832	10,891
Net Income (Rp bn)	1,863	1,652	2,014	2,425
EPS (IDR)	100	89	109	131
P/E	11.3	12.7	10.4	8.7
EV/EBITDA	7.7	8.3	6.8	5.4
P/BV	1.0	0.9	0.9	0.8
ROE	10.5	8.6	9.7	10.7
Dividend Yield	1.2	1.3	1.2	1.4
Net gearing (%)	(0.0)	(0.0)	(0.1)	(0.2)

Source: Company, KBVS Research

**Exhibit 2: Financial Summary**

	9M23	9M22	YoY (%)	3Q23	3Q22	YoY (%)	2Q23	QoQ(%)
<b>Sales</b>	<b>6,589</b>	<b>7,227</b>	<b>(8.8)</b>	<b>2,120</b>	<b>2,562</b>	<b>(17.3)</b>	<b>2,339</b>	<b>(9.4)</b>
Land Lots, Residential and Shophouse	4,205	5,092	(17.4)	1,350	1,858	(27.4)	1,395	(3.2)
Apartments	500	366	36.3	197	144	36.4	151	29.8
Office	379	405	(6.4)	33	77	(56.9)	311	(89.4)
<b>Real Estate</b>	<b>5,083</b>	<b>5,863</b>	<b>(13.3)</b>	<b>1,580</b>	<b>2,079</b>	<b>(24.0)</b>	<b>1,858</b>	<b>(15.0)</b>
Shopping centers	488	430	13.6	171	153	11.4	156	9.1
Hotels	367	295	24.7	134	114	16.8	112	19.2
Office	161	157	2.6	54	50	10.0	52	3.8
Golf courses	41	34	17.9	16	13	24.6	13	25.2
<b>Rental</b>	<b>1,057</b>	<b>915</b>	<b>15.4</b>	<b>375</b>	<b>330</b>	<b>13.6</b>	<b>334</b>	<b>12.3</b>
Healthcare	407	415	(1.8)	153	143	7.3	129	18.2
Others	42	34	24.6	12	10	22.6	18	(31.5)
<b>Others</b>	<b>449</b>	<b>448</b>	<b>0.2</b>	<b>165</b>	<b>152</b>	<b>8.3</b>	<b>147</b>	<b>12.2</b>
<b>COGS</b>	<b>(3,469)</b>	<b>(3,603)</b>	<b>(3.7)</b>	<b>(1,107)</b>	<b>(1,307)</b>	<b>(15.3)</b>	<b>(1,264)</b>	<b>(12.4)</b>
<b>Gross Profit</b>	<b>3,121</b>	<b>3,624</b>	<b>(13.9)</b>	<b>1,013</b>	<b>1,255</b>	<b>(19.3)</b>	<b>1,075</b>	<b>(5.7)</b>
<b>EBIT</b>	<b>1,646</b>	<b>2,162</b>	<b>(23.9)</b>	<b>516</b>	<b>722</b>	<b>(28.5)</b>	<b>531</b>	<b>(2.8)</b>
Interest expense (loan)	(534)	(496)	7.8	(185)	(165)	11.9	(172)	7.6
Other Income (exp)	110	(35)	(414.4)	68	(23)	(389.2)	39	74.8
Associate & JV	52	43	20.8	29	26	7.9	10	175.1
Pre-tax income	1,274	1,675	(23.9)	428	560	(23.7)	408	4.7
Taxes	(22)	(28)	(21.0)	(8)	(5)	51.0	(7)	19.4
Minorities	(74)	(122)	(39.5)	(20)	(35)	(41.7)	(35)	(42.7)
<b>Net Income</b>	<b>1,181</b>	<b>1,525</b>	<b>(22.5)</b>	<b>402</b>	<b>520</b>	<b>(22.7)</b>	<b>366</b>	<b>9.9</b>
<b>Margins (%)</b>								
Gross Margin	47.4%	50.1%		47.8%	49.0%		45.9%	
Operating Margin	25.0%	29.9%		24.4%	28.2%		22.7%	
Net Margin	17.9%	21.1%		19.0%	20.3%		15.7%	

Source: Company, Bloomberg, KBVS Research

**Exhibit 3: BSDE's Valuation Summary**

DCF Valuation	2024	2025	2026	2027	2028
Cash flow multiple	1	2	3	4	5
<b>Net Profit</b>	<b>2,014</b>	<b>2,400</b>	<b>2,743</b>	<b>3,108</b>	<b>3,513</b>
Interest expense (1-tax)	641	601	561	521	481
Depreciation	360	384	398	420	442
NWC	(381)	(395)	(374)	(384)	(395)
Capex	(1,206)	(1,258)	(1,314)	(1,371)	(1,432)
<b>FCFF</b>	<b>1,428</b>	<b>1,731</b>	<b>2,014</b>	<b>2,294</b>	<b>2,609</b>
Discount factor	1.1	1.2	1.4	1.5	1.7
Discounted Free Cash Flow	1,286	1,403	1,470	1,507	1,543
Terminal Value	<b>33,274</b>				
Discounted Terminal Value	19,680				
Enterprise Value	<b>26,889</b>				
Net debt	<b>(2,113)</b>				
Equity value	29,002				
Minority interest	(2,794)				
Fair value per share 2024F	1,414				
<b>Fair value per share 2024F (rounded)</b>	<b>1,410</b>				

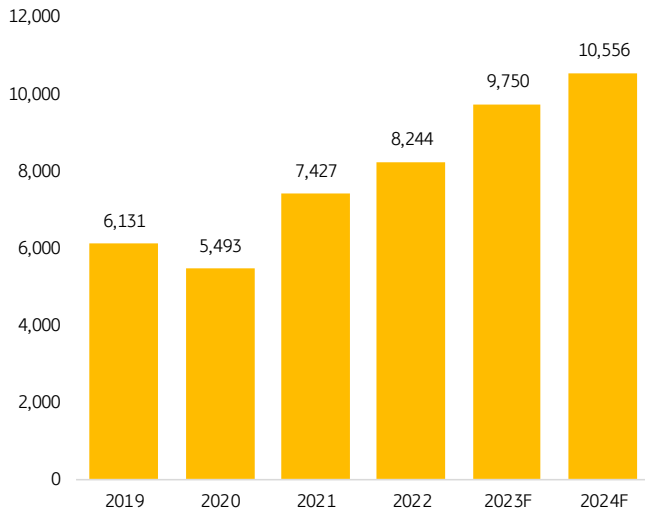
Source: KBVS Research

Exhibit 4: CTRA's Launching Recap

Project		Price (IDR)	Take Up Rate (%)	Marketing Sales (IDR bn)
<b>2022</b>				
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
<b>2023</b>				
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	<b>above target</b>	685
<b>Plan 4Q23</b>		<b>Price (IDR)</b>		<b>Target</b>
	Citra Garden Bintaro – New Project	1.0 bn – 3.2 bn		400
	Citraland Sampali KDM – New Project	1.4 bn – 3.8 bn		450
	CitraLand Gama City Medan – Sentosa Cove Cluster	3.2 bn – 7.2 bn		300

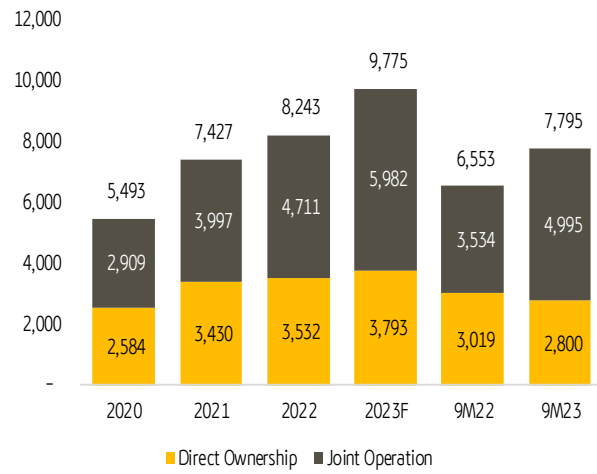
Source: Company, KBVS Research

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



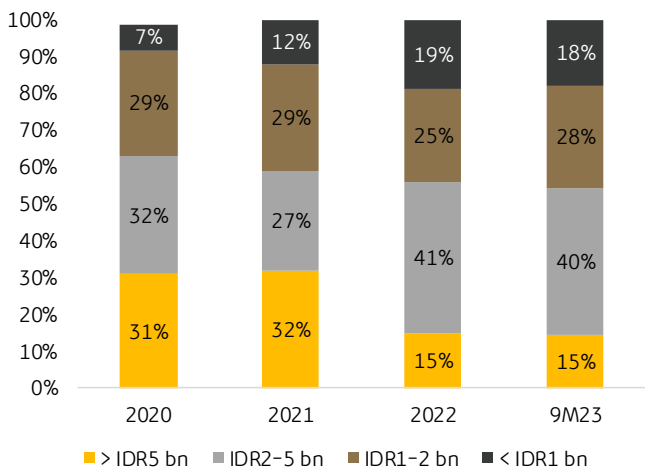
Source: Company, KBVS Research

Exhibit 6: CTRA's 9M23 Marketing Sales



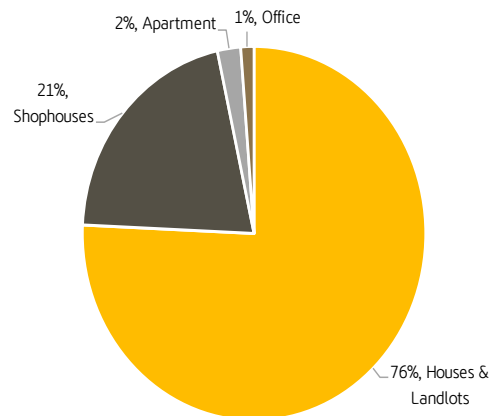
Source: Company, KBVS Research

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



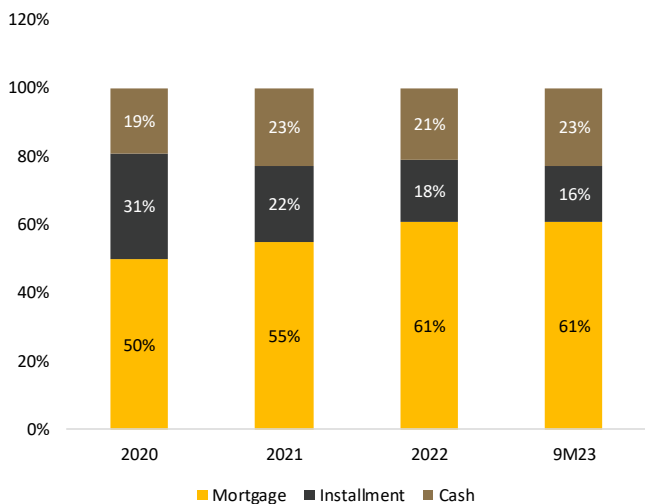
Source: Company, KBVS Research

Exhibit 8: CTRA's Marketing Sales Based on Products (9M23)



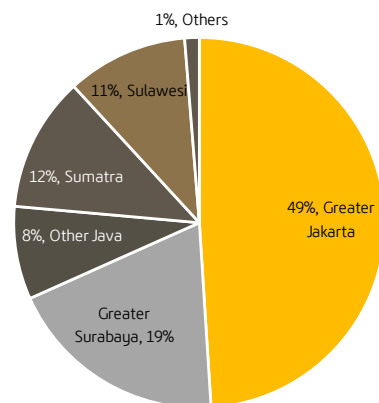
Source: Company, KBVS Research

Exhibit 9: CTRA's Customer Payment Profile -9M23 (%)



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)	2021	2022	2023F	2024F	2025F
<b>Revenue</b>	<b>9,730</b>	<b>9,127</b>	<b>9,169</b>	<b>9,832</b>	<b>10,891</b>
Cost of revenue	(4,890)	(4,559)	(4,761)	(4,906)	(5,405)
<b>Gross profit</b>	<b>4,840</b>	<b>4,568</b>	<b>4,408</b>	<b>4,927</b>	<b>5,486</b>
Selling expenses	(1,437)	(1,506)	(1,569)	(1,647)	(1,742)
G&A expenses	(368)	(383)	(413)	(442)	(490)
<b>Operating profit</b>	<b>3,035</b>	<b>2,678</b>	<b>2,427</b>	<b>2,837</b>	<b>3,255</b>
<b>EBITDA</b>	<b>3,344</b>	<b>3,019</b>	<b>2,764</b>	<b>3,197</b>	<b>3,639</b>
Other op. income/exp	115	204	(262)	(291)	(330)
Finance income	238	247	362	364	404
Finance expense	(1,251)	(1,069)	(680)	(659)	(618)
Inc/loss from assoc.	-	-	-	-	-
<b>Pre-tax profit</b>	<b>2,137</b>	<b>2,060</b>	<b>1,846</b>	<b>2,251</b>	<b>2,710</b>
Tax expense	(49)	(57)	(51)	(62)	(75)
Minority interest	(352)	(140)	(144)	(175)	(211)
<b>Net profit</b>	<b>1,735</b>	<b>1,863</b>	<b>1,652</b>	<b>2,014</b>	<b>2,425</b>
EPS (IDR)	93	100	89	109	131

Source: Company, KBVS Research

Exhibit 12: Balance sheet

Balance Sheet (Rp bn)	2021	2022	2023F	2024F	2025F
Cash and equivalents	7,162	9,042	9,109	10,104	11,826
Trade receivables	2,516	2,179	2,189	2,347	2,600
Inventories	11,578	11,641	11,695	11,945	12,195
Net- Fixed assets	2,504	2,569	2,552	2,529	2,501
Other assets	16,909	16,472	17,577	18,425	19,425
<b>Total Assets</b>	<b>40,668</b>	<b>41,902</b>	<b>43,122</b>	<b>45,350</b>	<b>48,547</b>
Trade payables	1,904	1,789	1,869	1,925	2,121
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	10,334	11,065	12,232
<b>Total Liabilities</b>	<b>21,274</b>	<b>20,989</b>	<b>20,693</b>	<b>20,980</b>	<b>21,843</b>
Minority interest	2,424	2,475	2,619	2,794	3,005
Paid capital	8,210	8,210	8,210	8,210	8,210
Retained earnings	8,760	10,228	11,600	13,366	15,489
Other equities	0	0	0	0	0
<b>Total Equity</b>	<b>19,394</b>	<b>20,913</b>	<b>22,429</b>	<b>24,370</b>	<b>26,703</b>

Source: Company, KBVS Research

FINANCIAL TABLES

Exhibit 13: Profit & Loss summary

Cash Flow (Rp bn)	2021	2022	2023F	2024F	2025F
Net income	1,735	1,863	1,652	2,014	2,425
Depreciation & amortization	309	341	337	360	384
Change in working capital	231	346	(55)	123	523
<b>Cash flow from operations</b>	<b>2,276</b>	<b>2,550</b>	<b>1,934</b>	<b>2,497</b>	<b>3,331</b>
Capex	(892)	(43)	(1,156)	(1,206)	(1,258)
Others	337	242	(293)	101	30
<b>Cash flow from investments</b>	<b>(555)</b>	<b>199</b>	<b>(1,449)</b>	<b>(1,104)</b>	<b>(1,228)</b>
Changes in debt	(469)	(638)	(427)	(500)	(500)
Changes in equity	-	-	-	-	-
Dividends paid	(158)	(260)	(280)	(248)	(302)
Others	359	(85)	144	175	211
<b>Cash flow from financing</b>	<b>(268)</b>	<b>(983)</b>	<b>(562)</b>	<b>(573)</b>	<b>(591)</b>
<b>Net Cash Flow</b>	<b>1,453</b>	<b>1,766</b>	<b>(77)</b>	<b>820</b>	<b>1,511</b>

Source: Company, KBVS Research

Exhibit 14: Cash flow

Key Ratios (%)	2021	2022	2023F	2024F	2025F
Revenue growth	20.6	(6.2)	0.5	7.2	10.8
EBIT growth	28.2	(11.8)	(9.4)	16.9	14.7
EBITDA growth	25.4	(9.7)	(8.5)	15.7	13.8
Net profit growth	31.4	7.4	(11.4)	21.9	20.4
Gross margin	49.7	50.0	48.1	50.1	50.4
EBIT margin	31.2	29.3	26.5	28.9	29.9
EBITDA margin	34.4	33.1	30.1	32.5	33.4
Net margin	17.8	20.4	18.0	20.5	22.3
ROA	4.3	4.5	3.9	4.6	5.2
ROE	10.7	10.5	8.6	9.7	10.7
Net gearing (x)	0.1	(0.0)	(0.0)	(0.1)	(0.2)
Net debt/EBITDA (x)	0.7	(0.0)	(0.2)	(0.7)	(1.2)
Interest coverage ratio (x)	3.3	3.7	8.7	10.8	17.0

Source: Company, KBVS Research

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### Banjarmasin

Jl. Gatot Subroto No. 33  
Banjarmasin 70235  
T. (0511) – 3265918

### Pekanbaru

Jl. Tuanku Tambusai, Komplek CNN  
Blok A No. 3 Pekanbaru 28291  
T. (0761) 839393

### Palembang

Komplek PTC Mall Blok I No. 7  
Jl. R. Sukanto  
Palembang 30114  
T. (0711) 5700281

### Surabaya

Pakuwon Center Lt 21  
Jl. Embong Malang No.1  
Surabaya 60261  
T. (031) 2955788

### Padang

Jl. Kampung Nias II No. 10,  
Padang 25211  
T. (0751) 8955747

### Yogyakarta

Jl. Magelang KM 5.5 No. 75  
Yogyakarta 55000  
T. (0274) 623111

### Semarang

Candi Plaza Building Lt. Dasar  
Jl. Sultan Agung No. 90-90A  
Semarang 50252  
T. (024) 8501122

### Makassar

Komplek RUKO Citraland City Losari  
Business Park, Blok B2 No. 09  
Jl. Citraland Boulevard Makassar 90111  
T. (0241) 16000818

### Medan

Komplek Jati Junction No. P5-5A  
Jl. Perintis Kemerdekaan  
Medan 20218  
T. (061) 88816222

### Denpasar

Jl. Teuku Umar No. 177  
Komplek Ibis Styles Hotel  
Denpasar Bali 80114  
T. (0361) 225229

## Investment Gallery

### Jakarta

Citra Garden 6 Ruko Sixth Avenue  
Blok J.1 A/18, Cengkareng  
Jakarta Barat 11820  
T. (021) 522392181

### Semarang

Jl. MT Haryono 637  
Semarang 50242  
T. (024) 8415195

### Salatiga

Jl. Diponegoro No. 68  
Salatiga 50711  
T. (0298) 313007

### Solo

Jl. Ronggowarsito No. 34  
Surakarta 57118  
T. (0271) 6726306