

# Ciputra Development

**BUY** (unchanged)

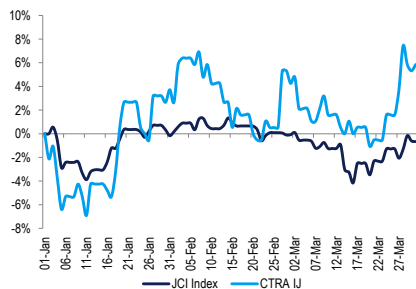
Company Update | Property | CTRA IJ | 31 March 2023

## Stock Data

Target price	Rp1,200
Prior TP	Rp1,200
Current price	Rp995
Upside/downside	+21%
Shares outstanding (mn)	18,560
Market cap (Rp bn)	18,468
Free float	47%
Avg. 6m daily T/O (Rp bn)	15

## Price Performance

	3M	6M	12M
Absolute	5.3%	-0.5%	-4.3%
Relative to JCI	6.1%	2.8%	-0.6%
52w low/high (Rp)	810 – 1,095		



## Major Shareholders

Sang Pelopor	53%
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## 4Q22 results: miss on net profit from slower non-recurring revenue

- CTra booked FY22 net profit of Rp1.9tr (+7% yoy/ -35% qoq), below ours at 89% but in-line with consensus at 98%.
- CTra turned into net cash position in FY22 vs. 3% net debt in 9M22.
- We maintain our estimates with unchanged TP of Rp1,200; reiterate Buy.

### FY22: miss on bottom line from slower non-recurring revenue

CTra reported net profit of Rp1.9tr (+7% yoy) in FY22 which came below our estimate at 89% but in-line with consensus at 98%. Miss on net profit was partly due to slower-than-expected non-recurring revenue and gross profit margin. Both revenue and COGS declined at the same pace of 6/7% yoy and brought GPM to 50% in FY22 (flat yoy – vs. 51% ours), however, opex still grew by 6% yoy which resulted in declining EBIT of Rp2.9tr (-11% yoy).

### Weak 4Q22 earnings from lower revenue recognition

4Q22 net profit was at Rp338bn (-53% yoy/-35% qoq) which was dragged from decline in revenue to Rp1.9tr (-38% yoy/-26% qoq) mainly driven from the weak growth of non-recurring sales at Rp1.3tr (-49% yoy/-36% qoq) likely due to lower recognition mainly from high-rise projects. GP margin was stable during 4Q22 at 50% (vs. 50/49% in 4Q21/3Q22) supported by the recurring margin growth to 54% (+425bp yoy/ +948bp qoq) which offset the soft non-recurring margin at 48% (-234bp yoy/ -227bp qoq) mainly dragged from lower strata margin.

### Gradual recurring recovery

CTra reported recurring revenue of Rp1.9tr (14% yoy/+19% qoq) in FY22 which was similar to FY19 level. However, we noticed that recurring margin at 47% (+198bp yoy/ +948bp qoq) was still below 3yr average pre-pandemic level at 52% largely from lower occupancy recovery rate at 88% in FY22 (vs. 98/87% in FY19/21).

### Net cash position in 4Q22

CTra booked interest expense of Rp668bn (-15% yoy) excluding the interest from contract liabilities, concurrently with total debt at Rp8.9tr (-7% yoy) and cash level at Rp9tr (+26% yoy). Thus, it results CTra turned into net cash position in 4Q22 vs. 3% net gearing in 3Q22. Going forward, we expect CTra to maintain its net cash position in FY23-24F.

### Reiterate Buy with TP of Rp1,200

We are reviewing our forecast with unchanged TP of Rp1,200. Currently, CTra trades at 65% discount to NAV (vs. 5Y average of 62%). Key downside risk is weak presales amid upcoming election year.

Financial Summary (Rp bn)	2021A	2022A	2023F	2024F	2025F
Revenue	9,730	9,127	9,473	9,599	9,805
EBITDA	3,567	3,254	3,514	3,573	3,664
Net profit	1,735	1,863	2,056	2,164	2,192
EPS growth	31%	7%	10%	5%	1%
ROE	11%	11%	10%	10%	9%
PER (x)	10.6	9.9	9.0	8.5	8.4
EV/EBITDA (x)	5.8	5.6	3.8	2.9	1.9
Dividend yield	1%	1%	1%	1%	1%
IPS vs. consensus			110%	105%	NA

Source: Company, Indo Premier

Share price closing as of: 31 March 2023

Fig. 1: CTRA 4Q22 results summary

CTRA 4Q22 results (Rp bn)	FY22	FY21	%YoY	4Q22	4Q21	%YoY	3Q22	%QoQ	IPS FY22F	% of IPS	Cons	%of Cons
Revenue	9,127	9,730	-6%	1,900	3,081	-38%	2,562	-26%	9,716	94%	9,303	98%
COGS	(4,559)	(4,890)	-7%	(957)	(1,539)	-38%	(1,307)	-27%	(4,798)	95%		
<b>Gross Profit</b>	<b>4,568</b>	<b>4,840</b>	<b>-6%</b>	<b>943</b>	<b>1,542</b>	<b>-39%</b>	<b>1,255</b>	<b>-25%</b>	<b>4,919</b>	<b>93%</b>	<b>4,679</b>	<b>98%</b>
<i>GP margin (%)</i>	<i>50%</i>	<i>50%</i>		<i>50%</i>	<i>50%</i>		<i>49%</i>		<i>51%</i>		<i>50%</i>	
Opex	(1,640)	(1,545)	6%	(375)	(398)	-6%	(461)	-19%	(1,652)	99%		
<b>EBIT</b>	<b>2,928</b>	<b>3,295</b>	<b>-11%</b>	<b>569</b>	<b>1,144</b>	<b>-50%</b>	<b>794</b>	<b>-28%</b>	<b>3,267</b>	<b>90%</b>	<b>3,068</b>	<b>95%</b>
Interest expense	(1,069)	(1,251)	-15%	(290)	(284)	2%	(256)	13%	(1,074)	100%		
Interest & invt inc	247	238	4%	86	73	18%	58	48%	350	71%		
Others	204	115	78%	72	(2)	NA	35	107%	108	189%		
<b>Pretax profit</b>	<b>2,310</b>	<b>2,397</b>	<b>-4%</b>	<b>438</b>	<b>930</b>	<b>-53%</b>	<b>631</b>	<b>-31%</b>	<b>2,651</b>	<b>87%</b>	<b>2,369</b>	<b>97%</b>
Tax	(307)	(309)	-1%	(82)	(111)	-26%	(77)	7%	(383)	80%		
<b>PBM</b>	<b>2,003</b>	<b>2,088</b>	<b>-4%</b>	<b>356</b>	<b>819</b>	<b>-57%</b>	<b>555</b>	<b>-36%</b>	<b>2,267</b>	<b>88%</b>		
Tax rate (%)	13%	13%		19%	12%		12%		14%			
Minority interests	(140)	(352)	-60%	(18)	(99)	-82%	(35)	-49%	(181)	77%		
<b>Net profit</b>	<b>1,863</b>	<b>1,735</b>	<b>7%</b>	<b>338</b>	<b>721</b>	<b>-53%</b>	<b>520</b>	<b>-35%</b>	<b>2,086</b>	<b>89%</b>	<b>1,892</b>	<b>98%</b>
<b>Core profit</b>	<b>1,746</b>	<b>1,672</b>	<b>4%</b>	<b>298</b>	<b>746</b>	<b>-60%</b>	<b>513</b>	<b>-42%</b>	<b>1,994</b>	<b>88%</b>	<b>1,892</b>	<b>92%</b>

Source: Company, Indo Premier

Fig. 2: CTRA 4Q22 results breakdown

Revenue breakdown (Ro bn)	FY22	FY21	%YoY	4Q22	4Q21	%YoY	3Q22	%QoQ
Landplots, house and shoplots	6,122	5,620	9%	1,030	1,463	-30%	1,858	-45%
Offices and apartments	1,066	2,414	-56%	294	1,125	-74%	221	33%
<b>Non recurring</b>	<b>7,188</b>	<b>8,034</b>	<b>-11%</b>	<b>1,325</b>	<b>2,587</b>	<b>-49%</b>	<b>2,079</b>	<b>-36%</b>
Mall	550	426	29%	120	115	4%	153	-22%
Hotel	430	266	62%	136	105	29%	114	19%
Golf and other	959	1,004	-4%	320	273	17%	215	49%
<b>Recurring</b>	<b>1,939</b>	<b>1,695</b>	<b>14%</b>	<b>575</b>	<b>494</b>	<b>17%</b>	<b>483</b>	<b>19%</b>
<b>Total revenue</b>	<b>9,127</b>	<b>9,730</b>	<b>-6%</b>	<b>1,900</b>	<b>3,081</b>	<b>-38%</b>	<b>2,562</b>	<b>-26%</b>
Gross Margin	FY22	FY21	YoY (bp)	4Q22	4Q21	YoY (bp)	3Q22	QoQ (bp)
Landplots, house and shoplots	52%	51%	99	51%	53%	(170)	51%	18
Offices and apartments	46%	51%	(497)	36%	47%	(1,060)	42%	(621)
<b>Non recurring</b>	<b>51%</b>	<b>51%</b>	<b>12</b>	<b>48%</b>	<b>50%</b>	<b>(234)</b>	<b>50%</b>	<b>(227)</b>
Mall	39%	32%	759	36%	42%	(630)	44%	(780)
Hotel	44%	38%	664	49%	44%	457	43%	589
Golf and other	53%	53%	4	63%	55%	794	46%	1,705
<b>Recurring</b>	<b>47%</b>	<b>45%</b>	<b>198</b>	<b>54%</b>	<b>50%</b>	<b>425</b>	<b>45%</b>	<b>948</b>
<b>Overall gross</b>	<b>50%</b>	<b>50%</b>	<b>30</b>	<b>50%</b>	<b>50%</b>	<b>(39)</b>	<b>49%</b>	<b>67</b>

Source: Company, Indo Premier

Fig. 3: CTRA P/E band



Source: Company, Bloomberg, Indo Premier

Fig. 4: CTRA discount to NAV



Source: Company, Bloomberg, Indo Premier

Fig. 5: Peers comparison

Ticker	Current Price	Target Price	Upside	P/E (x)		ROE (%)		Discount to NAV
				FY23F	FY24F	FY23F	FY24F	
BSDE	980	1295	32%	8.5	8.4	7%	7%	81%
PWON	454	675	49%	11.4	10.6	10%	10%	67%
CTRA	995	1200	21%	9.0	8.5	10%	10%	65%
SMRA	530	805	52%	12.8	10.2	7%	8%	85%

Source: Company, Indo Premier

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net revenue	9,730	9,127	9,473	9,599	9,805
Cost of sales	(4,890)	(4,559)	(4,650)	(4,703)	(4,791)
<b>Gross profit</b>	<b>14,619</b>	<b>13,686</b>	<b>14,123</b>	<b>14,301</b>	<b>14,597</b>
SG&A Expenses	(1,545)	(1,640)	(1,610)	(1,632)	(1,667)
<b>Operating profit</b>	<b>3,295</b>	<b>2,928</b>	<b>3,212</b>	<b>3,264</b>	<b>3,347</b>
Net interest	(1,251)	(1,069)	(1,036)	(969)	(962)
Forex gain (loss)	-	-	-	-	-
Others	353	451	456	457	408
<b>Pre-tax income</b>	<b>2,397</b>	<b>2,310</b>	<b>2,632</b>	<b>2,752</b>	<b>2,794</b>
Income tax	(309)	(307)	(400)	(409)	(419)
Minority interest	(352)	(140)	(176)	(179)	(183)
<b>Net income</b>	<b>1,735</b>	<b>1,863</b>	<b>2,056</b>	<b>2,164</b>	<b>2,192</b>

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash & equivalent	7,162	9,042	14,275	16,855	19,844
Receivable	867	781	877	889	908
Inventory	11,578	11,641	11,325	11,453	11,669
Other current assets	2,310	2,108	2,288	2,288	2,288
<b>Total current assets</b>	<b>21,917</b>	<b>23,572</b>	<b>28,766</b>	<b>31,486</b>	<b>34,709</b>
Fixed assets	8,032	7,918	8,139	8,130	8,113
Other non-current assets	10,720	10,412	11,842	12,342	12,842
<b>Total non-current assets</b>	<b>18,752</b>	<b>18,330</b>	<b>19,980</b>	<b>20,471</b>	<b>20,955</b>
<b>Total assets</b>	<b>40,668</b>	<b>41,902</b>	<b>48,746</b>	<b>51,957</b>	<b>55,663</b>
ST loans	1,352	879	584	554	544
Payable	1,052	991	963	974	992
Other payables	8,560	8,911	11,645	12,756	14,036
<b>Total current liab.</b>	<b>10,963</b>	<b>10,781</b>	<b>13,192</b>	<b>14,284</b>	<b>15,572</b>
Long term loans	6,651	6,311	6,886	6,537	6,412
Other LT liab.	3,659	3,898	5,230	5,600	6,027
<b>Total liabilities</b>	<b>21,274</b>	<b>20,989</b>	<b>25,308</b>	<b>26,421</b>	<b>28,011</b>
Equity	8,257	8,121	8,257	8,257	8,257
Retained earnings	8,713	10,317	12,400	14,319	16,253
Minority interest	2,424	2,475	2,781	2,960	3,142
<b>Total SHE + minority int.</b>	<b>19,394</b>	<b>20,913</b>	<b>23,438</b>	<b>25,536</b>	<b>27,652</b>
<b>Total liabilities &amp; equity</b>	<b>40,668</b>	<b>41,902</b>	<b>48,746</b>	<b>51,957</b>	<b>55,663</b>

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
EBIT	3,295	2,928	3,212	3,264	3,347
Depr. & amortization	275	326	301	309	317
Changes in working capital	1,778	604	1,938	1,351	1,491
Others	(1,723)	(99)	(980)	(921)	(972)
<b>Cash flow from operating</b>	<b>3,625</b>	<b>3,759</b>	<b>4,472</b>	<b>4,003</b>	<b>4,183</b>
Capital expenditure	(315)	66	(850)	(800)	(800)
Others	(763)	(788)	-	-	-
<b>Cash flow from investing</b>	<b>(1,078)</b>	<b>(722)</b>	<b>(850)</b>	<b>(800)</b>	<b>(800)</b>
Loans	1,202	(638)	108	(379)	(136)
Equity	-	-	-	-	-
Dividends	158	260	249	245	258
Others	(2,038)	(791)	(498)	(491)	(516)
<b>Cash flow from financing</b>	<b>(678)</b>	<b>(1,170)</b>	<b>(140)</b>	<b>(624)</b>	<b>(394)</b>
<b>Changes in cash</b>	<b>1,869</b>	<b>1,867</b>	<b>3,481</b>	<b>2,580</b>	<b>2,989</b>

Key Ratios	2021A	2022A	2023F	2024F	2025F
Gross margin	50%	50%	51%	51%	51%
Operating margin	34%	32%	34%	34%	34%
Pre-tax margin	25%	25%	28%	29%	29%
Net margin	18%	7%	22%	23%	22%
ROA	4%	5%	4%	4%	4%
ROE	11%	11%	10%	10%	9%
ROIC	12%	10%	10%	10%	10%
Acct. receivables TO (days)	33.8	33.8	33.8	33.8	33.8
Inventory TO (days)	888.9	888.9	888.9	888.9	888.9
Payable TO (days)	67.7	67.7	67.7	67.7	67.7
Acct. payables - other TO (days)	56%	33.8	33.8	33.8	33.8
Debt to equity	2.9	48%	44%	38%	35%
Interest coverage ratio (x)	14%	3.0	3.4	3.7	3.8
Net gearing	50%	-1%	-25%	-36%	-46%

Source: Company, Indo Premier

## INVESTMENT RATINGS

BUY	: Expected total return of 10% or more within a 12-month period
HOLD	: Expected total return between -10% and 10% within a 12-month period
SELL	: Expected total return of -10% or worse within a 12-month period

## ANALYSTS CERTIFICATION

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