

## Ciputra Development

BUY (unchanged)

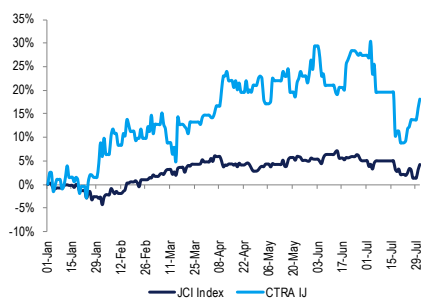
Company Update | Property | CTRA IJ | 31 July 2024

## Stock Data

Target price	Rp1,360
Prior TP	
Current price	Rp1,255
Upside/downside	+8%
Shares outstanding (mn)	18,536
Market cap (Rp bn)	23,262
Free float	43%
Avg. 6m daily T/O (Rp bn)	17

## Price Performance

	3M	6M	12M
Absolute	-3.6%	13.1%	10.0%
Relative to JCI	-4.7%	5.7%	3.2%
52w low/high (Rp)	990 – 1,330		



## Major Shareholders

Sang Pelopor	53%
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## 2Q24 results: beat due to strong overall top-line growth

- 1H24 net profit of Rp1.09tr (+32% yoy) came above ours/cons' FY24F estimates at 50/49% (vs. 3Y avg. of 41%) amid strong revenue growth.
- 2Q24 net profit (+49% yoy/+13% qoq) was also driven by strong recurring and non-recurring revenue growth.
- Maintain buy with an unchanged TP of Rp1,360/share accounting for potentially lower seasonality in 2H24, given reduction in VAT-tax incentive.

## 1H24 results: above on strong top-line growth

CTRA posted 1H24 net profit of Rp1.0tr (+32% yoy), which was above ours/consensus estimates at 50/49% of FY24F (vs. 3yr average of 41%) due to better-than-expected revenue growth. Gross profit was Rp2.4tr (+16% yoy), forming 50/47% of our/consensus FY24F (vs. 3yr average of 46%). This implies GPM of 49% (+144bps yoy), as both non-recurring/recurring margins increased to 49% yoy (+86/356bps). 1H24 revenue rose to Rp5.0tr (+13% yoy) –above at 51/49% of FY24F (vs. 3yr average of 47%), on solid growth across non-recurring/recurring, which came at Rp3.9/1.1tr (+12/17% yoy).

## 2Q24 results: robust yoy/qoq earnings growth was also driven by strong recurring and non-recurring revenue growth

Net profit grew to Rp546bn (+49% yoy/+13% qoq) in 2Q24 due to solid revenue growth. Gross profit increased to Rp1.3tr (+18% yoy/+8% qoq), which translates to GPM of 47% (+73bps yoy/-417bps qoq). Notably, lower non-recurring GPM (46%; -11bps yoy/-565bps qoq) was offset by the increase in recurring GPM (49%; +392bps yoy/+85bps qoq). Revenues reached Rp2.7tr (+16% yoy/+17% qoq) driven by higher non-recurring revenue at Rp2.1tr (+15% yoy/+22% qoq) and recurring revenue at Rp576bn (+20% yoy/+4% qoq).

## Higher net cash position

As of 2Q24, total debt stood at Rp8.0tr (-5% yoy/flat qoq), with a higher cash level at Rp11.4tr (+20% yoy/+7% qoq), resulting in a higher net cash position to Rp3.4tr (vs. a net cash of Rp1.1tr in 2Q23). Of note, the company plans to use its cash for: 1) working capital needs (i.e. for construction); 2) landbank acquisition on existing and prospective locations; 3) selective investment properties; and 4) dividend disbursement.

## Maintain Buy, with an unchanged TP of Rp1,360/share

Although CTRA's 1H24 figures are tracking above its typical run-rate, we maintain our forecasts, as we expect 2H24 performance to be weaker than historical given a reduction in the VAT-tax incentive. Hence, we reiterate our Buy rating on CTRA with an unchanged TP of Rp1,360/share, based on a blended-valuation of P/E multiple (target of 12x; +0.5 SD) and a disc. to NAV target of -57% (at +0.5 SD). CTRA is currently trading at 10.6x P/E and a disc. to NAV at -62%. Risks: weak presales demand and purchasing power.

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Revenue	9,127	9,245	9,854	10,726	11,457
EBITDA	3,254	3,133	3,393	3,636	3,887
Net profit	1,863	1,846	2,057	2,175	2,400
EPS growth	7%	-1%	11%	6%	10%
ROE	11%	10%	10%	10%	10%
PER (x)	12.6	12.7	11.4	10.8	9.8
EV/EBITDA (x)	7.2	6.7	5.0	3.8	2.8
Dividend yield	1%	1%	1%	1%	1%
IPS vs. consensus			99%	98%	90%

Source: Company, Indo Premier

Share price closing as of: 31 July 2023

Fig. 1: CTRA 1H24 results summary

CTRA 1H24 results (Rp bn)	1H24	1H23	%YoY	2Q24	2Q23	%YoY	1Q24	%QoQ	IPS FY24F	% of IPS	Cons. FY24F	%of Cons
Revenue	5,037	4,469	13%	2,721	2,339	16%	2,316	17%	9,854	51%	10,255	49%
COGS	(2,589)	(2,362)	10%	(1,451)	(1,264)	15%	(1,138)	27%	(4,933)	52%		
<b>Gross Profit</b>	<b>2,448</b>	<b>2,108</b>	<b>16%</b>	<b>1,270</b>	<b>1,075</b>	<b>18%</b>	<b>1,178</b>	<b>8%</b>	<b>4,920</b>	<b>50%</b>	<b>5,177</b>	<b>47%</b>
<b>GP margin (%)</b>	<b>49%</b>	<b>47%</b>		<b>47%</b>	<b>46%</b>		<b>51%</b>		<b>50%</b>		<b>50%</b>	
Opex	(922)	(856)	8%	(478)	(481)	-1%	(445)	7%	(1,884)	49%		
<b>EBIT</b>	<b>1,526</b>	<b>1,252</b>	<b>22%</b>	<b>793</b>	<b>594</b>	<b>33%</b>	<b>733</b>	<b>8%</b>	<b>3,036</b>	<b>50%</b>	<b>3,044</b>	<b>50%</b>
Interest expense	(585)	(563)	4%	(258)	(274)	-6%	(327)	-21%	(1,228)	48%		
Interest & invt inc	250	170	47%	125	88	42%	126	-1%	396	63%		
Others (include forex)	97	107	-10%	31	61	-50%	66	-54%	248	39%		
<b>Pretax profit</b>	<b>1,288</b>	<b>966</b>	<b>33%</b>	<b>690</b>	<b>469</b>	<b>47%</b>	<b>598</b>	<b>15%</b>	<b>2,451</b>	<b>53%</b>	<b>2,383</b>	<b>54%</b>
Tax	(156)	(136)	15%	(85)	(70)	23%	(70)	21%	(327)	48%		
Minority interests & proforma adjustment	(103)	(53)	93%	(59)	(33)	77%	(44)	33%	(67)	154%		
<b>Net profit</b>	<b>1,029</b>	<b>777</b>	<b>32%</b>	<b>546</b>	<b>366</b>	<b>49%</b>	<b>483</b>	<b>13%</b>	<b>2,057</b>	<b>50%</b>	<b>2,090</b>	<b>49%</b>

Source: Company, Indo Premier

Fig. 2: CTRA 1H24 results breakdown

Revenue breakdown (Rp bn)	1H24	1H23	%YoY	2Q24	2Q23	%YoY	1Q24	%QoQ
Landplots, house and shoplots	3,572	2,855	25%	2,004	1,395	44%	1,568	28%
Offices and apartments	335	649	-48%	141	463	-69%	194	-27%
<b>Non recurring</b>	<b>3,907</b>	<b>3,503</b>	<b>12%</b>	<b>2,145</b>	<b>1,858</b>	<b>15%</b>	<b>1,762</b>	<b>22%</b>
Mall	382	318	20%	193	156	24%	188	3%
Hotel	249	234	7%	135	112	21%	114	18%
Golf and other	499	414	20%	248	213	17%	251	-1%
<b>Recurring</b>	<b>1,130</b>	<b>966</b>	<b>17%</b>	<b>576</b>	<b>481</b>	<b>20%</b>	<b>554</b>	<b>4%</b>
<b>Total revenue</b>	<b>5,037</b>	<b>4,469</b>	<b>13%</b>	<b>2,721</b>	<b>2,339</b>	<b>16%</b>	<b>2,316</b>	<b>17%</b>
Gross margin breakdown	1H24	1H23	YoY (bp)	2Q24	2Q23	YoY (bp)	1Q24	QoQ (bp)
Landplots, house and shoplots	49%	50%	(146)	49%	49%	(53)	52%	(315)
Offices and apartments	48%	37%	1,073	48%	37%	1,095	51%	(283)
<b>Non recurring</b>	<b>49%</b>	<b>48%</b>	<b>86</b>	<b>49%</b>	<b>46%</b>	<b>243</b>	<b>52%</b>	<b>(310)</b>
Mall	49%	43%	651	49%	42%	735	49%	(1)
Hotel	44%	45%	(77)	44%	44%	(28)	42%	224
Golf and other	50%	47%	345	50%	48%	250	50%	14
<b>Recurring</b>	<b>49%</b>	<b>45%</b>	<b>356</b>	<b>49%</b>	<b>45%</b>	<b>350</b>	<b>48%</b>	<b>43</b>
<b>Overall margin</b>	<b>49%</b>	<b>47%</b>	<b>144</b>	<b>47%</b>	<b>46%</b>	<b>73</b>	<b>51%</b>	<b>(417)</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

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net revenue	9,127	9,245	9,854	10,726	11,457
Cost of sales	(4,559)	(4,686)	(4,933)	(5,406)	(5,754)
<b>Gross profit</b>	13,686	13,931	14,787	16,132	17,211
SG&A Expenses	(1,640)	(1,768)	(1,884)	(2,051)	(2,191)
<b>Operating profit</b>	2,928	2,791	3,036	3,270	3,512
Net interest	(1,069)	(1,209)	(1,228)	(1,229)	(1,226)
Forex gain (loss)	-	-	-	-	-
Others	451	633	644	563	575
<b>Pre-tax income</b>	2,310	2,216	2,451	2,603	2,862
Income tax	(307)	(307)	(327)	(355)	(384)
Minority interest	(140)	(63)	(67)	(73)	(78)
<b>Net income</b>	1,863	1,846	2,057	2,175	2,400

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	9,042	10,601	14,250	16,995	19,833
Receivable	781	734	807	878	938
Inventory	11,641	12,120	12,650	13,860	14,754
Other current assets	2,260	2,293	2,293	2,293	2,293
<b>Total current assets</b>	23,724	25,748	30,000	34,027	37,818
Fixed assets	7,918	8,024	7,967	7,901	7,826
Other non-current assets	10,260	10,343	10,843	11,343	11,843
<b>Total non-current assets</b>	18,178	18,367	18,810	19,244	19,669
<b>Total assets</b>	41,902	44,115	48,810	53,271	57,487
ST loans	879	622	308	295	282
Payable	991	959	1,026	1,124	1,197
Other payables	8,911	9,045	11,799	13,808	16,000
<b>Total current liab.</b>	10,781	10,625	13,134	15,227	17,479
Long term loans	6,311	5,728	5,707	5,463	5,226
Other LT liab.	3,898	5,137	5,497	6,166	6,214
<b>Total liabilities</b>	20,989	21,490	24,337	26,856	28,920
Equity	8,121	8,161	8,161	8,161	8,161
Retained earnings	10,317	11,885	13,667	15,535	17,610
Minority interest	2,475	2,579	2,646	2,719	2,797
<b>Total SHE + minority int.</b>	20,913	22,625	24,473	26,414	28,568
<b>Total liabilities &amp; equity</b>	41,902	44,115	48,810	53,271	57,487

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
EBIT	2,928	2,791	3,036	3,270	3,512
Depr. & amortization	326	341	357	366	375
Changes in working capital	452	853	2,578	1,494	1,311
Others	54	(121)	(912)	(1,022)	(1,034)
<b>Cash flow from operating</b>	<b>3,759</b>	<b>3,865</b>	<b>5,059</b>	<b>4,108</b>	<b>4,164</b>
Capital expenditure	66	(590)	(800)	(800)	(800)
Others	(788)	(586)	-	-	-
<b>Cash flow from investing</b>	<b>(722)</b>	<b>(1,176)</b>	<b>(800)</b>	<b>(800)</b>	<b>(800)</b>
Loans	(638)	(826)	(335)	(256)	(202)
Equity	-	-	-	-	-
Dividends	260	278	275	307	325
Others	(791)	(593)	(551)	(614)	(649)
<b>Cash flow from financing</b>	<b>(1,170)</b>	<b>(1,140)</b>	<b>(611)</b>	<b>(563)</b>	<b>(527)</b>
<b>Changes in cash</b>	<b>1,867</b>	<b>1,548</b>	<b>3,649</b>	<b>2,745</b>	<b>2,838</b>

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	50%	49%	50%	50%	50%
Operating margin	32%	30%	31%	30%	31%
Pre-tax margin	25%	24%	25%	24%	25%
Net margin	20%	20%	21%	20%	21%
ROA	5%	4%	4%	4%	4%
ROE	11%	10%	10%	10%	10%
ROIC	10%	9%	10%	10%	10%
Acct. receivables TO (days)	32.9	29.9	29.9	29.9	29.9
Inventory TO (days)	929.4	925.4	935.9	935.9	935.9
Payable TO (days)	72.3	66.4	66.4	66.4	66.4
Debt to equity	48%	40%	36%	32%	28%
Interest coverage ratio (x)	3.0	2.6	2.8	3.0	3.2
Net gearing	-1%	-13%	-30%	-40%	-49%

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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