



**CIPUTRA**

**BUY**

**Target Price : IDR1,350**

## Stock Data

Current Price	: 955
52w Range H-L	: 815-1,210
Share Outstanding	: 18.56 Bn
Free Float	: 46.67%
Mkt Capitalization (IDR bn)	: 18,281.9 Bn

## Major Shareholders

PT Sang Pelopor (P)	: 53.24%
Public	: 46.63%
Treasury	: 0.13%



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## PT Ciputra Development Tbk (CTRA IJ)

Properties & Real Estate

### Sustaining Vast Business Footprint

#### Marketing Sales FY21 Exceeds Target

- CTRA recorded revenue of IDR7.43 tn in FY21, an increase of 35.21% YoY (vs IDR5.49 tn in FY20) equivalent to 126%/127% of our target/company. CTRA sold 6,279 units with 33% of sales from Greater Jakarta, followed by 28% from Sumatra, 19% from Greater Surabaya.
- Landed house increased by 22% YoY and contribute 82% of its FY21 sales. In terms of tickets, a <IDR2bn/unit contributed 59% of FY21 marketing sales. In addition, the contribution of IDR2bn-IDR5bn sales recorded an increase of 35% in FY21 (29% in FY20). Several things that supported the achievement of marketing sales are: 1) Trend of low interest rates; 2) VAT policy for DTP in FY21; 3) Focus CTRA on landed house products.

#### Raises Marketing Sales Target in FY22E

- Launched 2 projects in North Sumatra.** CTRA targets marketing sales of IDR7.81tn in FY22E, increasing 5.17% YoY. The Company has a strategy by launching two projects in Deli Serdang North Sumatra (a joint operation project with PT Perkebunan Nusantara (PTPN) II), namely: 1) CitraLand Bangun Sari Kota Deli Megapolitan with a target market middle segment and a range of IDR360mn-IDR1.2bn/ units; 2) CitraLand Sampali Kota Deli Megapolitan with a target market of mid-high segment and a range of IDR1.4bn-IDR3.8bn/unit. Both clusters will be launched in 2Q22E-3Q22E with a marketing sales target of IDR700bn in FY22E. We consider this target to be moderate in the midst of potential collaboration between CTRA and BKSL in FY22E (possible launch in 3Q22E-4Q22E), but the management has not included this plan in the FY22E target.
- Commodity boom will have an impact in FY22E.** The management considers that the impact of the rising commodity prices had not been reflected in the achievement of marketing sales in FY21. This is indicated by the minimal contribution of marketing sales (around 2%) from heavy commodity areas. Management believes the commodity boom has the potential to be reflected in FY22E providing that the commodity price levels can be maintained until the end of FY22E. We have discussed the lagging-time between the commodity boom vs marketing sales ([click here](#)). CTRA's view refers to the FY09-FY10 condition with the hope that it will repeat itself in FY21-FY22E.
- More confident in developing recurring income.** People's mobility has started to ease, making CTRA to be quite confident in expanding its recurring income business. Some of the projects in progress are: 1) Office in Propan Tower Jakarta (18.7k sqm) in FY22E and Alessandro tower Surabaya (4.8k sqm) in FY23F; and 2) Ciputra World Surabaya and Citraland Surabaya mall with 63k sqm in FY23F.

#### Risk: Increase in Raw Materials and 7DRRR

We include the increase in raw materials as a risk, such as steel prices which have increased by 35.81% YTD (as of Apr 7-22) and cement prices which have increased 6%-8%, which potentially suppress margins. In addition, the increase in 7DRRR is also a risk that remains to be considered due to 58% of CTRA purchases was from mortgage in FY21 and the Fed's plan to raise the interest rate up to 6x-7x in FY22E

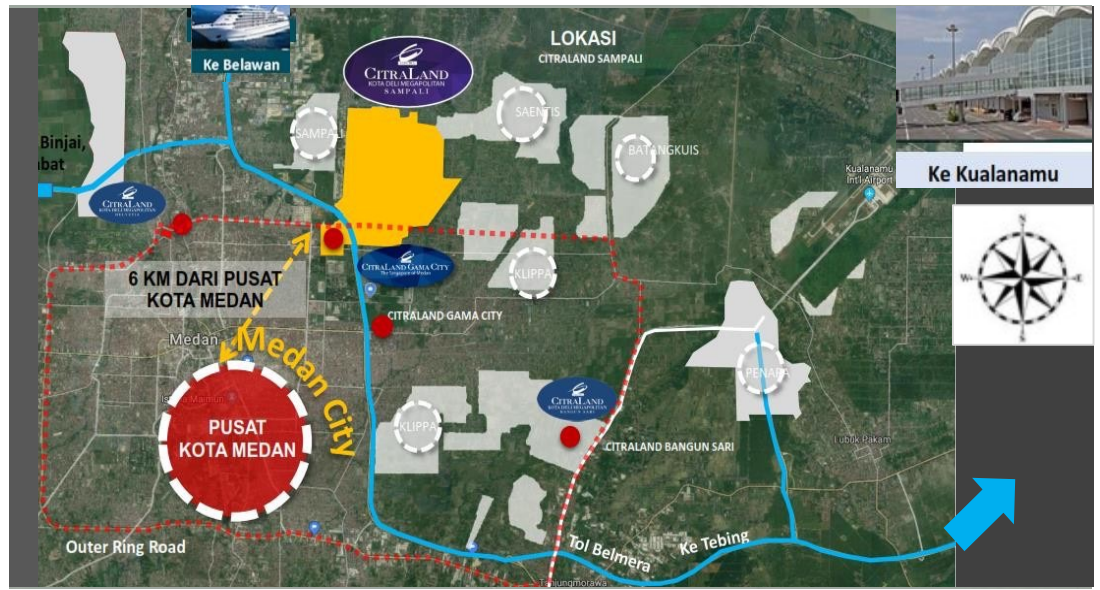
#### Valuation and Recommendation: BUY at Target Price IDR1,350

We recommend **BUY** for **CTRA**, with a TP: of IDR1,350 which implies PE/PBV 15.01x/1.39x in FY22E. CTRA's valuation has become attractive as it is currently traded at a level of -0.5 STD (average 3-years PE) at 12.17x PE. Risks to our call would include: 1) increase in raw materials (steel & cement); 2) interest rate; 3) Low purchasing power.

Key Financial Highlight	FY18	FY19	FY20	FY21E	FY22F
Revenue (IDR Bn)	7,670.41	7,608.24	8,070.74	8,368.46	9,582.96
Net Income (IDR Bn)	1,185.48	1,157.96	1,320.75	1,378.71	1,669.74
EPS (IDR)	63.87	62.39	71.16	74.28	89.96
PE (x)	15.42	15.79	13.84	13.26	10.95
BVPS (x)	774.44	827.17	826.07	890.16	970.61
PBV (x)	1.27	1.19	1.19	1.11	1.01
ROA (%)	3.46	3.20	3.36	3.36	3.86
ROE (%)	8.25	7.54	8.61	8.34	9.27
Net Gearing Ratio (x)	2.02	2.17	1.78	1.83	1.88

Source: Company, MNCS (at closing price IDR985/share)

Exhibit 01. Location of CTRA's Project in North Sumatra



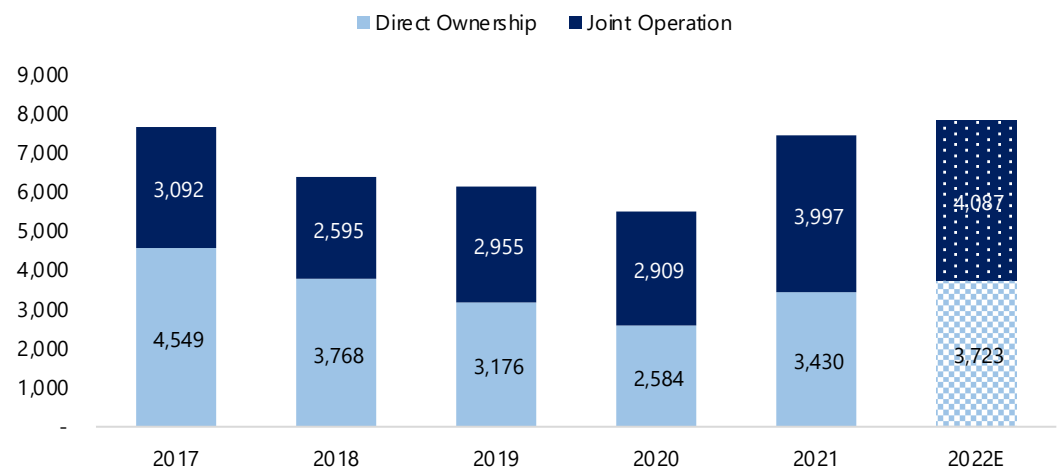
Source : Company, MNCS

Exhibit 02. Grand Design of CTRA's Project in North Sumatra



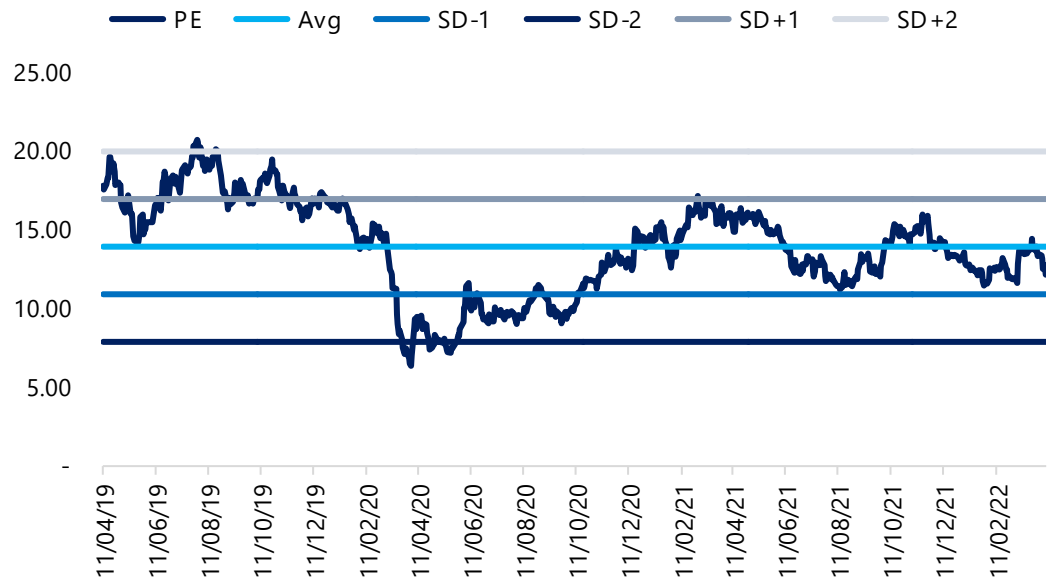
Source : Company, MNCS

Exhibit 03. The Trend of Marketing Sales CTRA in FY17-FY22E



Source : Company, MNCS

Exhibit 04. CTRA's currently trading at level -0.5 STD (3 Year Average) at 12.17x PE



Source : Bloomberg,, MNCS

Exhibit 05. Financial Summary

Income Statement					
In Billion IDR	FY18	FY19	FY20	FY21E	FY22F
<b>Revenue</b>	<b>7,670.41</b>	<b>7,608.24</b>	<b>8,070.74</b>	<b>8,368.46</b>	<b>9,582.96</b>
Cost of Revenue	(4,042.14)	(3,816.50)	(3,949.40)	(4,211.66)	(4,847.09)
<b>Gross Profit</b>	<b>3,628.27</b>	<b>3,791.74</b>	<b>4,121.34</b>	<b>4,156.80</b>	<b>4,735.87</b>
Operating Expense	(1,478.69)	(1,604.41)	(1,473.25)	(1,455.03)	(1,666.19)
<b>Operating Profit</b>	<b>2,149.58</b>	<b>2,187.33</b>	<b>2,648.09</b>	<b>2,701.77</b>	<b>3,069.68</b>
Interest Expense	(732.30)	(910.44)	(1,235.03)	(1,059.54)	(1,070.11)
Other	182.18	278.21	246.06	89.69	97.95
Final Tax	(254.18)	(238.25)	(231.50)	(241.65)	(292.66)
<b>Profit Before Tax</b>	<b>1,345.28</b>	<b>1,316.86</b>	<b>1,427.63</b>	<b>1,490.27</b>	<b>1,804.85</b>
Tax Expense	(47.81)	(33.58)	(56.94)	(59.44)	(71.98)
Minority Interest	(117.22)	(125.32)	(49.93)	(52.12)	(63.13)
<b>Net Income</b>	<b>1,180.24</b>	<b>1,157.96</b>	<b>1,320.75</b>	<b>1,378.71</b>	<b>1,669.74</b>
EPS (Full Amount)	63.87	62.39	71.16	74.28	89.96

Balance Sheet					
In Billion IDR	FY18	FY19	FY20	FY21E	FY22F
<b>Current Assets</b>	<b>16,151.96</b>	<b>18,195.18</b>	<b>20,645.60</b>	<b>21,769.64</b>	<b>23,408.01</b>
Cash & Cash Equivalents	3,243.10	4,237.92	5,275.69	5,761.57	5,090.16
Accounts & Notes Receiv	2,550.86	2,658.54	2,404.21	2,624.75	3,005.68
Inventories	9,786.24	10,660.62	12,240.11	12,635.95	14,542.38
Other ST Assets	571.76	638.09	725.60	747.37	769.79
<b>Non-Current Assets</b>	<b>18,137.06</b>	<b>18,000.85</b>	<b>18,609.59</b>	<b>19,217.11</b>	<b>19,812.66</b>
Land for Development	6,680.33	6,726.28	7,562.67	7,662.67	7,762.67
Other Non-Current Assets	11,456.73	11,274.57	11,046.92	11,554.43	12,049.99
<b>Total Assets</b>	<b>34,289.02</b>	<b>36,196.02</b>	<b>39,255.19</b>	<b>40,986.74</b>	<b>43,220.67</b>
<b>Current Liabilities</b>	<b>7,994.84</b>	<b>8,368.69</b>	<b>11,609.41</b>	<b>11,919.57</b>	<b>12,423.61</b>
Account Payable	1,462.66	1,489.79	1,666.63	1,741.62	2,004.39
Short Term Debt	1,640.72	1,434.04	3,152.13	3,183.58	3,215.02
Other Current Liabilities	4,891.46	5,444.86	6,790.65	6,994.37	7,204.20
<b>Non-Current Liabilities</b>	<b>9,649.90</b>	<b>10,065.77</b>	<b>10,188.25</b>	<b>10,356.29</b>	<b>10,527.32</b>
LongTerm Debt	6,814.24	7,741.85	6,871.90	6,940.46	7,009.01
Other Non-Current Liabilities	2,835.66	2,323.92	3,316.34	3,415.83	3,518.31
<b>Total Equity</b>	<b>16,644.28</b>	<b>17,761.57</b>	<b>17,457.53</b>	<b>18,710.88</b>	<b>20,269.74</b>
<b>Total Liabilities &amp; Equity</b>	<b>34,289.02</b>	<b>36,196.02</b>	<b>39,255.19</b>	<b>40,986.74</b>	<b>43,220.67</b>

Cash Flow					
In Billion IDR	FY18	FY19	FY20	FY21E	FY22F
Net Income	1,185.48	1,157.96	1,320.75	1,378.71	1,669.74
Depreciation	310.27	286.89	269.04	265.55	279.70
Change in Working Capital	(924.86)	(954.93)	(1,148.31)	(541.40)	(2,024.60)
Change in others	(125.17)	600.37	2,258.41	208.38	214.63
<b>CFO Total</b>	<b>445.72</b>	<b>1,090.29</b>	<b>2,699.89</b>	<b>1,311.24</b>	<b>139.47</b>
Capex	(1,082.61)	(745.72)	(1,572.66)	(800.00)	(800.00)
Change in others	(99.02)	(24.51)	687.23	-	-
<b>CFI Total</b>	<b>(1,181.64)</b>	<b>(770.23)</b>	<b>(885.43)</b>	<b>(800.00)</b>	<b>(800.00)</b>
Net Change in Debt	831.73	715.43	848.09	100.00	100.00
Net Change in Equity	84.31	144.69	(293.41)	43.78	65.67
Dividend Payment	(176.09)	(185.36)	(148.29)	(169.13)	(176.55)
Others	0.00	0.00	(1,183.10)	-	-
<b>CFE Total</b>	<b>739.95</b>	<b>674.77</b>	<b>(776.70)</b>	<b>(25.35)</b>	<b>(10.88)</b>
<b>Net-Cash Flow</b>	<b>4.03</b>	<b>994.82</b>	<b>1,037.76</b>	<b>485.89</b>	<b>(671.41)</b>
Cash at Beginning	3,239.07	3,243.10	4,237.92	5,275.69	5,761.57
<b>Cash at Ending</b>	<b>3,243.10</b>	<b>4,237.92</b>	<b>5,275.69</b>	<b>5,761.57</b>	<b>5,090.16</b>

Ratios					
	FY18	FY19	FY20	FY21E	FY22F
Revenue Growth (%)	19.05	(0.81)	6.08	3.69	14.51
Operating Profit Growth (%)	32.93	1.76	21.06	2.03	13.62
Net Profit Growth (%)	32.55	(2.32)	14.06	4.39	21.11
Current Ratio (%)	202.03	217.42	177.83	182.64	188.42
Quick Ratio (%)	79.62	90.03	72.40	76.63	71.36
Receivable Days (x)	103.44	124.96	114.48	114.48	114.48
Inventory Days (x)	1,021.35	923.16	1,095.08	1,095.08	1,095.08
Payable Days (x)	148.62	133.30	150.94	150.94	150.94
DER (x)	0.51	0.52	0.57	0.54	0.50
DAR (x)	0.25	0.25	0.26	0.25	0.24
Gross Profit Margin (%)	47.30	49.84	51.07	49.67	49.42
Operating Profit Margin (%)	28.02	28.75	32.81	32.29	32.03
EBITDA Margin (%)	32.07	32.52	36.14	35.46	34.95
Net Income Margin (%)	15.46	15.22	16.36	16.48	17.42
EPS (IDR)	63.87	62.39	71.16	74.28	89.96
BVPS (IDR)	774.44	827.17	826.07	890.16	970.61

Sources : Company, MNCS

### MNC Research Industry Ratings Guidance

**OVERWEIGHT:** Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months

**NEUTRAL:** Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months

**UNDERWEIGHT:** Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

### MNC Research Investment Ratings Guidance

**BUY :** Share price may exceed 10% over the next 12 months

**HOLD :** Share price may fall within the range of +/- 10% of the next 12 months

**SELL :** Share price may fall by more than 10% over the next 12 months

**Not Rated :** Stock is not within regular research coverage

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