

Thursday, 01 August 2019

BUY
Maintain

Last price (IDR) 1,295
Target Price (IDR) 1,350
Upside/Downside +4.2%
Previous Target Price (IDR) 1,350

Stock Statistics

Sector Property
Bloomberg Ticker CTRA JJ
No of Shrs (mn) 15,425
Mkt. Cap (IDRbn/USDmn) 19,976/1,424
Avg. daily T/O (IDRbn/USDmn) 42.2/3.0

Major shareholders (%)

Founder 30.6
Credit Suisse AG, Singapore 7.9
Estimated free float 53.0

EPS Consensus (IDR)

	2019F	2020F	2021F
Danareksa	51.4	60.1	45.5
Consensus	60.4	62.0	69.4
Danareksa/Cons	(15.0)	(3.2)	(34.5)

CTRA relative to JCI Index



Source : Bloomberg



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Ciputra Development (CTRA JJ)

Flat revenues from development property

CTRA booked net profits of IDR13bn in 2Q19 (-74% y-o-y, -95% q-o-q) resulting in 1H19 net profits of IDR296bn (+68% y-o-y) and representing 31% of our full year estimate and 27% of the consensus. This is in line with our estimate with the 5-year average at 32%. The weak y-o-y earnings delivery in 2Q19 mainly reflects flat revenues, margins compression, higher interest expenses, and a higher effective tax rate. On the positive side, CTRA made efficiency gains as reflected in the 14% y-o-y decline in operating expenses.

Flat development property revenues from lower recognition of landed residential property. CTRA booked revenues of IDR1.5tn in 2Q19 (+4% y-o-y) supported by its investment property business which recorded +10% y-o-y growth while its development property business recorded only 1% y-o-y growth. Despite booking higher revenues from land plots (+36%), offices (+38%), and condominiums (+80%), a 16% drop in landed residential revenues reined in the momentum. All in all, the gross margin from the development property business narrowed to 39% in 2Q19 – its lowest level since 2010.

Higher revenues from investment property. CTRA's revenues from investment property rose 10% y-o-y in 2Q19 with a 40% increase in its hospital business and decent revenues growth from its offices and shopping center business. The gross margin on investment property was maintained at 51% or higher than 2Q18's 46%.

Slight increase in net gearing. CTRA's net gearing stood at 32% as of end Jun-19, a slight increase from 31% as of end Dec-18, due to higher long-term debt. The cash position remained stable at IDR3.3tn in the last three quarters.

Maintain BUY with an unchanged TP of IDR1,350. Despite weak earnings delivery, we maintain our BUY call on the counter as we have factored in a lower net profits estimate in FY19 (vs expectations of flat net profits by the street). We maintain our TP at IDR1,350 which is derived from a 28% discount to its RNAV. Our TP implies 1.7x FY19F book value.

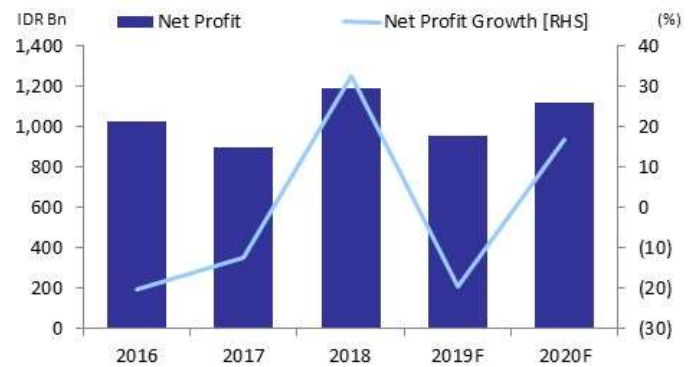
Key Financials

Year to 31 Dec	2017A	2018A	2019F	2020F	2021F
Revenue (IDRbn)	6,443	7,670	6,924	7,806	6,720
EBITDA (IDRbn)	1,822	2,355	2,019	2,302	1,999
EBITDA Growth (%)	(11.1)	29.3	(14.3)	14.0	(13.2)
Net profit (IDRbn)	894	1,185	953	1,115	844
EPS (IDR)	48.2	63.9	51.4	60.1	45.5
EPS growth (%)	(27.2)	32.6	(19.6)	16.9	(24.3)
BVPS (IDR)	724.0	774.4	813.2	863.1	896.7
DPS (IDR)	4.8	9.5	12.6	10.1	11.8
PER (x)	26.9	20.3	25.2	21.6	28.5
PBV (x)	1.8	1.7	1.6	1.5	1.4
Dividend yield (%)	0.4	0.7	1.0	0.8	0.9
EV/EBITDA (x)	15.6	12.4	15.1	12.5	15.1

Source : CTRA, Danareksa Estimates

Exhibit 1. Revenues and Growth

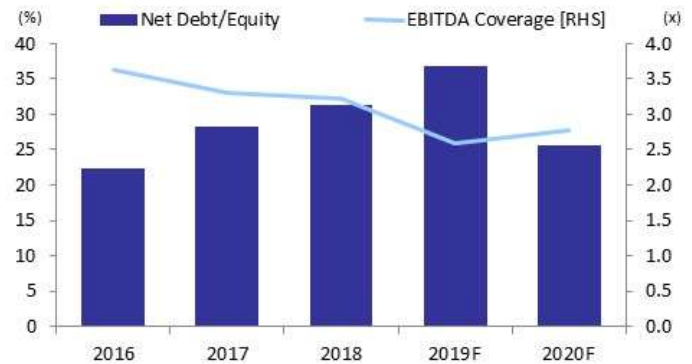

Source: Company, Danareksa Sekuritas estimates

Exhibit 2. Net Profits and Growth


Source: Company, Danareksa Sekuritas estimates

Exhibit 3. Margins


Source: Company, Danareksa Sekuritas estimates

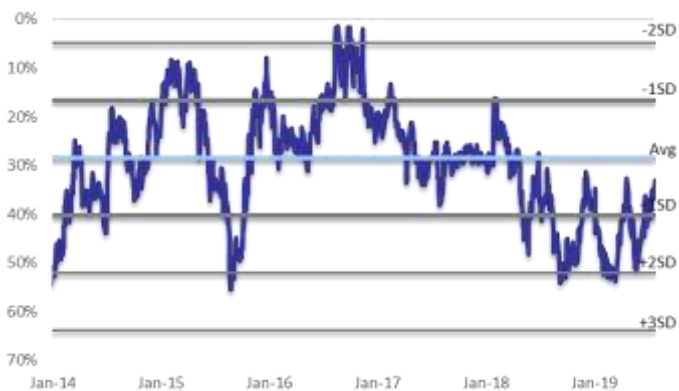
Exhibit 4. Gearing Level


Source: Company, Danareksa Sekuritas estimates

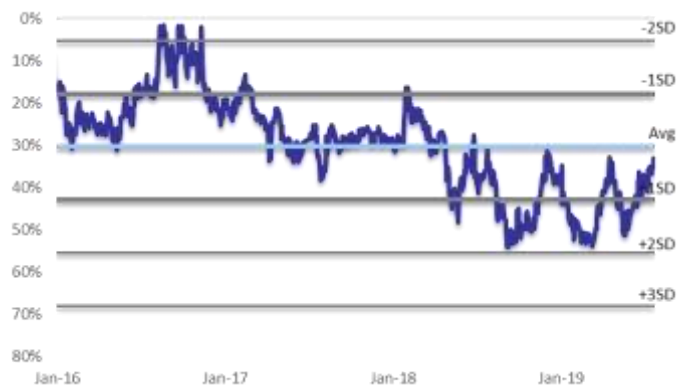
Exhibit 5. CTRA 2Q19 results summary

CTRA (IDR bn)	2Q18	1Q19	2Q19	y-o-y	q-o-q	6M18	6M19	y-o-y	FY19F	FY19C	A/F	A/C
Revenue	1,447	1,647	1,499	4%	-9%	2,805	3,145	12%	6,924	7,395	45%	43%
COGS	(751)	(793)	(864)	15%	9%	(1,479)	(1,656)	12%	(3,714)	(3,852)	45%	43%
Gross Profit	697	854	635	-9%	-26%	1,326	1,489	12%	3,211	3,543	46%	42%
Total Opex	(453)	(347)	(390)	-14%	13%	(780)	(737)	-6%	(1,523)	(1,558)	48%	47%
Operating Profit	244	508	245	0%	-52%	545	752	38%	1,687	1,985	45%	38%
Pretax Profit	152	355	82	-46%	-77%	347	436	26%	1,238	1,489	35%	29%
Net Profit	51	283	13	-74%	-95%	176	296	68%	953	1,102	31%	27%
Gross margin	48.1%	51.9%	42.4%	-5.8%	-9.5%	47.3%	47.3%	0.1%	46.4%	47.9%		
Operating margin	16.9%	30.8%	16.3%	-0.5%	-14.5%	19.4%	23.9%	4.5%	24.4%	26.8%		
Net margin	3.5%	17.2%	0.9%	-2.6%	-16.3%	6.3%	9.4%	3.1%	13.8%	14.9%		

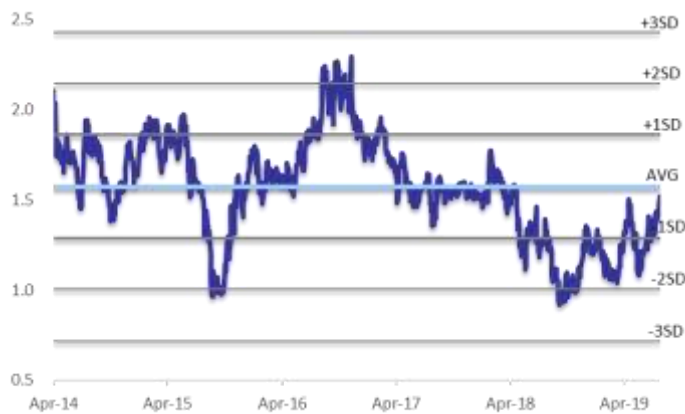
Source: Company, Danareksa Sekuritas estimates

Exhibit 6. Discount to RNAV Band Chart (5-year)


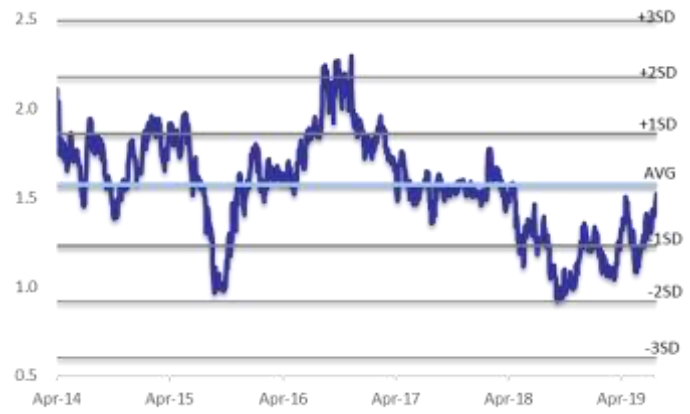
Source: Company, Danareksa Sekuritas estimates

Exhibit 7. Discount to RNAV Band Chart (3-year)


Source: Company, Danareksa Sekuritas estimates

Exhibit 8. PBV Band Chart (5-year)


Source: Company, Danareksa Sekuritas estimates

Exhibit 9. PBV Band Chart (3-year)


Source: Company, Danareksa Sekuritas estimates

Exhibit 10. Income Statement

Year to 31 Dec (IDRbn)	2017A	2018A	2019F	2020F	2021F
Revenue	6,443	7,670	6,924	7,806	6,720
COGS	(3,423)	(4,042)	(3,714)	(4,047)	(3,520)
Gross profit	3,019	3,628	3,211	3,759	3,200
EBITDA	1,822	2,355	2,019	2,302	1,999
Oper. profit	1,559	2,045	1,687	1,964	1,655
Interest income	224	252	223	195	195
Interest expense	(551)	(732)	(781)	(828)	(845)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	47	(19)	3	4	3
Other Income (Expenses)	64	104	104	104	104
Pre-tax profit	1,343	1,650	1,238	1,439	1,112
Income tax	(324)	(352)	(173)	(195)	(168)
Minority interest	(124)	(117)	(111)	(130)	(100)
Net profit	894	1,185	953	1,115	844
Core Net Profit	894	1,180	953	1,115	844

Exhibit 11. Balance Sheet

Year to 31 Dec (IDRbn)	2017A	2018A	2019F	2020F	2021F
Cash & cash equivalent	3,239	3,243	2,237	4,521	2,100
Receivables	958	1,212	979	1,104	950
Inventory	9,496	9,786	10,476	10,876	11,850
Other Curr. Asset	1,504	1,910	2,102	2,312	2,543
Fixed assets - Net	7,907	8,076	8,637	8,514	8,418
Other non-curr.asset	8,768	10,061	10,633	11,218	11,856
Total asset	31,872	34,289	35,064	38,546	37,717
ST Debt	1,231	1,641	1,292	2,977	1,360
Payables	839	832	768	836	727
Other Curr. Liabilities	7,578	8,097	7,886	9,641	9,248
Long Term Debt	6,388	6,814	7,382	6,298	6,866
Other LT. Liabilities	287	261	261	261	261
Total Liabilities	16,322	17,645	17,589	20,014	18,462
Shareholder's Funds	13,438	14,374	15,093	16,020	16,644
Minority interests	2,113	2,270	2,382	2,511	2,611
Total Equity & Liabilities	31,872	34,289	35,064	38,546	37,717

Exhibit 12. Cash Flow

Year to 31 Dec (IDRbn)	2017A	2018A	2019F	2020F	2021F
Net income	894	1,185	953	1,115	844
Depreciation and Amort.	263	310	332	338	344
Change in Working Capital	(1,168)	(439)	(923)	1,089	(1,554)
Other Oper. Cash Flow	(122)	11	273	308	383
Operating Cash Flow	(132)	1,067	634	2,850	17
Capex	(1,382)	(1,173)	(1,126)	(428)	(477)
Others Inv. Cash Flow	532	(215)	(3)	(47)	(114)
Investing Cash Flow	(850)	(1,389)	(1,130)	(475)	(591)
Net change in debt	956	837	219	601	(1,050)
New Capital	781	(38)	0	0	0
Dividend payment	(88)	(176)	(234)	(188)	(220)
Other Fin. Cash Flow	(1,345)	(767)	(781)	(828)	(845)
Financing Cash Flow	305	(145)	(796)	(415)	(2,115)
Net Change in Cash	(677)	(466)	(1,291)	1,960	(2,690)
Cash - begin of the year	3,468	3,239	3,243	2,237	4,521
Cash - end of the year	3,239	3,243	2,237	4,521	2,100

Exhibit 13. Key Ratios

Year to 31 Dec	2017A	2018A	2019F	2020F	2021F
Growth (%)					
Sales	(4.4)	19.1	(9.7)	12.7	(13.9)
EBITDA	(11.1)	29.3	(14.3)	14.0	(13.2)
Operating profit	(13.7)	31.2	(17.5)	16.4	(15.8)
Net profit	(12.4)	32.6	(19.6)	16.9	(24.3)
Profitability (%)					
Gross margin	46.9	47.3	46.4	48.2	47.6
EBITDA margin	28.3	30.7	29.2	29.5	29.7
Operating margin	24.2	26.7	24.4	25.2	24.6
Net margin	13.9	15.5	13.8	14.3	12.6
ROAA	2.9	3.6	2.7	3.0	2.2
ROAE	6.9	8.5	6.5	7.2	5.2
Leverage					
Net Gearing (x)	0.3	0.3	0.4	0.3	0.3
Interest Coverage (x)	2.8	2.8	2.2	2.4	2.0

Source : CTRA, Danareksa Estimates

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