

### Ciputra Development

### Company Update

#### CTRA IJ

#### BUY

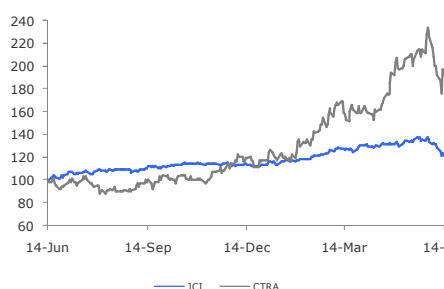
Target Price  
Current Price  
Upside (downside)

Rp1,700  
Rp1,350  
26%

#### Share Performance

	3 M	6 M	12 M
Absolute (%)	29.8	64.6	101.5
Relative to JCI (%)	30.6	53.9	76.3
52-WK range (Rp)	600 – 1,660		

#### Price Chart



Source: Bloomberg

#### Share Data

Out' shares (m)	15,166
Market Cap (US\$ m)	2,073.3
6 M avg.daily (US\$)	2,552,579

#### Shareholder information

Sang Pelopor	30.6%
Credit Suisse Singapore	7.6%
Free float	61.8%

**Natalia Sutanto**  
natalia.sutanto@ipc.co.id  
+62 21 5793 1168

### Diversified with strong footprint in Indonesia

- Strong 5M13 marketing sales, on track to reach our FY13F target
- 2013F earnings: robust growth of 82% YoY to Rp1tn
- Sustainable growth through JO/JV schemes with diversified projects throughout Indonesia; BUY with TP Rp1,700/share, based on a 25% discount to NAV

**CTRA currently has a net saleable land bank of 1,369ha in 11 township developments located in Java, Sumatera, and Kalimantan. In addition, it has a combined 1,905ha under various stages of development through joint operation (JO)/joint venture (JV) schemes. We credit CTRA's track record and first-mover advantage for its success in securing projects throughout Indonesia. CTRA plans to launch 13 new projects this year, with a further 14 new projects in the pipeline for launch in 2014-15.**

**Strong 5M13 marketing sales of Rp4.8tn, +81% YoY.** CTRA is on track to achieve our FY13 marketing sales forecast of Rp9.5tn, +30% YoY. For 4M13, it reported marketing sales of Rp3.6tn, +73% YoY, the bulk of which was contributed directly by CTRA (48%), followed by subsidiary Ciputra Surya (46%), which mainly sells houses in township developments throughout Indonesia. In May 2013, CTRA sold a combined 60ha of land (located in Citra Raya Tangerang and Citra Garden-West Jakarta) worth Rp435bn to its JV with Mitsui Corporation; the property will be developed into upmarket cluster housing (Tangerang) and high-rise projects (West Jakarta). This, combined with sales from existing townships/mixed-used projects, allowed CTRA to book marketing sales of IDR1.2tn in May, bringing the 5M13 total to Rp4.8tn, +81% YoY.

**2013F earnings: robust growth of 82% YoY.** For 2013, we estimate CTRA will book Rp5.9tn at the top line, +80% YoY, mainly coming from revenue recognition of 2011-12 marketing sales totaling Rp10tn and the 60ha land sale to Mitsui. We expect CTRA to double its 2013 development revenue to Rp5.2tn, and record stable recurring income growth of 9% YoY to Rp696bn, helped by additional revenue from Lotte Shopping Avenue in Ciputra World Jakarta (we estimate Rp77bn). We expect improving efficiencies on the operating front to support 2013 operating margin improvement to 32%. Factoring in the extraordinary profit from the land sale to Mitsui (IDR88b), we forecast that CTRA's 2013 bottom line will reach Rp1tn, +82% YoY.

**Strong footprint and earnings growth, BUY with TP of Rp1,700.** CTRA has the strongest footprint of township development projects among Indonesian developers, with 39 projects under management (directly owned and through JOs/JOs). This, combined with its mixed-used developments, hotels, and upcoming new commercial projects under JO/JV schemes, should give CTRA a well-diversified revenue stream in the coming years. For this year, CTRA plans to launch 13 new projects, with a further 14 new projects in the pipeline for launch in 2014-2015. Based on its strong earnings growth, solid expansion plan, and greater revenue diversification, we reiterate our BUY rating on CTRA with a target price of Rp1,700/share.

Key Financials	2011A	2012A	2013F	2014F	2015F
Marketing sales (Rp bn)	3,676	5,870	9,509	10,935	12,029
Sales (Rp bn)	2,178	3,323	5,968	7,605	9,094
EBITDA (Rp bn)	499	1,050	2,040	2,654	3,238
Net profit (Rp bn)	325	589	1,072	1,467	1,763
EBITDA margin (%)	23%	32%	34%	35%	36%
EPS (Rp)	21	39	71	97	116
P/E (x)	63.0	34.6	19.1	14.0	11.6
P/BV (x)	2.7	2.4	2.1	1.9	1.7
Net gearing (%)	nc	nc	nc	nc	nc
ROE (%)	11.5%	10.5%	16.4%	19.1%	19.6%

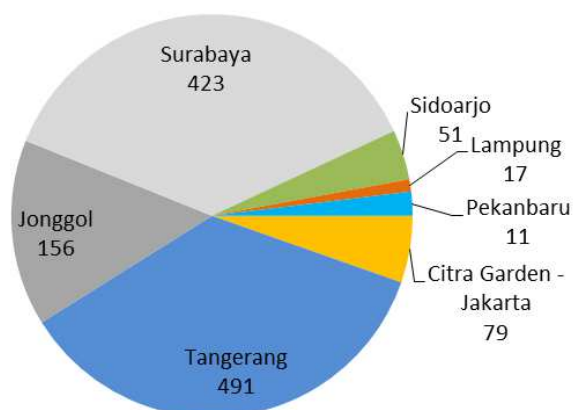
Source: CTRA, IndoPremier estimates

## Company Update

### 3,274ha land and development plans to sustain sales growth

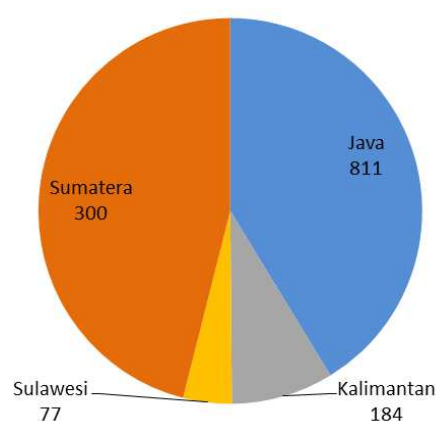
CTRA has a net saleable land bank of 1,369ha (as of December 2012) in 11 township developments located in Java, Sumatera, and Kalimantan (Exhibit 1). Through JO/KV schemes, CTRA has an additional 1,905ha under development (Exhibit 2), located mostly in Sumatera (877ha) and Java/Bali island (786ha), with the remaining in Kalimantan (164ha) and Sulawesi (78ha). The two land banks, covering a combined 3,274ha, should ensure a sustainable sales growth for CTRA going forward.

Exhibit 1. Land bank owned by CTRA (1,369ha), Dec 2012



Sources: CTRA, IndoPremier

Exhibit 2. Land bank - developments through JOs/JVs, Dec 2012



Sources: CTRA, IndoPremier

### 2013: Expansion continues through JO/JV schemes - 13 new projects

CTRA has a proven track record in developing projects through JO/JV schemes, having forged its first JO/JV development agreement five years ago. The company currently has 26 JO/JV projects under various stages of development, and management is eyeing 10-20 potential new locations in Indonesia for future projects. This year, CTRA plans to launch 13 new projects covering a total of 1,029ha.

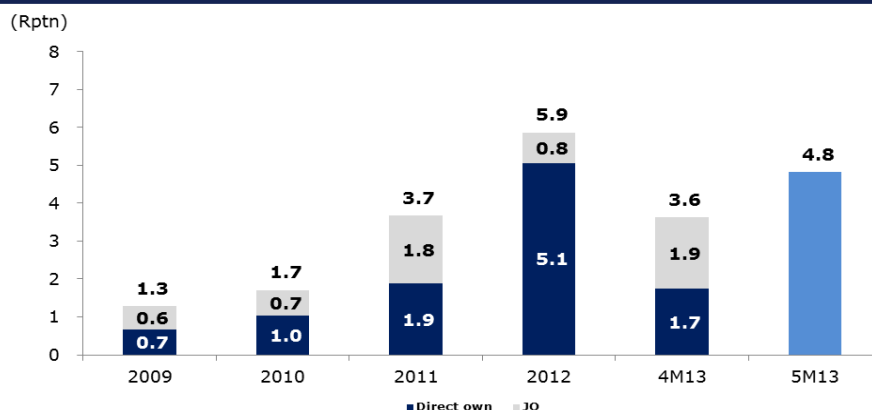
Exhibit 3. New projects under JO/JV schemes, 2013

	CTRA		Dev Plan (Ha)
1	Citraland BSB City Semarang	Central Java	100
2	Citra Grand Galesong Gowa	South Sulawesi	500
3	Citra Garden BMW Cilegon	West Java	47
4	Citra Lake Sawangan Depok	West Java	13.1
5	Citra Garden Pontianak	West Kalimantan	3.4
6	Citra MC Banjarbaru	South Kalimantan	172
7	Citra City Balikpapan	East Kalimantan	9.3
8	Citra Land Cirebon	West Java	45
9	Citra Land Megah Batam	Riau	19
10	BizPark CE Cibitung	Bekasi, West Java	9.7
<b>CTRS</b>			
11	CitraLand Bagya City Medan	South Sumatera	63
12	CitraLand Mutiara Jogjakarta	Central Java	40
<b>CTRP</b>			
13	Mixed-used project Puri	West Jakarta	7.2
<b>Total</b>			<b>1,029</b>

Sources: CTRA, IndoPremier

**Strong 5M13 sales, on track to reach our FY13 target.** From its 39 projects under management and two mixed-used projects (Ciputra World Jakarta and Ciputra World Surabaya) located throughout Indonesia, CTRA achieved marketing sales CAGR of 66% in 2010-12. This year, we estimate CTRA to book marketing sales of Rp9.5tn, 22% of which would come from new JO/JV projects. Given its strong 5M13 marketing sales of Rp4.8tn, +81% YoY, we believe CTRA remains on track to reach our FY13 sales target.

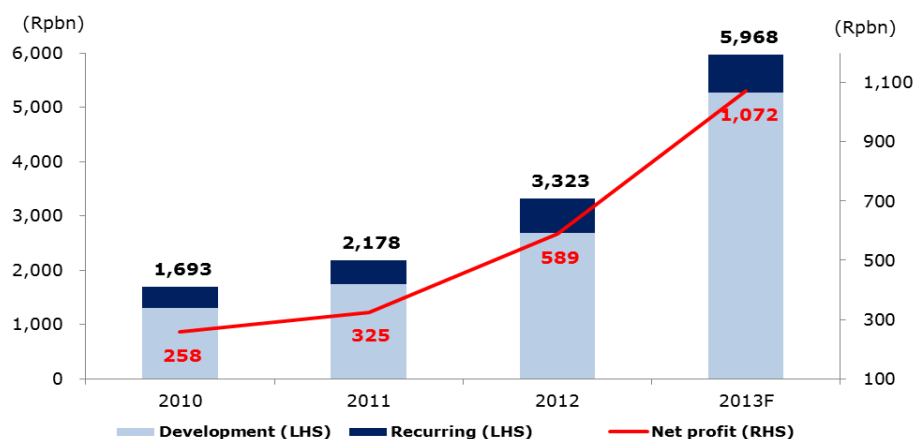
Exhibit 4. Marketing sales, 2009-5M13



Sources: CTRA, IndoPremier

**2013F earnings to reach Rp1tn, +82% YoY.** For 2013, we expect CTRA to book a top line of Rp5.9tn, +80% YoY, mainly coming from revenue recognition of 2011-12 marketing sales totaling Rp10tn and the 60ha land sale to Mitsui worth Rp435bn. We estimate CTRA will double its 2013 development revenue to Rp5.2tn, and record stable recurring income growth of 9% YoY to Rp696bn, helped by additional revenue from Lotte Shopping Avenue in Ciputra World Jakarta. We expect improving efficiencies on the operating front to support 2013 operating margin improvement to 32%. Factoring in the extraordinary profit from the land sale to Mitsui (Rp88bn), we forecast that CTRA's 2013 bottom line will reach Rp1tn, +82% YoY.

Exhibit 5. Revenue and net profit, 2010-13F



Sources: CTRA, IndoPremier estimates

## Company Update

### Exhibit 6. RNAV Table

	Location	Gross land (Ha)*	Net land (Ha)**	Net saleable area (Ha)***	Method	RNAV (Rp bn)
<b>CIPUTRA DEVELOPMENT (CTRA)</b>						
Citra Garden City	West Jakarta	95.0	16.5	73.5	NAV	6,105
Citra Raya Tangerang	West Java	517.1	179.1	489.4	NAV	11,698
Citra Indah Jonggol	West Java	117.1	134.4	204.7	NAV	2,661
		<b>Dev plan (Ha)</b>			<b>Method</b>	
<b>JO projects*</b>		1,905			DCF	4,583
WACC 12%						
<b>CTRA</b>						<b>25,047</b>
	Location	Gross land (Ha)*	Net land (Ha)**	Net saleable area (Ha)***	Method	RNAV (Rp bn)
<b>CIPUTRA SURYA (CTRS)</b>						
Citraland Surabaya	East Java	669.0	105	506.4	NAV	14,328
Citra Harmoni Sidoarjo	East Java South	74.8	5.1	50.0	NAV	261
Citra Garden Lampung	Sumatera	-	13.5	13.5	NAV	216
Citra Garden Sidoarjo	East Java	-	1.8	1.8	NAV	36
		<b>Stake</b>			<b>Method</b>	
Ciputra World Surabaya		53%			DCF	1,535
WACC 12%						
		<b>CTRA's stake</b>				
<b>CTRS (after 20% parent company disc)</b>		<b>62.7%</b>				<b>8,214</b>
	Location	Gross land (Ha)*		Net saleable area (Ha)***	Method	RNAV (Rp bn)
<b>CIPUTRA PROPERTY (CTRP)</b>						
Land in Satrio	South Jakarta	3		1.8	NAV	1,037
		<b>Stake</b>			<b>Method</b>	
Ciputra World Jakarta Phase 1 & 2	South Jakarta	100%			DCF	7,082
Ciputra mall and hotel - Jakarta	West Jakarta	100%			DCF	2,586
Ciputra mall and hotel - Semarang	Central Java	100%			DCF	1,221
WACC 12%						
		<b>CTRA's stake</b>				
<b>CTRP (after 20% parent company disc)</b>		<b>57.9%</b>				<b>5,527</b>

Total Value (Rp bn)	38,788
Net Cash - 2013F (Rp bn)	1,544
Advance from customer - 2013F (Rp bn)	(5,655)
Total RNAV	34,668
No of shares (million)	15,166
RNAV/shares	2,286
Discount to NAV	25%
<b>TP</b>	<b>1,700</b>
<b>Upside</b>	<b>26%</b>

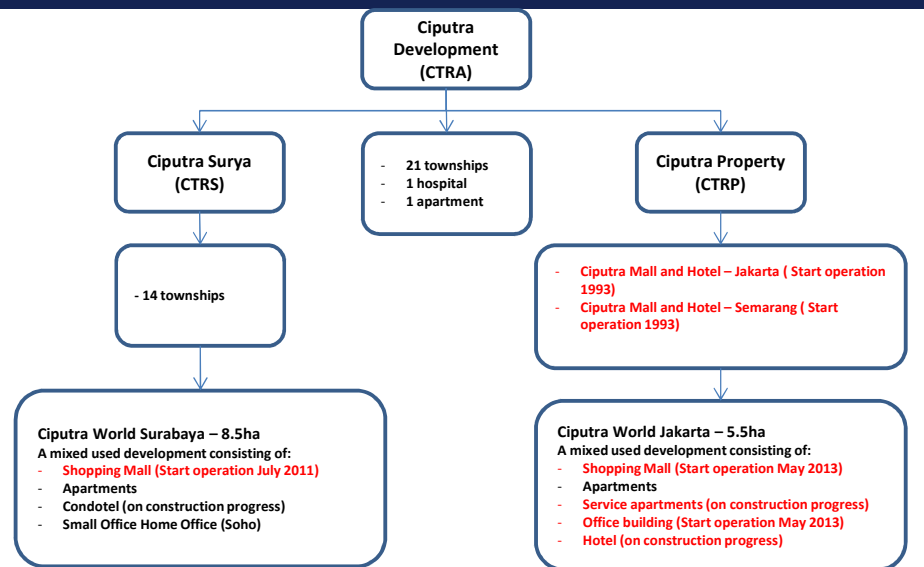
Sources: CTRA, IndoPremier estimates

\*Undeveloped land bank

\*\*Developed land, 60% utilization rate

\*\*\* (Gross land x 60%) + Net land

Exhibit 7. Township and commercial projects under CTRA



Sources: CTRA, IndoPremier  
 \*In red color, projects that generate recurring income

## Company Update

### Financial Summary

#### Income Statement

Year to Dec 31 (Rp bn)	2012	2013F	2014F	2015F
Sales	3,323	5,968	7,605	9,094
COGS	(1,656)	(2,959)	(3,692)	(4,320)
Gross profit	1,667	3,009	3,913	4,774
Operating expenses	(712)	(1,110)	(1,429)	(1,727)
EBIT	955	1,899	2,483	3,047
EBITDA	1,050	2,040	2,654	3,238
Interest income/expense	47	39	83	79
Other items	28	13	9	7
Profit before tax	1,029	1,952	2,576	3,132
Tax	(180)	(328)	(418)	(500)
Net income	849	1,624	2,158	2,632
MI	(260)	(552)	(691)	(869)
Net income after MI	589	1,072	1,467	1,763

#### Balance Sheet

Year to Dec 31 (Rp bn)	2012	2013F	2014F	2015F
Cash and Equivalents	2,708	2,941	2,412	2,734
Trade receivables	643	792	1,063	1,239
Inventories	3,310	3,979	4,225	5,052
Other current assets	899	954	1,203	1,487
Land under development	2,237	2,237	2,237	2,237
Investment properties	3,180	3,965	4,572	5,014
Property Plant & Equipment	1,240	2,007	2,605	3,343
Other non-current assets	805	846	888	932
Total assets	15,023	17,721	19,205	22,040
Trade payable	199	182	232	278
Accrued expenses	39	41	43	45
Income taxes payable	93	98	103	108
Other current liabilities	-	-	-	-
Bank loan	1,985	1,936	1,451	1,480
Bonds	-	-	-	-
Sales advances	3,944	5,665	6,240	7,477
Prov. employee benefits	64	67	70	74
Other long term liabilities	219	157	192	224
Total Liabilities	6,543	8,146	8,332	9,684
Minority interest	2,891	3,036	3,187	3,347
Equity	5,590	6,539	7,685	9,009

#### Cash Flow Statement

Year to Dec 31 (Rp bn)	2012	2013F	2014F	2015F
Net income to owners	589	1,072	1,467	1,763
D&A	96	141	171	192
Working capital	499	674	(53)	53
Others	(356)	72	(75)	(50)
CF from operation	828	1,959	1,510	1,958
Capex	(1,270)	(1,692)	(1,375)	(1,373)
Investments	-	-	-	-
Others	(24)	(8)	(9)	(11)
CF after investment	(1,294)	(1,700)	(1,385)	(1,384)
Debt issuance/ payment	818	(49)	(485)	28
Dividend payment	(106)	(119)	(321)	(440)
Equity issuance	3	(3)	-	-
Others	350	145	152	159
CF after financing	1,065	(26)	(654)	(253)
Change in cash	599	233	(529)	322
Beginning cash balance	2,109	2,708	2,941	2,412
Ending	2,708	2,941	2,412	2,734

#### Key Ratios

Year to Dec 31	2012	2013F	2014F	2015F
<b>Margin (%)</b>				
Gross margin	50.2%	50.4%	51.4%	52.5%
EBIT margin	28.7%	31.8%	32.7%	33.5%
EBITDA margin	31.6%	34.2%	34.9%	35.6%
Net income margin	17.7%	18.0%	19.3%	19.4%
ROA	3.9%	6.0%	7.6%	8.0%
ROE	10.5%	16.4%	19.1%	19.6%
<b>Growth (%)</b>				
Marketing sales	59.7%	62.0%	15.0%	10.0%
Sales	52.5%	79.6%	27.4%	19.6%
EBIT	91.1%	98.9%	30.8%	22.7%
EBITDA	110.3%	94.2%	30.1%	22.0%
Net income	81.2%	81.9%	36.9%	20.2%
<b>Leverage</b>				
Debt/ Equity (%)	35.5%	29.6%	18.9%	16.4%
Net gearing (%)	nc	nc	nc	nc
Interest coverage (x)	na	na	na	na

Sources: CTRA, IndoPremier estimates

### PT INDO PREMIER SECURITIES

Wisma GKBI 7/F Suite 718  
Jl. Jend. Sudirman No.28  
Jakarta 10210 - Indonesia  
p +62.21.5793.1168  
f +62.21.5793.1167

## Institutional Equity & Private Client Group

<b>Benny B. Soebagjo</b>	Head of Equities	benny.soebagjo@ipc.co.id
<b>Angkula Ruriawan</b>	Equity Sales	angkula.ruriawan@ipc.co.id
<b>Alexander Salim</b>	Equity Sales	alexander.salim@ipc.co.id
<b>Edward Azizy</b>	Equity Sales	edazizy@ipc.co.id
<b>James Darmawan</b>	Equity Sales	jdarmawan@ipc.co.id
<b>Henry Sutanto</b>	Equity Sales	henry.sutanto@ipc.co.id
<b>Thomas Samuil</b>	Sales Trader	thomas.samuil@ipc.co.id

#### 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

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