

# Buy

## Ciputra Development (CTRA JJ)

### Update Call KTA: Strategy Remains Aligned with Winning Developers' Traits

Last Price (Rp)	870
Target Price (Rp)	1,700
Upside/Downside	+95.4%
No. of Shares (mn)	18,536
Mkt Cap (Rpbn/US\$mn)	16,147/957
Avg, Daily T/O (Rpbn/US\$mn)	24.3/1.4

- FY24 results reflected CTRA's strong market-oriented strategy. 1Q25 softer pre-sales growth reflected high base and seasonality factors.
- CTRA targeted 10-15% growth in FY25F Net Profit while maintaining Rp11tr pre-sales target to incorporate risks of mortgages affordability.
- Maintain Buy with TP of Rp1,700. CTRA's current business strategy makes it a safer bet in the sector.

#### Key Financials:

	2025F	2026F	2027F
EPS (Rp)	121.7	142.1	159.2
PER (x)	7.2	6.1	5.5
PBV (x)	0.7	0.6	0.6
EV/EBITDA (x)	2.8	2.0	1.3
Dividend yield (%)	2.6	3.0	3.4
ROAE (%)	10.0	10.7	11.0

#### FY24 Review: A Reflection of Strong Market-Oriented Strategy Execution

FY24 Revenue/Net Profit grew by 21/15% yoy, exceeding the company's guidance of ~8/19% yoy, and marking an all-time high record. This reflects the company's strong strategy execution of: 1) Leveraging its diversified landbank geographical profile (allowing it to maintain a steady supply of new launches and projects), 2) Focusing in the middle-up and the upper income brackets (Product mixes of Rp1-2bn averaging at 29% of FY22-24 pre-sales and Rp2-5bn at 41%), 3) A faster development model of Joint-Operations and 4) Optimizing recurring revenue assets (**Exh.6**).

#### 1Q25 Pre-Sales Review: Softer Growth yet Resilient Amid Weaker Demand

- CTRA booked pre-sales of Rp3.15tr in 1Q25 (-5% yoy, +35% qoq), relatively in line with our estimates of Rp11.5tr (27% of FY25F) and the company's target of Rp11.0tr (29%). The weaker yoy 1Q25 achievement was due to: 1) a high-base in 1Q24 (Rp3.32tr), propelled by the launch of Sampali and Tj.Morawa KDM (Rp1.0tr) and CitraLand Surabaya Dempsey Hill (Rp209bn) with an overall take-up rate from these new launches at 83%; and 2) the fasting month falling entirely in March25.
- CTRA still managed to launch several projects successfully in 1Q25 in Citra Garden (CG) Bintaro, Serpong and CitraLand Surabaya, which booked Rp536bn in pre-sales (17% contribution to total 1Q25), with a 54% take-up rate.

#### FY25F Guidance: 5-10%/10-15%yoy Revenue/Net Profit Growth

This target partly incorporates the VAT-exempted units accelerated handover. Meanwhile, Pre-sales target is maintained conservatively at Rp11.0tr as CTRA sees tighter banks liquidity might impact on the affordability of mortgages (70%/72% to FY24/1Q25 pre-sales). We are currently reviewing our FY25F/26F pre-sales and revenue recognition estimates.

#### Maintain Our Buy Rating with TP of Rp1,700. Safer Bet in the Sector

We maintain our Buy rating on CTRA with a 52% disc.to RNAV-based TP of Rp1,700 as we view the current business strategy aligned perfectly with our key indicators of winning developers (**Exh.1**): 1) Pricing and product mixes within end-users demand aspiration (Rp1-5bn landed houses), 2) Diversified location to avoid overconcentration risks, 3) Optimizing the VAT-discount opportunities to boost pre-sales, 4) ROE Improvement strategy through JO development model. We believe these factors put CTRA as a safer bet in the sector. Risks include lower pre-sales achievements after the all-time high record.

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### ROE Improvement Strategy: Maintaining ~60% JO Mixes in Pre-Sales

- Joint Operation helps the company accelerate its development cycle by bypassing the landbanking process, without weighing down overall asset turnover, allowing for faster revenue recognition. The company views the current ~60% pre-sales mix as an equilibrium, balancing growth and margin trade-offs, as JO projects typically yield lower margins (gross margin at 40% vs. 55-60% for directly-owned landbank).
- The company also seeks to monetize legacy landbank, for example by selling bulk land to third-party developers under non-negotiable agreements, with CTRA setting future selling prices to avoid cannibalizing existing projects.

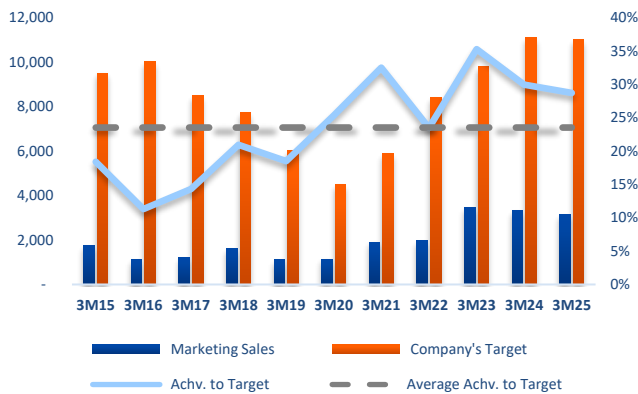
### VAT Incentives Evidently Aided The Weaker Market Demand

- In 1Q25, the entire CG Bintaro project booked Rp700bn in pre-sales (85% of CTRA's FY25F internal target), as it implements a fully accelerated construction scheme for all remaining units in the project to make them eligible for VAT exemption.
- The marketing strategy of creating a sense of urgency among buyers—highlighting that VAT incentives will end in Dec25—has also been implemented to support this achievement. In accelerating developments, CTRA acknowledges that construction cost margins may decline from 30% to 25%, but views this as a worthwhile trade-off to ensure consistent pre-sales growth. Additionally, land costs (50% of COGS) remain unchanged.
- VAT inventory stands at Rp800bn, with other accelerated developments planned at Rp2.5tr, bringing the minimum VAT-related pre-sales to Rp3.3tr (~30% of FY25F company target).

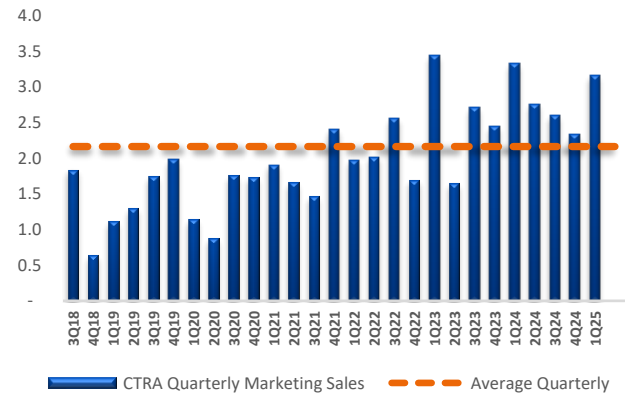
### Exhibit 1. Property Developers Scorecard of Catalysts

Perspective	Metrics to See	CTRA	SMRA	BSDE	PWON
Aspired Pricing Range of End-Users as Demand Driver	Rp1-5bn Product Contribution	4	4	2	3
Tapping the Customer Base who utilize Wider Mortgage Access	Mortgage Payment Term	3	2	4	2
Location within Indo Major Cities	High Greater Jakarta Presence but Overall Well-Diversified Location (Max 50% Greater Jakarta is Ideal, to avoid overconcentration risks)	4	3	2	1
Managing Risks of Discontinued Gov't Incentives	Moderate Contribution of VAT pre-sales (30% contribution is ideal), yet Marketing Sales remain beating Target, Higher Number of Product Launchings	4	1	3	2
Best Product Mix	Prefer Landed Houses, second choice on One-stop Living High-Rise	4	3	2	2
Healthy Recurring Revenue to Mitigate Weak Pre-sales	Strong Retail Portfolios	2	3	1	4
Potential for Premium Valuation	Strategy to Improve ROE	4	1	2	3
Total Points		25	17	16	17
Stock Pick Order		CTRA -->	PWON -->	SMRA -->	BSDE

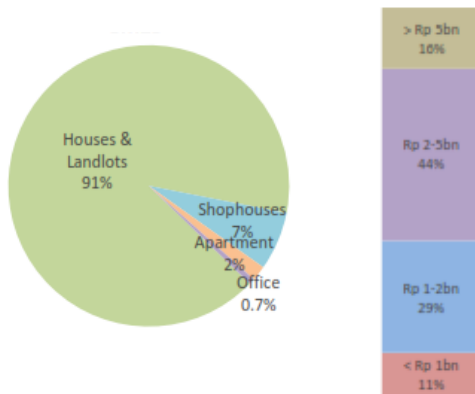
Source: BRIDS Estimates

**Exhibit 2. Historical Pre-Sales Achv. vs. Co's Target**


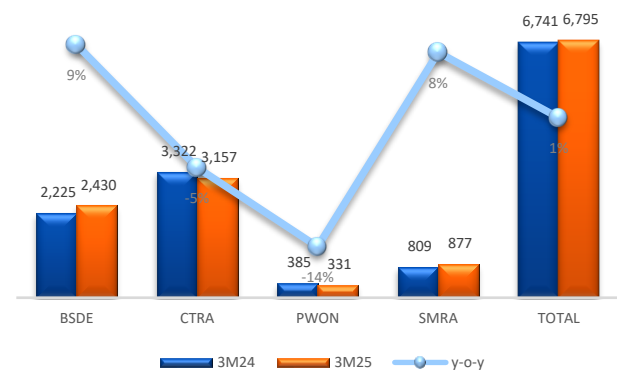
Source: Company, BRIDS

**Exhibit 3. CTRA's Quarterly Pre-Sales (Rptr)**


Source: Company, BRIDS

**Exhibit 4. 1Q25 Pre-Sales Pricing and Product Mix**


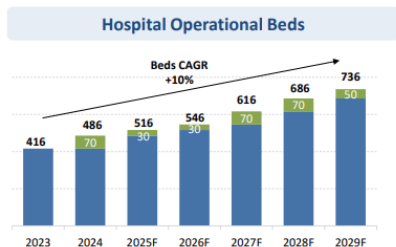
Source: Company

**Exhibit 5. Peers Pre-Sales Comparison**


Source: Company, BRIDS

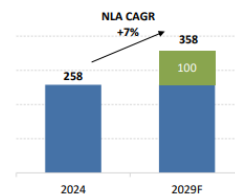
**Exhibit 6. Recurring Revenue Expansion**

### Key Highlights - Organic Expansion of Investment Properties



- Stable pipeline of healthcare assets by increasing operational beds by +320 (+77%) by 2029, from new hospitals and additional beds in existing hospitals
- Targeting strategic locations with stable and captive demand for healthcare services in tier-1 and tier-2 cities
- Strong Centers of Excellence such as Oncology, Women & Children, Cardiology

### Malls Net Leasable Area ('000 sqm)



- Expanding retail footprint for long-term recurring revenue by increasing +100,000 sqm NLA (+39%) by 2029
- Focused in creating lifestyle destination malls with curated tenant mix
- Targeting populated catchment areas with high retail potential

Source: Company

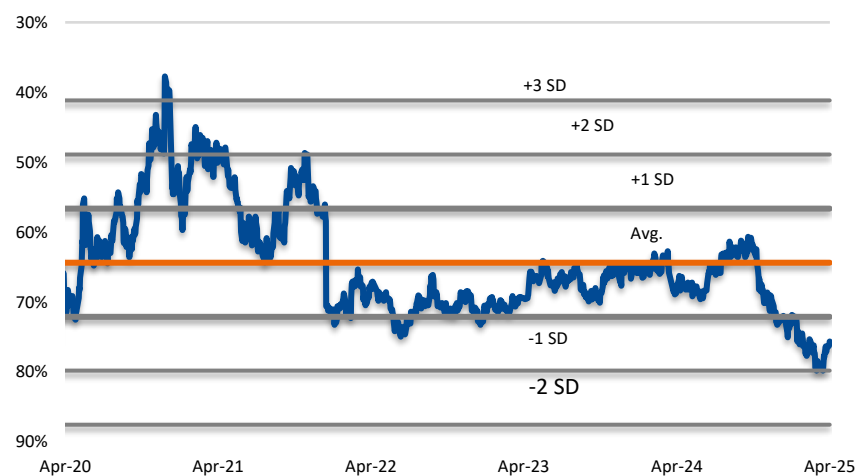
## Exhibit 7. Peers Valuation

Company	Revenue (Rpbn)		Net Profit (Rpbn)		Net Profit Growth (%)		ROE (%)		Net Debt (Cash)	
	25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
CTRA	10,977	11,797	2,257	2,636	14.7	16.8	10.0	10.7	-22%	-29%
BSDE	14,777	13,796	3,924	3,760	1.6	(4.2)	9.2	8.1	-7%	-13%
PWON	6,938	6,678	2,360	2,218	9.6	(6.0)	11.0	9.6	-11%	-12%
SMRA	8,673	8,747	1,141	1,058	(16.9)	(7.3)	9.9	8.6	53%	44%
<b>Average</b>					<b>2.2</b>	<b>(0.2)</b>	<b>10.0</b>	<b>9.2</b>	<b>3%</b>	<b>-3%</b>
<b>Growth Aggr.</b>	<b>2%</b>	<b>-1%</b>	<b>3%</b>	<b>0%</b>						

Company	P/E (x)		P/BV (x)		Mkt. Sales (Rpbn)		Price/Mkt. Sales		Disc.to RNAV		
	25F	26F	25F	26F	25F	26F	25F	26F	Current	Avg.5-Yr.	Diff.%
CTRA	7.2	6.1	0.7	0.6	11,515	12,038	1.4	1.3	76%	64%	11%
BSDE	4.5	4.7	0.4	0.4	9,690	8,691	1.8	2.0	83%	71%	11%
PWON	7.4	7.9	0.8	0.7	1,535	1,312	11.4	13.4	76%	65%	12%
SMRA	6.0	6.5	0.6	0.5	4,054	4,190	1.7	1.6	90%	78%	12%
<b>Average</b>	<b>6.3</b>	<b>6.3</b>	<b>0.6</b>	<b>0.6</b>	<b>6,698</b>	<b>6,558</b>	<b>4.1</b>	<b>4.6</b>	<b>81%</b>	<b>70%</b>	<b>12%</b>
<b>Median</b>	<b>6.6</b>	<b>6.3</b>	<b>0.6</b>	<b>0.6</b>	<b>6,872</b>	<b>6,441</b>	<b>1.8</b>	<b>1.8</b>	<b>79%</b>	<b>68%</b>	<b>11%</b>
<b>Growth Aggr.</b>					<b>2%</b>	<b>-2%</b>					

Source: Company, Bloomberg, BRIDS Estimates

## Exhibit 8. CTRA Disc. to RNAV



Source: Bloomberg, BRIDS Estimates

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**INVESTMENT RATING**

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

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