

Pakuwon Jati Tbk (PWON IJ)

Menanti Keberhasilan Strategi Hadapi Pandemi

Pada 1Q20, PWON membukukan pendapatan sebesar Rp1,65 triliun (-3,5% YoY). Diberatkan oleh besarnya angka kerugian nilai kurs hingga Rp557,62 miliar, mengakibatkan laba terjun menjadi Rp67 miliar (-90,7% YoY). Sementara *recurring income* masih tumbuh 1,3% YoY didukung kenaikan 4% YoY pada segmen sewa dan jasa pemeliharaan. Dua lokasi usaha -yaitu Jakarta dan Surabaya- yang menempati rangking tertinggi kasus Covid-19 menjadi tantangan tersendiri bagi PWON dalam menyusun strategi guna mempertahankan kestabilan usaha dikala pandemi.

Laba Tertekan Kerugian Selisih Kurs

PWON mencatatkan pendapatan 1Q20 Rp1,65 triliun terkontraksi 3,5% YoY (vs Rp1,71 triliun 1Q19). Gross dan EBIT margin masing-masingnya naik menjadi 59,2% dan 45,9% YoY (vs 57,7% dan 45,1% 1Q19). Sementara EBT margin turun menjadi 8,1% (vs 50,6% 1Q19) disusul NPM menjadi 4,0% (vs 42,1% 1Q19) yang disebabkan oleh kerugian nilai kurs sebesar Rp557,62 miliar yang kemudian menghantarkan laba PWON turun drastis 90,7% menjadi Rp67 miliar (vs Rp721 miliar 1Q19). Kami pun melakukan revisi estimasi laba FY20 menjadi Rp1,85 triliun (-36,8% vs Rp2,92 triliun). Selain karena besarnya penurunan capaian laba pada 1Q20, melemahnya daya beli selama pandemi ini kami estimasikan dapat menurunkan pendapatan PWON hingga kisaran 7%-10%.

Recurring Income Naik Tipis pada Kuartal-I

Meskipun pendapatan menurun, recurring income 1Q20 naik tipis 1,3% YoY menjadi Rp898 miliar (vs Rp887 miliar 1Q19). Dengan porsi 54,4% dari total pendapatan, recurring income tumbuh didukung oleh 4% YoY kenaikan sewa dan jasa pemeliharaan. Pendapatan dari development income tercatat sebesar Rp752 miliar atau turun 8,7% YoY didorong oleh penurunan 47,5% YoY pada segmen penjualan kondominium dan kantor, sementara penjualan tanah dan bangunan justru naik 145,1% YoY menjadi Rp407 miliar. Masih meningkatnya segmen recurring income pada 1Q20 mengindikasikan bahwa mewabahnya Covid-19 sejak akhir Maret 2020 belum berdampak signifikan terhadap kinerja PWON. Ditambah lagi, selama 1Q20 PWON berhasil merealisasikan marketing sales sebesar Rp365 miliar (+2,5% YoY vs Rp356 miliar 1Q19) atau tercapai 21% dari target 2020 sebesar Rp1,7 triliun.

Lokasi Usaha jadi Faktor Pembeda Kinerja 2020

Sebesar 60,8% dari total pendapatan 1Q20 PWON berasal dari Surabaya, sedangkan sisanya 39,2% berasal dari Jakarta. Selama mewabahnya Covid-19, DKI Jakarta dan Jawa Timur masuk dalam dua provinsi tertinggi yang mencatatkan kasus positif tertinggi hingga lebih dari 11.000 kasus. Surabaya sendiri hingga saat ini masih masuk dalam kategori zona merah. Meskipun kedua daerah tersebut pun sudah melonggarkan PSBB dan menjalani masa new normal sejak awal Juni dibarengi dengan kembali beroperasinya pusat perbelanjaan, namun menurut kami pelanggaran PSBB belum secara cepat membuat kinerja PWON menjadi normal. Pasalnya angka kasus yang masih tinggi membuat masyarakat dan pelaku pasar akan cenderung menunggu hingga kasus melandai.

Rekomendasi BUY dengan TP Rp545

Walaupun kinerja 1Q20 melemah, kami mempertahankan rekomendasi BUY dengan target harga Rp545 menggunakan estimasi discount to NAV 72% (+1 SD di atas rata-rata 3 tahun terakhir) sebagai basis metode valuasi, dengan mempertimbangkan bahwa PWON akan menerapkan strategi efisiensi beban operasional dan menunda belanja modal (Capex) dalam mempertahankan kelangsungan usaha di tengah pandemi. Kasus Covid-19 yang melandai pun dapat menjadi prospek cerah bagi perbaikan kinerja PWON untuk jangka panjang.

Pakuwon Jati Tbk | Summary

	2019A	2020F	2021F	2022F
Revenue	7,202	6,536	6,763	7,350
Growth (%)	1.7%	-9.2%	3.5%	8.7%
EBITDA	3,791	3,462	3,450	3,788
Net Profit	2,720	1,852	2,008	2,182
EPS (IDR)	56	38	42	45
Growth (%)	45.2%	-31.9%	8.4%	8.7%
P/E	10.1x	14.2x	13.1x	12.0x
P/BV	1.5x	1.4x	1.4x	1.2x
EV/EBITDA	7.4x	7.8x	7.6x	6.6x
ROE (%)	16.3%	10.2%	10.7%	10.7%
DER (%)	26.5%	24.0%	23.0%	12.0%
Dividend Yield	1.1%	1.3%	1.3%	1.0%

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

BUY

Target Price (IDR)	545
Consensus Price (IDR)	546
TP to Consensus Price	-0.2%
vs. Last Price	31.0%

Shares data

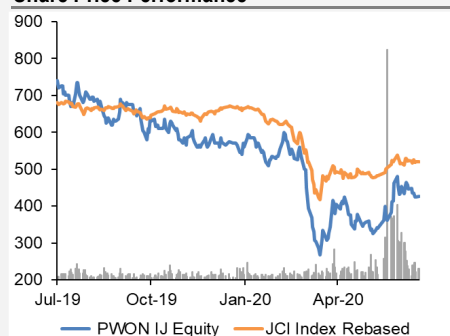
Last Price (IDR)	416
Price Date as of	June 30, 2020
52 wk Range (Hi/Lo)	740/268
Free Float (%)	31.3
Outstanding sh.(mn)	48,160
Market Cap (IDR bn)	20,034
Market Cap (USD mn)	1,385
Avg. Trd Vol - 3M (mn)	157
Avg. Trd Val - 3M (bn)	63.26
Foreign Ownership	14.2%

Property

Real Estate Owner & Developer

Bloomberg	PWON IJ
Reuters	PWON.IK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-25,3%	17,7%	36,5%	-41,6%
Rel. Ret.	-3,3%	14,6%	25,5%	-18,7%

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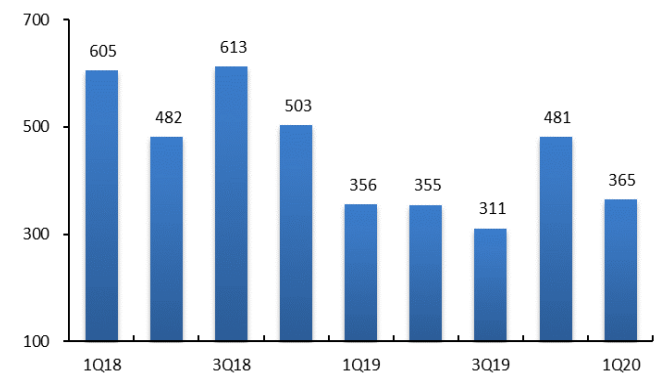
Performance Highlights in Charts

PWON Quarterly Revenue (IDR bn) | 1Q18 - 1Q20



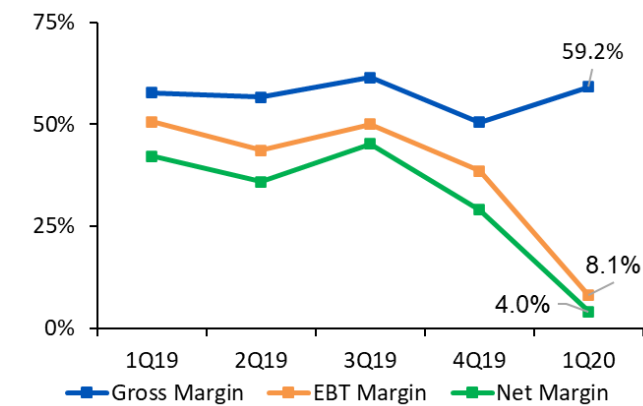
Source: Company Data, NHKS Research

PWON Quarterly Marketing Sales (IDR bn) | 1Q18 - 1Q20



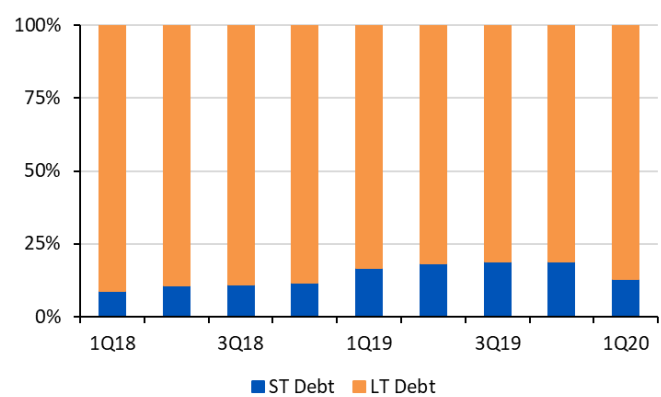
Source: Company Data, NHKS Research

Margin Ratios | 1Q19 - 1Q20



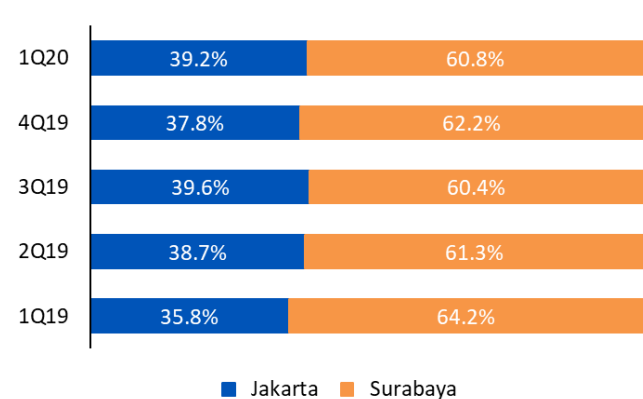
Source: Company Data, NHKS Research

PWON Debt Portion | 1Q18 - 1Q20



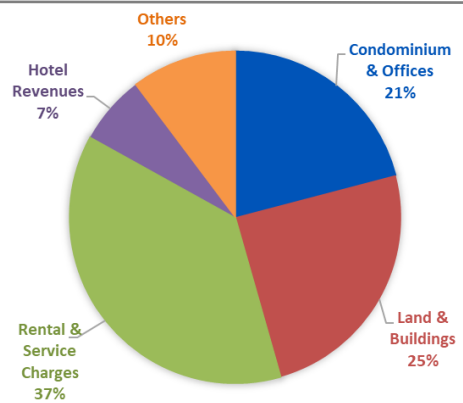
Source: Company Data, NHKS Research

PWON Revenue by Geography | 1Q19 - 1Q20



Source: Company Data, NHKS Research

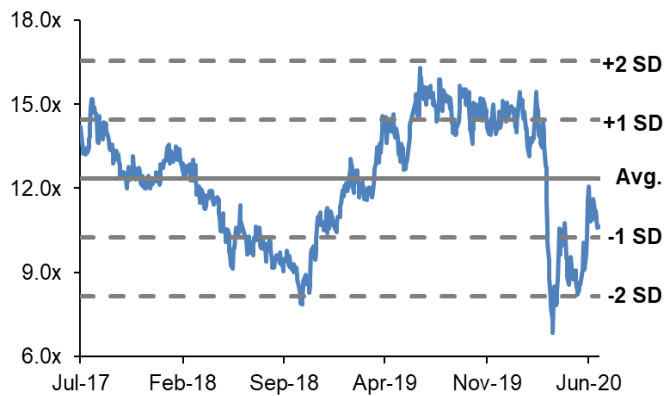
PWON Revenue Breakdown | 1Q20



Source: Company Data, NHKS Research

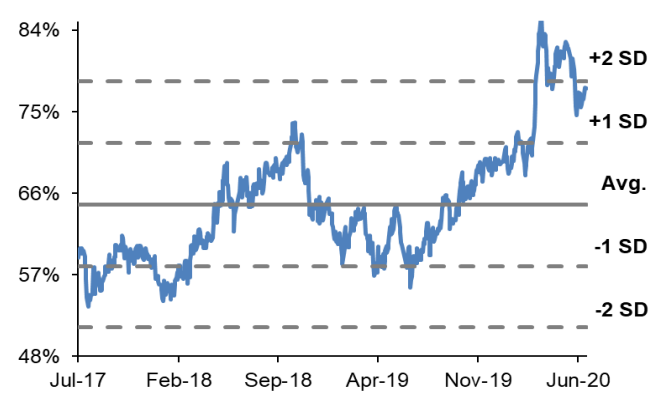
Valuation Highlights in Charts

3-Year Forward P/E Band



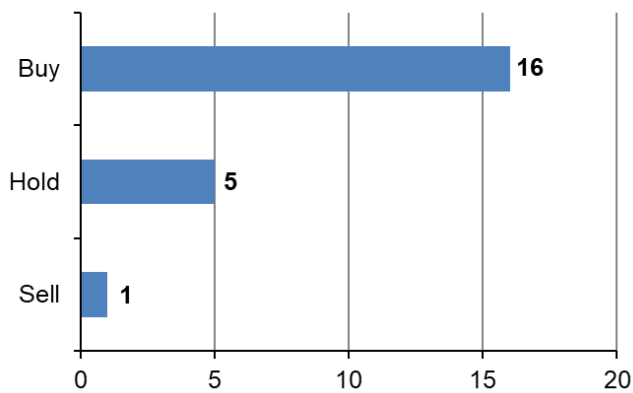
Source: Bloomberg, NHKS Research

3-Year Discount to NAV Band



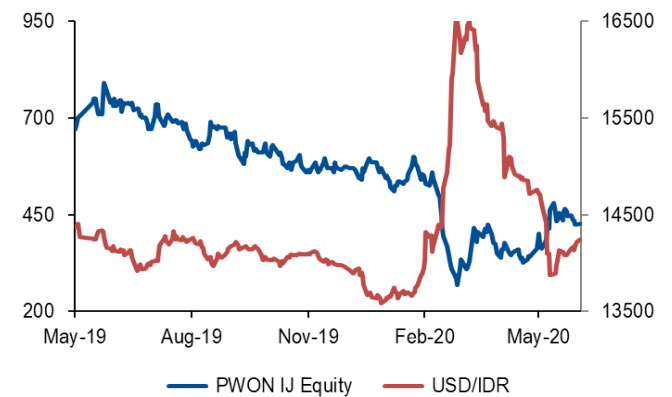
Source: Bloomberg, NHKS Research

Recommendations by Analysts



Source: Bloomberg, NHKS Research

Stock and USDIDR Correlated Positively



Source: Bloomberg, NHKS Research

Quarterly Review

	1Q19	2Q19	3Q19	4Q19	1Q20				2Q20E
					Actual	Estimate	Y-Y	Q-Q	
Income statement									
Revenue	1,711	1,794	1,735	1,962	1,651		-3.5%	-15.9%	1,404
Gross Profit	987	1,015	1,066	990	977		-1.0%	-1.3%	805
EBIT	771	771	824	694	758		-1.7%	9.2%	669
EBITDA	881	983	1,017	911	970		10.1%	6.5%	783
Net Profit	721	644	785	569	67		-90.7%	-88.3%	507
Margin									
Gross Margin	57.7%	56.6%	61.4%	50.5%	59.2%		1.5%	8.7%	57.3%
EBIT Margin	45.1%	43.0%	47.5%	35.4%	45.9%		0.9%	10.5%	47.6%
EBITDA Margin	51.5%	54.8%	58.6%	46.4%	58.8%		7.3%	12.3%	55.7%
Net Profit Margin	42.1%	35.9%	45.2%	29.0%	4.0%		-38.1%	-25.0%	36.1%

Unit: IDR bn, %

Source: Company Data, NHKS Research

Earnings Revision

		2020F	2021F	2022F
Income Statement				
Revenue	-Revised		6,536	6,763
	-Previous		6,268	6,268
	-Change		4.3%	7.9%
Gross Profit	-Revised		3,714	3,825
	-Previous		4,414	4,551
	-Change		-15.9%	-16.0%
EBIT	-Revised		2,880	2,925
	-Previous		3,436	3,559
	-Change		-16.2%	-17.8%
EBITDA	-Revised		3,462	3,450
	-Previous		3,889	4,088
	-Change		-11.0%	-15.6%
Net Profit	-Revised		1,852	2,008
	-Previous		2,928	3,076
	-Change		-36.8%	-34.7%
Margin				
Gross Margin	-Revised		56.8%	56.5%
	-Previous		70.4%	72.6%
EBIT Margin	-Revised		44.1%	43.2%
	-Previous		54.8%	56.8%
EBITDA Margin	-Revised		53.0%	51.0%
	-Previous		62.0%	65.2%
Net Profit Margin	-Revised		28.3%	29.7%
	-Previous		46.7%	49.1%

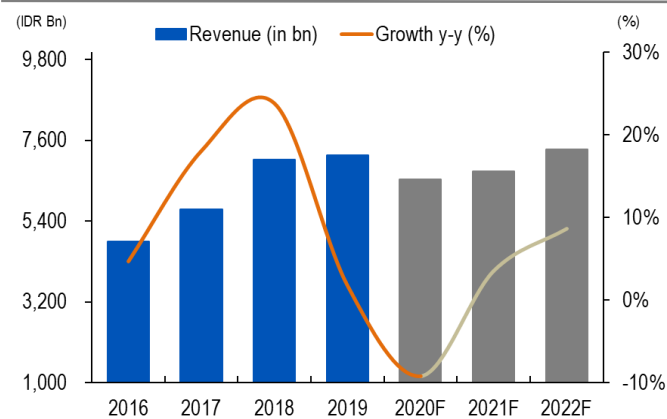
Unit: IDR bn, %

Source: Company Data, NHKS Research

Company Overview

- PWON merupakan salah satu pengembang properti yang berfokus di segmen pusat perbelanjaan, kondominium, perkantoran, maupun kombinasi ketiganya (superblok). Proyek-proyek yang digarap PWON tersebar di dua kota besar, yaitu Jakarta (39,6%) dan Surabaya (60,4%). Proyek-proyek tersebut berada di lokasi strategis dan mengincar segmen menengah atas.
- Memiliki berbagai portofolio superblok, seperti Kota Kasablanka, Blok M Plaza, dan Gandaria City di Jakarta; Tunjangan City dan Pakuwon Mall di Surabaya. Selain itu, di area superblok juga masih terdapat persediaan tanah untuk rencana ekspansi mendatang.
- PWON pun mengandalkan proyek *mixed use* berupa kondominium yang dibangun di atas kawasan superblok milik perusahaan.
- PWON berhasil menyeimbangkan rasio pendapatan berulang dari sewa menyewa hotel dan apartemen dengan pendapatan pengembangan dari penjualan lahan dan properti.
- Saat ini, PWON tengah menggarap proyek hotel The Westin di Surabaya dan Mega Proyek di Bekasi.

Revenue and Growth Movements



Source: Company Data, NHKS Research

Earnings and Growth Movements



Source: Company Data, NHKS Research

Asia Pacific Companies Peers Analysis

		Market Cap (USD mn)	Asset (USD mn)	Sales LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Profit Margin	ROE LTM	P/E LTM	P/BV
Indonesia										
BSDE	BSDE IJ EQUITY	1,084	3,932	491	172	61.66%	35.00%	8.91%	5.8x	0.5x
CTRA	CTRA IJ EQUITY	783	2,614	528	74	-21.66%	14.09%	7.16%	10.7x	0.8x
PWON	PWON IJ EQUITY	1,386	1,885	504	146	-23.53%	28.92%	15.23%	9.7x	1.5x
SMRA	SMRA IJ EQUITY	584	1,765	418	36	13.51%	8.61%	7.21%	16.6x	1.2x
Singapore										
Capitaland Ltd	CAPL SP EQUITY	10,561	61,242	4,571	1,566	21.19%	34.26%	10.10%	6.3x	0.6x
Malaysia										
SP Setia Bhd	SPSB MK EQUITY	797	7,345	905	83	-49.66%	9.19%	2.32%	23.0x	0.3x
IOI Properties Group Bhd	IOIPG MK EQUITY	1,259	7,908	481	131	-29.48%	27.33%	2.92%	9.8x	0.3x
Thailand										
Land & Houses PUB Co Ltd	LH TB EQUITY	2,937	3,802	930	308	-2.97%	33.16%	18.29%	9.5x	1.8x
WHA Corp PCL	WHA TB EQUITY	1,605	2,765	264	94	15.33%	35.74%	10.71%	16.6x	1.8x
Philippines										
Megaworld Corp	MEG PM EQUITY	1,962	6,896	1,214	342	11.79%	28.22%	10.12%	5.5x	0.5x

Unit: USD mn, %, X

Source: Bloomberg, NHKS Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Revenues	7,202	6,536	6,763	7,350
Growth (% y/y)	1.7%	-9.2%	3.5%	8.7%
Cost of Revenues	(3,144)	(2,822)	(2,939)	(3,156)
Gross Profit	4,058	3,714	3,825	4,194
Gross Margin	56.3%	56.8%	56.5%	57.1%
Operating Expenses	(997)	(834)	(900)	(958)
EBIT	3,061	2,880	2,925	3,237
EBIT Margin	42.5%	44.1%	43.2%	44.0%
Depreciation	731	582	525	552
EBITDA	3,791	3,462	3,450	3,788
EBITDA Margin	52.6%	53.0%	51.0%	51.5%
Interest Expenses	(220)	(208)	(201)	(195)
EBT	3,271	2,205	2,403	2,604
Income Tax	(31)	(30)	(28)	(32)
Minority Interest	(520)	(323)	(367)	(390)
Net Profit	2,720	1,852	2,008	2,182
Growth (% y/y)	7.1%	-31.9%	8.4%	8.7%
Net Profit Margin	37.8%	28.3%	29.7%	29.7%

PROFITABILITY & STABILITY

	2019/12A	2020/12E	2021/12E	2022/12E
ROE	16.3%	10.2%	10.7%	10.7%
ROA	10.6%	7.0%	7.2%	7.4%
ROIC	13.2%	12.6%	12.1%	12.4%
Cash Dividend (IDR bn)	289	337	337	254
Dividend Yield	1.1%	1.3%	1.3%	1.0%
Payout Ratio	10.6%	18.2%	16.8%	11.6%
DER	26.5%	24.0%	23.0%	20.0%
Net Gearing	306.3%	279.7%	285.3%	274.2%
LT Debt to Equity	21.5%	20.2%	20.2%	16.9%
Capitalization Ratio	21.0%	19.4%	18.7%	16.7%
Equity Ratio	69.3%	67.4%	68.1%	69.8%
Debt Ratio	18.4%	16.2%	15.7%	14.0%
Financial Leverage	153.0%	146.3%	147.7%	145.0%
Current Ratio	285.9%	244.9%	267.8%	282.4%
Par Value (IDR)	25	25	25	25
Total Shares (mn)	48,160	48,160	48,160	48,160
Share Price (IDR)	570	545	545	545
Market Cap (IDR tn)	27.5	26.2	26.2	26.2

BALANCE SHEET

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Cash	4,313	3,769	4,431	5,520
Receivables	808	664	840	871
Inventories	3,531	4,613	4,772	5,395
Total Current Assets	9,643	10,097	11,142	12,925
Net Fixed Assets	13,262	13,664	13,988	14,405
Other Non Current Assets	3,191	3,335	3,407	3,443
Total Assets	26,095	27,096	28,538	30,773
Payables	334	300	237	403
ST Debt	912	696	549	672
LT Debt	3,885	3,685	3,919	3,622
Total Liabilities	8,000	8,844	9,112	9,304
Capital Stock + APIC	1,566	1,566	1,566	1,566
Retained Earnings	13,401	13,685	15,257	17,175
Shareholders' Equity	18,096	18,253	19,426	21,469

VALUATION INDEX

	2019/12A	2020/12E	2021/12E	2022/12E
Price /Earnings	10.1x	14.2x	13.1x	12.0x
Price /Book Value	1.5x	1.4x	1.4x	1.2x
Price/Revenue	3.8x	4.0x	3.9x	3.6x
PE/EPS Growth	0.2x	-0.4x	1.6x	1.4x
EV/EBITDA	7.4x	7.8x	7.6x	6.6x
EV/EBIT	9.1x	9.3x	9.0x	7.7x
EV (IDR bn)	27,934	26,859	26,284	25,021
Revenues CAGR (3-Yr)	15.9%	10.5%	5.8%	1.3%
EPS CAGR (3-Yr)	29.2%	3.5%	2.3%	-4.9%
Basic EPS (IDR)	56	38	42	45
Diluted EPS (IDR)	56	38	42	45
BVPS (IDR)	376	379	403	446
Revenue PS (IDR)	150	136	140	153
DPS (IDR)	6.0	7.0	7.0	5.3

CASH FLOW STATEMENT

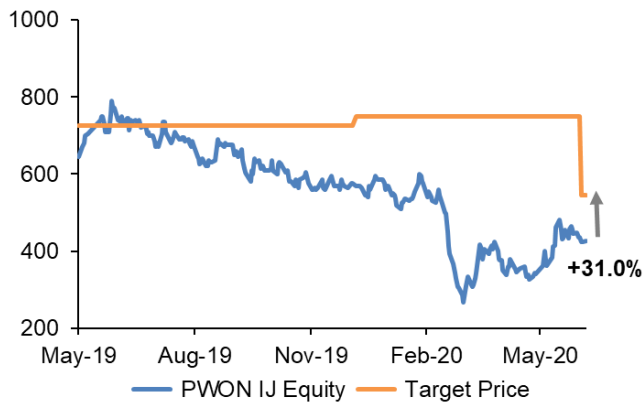
(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Operating Cash Flow	1,770	2,016	2,333	2,334
Investing Cash Flow	(886)	(1,256)	(923)	(932)
Financing Cash Flow	(1,046)	(1,371)	(748)	(313)
Net Changes in Cash	(161)	(611)	662	1,089

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	85.8	PT Pakuwon A 68.7
United States	6.5	Vanguard Group Inc 1.9
Luxembourg	3.9	Fil Ltd 1.2
Others	3.8	Others 28.2

Source: Company Data, NHKS Research

Closing and Target Price Update



Source: Bloomberg, NHKS Research

Rating and Target Price Update

Date	Rating	Target price	Consensus
28/03/2018	Buy	735	734
23/05/2018	Buy	625	725
03/08/2018	Buy	625	705
31/10/2018	Buy	600	663
10/12/2018	Buy	725	675
30/12/2019	Buy	750	709
01/07/2020	Buy	545	546

Source: NHKS Research

NHKS stock ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Buy: greater than +15%, Hold: -15% to +15%, Sell: less than -15%.
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