

Pakuwon Jati Tbk (PWON)

Kenaikan Top Line, Indikasi Bisnis Mulai Pulih

Company Update | Nov 20, 2020

BUY

Target Price (IDR)	615
Consensus Price (IDR)	531
TP to Consensus Price	+15.8%
vs. Last Price	+24.5%

Shares data

Last Price (IDR)	494
Price Date as of	Nov 18, 2020
52 wk Range (Hi/Lo)	610/266
Free Float (%)	31.3
Outstanding sh.(mn)	48,160
Market Cap (IDR bn)	23,791
Market Cap (USD mn)	1,685
Avg. Trd Vol - 3M (mn)	115
Avg. Trd Val - 3M (bn)	46.49
Foreign Ownership	14.9%

Property

Real Estate Owner & Developer

Bloomberg	PWON IJ
Reuters	PWON.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-9.4%	21.7%	21.7%	-16.3%
Rel. Ret.	1.8%	13.3%	16.7%	-7.0%

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PWON membukukan pendapatan 3Q20 yang cemerlang yaitu sebesar Rp1,07 triliun atau berada +10,9% di atas estimasi kami dan naik 231% QoQ. Kenaikan tersebut disokong oleh semua segmen pendapatan termasuk penjualan kondominium dan kantor dan mengindikasikan mulai pulihnya bisnis PWON. Selain itu, hingga September marketing sales telah tercapai Rp725 miliar atau 68,4% dari target. Kami optimis PWON mampu melanjutkan perbaikan kinerja pada 4Q20 didukung dengan membaiknya mobilitas dan minat beli masyarakat.

Pendapatan Rebound pada 3Q20

Pendapatan PWON pada 3Q20 tercatat sebesar Rp1,07 triliun (-38,2% YoY vs Rp1,73 triliun 3Q19) atau berada +10,9% di atas estimasi kami sebesar Rp967 miliar. Secara kuartalan pun, pendapatan PWON naik signifikan 231% QoQ (vs Rp324 miliar 2Q20). Hal tersebut membuat GPM dan OPM naik menjadi 50,3% dan 38,1% dibandingkan 2Q20 di mana PWON mencatatkan kerugian pada laba kotor dan laba operasional. Sementara naiknya kerugian akibat selisih kurs pada 3Q20 sebesar Rp138 miliar mengantarkan laba PWON hanya sebesar Rp118 miliar atau turun dalam -85% YoY dan -71,6% QoQ. Capaian laba tersebut berada -64,3% di bawah estimasi kami.

Semua Segmen Pendapatan Kompak Naik

Naiknya pendapatan didorong oleh kenaikan pada semua segmen. Pada *development income*, penjualan kondominium dan kantor mengalami kenaikan sebesar Rp462 miliar (+510% QoQ), secara porsi pada pendapatan pun naik menjadi 43% pada 3Q20 (vs 23% 2Q20). Penjualan tanah dan bangunan sebesar Rp22 miliar (+364% QoQ). Dari sisi *recurring income*, segmen sewa dan jasa servis dengan porsi pendapatan 43%, mencatatkan kenaikan 178% QoQ menjadi Rp458 miliar, dilanjutkan segmen hotel tercatat sebesar Rp27 miliar. Secara tahunan, pendapatan memang masih turun, namun membaiknya capaian secara kuartalan mengindikasikan adanya perbaikan dari bisnis yang dijalankan PWON. Hal ini didukung oleh relaksasi PSBB pada kuartal-III yang membuat minat beli masyarakat akan properti membaik dan pusat perbelanjaan yang diperpanjang dan dilonggarkan jam operasionalnya.

Optimis Top Line dan Bottom Line Membaik pada 4Q20

PWON mampu mempertahankan tingkat *debt to equity ratio* (DER) pada angka 0,25x dan lebih rendah dibandingkan emiten properti lainnya. *Marketing sales* hingga September 2020 diraih sebesar Rp725 miliar atau 68,4% dari target tahun ini. Kami optimis kinerja PWON pada 4Q20 akan tumbuh dibandingkan 3Q20, didukung oleh saat ini tenant-tenant F&B di pusat perbelanjaan sudah beroperasi dengan menerapkan protokol kesehatan dan sudah ramai pengunjung. Hal tersebut dapat membuat PWON menarik relaksasi perpanjangan tenor pembayaran biaya sewa. Adanya beberapa libur panjang pada akhir tahun ini dan membaiknya mobilitas masyarakat pun dapat meningkatkan tingkat sewa pada hotel. Selain itu, kami prediksi rupiah pada akhir tahun akan menguat seiring dengan kemungkinan adanya peningkatan arus dana asing ke Indonesia karena pengesahan Omnibus Law.

Mempertahankan Rating BUY dengan TP Rp615

Kami merevisi naik proyeksi pendapatan PWON pada FY20 dan FY21 menjadi Rp4,42 triliun (+6.6%) dan Rp4,88 triliun (+2,2%) dengan estimasi sektor properti akan berangsur pulih ke depannya. Kami mempertahankan *rating BUY* dengan merevisi naik target harga menjadi Rp615 menggunakan estimasi *discount to NAV* 62% (+0,7 SD di atas rata-rata 3 tahun terakhir) sebagai basis metode valuasi. Saat ini, PWON ditrasaksikan dengan *discount to NAV* 70%.

Pakuwon Jati Tbk | Summary

	2019A	2020F	2021F	2022F
Revenue	7,202	4,421	4,879	5,856
Growth (%)	1.7%	-38.6%	10.4%	22.9%
EBITDA	3,791	2,618	2,385	2,776
Net Profit	2,720	1,092	1,471	1,710
EPS (IDR)	56	23	31	35
Growth (%)	45.2%	-59.8%	34.7%	16.2%
P/E	10.1x	27.1x	20.1x	17.3x
P/BV	1.5x	1.7x	1.6x	1.5x
EV/EBITDA	7.4x	11.4x	12.2x	10.2x
ROE (%)	16.3%	6.1%	8.1%	8.8%
DER (%)	26.5%	24.0%	23.0%	20.0%
Dividend Yield	1.1%	0.0%	0.4%	0.4%

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research
Please consider the rating criteria & important disclaimer

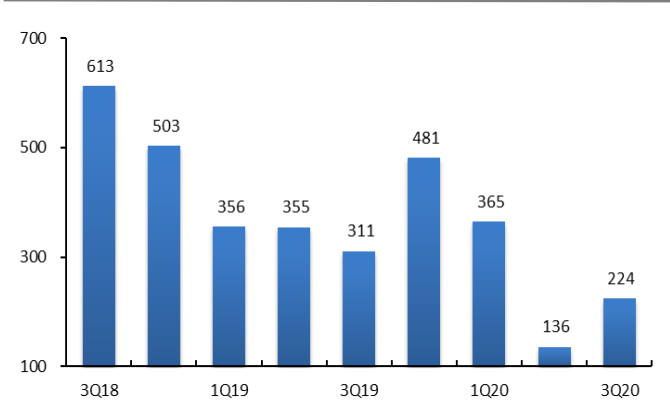
Performance Highlights in Charts

PWON Quarterly Revenue (IDR bn) | 3Q18 - 3Q20



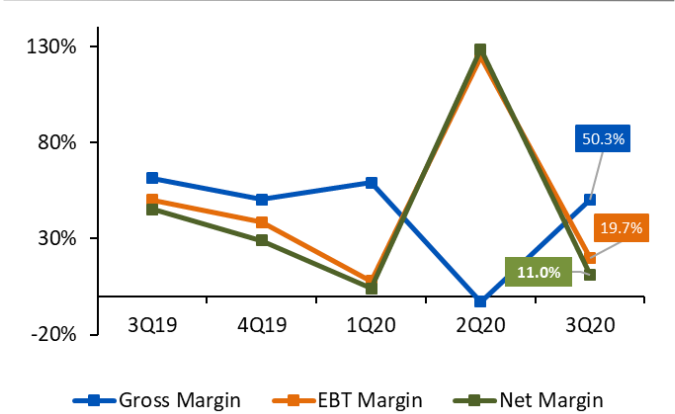
Source: Company Data, NHKSI Research

PWON Quarterly Marketing Sales (IDR bn) | 3Q18 - 3Q20



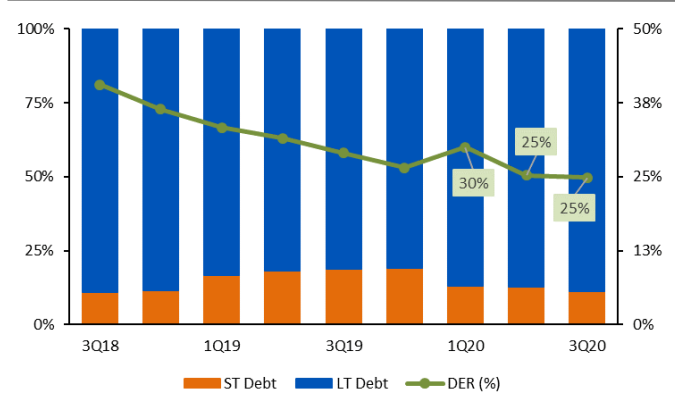
Source: Company Data, NHKSI Research

Margin Ratios | 3Q19 - 3Q20



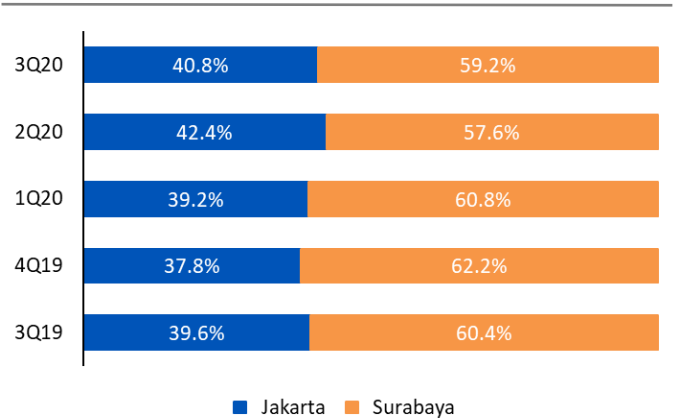
Source: Company Data, NHKSI Research

PWON Debt Portion | 3Q18 - 3Q20



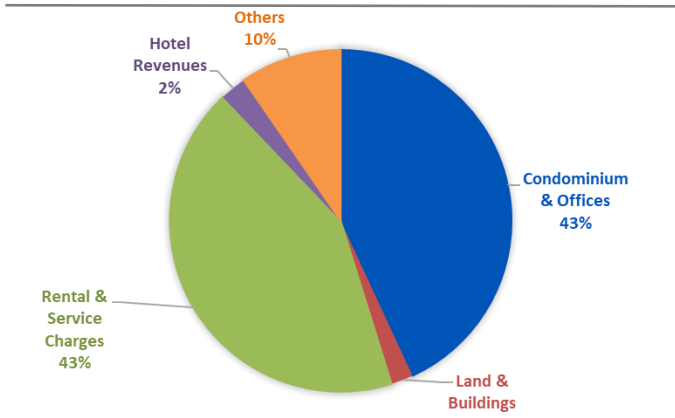
Source: Company Data, NHKSI Research

PWON Revenue by Geography | 3Q19 - 3Q20



Source: Company Data, NHKSI Research

PWON Revenue Breakdown | 3Q20



Source: Company Data, NHKSI Research

Quarterly Review

	3Q19	4Q19	1Q20	2Q20	3Q20					4Q20E
					Actual	Estimate	Y-Y	Q-Q	Surprise	
Income statement										
Revenue	1,735	1,962	1,962	324,	1,073,	967	-38.2%	231.4%	10.9%	1,375
Gross Profit	1,066	990	977	-9	540	533	-49.3%		1.3%	721
EBIT	824	694	758	-131	409	416	-50.4%		-1.8%	513
EBITDA	1,017	911	970	208	789	535	-22.4%	279.3%	-47.4%	651
Net Profit	785	569	67	416	118	331	-85.0%	-71.6%	-64.3%	490
Margin										
Gross Margin	61.4%	50.5%	59.2%	-2.9%	50.3%	55.1%	-11.1%	53.3%	-8.7%	52.5%
EBIT Margin	47.5%	35.4%	45.9%	-40.5%	38.1%	43.0%	-9.4%	78.6%	-11.4%	37.3%
EBITDA Margin	58.6%	46.4%	58.8%	64.2%	73.5%	55.3%	14.9%	9.3%	32.9%	47.4%
Net Profit Margin	45.2%	29.0%	4.0%	128.5%	11.0%	34.2%	-34.2%	-117.5%	-67.8%	35.7%

Unit: IDR bn, %

Source: Company Data, NHKSI Research

Earnings Revision

		2020F	2021F	2022F
Income Statement				
Revenue	-Revised	4,421	4,879	5,995
	-Previous	4,149	4,773	5,856
	-Change	6.6%	2.2%	2.4%
Gross Profit	-Revised	2,229	2,552	3,093
	-Previous	2,136	2,537	3,095
	-Change	4.4%	0.6%	-0.1%
EBIT	-Revised	1,549	1,839	2,194
	-Previous	1,495	1,838	2,214
	-Change	3.6%	0.0%	-0.9%
EBITDA	-Revised	2,618	2,385	2,776
	-Previous	2,301	2,362	2,762
	-Change	13.8%	1.0%	0.5%
Net Profit	-Revised	1,092	1,471	1,710
	-Previous	1,212	1,403	1,811
	-Change	-9.9%	4.8%	-5.6%
Margin				
Gross Margin	-Revised	50.4%	52.3%	51.6%
	-Previous	51.5%	53.2%	52.9%
EBIT Margin	-Revised	35.0%	37.7%	36.6%
	-Previous	36.0%	38.5%	37.8%
EBITDA Margin	-Revised	59.2%	48.9%	46.3%
	-Previous	55.5%	49.5%	47.2%
Net Profit Margin	-Revised	24.7%	30.1%	28.5%
	-Previous	29.2%	29.4%	30.9%

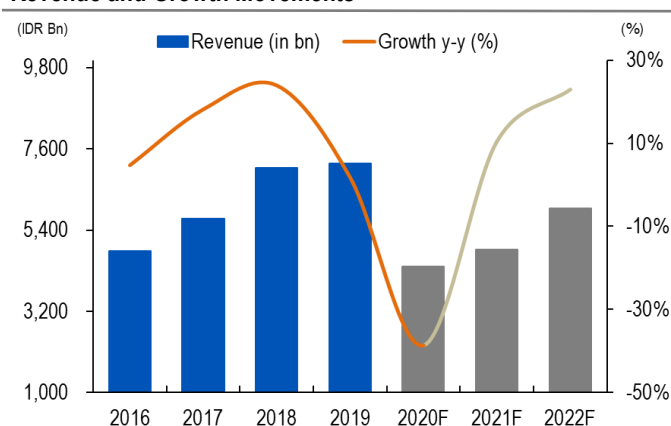
Unit: IDR bn, %

Source: Company Data, NHKSI 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 (42,4%) dan Surabaya (57,6%). 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, NHKSI Research

Earnings and Growth Movements



Source: Company Data, NHKSI 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	1,612	3,932	424	66	-68.36%	15.5%	3.3%	22.7x	0.8x
CTRA	CTRA IJ EQUITY	1,203	2,614	507	72	-21.04%	14.2%	7.0%	16.3x	1.1x
PWON	PWON IJ EQUITY	1,685	1,885	346	81	-59.83%	23.4%	8.1%	20.3x	1.7x
SMRA	SMRA IJ EQUITY	797	1,765	331	13	-66.40%	3.9%	2.6%	59.8x	1.6x
Singapore										
Capitaland Ltd	CAPL SP EQUITY	11,617	61,242	4,433	981	-20.79%	22.1%	5.86%	11.2x	0.6x
Malaysia										
SP Setia Bhd	SPSB MK EQUITY	804	7,345	691	-73	-81.16%	-10.5%	-3.13%	-	0.3x
IOI Properties Group Bhd	IOIPG MK EQUITY	1,307	7,679	503	108	-31.09%	21.5%	2.41%	11.7x	0.3x
Thailand										
Land & Houses PUB Co Ltd	LH TB EQUITY	3,054	3,802	922	293	9.95%	31.8%	18.39%	10.2x	1.9x
WHA Corp PCL	WHA TB EQUITY	1,370	2,765	239	78	-26.52%	32.6%	8.54%	17.0x	1.5x
Philippines										
Megaworld Corp	MEG PM EQUITY	2,576	6,896	950	250	-25.14	26.3%	7.03%	10.1x	0.7x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

Valuation Highlights in Charts

3-Year Forward P/E Band



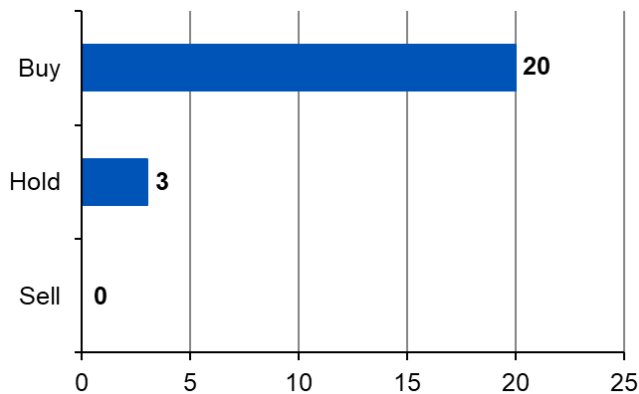
Source: Bloomberg, NHKS Research

3-Year Discount to NAV Band



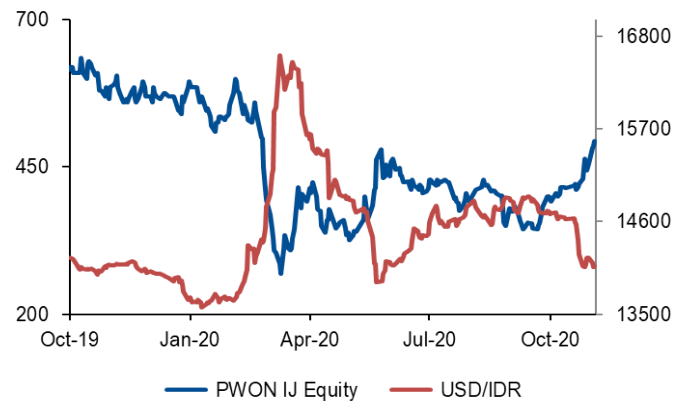
Source: Bloomberg, NHKS Research

Recommendations by Analysts



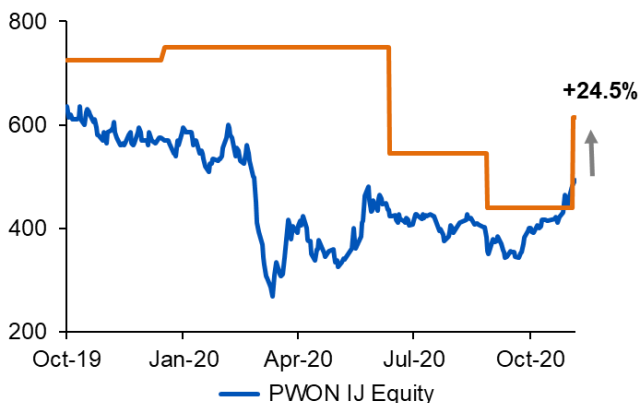
Source: Bloomberg, NHKS Research

Stock and USDIDR Correlated Positively



Source: Bloomberg, NHKS Research

Closing and Target Price Update



Source: Bloomberg, NHKS Research

Rating and Target Price Update

Date	Rating	Target price	Consensus
31/10/2018	Buy	600	663
10/12/2018	Buy	725	675
30/12/2019	Buy	750	709
01/07/2020	Buy	545	546
16/09/2020	Buy	440	533
20/11/2020	Buy	615	513

Source: NHKS Research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to 15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

Summary of Financials

INCOME STATEMENT

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Revenues	7,202	4,421	4,879	5,995
<i>Growth (% y/y)</i>	1.7%	-38.6%	10.4%	22.9%
Cost of Revenues	(3,144)	(2,193)	(2,327)	(2,902)
Gross Profit	4,058	2,229	2,552	3,093
<i>Gross Margin</i>	56.3%	50.4%	52.3%	51.6%
Operating Expenses	(997)	(680)	(713)	(899)
EBIT	3,061	1,549	1,839	2,194
<i>EBIT Margin</i>	42.5%	35.0%	37.7%	36.6%
Depreciation	731	1,069	546	582
EBITDA	3,791	2,618	2,385	2,776
<i>EBITDA Margin</i>	52.6%	59.2%	48.9%	46.3%
Interest Expenses	(220)	(182)	(183)	(170)
EBT	3,271	1,336	1,784	2,083
Income Tax	(31)	(25)	(25)	(34)
Minority Interest	(520)	(219)	(288)	(339)
Net Profit	2,720	1,092	1,471	1,710
<i>Growth (% y/y)</i>	7.1%	-59.8%	34.7%	16.2%
<i>Net Profit Margin</i>	37.8%	24.7%	30.1%	28.5%

PROFITABILITY & STABILITY

	2019/12A	2020/12E	2021/12E	2022/12E
ROE	16.3%	6.1%	8.1%	8.8%
ROA	10.6%	4.0%	5.2%	5.7%
ROIC	13.2%	6.9%	7.9%	8.9%
Cash Dividend (IDR bn)	337	-	105	112
Dividend Yield	1.2%	0.0%	0.4%	0.4%
Payout Ratio	12.4%	0.0%	7.1%	6.6%
DER	26.5%	24.0%	23.0%	20.0%
Net Gearing	306.3%	271.5%	273.1%	259.5%
LT Debt to Equity	21.5%	21.0%	20.2%	16.9%
Capitalization Ratio	21.0%	19.4%	18.7%	16.7%
Equity Ratio	69.3%	63.2%	65.5%	65.1%
Debt Ratio	18.4%	15.2%	15.1%	13.0%
Financial Leverage	153.0%	151.1%	155.4%	153.2%
Current Ratio	285.9%	212.1%	231.1%	221.0%
Par Value (IDR)	25	25	25	25
Total Shares (mn)	48,160	48,160	48,160	48,160
Share Price (IDR)	570	615	615	615
Market Cap (IDR tn)	27.5	29.6	29.6	29.6

BALANCE SHEET

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Cash	4,313	4,068	4,832	5,472
Receivables	808	220	330	573
Inventories	3,531	5,679	4,809	6,152
Total Current Assets	9,643	11,042	11,115	13,397
Net Fixed Assets	13,262	13,602	13,817	14,301
Other Non Current Assets	3,191	3,383	3,478	3,526
Total Assets	26,095	28,027	28,411	31,224
Payables	334	203	222	367
ST Debt	912	532	526	636
LT Debt	3,885	3,720	3,751	3,428
Total Liabilities	8,000	10,309	9,814	10,904
Capital Stock + APIC	1,566	1,566	1,566	1,566
Retained Earnings	13,401	13,242	14,432	16,029
Shareholders' Equity	18,096	17,717	18,597	20,321

VALUATION INDEX

	2019/12A	2020/12E	2021/12E	2022/12E
Price /Earnings	10.1x	27.1x	20.1x	17.3x
Price /Book Value	1.5x	1.7x	1.6x	1.5x
Price/Revenue	3.8x	6.7x	6.1x	4.9x
PE/EPS Growth	0.2x	-0.5x	0.6x	1.1x
EV/EBITDA	7.4x	11.4x	12.2x	10.2x
EV/EBIT	9.1x	19.2x	15.8x	12.9x
EV (IDR bn)	27,934	29,803	29,064	28,211
Revenues CAGR (3-Yr)	15.9%	-3.0%	-5.1%	-5.4%
EPS CAGR (3-Yr)	29.2%	-13.2%	-7.7%	-12.3%
Basic EPS (IDR)	56	23	31	35
Diluted EPS (IDR)	56	23	31	35
BVPS (IDR)	376	368	386	422
Revenue PS (IDR)	150	92	101	124
DPS (IDR)	7.0	-	2.2	2.3

CASH FLOW STATEMENT

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Operating Cash Flow	1,770	1,739	2,317	1,791
Investing Cash Flow	(886)	(1,069)	(986)	(953)
Financing Cash Flow	(1,046)	(943)	(567)	(199)
Net Changes in Cash	(161)	(273)	764	640

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	85.1 PT Pakuwon A	68.7
United States	7.2 Vanguard Group Inc	1.8
Luxembourg	3.8 Invesco Ltd	1.5
Others	3.8 Others	28.1

Source: Company Data, NHKS Research

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