

Pakuwon Jati Tbk (PWON)

Neraca Tetap Kuat setelah Akuisisi Aset

Company Update | April 23, 2021

BUY

Target Price (IDR)	645
Consensus Price (IDR)	636
TP to Consensus Price	+1.4%
vs. Last Price	+27.7%

Shares data

Last Price (IDR)	505
Price Date as of	Apr 22, 2021
52 wk Range (Hi/Lo)	615/312
Free Float (%)	31.3
Outstanding sh.(mn)	48,160
Market Cap (IDR bn)	24,561
Market Cap (USD mn)	1,688
Avg. Trd Vol - 3M (mn)	74
Avg. Trd Val - 3M (bn)	39.70
Foreign Ownership	14.5%

Property

Real Estate Owner & Developer

Bloomberg	PWON IJ
Reuters	PWON.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-1.9%	-9.7%	-4.7%	27.5%
Rel. Ret.	9.3%	-4.7%	1.4%	-4.5%

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Ditengah porsi pendapatan dari *recurring income* yang besar, PWON harus mampu melakukan efisiensi beban, agar margin tetap terjaga. Turunnya pendapatan (-44,8% YoY) membuat laba PWON anjlok 65,8% YoY. Sementara itu, aksi akuisisi aset dan pembukaan hotel & mall akhir tahun lalu, memunculkan optimisme akan tumbuhnya *recurring income* tahun ini.

Dua Segmen Pendapatan Tertekan

- Pendapatan FY20 tercatat sebesar Rp3,97 triliun (-44,8% YoY vs Rp7,2 triliun FY19) atau 10% lebih rendah dari proyeksi kami.
- Beban langsung seperti beban gedung, beban pegawai, dan beban operasional hotel yang turun namun tidak signifikan, membuat GPM dari segmen *non-real estate* (segmen sewa) turun menjadi 38,5% (vs 52,7% FY19).
- Di sini kami melihat PWON masih kesulitan untuk mengendalikan beban langsung, saat pendapatan dari *recurring income* sendiri turun 37,7% YoY.
- Di sisi lain, *development income* pun turun 52,2% YoY. Di dalamnya, penjualan kondominium dan gedung kantor anjlok menjadi Rp1,19 triliun (-61% YoY).
- Laba FY20 tercatat sebesar Rp930 miliar (-65,8% YoY vs Rp2,72 triliun FY19) atau 14,8% di bawah estimasi kami.

Imbas Akuisisi Mall dan Pembukaan Hotel & Mall

- Pada akhir tahun 2020, PWON membuka The Westin Hotel-Jakarta dan Pakuwon City Mall-Surabaya. Selain itu, PWON juga melakukan akuisisi atas Hartono Mall Solo, Hartono Mall dan Marriot Hotel Yogyakarta.
- PWON mengandalkan kas yang ada untuk melakukan akuisisi tersebut dengan nilai Rp1,35 triliun. Dampaknya, kas PWON turun 33% YoY menjadi Rp2,88 triliun pada FY20.
- Namun, kami menilai neraca dan arus kas keuangan PWON masih kuat. DER per FY20 hanya sebesar 0,22x dan Debt Ratio sebesar 0,15x.
- Selain untuk mendiversifikasi bisnis secara geografis, aset yang diakuisisi PWON merupakan mall terbesar di Solo dan Yogyakarta. Hal tersebut menguntungkan bagi PWON, karena dapat meningkatkan *recurring income*. Terlebih jika pandemi mulai terkendali dan trafik mobilitas meningkat.

Mempertahankan Rating BUY dengan TP Rp645

- Pada FY21, kami estimasi pendapatan dan laba dapat tumbuh 32,2% YoY dan 46,9% YoY. Secara kuartalan, *demand* properti komersial perlahan tumbuh 0,03% pada 4Q20.
- Kami mempertahankan *rating buy* dengan merevisi naik TP menjadi Rp645 menggunakan estimasi *discount to NAV* 64,1% (-0,6 SD rata-rata 3 tahun terakhir) sebagai basis valuasi. Saat ini, PWON ditransaksikan dengan *discount to NAV* 67,6%.
- Risiko pada TP kami diantaranya: 1) Naiknya angka kasus Covid-19, 2) PPKM yang diperketat, 3) Program vaksinasi yang lambat.

Pakuwon Jati Tbk | Summary

	2019A	2020A	2021F	2022F
Revenue	7,202	3,977	5,259	6,092
Growth	1.7%	-44.8%	32.2%	15.8%
Net Profit	2,720	930	1,366	1,642
Growth	7.1%	-65.8%	46.9%	20.2%
EPS (IDR)	56	19	28	34
P/E	10.1x	26.4x	22.7x	18.9x
P/BV	1.5x	1.4x	1.7x	1.5x
EV/EBITDA	7.8x	14.2x	12.2x	11.1x
ROE	0.2x	0.1x	0.1x	0.1x
DER	0.3x	0.2x	0.2x	0.3x
Dividend Yield	1.2%	0.0%	0.3%	0.6%

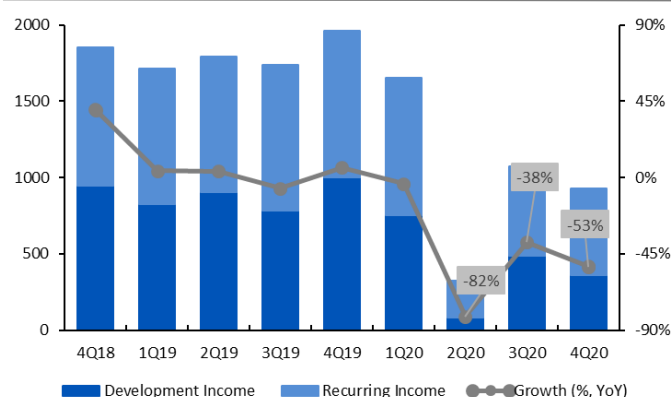
Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

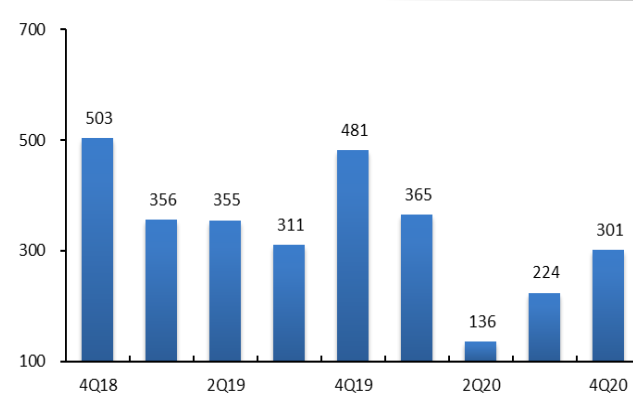
Performance Highlights in Charts

PWON Quarterly Revenue (IDR bn) | 4Q18 - 4Q20



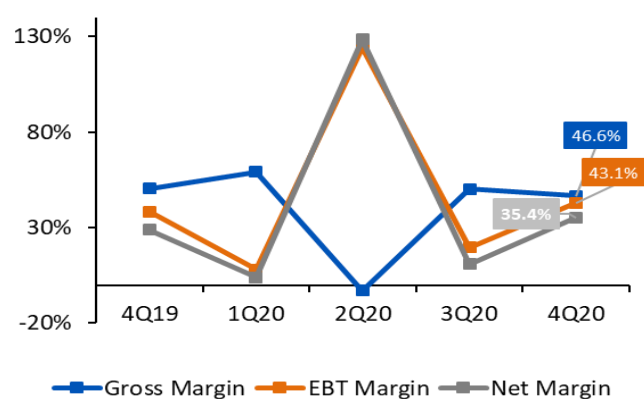
Source: Company Data, NHKSI Research

PWON Quarterly Marketing Sales (IDR bn) | 4Q18 - 4Q20



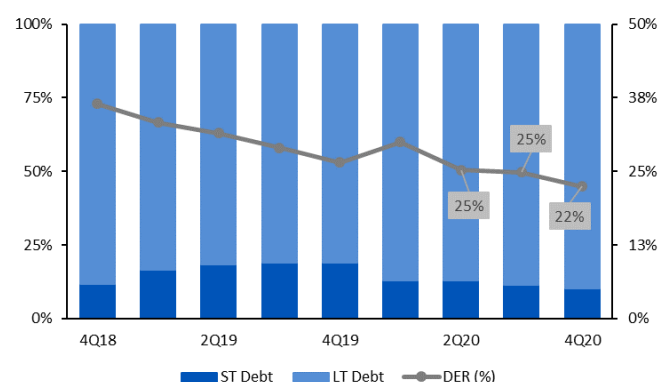
Source: Company Data, NHKSI Research

Margin Ratios | 4Q19 - 4Q20



Source: Company Data, NHKSI Research

PWON Debt Portion | 4Q18 - 4Q20



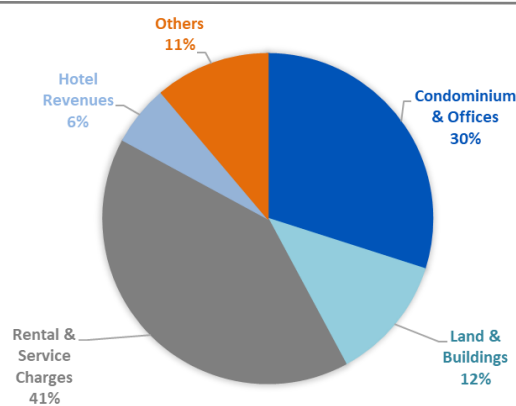
Source: Company Data, NHKSI Research

Occupancy Rate PWON Mall Portfolio | 2018 - 2020

Occupancy		2018	2019	2020
Jakarta	Kota Kasablanka Mall	99%	99%	99%
	Gandaria City Mall	94%	98%	92%
	Blok M Plaza	96%	97%	93%
Surabaya	Tunjungan Plaza	96%	96%	93%
	Pakuwon Mall	95%	96%	90%
	Pakuwon Trade Center	92%	92%	88%
	Royal Plaza	96%	94%	91%
	Pakuwon City Mall	-	-	74%
Central Java	Hartono Mall Yogyakarta	-	-	88%
	Hartono Mall Solo	-	-	97%

Source: Company Data, NHKSI Research

PWON Revenue Breakdown | FY20



Source: Company Data, NHKSI Research

Company Overview



PT. Pakuwon Jati Tbk

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.

PWON 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.

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	1,717	4,371	425	19	-89.91%	4.6%	0.9%	92.6x	0.8x
CTRA	CTRA IJ EQUITY	1,518	2,819	555	91	14.06%	16.4%	8.6%	16.6x	1.4x
PWON	PWON IJ EQUITY	1,688	1,900	273	64	-65.81%	23.4%	6.3%	26.4x	1.7x
SMRA	SMRA IJ EQUITY	987	1,790	346	12	-65.08%	3.6%	2.5%	79.8x	2.1x
Singapore										
Capitaland Ltd	CAPL SP EQUITY	14,601	63,854	4,739	(1,142)	-	-24.1%	-6.89%	#N/A N/A	0.9x
Malaysia										
SP Setia Bhd	SPSB MK EQUITY	1,035	7,556	769	(76)	-	-9.9%	-3.23%	#N/A N/A	0.4x
IOI Properties Group Bhd	IOIPG MK EQUITY	1,846	7,679	539	115	-29.58%	21.3%	2.54%	15.7x	0.4x
Thailand										
Land & Houses PUB Co Ltd	LH TB EQUITY	3,260	4,086	949	229	-28.73%	24.1%	13.96%	14.3x	2.0x
WHA Corp PCL	WHA TB EQUITY	1,593	2,754	221	81	-21.85%	36.5%	8.66%	19.8x	1.7x
Philippines										
Megaworld Corp	MEG PM EQUITY	2,163	7,825	792	199	-44.87%	25.2%	5.43%	10.8x	0.6x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

Valuation Highlights in Charts

3-Year Forward P/E Band



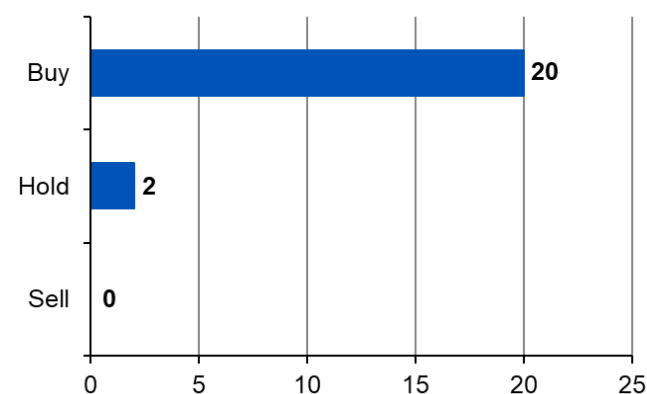
Source: Bloomberg, NHKS Research

3-Year Discount to NAV Band



Source: Bloomberg, NHKS Research

Recommendations by Analysts



Source: Bloomberg, NHKS Research

Closing and Target Price Update



Source: Bloomberg, NHKS Research

Rating and Target Price Update

Target Price

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
30/12/2019	Buy	750	570	709	31.6%	5.8%
30/06/2020	Buy	545	416	546	31.0%	-0.2%
16/09/2020	Buy	440	374	533	17.6%	-17.4%
20/11/2020	Buy	615	494	531	24.5%	15.8%
23/04/2021	Buy	645	505	636	27.7%	1.4%

Source: NHKSI Research, Bloomberg

Summary of Financials

INCOME STATEMENT

(IDR bn)	2019/12A	2020/12A	2021/12E	2022/12E
Revenues	7,202	3,977	5,259	6,092
Growth (% y/y)	1.7%	-44.8%	32.2%	15.8%
Cost of Revenues	(3,144)	(2,036)	(2,564)	(3,034)
Gross Profit	4,058	1,941	2,695	3,058
Gross Margin	56.3%	48.8%	51.2%	50.2%
Operating Expenses	(997)	(681)	(787)	(878)
EBIT	3,061	1,260	1,908	2,180
EBIT Margin	42.5%	31.7%	36.3%	35.8%
Depreciation	502	550	573	618
EBITDA	3,562	1,810	2,480	2,798
EBITDA Margin	49.5%	45.5%	47.2%	45.9%
Interest Expenses	(220)	(198)	(188)	(200)
EBT	3,271	1,149	1,833	2,112
Income Tax	(31)	(30)	(46)	(54)
Minority Interest	(520)	(189)	(421)	(416)
Net Profit	2,720	930	1,366	1,642
Growth (% y/y)	7.1%	-65.8%	46.9%	20.2%
Net Profit Margin	37.8%	23.4%	26.0%	26.9%

PROFITABILITY & STABILITY

	2019/12A	2020/12A	2021/12E	2022/12E
ROE	16.3%	5.2%	7.5%	8.4%
ROA	10.6%	3.5%	4.9%	5.4%
Inventory Turnover	0.9x	0.5x	0.5x	0.5x
Receivables Turnover	11.8x	8.7x	18.7x	11.4x
Payables turnover	10.0x	6.0x	6.8x	7.1x
Dividend Yield	1.2%	0.0%	0.3%	0.6%
Payout Ratio	12.4%	0.0%	7.5%	10.8%
DER	0.27x	0.22x	0.24x	0.27x
Net Gearing	2.7%	6.0%	2.4%	0.6%
Equity Ratio	69.3%	66.5%	64.8%	62.4%
Debt Ratio	0.18x	0.15x	0.16x	0.17x
Financial Leverage	153.0%	147.2%	152.4%	157.4%
Current Ratio	285.9%	198.1%	214.2%	214.5%
Quick Ratio	181.2%	94.0%	108.9%	108.1%
Par Value (IDR)	25	25	25	25
Total Shares (mn)	48,160	48,160	48,160	48,160
Share Price (IDR)	570	510	645	645
Market Cap (IDR tn)	27.5	24.6	31.1	31.1

BALANCE SHEET

(IDR bn)	2019/12A	2020/12A	2021/12E	2022/12E
Cash	4,313	2,887	4,070	5,310
Receivables	808	102	459	609
Inventories	3,531	4,512	5,417	6,876
Total Current Assets	9,643	8,590	11,021	13,858
Net Fixed Assets	13,262	14,722	14,965	15,208
Other Non Current Assets	3,191	3,146	3,044	3,127
Total Non Current Assets	16,453	17,869	18,008	18,335
Total Assets	26,095	26,459	29,029	32,193
Payables	334	348	406	449
ST Debt	912	397	494	812
Total Current Liabilities	3,373	4,337	5,145	6,459
LT Debt	3,885	3,547	4,022	4,610
Total Liabilities	8,000	8,860	10,211	12,111
Capital Stock + APIC	1,566	1,566	1,566	1,566
Retained Earnings	13,401	13,049	14,313	15,777
Shareholders' Equity	18,096	17,599	18,818	20,081

CASH FLOW STATEMENT

(IDR bn)	2019/12A	2020/12A	2021/12E	2022/12E
Operating Cash Flow	1,770	1,419	1,403	1,660
Investing Cash Flow	(886)	(1,761)	(646)	(946)
Financing Cash Flow	(1,046)	(1,084)	426	527
Net Changes in Cash	(161)	(1,426)	1,183	1,240

VALUATION INDEX

	2019/12A	2020/12A	2021/12E	2022/12E
Price /Earnings	10.1x	26.4x	22.7x	18.9x
PE/EPS Growth	1.4x	-0.4x	0.5x	0.9x
Price /Book Value	1.5x	1.4x	1.7x	1.5x
EV/EBITDA	7.8x	14.2x	12.7x	11.1x
EV (IDR bn)	27,934	25,619	31,509	31,175
Revenues CAGR (3-Yr)	15.9%	-6.3%	-2.7%	-4.9%
Net Income CAGR (3-Yr)	29.2%	-17.7%	-10.0%	-13.5%
Basic EPS (IDR)	56	19	28	34
BVPS (IDR)	376	365	391	417
DPS (IDR)	7.0	-	2.1	3.7

OWNERSHIP

By Geography	%
Indonesia	85.5
United States	7.0
Luxembourg	3.8
Others	3.8
Shareholders	%
PT Pakuwon A	68.7
Vanguard Group Inc	1.7
Invesco Ltd	1.5
Fil Ltd	1.1
Others	27.0

Source: Company Data, NHKS Research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. 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%

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