

# Pakuwon Jati (PWON)

## Strong Performance Due To Rise in Consumer Spending and Tax Incentives

**PT Pakuwon Jati (PWON) reported strong numbers across the board in 1H24, with revenue rising by 12.6% YoY ( IDR 3.26 trillion vs IDR 2.89 trillion), EBITDA increasing by 10.3% (IDR 1.79 trillion vs IDR 1.62 trillion), and adjusted net profit improving by 30.7% (IDR 1.35 trillion vs IDR 1.03 trillion). A large factor behind this shining performance is the government's tax incentive on property purchases, recovering hospitality sector, and increased consumer spending.**

### Exceptional marketing sales, improving recurring revenue

- PWON recorded IDR 770 billion in marketing sales in 1H24, with 54% of that coming from the landed houses sub-segment and the remaining 46% from the condominium and office sub-segment.
- Marketing sales are derived mostly from the sale of landed houses at Grand Pakuwon and Pakuwon City townships, as well as apartment sales at Pakuwon Bekasi, Pakuwon Mall Surabaya, Eastcoast Mansion Surabaya, and One Icon Tower.
- This marked a 28.3% YoY rise in marketing sales, with 70% of total marketing sales taking advantage of the government's PPNDTP incentive. Overall development revenue in 1H24 was 18% higher YoY (IDR 811 billion vs IDR 688 billion).
- 1H24 also saw Indonesian consumer spending increasing by nearly 5% YoY, reflected in PWON's recurring revenue surge.
- Recurring revenue increased by 11% YoY (IDR 2.45 trillion vs IDR 2.21 trillion). The biggest contributor to this is the mall retail sub-segment at IDR 1.68 trillion, a 10% YoY increase. Other sub-segments include hospitality and office leasing, which improved by 17% and 2% YoY respectively.
- Some notable company updates for 2Q24 include the topping off of Amor Tower at Pakuwon City Bekasi in April, and a credit rating upgrade from BB to BB+ in May by Fitch.

### Macro factors pushing property sector

- PWON and the Indonesian property sector is expected to remain strong throughout the rest of FY24.
- This outlook is supported by the recent interest rate cuts done by Bank Indonesia and the Federal Reserve by 25 basis points and 50 basis points respectively.
- The Indonesian government also recently announced the extension of their PPNDTP program until the end of FY24, providing continued support towards the Indonesian property sector.
- There is, however, more macro risk in the medium to long term as the country is expected to hike PPN rates to 12% in FY25.

### Continued development and expansion

- PWON allocated IDR 2.71 trillion for CAPEX in FY24, with 31.5% of that target achieved in 1H24.
- The company also confirmed their plans to begin construction of their superblock at IKN this year. A budget of IDR 5 trillion has been earmarked for this project, with IDR 615 billion to be utilized for phase 1. The entire project will be financed using internal cash reserves.
- PWON also recently signed an agreement with Marriott International Inc. to build 5 new hotels throughout Indonesia. This includes Jakarta Marriott Hotel Kota Kasablanka, Aloft Surabaya, Pakuwon Indah dan Courtyard by Marriott Batam, Jakarta EDITION, and The Westin Batam.

### Recommend OVERWEIGHT with TP of IDR 575

- We have altered our rating for PWON to OVERWEIGHT while increasing the target price to IDR 575. This is roughly equivalent to a PBV value of 1.42x, which is the company's 5-Yr PBV mean. Price is currently trading at a PBV of 1.30x.
- Risks: 1) Increase in PPN 2) Fall in consumer purchasing power 3) Interest rate

### Pakuwon Jati Tbk | Summary

In IDR bn	2023A	2024E	2025F	2026F
Revenue	6,201	6,825	7,374	7,893
Revenue growth	3.6%	10.1%	8.1%	7.0%
Net profit	2,104	1,915	2,210	2,363
EPS (IDR)	44	40	46	49
Net Profit growth	36.7%	-9.0%	15.4%	6.9%
NPM	33.9%	28.1%	30.0%	29.9%
ROE	9.7%	8.0%	8.5%	8.3%
ROA	6.6%	5.5%	5.8%	5.8%
P/E	10.4x	14.5x	12.5x	11.7x
P/BV	1.0x	1.1x	1.0x	0.9x
EV/EBITDA	7.8x	8.4x	7.5x	6.9x

Unit: IDR bn, %, x  
Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Company Update | Sep 27, 2024

## OVERWEIGHT

Target Price (IDR)	575
Consensus Price (IDR)	575
TP to Consensus Price	+13.9%
Potential Upside	0%

### Shares data

Last Price (IDR)	505
Price Date as of	Sep 25, 2024
52 wk Range (Hi/Lo)	525/366
Free Float (%)	31.29
Outstanding sh.(mn)	48,159
Market Cap (IDR bn)	24,320
Market Cap (USD mn)	1,605
Avg. Trd Vol - 3M (mn)	55.85
Foreign Ownership (%)	15.8

### Property

#### Real Estate Management & Development

Bloomberg	PWON.IJ
Reuters	PWON.JK

### Share Price Performance



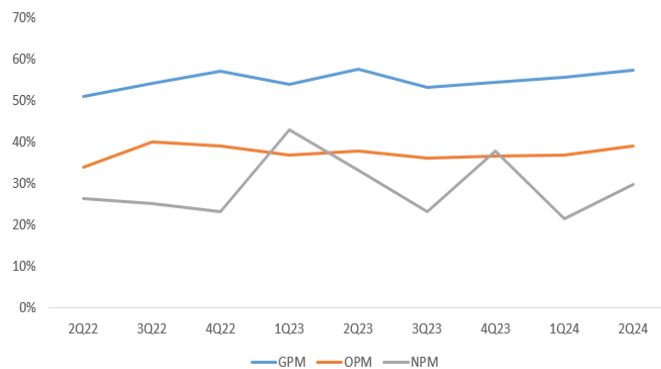
	YTD	1M	3M	12M
Abs. Ret.	11.2%	5.2%	35.0%	14.3%
Rel. Ret.	4.8%	2.6%	22.6%	3.6%

### Axell Ebenhaezer (Mining & Property)

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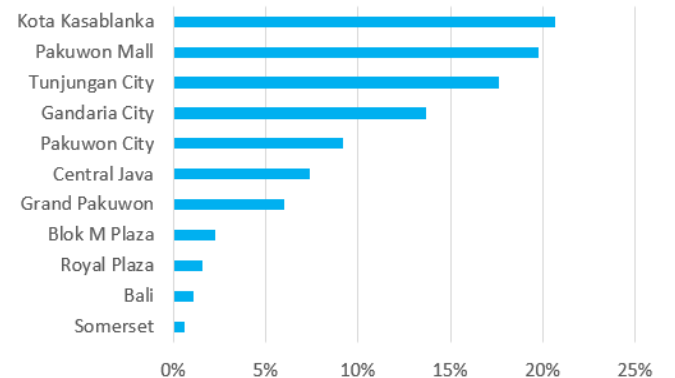
## Performance Highlights in Charts

### PWON Quarterly Profit Margins | 2Q22 - 2Q24



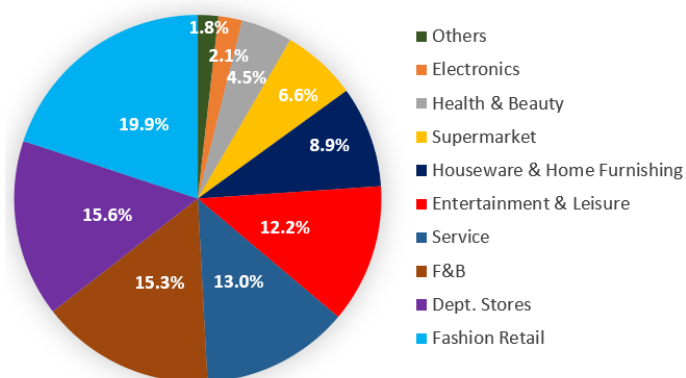
Source: Company Data, NHKSI Research

### PWON Revenue Breakdown by Project | 1H24



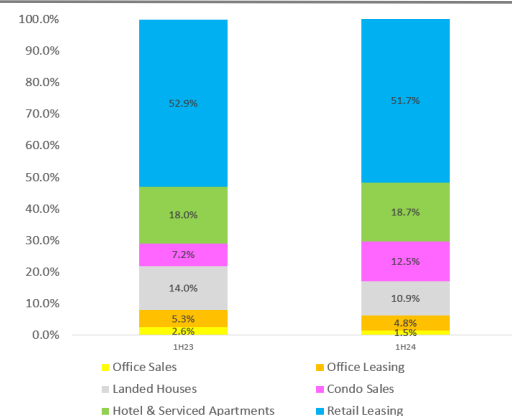
Source: Company Data, NHKSI Research

### PWON Retail Lease Area by Industry | 1H24



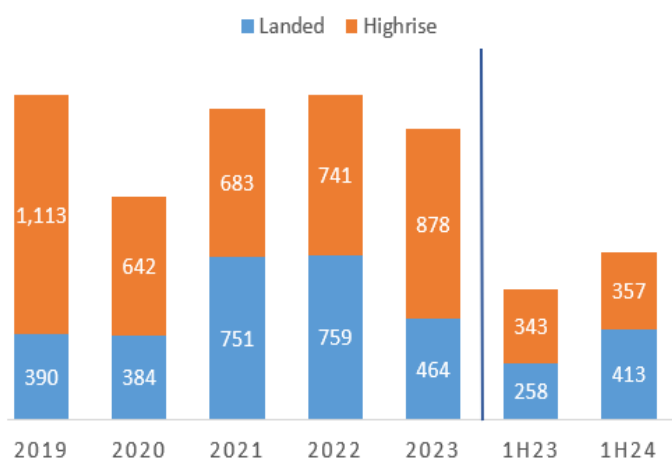
Source: Company Data, NHKSI Research

### PWON Rev. Breakdown by Segment (IDR Bn) | 1H23 vs 1H24



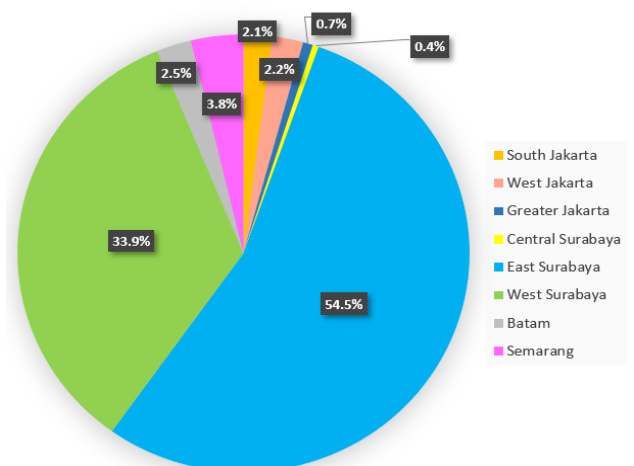
Source: Company Data, NHKSI Research

### PWON Pre-sales (IDR Bn) | 2019-1H24



Source: Company Data, NHKSI Research

### PWON Land Bank Location | 1H24



Source: Company Data, NHKSI Research

## Summary of Financials

### INCOME STATEMENT

(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F
Revenue	6,201	6,825	7,374	7,893
Growth	3.6%	10.1%	8.1%	7.0%
COGS	2,799	2,928	3,136	3,435
Gross Profit	3,400	3,897	4,238	4,458
Gross Margin	54.8%	57.1%	57.5%	56.5%
Operating Expenses	(1,109)	(1,298)	(1,430)	(1,555)
EBIT	2,292	2,599	2,809	2,903
EBIT Margin	37.0%	38.1%	38.1%	36.8%
Depreciation	698	735	766	799
EBITDA	2,990	3,334	3,575	3,702
EBITDA Margin	48.2%	48.8%	48.5%	46.9%
EBT	2,402	2,293	2,602	2,768
Income Tax	20	14	17	19
Minority Interest	277	364	375	386
Net Profit	2,104	1,915	2,210	2,363
Growth	36.7%	-9.0%	15.4%	6.9%
Net Profit Margin	33.9%	28.1%	30.0%	29.9%

### BALANCE SHEET

(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F
Cash	8,398	10,736	12,894	14,517
Receivables	110	140	136	149
Inventories	3,943	4,561	4,758	5,020
Total Current Assets	13,055	16,162	18,505	20,397
Net Fixed Assets	17,887	18,316	18,656	19,041
Other Non Current Assets	1,768	1,982	2,087	2,203
Total Assets	32,711	36,459	39,248	41,640
Payables	640	845	941	1,037
ST Debt	13	26	16	19
LT Debt	6,145	6,727	7,239	7,117
Total Liabilities	9,916	11,449	12,076	12,167
Capital Stock	1,204	1,204	1,204	1,204
Retained Earnings	17,570	19,052	20,764	22,579
Shareholders' Equity	22,795	25,011	27,171	29,473

### CASH FLOW STATEMENT

(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F
Operating Cash Flow	2,735	3,500	3,474	3,619
Investing Cash Flow	(2,296)	(1,224)	(1,286)	(1,346)
Financing Cash Flow	(261)	99	(6)	(673)
Net Changes in Cash	171	2,338	2,158	1,623

### PROFITABILITY & STABILITY

	2023/12A	2024/12F	2025/12F	2026/12F
ROE	9.7%	8.0%	8.5%	8.3%
ROA	6.6%	5.5%	5.8%	5.8%
Inventory Turnover	1.6	1.5	1.6	1.6
Days Inventory Outstanding	232.1	243.9	235.5	232.2
Receivables Turnover	56.2	48.7	54.2	52.8
Account Receivable Days	6.5	7.5	6.7	6.9
Dividend Yield (%)	1.4%	1.6%	1.8%	2.0%
Payout Ratio (%)	14.8%	22.6%	22.5%	23.2%
DER	27.0%	27.0%	26.7%	24.2%
Current Ratio	5.2	4.9	5.5	5.7
Quick Ratio	4.9	4.6	5.2	5.5
DAR	19%	19%	18%	17%
Total Shares (mn)	48,159	48,159	48,159	48,159
Share Price (IDR)	454	575	575	575
Market Cap (IDR tn)	21.9	27.7	27.7	27.7

### VALUATION INDEX

	2023/12A	2024/12F	2025/12F	2026/12F
Price/Earnings	10.4x	14.5x	12.5x	11.7x
Price/Book Value	1.0x	1.1x	1.0x	0.9x
EV/EBITDA	7.8x	8.4x	7.5x	6.9x
EV (IDR bn)	23,323	28,147	26,935	25,682
BVPS (IDR)	473	519	564	612
Basic EPS (IDR)	44	40	46	49

### TOP OWNERSHIP

Shareholders	%
PT Pakuwon Arthaniaga	68.68
Alexander Tedja	0.02
Public	31.01

By Geography	
Indonesia	84.2
United States	7.5
Luxembourg	4.5

Source: Company Data, NHKSI 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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