

Pakuwon Jati Tbk (PWON)

3Q18: Terus Melaju

Company Report | Nov 01, 2018

Pertumbuhan Top dan Bottom Line di atas 20%

Angka pertumbuhan *top* dan *bottom line* PWON pada 3Q18 mampu menyaingi pertumbuhan pada 3Q17, di atas 20% y-y. **Pendapatan dan laba bersih PWON pada 3Q18, tercatat masing-masing sebesar Rp1,85 triliun (+28,3% y-y) dan Rp651 miliar (+24,9% y-y).** Pertumbuhan pendapatan ditopang oleh segmen penjualan kondominium dan kantor yang melesat 76,0% y-y. Dibandingkan dengan 1H18, porsi pendapatan dari area Jakarta bertambah 1,6%, yang dipacu oleh proyek di kompleks Kota Kasablanka. Selain itu, **kinerja margin keseluruhan, pada periode Januari-September 2018, juga lebih tinggi** daripada periode yang sama pada 2017.

Segmen Recurring Income Terus Melaju

Ketiga kontributor segmen pendapatan berulang, yakni sewa & jasa pemeliharaan, pendapatan hotel, dan pendapatan usaha lainnya pada **mencatatkan angka tertingginya pada 3Q18.** Kinerja PWON terbukti teratraktif dibandingkan kompetitornya di tengah situasi stagnan industri properti. Pada 2019, PWON pun akan **memperbanyak kapasitas kamar hotelnya hingga 42%** melalui pembangunan dua hotel di kompleks Pakuwon Mall. Ditambah lagi, pendapatan berulang PWON juga akan terdorong oleh proyek Pakuwon Mall fase 4, yang sedang dalam proses penggarapan.

Hingga September, PWON telah menyerap *capex* sebesar Rp390 miliar untuk keperluan penambahan cadangan lahan seluas 8,7 hektare, terpusat di sekitar proyek yang sedang digarap.

Target Harga Rp600

Kami menggunakan estimasi *discount to RNAV* sebesar 63,7% (0,5SD di atas rata-rata 3 tahun terakhir) sebagai basis metode valuasi. Saat ini, saham PWON diperdagangkan dengan *discount to RNAV* 2018F sebesar 71,9%.

Pakuwon Jati Tbk | Summary (IDR bn)

| | 2017 | 2018E | 2019F | 2020F |
|------------------------|-------|-------|-------|-------|
| Revenues | 5,718 | 6,752 | 7,148 | 7,866 |
| <i>Revenues growth</i> | 18.1% | 18.1% | 5.9% | 10.0% |
| EBITDA | 3,175 | 3,657 | 3,869 | 4,229 |
| Net Profit | 1,873 | 2,207 | 2,442 | 2,661 |
| EPS (IDR) | 39 | 46 | 51 | 55 |
| <i>EPS growth</i> | 12.1% | 17.9% | 10.6% | 9.0% |
| BVPS (IDR) | 266 | 310 | 358 | 410 |
| EBITDA margin | 55.5% | 54.2% | 54.1% | 53.8% |
| NPM | 32.8% | 32.7% | 34.2% | 33.8% |
| ROE | 15.7% | 15.9% | 15.2% | 14.4% |
| ROA | 10.5% | 14.5% | 15.5% | 16.4% |
| ROIC | 15.0% | 15.5% | 15.2% | 15.5% |
| P/E | 17.6x | 17.1x | 15.5x | 14.2x |
| P/BV | 2.6x | 2.5x | 2.2x | 1.9x |
| EV/EBITDA | 11.0x | 10.7x | 9.8x | 8.5x |
| DPS (IDR) | 6.0 | 6.0 | 6.0 | 7.5 |
| <i>Dividend yield</i> | 0.9% | 0.8% | 0.8% | 1.0% |

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Buy

| | |
|--------------------------|------------|
| Dec 2019 TP (IDR) | 600 |
| Consensus Price (IDR) | 663 |
| TP to Consensus Price | -9.6% |
| vs. Last Price | +25.5% |

Shares data

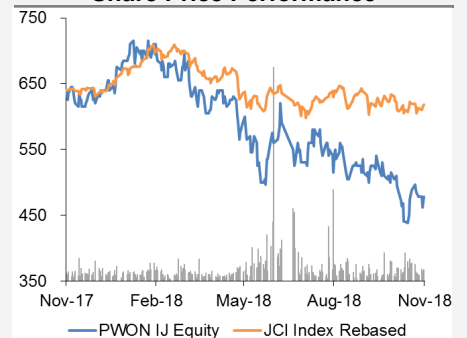
| | |
|------------------------|--------------|
| Last Price (IDR) | 478 |
| Price date as of | Oct 31, 2018 |
| 52 wk range (Hi/Lo) | 715 / 438 |
| Free float (%) | 30.2 |
| Outstanding sh.(mn) | 48,160 |
| Market Cap (IDR bn) | 23,020 |
| Market Cap (USD mn) | 1,513 |
| Avg. Trd Vol - 3M (mn) | 28.3 |
| Avg. Trd Val - 3M (bn) | 14.3 |
| Foreign Ownership | 12.8% |

Property

Real Estate Owner & Developer

| | |
|-----------|----------------|
| Bloomberg | PWON IJ |
| Reuters | PWON.JK |

Share Price Performance



| | YTD | 1M | 3M | 12M |
|-----------|--------|-------|-------|--------|
| Abs. Ret. | -30.2% | -7.2% | -7.2% | -25.3% |
| Rel. Ret. | -22.0% | -4.8% | -5.4% | -21.9% |

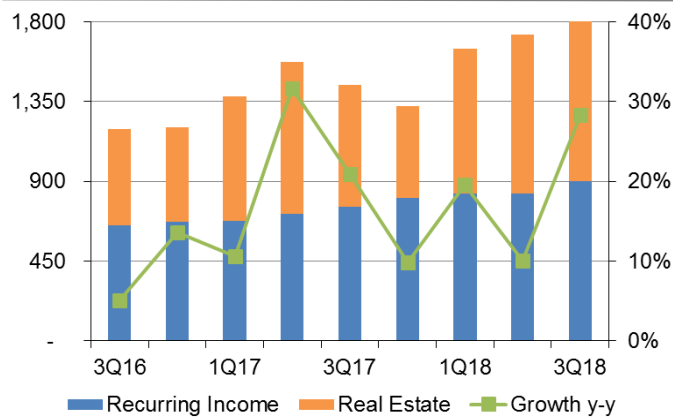
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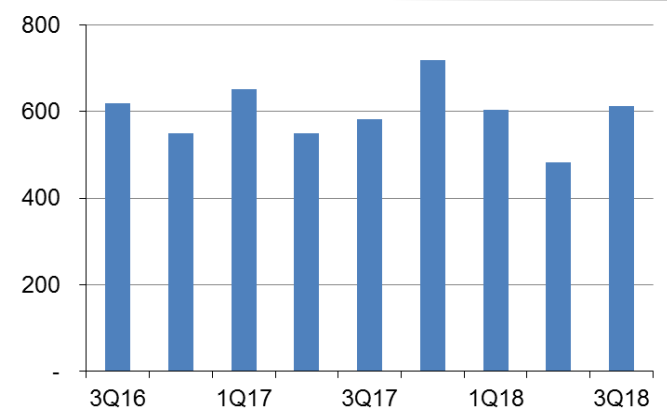
Performance Highlights

PWON Quarterly Revenues (IDR bn) | 3Q16 - 3Q18



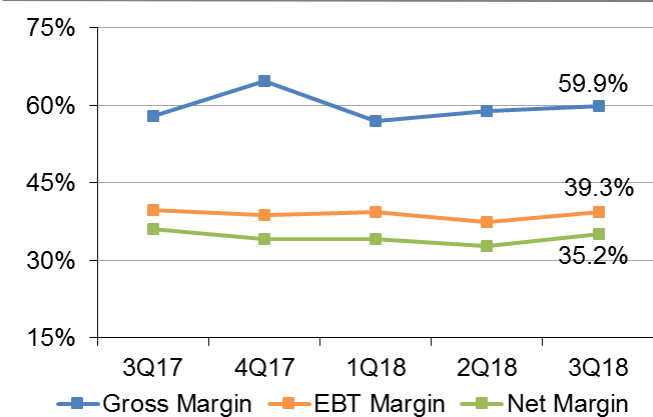
Source: Company, NHKS Research

PWON Quarterly Marketing Sales (IDR bn) | 3Q16 - 3Q18



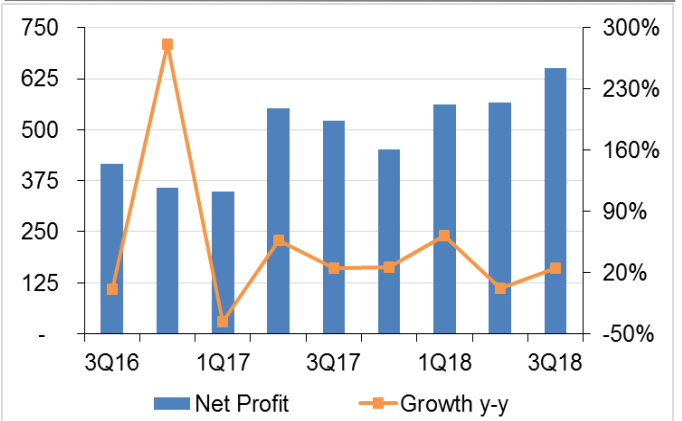
Source: Company, NHKS Research

Margin Ratios | 3Q17 - 3Q18



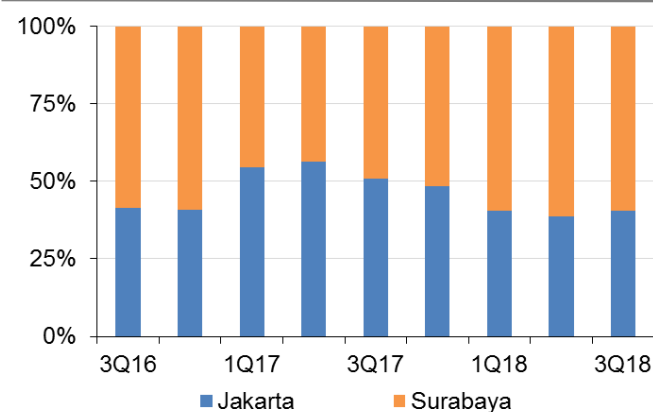
Source: Company, NHKS Research

PWON Revenue Breakdown | 3Q16 - 3Q18



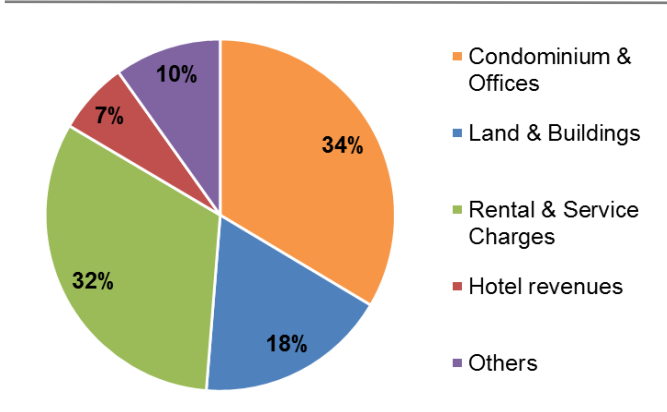
Source: Company, NHKS Research

PWON Revenue by Geography | 3Q16 - 3Q18



Source: Company, NHKS Research

PWON Revenue Breakdown | 3Q18



Source: Company, NHKS Research

3Q18 review (IDR bn)

| | 3Q17 | 4Q17 | 1Q18 | 2Q18 | 3Q18 | | | | | 4Q18E |
|----------------------|------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|------------|
| | | | | | Actual | Estimate | y-y | q-q | surprise | |
| Revenues | 1,443 | 1,324 | 1,647 | 1,730 | 1,852 | 1,438 | 28.3% | 7.0% | 28.8% | 1,524 |
| Gross Profit | 836 | 857 | 940 | 1,018 | 1,109 | 822 | 32.6% | 8.9% | 34.9% | 868 |
| <i>Gross Margin</i> | 57.9% | 64.8% | 57.0% | 58.9% | 59.9% | 57.2% | 1.9% | 1.0% | 2.7% | 57.0% |
| EBIT | 705 | 659 | 815 | 884 | 863 | 691 | 22.5% | -2.3% | 24.9% | 673 |
| <i>EBIT Margin</i> | 48.8% | 49.8% | 49.5% | 51.1% | 46.6% | 48.1% | -2.2% | -4.5% | -1.5% | 44.1% |
| EBITDA | 814 | 763 | 919 | 991 | 966 | 794 | 18.7% | -2.5% | 21.7% | 777 |
| <i>EBITDA Margin</i> | 56.4% | 57.6% | 55.8% | 57.3% | 52.1% | 55.2% | -4.2% | -5.1% | -3.0% | 51.0% |
| Net Profit | 521 | 451 | 563 | 566 | 651 | 473 | 24.9% | 14.9% | 37.8% | 427 |
| <i>Net Margin</i> | 36.1% | 34.1% | 34.2% | 32.7% | 35.2% | 32.9% | -1.0% | 2.4% | 2.3% | 28.0% |

Source: Bloomberg, NHKS research

Earnings revision (IDR bn)

| | | 2018E | 2019F | 2020F |
|-------------------|-----------|--------------|--------------|--------------|
| Revenues | -Revised | 6,752 | 7,148 | 7,866 |
| | -Previous | 6,286 | 6,824 | 7,553 |
| | -Change | 7.4% | 4.7% | 4.1% |
| Gross Profit | -Revised | 3,934 | 4,142 | 4,553 |
| | -Previous | 3,620 | 3,926 | 4,294 |
| | -Change | 8.7% | 5.5% | 6.0% |
| Gross Margin | -Revised | 58.3% | 57.9% | 57.9% |
| | -Previous | 57.6% | 57.5% | 56.9% |
| EBIT | -Revised | 3,235 | 3,439 | 3,780 |
| | -Previous | 3,042 | 3,299 | 3,599 |
| | -Change | 6.3% | 4.3% | 5.0% |
| EBIT Margin | -Revised | 47.9% | 48.1% | 48.0% |
| | -Previous | 48.4% | 48.3% | 47.7% |
| EBITDA | -Revised | 3,657 | 3,869 | 4,229 |
| | -Previous | 3,459 | 3,728 | 4,049 |
| | -Change | 5.7% | 3.8% | 4.4% |
| EBITDA Margin | -Revised | 54.2% | 54.1% | 53.8% |
| | -Previous | 55.0% | 54.6% | 53.6% |
| Net Profit | -Revised | 2,207 | 2,442 | 2,661 |
| | -Previous | 2,037 | 2,249 | 2,530 |
| | -Change | 8.3% | 8.6% | 5.2% |
| Net Margin | -Revised | 32.7% | 34.2% | 33.8% |
| | -Previous | 32.4% | 33.0% | 33.5% |

Source: NHKS research

Sekilas tentang PWON

PWON adalah salah satu perusahaan pengembang properti yang berfokus pada segmen pusat perbelanjaan, kondominium, perkantoran, maupun kombinasi ketiganya (superblok). Proyek-proyek yang digarap PWON tersebar di dua kota metropolitan terbesar di Indonesia, dengan rasio pendapatan 40,4% (Jakarta) dan 59,6% (Surabaya). Proyek-proyek tersebut berada di lokasi strategis dan mengincar segmen menengah-atas.

Memiliki pelbagai portofolio superblok, seperti Kota Kasablanka dan Gandaria City di Jakarta; dan Tunjungan City serta Pakuwon Mall di Surabaya, PWON berhasil menyeimbangkan rasio pendapatan berulang dengan pendapatan dari penjualan properti. Selain tengah menggarap beberapa proyek baru, PWON juga masih memiliki persediaan tanah di area superblok tadi untuk rencana ekspansi mendatang. Dalam beberapa tahun terakhir, PWON juga berekspansi ke segmen kota mandiri melalui proyek Pakuwon City dan Grand Pakuwon di Surabaya.

Industri Pengembang Properti Indonesia di ASEAN

Indonesia merupakan negara terluas dengan persediaan tanah dan jumlah penduduk terbanyak di ASEAN. Hal tersebut menjadikan Indonesia sebagai lokasi menguntungkan bagi bisnis pengembang properti. Pengembang properti Indonesia memiliki persediaan tanah lebih luas daripada pengembang di negara ASEAN. Sebagai contoh BKSL mempunyai persediaan lahan seluas 14.666 hektare dan BSDE seluas 3.966 hektare,

Sektor properti di Indonesia dan Filipina mencatatkan persaingan paling kompetitif di antara negara ASEAN lainnya. Pengembang-pengembang properti kedua negara tersebut mencatatkan *gross margin* yang lebih tinggi kendati total aset mereka lebih rendah daripada negara-negara ASEAN lainnya.

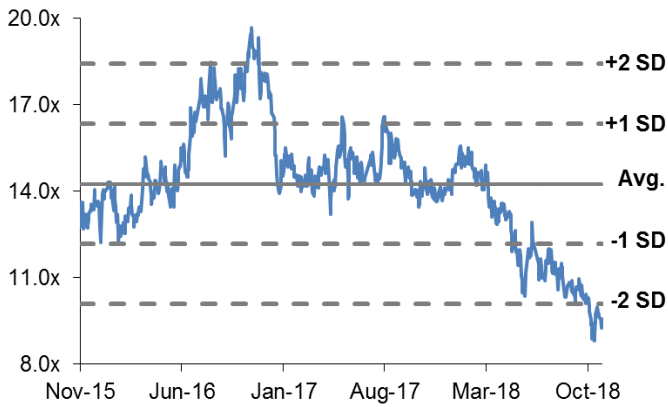
ASEAN Property Developer

| Company | Market Cap (USD mn) | Asset (USD mn) | Revenue LTM (USD mn) | Net Profit LTM (USD mn) | Net Profit Growth LTM | Net Margin | ROE LTM | P/E LTM | P/BV |
|--------------------------|---------------------|----------------|----------------------|-------------------------|-----------------------|------------|---------|---------|------|
| Indonesia | | | | | | | | | |
| BSDE | 1,391 | 3,382 | 669 | 231 | 9.43% | 34.6% | 13.2% | 6.5x | 0.8x |
| CTRA | 1,000 | 2,333 | 488 | 65 | -6.35% | 13.4% | 5.6% | 16.8x | 1.1x |
| PWON | 1,513 | 1,719 | 471 | 160 | 25.37% | 34.1% | 20.6% | 10.3x | 1.9x |
| SMRA | 569 | 1,594 | 408 | 32 | 15.79% | 7.9% | 6.1% | 19.3x | 1.3x |
| Singapore | | | | | | | | | |
| Capitaland Ltd | 9,433 | 45,972 | 4,053 | 1,125 | -8.58% | 27.8% | 8.26% | 8.8x | 0.7x |
| Malaysia | | | | | | | | | |
| SP Setia Bhd | 1,964 | 6,826 | 953 | 259 | 7.56% | 27.2% | 10.42% | 7.4x | 0.7x |
| IOI Properties Group Bhd | 1,724 | 8,110 | 686 | 192 | -14.90% | 28.1% | 4.29% | 9.2x | 0.4x |
| Thailand | | | | | | | | | |
| Land & Houses PUB Co Ltd | 3,716 | 3,362 | 1,086 | 338 | 17.03% | 31.2% | 22.08% | 11.2x | 2.4x |
| WHA Corp PCL | 1,783 | 2,260 | 315 | 102 | -5.74% | 32.2% | 14.50% | 18.4x | 2.4x |
| Philippines | | | | | | | | | |
| Megaworld Corp | 2,665 | 6,212 | 893 | 264 | 13.54% | 29.6% | 9.22% | 10.4x | 0.9x |

Source: Bloomberg

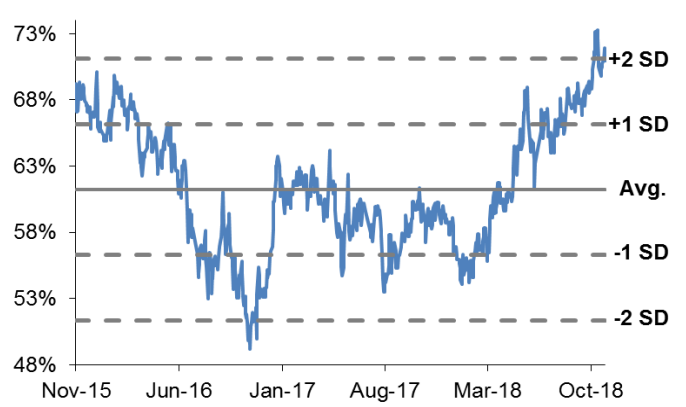
Multiple Valuation

Forward P/E band | Last 3 years



Source: NHKS research

Discount to NAV band | Last 3 years



Source: NHKS research

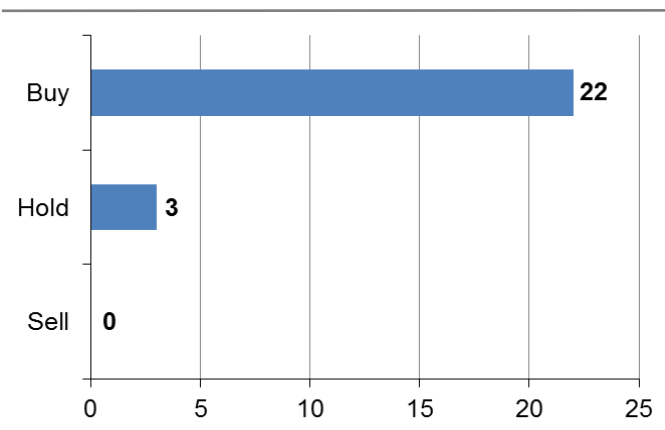
Rating and Target Price Update

Target Price Revision

| Date | Rating | Target Price | Last Price | Consensus | vs Last Price | vs Consensus |
|------------|--------|----------------|------------|-----------|---------------|--------------|
| 03/28/2018 | Buy | 700 (Dec 2018) | 605 | 734 | +15.7% | -4.9% |
| 05/23/2018 | Buy | 625 (Dec 2018) | 496 | 725 | +26.0% | -13.8% |
| 08/03/2018 | Buy | 625 (Dec 2018) | 535 | 705 | +16.8% | -11.4% |
| 10/31/2018 | Buy | 600 (Dec 2019) | 478 | 663 | +25.5% | -9.6% |

Source: NHKS research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

1. Period: End of year target price
2. Rating system based on a stock's absolute return from the date of publication
 - Buy : Greater than +15%
 - Hold : -15% to +15%
 - Sell : Less than -15%

Summary of Financials

| INCOME STATEMENT | | | | | PROFITABILITY & STABILITY | | | | |
|--------------------------|--------------|--------------|--------------|--------------|---------------------------|----------|----------|----------|----------|
| (IDR bn) | 2017/12A | 2018/12E | 2019/12E | 2020/12E | | 2017/12A | 2018/12E | 2019/12E | 2020/12E |
| Revenues | 5,718 | 6,752 | 7,148 | 7,866 | ROE | 15.7% | 15.9% | 15.2% | 14.4% |
| <i>Growth</i> | 18.1% | 18.1% | 5.9% | 10.0% | ROA | 10.5% | 14.5% | 15.5% | 16.4% |
| Cost of Revenues | (2,353) | (2,818) | (3,006) | (3,313) | ROIC | 15.0% | 15.5% | 15.2% | 15.5% |
| Gross Profit | 3,364 | 3,934 | 4,142 | 4,553 | Cash Dividend (IDR bn) | 289 | 289 | 289 | 361 |
| <i>Gross Margin</i> | 58.8% | 58.3% | 57.9% | 57.9% | Dividend Yield | 0.9% | 1.3% | 1.3% | 1.6% |
| Operating Expenses | (569) | (699) | (703) | (773) | Payout Ratio | 15.4% | 13.1% | 11.8% | 13.6% |
| EBIT | 2,795 | 3,235 | 3,439 | 3,780 | DER | 42.4% | 37.9% | 29.6% | 21.2% |
| <i>EBIT Margin</i> | 48.9% | 47.9% | 48.1% | 48.0% | Net Gearing | 346.5% | 361.4% | 326.1% | 267.3% |
| Depreciation | 380 | 422 | 430 | 449 | LT Debt to Equity | 39.3% | 33.5% | 24.3% | 19.3% |
| EBITDA | 3,175 | 3,657 | 3,869 | 4,229 | Capitalization Ratio | 29.8% | 27.5% | 22.9% | 17.5% |
| <i>EBITDA Margin</i> | 55.5% | 54.2% | 54.1% | 53.8% | Equity Ratio | 85.7% | 96.3% | 107.9% | 120.5% |
| Interest Expenses | (294) | (303) | (265) | (239) | Debt Ratio | 36.4% | 36.5% | 32.0% | 25.5% |
| EBT | 2,072 | 2,503 | 2,781 | 3,074 | Financial Leverage | 149.5% | 109.8% | 97.8% | 87.5% |
| Income Tax | (47) | (30) | (45) | (57) | Current Ratio | 171.5% | 219.5% | 231.5% | 290.0% |
| Minority Interest | (152) | (266) | (294) | (356) | Par Value (IDR) | 25 | 25 | 25 | 25 |
| Net Profit | 1,873 | 2,207 | 2,442 | 2,661 | Total Shares (mn) | 48,160 | 48,160 | 48,160 | 48,160 |
| <i>Growth</i> | 12.1% | 17.9% | 10.6% | 9.0% | Share Price (IDR) | 685 | 478 | 478 | 478 |
| <i>Net Profit Margin</i> | 32.8% | 32.7% | 34.2% | 33.8% | Market Cap (IDR tn) | 33.0 | 23.0 | 23.0 | 23.0 |

| BALANCE SHEET | | | | | VALUATION INDEX | | | | |
|-----------------------------|---------------|---------------|---------------|---------------|----------------------|----------|----------|----------|----------|
| (IDR bn) | 2017/12A | 2018/12E | 2019/12E | 2020/12E | | 2017/12A | 2018/12E | 2019/12E | 2020/12E |
| Cash | 3,406 | 4,218 | 5,162 | 6,223 | Price /Earnings | 17.6x | 10.4x | 9.4x | 8.7x |
| Receivables | 448 | 439 | 501 | 491 | Price /Book Value | 2.6x | 1.5x | 1.3x | 1.2x |
| Inventories | 3,741 | 3,825 | 4,131 | 4,130 | Price/Revenue | 5.8x | 3.4x | 3.2x | 2.9x |
| Total Current Assets | 8,428 | 9,468 | 10,903 | 12,052 | PE/EPS Growth | 1.5x | 0.6x | 0.9x | 1.0x |
| Net Fixed Assets | 12,461 | 12,653 | 12,924 | 13,261 | EV/EBITDA | 11.0x | 6.7x | 5.9x | 5.0x |
| Other Non Current Asset | 2,470 | 2,849 | 3,039 | 3,133 | EV/EBIT | 12.5x | 7.6x | 6.7x | 5.6x |
| Total Assets | 14,931 | 15,502 | 15,962 | 16,394 | EV (IDR bn) | 35,011 | 24,463 | 22,965 | 20,984 |
| Payables | 364 | 363 | 393 | 440 | Revenues CAGR (3-Yr) | 13.9% | 13.4% | 13.9% | 11.2% |
| ST Bank Loan | 402 | 662 | 919 | 377 | EPS CAGR (3-Yr) | -9.4% | 20.5% | 13.5% | 12.4% |
| LT Debt | 5,026 | 4,998 | 4,187 | 3,810 | Basic EPS (IDR) | 39 | 46 | 51 | 55 |
| Total Liabilities | 10,567 | 10,040 | 9,636 | 8,699 | Diluted EPS (IDR) | 39 | 46 | 51 | 55 |
| Capital Stock + APIC | 1,566 | 1,566 | 1,566 | 1,566 | BVPS (IDR) | 266 | 310 | 358 | 410 |
| Retained Earnings | 8,765 | 10,683 | 12,836 | 15,208 | Revenue PS (IDR) | 119 | 140 | 148 | 163 |
| Shareholders' Equity | 12,791 | 14,930 | 17,229 | 19,747 | DPS (IDR) | 6.0 | 6.0 | 6.0 | 7.5 |

| CASH FLOW STATEMENT | | | | | OWNERSHIP | | | |
|----------------------------|--------------|--------------|------------|--------------|----------------|----------------|--------------------|------|
| (IDR bn) | 2017/12A | 2018/12E | 2019/12E | 2020/12E | By Geography | % Shareholders | % | |
| Operating Cash Flow | 2,252 | 2,587 | 2,522 | 3,010 | Indonesia | 87.2 | PT Pakuwon A | 69.7 |
| Investing Cash Flow | (507) | (726) | (881) | (887) | United States | 6.5 | Vanguard Group Inc | 1.9 |
| Financing Cash Flow | (119) | (412) | (696) | (1,063) | Luxembourg | 1.9 | BlackRock Inc | 1.1 |
| Net Changes in Cash | 1,627 | 1,449 | 945 | 1,061 | United Kingdom | 1.3 | TT International | 0.8 |

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