

Pakuwon Jati Tbk (PWON IJ)

Andalkan Proyek Mixed Use

Company Update | Jan 20, 2020

Recurring Income PWON mengalami kenaikan 5,8% (y-y) didukung oleh proyek *mixed use* yang dimiliki perusahaan. Menyumbang 55% dari pendapatan perusahaan, *recurring income* masih menjadi unggulan PWON. Kami optimis mengenai kinerja PWON sehingga masih mampu membukukan pendapatan jangka panjang karena PWON masih mengembangkan beberapa proyek besar.

Recurring Income: Penyumbang Porsi Pendapatan Tertinggi

Pada 3Q19 PWON mencatatkan pendapatan Rp1,7 triliun, turun tipis 6,3% dari Rp1,8 triliun pada 3Q18. Lima puluh lima persen pendapatan PWON pada 3Q19 atau senilai Rp955 miliar disumbang oleh *recurring income*. Kontribusi tersebut meningkat 5,8% dari Rp902 miliar pada 3Q18. Sebaliknya, *development income* menurun 17,8% dari 3Q18. Beruntungnya, *development income* hanya menyumbang 45% dari total pendapatan sehingga *recurring income* yang berasal dari sewa ruangan, jasa pemeliharaan dan pendapatan layanan apartemen masih menjadi penopang terbesar total pendapatan. Untuk jangka panjang, PWON menargetkan porsi kontribusi pendapatan 50:50 yang dikontribusikan oleh *recurring income* dan *development income*.

Target Penjualan Naik Tipis

PWON menargetkan *marketing sales* 2019 sebesar Rp2,2 triliun, naik tipis 0,77% dari realisasi 2018. Pada 3Q19, *marketing sales* berada di angka Rp1,02 triliun yang berarti 46% target *marketing sales* 2019 telah dicapai. Proyek di Jakarta menyumbang 39,6% dari total pendapatan 9M19 sedangkan proyek Surabaya menyumbang 60,4% bagi total pendapatan. Pendapatan 2019 masih disokong oleh proyek unggulan *mixed use* kondominium yang dibangun di atas pusat perbelanjaan PWON.

Mega Proyek PWON di Bekasi

Pada akhir 2019, PWON membangun proyek superblok yang berlokasi di Bekasi dan terdiri dari satu mall, dua hotel, dan empat tower apartemen. Proyek yang membutuhkan dana investasi senilai Rp2 triliun tersebut menyasar konsumen kelas menengah. Pada Desember 2019, PWON telah resmi mengoperasikan hotel Four Points di Surabaya sedangkan hotel The Westin masih dalam tahap pengerjaan.

Rekomendasi Buy dengan Target Harga Rp750

Kami merekomendasikan BUY dengan target harga Rp750 menggunakan estimasi *discount to NAV* 58,37% (0,45 SD di atas rata-rata 3 tahun terakhir) sebagai basis metode valuasi dan mengestimasi proyek yang telah diresmikan atau sedang digarap PWON dapat meningkatkan pendapatan pada 2020 di kisaran 7%-10%.

Buy

Dec 2020 TP (IDR)	750
Consensus Price (IDR)	709
TP to Consensus Price	5.7%
vs. Last Price	31.6%

Shares data

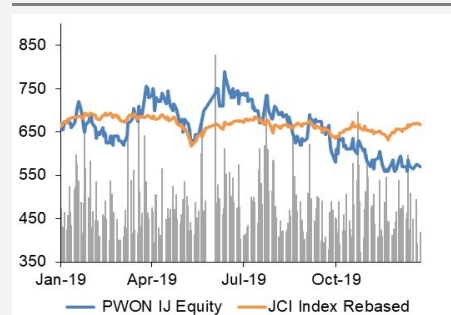
Last Price (IDR)	570
Price Date as of	Dec 30, 2019
52 wk Range (Hi/Lo)	790/560
Free Float (%)	33.9
Outstanding sh.(mn)	48.160
Market Cap (IDR bn)	26.006
Market Cap (USD mn)	1.867
Avg. Trd Vol - 3M (mn)	35.54
Avg. Trd Val - 3M (bn)	20.86
Foreign Ownership	14.7%

Property

Real Estate Owner & Developer

Bloomberg	PWON IJ
Reuters	PWON.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-8,1%	0,9%	-14,3%	-8,1%
Rel. Ret.	-9,8%	-3,9%	-16,4%	-9,8%

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Pakuwon Jati Tbk | Summary

	2018A	2019F	2020F	2021F
Revenue	7,081	6,882	7,341	7,373
Growth (%)	23.8%	-2.8%	6.7%	0.4%
EBITDA	3,687	3,620	3,849	3,957
Net Profit	2,538	2,673	2,897	3,062
EPS (IDR)	53	56	60	64
Growth (%)	35.5%	5.3%	8.4%	5.7%
P/E	13.3x	10.3x	9.5x	9.0x
P/BV	2.2x	1.5x	1.3x	1.2x
EV/EBITDA	9.3x	7.6x	6.5x	5.8x
ROE (%)	18.1%	16.1%	15.0%	13.8%
DER (%)	36.4%	32.0%	20.0%	12.0%
Net Debt	1,120	-19	-1,810	-3,590

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

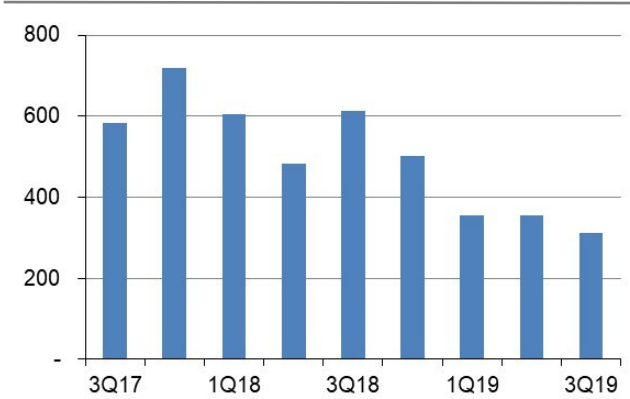
Performance Highlights in Charts

PWON Quarterly Revenue (IDR bn) | 3Q17 - 3Q19



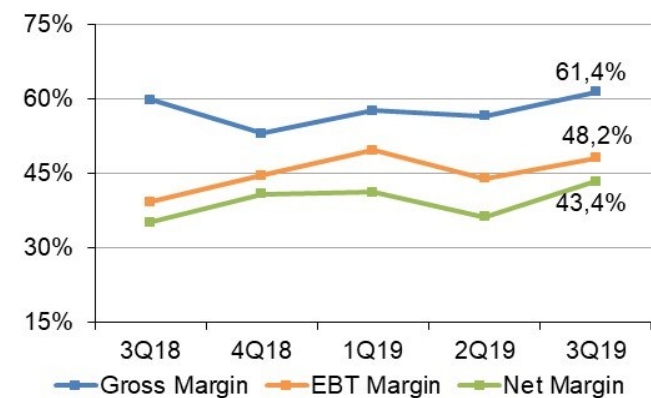
Source: Company Data, NHKS Research

PWON Quarterly Marketing Sales (IDR bn) | 3Q17 - 3Q19



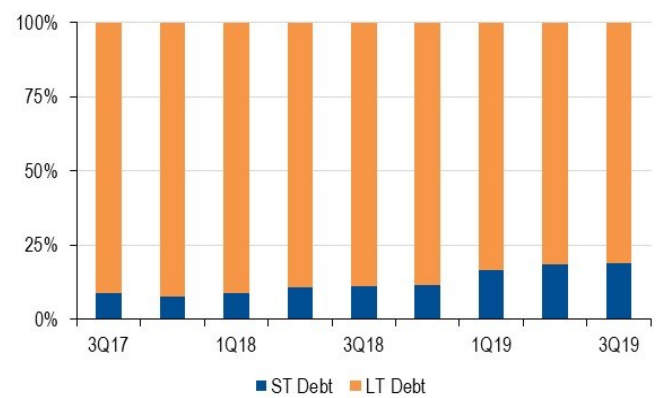
Source: Company Data, NHKS Research

Margin Ratios | 3Q18 - 3Q19



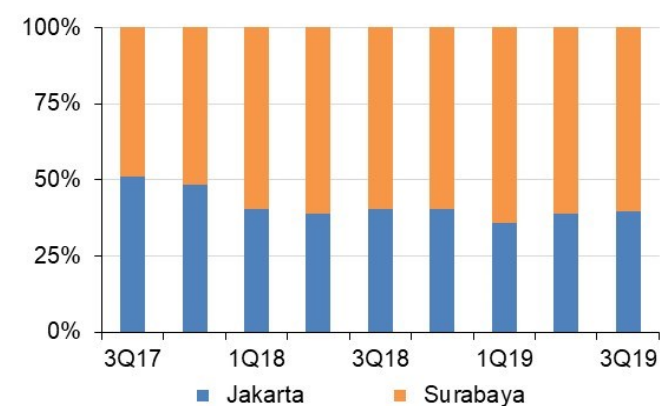
Source: Company Data, NHKS Research

PWON Debt Portion | 3Q17 - 3Q19



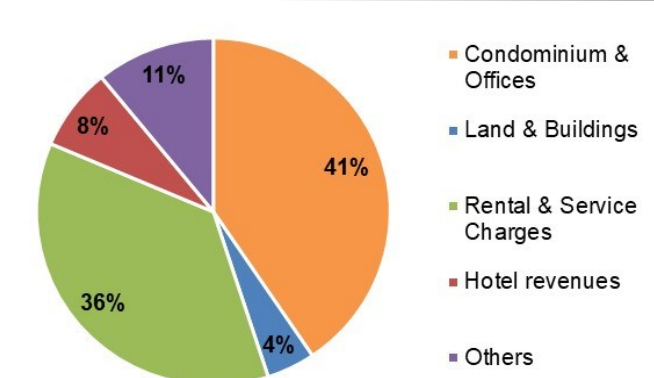
Source: Company Data, NHKS Research

PWON Revenue by Geography | 3Q17 - 3Q19



Source: Company Data, NHKS Research

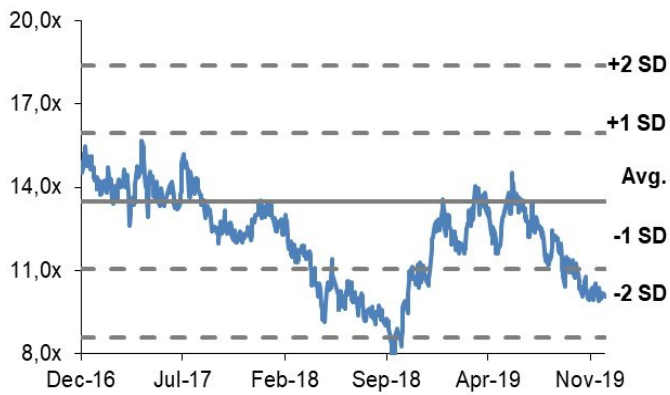
PWON Revenue Breakdown | 3Q19



Source: Company Data, NHKS Research

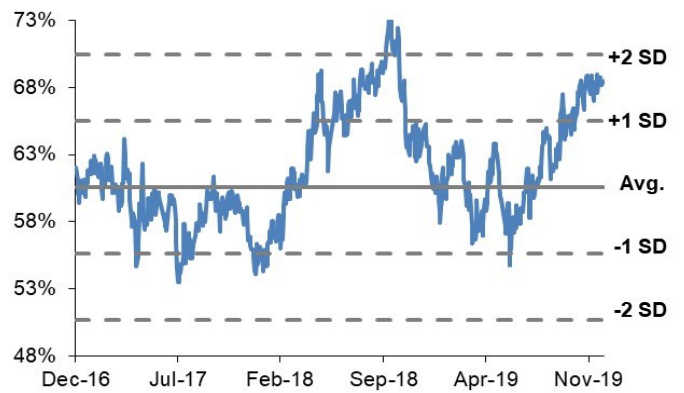
Valuation Highlights in Charts

3-Year Forward P/E Band



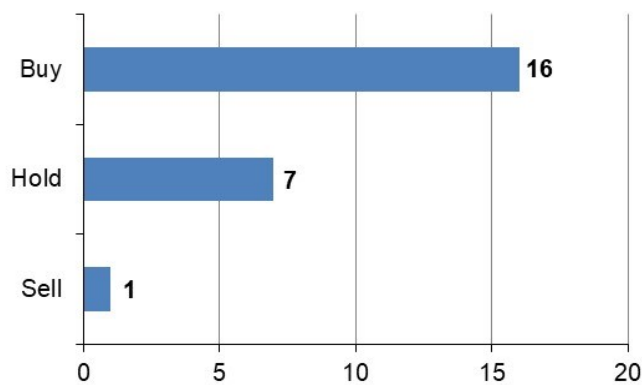
Source: Bloomberg, NHKS Research

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

	3Q18	4Q18	1Q19	2Q19	3Q19				4Q19E
					Actual	Estimate	Y-Y	Q-Q	
Income statement									
Revenue	1.852	1.852	1.711	1.794	1.735		-6,3%	-3,3%	1.642
Gross Profit	1.109	984	987	1.015	1.066		-3,9%	5,0%	985
EBIT	680	697	771	771	824		21,3%	6,9%	738
EBITDA	787	830	881	888	966		22,7%	8,8%	849
Net Profit	651	762	721	644	785		20,6%	21,9%	563
Margin									
Gross Margin	59,9%	53,1%	57,7%	56,6%	61,4%		1,5%	4,8%	60,0%
EBIT Margin	36,7%	37,6%	45,1%	43,0%	47,5%		10,8%	4,5%	45,0%
EBITDA Margin	42,5%	44,8%	51,5%	49,5%	55,6%		13,2%	6,2%	51,7%
Net Profit Margin	35,2%	41,2%	42,1%	35,9%	45,2%		10,1%	9,3%	34,3%

Unit: IDR bn, %

Source: Company Data, NHKS Research

Earnings Revision

		2019F	2020F	2021F
Income Statement				
Revenue	-Revised	6.882	7.341	7.373
	-Previous			
	-Change			
Gross Profit	-Revised	4.053	4.371	4.464
	-Previous			
	-Change			
EBIT	-Revised	3.105	3.404	3.493
	-Previous			
	-Change			
EBITDA	-Revised	3.620	3.849	3.957
	-Previous			
	-Change			
Net Profit	-Revised	2.673	2.897	3.062
	-Previous			
	-Change			
Margin				
Gross Margin	-Revised	58,9%	59,5%	60,5%
	-Previous			
EBIT Margin	-Revised	45,1%	46,4%	47,4%
	-Previous			
EBITDA Margin	-Revised	52,6%	52,4%	53,7%
	-Previous			
Net Profit Margin	-Revised	38,8%	39,5%	41,5%
	-Previous			

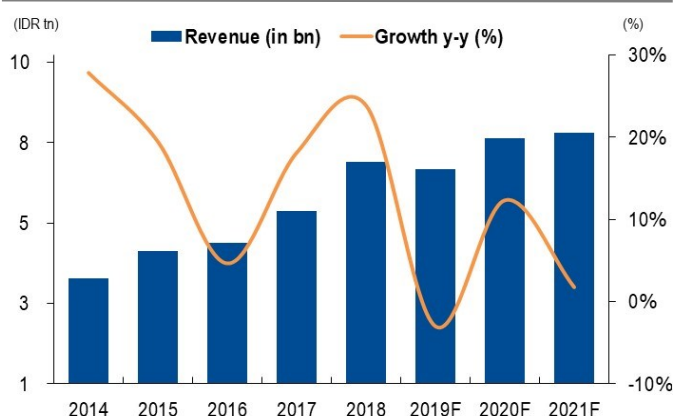
Unit: IDR bn, %

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	1.702	3.611	494	210	-6,60%	42,49%	11,03%	7,8x	0,8x
CTRA	CTRA IJ EQUITY	1.341	2.377	533	71	11,78%	13,29%	7,16%	18,4x	1,3x
PWON	PWON IJ EQUITY	1.887	1.734	495	203	30,53%	41,07%	22,21%	9,0x	1,8x
SMRA	SMRA IJ EQUITY	985	1.615	422	39	25,56%	9,26%	8,11%	24,4x	1,9x
Singapore										
Capitaland Ltd	CAPL SP EQUITY	14.269	47.430	4.011	1.232	7,69%	30,73%	8,16%	9,8x	0,9x
Malaysia										
SP Setia Bhd	SPSB MK EQUITY	1.507	7.096	1.002	99	-53,08%	9,86%	3,40%	30,2x	0,5x
IOI Properties Group Bhd	IOIPG MK EQUITY	1.637	7.908	529	166	10,55%	31,29%	3,71%	9,8x	0,4x
Thailand										
Land & Houses PUB Co Ltd	LH TB EQUITY	3.947	3.448	984	257	-19,77%	26,16%	16,76%	14,7x	2,4x
WHA Corp PCL	WHA TB EQUITY	1.827	2.423	321	110	10,64%	34,34%	12,53%	15,2x	1,8x
Philippines										
Megaworld Corp	MEG PM EQUITY	2.628	6.154	1.202	320	16,12%	26,59%	10,10%	7,9x	0,8x

Unit: USD mn, %, X

Source: Bloomberg, NHKS Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2018/12A	2019/12E	2020/12E	2021/12E
Revenues	7.081	6.882	7.420	7.527
<i>Growth</i>	23,8%	-2,8%	7,8%	1,4%
Cost of Revenues	(3.030)	(2.829)	(3.005)	(2.976)
Gross Profit	4.050	4.053	4.414	4.551
<i>Gross Margin</i>	57,2%	58,9%	59,5%	60,5%
Operating Expenses	(569)	(948)	(978)	(992)
EBIT	3.259	3.105	3.436	3.559
<i>EBIT Margin</i>	46,0%	45,1%	46,3%	47,3%
Depreciation	428	515	452	529
EBITDA	3.687	3.620	3.889	4.088
<i>EBITDA Margin</i>	52,1%	52,6%	52,4%	54,3%
Interest Expenses	(243)	(266)	(309)	(279)
EBT	2.849	3.102	3.404	3.565
Income Tax	(27)	(28)	(51)	(66)
Minority Interest	(284)	(401)	(426)	(423)
Net Profit	2.538	2.673	2.928	3.076
<i>Growth</i>	51,9%	5,3%	9,5%	5,1%
<i>Net Profit Margin</i>	35,8%	38,8%	39,5%	40,9%

PROFITABILITY & STABILITY

	2018/12A	2019/12E	2020/12E	2021/12E
ROE	18,1%	16,1%	15,1%	13,8%
ROA	13,0%	16,8%	17,5%	17,3%
ROIC	15,5%	13,0%	13,0%	12,1%
Cash Dividend (IDR bn)	337	337	337	457
Dividend Yield	1,0%	1,2%	1,2%	1,7%
Payout Ratio	13,3%	12,6%	11,5%	14,9%
DER	36,4%	32,0%	25,0%	22,0%
Net Gearing	356,3%	367,3%	331,3%	332,8%
LT Debt to Equity	32,2%	27,2%	21,8%	18,9%
Capitalization Ratio	26,7%	24,2%	20,0%	18,0%
Equity Ratio	98,5%	110,9%	120,9%	129,1%
Debt Ratio	35,9%	35,5%	30,2%	28,4%
Financial Leverage	138,4%	95,4%	86,2%	79,9%
Current Ratio	231,2%	291,2%	372,0%	435,5%
Par Value (IDR)	25	25	25	25
Total Shares (mn)	48.160	48.160	48.160	48.160
Share Price (IDR)	685	570	570	570
Market Cap (IDR tn)	33,0	27,5	27,5	27,5

BALANCE SHEET

(IDR bn)	2018/12A	2019/12E	2020/12E	2021/12E
Cash	4.460	5.771	7.000	8.802
Receivables	414	529	447	502
Inventories	3.576	4.020	3.760	3.658
Total Current Assets	9.473	11.283	12.274	14.114
Net Fixed Assets	12.922	13.308	13.999	14.900
Other Non Current Asset	2.623	2.897	3.170	3.443
Total Assets	15.545	16.205	17.169	18.343
Payables	296	381	306	374
ST Bank Loan	647	863	675	730
LT Debt	4.934	4.890	4.515	4.482
Total Liabilities	9.706	9.510	8.684	8.766
Capital Stock + APIC	1.566	1.566	1.566	1.566
Retained Earnings	11.019	13.394	15.985	18.723
Shareholders' Equity	15.312	17.976	20.758	23.689

VALUATION INDEX

	2018/12A	2019/12E	2020/12E	2021/12E
Price /Earnings	13,0x	10,3x	9,4x	8,9x
Price /Book Value	2,2x	1,5x	1,3x	1,2x
Price/Revenue	4,7x	4,0x	3,7x	3,6x
PE/EPS Growth	0,4x	1,9x	1,0x	1,8x
EV/EBITDA	9,3x	7,6x	6,6x	5,8x
EV/EBIT	10,5x	8,8x	7,5x	6,7x
EV (IDR bn)	34.109	27.432	25.641	23.860
Revenues CAGR (3-Yr)	22,3%	14,2%	15,3%	9,6%
EPS CAGR (3-Yr)	0,3%	28,4%	20,6%	18,0%
Basic EPS (IDR)	53	56	61	64
Diluted EPS (IDR)	53	56	61	64
BVPS (IDR)	318	373	431	492
Revenue PS (IDR)	147	143	154	156
DPS (IDR)	7,0	7,0	7,0	9,5

CASH FLOW STATEMENT

(IDR bn)	2018/12A	2019/12E	2020/12E	2021/12E
Operating Cash Flow	2.993	3.082	3.230	3.455
Investing Cash Flow	(788)	(722)	(1.293)	(1.530)
Financing Cash Flow	(489)	(154)	(709)	(123)
Net Changes in Cash	1.717	2.205	1.228	1.802

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	85,3	PT Pakuwon A 68,7
United States	7,3	Vanguard Group Inc 1,9
Luxembourg	3,1	BlackRock Inc 1,1
Others	4,3	Others 28,4

Source: Company Data, NHKS Research

Closing and Price Target Update



Source: Bloomberg, NHKS Research

Rating and Price Target 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

Source: NHKS Research

NHKS stock ratings

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