

Pakuwon Jati Tbk (PWON)

Terhantam Pengetatan PSBB

Company Update | Sept 17, 2020

BUY

Target Price (IDR)	440
Consensus Price (IDR)	533
TP to Consensus Price	-17.4%
vs. Last Price	17.6%

Shares data

Last Price (IDR)	374
Price Date as of	Sept 15, 2020
52 wk Range (Hi/Lo)	690/266
Free Float (%)	31.3
Outstanding sh.(mn)	48,160
Market Cap (IDR bn)	18,301
Market Cap (USD mn)	1,227
Avg. Trd Vol - 3M (mn)	123
Avg. Trd Val - 3M (bn)	51.20
Foreign Ownership	14.7%

Property

Real Estate Owner & Developer

Bloomberg	PWON IJ
Reuters	PWON.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-31.4%	-6.5%	-13.8%	-45.0%
Rel. Ret.	-12.9%	-3.9%	-19.7%	-25.5%

Ajeng Kartika Hapsari

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Masa PSBB (Pembatasan Sosial Berskala Besar) yang ketat pada 2Q20, membuat pendapatan PWON anjlok menjadi Rp324 miliar (-82,2% YoY). Sedangkan laba dibukukan senilai Rp416 miliar (-35,5% YoY). Di sisi lain, PWON telah meraih *marketing sales* sebanyak Rp501 miliar atau 47% dari target 2020. Kami optimis PWON mampu meraih penuh target *marketing sales* hingga akhir tahun. Ditambah hingga semester-I, tingkat okupansi mall milik PWON rata-rata masih terjaga di atas 90%.

Pendapatan Anjlok, tapi Catatan Perbaikan Laba dari Kuartal Sebelumnya

PWON mencatatkan pendapatan 2Q20 sebesar Rp324 miliar atau turun 82,2% YoY (vs Rp1,79 triliun 2Q19) yang mengantarkan raihan rugi kotor sebesar Rp9 miliar dan rugi usaha senilai Rp131 miliar. Ini merupakan kerugian pertama yang dibukukan PWON sejak 8 tahun terakhir, sekaligus mencatatkan *top-line* 77% di bawah estimasi kami. Di sisi lain, EBT Margin pada 2Q20 naik signifikan menjadi 124,5% (vs 43,6% 2Q19) yang disebabkan penurunan pada nilai kerugian selisih nilai kurs dari kuartal sebelumnya sebesar Rp457 miliar. Hal tersebut membuat PWON mencatatkan laba yang lebih besar sebesar Rp416 miliar (-35,5% YoY, +522,8% QoQ) dan NPM yang melonjak menjadi 128,5% (vs 35,9% 2Q19).

Optimis Marketing Sales Tercapai Penuh

Recurring income pada 2Q20 dibukukan sebesar Rp243 miliar atau turun 72,6% YoY akibat penutupan operasional mall dan minimnya kunjungan ke hotel. Sementara *development income* tercatat sebesar Rp81 miliar (-91,1% YoY). Mengamati selama kuartal-II 2020, penjualan properti baik kondominium maupun kantor mengalami kesulitan karena pandemi dan ketatnya PSBB. Di sisi lain, PWON menurunkan target *marketing sales* dari Rp1,7 triliun menjadi Rp1,06 triliun, dimana hingga 1H20 sudah tercapai sebesar Rp501 miliar atau sekitar 47%. PSBB yang mulai dilonggarkan pada 3Q20 membuat kami optimis PWON mampu mencapai target *marketing sales* hingga akhir tahun.

Tingkat Okupansi Mall Masih Terjaga

PWON memiliki portofolio mall besar yang tersebar di Jakarta dan Surabaya dengan tingkat okupansi selalu di atas 90%. Diterapkannya PSBB yang berujung pada penutupan operasional mall selama 2Q20 memang membuat tingkat okupansi mall berkurang, namun tidak signifikan. Seperti okupansi Gandaria City Mall pada 1H20 menjadi 95% dari 98% pada 2019, Pakuwon Trade Centre dan Blok M Plaza pun turun dari 92% dan 97% menjadi 91% dan 95%. PWON mensiasati sulitnya kelangsungan bisnis ini dengan memberikan keringanan berupa perpanjangan masa pembayaran biaya sewa namun tetap mengenakan biaya servis bagi *tenant*.

Menurunkan Proyeksi Pendapatan dan Laba 2020-2022F

Kami menurunkan estimasi pendapatan dan laba PWON dengan mempertimbangkan; 1) Kinerja 2Q20 jauh di bawah ekspektasi kami, 2) Kasus Covid-19 yang terus bertambah dan belum melandai dapat berisiko akan adanya penutupan operasional mall dan penurunan pengunjung hotel, 3) Tekanan bisnis pada *tenant* mall dan perkantoran dapat menyebabkan adanya penundaan maupun kesulitan pembayaran sewa dan biaya servis.

Pertahankan Rating BUY dengan TP Rp440

Kami mempertahankan rating BUY dengan merevisi turun target harga menjadi Rp440 menggunakan estimasi *discount to NAV* 72,89% (+1 SD di atas rata-rata 3 tahun terakhir) sebagai basis metode valuasi. Saat ini, PWON ditransaksikan dengan *discount to NAV* sebesar 78,06%.

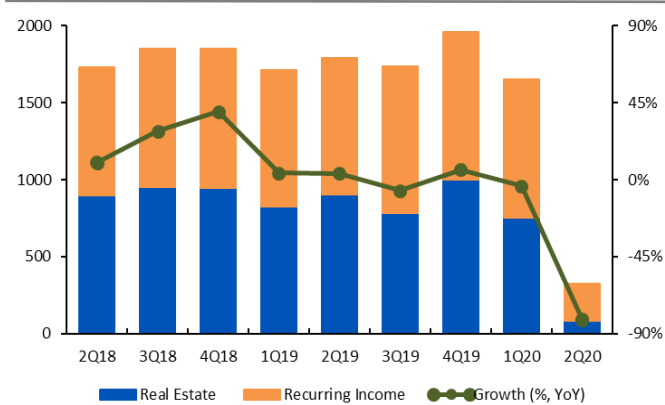
Pakuwon Jati Tbk | Summary

	2019A	2020F	2021F	2022F
Revenue	7,202	4,149	4,773	5,856
Growth (%)	1.7%	-42.4%	15.0%	22.7%
EBITDA	3,791	2,301	2,362	2,762
Net Profit	2,720	1,212	1,403	1,811
EPS (IDR)	56	25	29	38
Growth (%)	45.2%	-55.4%	15.7%	29.1%
P/E	10.1x	17.5x	15.1x	11.7x
P/BV	1.5x	1.2x	1.2x	1.1x
EV/EBITDA	7.4x	6.8x	7.9x	7.1x
ROE (%)	16.3%	6.8%	7.9%	9.5%
DER (%)	26.5%	24.0%	23.0%	20.0%
Dividend Yield	1.1%	1.6%	1.6%	0.8%

Unit: IDR bn, %, x
Source: Company Data, Bloomberg, NHKS Research
Please consider the rating criteria & important disclaimer

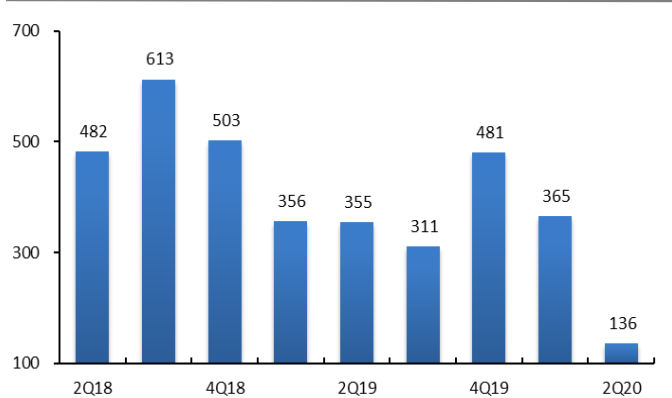
Performance Highlights in Charts

PWON Quarterly Revenue (IDR bn) | 2Q18 - 2Q20



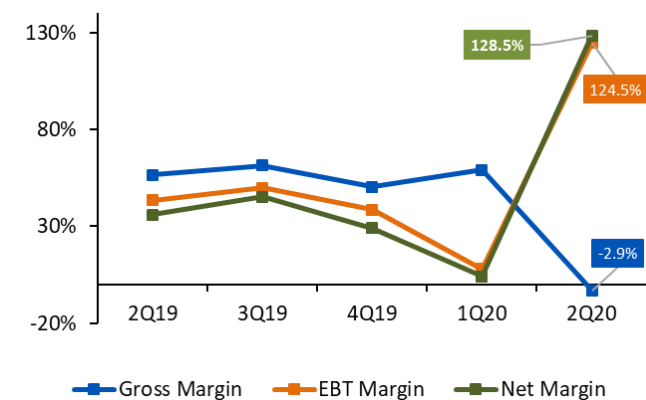
Source: Company Data, NHKS Research

PWON Quarterly Marketing Sales (IDR bn) | 2Q18 - 2Q20



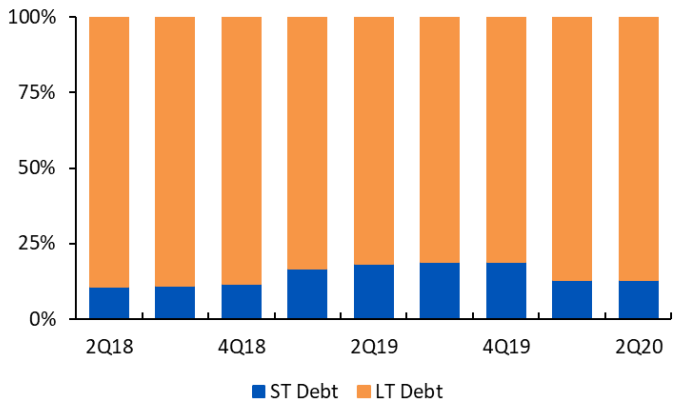
Source: Company Data, NHKS Research

Margin Ratios | 2Q19 - 2Q20



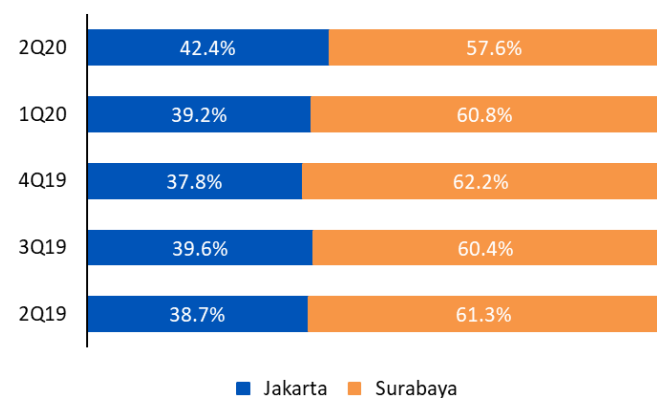
Source: Company Data, NHKS Research

PWON Debt Portion | 2Q18 - 2Q20



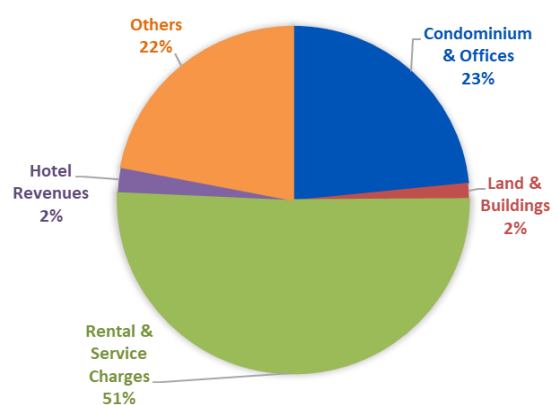
Source: Company Data, NHKS Research

PWON Revenue by Geography | 2Q19 - 2Q20



Source: Company Data, NHKS Research

PWON Revenue Breakdown | 2Q20



Source: Company Data, NHKS Research

Quarterly Review

	2Q19	3Q19	4Q19	1Q20	2Q20					3Q20E
					Actual	Estimate	Y-Y	Q-Q	Surprise	
Income statement										
Revenue	1,794	1,735	1,962	1,962	324,	1,404	-82.0%	-80.4%	-77.0%	967
Gross Profit	1,015	1,066	990	977	-9	805	-100.9%	-101.3%	-101.2%	533
EBIT	771	824	694	758	-131	669	-117.0%	-117.3%	-119.6%	416
EBITDA	983	1,017	911	970	208	783	-78.8%	-78.6%	-73.4%	535
Net Profit	644	785	569	67	416	507	-35.5%	522.8%	-18.0%	331
Margin										
Gross Margin	56.6%	61.4%	50.5%	59.2%	-2.9%	57.5%	-59.5%	-62.1%	-105.1%	55.1%
EBIT Margin	43.0%	47.5%	35.4%	45.9%	-40.5%	47.6%	-83.4%	-86.4%	-184.9%	43.0%
EBITDA Margin	54.8%	58.6%	46.4%	58.8%	64.2%	55.7%	9.5%	5.5%	15.3%	55.3%
Net Profit Margin	35.9%	45.2%	29.0%	4.0%	128.5%	36.1%	92.6%	124.4%	256.1%	34.2%

Unit: IDR bn, %

Source: Company Data, NHKS Research

Earnings Revision

		2020F	2021F	2022F
Income Statement				
Revenue	-Revised	4,149	4,773	5,856
	-Previous	6,536	6,763	7,350
	-Change	-36.5%	-29.4%	-20.3%
Gross Profit	-Revised	2,136	2,537	3,095
	-Previous	3,714	3,825	4,194
	-Change	-42.5%	-33.7%	-26.2%
EBIT	-Revised	1,495	1,838	2,214
	-Previous	2,880	2,925	3,237
	-Change	-48.1%	-37.2%	-31.6%
EBITDA	-Revised	2,301	2,362	2,762
	-Previous	3,462	3,450	3,788
	-Change	-33.5%	-31.5%	-27.1%
Net Profit	-Revised	1,212	1,403	1,811
	-Previous	1,852	2,008	2,182
	-Change	-34.5%	-30.1%	-17.0%
Margin				
Gross Margin	-Revised	51.5%	53.2%	52.9%
	-Previous	56.8%	56.5%	57.1%
EBIT Margin	-Revised	36.0%	38.5%	37.8%
	-Previous	44.1%	43.2%	44.0%
EBITDA Margin	-Revised	55.5%	49.5%	47.2%
	-Previous	53.0%	51.0%	51.5%
Net Profit Margin	-Revised	29.2%	29.4%	30.9%
	-Previous	28.3%	29.7%	29.7%

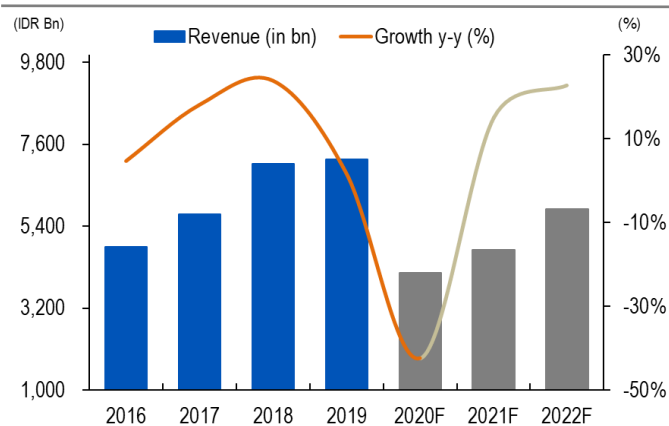
Unit: IDR bn, %

Source: Company Data, NHKS Research

Company Overview

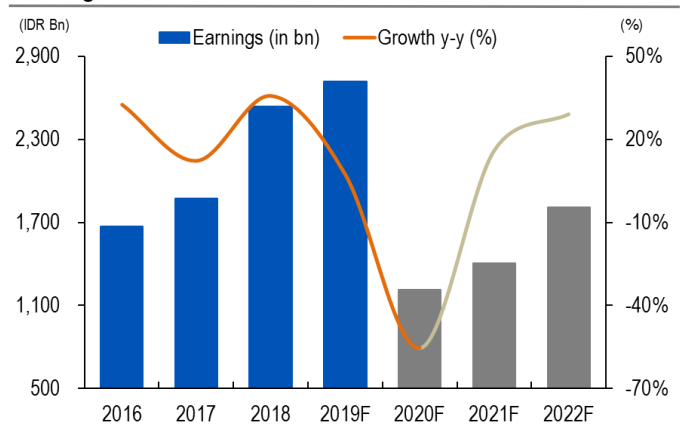
- PWON merupakan salah satu pengembang properti yang berfokus di segmen pusat perbelanjaan, kondominium, perkantoran, maupun kombinasi ketiganya (superblok). Proyek-proyek yang digarap PWON tersebar di dua kota besar, yaitu Jakarta (42,4%) dan Surabaya (57,6%). Proyek-proyek tersebut berada di lokasi 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, 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	1,072	3,932	406	43	-79.53%	10.47%	2.11%	23.5x	0.5x
CTRA	CTRA IJ EQUITY	865	2,614	507	72	-21.04%	14.19%	7.02%	12.4x	0.9x
PWON	PWON IJ EQUITY	1,227	1,885	396	128	-33.89%	32.39%	13.21%	10.0x	1.3x
SMRA	SMRA IJ EQUITY	576	1,765	380	26	-27.57%	6.91%	5.32%	22.8x	1.2x
Singapore										
Capitaland Ltd	CAPL SP EQUITY	10,379	61,242	4,433	981	-20.79%	22.14%	5.86%	10.2x	0.6x
Malaysia										
SP Setia Bhd	SPSB MK EQUITY	739	7,345	657	16	-81.16%	2.39%	-	-	0.3x
IOI Properties Group Bhd	IOIPG MK EQUITY	1,196	7,908	503	108	-31.09%	51.53%	2.41%	10.9x	0.3x
Thailand										
Land & Houses PUB Co Ltd	LH TB EQUITY	2,767	3,802	922	293	9.95%	31.77%	18.39%	9.6x	1.8x
WHA Corp PCL	WHA TB EQUITY	1,375	2,765	239	78	-26.52%	32.60%	8.54%	17.7x	1.6x
Philippines										
Megaworld Corp	MEG PM EQUITY	2,086	6,896	1,075	295	-7.96	27.41%	8.57%	6.8x	0.6x

Unit: USD mn, %, X

Source: Bloomberg, NHKS Research

Valuation Highlights in Charts

3-Year Forward P/E Band



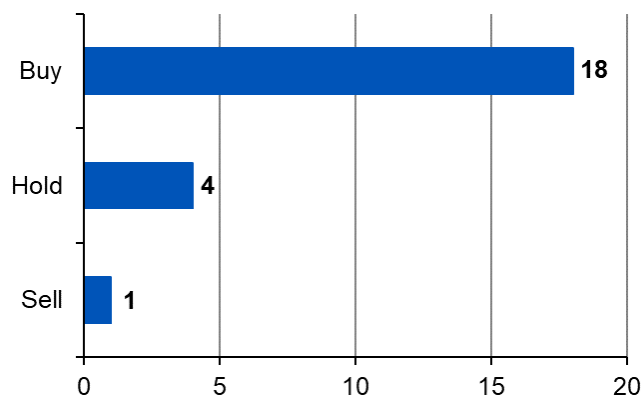
Source: Bloomberg, NHKS Research

3-Year Discount to NAV Band



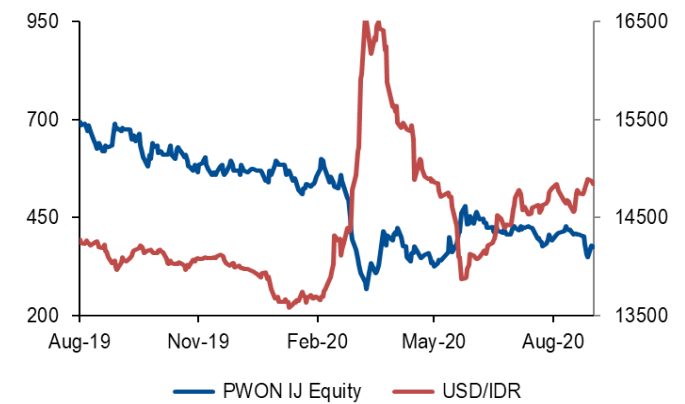
Source: Bloomberg, NHKS Research

Recommendations by Analysts



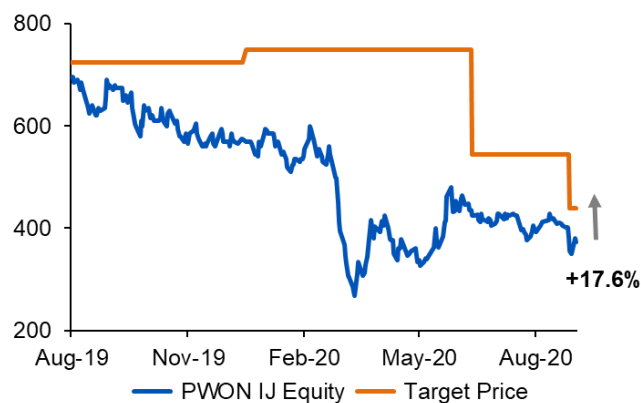
Source: Bloomberg, NHKS Research

Stock and USDIDR Correlated Positively



Source: Bloomberg, NHKS Research

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

Source: NHKS Research

NHKS Stock Ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Buy: greater than +15%, Hold: -15% to +15%, Sell: less than -15%.

Summary of Financials

INCOME STATEMENT

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Revenues	7,202	4,149	4,773	5,856
Growth (% y/y)	1.7%	-42.4%	15.0%	22.7%
Cost of Revenues	(3,144)	(2,014)	(2,236)	(2,761)
Gross Profit	4,058	2,136	2,537	3,095
Gross Margin	56.3%	51.5%	53.2%	52.9%
Operating Expenses	(997)	(641)	(699)	(881)
EBIT	3,061	1,495	1,838	2,214
EBIT Margin	42.5%	36.0%	38.5%	37.8%
Depreciation	731	806	523	547
EBITDA	3,791	2,301	2,362	2,762
EBITDA Margin	52.6%	55.5%	49.5%	47.2%
Interest Expenses	(220)	(195)	(187)	(175)
EBT	3,271	1,382	1,642	2,092
Income Tax	(31)	(22)	(21)	(29)
Minority Interest	(520)	(148)	(219)	(251)
Net Profit	2,720	1,212	1,403	1,811
Growth (% y/y)	7.1%	-55.4%	15.7%	29.1%
Net Profit Margin	37.8%	29.2%	29.4%	30.9%

PROFITABILITY & STABILITY

	2019/12A	2020/12E	2021/12E	2022/12E
ROE	16.3%	6.8%	7.9%	9.5%
ROA	10.6%	4.6%	5.0%	6.2%
ROIC	13.2%	6.8%	8.1%	9.1%
Cash Dividend (IDR bn)	289	337	337	166
Dividend Yield	1.1%	1.6%	1.6%	0.8%
Payout Ratio	10.6%	27.8%	24.0%	9.2%
DER	26.5%	24.0%	23.0%	20.0%
Net Gearing	306.3%	268.2%	267.8%	255.3%
LT Debt to Equity	21.5%	20.8%	20.2%	16.9%
Capitalization Ratio	21.0%	19.4%	18.7%	16.7%
Equity Ratio	69.3%	64.6%	63.8%	66.3%
Debt Ratio	18.4%	15.5%	14.7%	13.3%
Financial Leverage	153.0%	149.4%	155.9%	153.7%
Current Ratio	285.9%	230.7%	219.4%	246.6%
Par Value (IDR)	25	25	25	25
Total Shares (mn)	48,160	48,160	48,160	48,160
Share Price (IDR)	570	440	440	440
Market Cap (IDR tn)	27.5	21.2	21.2	21.2

BALANCE SHEET

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Cash	4,313	4,028	4,722	5,609
Receivables	808	152	385	496
Inventories	3,531	4,928	5,149	5,279
Total Current Assets	9,643	10,186	11,404	12,589
Net Fixed Assets	13,262	13,376	13,483	13,766
Other Non Current Assets	3,191	3,541	3,715	3,803
Total Assets	26,095	27,103	28,603	30,157
Payables	334	121	288	272
ST Debt	912	558	516	626
LT Debt	3,885	3,643	3,679	3,372
Total Liabilities	8,000	9,599	10,367	10,168
Capital Stock + APIC	1,566	1,566	1,566	1,566
Retained Earnings	13,401	13,009	14,071	15,697
Shareholders' Equity	18,096	17,504	18,236	19,989

VALUATION INDEX

	2019/12A	2020/12E	2021/12E	2022/12E
Price /Earnings	10.1x	17.5x	15.1x	11.7x
Price /Book Value	1.5x	1.2x	1.2x	1.1x
Price/Revenue	3.8x	5.1x	4.4x	3.6x
PE/EPS Growth	0.2x	-0.3x	1.0x	0.4x
EV/EBITDA	7.4x	9.3x	8.7x	7.1x
EV/EBIT	9.1x	14.3x	11.2x	8.8x
EV (IDR bn)	27,934	21,363	20,662	19,579
Revenues CAGR (3-Yr)	15.9%	-5.0%	-5.8%	-6.1%
EPS CAGR (3-Yr)	29.2%	-10.1%	-9.2%	-10.6%
Basic EPS (IDR)	56	25	29	38
Diluted EPS (IDR)	56	25	29	38
BVPS (IDR)	376	363	379	415
Revenue PS (IDR)	150	86	99	122
DPS (IDR)	6.0	7.0	7.0	3.4

CASH FLOW STATEMENT

(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E
Operating Cash Flow	1,770	1,745	2,226	1,858
Investing Cash Flow	(886)	(956)	(855)	(718)
Financing Cash Flow	(1,046)	(1,085)	(678)	(254)
Net Changes in Cash	(161)	(295)	694	887

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	85.3 PT Pakuwon A	68.7
United States	7.2 Vanguard Group Inc	1.8
Luxembourg	3.8 Fil Ltd	1.4
Others	3.7 Others	28.2

Source: Company Data, NHKS Research

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