

Buy

(Maintained)

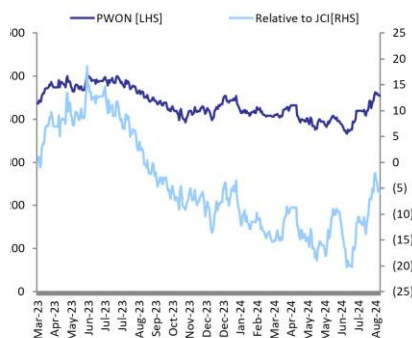
Last Price (Rp)	454
Target Price (Rp)	640
Previous Target Price (Rp)	610
Upside/Downside	+41.0%

No. of Shares (mn)	48,160
Mkt Cap (Rpbn/US\$mn)	21,864/1,394
Avg, Daily T/O (Rpbn/US\$mn)	15.6/1.0
Free Float (%)	31.3

Major Shareholder (%)	
Pakuwon Arthaniaga	68.7

EPS Consensus (Rp)	2024F	2025F	2026F
BRIDS	44.7	49.0	46.1
Consensus	44.8	47.4	52.4
BRIDS/Cons (%)	(0.1)	3.3	(12.1)

PWON relative to JCI Index



Source: Bloomberg

Pakuwon Jati (PWON JJ)

Investment Property Remains an Underappreciated Growth Driver; Resume Coverage with a Buy Rating

- We believe PWON's malls assets are poised to reap benefits from the current sectoral trend and will cushion its weak condo marketing sales.
- We expect a stable recurring revenue growth at an avg. of +10% p.a. in FY24F-FY29F with pre-sales of +7%, reflecting the weak condo market.
- We resume coverage with a Buy rating and a higher TP of Rp640, as we include new projects but with a slightly higher disc. of 58% to RNAV.

Strategically Located Mixed-Use Assets as Key Distinctive Factors

We believe PWON's strategically located mixed-use assets with main focus on retail segment (malls represent ~30% to RNAV) are poised to reap benefits from the increasing inquiries from tenants seeking space in prime locations ([please see our last sector note](#)), which will help cushion its property development business amid the weak condo market. PWON's malls NLA of 785k sqm, the highest in the sector (vs. SMRA's 337k sqm) with relatively higher blended occupancy (~94% per 1H24 vs. SMRA's of ~83%), also demonstrated that its mall assets are more mature and better monetized. We expect mall traffic to remain supported as the middle-upper segment's purchasing power has proven to be resilient under the current condition.

Expect a 10% p.a. average growth in FY24F-FY29F recurring revenue

Taking into account its recurring revenue expansion pipeline located in the new emerging domestic markets (e.g., Semarang, Batam, IKN) and mature tier-1 city locations ([exh.1](#)), we expect a stable recurring revenue growth at an average of 10% p.a. in FY24F-FY29F, driven by a projected 5% growth in ARR and a stable blended malls occupancy at ~92%. Meanwhile, we project PWON to achieve pre-sales of Rp1.45/Rp1.53tr for FY24F/FY25F, and to grow at an average rate of 7% for FY26F-FY29F, considering its project launch schedule and our conservative view of the still weak condo market.

Resuming Coverage with a Buy rating and a TP of Rp640

We resume our coverage on PWON with a Buy rating and a slightly higher TP of Rp640, as we include new projects into our RNAV but assume a higher 58% disc. We believe the current 10.2x FY24F P/E (vs. average Indo peers of 10.7x) has already priced in the risk of weak condo market, but overlooks its investment assets value, recurring revenue and expansion pipeline. Key risks are: 1) lower marketing sales 2) discontinuation of gov't incentive on property sector.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	5,987	6,200	6,370	6,938	6,678
EBITDA (Rpbn)	3,272	3,358	3,545	3,834	3,657
EBITDA Growth (%)	14.7	2.6	5.6	8.1	(4.6)
Net Profit (Rpbn)	1,543	2,121	2,154	2,360	2,218
EPS (Rp)	32.0	44.0	44.7	49.0	46.1
EPS Growth (%)	10.5	37.5	1.5	9.6	(6.0)
BVPS (Rp)	359.4	396.5	428.9	465.3	497.6
DPS (Rp)	4.0	9.0	12.3	12.6	13.8
PER (x)	14.2	10.3	10.2	9.3	9.9
PBV (x)	1.3	1.1	1.1	1.0	0.9
Dividend yield (%)	0.9	2.0	2.7	2.8	3.0
EV/EBITDA	6.3	6.1	5.6	4.9	5.0

Source: PWON, BRIDS Estimates

BRI Danareksa Sekuritas Analysts

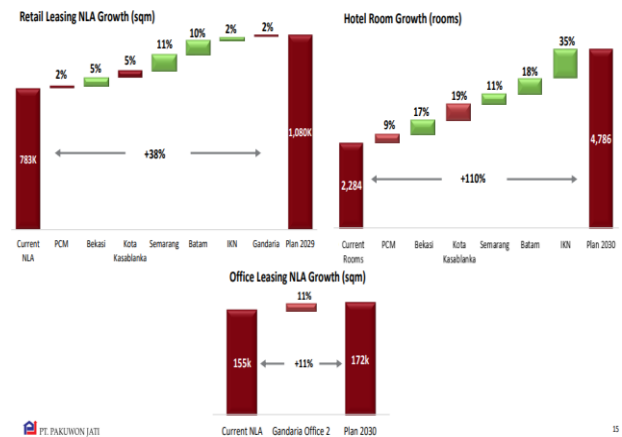
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Exhibit 1. Expansion Pipeline Summary

Expansion Pipeline Summary				
Project	Type	Additional NLA/GSA/Rooms	Completion Schedule	
Pakuwon City Mall (Phase 3)	Retails	15k sqm	Oct24	
	Hotels	216	2026	
	Residential	52k sqm	2024	
Pakuwon Mall	Residential	141k sqm	2027	
Bekasi Superblock	Retails	43k sqm	Nov24	
	Hotels	384	2025	
	Residential	100k sqm	2027	
Kota Kasablanka	Retails	56k sqm	2028-2029	
	Hotels	384	2028-2029	
	Residential	116k sqm	2028-2029	
Gandaria City	Retails	12k sqm	2028-2030	
	Office	35k sqm	2028-2030	
	Residential	62k sqm	2028-2030	
IKN	Retails	16k sqm	2028	
	Hotels	295	2028	
Semarang	Retails	90k sqm	2028-2030	
	Hotels	260	2028-2030	
	Residential	103k sqm	2028-2030	
Batam	Retails	78k sqm	2029-2031	
	Hotels	610	2029-2031	
	Residential	126k sqm	2029-2031	



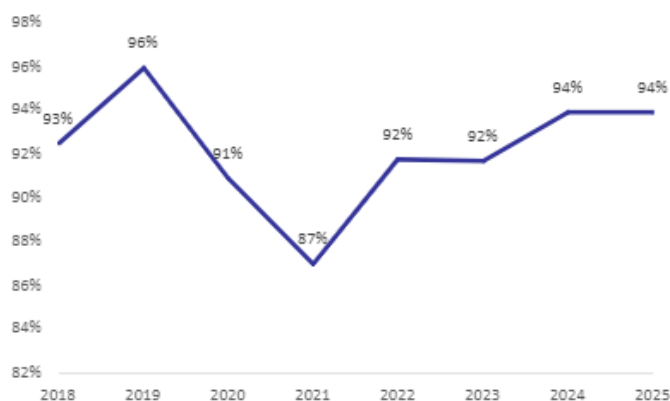
Source: Company, BRIDS

Exhibit 2. Key Forecast Changes Summary

Rpbn	2023	Previous		New		Changes		Cons		New BRIDS vs. Cons	
		2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F
Marketing sales	1,342	1,313	1,191	1,456	1,535	10.9%	28.9%				
Revenue	6,200	6,671	7,518	6,370	6,938	-4.5%	-7.7%	6,666	7,178	-4.4%	-3.3%
Gross profit	3,401	3,732	4,216	3,597	3,897	-3.6%	-7.6%	3,642	3,934	-1.3%	-1.0%
Operating profit	2,660	3,041	3,483	2,818	3,074	-7.3%	-11.8%	2,912	3,168	-3.2%	-3.0%
Net profit	2,105	2,177	2,554	2,154	2,360	-1.1%	-7.6%	2,151	2,391	0.1%	-1.3%

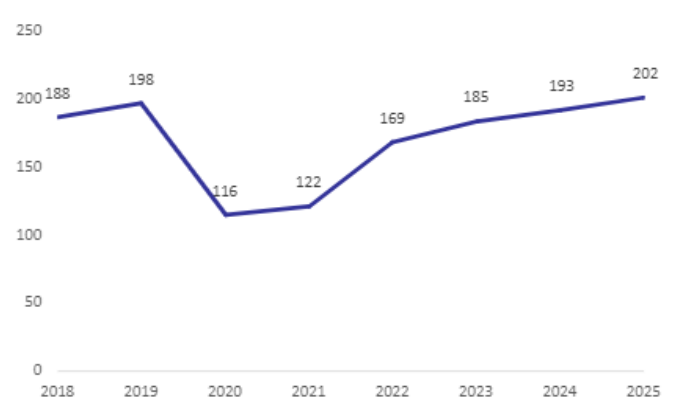
Source: BRIDS Estimates, Bloomberg

Exhibit 3. Blended Malls Occupancy Rate



Source: Company, BRIDS Estimates

Exhibit 4. Blended Malls ARR Development



Source: Company, BRIDS Estimates

Exhibit 5. PWON's RNAV Calculation

	Location	Stakes	Area (ha)	Plot ratio	Rpmn/sqm	Method	RNAV (Rp bn)
Land bank							
Kota Kasablanka	South Jakarta	100.0%	3.8	60%	34.5	NAV	786
Gandaria City	South Jakarta	83.3%	2.0	60%	26.1	NAV	261
TB Simatupang	South Jakarta	70.0%	4.5	60%	32.4	NAV	612
Daan Mogot	West Jakarta	100.0%	11.0		9.0	Cost	990
Bekasi	West Java	83.7%	3.6	60%	8.5	NAV	154
Tunjungan City	Central Surabaya, East Java	100.0%	2.1	60%	33.4	NAV	420
Pakuwon City	East Surabaya, East Java	100.0%	251.3	60%	16.2	NAV	24,468
Outside Pakuwon City	East Surabaya, East Java	100.0%	21.5	60%	14.5	NAV	1,873
Grand Pakuwon Township	West Surabaya, East Java	100.0%	158.1	60%	11.2	NAV	10,658
Pakuwon Mall	West Surabaya, East Java	67.1%	2.8	60%	16.8	NAV	189
Royal Plaza	South Surabaya, East Java	75.0%	0.1	60%	26.8	NAV	12
Outside Grand Pakuwon	West Surabaya, East Java	100.0%	8.6	60%	8.8	NAV	453
Batam	Riau Islands	100.0%	12.4		2.5 ⁴	Cost	310
Semarang	Central Java	100.0%	18.2		2.3 ⁴	Cost	426
Yogyakarta	Yogyakarta	100.0%	0.6	60%	5.0	NAV	18
Total land bank			500.6				
Investment Property							
Kota Kasablanka	South Jakarta	100%				DCF	7,134.7
Gandaria City	South Jakarta	83%				DCF	6,194.6
Tunjungan City	Central Surabaya, East Java	100%				DCF	5,825.6
Pakuwon Mall	West Surabaya, East Java	67%				DCF	4,521.0
Royal Plaza	South Surabaya, East Java	75%				DCF	511.6
Pakuwon City Mall	East Surabaya, East Java	100%				DCF	288.7
Blok M Plaza	South Jakarta	100%				DCF	524.2
Pakuwon Mall Yogyakarta	Yogyakarta	100%				DCF	238.7
Pakuwon Mall Solo	Central Java	100%				DCF	109.2
Hotels						DCF	6,006.9
Mixed Use Development							
Kota Kasablanka	South Jakarta					DCF	880.7
Tunjungan Plaza	Central Surabaya, East Java					DCF	218.2
Pakuwon City	East Surabaya, East Java					DCF	273.3
Pakuwon Mall	West Surabaya, East Java					DCF	1,098.9
Batam	Riau Islands					DCF	475.9
Semarang	Central Java					DCF	449.1
Pakuwon Mall Bekasi	West Java					DCF	634.8
Total asset (Rp bn)							76,985
Net debts (Rp bn)							(2,045)
Net asset value (Rp bn)							73,907
Number of shares outstanding (bn shares)							46.2
RNAV per share							1,534.6
Discount to NAV (%)							58%
Target price (Rp/share)							640.0

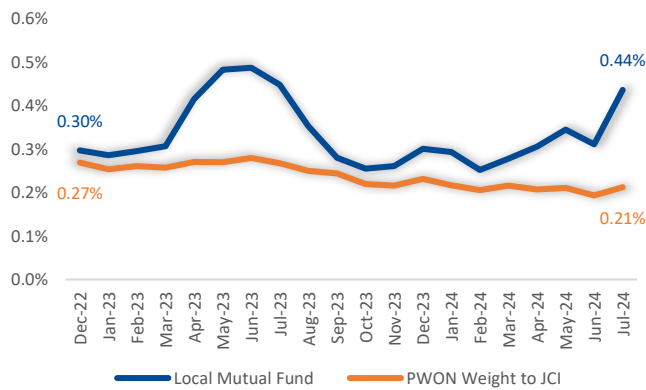
Source: BRIDS Estimates

Exhibit 6. Peers Comparison

Company	Mkt.Cap (Rpbn)	Revenue (Rpbn)		Net Profit (Rpbn)		ROE (%)		P/E (x)		P/BV (x)		Net Debt (Cash)		Current Price disc. to RNAV (%)
		24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	
CTRA	23,818	10,998	12,287	2,290	2,740	10.9	11.9	10.4	8.7	1.1	1.0	-23%	-37%	63%
BSDE	24,453	10,193	9,430	2,285	1,980	6.1	5.0	10.7	12.4	0.6	0.6	2%	2%	65%
PWON	21,864	6,370	6,938	2,154	2,360	10.8	11.0	10.1	9.3	1.1	1.0	-8%	-11%	70%
SMRA	10,565	7,451	7,499	863	885	8.2	7.9	12.2	11.9	1.0	0.9	26%	28%	83%

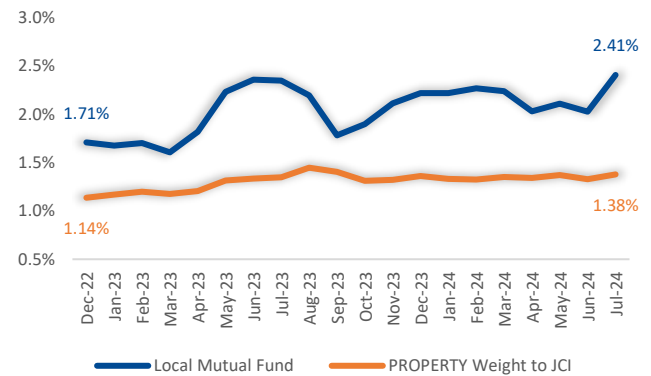
Source: BRIDS, Bloomberg

Exhibit 7. PWON's Domestic Fund Positioning



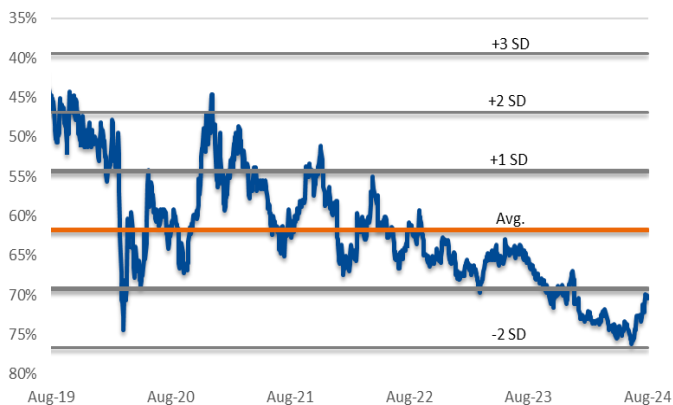
Source: KSEI, BRIDS

Exhibit 8. Property Sector's Domestic Fund Positioning



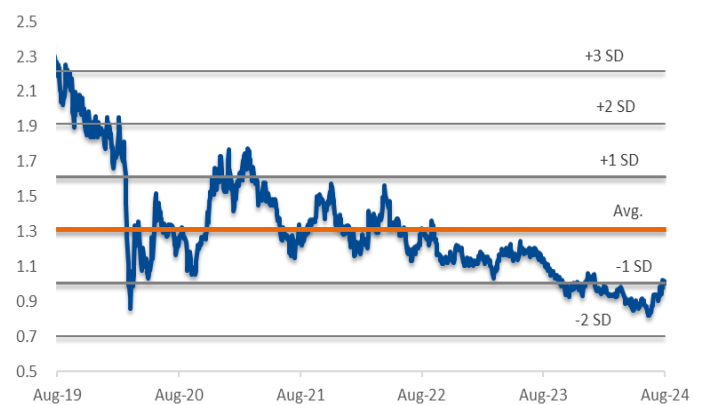
Source: KSEI, BRIDS

Exhibit 9. Discount to RNAV Band Chart (5-year)



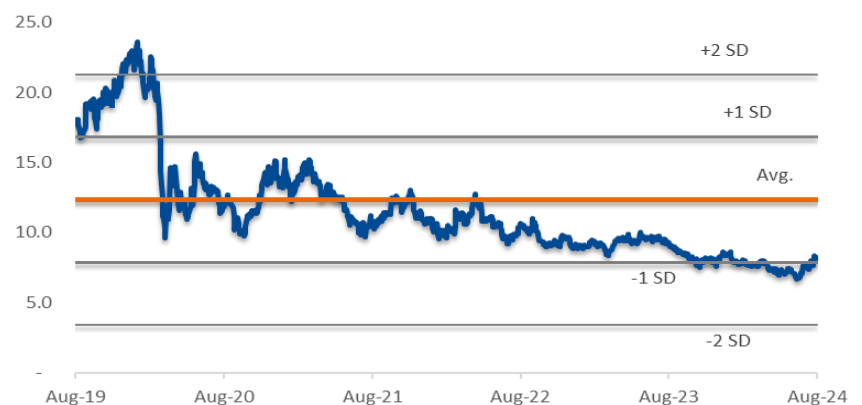
Source: Bloomberg, BRIDS Estimates

Exhibit 10. Forward 12M PBV Band Chart (5-year)



Source: Bloomberg, BRIDS Estimates

Exhibit 11. Forward 12M P/E Band Chart (5-year)



Source: BRIDS Estimates

Exhibit 12. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	5,987	6,200	6,370	6,938	6,678
COGS	(2,769)	(2,800)	(2,773)	(3,042)	(2,951)
Gross profit	3,219	3,401	3,597	3,897	3,727
EBITDA	3,272	3,358	3,545	3,834	3,657
Oper. profit	2,602	2,660	2,818	3,074	2,865
Interest income	187	412	380	419	475
Interest expense	(335)	(342)	(346)	(356)	(367)
Forex Gain/(Loss)	(395)	87	(82)	(89)	(86)
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	123	(32)	100	103	106
Pre-tax profit	2,183	2,785	2,870	3,151	2,994
Income tax	(347)	(388)	(365)	(405)	(414)
Minority interest	(292)	(277)	(352)	(386)	(362)
Net profit	1,543	2,121	2,154	2,360	2,218
Core Net Profit	1,938	2,034	2,235	2,449	2,304

Exhibit 13. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	7,444	7,600	8,388	9,496	10,188
Receivables	229	262	269	293	282
Inventory	3,779	3,943	4,267	4,590	4,913
Other Curr. Asset	392	485	494	539	522
Fixed assets - Net	2,327	2,576	2,804	3,043	3,234
Other non-curr.asset	16,022	17,079	17,483	17,954	18,393
Total asset	30,602	32,711	34,622	37,015	38,854
ST Debt	4	13	13	13	13
Payables	342	339	336	369	358
Other Curr. Liabilities	1,303	1,529	1,511	1,655	1,610
Long Term Debt	6,273	6,148	6,359	6,549	6,745
Other LT. Liabilities	1,961	1,886	2,047	2,320	2,465
Total Liabilities	9,884	9,915	10,266	10,906	11,192
Shareholder's Funds	17,308	19,097	20,657	22,411	23,964
Minority interests	3,411	3,699	3,699	3,699	3,699
Total Equity & Liabilities	30,602	32,711	34,622	37,015	38,854

Exhibit 14. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	1,543	2,121	2,154	2,360	2,218
Depreciation and Amort.	649	677	727	760	792
Change in Working Capital	474	(84)	(360)	(216)	(351)
Other Oper. Cash Flow	(529)	(184)	80	154	(29)
Operating Cash Flow	2,137	2,530	2,601	3,058	2,630
Capex	(534)	(1,229)	(1,255)	(1,365)	(1,316)
Others Inv. Cash Flow	(856)	(683)	123	131	148
Investing Cash Flow	(1,389)	(1,912)	(1,132)	(1,234)	(1,169)
Net change in debt	542	(119)	214	190	196
New Capital	0	0	0	0	0
Dividend payment	(193)	(433)	(593)	(607)	(665)
Other Fin. Cash Flow	(92)	105	(302)	(300)	(367)
Financing Cash Flow	257	(447)	(681)	(717)	(835)
Net Change in Cash	1,005	171	788	1,108	626
Cash - begin of the year	6,444	7,444	7,600	8,388	9,496
Cash - end of the year	7,444	7,600	8,388	9,496	10,188

Exhibit 15. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	4.8	3.6	2.7	8.9	(3.8)
EBITDA	14.7	2.6	5.6	8.1	(4.6)
Operating profit	14.6	2.2	5.9	9.1	(6.8)
Net profit	10.5	37.5	1.5	9.6	(6.0)
Profitability (%)					
Gross margin	53.8	54.8	56.5	56.2	55.8
EBITDA margin	54.6	54.2	55.7	55.3	54.8
Operating margin	43.5	42.9	44.2	44.3	42.9
Net margin	25.8	34.2	33.8	34.0	33.2
ROAA	5.2	6.7	6.4	6.6	5.8
ROAE	9.3	11.7	10.8	11.0	9.6
Leverage					
Net Gearing (x)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Interest Coverage (x)	7.8	7.8	8.2	8.6	7.8

Source: PWON, BRIDS Estimates

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INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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