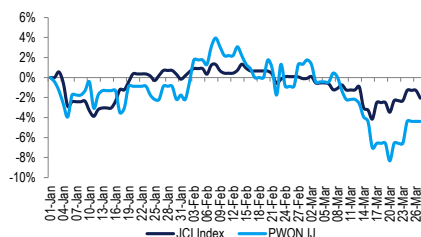


Stock Data

Target price	Rp675
Prior TP	Rp675
Current price	Rp436
Upside/downside	+55%
Shares outstanding (mn)	48,160
Market cap (Rp bn)	20,998
Free float	31%
Avg. 6m daily T/O (Rp bn)	9

Price Performance

	3M	6M	12M
Absolute	-0.5%	-10.3%	-12.8%
Relative to JCI	0.9%	-3.7%	-8.6%
52w low/high (Rp)	418 - 580		



Major Shareholders

Pakuwon Arthaniaga	69%
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4Q22 results: miss on forex loss but in-line core profit

- FY22 net profit of Rp1.5tr (+11% yoy) was below ours but broadly in-line with consensus. Core profit was in-line with ours but above consensus.
- Recurring revenue of Rp3.9tr in FY22 was already above FY19.
- We maintain our estimates with unchanged TP of Rp675; reiterate Buy.

FY22: miss on headline profit but in-line core profit

PWON posted net profit of Rp1.5tr in FY22 (+11% yoy/-21% qoq) which came below/broadly in-line with ours/cons' estimate at 87/96%. However, core profit of Rp1.8tr (+14% yoy/-20% qoq) came in-line/above cons' estimate at 101/111%. Pre-tax profit of Rp2.2tr (+18% yoy/-15% qoq) came below/in-line with ours/cons' estimate at 93/103% mainly due to miss on forex loss of Rp395bn.

Strong recurring performance

PWON booked revenue of Rp6tr in FY22 (+5% yoy/-14% qoq) which was in-line with ours/cons' estimate at 101/104% mainly supported from the strong recurring performance of Rp3.9tr (+43% yoy/+7% qoq) that already surpassed FY19 level at Rp3.7tr. Both hotels and retails segments posted strong growth of 92/34% yoy which implies to higher recurring income portion to 65% in FY22 (vs. 47/51% in FY21/19).

Margin improvement was driven by higher recurring margin

In FY22, GP margin was improved to 54% (+538bp yoy/+305bp qoq) mainly driven by the strong recovery of recurring margin to 49% (+1,077bp yoy/+198bp qoq). However, we observed that the recurring margin was still slightly below 3-yr average pre-pandemic level at 53%. Meanwhile, non-recurring margin improved to 63% (+530bp yoy/ +1,154 qoq) in FY22 likely due to higher recognition of landed product.

Strong balance sheet

Excluding the interest from contract liabilities, PWON reported interest expense of Rp335bn (-1% yoy) along with total debt at Rp6.3tr (+9% yoy) concurrently with higher cash level at Rp7.4tr (+16% yoy). Thus, PWON maintained its net cash position during the year. We expect PWON to maintained its net cash position in FY23-24F.

Reiterate Buy with unchanged TP of Rp675.

We maintain our forecast pending the 1Q23 results with unchanged TP of Rp675. PWON currently trades at 68% discount to NAV (vs. 5Y average of 53%). Key downside risk is weaker purchasing power and weak marketing sales ahead of election year.

Financial Summary (Rp bn)	2021A	2022A	2023F	2024F	2025F
Revenue	5,713	5,987	6,023	6,398	7,070
EBITDA	2,849	3,251	3,345	3,584	4,069
Net profit	1,482	1,539	1,911	2,064	2,446
EPS growth	59%	4%	5%	8%	19%
ROE	10%	9%	10%	11%	13%
PER (x)	14.2	13.6	11.0	10.2	8.6
EV/EBITDA (x)	7.1	6.2	6.1	5.7	4.9
Dividend yield	0%	1%	2%	2%	2%
IPS vs. consensus			107%	106%	NA

Source: Company, Indo Premier

Share price closing as of: 27 March 2023

Fig. 1: PWON 4Q22 results summary

PWON 4Q22 results (Rp bn)	FY22	FY21	%YoY	4Q22	4Q21	%YoY	3Q22	%QoQ	IPS FY22F	% of IPS	Cons. FY22F	% of Cons
Revenue	5,987	5,713	5%	1,492	1,925	-22%	1,744	-14%	5,930	101%	5,742	104%
COGS	(2,769)	(2,949)	-6%	(637)	(888)	-28%	(798)	-20%	(2,839)	98%		
Gross Profit	3,219	2,764	16%	855	1,037	-18%	947	-10%	3,091	104%	2,947	109%
<i>GP margin (%)</i>	<i>54%</i>	<i>48%</i>		<i>57%</i>	<i>54%</i>		<i>54%</i>		<i>52%</i>			
Opex	(617)	(494)	25%	(196)	(140)	40%	(147)	34%	(520)	119%		
EBIT	2,602	2,270	15%	659	898	-27%	800	-17.6%	2,571	101%	2,416	108%
Interest expense	(339)	(352)	-4%	(89)	(87)	3%	(90)	-1%	(459)	74%		
Interest & invt inc	187	137	37%	67	38	75%	44	51%	225	83%		
Gain (loss) on forex and others	(417)	(136)	207%	(121)	8	-1586%	(129)	-6%		(234)		
Others	145	(66)	-321%	15	8	103%	(1)	-2489%		(424)		
Pretax profit	2,178	1,853	18%	531	865	-39%	624	-15%	2,337	93%	2,117	103%
Tax	(347)	(303)	15%	(82)	(115)	-28%	(101)	-19%	(383)	91%		
Minority interests	(292)	(168)	74%	(101)	(90)	13%	(85)	19%	(178)	164%		
Net profit	1,539	1,383	11%	347	661	-47%	438	-21%	1,776	87%	1,611	96%
Core Profit	1,795	1,573	14%	447	645	-31%	560	-20%	1,776	101%	1,611	111%

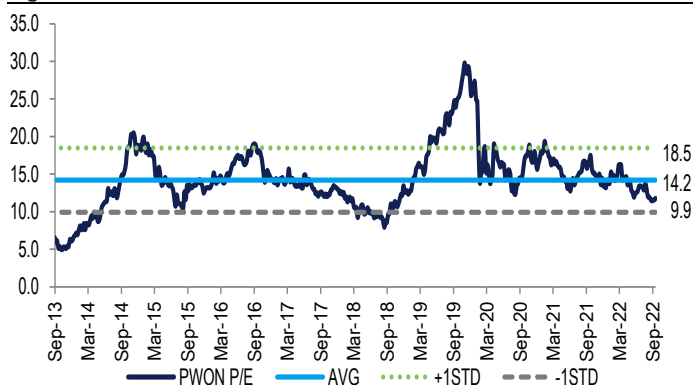
Source: Company, Indo Premier

Fig. 2: PWON 4Q22 results breakdown

Revenues (Rp bn)	FY22	FY21	%YoY	4Q22	4Q21	%YoY	3Q22	%QoQ
Non-recurring	2,117	3,016	-30%	410	903	-55%	737	-44%
Apartment and office	1,476	1,993	-26%	287	593	-52%	472	-39%
Land and building	642	1,022	-37%	124	310	-60%	265	-53%
Recurring	3,870	2,698	43%	1,082	1,022	6%	1,008	7%
Hotel	858	446	92%	281	207	36%	231	22%
Rental & Maintenance	3,012	2,252	34%	800	815	-2%	777	3%
Total	5,987	5,713	5%	1,492	1,925	-22%	1,744	-14%
Gross Profit Margin	FY22	FY21	YoY (bp)	4Q22	4Q21	YoY (bp)	3Q22	QoQ (bp)
Non-recurring	63%	58%	530	72%	54%	1,831	60%	1,154
Apartment and office	60%	54%	638	75%	48%	2,674	56%	1,914
Land and building	69%	65%	415	65%	64%	100	68%	(366)
Recurring	49%	38%	1,077	52%	54%	(238)	50%	198
Hotel	39%	22%	1,743	43%	50%	(668)	38%	585
Rental & Maintenance	51%	41%	1,025	55%	55%	(47)	53%	129
Overall Gross Margin	54%	48%	538	57%	54%	341	54%	305

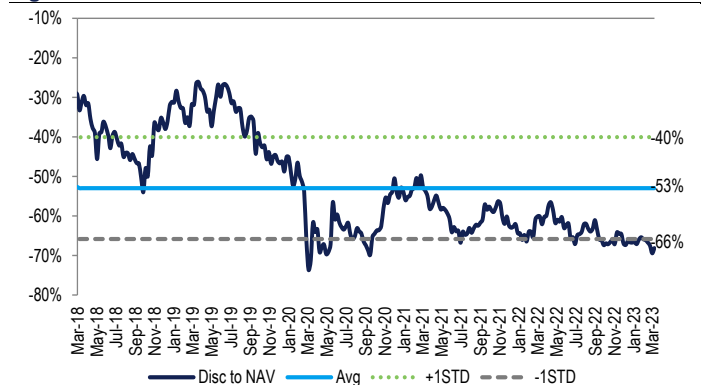
Source: Company, Indo Premier

Fig. 3: PWON P/E band



Source: Company, Bloomberg, Indo Premier

Fig. 4: PWON discount to NAV



Source: Company, Bloomberg, Indo Premier

Fig. 5: Peers comparison

Ticker	Current Price	Target Price	Upside	P/E (x)		ROE (%)		Discount to NAV
				FY23F	FY24F	FY23F	FY24F	
BSDE	960	1295	35%	8.3	8.2	7%	7%	81%
PWON	436	675	55%	11.0	10.2	10%	11%	68%
CTRA	975	1200	23%	8.8	8.4	10%	10%	66%
SMRA	530	805	52%	12.8	10.2	7%	8%	85%

Source: Company, Indo Premier

Income Statement (Rp bn)	2020A	2021A	2022F	2023F	2024F
Net revenue	3,977	5,713	5,930	6,023	6,398
Cost of sales	(2,036)	(2,949)	(2,839)	(2,785)	(2,912)
Gross profit	1,941	2,764	3,091	3,239	3,486
SG&A Expenses	(440)	(494)	(520)	(528)	(561)
Operating profit	1,501	2,270	2,571	2,711	2,925
Net interest	(93)	(215)	(234)	(210)	(230)
Forex gain (loss)	(82)	(136)	-	-	-
Others	(3)	8	-	-	-
Pre-tax income	1,390	1,953	2,337	2,500	2,695
Income tax	(271)	(303)	(383)	(409)	(439)
Minority interest	(189)	(168)	(178)	(181)	(192)
Net income	930	1,482	1,776	1,911	2,064

Balance Sheet (Rp bn)	2020A	2021A	2022F	2023F	2024F
Cash & equivalent	2,887	6,444	6,931	6,902	7,347
Receivable	238	252	254	258	274
Inventory	4,512	3,981	4,088	4,009	4,193
Other current assets	953	777	777	777	777
Total current assets	8,590	11,453	12,051	11,947	12,591
Fixed assets	14,722	14,342	14,562	14,792	14,943
Other non-current assets	3,146	3,071	4,571	6,071	7,071
Total non-current assets	17,869	17,413	19,133	20,863	22,014
Total assets	26,459	28,866	31,184	32,810	34,605
ST loans	397	50	-	-	-
Payable	415	275	332	326	341
Other payables	3,524	2,694	2,795	2,447	3,524
Total current liab.	4,337	3,019	3,128	2,773	1,577
Long term loans	3,547	5,657	6,099	6,399	6,899
Other LT liab.	977	1,012	1,086	995	977
Total liabilities	8,860	9,688	10,312	10,167	9,155
Equity	1,586	1,615	1,615	1,615	1,615
Retained earnings	13,049	14,432	15,947	17,538	19,258
Minority interest	2,963	3,132	3,310	3,490	3,682
Total SHE + minority int.	17,599	19,178	20,872	22,644	24,555
Total liabilities & equity	26,459	28,866	31,184	32,810	33,711

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2020A	2021A	2022F	2023F	2024F
EBIT	1,501	2,270	2,571	2,711	2,925
Depr. & amortization	606	580	608	635	660
Changes in working capital	(271)	386	(54)	70	(188)
Others	(416)	(997)	(440)	(1,059)	(1,298)
Cash flow from operating	1,419	2,239	2,684	2,355	2,099
Capital expenditure	(1,801)	(295)	(2,328)	(2,365)	(1,810)
Others	40	(19)	-	-	-
Cash flow from investing	(1,761)	(314)	(2,328)	(2,365)	(1,810)
Loans	(338)	2,110	392	300	500
Equity	-	-	-	-	-
Dividends	(141)	-	(260)	(320)	(344)
Others	(606)	(485)	-	-	-
Cash flow from financing	(1,084)	1,626	132	(20)	156
Changes in cash	(1,426)	3,550	488	(29)	444

Key Ratios	2020A	2021A	2022F	2023F	2024F
Gross margin	49%	48%	52%	54%	54%
Operating margin	38%	40%	43%	45%	46%
Pre-tax margin	35%	34%	39%	42%	42%
Net margin	23%	26%	30%	32%	32%
ROA	4%	5%	6%	6%	6%
ROE	6%	10%	11%	10%	10%
ROIC	7%	10%	10%	10%	10%
Acct. receivables TO (days)	53.8	15.7	15.7	15.7	15.7
Inventory TO (days)	720.8	525.5	525.5	525.5	525.5
Payable TO (days)	61.1	34.8	34.8	34.8	34.8
Debt to equity	27%	36%	35%	33%	33%
Interest coverage ratio (x)	7.1	8.1	6.9	7.7	7.9
Net gearing	7%	-5%	-5%	-3%	-2%

Source: Company, Indo Premier

INVESTMENT RATINGS

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

ANALYSTS CERTIFICATION

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