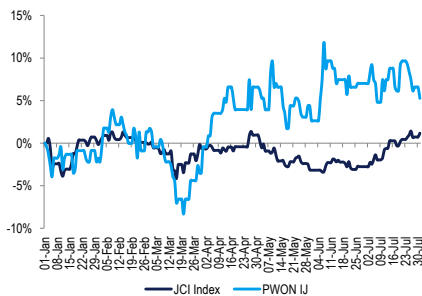


Stock Data

Target price	Rp675
Prior TP	Rp675
Current price	Rp480
Upside/downside	+41%
Shares outstanding (mn)	48,160
Market cap (Rp bn)	23,117
Free float	31%
Avg. 6m daily T/O (Rp bn)	17

Price Performance

	3M	6M	12M
Absolute	-1.2%	6.2%	3.4%
Relative to JCI	-1.5%	5.7%	5.6%
52w low/high (Rp)	418 - 525		



Major Shareholders

Pakuwon Arthaniaga	69%
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2Q23 results: beat on headline while in-line core profit

- 1H23 net profit of Rp1.1tr (+46% yoy), forming 58/61% of ours/cons' estimates while core profit was in-line/slightly above with ours/cons.
- 1H23 gross margin further improved to 56% (+435bp yoy) mainly driven from improvement in recurring margin at 52% (+615bp yoy).
- We maintain our estimates with unchanged TP of Rp675; reiterate Buy.

1H23 results: core profit came in-line with ours but ahead consensus

PWON reported 1H23 net profit of Rp1.1tr (+46% yoy) which came ahead ours/cons' FY23 estimates at 58/61%. However, excluding other non-core items (include forex), 1H23 core profit of Rp954bn (+21% yoy) was in-line/slightly above with ours/cons' FY23 estimates at 50/53%. 1H23 gross margin further improved to 56% (+435bp yoy) mainly driven from improvement in recurring margin at 52% (+615bp yoy). 1H23 revenue was at Rp2.9tr (+5% yoy) driven from strong recurring revenue growth at 24% yoy, while non-recurring revenue growth declined by 29% yoy. Recurring revenue performance contributed at 76% (vs. 65% in 1H22) of total revenue.

2Q23 results: soft performance from lower forex gain

On qoq basis, soft 2Q23 net profit of Rp503bn (+31% yoy/ -15% qoq) was due to lower forex gain reported at Rp23.9bn in 2Q23 (vs. Rp187bn in 1Q23). Stripping off others (include forex), 2Q23 core profit was at Rp505bn (+31% yoy/+12% qoq). 2Q23 revenue reported at Rp1.5tr (+5% yoy/+9% qoq) with non-recurring revenue at Rp387bn (-23% yoy/ +29% qoq) and recurring revenue at Rp1.1tr (+20% yoy/+4% qoq). Recurring revenue contribution stood at 74% in 2Q23 (vs. 65/78% in 2Q22/1Q23). Meanwhile, 2Q23 gross margin was at 58% (+644bp yoy/ +365bp qoq) mainly from both improvement in non-recurring margin (+1,054bp yoy/ +1,101bp qoq) and recurring margin (+706bp yoy/+64bp qoq).

Maintained healthy balance sheet position

PWON remained in net cash position in 1H23 while total debt relatively unchanged at Rp6tr (+1% yoy/ flat qoq) with cash level at Rp7.3tr (-5% yoy/-2% qoq). Going forward, we expect PWON to continue maintain its net cash position in FY23-24F.

Reiterate Buy with unchanged TP

We maintain our Buy rating on PWON with unchanged TP of Rp675. PWON currently trades at 66% discount to NAV (vs. 5Y average of 55%). Key downside risks are sluggish purchasing power and weak presales.

Michelle Nugroho

PT Indo Premier Sekuritas
michelle.nugroho@ipc.co.id
+62 21 5088 7168 ext.

Anthony

PT Indo Premier Sekuritas
anthony@ipc.co.id
+62 21 5088 7168 ext.

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%	24%	8%	19%
ROE	10%	11%	10%	10%	0%
PER (x)	15.6	15.0	12.1	11.2	9.5
EV/EBITDA (x)	7.5	6.6	6.5	6.1	5.2
Dividend yield	0%	1%	1%	2%	2%
IPS vs. consensus			107%	107%	111%

Source: Company, Indo Premier

Share price closing as of: 31 July 2023

Fig. 1: PWON 2Q23 results summary

PWON 1Q23 results (Rp bn)	1H23	1H22	%YoY	2Q23	2Q22	%YoY	1Q23	%QoQ	IPS FY23F	% of IPS	Cons. FY23F	% of Cons
Revenue	2,897	2,751	5%	1,512	1,444	5%	1,385	9%	6,023	48%	6,109	47%
COGS	(1,278)	(1,334)	-4%	(641)	(705)	-9%	(637)	1%	(2,785)	46%		
Gross Profit	1,618	1,417	14%	871	739	18%	747	17%	3,239	50%	3,251	50%
<i>GP margin (%)</i>	<i>56%</i>	<i>52%</i>		<i>58%</i>	<i>51%</i>		<i>54%</i>		<i>54%</i>			
Opex	(346)	(274)	26%	(201)	(162)	24%	(145)	38%	(528)	65%		
EBIT	1,272	1,143	11%	670	577	16%	602	11%	2,711	47%	2,590	49%
Interest expense	(176)	(160)	10%	(92)	(80)	14%	(84)	9%	(435)	40%		
Interest & invt inc	178	76	135%	101	42	143%	77	31%	225	79%		
Others (include forex)	155	(36)	-528%	(2)	(3)	-37%	156	NA	0	NA		
Pretax profit	1,430	1,023	40%	678	536	27%	752	-10%	2,500	57%	2,529	57%
Tax	(189)	(163)	16%	(96)	(85)	13%	(93)	3%	(409)	46%		
Minority interests	(142)	(106)	34%	(79)	(68)	16%	(63)	25%	(181)	78%		
Net profit	1,099	753	46%	503	383	31%	595	-15%	1,911	58%	1,789	61%
Core Profit	954	787	21%	505	385	31%	449	12%	1,911	50%	1,789	53%

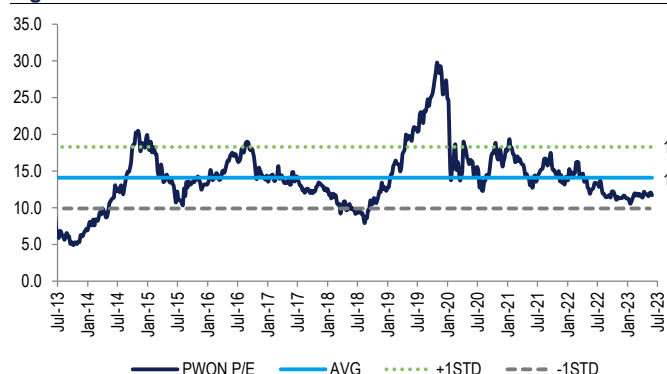
Source: Company, Indo Premier

Fig. 2: PWON 2Q23 results breakdown

Revenue breakdown (Rp bn)	1H23	1H22	%YoY	2Q23	2Q22	%YoY	1Q23	%QoQ
Non-recurring	688	970	-29%	387	505	-23%	301	29%
Apartment and office	281	717	-61%	121	334	-64%	160	-25%
Land and building	407	253	61%	266	171	55%	141	89%
Recurring	2,209	1,781	24%	1,125	939	20%	1,084	4%
Hotel	489	346	41%	245	194	26%	244	1%
Rental & Maintenance	1,720	1,435	20%	880	744	18%	840	5%
Total	2,897	2,751	5%	1,512	1,444	5%	1,385	9%
Gross margin breakdown	1H23	1H22	YoY (bp)	2Q23	2Q22	YoY (bp)	1Q23	QoQ (bp)
Non-recurring	67%	61%	599	72%	62%	1,054	61%	1,101
Apartment and office	57%	58%	-88	60%	57%	291	55%	474
Land and building	75%	72%	291	78%	71%	650	68%	949
Recurring	52%	46%	615	53%	46%	706	52%	64
Hotel	46%	37%	893	46%	40%	520	47%	-139
Rental & Maintenance	54%	48%	573	55%	47%	766	53%	114
Overall margin	56%	52%	435	58%	51%	644	54%	365

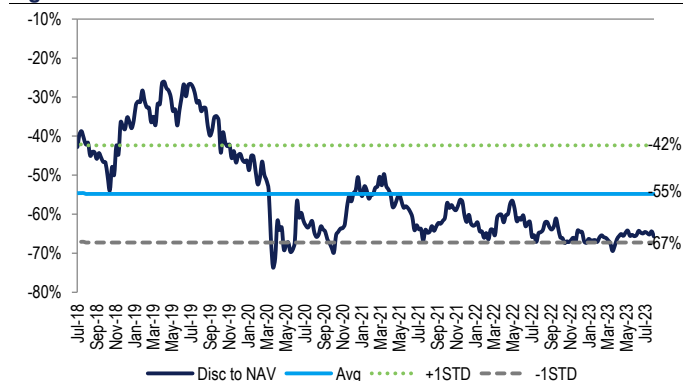
Source: Company, Indo Premier

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	5yr ave. discount to NAV
				FY23F	FY24F	FY23F	FY24F		
BSDE	1185	1300	10%	8.5	8.5	8%	8%	78%	77%
PWON	480	675	41%	12.1	11.2	10%	10%	66%	55%
CTRA	1115	1200	8%	10.1	9.5	10%	10%	63%	63%
SMRA	660	805	22%	16.0	12.7	7%	8%	83%	78%

Source: Company, Indo Premier

Shares price closing as of 31 July 2023

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net revenue	5,713	5,987	6,023	6,398	7,070
Cost of sales	(2,949)	(2,769)	(2,785)	(2,912)	(3,055)
Gross profit	2,764	3,219	3,239	3,486	4,015
SG&A Expenses	(494)	(617)	(528)	(561)	(620)
Operating profit	2,270	2,602	2,711	2,925	3,395
Net interest	(215)	(152)	(210)	(230)	(248)
Forex gain (loss)	(136)	(417)	-	-	-
Others	8	-	-	-	-
Pre-tax income	1,853	2,178	2,500	2,695	3,147
Income tax	(303)	(347)	(409)	(439)	(489)
Minority interest	(168)	(292)	(181)	(192)	(212)
Net income	1,383	1,539	1,911	2,064	2,446

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash & equivalent	6,444	7,444	6,902	7,347	7,702
Receivable	252	229	258	274	303
Inventory	3,981	3,779	4,009	4,193	4,398
Other current assets	777	801	777	777	777
Total current assets	11,453	12,253	11,947	12,591	13,180
Fixed assets	14,342	14,227	14,792	14,943	14,738
Other non-current assets	3,071	4,122	6,071	7,071	8,071
Total non-current assets	17,413	18,349	20,863	22,014	22,810
Total assets	28,866	30,602	32,810	34,605	35,990
ST loans	50	-	-	-	-
Payable	275	280	326	341	357
Other payables	1,089	1,370	2,447	1,952	1,236
Total current liab.	1,414	1,650	2,773	2,293	1,594
Long term loans	5,657	6,249	6,399	6,899	6,899
Other LT liab.	679	776	995	858	655
Total liabilities	7,750	8,675	10,167	10,050	9,148
Equity	1,615	1,530	1,615	1,615	1,615
Retained earnings	14,432	15,778	17,538	19,258	21,333
Minority interest	3,132	3,411	3,490	3,682	3,894
Total SHE + minority int.	19,178	20,718	22,644	24,555	26,842
Total liabilities & equity	26,929	29,393	32,810	34,605	35,990

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
EBIT	2,270	2,602	2,711	2,925	3,395
Depr. & amortization	580	649	635	660	674
Changes in working capital	386	222	70	(188)	(220)
Others	(997)	(753)	(1,059)	(1,298)	(1,653)
Cash flow from operating	2,239	2,720	2,355	2,099	2,196
Capital expenditure	(295)	(838)	(2,365)	(1,810)	(1,470)
Others	(19)	(736)	-	-	-
Cash flow from investing	(314)	(1,574)	(2,365)	(1,810)	(1,470)
Loans	2,110	592	300	500	-
Equity	-	-	-	-	-
Dividends	-	(192)	(320)	(344)	(371)
Others	(485)	(646)	-	-	-
Cash flow from financing	1,626	(247)	(20)	156	(371)
Changes in cash	3,550	898	(29)	444	355

Key Ratios	2021A	2022A	2023F	2024F	2025F
Gross margin	48%	54%	54%	54%	57%
Operating margin	40%	43%	45%	46%	48%
Pre-tax margin	32%	36%	42%	42%	45%
Net margin	24%	26%	32%	32%	35%
ROA	5%	5%	6%	6%	7%
ROE	9%	9%	10%	10%	11%
ROIC	10%	10%	10%	10%	10%
Acct. receivables TO (days)	15.7	14.6	15.7	15.7	15.7
Inventory TO (days)	525.5	511.5	525.5	525.5	525.5
Payable TO (days)	34.8	28.2	34.8	34.8	34.8
Debt to equity	36%	36%	33%	33%	30%
Interest coverage ratio (x)	8.1	9.6	7.7	7.9	8.6
Net gearing	-5%	-7%	-3%	-2%	-3%

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

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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