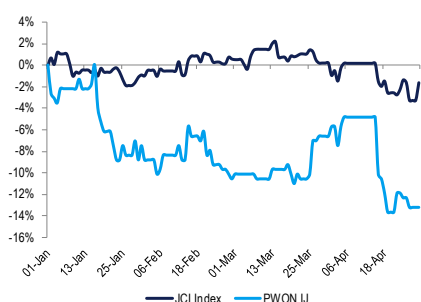


Stock Data

Target price	Rp485
Prior TP	Rp645
Current price	Rp394
Upside/downside	23%
Shares outstanding (mn)	48,160
Market cap (Rp bn)	18,975
Free float	31%
Avg. 6m daily T/O (Rp bn)	13

Price Performance

	3M	6M	12M
Absolute	-5.3%	-2.0%	-16.9%
Relative to JCI	-5.6%	-7.9%	-22.3%
52w low/high (Rp)	392 - 510		



Major Shareholders

Pakuwon Arthaniaga	69%
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1Q24 results: headline profit miss due to FX loss, but in-line core profit

- 1Q24 net profit of Rp331bn (-44% yoy/-46% qoq) came below ours/cons' FY24F estimates at 17/15% due to FX loss. Core profit was in-line.
- 1Q24 presales of Rp385bn (+29% yoy/+20% qoq) was in-line with our/company's targets at 26%, driven by VAT exemption sales.
- We fine-tune our FY24/25F by -2/-4%, changed our valuation method to combination of P/E and disc. to NAV: resulting in lower TP of Rp 485.

1Q24 results: headline profit miss due to FX loss, but in-line core profit

PWON booked 1Q24 net profit of Rp331bn (-44% yoy/-46% qoq), forming 17/15% of our/cons' FY24F (vs. 5Y average of 21%) – below due to forex loss of Rp128bn in 1Q24 (given PWON's outstanding bond of US\$400mn due in FY28). Stripping this off, core profit reached Rp468bn (+4% yoy/-20% qoq), which was above our FY estimate at 24%, but in-line with consensus at 21%. Gross profit came at Rp852bn (+14% yoy/-4% qoq), in-line with our/consensus' estimates at 25/24%. GPM of 56% (+168bps yoy/+112bps qoq) was driven by recurring GPM of 55% (+316bps yoy/+271bps qoq), offsetting the decline in non-recurring margins of 58% (-364bps yoy/-387bps qoq) due to product mix. Revenue came in at Rp1.5tr (+11% yoy/-6% qoq), also came in-line.

1Q24 presales: in-line with our/company's target

1Q24 presales of Rp385bn (+29% yoy/+20% qoq) was in-line with our/company's targets at 26% - above its 5Y average of 24%, driven by Apartment sales of Rp229bn (+50% yoy/-3% qoq). Note that the majority of projects that were sold in 1Q24 was VAT exempted such as Pakuwon Permai Clayson/TP6 Condo/Pakuwon City Bella/Amor, which made up for 22/19/15/12% of 1Q24 presales.

Relatively unchanged net cash position

In 1Q24, PWON remained in net cash position along with a total cash level of Rp8.2tr (+9% yoy/+8% qoq) and a total debt of Rp6.3tr (+5% yoy/+3% qoq). PWON expects to maintain its cash position in FY24-25F.

Reiterate Buy with a lower TP of Rp485/share

We revised down our FY24/25F earnings by -2/-4%, mainly to factor-in FY23 and 1Q24 data points, as well as the forex loss booked in 1Q24. We reiterate our Buy rating on PWON with lower TP of Rp485/share, based on a blended-valuation of P/E multiple (new target of 12.5x; -0.5 SD) and disc. to NAV (new target of -71% vs. -57% previously, at -1 SD). PWON currently trades at -74% disc. to NAV (vs. 5-yr mean of 59%). Risks are weak presales demand and purchasing power.

Financial Summary (Rp bn)	2022	2023	2024F	2025F	2026F
Revenue	5,987	6,200	6,339	6,924	8,263
EBITDA	3,251	3,338	3,463	3,751	4,351
EBITDA growth	14%	3%	4%	8%	16%
Net profit	1,539	2,105	1,895	2,102	2,564
EPS growth	11%	37%	-10%	11%	22%
ROE	9%	12%	10%	10%	11%
PER (x)	12.3	9.0	10.0	9.0	7.4
EV/EBITDA (x)	5.5	5.2	4.7	4.1	3.5
Dividend yield	1%	2%	2%	2%	2%
IPS vs. consensus			86%	84%	96%

Source: Company, Indo Premier

Share price closing as of: 29 April 2024

Fig. 1: PWON 1Q24 results summary

PWON 1Q24 results (Rp bn)	1Q24	1Q23	%YoY	4Q23	%QoQ	IPS FY24F	% of IPS	Cons. FY24F	% of Cons
Revenue	1,530	1,385	11%	1,631	-6%	6,046	25%	6,632	23%
COGS	(679)	(637)	7%	(742)	-9%	(2,697)	25%		
Gross Profit	852	747	14%	889	-4%	3,349	25%	3,541	24%
<i>GP margin (%)</i>	<i>56%</i>	<i>54%</i>	<i>168</i>	<i>55%</i>	<i>112</i>	<i>55%</i>		<i>53%</i>	
Opex	(188)	(145)	29%	(206)	-9%	(623)	30%		
EBIT	663	602	10%	683	-3%	2,726	24%	2,812	24%
Interest expense	(97)	(84)	16%	(93)	5%	(406)	24%		
Interest & invt inc	100	77	29%	145	-31%	225	44%		
Others (include forex)	(147)	156	-194%	39	-477%	0			
Pretax profit	519	752	-31%	775	-33%	2,545	20%	2,731	19%
Tax	(98)	(93)	5%	(101)	-3%	(423)	23%		
Minority interests	(91)	(63)	44%	(56)	63%	(181)	50%		
Net profit	331	595	-44%	618	-46%	1,940	17%	2,199	15%
Core Profit	468	449	4%	582	-20%	1,940	24%	2,199	21%

Source: Company, Indo Premier

Fig. 2: PWON 1Q24 results breakdown

Revenue breakdown (Rp bn)	1Q24	1Q23	%YoY	4Q23	%QoQ
Non-recurring	329	301	9%	383	-14%
Apartment and office	186	160	16%	216	-14%
Land and building	143	141	2%	167	-14%
Recurring	1,201	1,084	11%	1,249	-4%
Hotel	273	244	12%	357	-24%
Rental & Maintenance	928	840	11%	892	4%
Total	1,530	1,385	11%	1,631	-6%

Gross margin breakdown	1Q24	1Q23	YoY (bp)	4Q23	QoQ (bp)
Non-recurring	58%	61%	(364)	61%	(387)
Apartment and office	50%	55%	(486)	58%	(813)
Land and building	67%	68%	(102)	66%	171
Recurring	55%	52%	316	52%	271
Hotel	41%	43%	(241)	45%	(448)
Rental & Maintenance	59%	54%	483	55%	406
Overall margin	56%	54%	168	55%	112

Source: Company, Indo Premier

Fig. 3: Forecast changes

In Rp bn	Old			New			Changes		
	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F
Revenue	6,046	6,667	NA	6,339	6,924	8,263	5%	4%	NA
Cost of sales	(2,697)	(2,950)	NA	(2,846)	(3,091)	(3,681)	6%	5%	NA
Gross profit	3,349	3,717	NA	3,493	3,834	4,582	4%	3%	NA
<i>GP margin (%)</i>	<i>55%</i>	<i>56%</i>		<i>55%</i>	<i>55%</i>	<i>55%</i>			
Opex	(623)	(687)	NA	(757)	(827)	(987)	22%	20%	NA
Operating profit	2,726	3,030	NA	2,736	3,007	3,595	0%	-1%	NA
Net interest	(181)	(169)	NA	12	19	13	-107%	-111%	NA
Forex gain (loss)	-	-	NA	-	-	-	NA	NA	NA
Others	-	-	NA	-	-	-	NA	NA	NA
Pre-tax income	2,545	2,861	NA	2,592	2,869	3,452	2%	0%	NA
Tax	(423)	(468)	NA	(414)	(459)	(519)	-2%	-2%	NA
Minority interest	(181)	(200)	NA	(283)	(309)	(369)	56%	54%	NA
Net income	1,940	2,193	NA	1,895	2,102	2,564	-2%	-4%	NA
Presales	1,416	1,455	NA	1,485	1,459	1,556	5%	0%	NA

Source: Company, Indo Premier

Fig. 4: PWON P/E band



Source: Company, Bloomberg, Indo Premier

Fig. 5: PWON discount to NAV



Source: Company, Bloomberg, Indo Premier

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net revenue	5,987	6,200	6,339	6,924	8,263
Cost of sales	(2,769)	(2,800)	(2,846)	(3,091)	(3,681)
Gross profit	3,219	3,401	3,493	3,834	4,582
SG&A Expenses	(617)	(740)	(757)	(827)	(987)
Operating profit	2,602	2,660	2,736	3,007	3,595
Net interest	(152)	54	12	19	13
Forex gain (loss)	(417)	83	(157)	(157)	(157)
Others	-	-	-	-	-
Pre-tax income	2,178	2,769	2,592	2,869	3,452
Income tax	(347)	(388)	(414)	(459)	(519)
Minority interest	(292)	(277)	(283)	(309)	(369)
Net income	1,539	2,105	1,895	2,102	2,564
Core profit	1,795	2,053	2,041	2,248	2,711

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	7,444	7,600	9,064	9,767	10,149
Receivable	229	212	225	246	294
Inventory	3,779	3,943	3,925	4,263	5,077
Other current assets	801	1,300	1,300	1,300	1,300
Total current assets	12,253	13,055	14,515	15,576	16,820
Fixed assets	14,227	14,779	14,896	14,671	14,248
Other non-current assets	4,122	4,877	5,877	6,877	7,877
Total non-current assets	18,349	19,655	20,772	21,548	22,125
Total assets	30,602	32,711	35,287	37,124	38,945
ST loans	-	-	-	-	-
Payable	280	272	281	305	363
Other payables	2,353	2,260	2,885	2,700	2,114
Total current liab.	2,634	2,532	3,166	3,005	2,478
Long term loans	6,249	6,130	6,292	6,292	6,292
Other LT liab.	1,002	1,254	1,235	1,163	957
Total liabilities	9,884	9,915	10,694	10,460	9,727
Equity	1,530	1,526	1,526	1,526	1,526
Retained earnings	15,778	17,570	19,086	20,847	23,033
Minority interest	3,411	3,699	3,982	4,291	4,659
Total SHE + minority int.	20,718	22,795	24,594	26,664	29,218
Total liabilities & equity	30,602	32,711	35,287	37,124	38,945

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
EBIT	2,602	2,660	2,736	3,007	3,595
Depr. & amortization	649	677	726	744	755
Changes in working capital	222	(159)	14	(340)	(819)
Others	(753)	(444)	47	(848)	(1,439)
Cash flow from operating	2,720	2,734	3,524	2,563	2,093
Capital expenditure	(838)	(1,268)	(1,843)	(1,519)	(1,332)
Others	(736)	(1,027)	-	-	-
Cash flow from investing	(1,574)	(2,296)	(1,843)	(1,519)	(1,332)
Loans	592	(119)	163	-	-
Equity	-	-	-	-	-
Dividends	(192)	(313)	(379)	(341)	(378)
Others	(646)	170	-	-	-
Cash flow from financing	(247)	(261)	(216)	(341)	(378)
Changes in cash	898	178	1,465	703	382

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	54%	55%	55%	55%	55%
Operating margin	43%	43%	43%	43%	44%
Pre-tax margin	36%	45%	41%	41%	42%
Net margin	26%	34%	30%	30%	31%
ROA	5%	7%	6%	6%	7%
ROE	9%	12%	10%	10%	11%
ROIC	10%	10%	9%	9%	11%
Acct. receivables TO (days)	14.6	13.0	13.0	13.0	13.0
Inventory TO (days)	511.5	503.4	503.4	503.4	503.4
Payable TO (days)	28.2	27.0	27.0	27.0	27.0
Debt to equity	36%	32%	31%	28%	26%
Interest coverage ratio (x)	9.6	9.3	8.7	9.5	10.9
Net gearing	-7%	-8%	-13%	-16%	-16%

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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