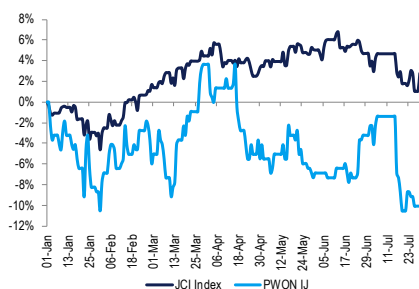


Stock Data

Target price	Rp500
Prior TP	Rp485
Current price	Rp418
Upside/downside	20%
Shares outstanding (mn)	48,160
Market cap (Rp bn)	20,420
Free float	31%
Avg. 6m daily T/O (Rp bn)	15

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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Ryan Dimitry

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

Anthony

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

1H24 results: miss in headline from FX loss, but in-line core profit

- 1H24 net profit of Rp846bn (-23% yoy) missed ours/cons' FY24F at 45/39% due to FX loss; core profit was broadly in-line at 54% of ours.
- 1H24 GPM improved to 57% (+77bps yoy) mainly driven by higher recurring segment GPM at 55% (+316bps yoy).
- We fine-tune our FY24/25/26F by +6/5/4%, with an unchanged P/E and disc. to NAV target, resulting in a slightly higher TP of Rp500.

1H24 results: miss in headline due to FX loss, but in-line core profit

PWON posted 1H24 net profit of Rp846bn (-23% yoy), forming 45/39% of our/consensus FY24F (vs. 5Y average of 47%) – below, due to FX loss of Rp266bn in 1H24. Stripping this off, core profit reached Rp1.1tr (+15% yoy), which was better than our estimates at 54% of FY24F, but in-line with consensus at 50%. Gross profit came at Rp1.8tr (+14% yoy), slightly above ours at 53% of FY24F, but in-line with consensus at 51% as GPM rose to 57% (+77bps yoy) on higher recurring GPM at 55% (+316 bps yoy). Revenue grew to Rp3.3tr (+13% yoy), in-line.

2Q24 results: yoy/qoq pick-up from faster non-recurring revenue

Net profit grew to Rp515bn (+2% yoy/+56% qoq) in 2Q24 due to lower FX loss at -Rp117bn (vs. -Rp128bn in 1Q23). 2Q24 core profit was at Rp627bn (+24% yoy/+34% qoq). Meanwhile, gross profit increased to Rp996bn (+14% yoy/+17% qoq) as recurring GPM expanded to 56% (+317bps yoy/+64bps qoq), while non-recurring GPM fell to 62% (-1,010bps yoy/+456bps qoq). 2Q24 revenue improved to Rp1.7tr (+14% yoy/+13% qoq) as non-recurring revenue grew to Rp482bn (+25% yoy/+46% qoq) while recurring revenue rose to Rp1.2tr (+11% yoy/+4% qoq).

Higher net cash position

PWON saw higher net cash position in 2Q24, with a total cash level of Rp8.9tr (+22% yoy/+9% qoq) and a total debt of Rp6.5tr (+9% yoy/+4% qoq). PWON expect to maintain its net cash position in FY24-25F.

Reiterate Buy with a higher TP of Rp500/share

We revised up our FY24-26F earnings by +4-6% to factor-in 1H24 data points and reiterate our Buy rating on PWON with a higher TP of Rp500/sh, based on a blended-valuation of P/E multiple target (of 13x; -0.5 SD) and disc. to NAV target. PWON currently trades at -72% 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	3,570	3,851	4,444
EBITDA growth	14%	3%	7%	8%	15%
Net profit	1,539	2,105	2,002	2,202	2,657
EPS growth	11%	37%	-5%	10%	21%
ROE	9%	12%	10%	10%	11%
PER (x)	12.3	9.0	10.1	9.1	7.6
EV/EBITDA (x)	5.5	5.2	4.8	4.2	3.6
Dividend yield	1%	2%	2%	2%	2%
IPS vs. consensus			91%	88%	100%

Source: Company, Indo Premier

Share price closing as of: 29 July 2024

Fig. 1: PWON 1H24 results summary

PWON 1H24 results (Rp bn)	1H24	1H23	%YoY	2Q24	2Q23	%YoY	1Q24	%QoQ	IPS FY24F	% of IPS	Cons. FY24F	% of Cons
Revenue	3,261	2,897	13%	1,731	1,512	14%	1,530	13%	6,339	51%	6,564	50%
COGS	(1,414)	(1,278)	11%	(735)	(641)	15%	(679)	8%	(2,846)	50%		
Gross Profit	1,847	1,618	14%	996	871	14%	852	17%	3,493	53%	3,603	51%
<i>GP margin (%)</i>	<i>57%</i>	<i>56%</i>	<i>77</i>	<i>58%</i>	<i>58%</i>	<i>-9</i>	<i>56%</i>	<i>188</i>	<i>55%</i>		<i>55%</i>	
Opex	(398)	(346)	15%	(210)	(201)	5%	(188)	12%	(757)	53%		
EBIT	1,449	1,272	14%	785	670	17%	663	18%	2,736	53%	2,922	50%
Interest expense	(191)	(176)	9%	(94)	(92)	2%	(97)	-3%	(400)	48%		
Interest & invt inc	264	178	48%	164	101	62%	100	64%	412	64%		
Others (include forex)	(266)	155	-272%	(119)	(2)	6547%	(147)	-19%	(157)			
Pretax profit	1,256	1,430	-12%	736	678	9%	519	42%	2,592	48%	2,747	46%
Tax	(208)	(189)	10%	(110)	(96)	15%	(98)	12%	(414)	50%		
Minority interests	(202)	(142)	42%	(111)	(79)	41%	(91)	22%	(283)	71%		
Net profit	846	1,099	-23%	515	503	2%	331	56%	1,895	45%	2,185	39%
Core Profit	1,095	954	15%	627	505	24%	468	34%	2,041	54%	2,185	50%

Source: Company, Indo Premier

Fig. 2: PWON 1H24 results breakdown

Revenue breakdown (Rp bn)	1H24	1H23	%YoY	2Q24	2Q23	%YoY	1Q24	%QoQ
Non-recurring	811	688	18%	482	387	25%	329	46%
Apartment and office	457	281	63%	271	121	124%	186	45%
Land and building	354	407	-13%	211	266	-21%	143	47%
Recurring	2,450	2,209	11%	1,249	1,125	11%	1,201	4%
Hotel	569	489	17%	297	245	21%	273	9%
Rental & Maintenance	1,880	1,720	9%	952	880	8%	928	3%
Total	3,261	2,897	13%	1,731	1,512	14%	1,530	13%

Gross margin breakdown	1H24	1H23	YoY (bp)	2Q24	2Q23	YoY (bp)	1Q24	QoQ (bp)
Non-recurring	60%	67%	(713)	62%	72%	(1,010)	58%	456
Apartment and office	55%	57%	(151)	59%	60%	(51)	50%	908
Land and building	67%	75%	(806)	66%	78%	(1,191)	67%	(139)
Recurring	55%	52%	316	56%	53%	317	55%	64
Hotel	43%	38%	438	44%	33%	1,099	41%	369
Rental & Maintenance	59%	56%	306	59%	58%	136	59%	(5)
Overall margin	57%	56%	77	58%	58%	(9)	56%	188

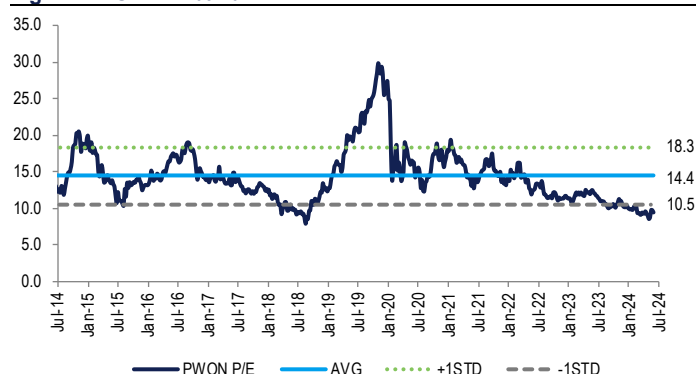
Source: Company, Indo Premier

Fig. 3: Forecast changes

In Rp bn	Old			New			Changes		
	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F
Revenue	6,339	6,924	8,263	6,339	6,924	8,263	0%	0%	0%
Cost of sales	(2,846)	(3,091)	(3,681)	(2,739)	(2,990)	(3,589)	-4%	-3%	-3%
Gross profit	3,493	3,834	4,582	3,600	3,934	4,675	3%	3%	2%
<i>GP margin (%)</i>	<i>55%</i>	<i>55%</i>	<i>55%</i>	<i>57%</i>	<i>57%</i>	<i>57%</i>	<i>169</i>	<i>145</i>	<i>112</i>
Opex	(757)	(827)	(987)	(757)	(827)	(987)	0%	0%	0%
Operating profit	2,736	3,007	3,595	2,843	3,107	3,688	4%	3%	3%
Net interest	12	19	13	12	19	13	0%	0%	0%
Forex gain (loss)	(157)	(157)	(157)	(157)	(157)	(157)	0%	0%	0%
Others	-	-	-	-	-	-	NA	NA	NA
Pre-tax income	2,592	2,869	3,452	2,699	2,970	3,544	4%	3%	3%
Tax	(414)	(459)	(519)	(414)	(459)	(519)	0%	0%	0%
Minority interest	(283)	(309)	(369)	(283)	(309)	(369)	0%	0%	0%
Net income	1,895	2,102	2,564	2,002	2,202	2,657	6%	5%	4%
Presales	1,485	1,459	1,556	1,485	1,459	1,556	0%	0%	0%

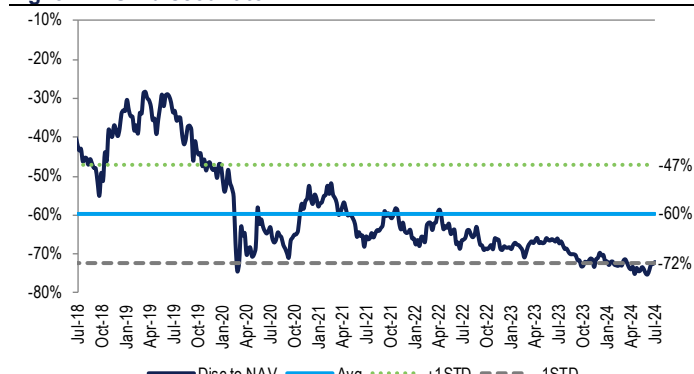
Source: Company, Indo Premier

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)	(2,739)	(2,990)	(3,589)
Gross profit	3,219	3,401	3,600	3,934	4,675
SG&A Expenses	(617)	(740)	(757)	(827)	(987)
Operating profit	2,602	2,660	2,843	3,107	3,688
Net interest	(152)	54	12	19	13
Forex gain (loss)	(417)	83	(157)	(157)	(157)
Others	-	-	-	-	-
Pre-tax income	2,178	2,769	2,699	2,970	3,544
Income tax	(347)	(388)	(414)	(459)	(519)
Minority interest	(292)	(277)	(283)	(309)	(369)
Net income	1,539	2,105	2,002	2,202	2,657
Core profit	1,795	2,053	2,148	2,348	2,804

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	7,444	7,600	9,308	10,084	10,531
Receivable	229	212	225	246	294
Inventory	3,779	3,943	3,778	4,124	4,949
Other current assets	801	1,300	1,300	1,300	1,300
Total current assets	12,253	13,055	14,612	15,754	17,074
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	35,384	37,302	39,199
ST loans	-	-	-	-	-
Payable	280	272	270	295	354
Other payables	2,353	2,260	2,885	2,700	2,114
Total current liab.	2,634	2,532	3,156	2,995	2,469
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	10,683	10,450	9,718
Equity	1,530	1,526	1,526	1,526	1,526
Retained earnings	15,778	17,570	19,193	21,035	23,295
Minority interest	3,411	3,699	3,982	4,291	4,659
Total SHE + minority int.	20,718	22,795	24,701	26,852	29,481
Total liabilities & equity	30,602	32,711	35,384	37,302	39,199

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
EBIT	2,602	2,660	2,843	3,107	3,688
Depr. & amortization	649	677	726	744	755
Changes in working capital	222	(159)	154	(349)	(828)
Others	(753)	(444)	45	(847)	(1,439)
Cash flow from operating	2,720	2,734	3,768	2,655	2,176
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)	(360)	(396)
Others	(646)	170	-	-	-
Cash flow from financing	(247)	(261)	(216)	(360)	(396)
Changes in cash	898	178	1,709	775	447

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	54%	55%	57%	57%	57%
Operating margin	43%	43%	45%	45%	45%
Pre-tax margin	36%	45%	43%	43%	43%
Net margin	26%	34%	32%	32%	32%
ROA	5%	7%	6%	6%	7%
ROE	9%	12%	10%	10%	11%
ROIC	10%	10%	9%	10%	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%	30%	28%	25%
Interest coverage ratio (x)	9.6	9.3	8.9	9.8	11.1
Net gearing	-7%	-8%	-15%	-17%	-17%

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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