

**QUICK REVIEW (PWON)
PAKUWON JATI TBK.**

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Recommendation

Recommendation : **BUY**

Fair Value : **IDR 545**

Current Price (18/11) : **IDR 494**

Company Description





PT Pakuwon Jati Tbk owns, develops, and manages shopping centers, business complexes, real estate, industrial estate, and hotels.

Portfolio Overview

	Kota Kasablanka	Gandaria City	Tunjungan City
			
Location	Jakarta Fringe CBD	South Jakarta	Surabaya CBD
Description	12.9ha located right next to Jakarta's Golden Triangle. Contains the largest mall in South Jakarta, opened on July 28, 2012	3 rd largest superblock in South Jakarta, sitting on a 9.3ha lot along a main thoroughfare linking South Jakarta to West Jakarta	PWON's first development in 1986, expanded in phases. Developing Phase 5 and 6 with premium retail, office, and residential towers
Residential	4 condos, 1,077 units, GSA: 96k sqm 3 additional condos, GSA: 121k sqm	2 condos, 715 units 1 condo GSA: 83k sqm	TP5: TP Residence GSA: 30k sqm TP6: One Icon GSA: 58k sqm
Office (for sale)	Tower A GSA: 34k sqm Tower C GSA: 32k sqm	Tower A GSA: 37k sqm	TP5: Pakuwon Center GSA: 10k sqm TP6: Pakuwon Tower GSA: 16k sqm
Retail	Middle to upmarket NLA: 119k sqm	Middle to upper middle NLA: 98k sqm	NLA: 103k sqm TP5: NLA: 20k sqm TP6: NLA: 25k sqm
Office (for lease)	Tower A NLA: 24k sqm Tower B NLA: 32k sqm Tower C NLA: 48k sqm	Tower A NLA: 21k sqm	TP5: Pakuwon Center NLA: 10k sqm TP6: Pakuwon Tower NLA: 24k sqm
Hotel		293 rooms, 5-star hotel	359 rooms, 5-star hotel 293 rooms, 4-star hotel

Source: Company

Portfolio Overview

	Pakuwon Mall	Royal Plaza	Blok M Plaza	Somerset Berlian
				
Location	West Surabaya	South Surabaya	South Jakarta	South Jakarta
Description	<p>14.6ha Superblock located in West Surabaya's affluent residential neighborhood.</p> <p>Has a mid-market retail mall, Pakuwon Mall ("PM") and a strata retail mall 89% owned and managed by PP, Pakuwon Trade Centre ("PTC").</p> <p>Developing Phase 3 & 4 with premium leased retail, residential condos and hotels.</p> <p>Phase 2 & 3 mall are over 80% leased.</p>	<p>Mid-market strata retail mall 78% owned and managed by a subsidiary of PP.</p> <p>Situated along one of Surabaya's main thoroughfares connecting North, Central and Greater Surabaya and easily accessible from nearby toll roads, bus terminals and train stations.</p>	<p>Mid-market retail mall in South Jakarta's commercial district.</p> <p>Situated along the main thoroughfare connecting South Jakarta and the central business district.</p> <p>MRT terminal connected directly into the Mall in March 2019.</p>	<p>Serviced apartment situated in the exclusive residential area of South Jakarta and a short drive from the financial center.</p> <p>Managed by The Ascott Limited under the "Somerset" brand</p>
Opening date	PM Phase 1: 2003, PTC: 2004, PM Phase2&3: 2017	2006	1991	2007
Residential	<p>Phase 2: "Orchard" & "Tanglin" towers GSA: 60k sqm</p> <p>Phase 3: "LaRiz" tower GSA: 41k sqm</p> <p>Phase 4: Three condo towers GSA: 135k sqm</p> <p>Phase 5: Three condo towers GSA: 105k sqm</p>			
Retail	<p>PM NLA: 48k sqm, PTC NLA: 46k¹ sqm</p> <p>Phase 2 NLA: 37k sqm</p> <p>Phase 3 NLA: 40k sqm</p> <p>Phase 4 NLA: 7k sqm</p>	NLA: 53k ² sqm	NLA: 31k sqm	
Hospitality	<p>317 rooms, 4-star hotel</p> <p>204 rooms, 5-star hotel</p> <p>182 serviced apartment units (Ascott brand)</p>			123 serviced apartment units ³ (Somerset brand)

Source: Company

Portfolio Overview

Pakuwon City



Grand Pakuwon



Bekasi Project



Location	East Surabaya	West Surabaya	Greater Jakarta
Description	Self-contained city in East Surabaya, consisting of a residential area, commercial area, and an education park	Self contained city in West Surabaya, consisting of residential area and a future commercial area	3,6 ha located at West Bekasi Contains the mall, 4 condominiums, and 2 brand of Hotels
Residential	House and land lot community 4 Educity condos GSA: 103k sqm ¹ 3 ECM condos GSA: 108k sqm	House and land lot community	4 condominiums, 2,991 unit GSA: 119k sqm
Office (for sale)	Shophouses, university, schools, and a hospital		
Retail	Family shopping centre NLA: 21k sqm PCM Phase 2 NLA: 10k sqm PCM Phase 3 NLA: 11k sqm		NLA: 43k sqm
Hotel			180 rooms, Moxy 144 rooms, Four Points

Source: Company

Company Update

Earnings Results : 3Q 2020

<i>In Billions of IDR</i>	Q3 2020	Q3 2019	%YoY	Q3 2020	Q2 2020	%QoQ
Revenue	1,073	1,735	-38.2%	1,073	324	231.4%
- Cost of Revenue	533	669	-20.5%	533	333	59.9%
Gross Profit	540	1,066	-49.3%	540	9	5626.0%
- Operating Expenses	131	242	-45.8%	131	121	7.9%
Operating Income (Loss)	409	824	-50.4%	409	131	212.4%
- Non-Operating (Income) Loss	186	12	-1711.4%	186	454	-59.0%
Pretax Income (Loss), GAAP	211	868	-75.7%	211	403	-47.6%
- Income Tax Expense (Benefit)	5	7	-17.9%	5	4	38.8%
Net Income Avail to Common, GAAP	118	785	-85.0%	118	416	-71.6%

Source: Bloomberg, MCS Research

Company Update

Earnings Estimate : 4QE 2020

<i>In Billions of IDR</i>	Q4 2020 Est	Q4 2019	%YoY	Q4 2020 Est	Q3 2020	%QoQ
Revenue	1,271	1,962	-35.2%	1,271	1,073	18.5%
- Cost of Revenue	613	972	-36.9%	613	533	15.1%
Gross Profit	658	990	-33.5%	658	540	21.8%
- Operating Expenses	194	295	-34.4%	194	131	48.0%
Operating Income (Loss)	464	694	-33.2%	464	409	13.5%
- Non-Operating (Income) Loss	51	75	-32.1%	51	186	-127.5%
Pretax Income (Loss), GAAP	532	755	-29.6%	532	211	151.8%
- Income Tax Expense (Benefit)	10	10	1.5%	10	5	86.3%
Net Income Avail to Common, GAAP	439	569	-22.8%	439	118	272.0%

Source: Bloomberg, MCS Research

Company Update

Pakuwon Jati (PWON) Booked Marketing Sales of IDR 726 Billion, The Apartment Segment Becomes a Support

PT Pakuwon Jati Tbk. recorded pre-sales or marketing sales revenue of IDR 726 billion in the first nine months of 2020.

Pakuwon Jati Director Minarto Basuki said that the pre-sale was dominated by apartment projects by 55 percent, housing 42 percent, and offices 3 percent.

The pre-sales revenue of IDR 726 billion covers 67.92 percent of the target set this year after a revision of IDR 1.06 trillion.

(Source: Bisnis Indonesia)

Company Update

Pakuwon Jati (PWON) will allocate a capex of IDR 1 trillion in 2021

PT Pakuwon Jati Tbk (PWON) is preparing a capital expenditure (capex) budget of around Rp. 800 billion to Rp. 1 trillion for 2021. This figure is not much different from this year's capex requirement of Rp. 700 billion.

Pakuwon Jati Director of Business Development Ivy Wong explained that the capex will be used by PWON to start project development in Bekasi. In the project, four condominium towers will be built on top of a mall and two international chain hotels 3 and 4 star will be built on an area of 3.6 hectares (ha).

(Source: Kontan)

Balanced Sheet : Annual

<i>In Billions of IDR</i>	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Total Assets										
+ Cash, Cash Equivalents & STI	322	621	1,315	2,126	2,809	2,071	2,432	3,406	4,460	4,313
+ Accounts & Notes Receiv	117	109	128	149	263	268	186	448	414	808
+ Inventories	3	823	963	1,051	1,672	2,254	2,860	3,741	3,576	3,531
+ Other ST Assets	108	176	303	384	763	815	649	832	1,023	990
Total Current Assets	550	1,728	2,709	3,710	5,507	5,409	6,127	8,428	9,473	9,643
+ Property, Plant & Equip, Net	3,683	3,693	4,210	4,376	9,120	10,344	12,164	12,461	12,922	13,262
+ LT Investments & Receivables	0	0	0	0	0	0	0	0	0	0
+ Other LT Assets	696	323	647	1,212	2,143	3,025	2,383	2,470	2,623	3,191
Total Noncurrent Assets	4,379	4,017	4,857	5,588	11,264	13,370	14,547	14,931	15,545	16,453
Total Assets	4,929	5,745	7,566	9,298	16,771	18,778	20,674	23,359	25,018	26,095
Liabilities & Shareholders' Equity										
+ Payables & Accruals	109	175	161	254	474	601	602	783	753	949
+ ST Debt	378	299	263	374	514	536	769	402	647	912
+ Other ST Liabilities	133	776	1,595	2,222	2,925	3,286	3,247	3,728	2,697	1,512
Total Current Liabilities	619	1,250	2,018	2,850	3,913	4,424	4,618	4,913	4,096	3,373
+ LT Debt	1,463	1,768	2,162	2,041	4,082	4,372	4,471	5,026	4,934	3,885
+ Other LT Liabilities	820	354	251	305	499	528	566	628	676	742
Total Noncurrent Liabilities	2,283	2,121	2,413	2,346	4,581	4,899	5,036	5,654	5,610	4,626
Total Liabilities	2,902	3,372	4,431	5,196	8,494	9,323	9,654	10,567	9,706	8,000
+ Preferred Equity and Hybrid Capital	0	0	0	0	0	0	0	0	0	0
+ Share Capital & APIC	1,003	2,303	2,303	1,566	1,566	1,566	1,566	1,566	1,566	1,566
- Treasury Stock	0	0	0	0	0	0	0	0	0	0
+ Retained Earnings	426	668	1,346	2,310	4,609	5,655	7,109	8,765	11,019	13,401
+ Other Equity	458	737	737	0	9	2	9	11	11	4
Equity Before Minority Interest	1,887	2,234	2,912	3,876	6,167	7,219	8,684	10,320	12,596	14,971
+ Minority/Non Controlling Interest	140	139	222	226	2,110	2,236	2,336	2,472	2,716	3,124
Total Equity	2,027	2,373	3,135	4,103	8,277	9,455	11,020	12,791	15,312	18,096
Total Liabilities & Equity	4,929	5,745	7,566	9,298	16,771	18,778	20,674	23,359	25,018	26,095

Source: Bloomberg, MCS Research

Balanced Sheet : Quarter

<i>In Billions of IDR</i>	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Total Assets										
+ Cash, Cash Equivalents & STI	4,320	4,124	4,460	4,793	4,895	4,507	4,313	4,373	4,003	3,834
+ Accounts & Notes Receiv	361	410	414	438	518	557	808	177	148	166
+ Inventories	3,820	3,666	3,576	3,783	3,418	3,546	3,531	4,439	4,530	4,248
+ Other ST Assets	947	1,037	1,023	969	930	977	990	1,096	1,082	1,051
Total Current Assets	9,448	9,238	9,473	9,983	9,760	9,588	9,643	10,085	9,763	9,299
+ Property, Plant & Equip, Net	14,524	14,996	12,922	15,068	13,142	13,176	13,262	13,340	13,306	13,508
+ LT Investments & Receivables	0	0	0	0	0	0	0	0	0	0
+ Other LT Assets	498	384	2,623	407	2,675	2,892	3,191	3,138	3,424	3,239
Total Noncurrent Assets	15,022	15,379	15,545	15,475	15,817	16,068	16,453	16,477	16,730	16,747
Total Assets	24,470	24,617	25,018	25,458	25,577	25,656	26,095	26,562	26,492	26,046
Liabilities & Shareholders' Equity										
+ Payables & Accruals	1,059	668	753	771	1,092	722	949	700	846	544
+ ST Debt	610	652	647	897	951	951	912	652	553	485
+ Other ST Liabilities	3,232	2,889	2,697	2,549	2,217	1,939	1,512	2,885	2,538	2,344
Total Current Liabilities	4,902	4,208	4,096	4,218	4,261	3,612	3,373	4,237	3,937	3,373
+ LT Debt	5,106	5,217	4,934	4,486	4,250	4,087	3,885	4,374	3,747	3,797
+ Other LT Liabilities	710	718	676	582	567	596	742	1,190	1,775	1,638
Total Noncurrent Liabilities	5,816	5,934	5,610	5,068	4,817	4,683	4,626	5,564	5,522	5,435
Total Liabilities	10,718	10,143	9,706	9,286	9,077	8,295	8,000	9,801	9,459	8,809
+ Preferred Equity and Hybrid Capital	0	0	0	0	0	0	0	0	0	0
+ Share Capital & APIC	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566
- Treasury Stock	0	0	0	0	0	0	0	0	0	0
+ Retained Earnings	9,605	10,256	11,019	11,740	12,047	12,832	13,401	12,237	12,616	12,751
+ Other Equity	10	10	11	13	13	13	4	9	6	7
Equity Before Minority Interest	11,161	11,812	12,596	13,319	13,626	14,411	14,971	13,812	14,188	14,324
+ Minority/Non Controlling Interest	2,592	2,662	2,716	2,854	2,874	2,950	3,124	2,949	2,846	2,914
Total Equity	13,753	14,475	15,312	16,173	16,500	17,361	18,096	16,761	17,034	17,238
Total Liabilities & Equity	24,470	24,617	25,018	25,458	25,577	25,656	26,095	26,562	26,492	26,046

Source: Bloomberg, MCS Research

Profit & Loss : Annual

<i>In Billions of IDR</i>	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 Est	FY 2021 Est
Revenue	2,165	3,030	3,872	4,625	4,841	5,749	7,081	7,202	4,318	4,892
- Cost of Revenue	931	1,265	1,714	1,957	2,088	2,387	3,030	3,144	2,152	2,128
Gross Profit	1,234	1,765	2,158	2,669	2,754	3,362	4,050	4,058	2,166	2,764
+ Other Operating Income	0	0	0	0	0	0	0	0	0	0
- Operating Expenses	172	253	269	404	493	901	975	997	665	593
Operating Income (Loss)	1,062	1,512	1,889	2,265	2,260	2,461	3,076	3,061	1,500	2,171
- Non-Operating (Income) Loss	161	181	753	763	497	389	222	184	252	171
Pretax Income (Loss), Adjusted	901	1,331	2,642	1,501	1,763	2,072	2,854	3,245	1,249	2,000
- Abnormal Losses (Gains)	0	0	33	76	32	0	0	25	30	0
Pretax Income (Loss), GAAP	901	1,331	2,609	1,425	1,732	2,072	2,854	3,271	1,279	2,000
- Income Tax Expense (Benefit)	135	195	10	25	48	47	27	31	29	48
Income (Loss) from Cont Ops	766	1,137	2,599	1,401	1,780	2,025	2,827	3,240	1,250	1,953
- Net Extraordinary Losses (Gains)	0	0	0	0	0	0	0	0	0	0
Income (Loss) Incl. MI	766	1,137	2,599	1,401	1,780	2,025	2,827	3,240	1,250	1,953
- Minority Interest	19	4	84	139	109	152	284	520	210	178
Net Income, GAAP	748	1,133	2,515	1,262	1,671	1,873	2,543	2,720	1,040	1,775
- Preferred Dividends	0	0	0	0	0	0	0	0	0	0
- Other Adjustments	0	0	0	0	0	0	0	0	0	0
Net Income Avail to Common, GAAP	748	1,133	2,515	1,262	1,671	1,873	2,543	2,720	1,040	1,775

Source: Bloomberg, MCS Research

Profit & Loss : Quarter

<i>In Billions of IDR</i>	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020 Est	Q1 2021 Est
Revenue	1,852	1,711	1,794	1,735	1,962	1,651	324	1,073	1,271	1,162
- Cost of Revenue	868	724	779	669	972	673	333	533	613	577
Gross Profit	984	987	1,015	1,066	990	977	9	540	658	585
+ Other Operating Income	0	0	0	0	0	0	0	0	0	0
- Operating Expenses	287	216	244	242	295	219	121	131	194	182
Operating Income (Loss)	697	771	771	824	694	758	131	409	464	403
- Non-Operating (Income) Loss	131	79	19	12	75	571	454	186	51	74
Pretax Income (Loss), Adjusted	827	850	790	836	770	187	323	222	515	477
- Abnormal Losses (Gains)	5	16	8	32	15	54	79	11	16	21
Pretax Income (Loss), GAAP	832	866	782	868	755	134	403	211	532	498
- Income Tax Expense (Benefit)	5	7	7	7	10	10	4	5	10	10
Income (Loss) from Cont Ops	827	859	775	861	745	124	399	206	521	487
- Net Extraordinary Losses (Gains)	0	0	0	0	0	0	0	0	0	0
Income (Loss) Incl. MI	827	859	775	861	745	124	399	206	521	487
- Minority Interest	64	138	131	76	176	57	17	87	82	79
Net Income, GAAP	762	721	644	785	569	67	416	118	439	409
- Preferred Dividends	0	0	0	0	0	0	0	0	0	0
- Other Adjustments	0	0	0	0	0	0	0	0	0	0
Net Income Avail to Common, GAAP	762	721	644	785	569	67	416	118	439	409

Source: Bloomberg, MCS Research

Cash Flow : Annual

<i>In Billions of IDR</i>	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Cash from Operating Activities										
+ Net Income	272	347	748	1,133	2,515	1,262	1,671	1,873	2,543	2,720
+ Depreciation & Amortization	71	116	142	193	214	293	339	380	451	502
+ Non-Cash Items	0	0	0	0	0	0	0	0	0	0
+ Chg in Non-Cash Work Cap	0	0	0	0	0	0	0	0	0	0
Cash from Operating Activities	513	346	1,368	2,103	1,995	1,742	1,325	2,258	2,365	1,770
Cash from Investing Activities										
+ Change in Fixed & Intang	486	70	302	130	1,089	2,257	272	864	756	779
+ Net Change in LT Investment	8	0	0	417	0	0	0	0	0	0
+ Net Cash From Acq & Div	0	1,300	0	279	1,819	0	0	0	0	58
+ Other Investing Activities	5	105	645	117	144	202	869	18	32	49
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Investing Activities	490	1,476	947	943	3,052	2,055	1,141	883	788	886
Cash from Financing Activities										
+ Dividends Paid	0	0	69	169	216	216	216	216	288	337
+ Cash From (Repayment) Debt	56	161	283	164	2,000	59	395	2,781	94	652
+ Cash (Repurchase) of Equity	0	1,303	0	0	0	0	0	0	0	0
+ Other Financing Activities	0	32	65	0	37	101	13	2,970	106	58
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Financing Activities	56	1,431	279	333	1,746	377	165	406	489	1,046
Net Changes in Cash	78	302	696	811	685	734	364	965	1,049	145

Source: Bloomberg, MCS Research

Cash Flow : Quarter

<i>In Billions of IDR</i>	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Cash from Operating Activities										
+ Net Income	566	651	762	721	644	785	569	67	416	118
+ Depreciation & Amortization	115	107	133	109	117	112	163	212	47	146
Cash from Operating Activities	351	99	1,191	698	565	431	76	633	52	146
Cash from Investing Activities										
+ Change in Fixed & Intang	8	276	366	182	146	349	102	204	118	19
+ Net Change in LT Investment	0	0	0	0	0	0	0	0	0	143
+ Net Cash From Acq & Div	22	22	0	0	16	16	25	0	5	22
+ Other Investing Activities	65	117	89	8	11	55	101	5	53	13
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Investing Activities	79	137	277	174	173	310	228	209	70	159
Cash from Financing Activities										
+ Dividends Paid	0	288	0	0	0	336	0	0	0	0
+ Cash From (Repayment) Debt	163	18	180	141	160	175	176	390	214	174
+ Cash (Repurchase) of Equity	0	0	0	0	0	0	0	0	0	0
+ Other Financing Activities	30	0	77	0	110	0	53	42	82	0
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Financing Activities	134	270	257	141	270	511	123	431	296	174
Net Changes in Cash	582	195	338	333	99	385	192	58	367	170

Source: Bloomberg, MCS Research

Valuation



Source: Bloomberg

Valuation

PER

14.7x

EPS

IDR 37

Value

IDR 545



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