

Property Demand Remains Soft Despite Recurring-Income Resilience

11 June 2026



<b>PWON IJ</b>	<b>BUY</b>
Sector	Property
Price at 10 June 2026 (IDR)	248
Price target (IDR)	340
Upside/Downside (%)	37.1

**Stock Information**

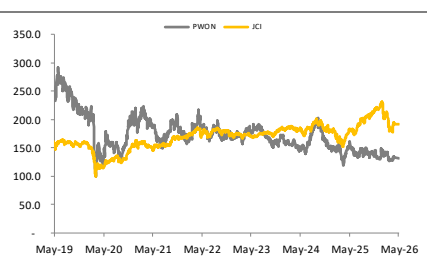
PT Pakuwon Jati Tbk owns, develops, and manages shopping centers, business complexes, real estate, and hotels.

Market cap (IDR bn)	11,944
Shares outstanding (mn)	48,160
52-week range (IDR)	244-440
3M average daily vol. ('000)	40,865
3M average daily val. (IDR mn)	15,617

**Shareholders (%)**

Pakuwon Arthaniaga	68.7
Public	31.3

**Stock Performance**



Source: Bloomberg

	1M	3M	12M
Performance	-22.78	-28.65	-36.13

**Analyst**  
**Steven Gunawan**  
steven.gunawan@kbvalbury.com

PWON's earnings are becoming increasingly reliant on recurring-income as property sales momentum normalizes and demand remains subdued amid a prolonged higher-for-longer interest-rate environment. While its mall and hospitality portfolio continues to underpin earnings resilience, a challenging macro backdrop and softer development revenue point to a more moderate growth trajectory. We maintain our BUY recommendation but lower our TP to IDR340 (from IDR400).

**Residential sales remain mired in weakness**

We expect development revenue to decline 7.0% YoY to IDR1.4 tn in FY26F, reflecting a normalization phase following exceptionally strong handovers during FY21-FY25, which cumulatively reached IDR9.6 tn. Demand indicators remain subdued, with short-term customer advances largely unchanged at IDR600.6 bn, suggesting limited near-term sales momentum.

**Growth outlook moderates amid a challenging macro backdrop**

We forecast FY26F revenue to grow a modest 0.2% YoY to IDR7.1 tn, with recurring-income contributing 80.5% of total revenue and providing earnings visibility. EBITDA is expected to increase 2.3% YoY to IDR3.8 tn, implying a margin of 52.8%, vs. 51.8% in FY25. In 1Q26, EBITDA achieved 23.5% of our FY26F estimate. Meanwhile, prudent debt-management should lower interest expenses by 2.6% YoY to IDR353.1 bn despite continued investment in land acquisitions and operating assets. As a result, we project FY26F net profit of IDR2.4 tn (+1.2% YoY), with margin improving slightly to 33.3%.

**Stable occupancy, but growth remains constrained**

We expect recurring-income to remain PWON's key earnings stabilizer in FY26F, supported by resilient operations across its flagship assets and relatively stable short-term unearned revenue of IDR1.5 tn. We forecast revenue from malls, offices & serviced apartments to grow 2.3% YoY to IDR4.4 tn, with 1Q26 already achieving 25.4% of our FY26F estimate. Mall revenue is expected to increase 0.9% YoY to IDR3.3 tn (in 1Q26 achieved 25.7% to our FY26F), driven by marginal occupancy improvement at Pakuwon Mall Surabaya (94% to 95%) and continued strength from flagship assets such as Tunjungan Plaza and Kota Kasablanka. Meanwhile, hotel revenue is projected to grow 1.6% YoY to IDR1.4 tn (in 1Q26 achieved 23.5% to our FY26F), supported by contributions from newly opened properties, including Fairfield Bekasi, Four Points Bekasi and Aloft Pakuwon City.

**1Q26 revenue growth increasingly defensive rather than expansive**

PWON posted 1Q26 revenue of IDR1.6 tn (+5.8% YoY), largely supported by resilient recurring-income, which grew 8.3% YoY to IDR1.4 tn. Growth was driven primarily by the malls, offices & serviced apartment segments (+7.4% YoY), which accounted for 67.5% of total revenue (vs. 54.7% in 4Q25), highlighting the increasing importance of recurring income as the group's core earnings driver. In contrast, development-revenue declined 8.0% YoY due to a high-base effect from stronger property handovers in 1Q25. On a quarterly basis, revenue fell 17.4% QoQ, reflecting a sharp normalization in development sales following exceptionally strong handovers in 4Q25 that were accelerated by VAT incentives.

**Maintaining BUY, but lowering expectations**

Following weaker-than-expected 1Q26 results, which represented only 16.0%-23.5% of our previous FY26F forecasts, we revise our estimates downward. Revenue is cut by 4.0%, gross profit by 3.6%, EBIT by 4.1%, EBITDA by 3.3% and net profit by 2.5%. The revisions also reflect a more cautious outlook for commercial property demand amid persistent inflationary pressures and a prolonged higher-for-longer interest-rate environment, which could further weigh on residential sales recovery. Accordingly, we lower our target price to IDR340 (from IDR400), based on a 5yrs DCF valuation (WACC: 12.6%; LTG: 3.0%). The revised TP implies 0.6x FY26F P/B and a 71.0% discount to RNAV. We maintain our BUY recommendation, as recurring income - representing approximately 78% of total revenue - continues to provide a structural cushion against cyclical weakness in property demand, supporting earnings resilience despite a softer near-term growth outlook.

**Exhibit 1: Key Statistics**

Year end Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Revenue	6,671	7,111	7,129	7,457	7,657
Gross profit	3,769	3,944	4,018	4,210	4,354
Operating profit	2,901	2,944	2,993	3,102	3,170
EBITDA	3,574	3,682	3,766	3,910	4,009
Net Income	2,075	2,346	2,375	2,390	2,409
EPS	43.1	48.7	49.3	49.6	50.0
PER (x)	5.7	5.0	4.9	4.9	4.9
PBV (x)	0.5	0.4	0.4	0.4	0.4
EV/EBITDA (x)	2.5	3.3	3.3	3.3	3.5
Dividend yield (%)	3.7	5.3	6.0	6.1	6.1
Net Gearing (%)	(11.0)	1.5	1.9	4.4	7.6

Source: Company, KBVS Research

Exhibit 2: Financial Summary

PWON's 1Q26 Result (IDR bn)	1Q26	1Q25	YoY (%)	4Q25	QoQ (%)	FY26F KBVS (New)	%	FY26F Cons	%
<b>Revenue</b>	<b>1,646</b>	<b>1,555</b>	<b>5.8</b>	<b>1,993</b>	<b>(17.4)</b>	<b>7,129</b>	<b>23.1%</b>	<b>7,413</b>	<b>22.2%</b>
Office, shopping center & service apartement	1,111	1,035	7.4	1,091	1.9				
Real estate	215	233	(8.0)	474	(54.7)				
Hospitality	320	287	11.6	429	(25.3)				
COGS	(705)	(698)	0.9	(887)	(20.5)				
Gross Profit	941	857	9.8	1,106	(14.9)	4,018	23.4%	4,068	23.1%
EBIT	604	544	11.1	1,105	(45.3)	2,993	20.2%	3,102	19.5%
<b>EBITDA</b>	<b>916</b>	<b>834</b>	<b>9.8</b>	<b>944</b>	<b>(3.0)</b>	<b>3,766</b>	<b>24.3%</b>	<b>3,890</b>	<b>23.5%</b>
Interest expense (loan)	(88)	(98)	(10.3)	(93)	(5.4)	(353)	24.9%		
Interest income	135	148		157					
Other income (exp.)	(138)	(195)		83					
Associate & JV	-	0		-					
Pre-tax income	513	398	28.7	1,252	(59.1)	3,294	15.6%	3,246	15.8%
Taxes	(1)	(1)		(50)					
Minorities	(122)	(96)		(14)					
<b>Reported net income (Parent)</b>	<b>390</b>	<b>302</b>	<b>29.3</b>	<b>620</b>	<b>(37.1)</b>	<b>2,375</b>	<b>16.4%</b>	<b>2,449</b>	<b>15.9%</b>
Normalized net income (Parent)	406	420	(3.3)	1,031	(60.6)	2,375	17.1%	2,449	16.6%
<b>Margins (%)</b>									
Gross profit margin	57.2	55.1		55.5					
EBIT margin	36.7	35.0		55.4					
EBITDA margin	55.7	53.6		47.4					
Reported net margin (Parent)	23.7	19.4		31.1					
Normalized net margin (Parent)	24.7	27.0		51.7					

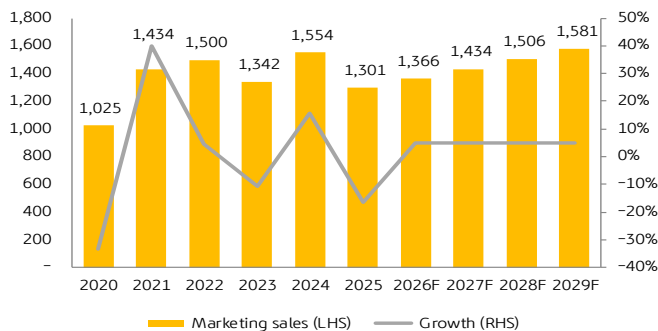
Source: KBVS Research

Exhibit 3: PWON's valuation summary

DCF Valuation	2026	2027	2028	2029	2030
Cash flow multiple	1	2	3	4	5
Net Profit	2,375	2,390	2,409	2,460	2,476
Interest expense (1-tax)	280	310	337	381	430
Depreciation	773	807	839	870	904
NWC	75	49	14	(16)	(61)
Capex	(983)	(953)	(756)	(876)	(986)
<b>FCFF</b>	<b>2,518</b>	<b>2,603</b>	<b>2,843</b>	<b>2,818</b>	<b>2,762</b>
Discount factor	1.1	1.3	1.4	1.6	1.8
Discounted Free Cash Flow	2,236	2,053	1,991	1,753	1,526
Terminal Value	<b>22,216</b>				
Discounted Terminal Value	12,272				
Enterprise Value	<b>21,831</b>				
Net debt	<b>551</b>				
Equity value	21,280				
Minority interest	(4,526)				
<b>Fair value per share FY26F (rounded)</b>	<b>340</b>				

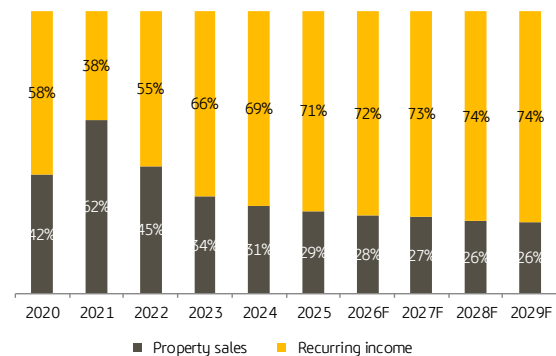
Source: KBVS Research

Exhibit 4: PWON's marketing sales (IDR bn)



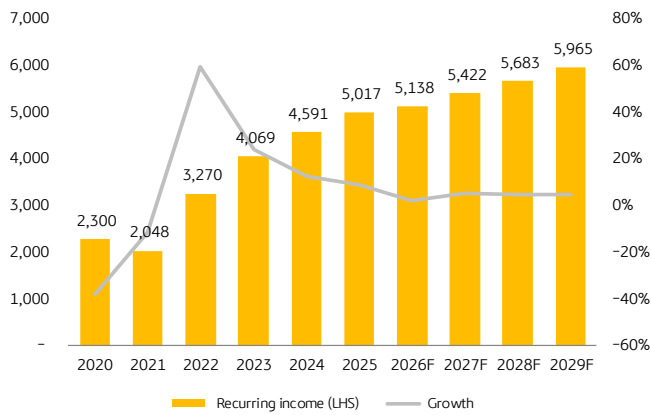
Source: Company, KBVS Research

Exhibit 5: PWON's revenue breakdown



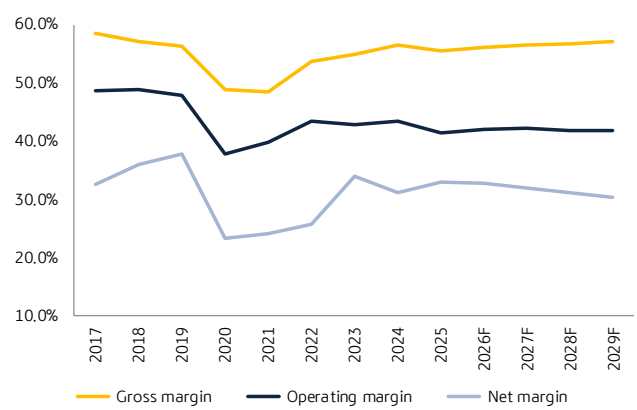
Source: Company, KBVS Research

Exhibit 6: PWON's recurring income growth (IDR bn)



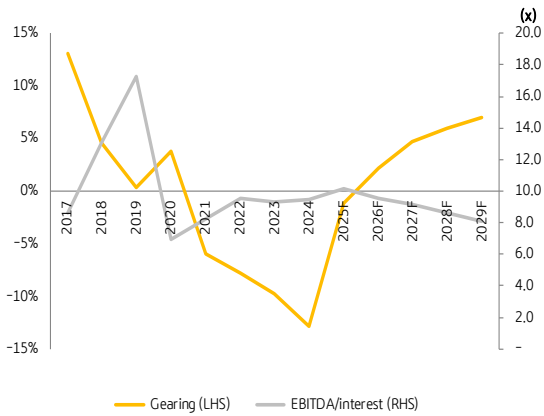
Source: Company, KBVS Research

Exhibit 7: PWON's profitability level



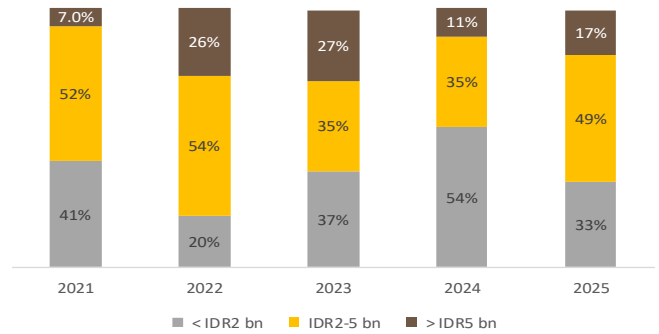
Source: Company, KBVS Research

Exhibit 8: PWON's net gearing



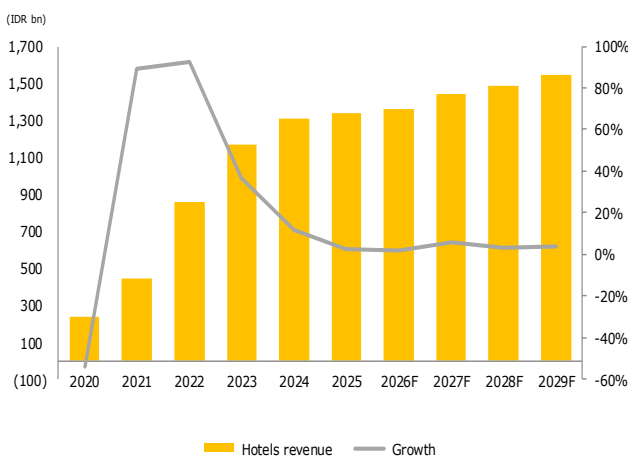
Source: Company, KBVS Research

Exhibit 9: PWON's presales by price range



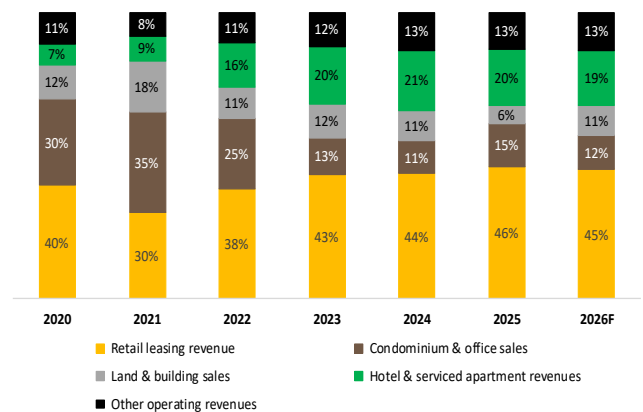
Source: Company, Bloomberg

Exhibit 10: PWON's hotel segment revenue



Source: Company, KBVS Research

Exhibit 11: PWON's revenue by product category



Source: Company, Bloomberg

FINANCIAL TABLES

Exhibit 12: Profit & Loss summary

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
<b>Revenue</b>	<b>6,671</b>	<b>7,111</b>	<b>7,129</b>	<b>7,457</b>	<b>7,657</b>
Cost of revenue	(2,902)	(3,167)	(3,110)	(3,248)	(3,304)
<b>Gross profit</b>	<b>3,769</b>	<b>3,944</b>	<b>4,018</b>	<b>4,210</b>	<b>4,354</b>
Selling expenses	(306)	(359)	(374)	(399)	(421)
G&A expenses	(562)	(642)	(651)	(709)	(763)
<b>Operating profit</b>	<b>2,901</b>	<b>2,944</b>	<b>2,993</b>	<b>3,102</b>	<b>3,170</b>
<b>EBITDA</b>	<b>3,574</b>	<b>3,682</b>	<b>3,766</b>	<b>3,910</b>	<b>4,009</b>
Other op. income/exp	(228)	62	-	-	-
Finance income	558	603	654	629	641
Finance expense	(376)	(362)	(353)	(391)	(425)
Inc/loss from assoc.	-	-	-	-	-
<b>Pre-tax profit</b>	<b>2,854</b>	<b>3,246</b>	<b>3,294</b>	<b>3,340</b>	<b>3,386</b>
Tax expense	(433)	(488)	(502)	(530)	(554)
Minority interest	(347)	(412)	(417)	(420)	(423)
<b>Net profit</b>	<b>2,075</b>	<b>2,346</b>	<b>2,375</b>	<b>2,390</b>	<b>2,409</b>
EPS (IDR)	43	49	49	50	50

Source: Company, KBVS Research

Exhibit 13: Balance sheet

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Cash and equivalents	9,154	5,186	5,093	4,988	4,628
Trade receivables	258	292	290	299	311
Inventories	4,494	4,533	4,451	4,391	4,390
Net- Fixed assets	2,776	2,923	3,075	3,229	3,386
Other assets	18,688	23,532	25,739	28,637	31,828
<b>Total Assets</b>	<b>35,371</b>	<b>36,466</b>	<b>38,648</b>	<b>41,545</b>	<b>44,543</b>
Trade payables	270	307	301	311	319
Short-term debt + CMLTD	-	-	-	-	-
Long-term debt	6,436	5,575	5,644	6,328	7,095
Other liabilities	3,923	3,961	4,040	4,292	4,549
<b>Total Liabilities</b>	<b>10,629</b>	<b>9,843</b>	<b>9,985</b>	<b>10,930</b>	<b>11,962</b>
Minority interest	4,039	4,153	4,526	4,805	5,084
Paid capital	1,566	1,566	1,566	1,566	1,566
Retained earnings	19,211	20,932	22,598	24,272	25,959
Other equities	(74)	(28)	(28)	(28)	(28)
<b>Total Equity</b>	<b>24,742</b>	<b>26,623</b>	<b>28,662</b>	<b>30,615</b>	<b>32,581</b>

Source: Company, KBVS Research

Exhibit 14: Cash flow

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Net income	2,075	2,346	2,375	2,390	2,409
Depreciation & amortization	673	738	773	807	839
Change in working capital	366	(236)	202	246	159
<b>Cash flow from operations</b>	<b>3,113</b>	<b>2,848</b>	<b>3,350</b>	<b>3,443</b>	<b>3,407</b>
Capex	(839)	(943)	(983)	(953)	(756)
Others	(730)	(4,567)	(2,292)	(2,997)	(3,511)
<b>Cash flow from investments</b>	<b>(1,569)</b>	<b>(5,511)</b>	<b>(3,276)</b>	<b>(3,950)</b>	<b>(4,267)</b>
Changes in debt	306	(861)	69	684	767
Changes in equity	305	161	373	279	279
Dividends paid	(433)	(626)	(708)	(717)	(721)
Others	(168)	20	100	156	175
<b>Cash flow from financing</b>	<b>10</b>	<b>(1,306)</b>	<b>(167)</b>	<b>403</b>	<b>500</b>
<b>Net Cash Flow</b>	<b>1,554</b>	<b>(3,968)</b>	<b>(93)</b>	<b>(104)</b>	<b>(360)</b>

Source: Company, KBVS Research

Exhibit 15: Ratio analysis

Year End Dec	2024A	2025A	2026F	2027F	2028F
Revenue growth	7.6	6.6	0.2	4.6	2.7
EBIT growth	9.0	1.5	1.7	3.6	2.2
EBITDA growth	7.1	3.0	2.3	3.8	2.5
Net profit growth	(1.4)	13.1	1.2	0.6	0.8
Gross margin	56.5	55.5	56.4	56.5	56.9
EBIT margin	43.5	41.4	42.0	41.6	41.4
EBITDA margin	53.6	51.8	52.8	52.4	52.3
Net margin	31.1	33.0	33.3	32.0	31.5
ROA	5.9	6.4	6.1	5.8	5.4
ROE	8.4	8.8	8.3	7.8	7.4
Net gearing (x)	(0.1)	0.0	0.0	0.0	0.1
Net debt/EBITDA (x)	(0.8)	0.1	0.1	0.3	0.6
Interest coverage ratio (x)	9.5	10.2	10.7	10.0	9.4

Source: Company, KBVS Research

## Our Analysts

**Fikri C Permana**  
Head of Equity Research  
Strategy and Economics  
fikri.permana  
@kbvalbury.com

**Adolf R B Setiadi**  
Equity Analyst  
Coal, Renewables, Plantation, Pulp  
adolof.setiadi  
@kbvalbury.com

**Akhmad Nurcahyadi**  
Senior Equity Analyst  
Banks, Consumer, Cigarettes, Auto  
akhmad.nurcahyadi  
@kbvalbury.com

**Andre Suntono**  
Senior Equity Analyst  
Retail, Poultry, Healthcare  
andre.suntono  
@kbvalbury.com

**Ashalia Fitri Yuliana**  
Equity Analyst  
Metal Mining, H-Equipment, Cement,  
Media, Chemicals  
ashalia.yuliana  
@kbvalbury.com

**Atikah Tri Adriyanti**  
Equity Analyst  
Small-Mid Caps  
atikah.adriyanti  
@kbvalbury.com

**Steven Gunawan**  
Senior Equity Analyst  
Telco, Tower, Property  
steven.gunawan  
@kbvalbury.com

**Khairunnisa N Syahfiraputri**  
Associate Economist  
khairunnisa.syahfiraputri  
@kbvalbury.com

**Michael Handisurya**  
Technical Analyst  
michael.handisurya  
@kbvalbury.com

## Disclaimer

This report is prepared by PT KB Valbury Sekuritas, a member of the Indonesia Stock Exchange, or its subsidiaries or its affiliates ("KBVS"). All the material presented in this report is under copyright to KBVS. None of the parts of this material, nor its contents, may be copied, photocopied, or duplicated in any form or by any means or altered in any way, or transmitted to, or distributed to any other party without the prior written consent of KBVS.

The research presented in this report is based on the information obtained by KBVS from sources believed to be reliable, however KBVS do not make representations as to their accuracy, completeness or correctness. KBVS accepts no liability for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from the use of the material presented in this report and further communication given or relied in relation to this document. The material in this report is not to be construed as an offer or a solicitation of an offer to buy or sell any securities or financial products. This report is not to be relied upon in substitution for the exercise of independent judgement. Past performance and no representation or warranty, express or implied, is made regarding future performance. Information, valuations, opinions, forecasts and estimates contained in this report reflects a judgement at its original date of publication by KBVS and are subject to change without notice, its accuracy is not guaranteed or it may be incomplete.

The Research Analyst(s) primarily responsible for the content of this research report, in part or as a whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The Analyst also certifies that no part of his/her compensation was, is or will related to specific recommendation views expressed in this report. It also certifies that the views and recommendations expressed in this report do not and will not take into account client circumstances, objectives, needs and no intentions involved as a use for recommendations for sale or buy any securities or financial instruments.

## KB Valbury Sekuritas

Head Office

Sahid Sudirman Center 41st Floor Unit A-C

Jalan Jenderal Sudirman No. 86 Kelurahan Karet Tengsin,  
Kecamatan Tanah Abang, Jakarta Pusat 10220, Indonesia  
T. (021) 25098300  
F. (021) 25098400

## Branch Office

### Jakarta - Kelapa Gading

Rukan Plaza Pasifik  
Jl. Boulevard Barat Raya Blok A1 No. 10  
Jakarta Utara 14240  
T. (021) 29451577

### Denpasar

Jl. Teuku Umar No. 177  
Komplek Ibis Styles Hotel  
Denpasar Bali 80114  
T. (0361) 3338080

### Palembang

Komplek PTC Mall Blok I No. 7  
Jl. R. Sukanto  
Palembang 30114  
T. (0711) 2005050

### Semarang

Jl. Gajahmada 23A,  
Kecamatan Semarang Tengah,  
Kelurahan Kembang Sari 50241  
T. (024) 40098080

### Pontianak

Jl. Prof. M Yamin No. 14  
Kotabaru, Pontianak Selatan  
Kalimantan Barat 78116  
T. (0561) 8069000

### Pekanbaru

Jl. Tuanku Tambusai, Komplek CNN  
Blok A No. 3 Pekanbaru 28291  
T. (0761) 839393

### Jakarta - Puri Indah

Rukan Grand Aries Niaga Blok E1 No. IV  
Jl. Taman Aries, Kembangan  
Jakarta Barat 11620  
T. (021) 22542390

### Bandung

Jl. Abdul Rivai No. 1A,  
Kel. Pasirkaliki, Kec. Cicendo  
Bandung 40171  
T. (022) 3003133

### Yogyakarta

Jl. Magelang KM 5,5 No. 75  
Yogyakarta 55000  
T. (0274) 8099090

### Surabaya

Pakuwon Center Lt 21  
Jl. Embong Malang No.1  
Surabaya 60261  
T. (031) 21008080

### Makassar

Komplek Ruko Citraland City Losari  
Business Park, Blok B2 No. 09  
Jl. Citraland Boulevard Makassar 90111  
T. (0411) 6000818

### Jakarta - Pluit

Jl. Pluit Putra Raya No. 2  
Jakarta Utara 14450  
T. (021) 6692119

### Malang

Jl. Pahlawan Trip No. 7  
Malang 65112  
T. (0341) 585888

### Banjarmasin

Jl. Gatot Subroto No. 33  
Banjarmasin 70235  
T. (0511) 3265918

### Padang

Jl. Proklamasi No. 60A  
Padang Timur 25121  
T. (0751) 8688080

### Medan

Komplek Golden Trade Center  
Jl. Jenderal Gatot Subroto No. 18-19  
Medan 20112  
T. (061) 50339090

## Investment Gallery

### Jakarta

Citra Garden 6 Ruko Sixth Avenue  
Blok J.1 A/18, Cengkareng  
Jakarta Barat 11820  
T. (021) 52392181

### Semarang

Jl. Jati Raya No. D6,  
Srandol Wetan, Banyumanik,  
Semarang 50263  
T. (024) 8415195

### Salatiga

Jl. Diponegoro No. 68  
Salatiga 50711  
T. (0298) 313007

### Jambi

Jl. Orang Kayo Hitam  
No. 48 B  
Jambi Timur 36123  
T. (0741) 3068533