

Mid-term growth ahead, driven by strong pipeline

29 July 2025



PWON IJ	BUY
Sector	Property.
Price at 28 July 2025 (IDR)	360
Price target (IDR)	480
Upside/Downside (%)	33.4

Stock Information

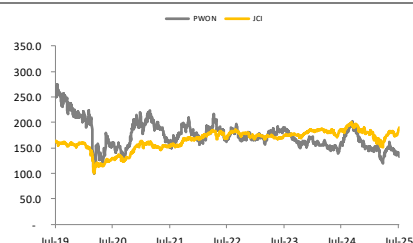
PT Pakuwon Jati Tbk owns, develops, and manages shopping centers, business complexes, real estate, and hotels.

Market cap (IDR bn)	17,337
Shares outstanding (mn)	48,160
52-week range (IDR)	304-530
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	-2.69	-3.21	-11.27

Analyst

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We expect strong recurring income growth for PWON, driven by the planned addition of ~297k sqm of retail NLA (current: 848k) and ~2,992 new rooms in 4- and 5-star hotels (current: 2,266) by 2031. Key pipeline projects include mixed-use developments in Batam and Semarang, along with Kota Kasablanka phase 4, Gandaria City phase 2 and Pakuwon Mall phase 5, which will fuel mid-term growth. Assuming a conservative 5.0% CAGR in marketing sales and incorporating new recurring income streams, PWON is poised to deliver at least 5.6% CAGR earnings growth from 2025F-2029F. In addition, with a robust cash position, PWON is well-positioned to pursue further acquisitions and finance its upcoming projects. This financial strength opens up significant potential upside for earnings growth. Maintain our BUY call with a target price of IDR480, using 5yrs DCF-based TP (WACC: 11.3%; LTG: 3%), implying 1.0x '25F P/B and 59.0% discount to '25F RNAV.

New openings & higher occupancy to drive retail & hotel segments

The 22.8% yoy increase in short-term unearned income to IDR1.5 tn signals stronger full-year 2025F recognition for recurring-income segment. This supports our projected 7.2% yoy rise in retail-leasing revenue to IDR3.1 tn, driven by higher occupancy at Pakuwon City Mall and the opening of Pakuwon Mall Bekasi. Hotel revenue is forecast to rise 4.1% to IDR1.4 tn, supported by the anticipated openings of Four Points Hotel in Pakuwon Bekasi and Aloft Hotel in Pakuwon City.

Property sales dip, recurring income to drive stability

Following strong revenue recognition from apartment & office sales totaling IDR5.0 tn in 2021-2024, this segment is projected to decline 10.3% to IDR676.9 bn in 2025F, as reflected in stagnant short-term customer advances. Landed house sales, which surged by an average of 21.5% during 2021-2024, are expected to grow by just 1.2% to IDR733.3 bn. Overall, total revenue is projected to grow 2.9% yoy to IDR6.9 tn, with recurring income contributing 79%, helping to support earnings stability amid macroeconomic headwinds.

Net profit seen rising 4.1% in 2025F on lower interest costs

Although landed houses carry a higher gross margin than recurring income, their small revenue contribution limits their impact on consolidated margins. As such, gross margin is expected to decline by 18bps to 56.3% in 2025F. Backed by a strong cash position of nearly IDR10.0 tn, mainly from retail-leasing, the company is able to prudently manage its balance sheet, including reducing debt. As a result, interest expenses are expected to decline by 1.2% to IDR371.6 bn. Net profit is therefore projected to grow by 4.1% to IDR2.2 tn, outpacing revenue growth and lifting the net margin to 31.5%, up from 31.1% in 2024.

Reiterate BUY with TP of IDR480

Maintain our BUY call with a target price of IDR480, using 5yrs DCF-based TP (WACC: 11.3%; LTG: 3%), implying 1.0x '25F P/B and 59.0% discount to '25F RNAV. Bank Indonesia has cut rates several times since Sep-24, lowering the BI rate to 5.25%, with further easing expected in '25F. This should support the property industry. However, key risks to our call include: weak demand for retail, office & hotel space; rising construction material costs; and increasing competition from nearby developments.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Revenue	6,200	6,671	6,864	7,309	7,854
EBITDA	3,338	3,574	3,638	3,867	4,094
Net Income	2,105	2,075	2,160	2,245	2,343
EPS	43.7	43.1	44.8	46.6	48.6
PER (x)	8.3	8.4	8.1	7.8	7.4
PBV (x)	0.8	0.7	0.7	0.6	0.6
EV/EBITDA (x)	4.8	4.1	3.5	-	-
Dividend yield (%)	1.8	2.5	2.5	0.0	0.0
Net Gearing (%)	(6.4)	(11.0)	(17.6)	(17.8)	(17.9)

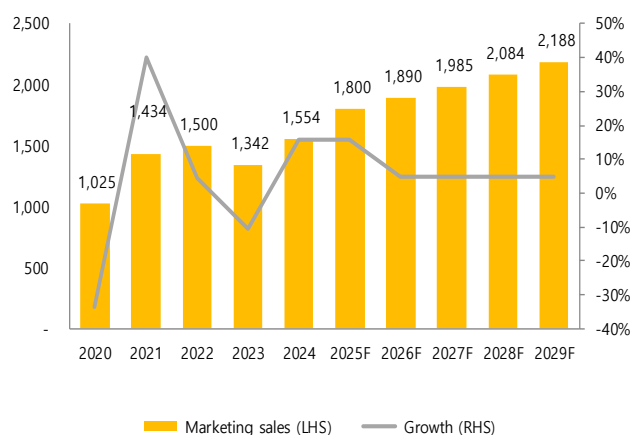
Source: Company, KBVS Research

Exhibit 2: PWON's valuation summary

DCF Valuation	2025	2026	2027	2028	2029
Cash flow multiple	1	2	3	4	5
Net Profit	2,160	2,245	2,343	2,571	2,547
Interest expense (1-tax)	295	295	295	123	127
Depreciation	688	782	861	946	1,003
NWC	(119)	(327)	(321)	(323)	(340)
Capex	(1,000)	(2,089)	(2,189)	(2,289)	(933)
FCFF	2,024	906	989	1,027	2,404
Discount factor	1.1	1.2	1.4	1.5	1.7
Discounted Free Cash Flow	1,818	731	716	668	1,405
Terminal Value	29,680				
Discounted Terminal Value	17,343				
Enterprise Value	22,681				
Net debt	(4,700)				
Equity value	27,381				
Minority interest	(4,247)				
Fair value per share 2025F (rounded)	480				

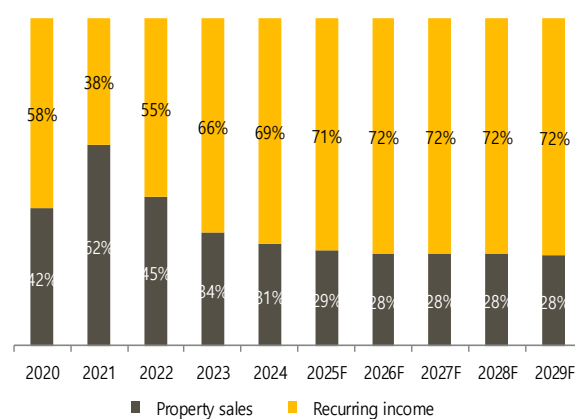
Source: KBVS Research

Exhibit 3: PWON's marketing sales (IDR bn)



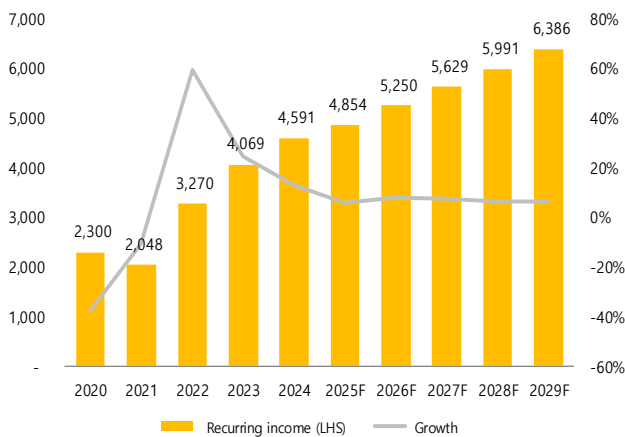
Source: Company, KBVS Research

Exhibit 4: PWON's revenue breakdown



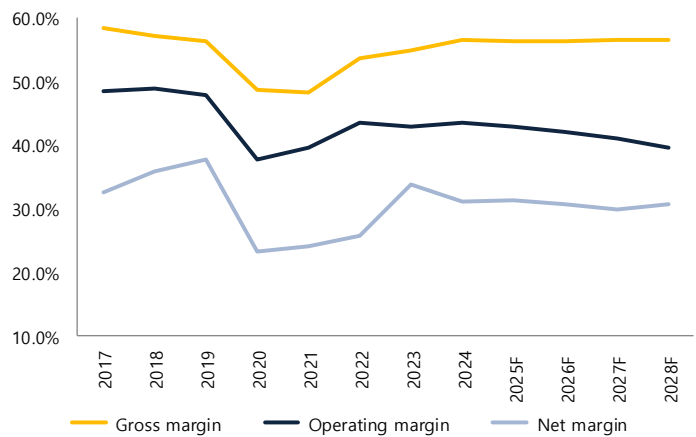
Source: Company, KBVS Research

Exhibit 5: PWON's recurring income growth (IDR bn)



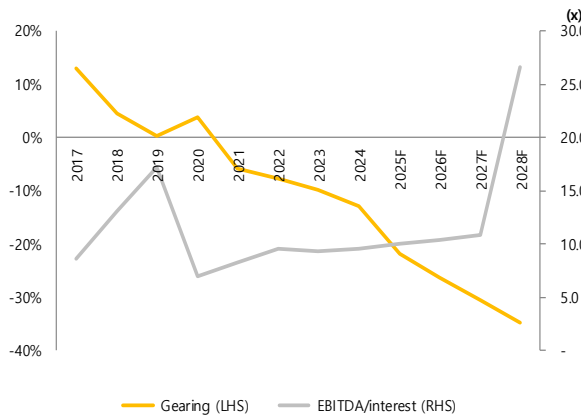
Source: Company, KBVS Research

Exhibit 6: PWON's profitability level



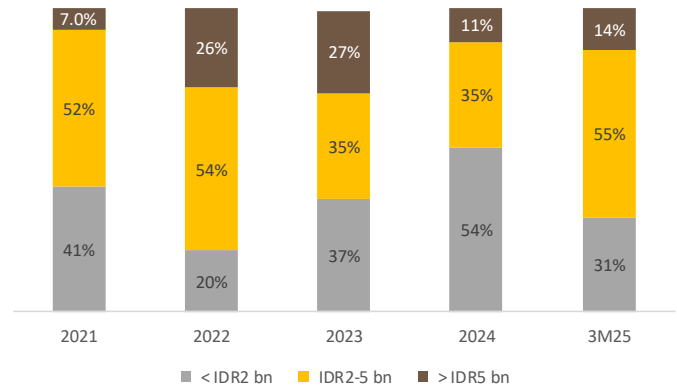
Source: Company, KBVS Research

Exhibit 7: PWON's net gearing



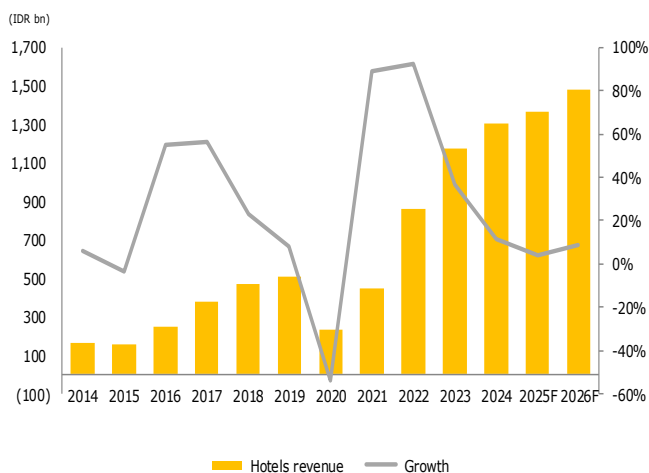
Source: Company, KBVS Research

Exhibit 8: PWON's presales by price range (3M25)



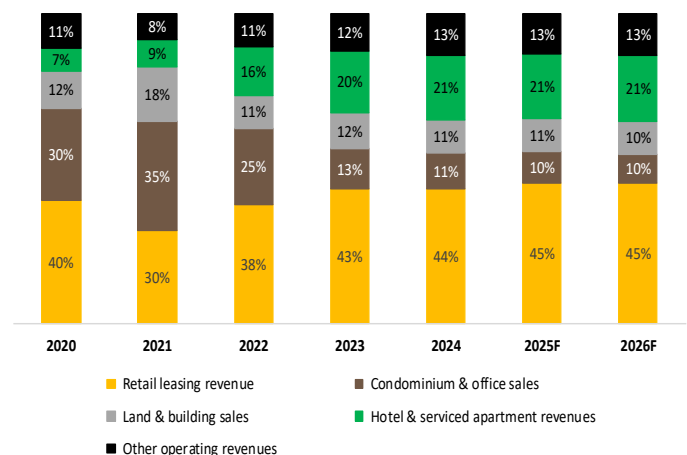
Source: Company, Bloomberg

Exhibit 9: PWON's hotel segment revenue



Source: Company, KBVS Research

Exhibit 10: PWON's revenue by product category



Source: Company, Bloomberg

FINANCIAL TABLES

Exhibit 11: Profit & Loss summary

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Revenue	6,200	6,671	6,864	7,309	7,854
Cost of revenue	(2,800)	(2,902)	(2,998)	(3,185)	(3,414)
Gross profit	3,401	3,769	3,866	4,124	4,440
Selling expenses	(224)	(306)	(326)	(415)	(536)
G&A expenses	(517)	(562)	(590)	(625)	(672)
Operating profit	2,660	2,901	2,950	3,085	3,233
EBITDA	3,338	3,574	3,638	3,867	4,094
Other op. income/exp	55	(228)	-	-	-
Finance income	412	558	410	408	409
Finance expense	(358)	(376)	(372)	(372)	(372)
Inc/loss from assoc.	-	-	-	-	-
Pre-tax profit	2,769	2,854	2,988	3,121	3,270
Tax expense	(388)	(433)	(447)	(480)	(514)
Minority interest	(277)	(347)	(381)	(396)	(413)
Net profit	2,105	2,075	2,160	2,245	2,343
EPS (IDR)	44	43	45	47	49

Source: Company, KBVS Research

Exhibit 12: Balance sheet

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Cash and equivalents	7,600	9,154	10,910	11,338	11,758
Trade receivables	262	258	262	279	300
Inventories	3,943	4,494	4,580	4,913	5,241
Net- Fixed assets	2,576	2,776	2,782	3,311	3,898
Other assets	18,329	18,688	18,681	19,755	20,917
Total Assets	32,711	35,371	37,215	39,596	42,114
Trade payables	201	270	230	245	262
Short-term debt + CMLTD	-	-	-	-	-
Long-term debt	6,130	6,436	6,210	6,210	6,210
Other liabilities	3,585	3,923	4,091	4,378	4,720
Total Liabilities	9,915	10,629	10,532	10,833	11,192
Minority interest	3,699	4,039	4,247	4,526	4,805
Paid capital	1,566	1,566	1,566	1,566	1,566
Retained earnings	17,570	19,211	20,944	22,745	24,625
Other equities	(40)	(74)	(74)	(74)	(74)
Total Equity	22,795	24,742	26,683	28,763	30,922

Source: Company, KBVS Research

Exhibit 13: Cash flow

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net income	2,105	2,075	2,160	2,245	2,343
Depreciation & amortization	677	673	688	782	861
Change in working capital	(748)	366	123	(70)	(78)
Cash flow from operations	2,035	3,113	2,971	2,957	3,126
Capex	(1,229)	(839)	(1,000)	(2,089)	(2,189)
Others	(754)	(730)	91	(378)	(452)
Cash flow from investments	(1,984)	(1,569)	(909)	(2,468)	(2,642)
Changes in debt	(119)	306	(226)	-	-
Changes in equity	285	305	209	279	279
Dividends paid	(313)	(433)	(427)	(445)	(462)
Others	252	(168)	138	104	120
Cash flow from financing	105	10	(306)	(62)	(63)
Net Cash Flow	156	1,554	1,756	428	420

Source: Company, KBVS Research

Exhibit 14: Ratio analysis

Year End Dec	2023A	2024A	2025F	2026F	2027F
Revenue growth	3.6	7.6	2.9	6.5	7.5
EBIT growth	2.2	9.0	1.7	4.6	4.8
EBITDA growth	2.7	7.1	1.8	6.3	5.9
Net profit growth	36.8	(1.4)	4.1	3.9	4.3
Gross margin	54.8	56.5	56.3	56.4	56.5
EBIT margin	42.9	43.5	43.0	42.2	41.2
EBITDA margin	53.8	53.6	53.0	52.9	52.1
Net margin	34.0	31.1	31.5	30.7	29.8
ROA	6.4	5.9	5.8	5.7	5.6
ROE	9.2	8.4	8.1	7.8	7.6
Net gearing (x)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
Net debt/EBITDA (x)	(0.4)	(0.8)	(1.3)	(1.3)	(1.4)
Interest coverage ratio (x)	9.3	9.5	9.8	10.4	11.0

Source: Company, KBVS Research

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