Solid Floor, Lower Ceiling

2 September 2026

We maintain our BUY call on PWON but lower our TP to IDR310 from IDR340, implying 0.5x FY26F P/BV and a 73.6% discount to RNAV. The 1H26 results point to earnings stability rather than a near-term growth re-acceleration, as recurring income continues to cushion the weaker development revenue segment. We cut our FY26F estimates due to lower residential handovers and limited visibility on development revenue recognition. That said, we retain our BUY rating given PWON's increasingly defensive earnings mix, which should provide downside support despite subdued overall growth.

PWON IJ	BUY
Sector	Property
Price 1 Sep 2026 (IDR)	276
Price target (IDR)	310
Upside/Downside (%)	12.3

Stock Information

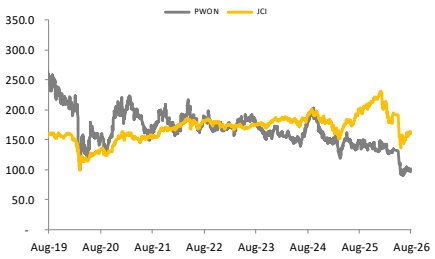
PT Pakuwon Jati Tbk owns, develops, and manages shopping centers, business complexes, real estate, and hotels.

Market cap (IDR bn)	13,292
Shares outstanding (mn)	48,160
52-week range (IDR)	236-440
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	7.0	-2.1	-25.0

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Residential weakness weighs on development revenue

We expect PWON's development revenue to decline -22.0% YoY to IDR1.2 tn in FY26F, lower than our previous estimate of IDR1.4 tn, as 1H26 achievement only reached 34.5% of our full-year forecast. The drop largely reflects a normalization period following elevated product handovers between FY21 and FY25, which cumulatively reached IDR9.6 tn. Near-term demand remains soft. Short-term customer advances are broadly unchanged at IDR617.1 bn, offering limited visibility on when development revenue will be recognized in FY26F.

Recurring income to become major contributor of earnings base

We now forecast FY26F consolidated revenue to decline -2.9% YoY to IDR6.9 tn, sitting -3.1% below our previous estimate of IDR7.1 tn. By contrast, recurring income accounted for 85.8% of total revenue in 1H26 (vs. 79.9% in 1H25), offering better earnings visibility while property sales remain sluggish. We project FY26F EBITDA to decline -0.5% YoY to IDR3.7 tn, though margins should edge up to 53.1% from 51.8% thanks to prudent cost management and operating leverage. Interest expenses are expected to fall -2.6% YoY to IDR353.1 bn, reflecting steady debt management even as the company continues to invest in Pakuwon Mall Bekasi and Pakuwon Mall Phase 5. We expect these investments to be funded primarily through internally generated cash flow from recurring revenue streams, minimizing the need for new debt. Consequently, the net margin should expand from 33.0% in FY25F to 33.2% in FY26F. Net profit is projected to contract by a modest -2.3% YoY to IDR2.3 tn—a slower pace of decline compared to overall revenue.

Resilient occupancy offers downside protection, but growth stays muted

Recurring income businesses should remain resilient, supported by positive rental reversion from lease renewals, stable occupancy and increasing contributions from Pakuwon City Mall and Pakuwon Mall Bekasi. We forecast retail-leasing revenue to grow +0.9% YoY to IDR3.3 tn, while hotel revenue should increase +1.6% YoY to IDR1.4 tn, supported by Four Points Bekasi and Aloft Pakuwon City. Serviced-apartment revenue is expected to rise +5.0% YoY to IDR79.1 bn. Overall, recurring income should grow +2.2% YoY to IDR5.7 tn, unchanged from our previous estimate, as 1H26 achievement already hit 50.4% of our FY26F target. A +2.3% increase in short-term unearned revenue to IDR1.5 tn provides some baseline support for recurring income, though we see limited room for meaningful acceleration in the near term.

1H26: Stability, not re-acceleration

PWON reported 1H26 revenue of IDR3.4 tn, which was broadly flat YoY. A +7.4% YoY increase in recurring income (to IDR2.9 tn) essentially offset a -29.3% YoY decline in development revenue. Malls, offices, and serviced apartments remained the primary growth drivers, rising +5.3% YoY and accounting for 65.9% of consolidated revenue, compared to 62.6% in 1H25. Development revenue weakened mostly due to slower handovers at Pakuwon City and Grand Pakuwon. On a quarterly basis, revenue increased +5.0% QoQ, supported by +2.2% QoQ growth in recurring income, reinforcing the defensive nature of PWON's current earnings base.

Lower TP to IDR310, retain BUY on defensive earnings mix

While recurring income segments are broadly tracking our FY26F forecasts, overall 1H26 performance only averaged 44.0% of our previous full-year estimates and consensus expectations. This prompted downward revisions across the P&L. We cut FY26F revenue, gross profit, EBIT, EBITDA, and net profit by -3.1%, -2.9%, -3.4%, -2.7%, and -3.5%, respectively. As a result, we lower our TP to IDR310 from IDR340, based on a 5-year DCF (WACC: 12.7%; LTG: 3.0%). This implies 0.5x FY26F P/BV and a 73.6% discount to RNAV. That said, we retain our BUY rating, as PWON's increasingly defensive earnings mix, with recurring-income now accounting for ~86% of revenue, should provide downside protection amid weaker development sales. Risks: 1). weaker commercial-property demand could constrain recurring-income growth, 2). A prolonged higher-for-longer rate environment that could further delay a residential recovery. Catalyst: stronger-than-expected recurring-income growth.

Exhibit 1: Key statistics

Year end Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Revenue	6,671	7,111	6,904	7,226	7,436
Gross profit	3,769	3,944	3,900	4,081	4,226
Operating profit	2,901	2,944	2,891	2,990	3,058
EBITDA	3,574	3,682	3,664	3,797	3,897
Net Income	2,075	2,346	2,291	2,298	2,317
EPS	43.1	48.7	47.6	47.7	48.1
PER (x)	6.4	5.7	5.6	5.6	5.5
PBV (x)	0.5	0.5	0.4	0.4	0.4
EV/EBITDA (x)	2.8	3.6	3.7	3.8	4.1
Dividend yield (%)	3.3	4.7	5.3	5.4	5.4
Net Gearing (%)	(11.0)	1.5	2.9	5.9	9.5

Sources: Company, KBVS Research

Exhibit 2: PWON's 1H26 results

PWON's 1H26 Result (IDR bn)	1H26	1H25	YoY (%)	2Q26	2Q25	YoY (%)	1Q26	QoQ (%)	26F KBVS (Old)	%	26F Cons	%
Revenue	**3,374**	**3,373**	**0.0**	**1,728**	**1,818**	**(5.0)**	**1,646**	**5.0**	**7,129**	**47.3%**	**7,413**	**45.5%**
Office, shopping center & service apartement	2,225	2,113	5.3	1,114	1,078	3.3	1,111	0.2				
Real estate	480	679	(29.3)	266	446	(40.4)	215	23.8				
Hospitality	669	582	15.0	349	295	18.4	320	8.9				
COGS	(1,454)	(1,495)	(2.8)	(749)	(797)	(6.0)	(705)	6.2				
Gross Profit	**1,920**	**1,878**	**2.2**	**979**	**1,022**	**(4.1)**	**941**	**4.1**	**4,018**	**47.8%**	**4,068**	**47.2%**
EBIT	**1,247**	**1,226**	**1.7**	**643**	**682**	**(5.8)**	**604**	**6.4**	**2,993**	**41.7%**	**3,102**	**40.2%**
EBITDA	**1,875**	**1,822**	**2.9**	**959**	**988**	**(2.9)**	**916**	**4.7**	**3,766**	**49.8%**	**3,890**	**48.2%**
Interest expense (loan)	(178)	(185)	(3.4)	(91)	(87)	4.5	(88)	3.1				
Interest income	302	289	4.5	167	141		135					
Other income (exp.)	(112)	61		26	257		(138)					
Associate & JV	-	-		-	-		-					
Pre-tax income	**1,258**	**1,391**	**(9.6)**	**745**	**993**	**(24.9)**	**513**	**45.4**	**3,294**	**38.2%**	**3,246**	**38.8%**
Taxes	(2)	(2.2)		(1)	(1)		(1)					
Minorities	(250)	(253)		(128)	(157)		(122)					
Reported net income (Parent)	**1,006**	**1,136**	**(11.4)**	**616**	**834**	**(26.1)**	**390**	**58.0**	**2,375**	**42.4%**	**2,449**	**41.1%**
Normalized net income (Parent)	1,062	1,207	(12.1)	656	787	(16.7)	406	61.6				
Margins (%)												
Gross profit margin	56.9	55.7		56.7	56.2		57.2					
EBIT margin	37.0	36.4		37.2	37.5		36.7					
EBITDA margin	55.6	54.0		55.5	54.3		55.7					
Reported net margin (Parent)	29.8	33.7		35.7	45.9		23.7					
Normalized net margin (Parent)	31.5	35.8		37.9	43.3		24.7					

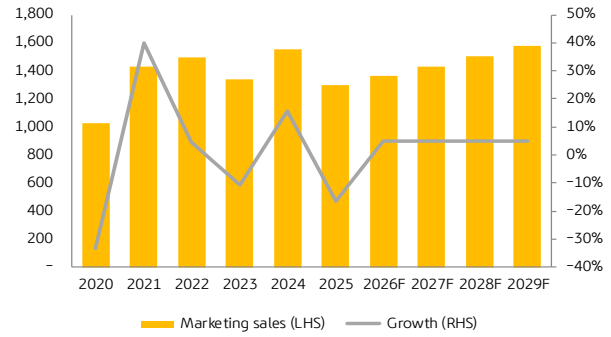
Source: Company, Bloomberg, KBVS Research

Exhibit 3: Forecast revisions

	New		Old		Changes	
	2026F	2027F	2026F	2027F	2026F	2027F
Revenue	6,904	7,226	7,129	7,457	-3.1%	-3.1%
Gross Profit	3,900	4,081	4,018	4,210	-2.9%	-3.1%
EBIT	2,891	2,990	2,993	3,102	-3.4%	-3.6%
EBITDA	3,664	3,797	3,766	3,910	-2.7%	-2.9%
Net profit	2,291	2,298	2,375	2,390	-3.5%	-3.9%

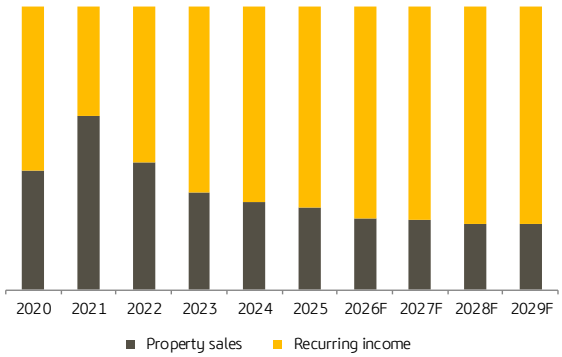
Source: Company, Bloomberg, KBVS Research

Exhibit 4: Marketing sales (IDR bn)



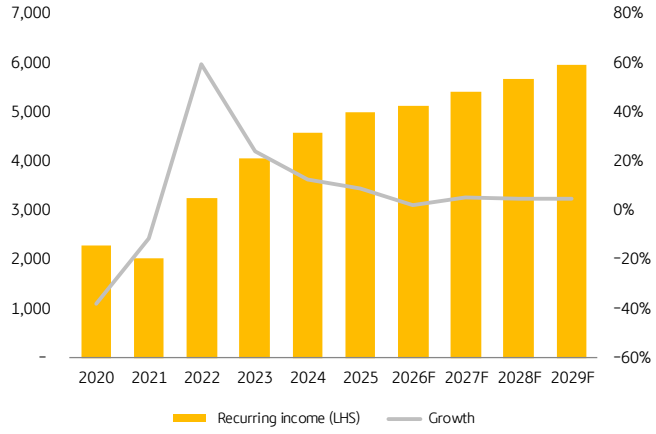
Source: Company, KBVS Research

Exhibit 5: Revenue breakdown



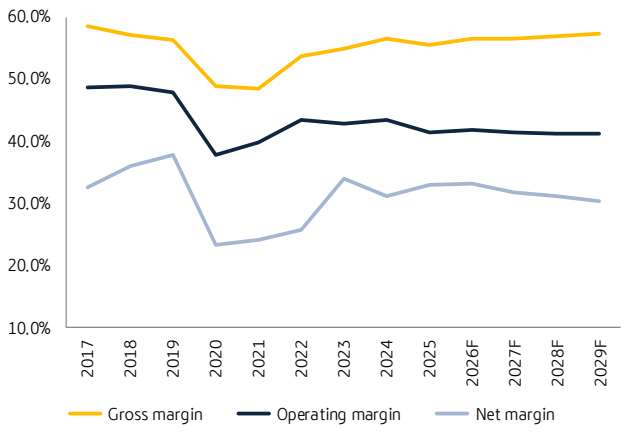
Source: Company, KBVS Research

Exhibit 6: Recurring income growth (IDR bn)



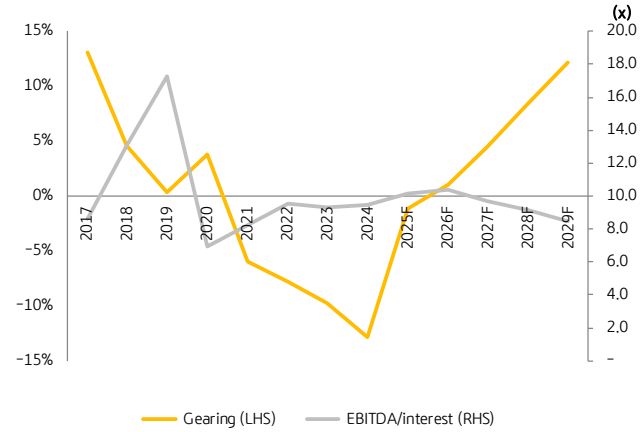
Source: Company, KBVS Research

Exhibit 7: Profitability level



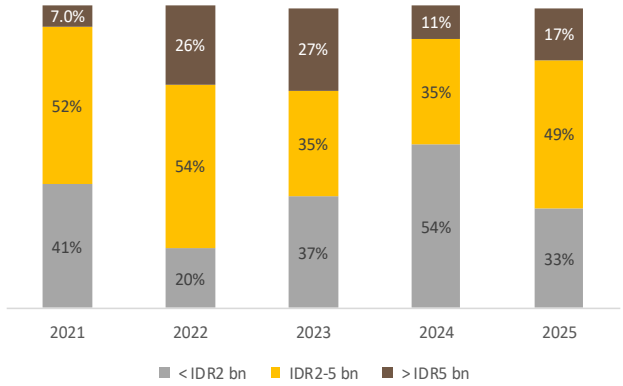
Source: Company, KBVS Research

Exhibit 8: Net gearing



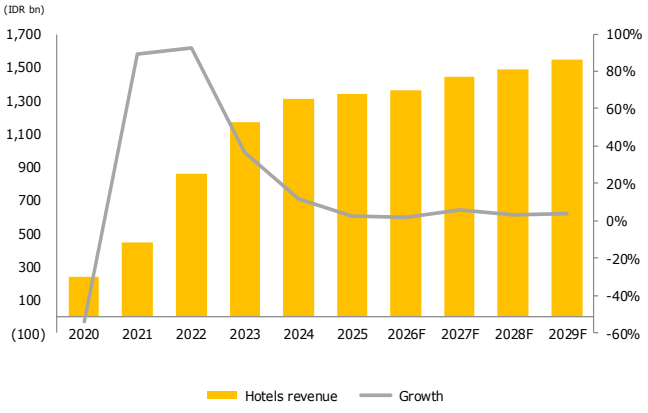
Source: Company, KBVS Research

Exhibit 9: Presales by price range



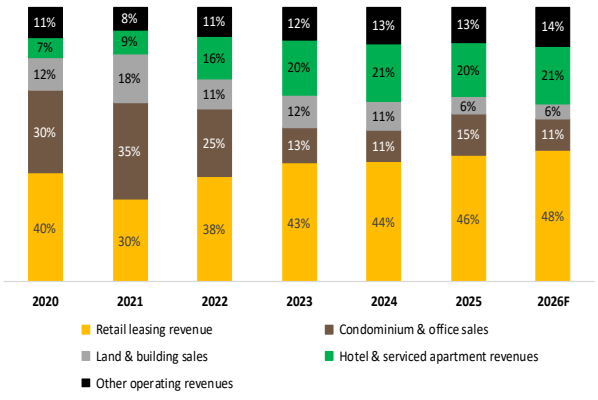
Source: Company, KBVS Research

Exhibit 10: Hotel segment revenue



Source: Company, KBVS Research

Exhibit 11: Revenue by product category



Source: Company, KBVS Research

Financial Tables

Exhibit 12: Profit and Loss

Year end Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Revenue	**6,671**	**7,111**	**6,904**	**7,226**	**7,436**
Cost of revenue	(2,902)	(3,167)	(3,004)	(3,145)	(3,209)
Gross profit	**3,769**	**3,944**	**3,900**	**4,081**	**4,226**
Selling expenses	(306)	(359)	(368)	(392)	(415)
G&A expenses	(562)	(642)	(642)	(699)	(753)
Operating profit	**2,901**	**2,944**	**2,891**	**2,990**	**3,058**
EBITDA	**3,574**	**3,682**	**3,664**	**3,797**	**3,897**
Other op. income/exp	(228)	62	-	-	-
Finance income	558	603	654	629	641
Finance expense	(376)	(362)	(353)	(391)	(425)
Inc/loss from assoc.	-	-	-	-	-
Pre-tax profit	**2,854**	**3,246**	**3,192**	**3,228**	**3,275**
Tax expense	(433)	(488)	(498)	(526)	(550)
Minority interest	(347)	(412)	(403)	(404)	(407)
Net profit	**2,075**	**2,346**	**2,291**	**2,298**	**2,317**
EPS (IDR)	43	49	48	48	48

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	4,814	4,539	4,026
Trade receivables	258	292	281	290	302
Inventories	4,494	4,533	4,545	4,574	4,654
Net- Fixed assets	2,776	2,923	3,075	3,229	3,386
Other assets	18,688	23,532	25,735	28,647	31,852
Total Assets	**35,371**	**36,466**	**38,450**	**41,280**	**44,220**
Trade payables	270	307	291	301	310
Short-term debt + CMLTD	-	-	-	-	-
Long-term debt	6,436	5,575	5,644	6,328	7,095
Other liabilties	3,923	3,961	3,936	4,187	4,449
Total Liabilities	**10,629**	**9,843**	**9,871**	**10,816**	**11,853**
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	22,515	24,121	25,744
Other equities	(74)	(28)	(28)	(28)	(28)
Total Equity	**24,742**	**26,623**	**28,579**	**30,464**	**32,366**

Source: Company, KBVS Research

Exhibit 14: Cash Flow

Year end Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Net income	2,075	2,346	2,291	2,298	2,317
Depreciation & amortization	673	738	773	807	839
Change in working capital	366	(236)	41	156	81
Cash flow from operations	**3,113**	**2,848**	**3,104**	**3,261**	**3,237**
Capex	(839)	(943)	(983)	(953)	(756)
Others	(730)	(4,567)	(2,304)	(3,010)	(3,524)
Cash flow from investments	**(1,569)**	**(5,511)**	**(3,287)**	**(3,964)**	**(4,280)**
Changes in debt	306	(861)	69	684	767
Changes in equity	305	161	373	279	279
Dividends paid	(433)	(626)	(708)	(691)	(693)
Others	(168)	20	78	156	176
Cash flow from financing	**10**	**(1,306)**	**(188)**	**427**	**529**
Net Cash Flow	**1,554**	**(3,968)**	**(371)**	**(275)**	**(514)**

Source: Company, KBVS Research

Exhibit 15: Key Performance Metrics

Year end Dec	2024A	2025A	2026F	2027F	2028F
Growth (%)					
Revenue growth	7.6	6.6	(2.9)	4.7	2.9
EBIT growth	9.0	1.5	(1.8)	3.4	2.3
EBITDA growth	7.1	3.0	(0.5)	3.6	2.6
Net profit growth	(1.4)	13.1	(2.3)	0.3	0.8
Profitability (%)					
Gross margin	56.5	55.5	56.5	56.5	56.8
EBIT margin	43.5	41.4	41.9	41.4	41.1
EBITDA margin	53.6	51.8	53.1	52.5	52.4
Net margin	31.1	33.0	33.2	31.8	31.2
ROA	5.9	6.4	6.0	5.6	5.2
ROE	8.4	8.8	8.0	7.5	7.2
Solvency (x)					
Net gearing (x)	(0.1)	0.0	0.0	0.1	0.1
Net debt/EBITDA (x)	(0.8)	0.1	0.2	0.5	0.8
Interest coverage ratio (x)	9.5	10.2	10.4	9.7	9.2

Source: Company, KBVS Research

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