

Indonesia Property

3Q pre-sales; on track to achieve full-year targets

Competitive mortgages provide tailwind

9M23 saw consolidated sector pre-sales of IDR18.6t (+3.9% YoY), or 74.4% of MIBG's forecast. Over-achievers include CTRA and BSDE, while PWON is gaining momentum and SMRA is expected to be back-loading pre-sales. The current strong residential demand is supported by end-users instead of investors, unlike the previous property boom. The mortgage lending scene is becoming more competitive, helping to mitigate the affordability issue that has long-plagued Indonesia's property market. These factors reinforce our preference for CTRA as it has been the most proactive in taking advantage of tailwinds.

Improving affordability

With increased pressure for mortgage rates to increase, the issue of affordability is becoming a concern. In 2023, 5-year fixed mortgages with a minimum tenor of 5 years stood at 6.6% (vs 10.0% in 2016). We do not expect mortgage rates to reach the 2016 level anytime soon. We simulated different scenarios of rate increases and their impact on monthly payments, wherein a +90bps increase to 7.5% results in a +2.2% rise in monthly payment. This increase is small in comparison to the increase in the minimum wage (+5.6% YoY) and the number of individuals with bank deposit accounts above IDR1b (+4.5% YoY).

8M mortgage loan growth beating consumer and investment loans

8M23 mortgage loan growth (+12.3% YoY) beat consumer loan growth (+9.1% YoY), investment loan growth (+10.0% YoY), and working-capital loans (+8.2% YoY). Banks' appetite for mortgage lending has grown consistently as mortgages are seen as a safer bet with low non-performing loans (NPL) and good returns. As competition intensifies, consumers will likely be presented with increasingly attractive lending rates to help mitigate the affordability factor in Indonesia's real-estate segment.

Reiterate POSITIVE view; CTRA as Top Pick

We reiterate our POSITIVE view on Indonesia's property sector as we have seen continuous strong performance from the four developers under our coverage. Our Top Pick remains Ciputra Development (CTRA IJ), which has successfully taken advantage of current tailwinds, optimizing the timing of its launches to secure good pre-sales performances. Meanwhile, we like SMRA as an underdog as we believe there are supporting factors that can help increase the value of its townships.

Stock	Bloomberg	Mkt cap	Rating	Price	ТР	Upside	P/E	(x)	P/B	(x)	Div y	ld (%)
	code	(USD'm)		(LC)	(LC)	(%)	23E	24E	23E	24E	23E	24E
Bumi Serpong D.	BSDE IJ	1,289	Buy	970	1,400	44	8.6	8.5	0.6	0.5	0.0	0.0
Pakuwon Jati	PWON IJ	1,203	Buy	398	600	52	10.2	9.3	1.0	0.9	1.2	1.3
Ciputra Dev.	CTRA IJ	1,152	Buy	990	1,500	53	9.9	9.0	0.9	0.8	1.0	1.0
Summarecon	SMRA IJ	523	Buy	505	800	59	10.5	9.7	0.8	0.8	1.1	1.2

POSITIVE

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1. Sector

1.1 Organic demand supporting pre-sales performance

As consolidated pre-sales among the four developers rise, so is mortgage financing. Although the correlation is not one to one, we believe mortgage financing can be used as a pseudo indicator of a buyer's profile. We believe the rise of mortgage financing indicates organic end-user demand, in contrast to the past property boom which was driven by speculative buyers and investors.

We believe this is healthy for the sector as it provides developers with steady long-term growth instead of a sudden uptick in pre-sales results like we saw during the previous property boom.

1.2 Sufficient mortgage availability

As competition in the mortgage lending business heats up, we have seen multiple innovations that allow buyers to afford higher ASP houses. These innovations include: 1) longer tenors, and 2) cost-friendly rates.

We have seen mortgage players offer competitive rates such as 1-year fixed 1.25% mortgages with a minimum tenor of three years from BBCA. We have also seen Bank Mandiri, Bank BTN, HSBC, as well as CIMB Niaga enter the mortgage space, offering attractive repayment schemes for potential buyers.

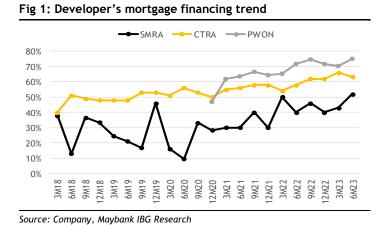
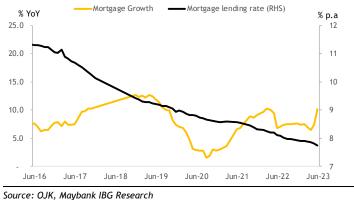


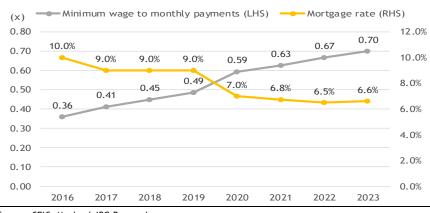
Fig 2: Mortgage growth and mortgage rates



1.3 Rising affordability

Due to dormant property prices over the past seven years, houses are becoming more affordable for buyers. The minimum wage has steadily increased since 2016, while mortgage rates dropped 340bps. This causes the ratio of minimum wage to monthly mortgage payments to increase, showing increased affordability. We use historical mortgage rates using 5-year fixed with a 15-year tenor to demonstrate this in Fig 3.

Fig 3: Housing affordability



Source: CEIC, Maybank IBG Research

Fig 4: Minimum wage to mortgage payments ratio

(IDRm)	Minimum wage	Monthly payment	Minimum wage to monthly payments ratio
2016	3,100	8,597	0.36
2017	3,356	8,114	0.41
2018	3,648	8,114	0.45
2019	3,941	8,114	0.49
2020	4,276	7,191	0.59
2021	4,416	7,057	0.63
2022	4,642	6,969	0.67
2023	4,902	7,013	0.70

Source: CEIC, Maybank IBG Research

1.4 Rate increase risks

With current economic conditions, pressure for Bank Indonesia (BI) to increase its policy rate is picking up. We expect mortgage rates will increase along with the BI-rate. However, due to a relatively low base (6.60% for fixed 5 years), we believe mortgages will still be affordable as they are much lower than historical comparison (vs. 10% for fixed 5 years in 2016).

Fig 5: BBCA's mortgage rates

	Minimum Tenor	Sep-21	Mar-22	May-22	Jul-22	Aug-22	Sep-22	Oct-22	Feb-23	May-23	Oct-23
Fixed 1 year	1	N/A	4.15%	4.15%	N/A	N/A	N/A	N/A	4.16%	4.16%	N/A
	2	N/A	3.65%	3.65%	N/A	N/A	N/A	N/A	3.66%	3.66%	N/A
	3	N/A	2.65%	2.65%	N/A	N/A	N/A	N/A	2.66%	2.66%	N/A
Fixed 2 years	2	N/A	5.15%	5.15%	N/A	N/A	N/A	N/A	5.16%	5.16%	N/A
	3	N/A	4.65%	4.65%	N/A	N/A	N/A	N/A	4.66%	4.66%	N/A
	5	N/A	3.65%	3.65%	N/A	N/A	N/A	N/A	3.66%	3.66%	N/A
Fixed 3 years	3	5.75%	5.25%	5.25%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.65%
	5	5.25%	4.75%	4.75%	5.00%	5.00%	4.85%	4.85%	4.85%	4.85%	4.90%
	8	4.50%	4.15%	4.15%	4.25%	4.25%	4.15%	4.15%	4.15%	4.15%	4.20%
	10	N/A	3.65%	3.65%	3.99%	3.99%	3.85%	3.85%	3.85%	3.85%	3.90%
	12	N/A	3.66%	3.66%	3.70%						
Fixed 5 years	5	6.75%	6.25%	6.25%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.60%
	7	6.25%	5.75%	5.75%	5.75%	5.75%	5.65%	5.65%	5.65%	5.65%	5.70%
	8	5.80%	5.65%	5.65%	5.65%	5.65%	5.35%	5.35%	5.35%	5.35%	5.50%
	10	5.75%	4.88%	4.88%	5.08%	5.08%	4.85%	4.85%	4.85%	4.85%	5.00%
	12	N/A	4.66%	4.66%	4.70%						
Fixed 8 years	8	N/A	N/A	6.38%	6.88%	6.88%	6.75%	6.75%	6.75%	6.75%	6.80%
	10	N/A	N/A	N/A	N/A	N/A	N/A	6.55%	6.55%	6.55%	6.60%
	15	N/A	N/A	N/A	N/A	N/A	N/A	6.25%	6.25%	6.25%	6.30%
Fixed 10 years	10	N/A	N/A	6.88%	7.38%	7.38%	7.25%	7.25%	7.25%	7.25%	7.30%
	15	N/A	N/A	N/A	N/A	N/A	N/A	6.75%	6.75%	6.75%	6.80%

Source: Bank Central Asia, Maybank IBG Research

Fig 6: Historical mortgage rates

BCA mortgage	Tenor	2016	2017	2018	2019	2020	2021	2022	Oct-23
Fixed 3 years	3	9.50%	8.50%	8.50%	8.50%	6.00%	5.75%	5.50%	5.65%
Fixed 5 years	5	10.00%	9.00%	9.00%	9.00%	7.00%	6.75%	6.50%	6.60%

Source: Bank Central Asia, Maybank IBG Research

However, this pressure only translates into a slight increase in mortgage payments. In Fig 6, we demonstrate the effects of a +90bps increase in mortgage rates which results in a 2.2% rise in monthly payments.

Fig 7: Mortgage payment sensitivity

Price	Down Payment	Rate	Tenor	Monthly payments	Increase
1,000,000,000	20%	6.60%	5	15,690,000	Base
1,000,000,000	20%	6.80%	5	15,765,000	0.5%
1,000,000,000	20%	7.00%	5	15,840,000	1.0%
1,000,000,000	20%	7.50%	5	16,030,000	2.2%

Source: Maybank IBG Research

2. Top Pick: CTRA

Maintain BUY with IDR1,500 TP

Reiterate BUY on CTRA as our Top Pick in the property sector with a IDR1,500 TP, based on a 55% discount to RNAV and implying 1.1x FY23E P/B. CTRA booked 3Q23 pre-sales of IDR2.7t (+65% QoQ, +6% YoY). Meanwhile, 9M23 pre-sales look robust as IDR7.8t (+19% YoY), 85% of our FY23 pre-sales forecast of IDR9.2t. We expect a consistent pre-sales FY21-25E CAGR of 5%.

Robust 9M23 pre-sales on track to our IDR9.2t target

CTRA recorded 9M23 pre-sales of IDR7.8t (+19% YoY), propelled by new launches in 3Q23, including landed residential and shophouses in CitraGarden Serpong and shophouses in CitraLand Gama City Medan. So far, it still has 1-3 launches in the pipeline for FY23 and we are optimistic CTRA will reach our FY23E pre-sales target of IDR9.2t, which would mark its highest pre-sales achievement so far. We forecast FY24E/25E pre-sales to stabilize at IDR9.2t/9.3t respectively.

Backloaded seasonality in play

We observed seasonality in CTRA's results where it is typically back-loaded in the 2H. Based on a 5-year average, CTRA records 59% of FY revenue and 73% of FY net income in 2H. Even though 1H23 results were lower than our estimates with revenue at IDR4.5t (c. 47.5% of MIBG forecast) and net income at IDR779b (c. 42.2% of MIBG forecast), this is above its seasonal trend. We are hopeful CTRA's 2H performance will reflect its past trends and forecast 2H23 revenue/net income at IDR5.0t (+11.6% HoH, +11.7% YoY) and IDR1.1t (+39.2% HoH, +26.3% YoY), respectively.

Riding on superior business strategy models

On top of wide availability of financing in the form of mortgages, CTRA's business strategy (leveraging its brand name to secure JV programs) allows it to become more aggressive and timely when it comes to launches. Its geographical diversification also allows it to take advantage of area-specific rise in demand such as the current rising demand in greater Jakarta. As a result of its business strategy and geographical coverage, we expect CTRA's pre-sales to remain strong and reach IDR9.2t in FY23E and FY24E.

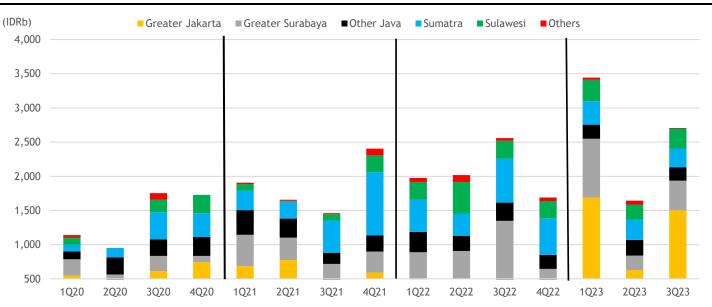


Fig 8: CTRA - Historical pre-sales

Source: Company, Maybank IBG Research

Fig 9: CTRA - pre-sales

(IDRb)	9M22	9M23	YoY	3Q22	4Q22	1Q23	2Q23	3Q23	QoQ	YoY
Greater Jakarta	1,442	3,819	165%	443	372	1,688	629	1,502	139%	239%
Greater Surabaya	1,704	1,505	-12%	905	275	861	211	433	105%	-52%
Other Java	786	633	-20%	267	203	207	228	198	-13%	-26%
Sumatra	1,442	916	-36%	643	537	345	299	273	- 9 %	-58%
Sulawesi	983	823	-16%	264	254	310	221	292	32%	11%
Others	197	99	-50%	37	51	34	56	9	-84%	-76%
Total	6,553	7,795	1 9 %	2,559	1,690	3,445	1,643	2,707	65%	6%

Source: Company, Maybank IBG Research

Fig 10: CTRA - 3Q23 launch results

Price	Take-up rate	Result (in IDRb)
IDR1.9-3.4b	81%	591
IDR0.8-2.0b	86%	427
IDR2.8-2.9b	48%	61
	IDR1.9-3.4b IDR0.8-2.0b	Price rate IDR1.9-3.4b 81% IDR0.8-2.0b 86%

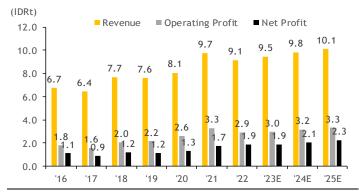


Fig 11: CTRA's 1H23 results

(IDR b)	6M22	6M23	YoY (%)	FY23 Cons	FY23E MIBG	6M23/ 2023 Cons (%)	6M23/ FY23E MIBG (%)	2Q22	3Q22	4Q22	1Q23	2Q23	YoY (%)	QoQ (%)
Revenue	4,665	4,469	-4.2%	9,466	9,455	47.2%	47.3%	2,431	2,562	1,900	2,131	2,339	-3.8%	9.8%
Gross Profit	2,369	2,108	-11.0%	4,812	4,788	43.8%	44.0%	1,278	1,255	943	1,033	1,075	-15.9%	4.0%
EBIT	1,565	1,252	-20.0%	3,001	2,947	41.7%	42.5%	843	794	569	658	594	-29.5%	-9.7%
Net Income	1,005	779	-22.5%	1,900	1,847	41.0%	42.2%	584	520	338	413	366	-37.3%	-11.3%
						83.8%								
Gross margin (%)	50.8%	47.2%		50.8%	50.6%			52.6%	49.0%	49.7%	48.5%	45.9%		
EBIT margin (%)	33.5%	28.0%		31.7%	31.2%			34.7%	31.0%	29.9 %	30.9%	25.4%		
Net margin (%)	21.5%	17.4%		20.1%	19.5%			24.0%	20.3%	17.8%	19.4%	15.7%		
Revenue Mix														
Property Development	3,784	3,503	-7.4%					1,991	2,079	1,325	1,646	1,858	-6.7%	12.9%
Residential	3,234	2,855	-11.7%					1,729	1,858	1,030	1,460	1,395	-19.3%	-4.5%
Apartments	222	303	36.3%					93	144	117	152	151	62.1%	-0.1%
Office	328	345	5.4%					168	77	177	34	311	84.9%	815.1%
Recurring	881	966	9.6%					440	482	575	485	481	9.2%	-0.9%
Shopping centers	277	318	14.8%					145	153	120	161	156	8.1%	-3.1%
Hotels	180	234	29.7%					93	114	136	122	112	21.1%	-8.0%
Hospital	272	254	-6.6%					123	143	166	124	129	5.1%	4.0%
Office towers	107	106	-0.8%					54	50	56	54	52	-2.7%	-2.2%
Golf	22	25	13 .9 %					11	13	13	12	13	15.2%	11.0%
Others	24	30	25.4%					15	10	85	12	18	18.4%	44.2%

Source: Company, Maybank IBG Research

Fig 12: CTRA - breakdown of financials



Source: Company, Maybank IBG Research

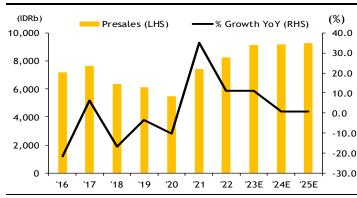
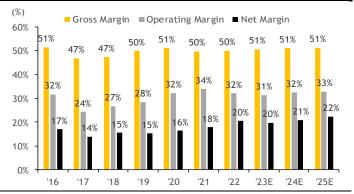


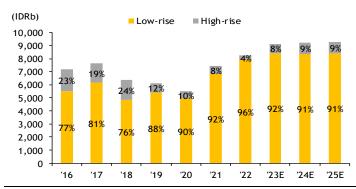
Fig 14: CTRA - pre-sales forecasts

Fig 13: CTRA - breakdown of margins



Source: Company, Maybank IBG Research

Fig 15: CTRA - pre-sales by segment



Source: Company, Maybank IBG Research

3. Underdog: SMRA

Reiterate BUY with IDR800 TP; strong 3Q pre-sales

Reiterate BUY on SMRA with an IDR800 TP, based on a 56% discount to RNAV, implying a 1.2x FY23E P/B. SMRA recorded a good pre-sales performance in 3Q23 due to a number of launches supporting it. We believe additional launches from SMRA can lift its 4Q23 pre-sale performance to reach our forecast of IDR5.1t in FY23E. There are also more tailwinds that we believe can help SMRA's monetization process, which we believe will help SMRA reach our FY24E forecast of IDR5.2t.

Needs more sales

SMRA recorded 3Q pre-sales of IDR1.5 (+23% YoY, +51% QoQ), recovering from a slow performance in 1H23. Pre-sales performance was driven by launches in Bogor and Serpong which generated IDR823b and IDR821b, respectively. 9M23 performance is still slightly behind our target of IDR5.1t (c. 60% of MIBG forecast). SMRA requires a run rate of IDR600b for the remaining months of the year to achieve our target which might prove to be a challenge.

Potential to unlock value

The new high-speed Jakarta-Bandung railway allows passengers to travel between the two cities in just 45 minutes. This train enables better access to Summarecon Bandung, located only 15 minutes from the train's last station. We believe this factor can potentially unlock the full value of Summarecon Bandung, which can translate into higher units sold and better ASP.

On the mend

1H23 revenue was slightly below expectation at IDR3t (+8.6% YoY, c. 45% of MIBG forecast). We expect 3Q revenue to remain stable, while 4Q revenue should increase due to recognition from past Bogor pre-sales. However, we believe this will impact its net margin due to higher minority interest payments which will dampen its 14.6% 1H23 net margin. We believe net margin will consolidate at 12% with IDR796b in FY23E.

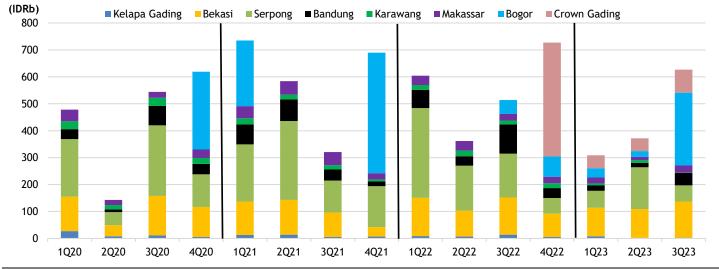


Fig 16: SMRA - historical pre-sales



Fig 17: SMRA - pre-sales

(IDRb)	9M22	9M23	YoY	3Q22	4Q22	1Q23	2Q23	3Q23	QoQ	YoY
Kelapa Gading	92	42	-54%	45	16	26	7	9	40%	- 79 %
Bekasi	624	590	-5%	221	166	178	204	209	3%	-6%
Crown Gading Bekasi	0	434	N/A	0	710	100	84	250	1 99 %	N/A
Serpong	1,799	821	-54%	448	215	155	487	179	-63%	-60%
Bandung	573	226	-61%	263	103	49	51	125	143%	-52%
Karawang	131	22	-83%	13	28	6	15	1	-93%	- 92 %
Makassar	125	110	-11%	37	48	39	17	54	215%	46%
Bogor	150	823	447%	150	165	101	96	626	553%	316%
Total	3,494	3,068	-12%	1,178	1,452	655	960	1,454	51%	23%

Source: Company, Maybank IBG Research

Fig 18: SMRA's 1H23 results

(IDR b)	6M22	6M23	YoY (%)	FY23 Cons	FY23E MIBG	6M23/ 2023 Cons (%)	6M23/ FY23E MIBG (%)	2Q22	3Q22	4Q22	1Q23	2Q23	YoY (%)	QoQ (%)
Revenue	2,729	2,964	8.6%	6,334	6,629	46.8%	44.7%	1,259	1,483	1,508	1,499	1,465	16.3%	-2.3%
Gross Profit	1,453	1,541	6.0%	3,228	3,363	47.7%	45.8%	619	705	842	773	767	23.9%	-0.8%
EBIT	898	909	1.2%	1,764	1,855	51.5%	49.0%	332	372	456	471	438	31.9%	-6.9%
Net Income	255	434	70.4%	746	796	58.2%	54.5%	80	55	316	272	162	103.8%	-40.3%
Gross margin (%)	53.2%	52.0%		51.0%	50.7%			49.2%	47.6%	55.8%	51.6%	52.4%		
EBIT margin (%)	32.9%	30.7%		27.8%	28.0%			26.4%	25.1%	30.3%	31.4%	29.9%		
Net margin (%)	9.3%	14.6%		11.8%	12.0%			6.3%	3.7%	20.9%	18.1%	11.1%		
Revenue Mix														
Development	1,743	1,745	0.1%					726	917	868	911	834	15.0%	-8.4%
Houses	813	1,203	47.9 %					591	499	438	722	481	-18.7%	-33.4%
Shophouses	498	278	-44.2%					48	141	233	147	132	173.3%	-10.2%
Land plots	162	180	11.3%					2	152	132	14	166	7003.5%	1107.3%
Others	270	84	-68.9%					84	126	66	28	55		
Recurring	986	1,219	23.7%					534	565	630	588	631	18.2%	7.2%
Shopping malls	635	768	20.9%					348	345	404	369	399	14.6%	8.0%
Hotels	108	184	70.1%					64	88	98	88	96	49.4%	9.0%
Property management	162	170	5.0%					81	85	83	83	87	6.9%	4.4%
Others	81	98	21.5%					40	47	45	48	50	22.8%	2.9%
% development	64%	59 %						58%	62%	58%	61%	57%		
% recurring	36%	41%						42%	38%	42%	39 %	43%		

Source: Company, Maybank IBG Research

Fig 19: SMRA - financials

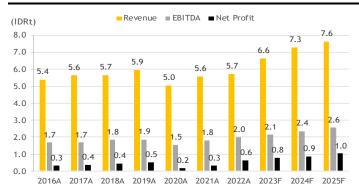
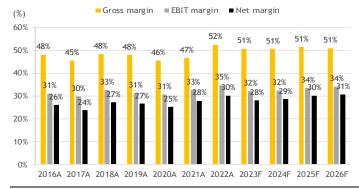
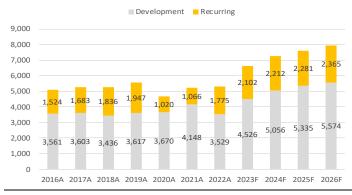


Fig 20: SMRA - margins



Source: Company, Maybank IBG Research

Fig 21: SMRA - revenue



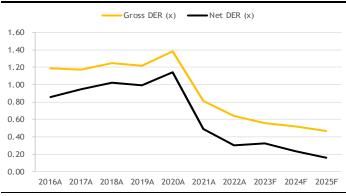
Source: Company, Maybank IBG Research

Fig 23: SMRA - pre-sales forecasts



Source: Company, Maybank IBG Research

Fig 25: SMRA - debt-to-equity ratio



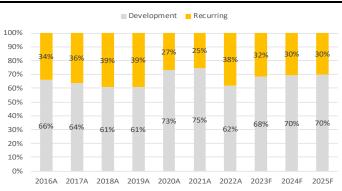
Source: Company, Maybank IBG Research

Source: Company, Maybank IBG Research

BSDE 4.

Reiterate BUY; en-route to record pre-sales

Reiterate BUY on BSDE with a IDR1,400 TP, based on a 62% discount to RNAV and implying an 0.8x FY23E P/B. 3Q pre-sales were in-line with our forecast of IDR9.1t (c. 74% of MIBG forecast). Pre-sales were driven by launches mainly from its primary township BSD City (75% of 3Q23 pre-sales), followed by Grand Wisata (11% of 3Q23 pre-sales) and Kota Wisata (7% of 3Q23 presales). Furthermore, aside from launches, BSDE has also been building facilities to accompany its phase three development in the form of tollroads, hospitals, and entertainment districts.



Source: Company, Maybank IBG Research

Fig 24: SMRA - shopping revenue

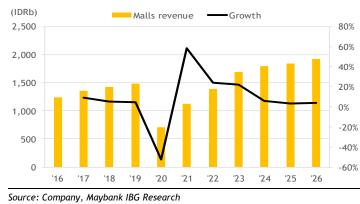


Fig 26: SMRA - interest-coverage ratio band

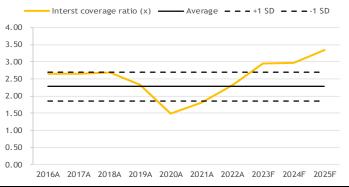


Fig 22: SMRA - revenue contribution mix

Strong 3Q pre-sales

BSDE's 3Q pre-sales hit IDR2.0t (-4% YoY, -26% QoQ), a slight slowdown QoQ due to a high base, yet YoY remained flat. Higher ASP units seem to sell relatively easier for BSDE, implying high demand for upscale housing in its township. As a result, we are confident BSDE can achieve the remaining 26% to fulfil our guidance of IDR9.1t. We forecast IDR9.4t (+1.9% YoY) in pre-sales for FY24 and we expect BSDE to achieve this by simply continuing current pre-sale strategies.

Everything, everywhere, all at once

Despite the abundant facilities offered in BSD City, it continues to add more, providing its residents with convenience. BSDE is aiming to build a city zoo, collaborating with Jatim Park, a zoo operator based in East Java. Furthermore, more entertainment options are coming into BSD City, along with health facilities such as hospitals and schools. We expect this to increase the value of its remaining landbank and attract potential customers.

Former presales and recurring income to help close gap

BSDE's 1H23 financial results were slightly below our estimates with revenue reaching 48.8% of our forecast. However, we believe BSDE will close this gap in 3Q23 with revenue recognition from pre-sales in FY20-21. Moreover, the growing recurring segment should also help its revenue growth. We forecast BSDE to achieve revenue of IDR10.2t (+0.0% YoY) in FY23E and IDR10.4t (+1.7% YoY) in FY24E.

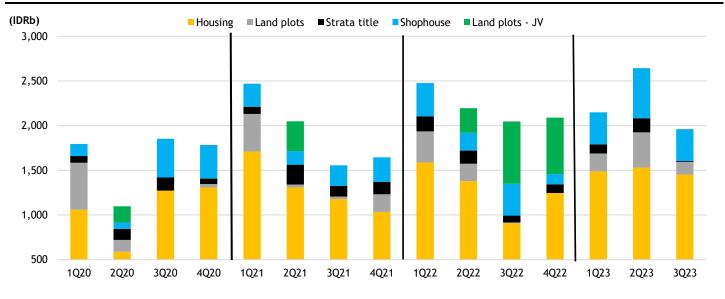


Fig 27: BSDE - historical presales

Source: Company, Maybank IBG Research

Fig 28: BSDE - presales

(IDRb)	9M22	9M23	YoY	3Q22	4Q22	1Q23	2Q23	3Q23	QoQ	YoY
Housing	3,873	4,470	15%	907	1,246	1,488	1,530	1,452	-5%	60%
Land plots	550	737	34%	9	0	200	394	143	-64%	1467%
Strata title	393	269	-31%	77	96	102	159	9	-94 %	-89 %
Shophouse	927	1,275	37%	357	114	359	560	356	-36%	0%
Land plots - JV	972	0	-100%	696	632	0	0	0	N/A	-100%
Total	6,716	6,751	1%	2,046	2,089	2,149	2,642	1,961	-26%	-4%

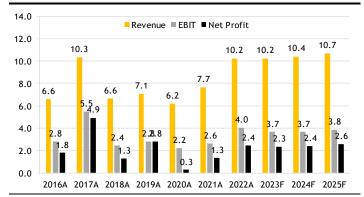


Fig 29: BSDE's 1H23 results

(IDR b)	6M22	6M23	YoY (%)	FY23 Cons	FY23E MIBG	6M23/ 2023 Cons (%)	6M23/ FY23E MIBG (%)	2Q22	3Q22	4Q22	1Q23	2Q23	YoY (%)	QoQ (%)
Revenue	3,836	4,998	30.3%	10,359	10,239	48.2%	48.8%	1,809	3,310	3,090	2,876	2,122	17.3%	-26.2%
Gross Profit	2,372	3,177	34.0%	6,893	6,699	46.1%	47.4%	1,112	2,115	2,339	1,850	1,327	19.3%	-28.3%
EBIT	1,155	1,764	52.7%	3,902	3,652	45.2%	48.3%	461	1,255	1,629	1,198	566	22.8%	-52.8%
Net Income	464	1,201	159.0%	2,627	2,346	45.7%	51.2%	116	455	1,515	884	317	173.8%	-64.2%
Gross margin (%)	61.8%	63.6%		66.5%	65.4%			61.5%	63.9 %	75.7%	64.3%	62.5%		
EBIT margin (%)	30.1%	35.3%		37.7%	35.7%			25.5%	37.9%	52.7%	41.7%	26.7%		
Net margin (%)	12.1%	24.0%		25.4%	22.9%			6.4%	13.7%	49.0%	30.7%	14 .9 %		
Revenue Mix														
Development	2,890	4,159	43.9%					1,268	2,690	2,324	2,464	1,695	33.7%	-31.2%
Land and buildings	2,481	3,514	41.6%					1,100	2,545	2,266	2,082	1,432	30.1%	-31.2%
Land and strata title	408	646	58.1%					168	145	58	382	263	56.8%	-31.1%
Recurring	646	676	4.5%					376	303	368	336	340	-9.7 %	1.2%
Rental	458	464	1.5%					277	209	259	233	231	-16.5%	-0.7%
Building management	170	181	6.7%					88	84	94	91	91	3.6%	0.2%
Recreation area	11	18	75.1%					7	5	8	7	12	64.9 %	67.3%
Hotel	8	11	41.7%					5	5	6	5	6	33.3%	14.1%
Others	-	-	0.0%					-	-	-	-	-	0.0%	0.0%
Others	300	163						165	317	399	75	88	-46.7%	16.1%
% development	75%	83%						70%	81%	75%	86%	80%		
% recurring	17%	14%						21%	9 %	12%	12%	16%		
% others	8%	3%						9 %	10%	13%	3%	4%		

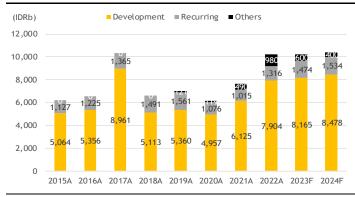
Source: Company, Maybank IBG Research

Fig 30: BSDE - breakdown of financials



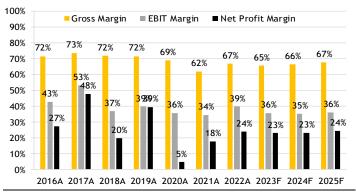
Source: Company, Maybank IBG Research

Fig 32: BSDE - revenue contribution



Source: Company, Maybank IBG Research

Fig 31: BSDE - breakdown of margins



Source: Company, Maybank IBG Research

Fig 33: BSDE - revenue contribution mix

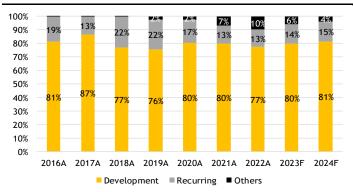




Fig 34: BSDE - presales forecasts

Source: Company, Maybank IBG Research

Fig 36: BSDE - debt-to-equity ratio

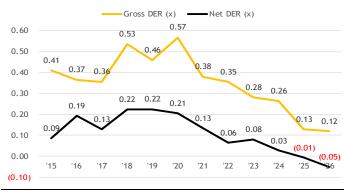
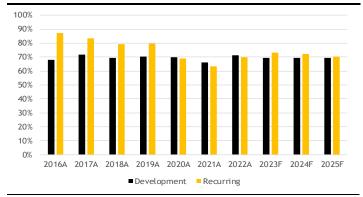
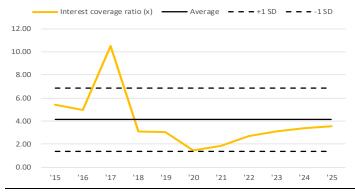


Fig 35: BSDE - segment margins



Source: Company, Maybank IBG Research

Fig 37: BSDE - interest-coverage ratio band



Source: Company, Maybank IBG Research

Source: Company, Maybank IBG Research

5. PWON

Reiterate BUY; presales trending up

Reiterate BUY on PWON with a IDR600 TP, based on a 61% discount to RNAV and implying 1.5x FY23E P/B. PWON recorded 3Q23 pre-sales of IDR420b (+39.0% QoQ, +14.0% YoY), showing an upward trend. Meanwhile, 9M23 performance was recorded at IDR1.02t (-12.7% YoY), due to a slow 1H23. The status quo remains wherein PWON continues to lead the market in terms of the recurring segment.

Breakthrough in high-rise residential

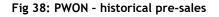
Despite weaker demand for high-rise residences, PWON managed to book strong sales from its condo launches. We believe the mixed-use development concept is working in PWON's favour as it provides added value for condos. Additionally, PWON's mixed-use developments are mainly located in highly attractive locations, such as in the bustling west and center regions of Surabaya, and in the city center of Jakarta.

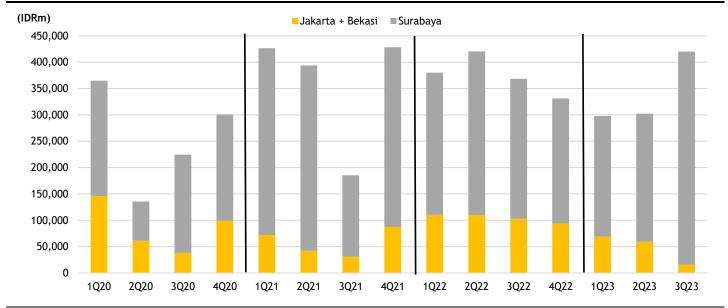
Eye-catching Bekasi project

PWON has started development of its new Bekasi project, which will house four condos, a shopping mall and two hotels, with the project scheduled to open in 2024/25. This project will add a further 43,000m2 of net leasable area (NLA), adding to its already large NLA portfolio of over 700,000m2.

Bright outlook for coming years

Due to PWON's strong cash position, it has been able to expand aggressively into other growing cities. PWON has set its sights on Semarang and Batam, two rapidly growing cities, and the new capital of Indonesia (IKN). It has managed to secure good locations in all three cities, much like their other developments in Jakarta and Surabaya. We expect the projects in Batam and Semarang to generate cash flow in 2027/28.





Source: Company, Maybank IBG Research

Fig 39: PWON - geographical pre-sales

(IDRb)	9M22	9M23	YoY	3Q22	4Q22	1Q23	2Q23	3Q23	QoQ	YoY
Jakarta	323	144	-56%	103	94	69	59	15	-74%	-85%
Jakarta + Bekasi	846	877	4%	266	238	229	243	405	66%	52%
Total	1,169	1,021	-13%	369	331	298	302	420	39%	14%

Source: Company, Maybank IBG Research

Fig 40: PWON - pre-sales by product type

(IDRb)	9M22	9M23	YoY	3Q22	4Q22	1Q23	2Q23	3Q23	QoQ	YoY
Condo	529	588	11%	197	104	153	171	264	55%	34%
Office	67	44	-34%	10	41	5	14	25	77%	140%
Landed residential	574	389	-32%	161	186	140	118	131	12%	-18%
Total	1,169	1,021	-13%	369	331	298	302	420	39%	14%

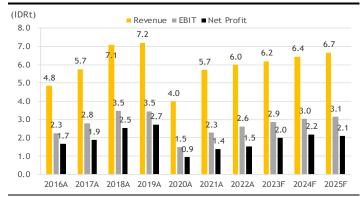


Fig 41: PWON's 1H23 results

(IDR b)	6M22	6M23	YoY (%)	FY23 Cons	FY23E MIBG	6M23/ 2023 Cons (%)	6M23/ FY23E MIBG (%)	2Q22	3Q22	4Q22	1Q23	2Q23	YoY (%)	QoQ (%)
Revenue	2,751	2,897	5.3%	6,069	6,195	47.7%	46.8%	1,444	1,744	1,492	1,385	1,512	4.7%	9.2%
Gross Profit	1,417	1,618	14.2%	3,230	3,441	50.1%	47.0%	739	947	855	747	871	17 .9 %	16.6%
EBIT	1,143	1,272	11.3%	2,594	2,860	49.0%	44.5%	577	800	659	602	670	16.2%	11.4%
Net Income	754	1,099	45.8%	1,915	1,996	57.4%	55.1%	383	438	346	596	503	31.3%	-15.6%
						164.8%								
Gross margin (%)	51.5%	55.9 %		53.2%	55.5%			51.2%	54.3%	57.3%	54.0%	57.6%		
EBIT margin (%)	41.6%	43.9%		42.7%	46.2%			40.0%	45.8%	44.2%	43.5%	44.3%		
Net margin (%)	27.4%	37.9%		31.6%	32.2%			26.5%	25.1%	23.2%	43.0%	33.3%		
Revenue Mix														
Recurring	1,781	2,209	24.0%					939	1,008	1,082	1,084	1,125	19.9%	3.8%
Rental and service charge	1,130	1,356	20.1%					583	614	627	661	696	19.4%	5.3%
Hotels	346	489	41.4%					194	231	281	244	245	26.3%	0.6%
Others	305	364	19.1%					162	163	173	179	184	14.0%	2.8%
Development	970	688	-29.1%					505	737	410	301	387	-23.4%	28.6%
Condos and offices	717	281	-60.8%					334	472	287	160	121	-63.8%	-24.6%
Land and buildings	253	407	60.6%					171	265	124	141	266	55.4%	89.3%
% recurring	65%	76%						65%	58%	73%	78%	74%		
% development	35%	24%						35%	42%	27%	22%	26%		

Source: Company, Maybank IBG Research

Fig 42: PWON - breakdown of financials



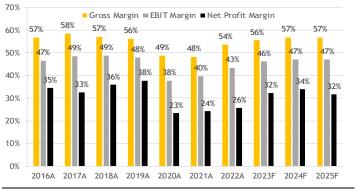
Source: Company, Maybank IBG Research

Fig 44: PWON - breakdown of revenue



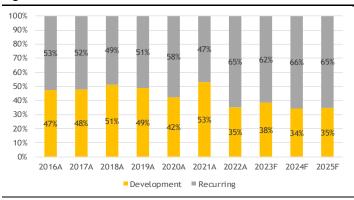
Source: Company, Maybank IBG Research

Fig 43: PWON - breakdown of margins



Source: Company, Maybank IBG Research

Fig 45: PWON - revenue contribution mix

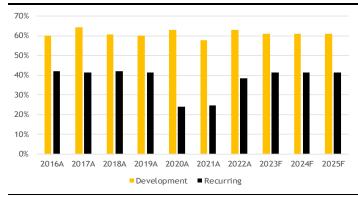


Source: Company, Maybank IBG Research



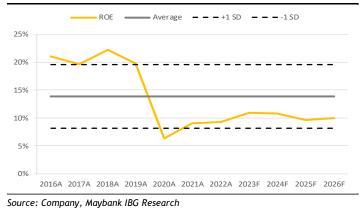
Fig 46: PWON - pre-sales forecasts

Fig 47: PWON - gross margin



Source: Company, Maybank IBG Research

Fig 48: PWON - ROE band



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