PT Waskita Karya Tbk (WSKT IJ)

Konstruksi Melamban, FY19 Penuh Tantangan

Sepanjang 2019 WSKT berhasil memperoleh kontrak baru Rp26 triliun atau 57,8% dari target. Pendapatan dan laba FY19 tercatat Rp31,4 triliun (-36% YoY) dan Rp938 miliar (-76% YoY). Divestasi 2 ruas tol belum mampu mengantarkan *bottom* dan *top line* ke pertumbuhan yang positif. Sementara, arus kas operasional FY19 positif Rp9 triliun setelah mendapat dana segar dari pembayaran proyek *turnkey*. WSKT tahun ini menargetkan divestasi 6 ruas jalan tol, guna menaikkan angka pendapatan dan arus kas.

Divestasi Tertunda, Pendapatan dan Laba Merana

WSKT mencatatkan rugi bersih Rp212 miliar pada 4Q19 (-190% YoY vs laba bersih 4Q18 Rp236 miliar) yang merupakan penurunan laba paling rendah dalam empat kuartal tahun 2019. Laba yang tumbuh negatif selama 4 kuartal berturut-turut menghantarkan laba FY19 WSKT tergerus -76% YoY menjadi Rp938 miliar (vs FY18 Rp3,9 triliun), pun tercatat sebagai tahun pertama pertumbuhan negatif WSKT sejak tahun 2013. Penurunan laba disebabkan oleh lemahnya pendapatan 4Q19 yang tercatat Rp9,4 triliun (-25% YoY vs 4Q18 Rp12,6 triliun). Pendapatan FY19 pun turun menjadi Rp31,4 triliun (-36% YoY vs FY18 Rp48,8 triliun). Tertundanya divestasi beberapa ruas tol, pendapatan dari *join venture* yang turun siginifikan serta terselenggaranya pesta politik menjadi faktor melemahnya pendapatan dan laba yang dibukukan WSKT tahun lalu.

Capai Lebih dari Setengah Target Kontrak Baru

Selama 2019, WSKT berhasil memperoleh kontrak baru senilai Rp26 triliun, mencapai 57,8% dari target perolehan dimana 46,1% nilai kontrak berasal dari proyek BUMN, 34,7% dari proyek pengembangan bisnis dan sisanya 1,9% dari proyek pemerintah dan swasta. Proyek Jalan Tol Prabumulih—Muara Enim dan pengembangan Bandara Juanda dengan nilai Rp4,5 triliun dan Rp623 miliar merupakan beberapa proyek prestisius yang didapatkan WSKT.

Segmen Lain Tumbuh Solid saat Performa Konstruksi Tertekan

Selama 4Q19 pendapatan segmen konstruksi berkontribusi 89,6% dari total pendapatan dan berhasil membukukan angka Rp8,4 triliun (-34% YoY vs 4Q18 Rp12,7 triliun). Pendapatan konstruksi FY19 pun turun 40% YoY sebesar Rp28,6 triliun, merupakan penurunan pertama sejak tahun 2013 ditengarai proyek-proyek yang tertunda dampak belum stabilnya sektor konstruksi pasca pemilu. Kembali menjadi fokus kabinet Jokowi periode II, pun didukung dengan tumbuhnya alokasi APBN pada sektor infrastruktur menjadi katalis positif bagi kenaikan pendapatan pada segmen ini. Sementara dua segmen dengan porsi terbesar lain yaitu *precast* dan jalan tol masing-masing mencatatkan kenaikan pendapatan 137% dan 395% YoY.

Penguatan Kas Operasional

Kas operasional berhasil naik siginifikan membukukan angka tangguh Rp10,24 triliun membuat arus kas bersih 4Q19 mencatatkan angka positif sebesar Rp5,8 triliun, setelah sejak 1Q19 hingga 3Q19 tercatat negatif. Arus kas operasional FY2019 pun tumbuh dua kali lipat lebih dari tahun sebelumnya senilai Rp9,04 triliun berkat tambahan Rp44 triliun dana segar yang diterima WSKT selama 2019 dari pembayaran beberapa proyek *turnkey*. Di sisi lain, total hutang WSKT per Desember 2019 sebesar Rp69,7 triliun (+7,02% YoY) dan membuat *Debt to Equity Ratio* (DER) menjadi 2,38x.

Rating BUY dengan PT Rp960

Di tengah sulitnya pertumbuhan ekonomi dampak wabah Covid-19, kemungkinan melambatnya bisnis konstruksi karena pembatasan sosial dan pengalihan anggaran infrastruktur untuk membantu pemulihan pandemi ini, kami estimasi perolehan kontrak baru WSKT tahun 2020 akan berkisar pada Rp27,0-Rp30,0 triliun. Lebih lanjut, tahun ini WSKT akan berfokus pada divestasi tol dengan target divestasi 6 ruas jalan tol dan upaya percepatan pencairan piutang. Berlandaskan hal tersebut, kami merekomendasikan BUY berdasarkan P/E 9,7x (-0,21 SD) dan peningkatan imbal hasil 44,4% dari harga saham saat ini, target harga menggambarkan rasio P/E 2020F sebesar 9,9x.

Waskita Karya Tbk | Summary

	2019A	2020F	2021F	2022F
Revenue	31,387	39,656	46,459	48,336
Growth (%)	-35.7%	26.3%	14.6%	6.3%
EBITDA	4,748	5,566	6,938	7,134
Net Profit	938	1,317	1,349	1,597
EPS (IDR)	69	97	99	118
Growth (%)	-76.3%	40.4%	2.4%	18.4%
P/E	9.6x	7.7x	7.5x	6.4x
P/BV	0.3x	0.3x	0.3x	0.3x
EV/EBITDA	14.5x	13.2x	11.0x	11.6x
ROE (%)	3.2%	4.5%	4.4%	5.1%
DER (%)	238%	247%	262%	279%
Dividend Yield (%)	11%	2.3%	3.2%	3.5%

Unit: IDR bn, %, x
Source: Company Data, Bloomberg, NHKSI Research
Please consider the rating criteria & important disclaimer

NH KORINDO SEKURITAS

Company Update | April 15, 2020

Buy

Dec. 2020 PT (IDR)	960
Consensus Price (IDR)	1,192
TP to Consensus Price	-19.5%
vs. Last Price	+44.4%

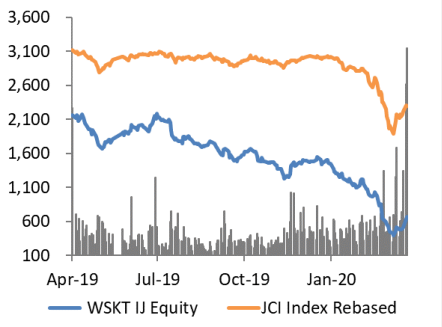
Shares data

Last Price (IDR)	665
Price Date as of	April, 07 2020
52 wk Range (Hi/Lo)	2,180/398
Free Float (%)	34.0
Outstanding sh. (mn)	13,574
Market Cap. (IDR bn)	8,484
Market Cap. (USD mn)	520.2
Avg. Trd Vol - 3M (mn)	50.6
Avg. Trd Val - 3M (bn)	44.6
Foreign Ownership	5.9%

Property
Construction

Bloomberg	WSKT IJ
Reuters	WSKT.JK

Share Price Performance

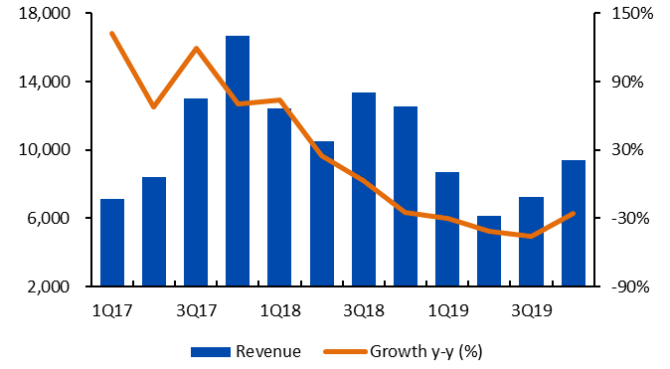


	YTD	1M	3M	12M
Abs. Ret.	-55.8%	-31.8%	-55.8%	-65.7%
Rel. Ret.	-31.9%	-18.7%	-24.5%	-40.1%

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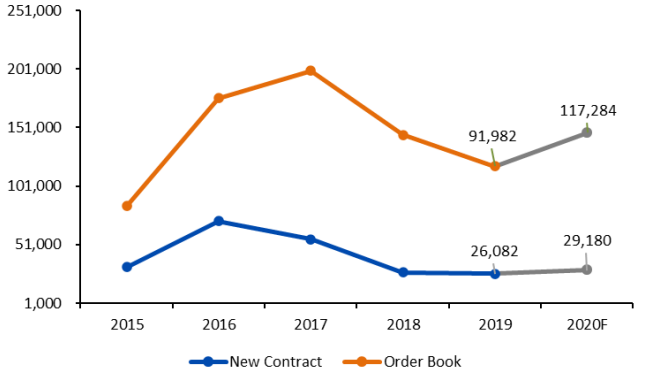
Performance Highlights in Charts

WSKT Quarterly Revenue (IDR bn) | 4Q18 - 4Q19



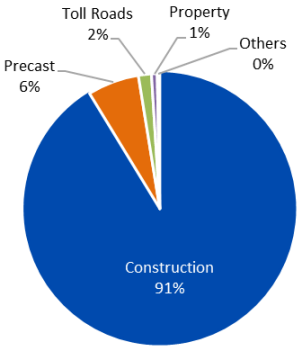
Source: Company Data, NHKSI Research

WSKT Order Book & New Contract



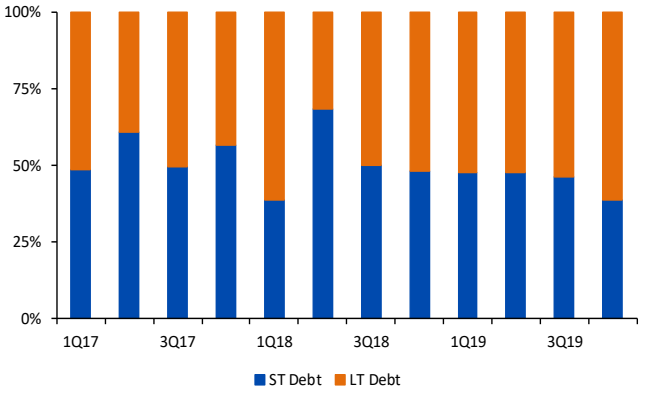
Source: Company Data, NHKSI Research

FY19's Revenue Breakdown



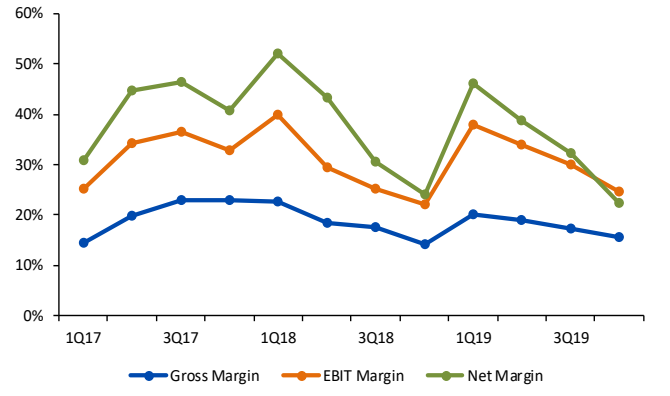
Source: Company Data, NHKSI Research

Debt Portion



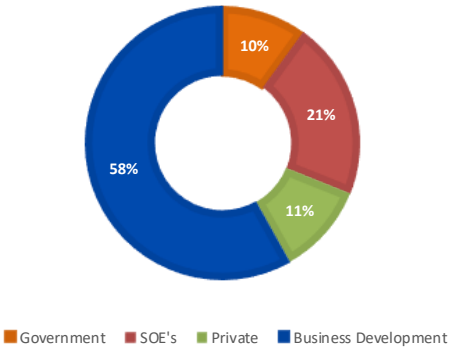
Source: Company Data, NHKSI Research

Margin Ratios



Source: Company Data, NHKSI Research

FY19's Order Book Segmentation



Source: Company Data, NHKSI Research

Valuation Highlights in Charts

3-Year Forward P/E Band



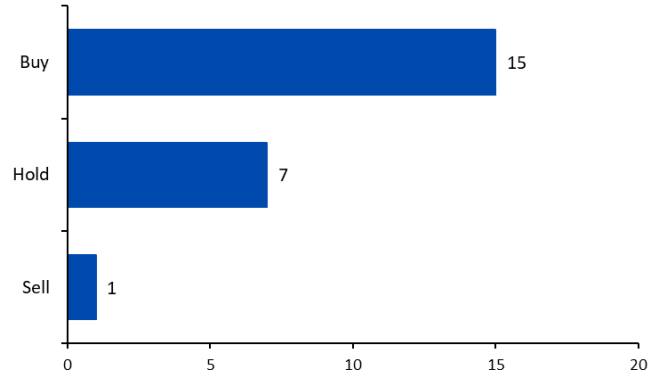
Source: Bloomberg, NHKSI Research

3-Year Discount to NAV Band



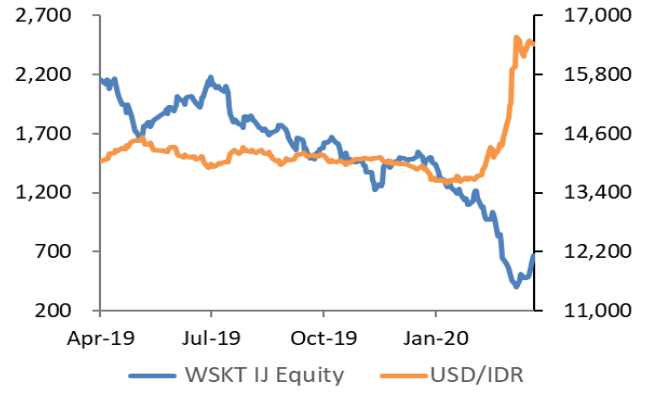
Source: Bloomberg, NHKSI Research

Analysts' Recommendation



Source: Bloomberg, NHKSI Research

Correlation between WSKT and USD/IDR



Source: Bloomberg, NHKSI Research

Quarterly Review

	4Q18	1Q19	2Q19	3Q19	4Q19					1Q20E
					Actual	Estimate	Y-Y	Q-Q	Surprise	
Income statement										
Revenue	12,556	8,682	6,113	7,220	9,372		-25.4%	-29.8%		6,905
Gross Profit	1,789	1,749	1,165	1,242	1,448		-19.0%	-16.6%		1,463
EBIT	992	1,538	917	926	852		-14.1%	-8.1%		1,197
EBITDA	1,080	1,697	953	1,128	970		-10.2%	-14.0%		1,366
Net Profit	236	716	282	153	-212		-189.8%	-239.1%		261
Margin (%)										
Gross Margin	14.2%	20.1%	19.1%	17.2%	15.5%		1.2%	-1.8%		2.12%
EBIT Margin	7.9%	17.7%	15.0%	12.8%	9.1%		1.2%	-3.7%		17.3%
EBITDA Margin	8.6%	19.5%	15.6%	15.6%	10.3%		1.7%	-5.3%		19.8%
Net Profit Margin	1.9%	8.2%	4.6%	2.1%	-2.3%		-4.1%	-4.4%		3.8%

Unit: IDR bn, %

Source: Company Data, NHKSI Research

Revisions to Earnings

		2020F	2021F	2022F
Income Statement				
Revenue	-Revised	39,656	45,459	48,336
	-Previous			
	-Change			
Gross Profit	-Revised	7,204	8,377	8,948
	-Previous			
	-Change			
EBIT	-Revised	4,759	5,826	6,137
	-Previous			
	-Change			
EBITDA	-Revised	5,566	6,938	7,134
	-Previous			
	-Change			
Net Profit	-Revised	1,317	1,349	1,597
	-Previous			
	-Change			
Margin				
Gross Margin	-Revised	18.2%	18.4%	18.5%
	-Previous			
EBIT Margin	-Revised	12.0%	12.8%	12.7%
	-Previous			
EBITDA Margin	-Revised	14.0%	15.3%	14.8%
	-Previous			
Net Profit Margin	-Revised	3.3%	3.0%	3.3%
	-Previous			

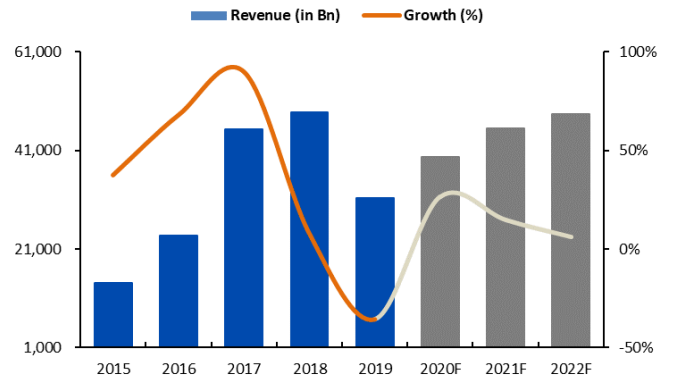
Unit: IDR bn, %

Source: Company Data, NHKSI Research

Company Overview

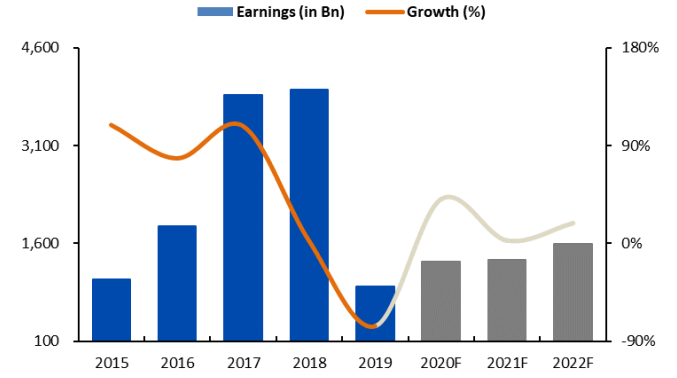
- PT Waskita Karya Tbk (WSKT) merupakan perusahaan konstruksi yang didirikan pada 1 Januari 1961.
- WSKT kemudian berubah status hukum menjadi "Persero" sejak 1961 dan tercatat di Bursa Efek Indonesia (BEI) pada Desember 2012.
- Sebanyak 64,04% pemegang saham merupakan Pemerintah, sementara sisanya 33,96% dipegang oleh publik.
- Perusahaan yang berpusat di Jakarta ini memiliki 4 (empat) anak usaha, yakni PT Waskita Beton Precast Tbk, PT Waskita Toll Road, PT Waskita Karya Realty dan PT Waskita Karya Infrastruktur.
- WSKT bergerak dalam lima lini bisnis, yaitu jasa konstruksi, investasi jalan tol, konsentrasi beton, properti dan investasi pada infrastruktur lainnya.
- Proyek prestisius yang telah digarap WSKT pada 2019 adalah proyek Jalan Tol Prabumulih—Muara Enim, renovasi Masjid Istiqlal, pengembangan Bandara Juanada dan pembangunan Bendungan Leuwikeris.

Revenue and Growth Movement



Source: Company Data, NHKSI Research

Earnings and Growth Movement



Source: Company Data, NHKSI Research

Analysis of Asia-Pacific Peers

	Market Cap (USD mn)	Asset (USD mn)	Sales (LTM) (USD mn)	Net Profit (LTM) (USD mn)	Net Profit Growth (LTM)	Net Profit Margin	ROE (LTM)	P/E (LTM)	P/BV
Indonesia									
PT WASKITA KARYA PERSERO TBK	521	8,853	2,220	66	-76.3%	3.0%	5.2%	19.3x	0.5x
PT PP PERSERO TBK	270	4,273	1,744	66	-38.1%	3.8%	7.1%	6.5x	0.3x
PT WIJAYA KARYA PERSERO TBK	636	4,486	1,924	162	32.1%	8.4%	14.6%	7.9x	0.6x
PT ADHI KARYA PERSERO TBK	131	2,088	1,059	46	2.2%	4.4%	10.5%	8.1x	0.3x
Thailand									
CH. KARNCHANG PUBLIC CO LTD	831	2,775	741	57	-28.7%	7.7%	6.7%	115.3x	1.0x
SINO THAI ENGR & CONSTR PCL	590	1,654	1,063	48	-8.2%	4.5%	11.7%	7.4x	1.3x
UNIQUE ENGINEERING & CON PCL	142	1,103	388	24	-8.4%	6.1%	9.2%	7.0x	0.6x
Philippines									
MEGAWIDE CONSTRUCTION CORP	251	1,258	321	15	-54.8%	4.6%	2.8%	20.6x	0.9x
EEI CORPORATION	111	429	442	12	-36.8%	2.8%	7.9%	9.6x	0.7x
HOUSE OF INVESTMENTS	58	756	644	14	-29.9%	2.1%	5.3%	8.4x	0.2x
Vietnam									
FLC FAROS CONSTRUCTION JSC	96	460	208	8	-16.5%	3.7%	3.0%	54.2x	0.4x
HO CHI MINH CITY INFRASTRUCT	198	1,347	78	31	657.8%	39.6%	12.9%	37.4x	0.8x
HOA BINH CONSTRUCTION GROUP	68	721	803	19	-29.8%	2.4%	14.0%	7.8x	0.4x
Malaysia									
GAMUDA BHD	1,832	4,172	1,141	171	58.5%	15.0%	8.8%	17.8x	1.0x
IJM CORP BHD	1,486	5,637	1,437	101	114.4%	7.1%	4.4%	13.1x	0.7x
SUNWAY CONSTRUCTION GROUP BHD	492	466	427	31	-10.5%	7.3%	21.3%	13.2x	3.4x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

Summary of Financials

INCOME STATEMENT

In IDR bn	2019/12A	2020/12E	2021/12E	2022/12E
Revenue	31,387	39,656	45,459	48,336
Growth (% y/y)	-35.7%	26.3%	14.6%	6.3%
Cost of Revenue	(25,783)	(32,452)	(37,082)	(39,388)
Gross Profit	5,605	7,204	8,377	8,948
Gross Margin	17.9%	18.2%	18.4%	18.5%
Operating Expenses	(1,372)	(2,446)	(2,551)	(2,811)
EBIT	4,233	4,759	5,826	6,137
EBIT Margin	13.5%	12.0%	12.8%	12.7%
Depreciation	515	808	1,112	997
EBITDA	4,748	5,566	6,938	7,134
EBITDA Margin	15.1%	14.0%	15.3%	14.8%
Interest Expenses	(3,621)	(3,862)	(4,957)	(4,951)
EBT	1,329	1,406	1,588	1,884
Income Tax	(300)	(292)	(220)	(261)
Minority Interest	(91)	202	(18)	(25)
Net Profit	938	1,317	1,349	1,597
Growth (% y/y)	-76.3%	40.4%	2.4%	18.4%
Net Profit Margin	3.0%	3.3%	3.0%	3.3%

PROFITABILITY & STABILITY

	2019/12A	2020/12E	2021/12E	2022/12E
ROE	3.2%	4.5%	4.4%	5.1%
ROA	0.8%	0.9%	0.7%	0.7%
ROIC	3.3%	3.6%	4.5%	4.3%
Cash Dividend (IDR bn)	991	235	329	354
Dividend Yield (%)	11.0%	1.8%	2.5%	2.7%
Payout Ratio (%)	106%	18%	24%	22%
DER	238%	247%	262%	279%
Net Gearing	598%	586%	603%	611%
LT Debt to Equity	145%	135%	147%	156%
Capitalization Ratio	70%	71%	72%	74%
Equity Ratio	24%	18%	15%	13%
Debt Ratio	57%	45%	39%	36%
Financial Leverage	426%	484%	609%	726%
Current Ratio	109%	96%	93%	91%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	13,574	13,574	13,574	13,574
Share Price (IDR)	665	960	960	960
Market Cap (IDR tn)	9.0	13.0	13.0	13.0

BALANCE SHEET

In IDR bn	2019/12A	2020/12E	2021/12E	2022/12E
Cash	9,258	10,872	14,348	16,774
Receivables	3,556	5,637	4,936	6,288
Inventories	4,471	5,596	7,031	8,107
Total Current Assets	49,038	55,275	67,649	80,898
Net Fixed Assets	8,663	13,326	20,397	29,018
Other Non Current Assets	64,888	95,047	118,532	139,612
Total Assets	122,589	163,648	206,579	249,527
Payables	12,381	12,144	16,973	18,754
ST Debt	26,993	33,569	35,596	39,463
LT Debt	42,286	40,647	45,100	50,000
Total Liabilities	93,471	133,585	175,825	217,469
Capital Stock + APIC	6,909	6,909	6,909	6,909
Retained Earnings	10,233	11,316	12,030	13,273
Shareholders' Equity	29,118	30,062	30,753	32,058

VALUATION INDEX

	2019/12A	2020/12E	2021/12E	2022/12E
Price /Earnings	9.6x	9.9x	9.7x	8.2x
Price /Book Value	0.3x	0.4x	0.4x	0.4x
Price/Revenue	0.3x	0.3x	0.3x	0.3x
PE/EPS Growth	-0.1x	0.2x	4.0x	0.4x
EV/EBITDA	14.5x	13.7x	11.4x	12.0x
EV/EBIT	16.3x	16.0x	13.6x	14.0x
EV (IDR bn)	69,047	76,375	79,380	85,720
Revenue CAGR (3-Yr)	9.7%	-4.3%	-2.3%	15.5%
EPS CAGR (3-Yr)	-20.5%	-30.3%	-30.2%	19.4%
Basic EPS (IDR)	69	97	99	118
Diluted EPS (IDR)	69	97	99	118
BVPS (IDR)	2,145	2,215	2,266	2,362
Revenue PS (IDR)	2,312	2,922	3,349	3,561
DPS (IDR)	73	17	24	26

CASH FLOW STATEMENT

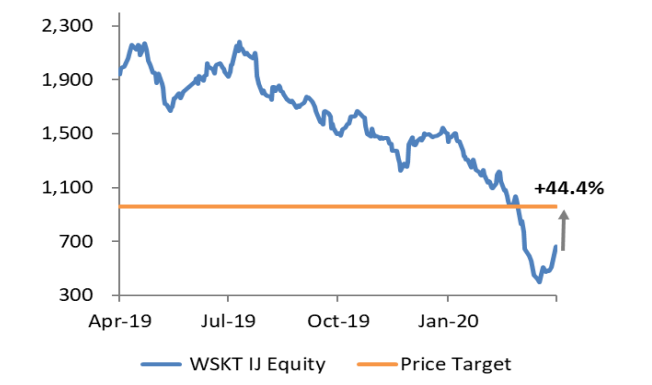
In IDR bn	2019/12A	2020/12E	2021/12E	2022/12E
Operating Cash Flow	5,371	3,455	6,349	3,924
Investing Cash Flow	(14,925)	(6,405)	(9,002)	(9,971)
Financing Cash Flow	7,978	4,564	6,128	8,473
Net Changes in Cash	(1,576)	1,614	3,476	2,426

OWNERSHIP

By Geography	%	Shareholders	%
Indonesia	94.1	Republic of Indonesia	66.0
United States	4.5	Dimensional Fund Advisors	1.1
Norway	0.7	Vanguard Group	1.0
United Kingdom	0.2	BlackRock Inc	0.6

Source: Company Data, NHKSI Research

Closing and Target Price Update



Source: Bloomberg, NHKSI Research

Rating and Target Price Update

Date	Rating	Target Price	Consensus
26-04-2017	Buy	Rp3.670	Rp3.308
08-02-2017	Buy	Rp3.240	Rp3.207
15-04-2017	Buy	Rp960	Rp1.192

Source: NHKSI Research

NHKS stock ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Buy: greater than +15%, Hold: -15% to +15%, Sell: less than -15%.
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