

PT Wijaya Karya Tbk (WIKA IJ)

Tertekan Pandemi, Kinerja 1Q20 Melandai

Company Update | June 19, 2020

Buy

Dec. 2020 PT (IDR)	1,840
Consensus Price (IDR)	1,522
TP to Consensus Price	+20.9%
vs. Last Price	+38.3%

Shares data

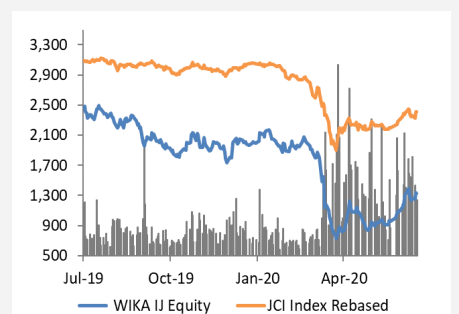
Last Price (IDR)	1,330
Price Date as of	June, 17 2020
52 wk Range (Hi/Lo)	2,500/675
Free Float (%)	34.9
Outstanding sh. (mn)	8,970
Market Cap. (IDR bn)	11,930
Market Cap. (USD mn)	840
Avg. Trd Vol - 3M (mn)	50.6
Avg. Trd Val - 3M (bn)	52.0
Foreign Ownership	6.4%

Property

Construction

Bloomberg	WIKA IJ
Reuters	WIKA.IK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-37.0%	23.7%	39.3%	-44.4%
Rel. Ret.	-16.7%	16.1%	24.1%	-23.0%

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WIKA membukukan pendapatan sebesar Rp4,19 triliun (-35% YoY) disebabkan oleh menurunnya pendapatan pada semua segmen dan mendorong laba 1Q20 tercatat Rp99 miliar (-65% YoY). Dalam menyambut *re-opening* ekonomi, WIKA akan kembali mengoperasikan proyek-proyek yang sempat tertunda dan memaksimalkan proyek yang sedang berjalan. Berdasarkan hal tersebut, kami merekomendasikan BUY WIKA dengan TP Rp1.840.

Pendapatan dan Margin Tumbang

WIKA membuka tahun 2020 dengan mencatatkan pendapatan sebesar Rp4,19 triliun atau turun 35% YoY (vs Rp6,50 triliun 1Q19) disebabkan oleh menurunnya semua segmen pendapatan WIKA. Infrastruktur dan bangunan dengan porsi 64% dari total pendapatan mencatatkan penurunan 40% YoY (Rp2,68 triliun vs Rp4,44 triliun 1Q19), sementara energi dan industri pabrik, industri, dan realty properti dengan porsi 14%, 16% dan 4%, pendapatan masing-masingnya turun 38%, 3% dan 47% secara tahunan. Beban umum dan administrasi mengalami kenaikan 13% (Rp192,35 miliar vs Rp169,72 miliar 1Q19) membuat EBIT margin menurun dari 8% menjadi 7% dan mendukung penurunan signifikan pada EBIT margin menjadi 4% (vs 6% 1Q19). Kenaikan gross margin dari 11% menjadi 12% pun belum mampu mendukung margin profit yang ikut turun 2% (vs 4% 1Q19).

Kontrak Baru 1Q20 Capai 3,86% dari Target Tahunan

Setelah selama 4 kuartal berturut-turut pada 2019 WIKA berhasil mencetak *net profit* yang tumbuh positif, namun laba WIKA pada 1Q20 tercatat turun 65% atau menjadi Rp99 miliar (vs Rp286 miliar 1Q19). Di sisi lain, WIKA berhasil memperoleh kontrak baru sebesar Rp2,51 triliun meskipun masih lebih rendah dari target 1Q20 (Rp5,7 triliun) namun telah mencapai 3,86% dari target kontrak 2020 senilai Rp65 triliun. Pada awal tahun, WIKA telah menggarap proyek rumah sakit darurat Covid-19 di Wisma Atlet Jakarta Utara dan Batam.

Peningkatan Leverage Ratio Cenderung Aman

Gross gearing ratio meningkat dari 0,78x pada FY19 menjadi 1,04x pada 1Q20, net gearing ratio pun meningkat dari 0,25x pada FY19 menjadi 0,59x pada 1Q20 akibat penambahan Rp2,47 triliun pada hutang jangka pendek. Di sisi lain, sejak tahun 2017 pada kuartal-I, WIKA memang mencatatkan arus kas operasional yang negatif, pun pada 1Q20 tercatat minus Rp4,13 triliun atau lebih rendah dari 1Q19 Rp3,92 triliun akibat penundaan beberapa proyek imbas mewabahnya Covid-19.

Rating BUY dengan TP Rp1.840

Covid-19 yang mewabah di Indonesia sejak akhir Maret 2020 berdampak signifikan pada kinerja WIKA, beberapa proyek harus mengalami penundaan terkendala mobilitasi dan pembatasan tenaga kerja lapangan. Meyambut dilonggarkannya PSBB, WIKA telah mengoperasikan beberapa proyek yang terhenti di daerah DKI Jakarta, Jawa Barat dan beberapa daerah di Pulau Jawa. Ke depannya, WIKA akan memaksimalkan produksi dari proyek yang sedang berjalan, mengoptimalkan penggunaan material lokal, dan melakukan efisiensi biaya usaha. Dilakukannya *re-opening* ekonomi dan penerapan strategi WIKA tersebut, kami yakin mampu memperbaiki kinerja WIKA pada 2H20. Kami merekomendasikan BUY WIKA dengan TP Rp1.840 berdasarkan P/E 11,5x (1 SD) dan tingkat imbal hasil sebesar 38,3% dari harga saham saat ini.

Wijaya Karya Tbk | Summary

	2019A	2020F	2021F	2022F
Revenue	27,213	21,458	24,550	31,357
Growth (%)	-12.7%	-21.1%	14.4%	27.7%
EBITDA	3,186	3,081	3,492	4,355
Net Profit	2,285	1,437	1,700	2,309
EPS (IDR)	255	160	190	257
Growth (%)	32.1%	-37.1%	18.3%	35.8%
P/E	7.8x	11.3x	9.5x	7.0x
P/BV	0.9x	0.9x	0.9x	0.8x
EV/EBITDA	7.9x	8.9x	8.6x	7.5x
ROE (%)	12.5%	7.8%	9.3%	11.6%
DER (%)	78%	110%	110%	119%
Net Debt	4,733	8,605	11,502	14,102

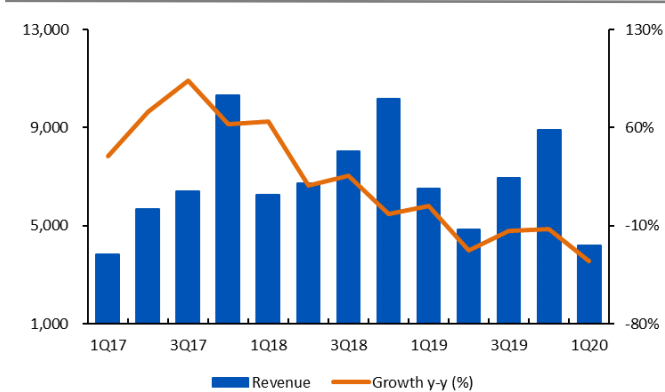
Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

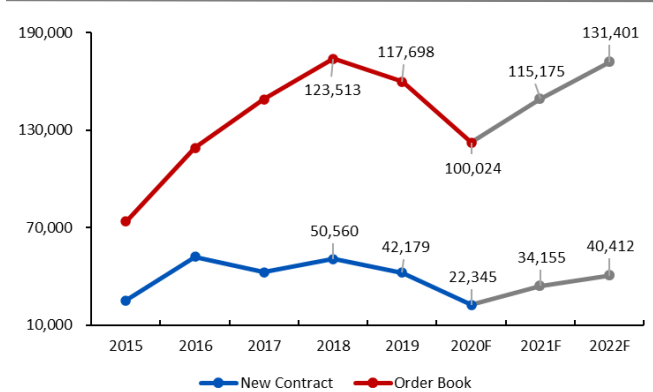
Performance Highlights in Charts

WIKA Quarterly Revenue (IDR bn) | 1Q17 - 1Q20



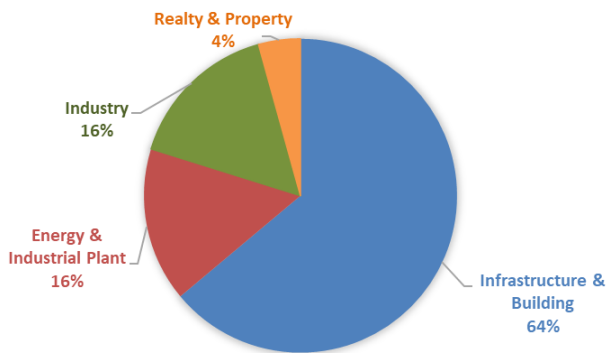
Source: Company Data, NHKSI Research

WIKA Order Book & New Contract



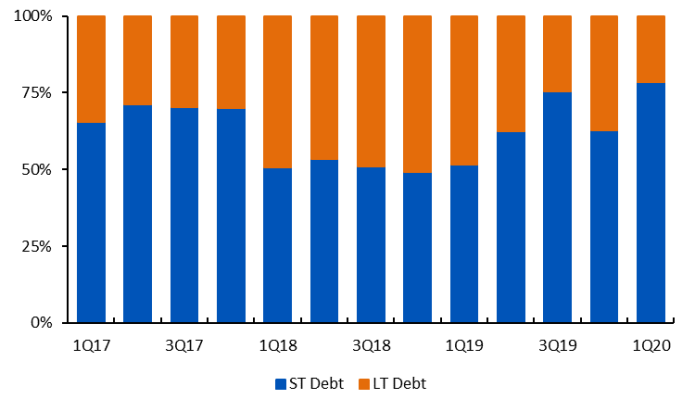
Source: Company Data, NHKSI Research

1Q20's Revenue Breakdown



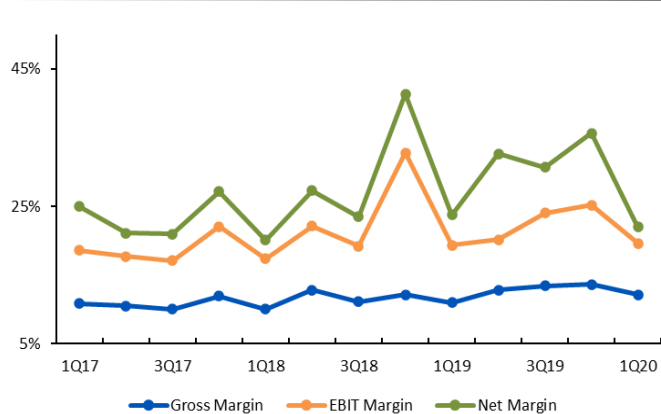
Source: Company Data, NHKSI Research

Debt Portion



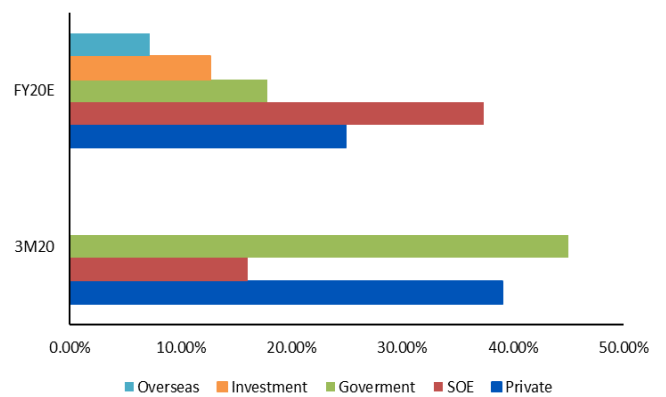
Source: Company Data, NHKSI Research

Margin Ratios



Source: Company Data, NHKSI Research

New Project based on Project Owner | 3M20 & FY20E



Source: Company Data, NHKSI Research

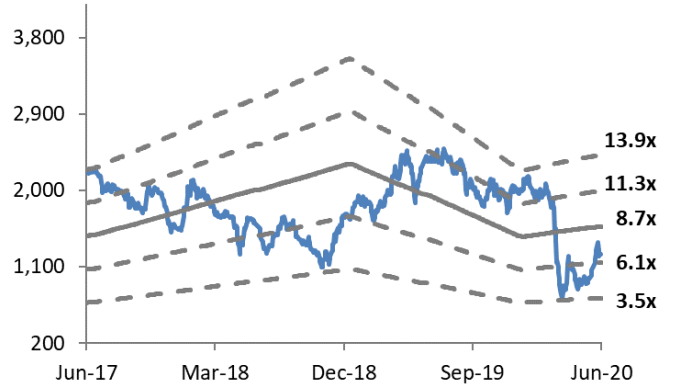
Valuation Highlights in Charts

3-Years Forward P/E Band



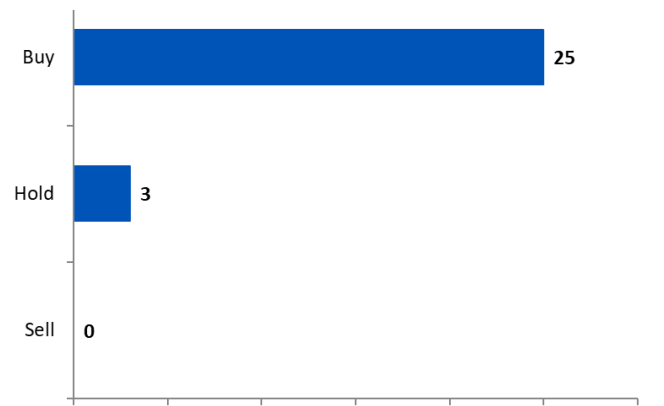
Source: Bloomberg, NHKSI Research

3-Years Dynamic Forward P/E band



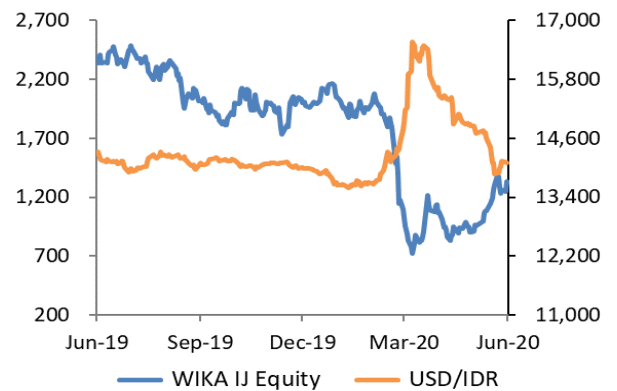
Source: Bloomberg, NHKSI Research

Analysts' Recommendation



Source: Bloomberg, NHKSI Research

Correlation between WIKA and USD/IDR



Source: Bloomberg, NHKSI Research

Quarterly Review

	1Q19	2Q19	3Q19	4Q19	1Q20				2Q20E
					Actual	Estimate	Y-Y	Q-Q	
Income statement									
Revenue	6,504	4,859	6,933	8,916	4,199		-35.4%	-52.9%	4,309
Gross Profit	714	623	932	1,211	509		-28.8%	-58.0%	484
EBIT	542	357	735	1,032	314		-42.0%	-69.6%	307
EBITDA	679	587	879	1,040	437		-35.7%	-58.0%	527
Net Profit	286	605	462	933	99		-65.3%	-89.4%	208
Margin (%)									
Gross Margin	11.0%	12.8%	13.4%	13.6%	12.1%		1.1%	-1.5%	11.2%
EBIT Margin	8.3%	7.4%	10.6%	11.5%	7.5%		-0.8%	-4.1%	7.1%
EBITDA Margin	10.4%	12.1%	12.7%	11.7%	10.4%		0.0%	-1.3%	12.2%
Net Profit Margin	4.4%	12.4%	6.7%	10.5%	2.4%		-2.0%	-8.1%	4.8%

Unit: IDR bn, %

Source: Company Data, NHKSI Research

Revisions to Earnings

		2020F	2021F	2022F
Income Statement				
Revenue	-Revised	21,458	24,550	31,357
	-Previous			
	-Change			
Gross Profit	-Revised	2,735	3,132	3,969
	-Previous			
	-Change			
EBIT	-Revised	2,086	2,390	3,021
	-Previous			
	-Change			
EBITDA	-Revised	3,081	3,492	4,355
	-Previous			
	-Change			
Net Profit	-Revised	1,437	1,700	2,309
	-Previous			
	-Change			
Margin				
Gross Margin	-Revised	12.7%	12.8%	12.7%
	-Previous			
EBIT Margin	-Revised	9.7%	9.7%	9.6%
	-Previous			
EBITDA Margin	-Revised	14.4%	14.2%	13.9%
	-Previous			
Net Profit Margin	-Revised	6.7%	6.9%	7.4%
	-Previous			

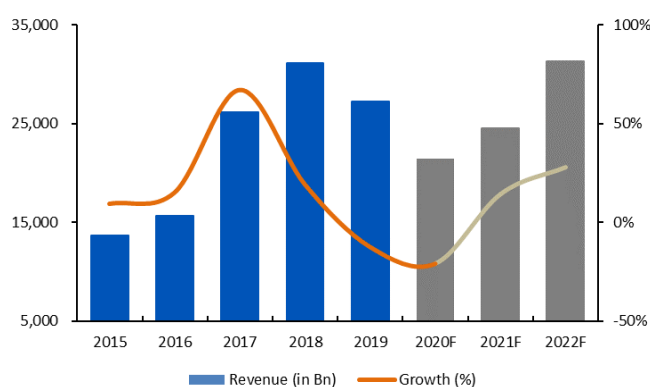
Unit: IDR bn, %

Source: Company Data, NHKSI Research

Company Overview

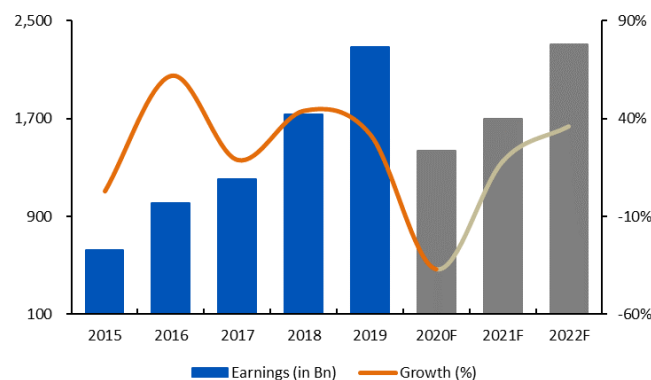
- PT Wijaya Karya Tbk (WIKA) merupakan perusahaan konstruksi yang didirikan pada tahun 1960 dengan nama Perusahaan Negara Bangunan Widjaja Karya.
- WIKA kemudian tercatat di Bursa Efek Indonesia (BEI) pada 29 Oktober 2007.
- Memiliki 6 anak perusahaan yaitu; Wika Beton, Wika Gedung, Wika Industri dan Konstruksi, Wika Rekayasa Konstruksi, Wika Realty, Wika Bitumen, Wika Serang Panimbang.
- Memiliki empat segmen bisnis: Industri, Infrastruktur dan bangunan, Energi dan pabrik industry, dan Realty dan properti,
- Sebanyak 65,05% pemegang saham merupakan Pemerintah, sementara sisanya 34,95% dipegang oleh publik.
- Proyek infrastruktur nasional yang sukses sedating atau telah digarap WIKA adalah Jalan Tol Balikpapan-Samarinda, Simpangan Semanggi, Bendungan Jatigede, Bandara Soekarno-Hatta Terminal 3, Bandara Ngurah Rai, Jembatan Suramadu, Jalan Tol Serang-Panimbang, dan Kereta Cepat Jakarta-Bandung.

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)	EV/EBITDA (LTM)	P/BV
Indonesia									
PT WIJAYA KARYA PERSERO TBK	840	4,486	1,759	148	13.7%	8.4%	14.3%	7.0x	0.8x
PT PP PERSERO TBK	393	4,019	1,631	54	-49.4%	3.3%	6.5%	8.6x	0.5x
PT WASKITA KARYA PERSERO TBK	736	8,853	2,220	66	-76.3%	3.0%	5.2%	19.3x	0.6x
PT ADHI KARYA PERSERO TBK	158	2,637	1,059	43	-6.7%	3.8%	10.1%	9.1x	0.4x
Thailand									
CH. KARNCHANG PUBLIC CO LTD	1,066	2,775	675	42	-48.6%	6.3%	5.1%	152.6x	1.3x
SINO THAI ENGR & CONSTR PCL	772	1,654	1,125	44	-19.1%	3.9%	11.0%	7.1x	1.9x
UNIQUE ENGINEERING & CON PCL	191	1,103	378	23	-12.2%	6.0%	9.1%	6.5x	0.7x
Philippines									
MEGAWIDE CONSTRUCTION CORP	77	1,593	416	17	-29.3%	4.0%	4.1%	20.6x	1.1x
EEI CORPORATION	198	553	454	19	71.1%	4.2%	12.0%	6.6x	0.6x
HOUSE OF INVESTMENTS	117	756	644	14	-29.9%	2.1%	5.3%	8.4x	0.8x
Vietnam									
FLC FAROS CONSTRUCTION JSC	2,154	460	208	7	-28.1%	3.2%	2.6%	16.6x	0.3x
HO CHI MINH CITY INFRASTRUCT	1,636	1,262	74	19	412.6%	26.1%	8.5%	36.0x	0.9x
HOA BINH CONSTRUCTION GROUP	572	722	746	13	-50.7%	1.7%	9.4%	8.3x	0.8x
Malaysia									
GAMUDA BHD	1,832	4,172	1,141	171	58.5%	15.0%	8.8%	17.8x	1.1x
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	407	28	-17.9%	6.8%	18.2%	11.9x	3.8x

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	27,213	21,458	24,550	31,357
Growth (% y/y)	-12.7%	-21.1%	14.4%	27.7%
Cost of Revenue	(23,733)	(18,723)	(21,418)	(27,388)
Gross Profit	3,480	2,735	3,132	3,969
Gross Margin	12.8%	12.7%	12.8%	12.7%
Operating Expenses	(814)	(648)	(742)	(948)
EBIT	2,666	2,086	2,390	3,021
EBIT Margin	9.8%	9.7%	9.7%	9.6%
Depreciation	520	994	1,102	1,334
EBITDA	3,186	3,081	3,492	4,355
EBITDA Margin	11.7%	14.4%	14.2%	13.9%
Interest Expenses	(884)	(690)	(973)	(1,056)
EBT	2,789	1,834	2,122	2,906
Income Tax	(168)	(130)	(139)	(191)
Minority Interest	(336)	(267)	(282)	(406)
Net Profit	2,285	1,437	1,700	2,309
Growth (% y/y)	32.1%	-37.1%	18.3%	35.8%
Net Profit Margin	8.4%	6.7%	6.9%	7.4%

PROFITABILITY & STABILITY

	2019/12A	2020/12E	2021/12E	2022/12E
ROE	12.5%	7.8%	9.3%	11.6%
ROA	3.8%	2.2%	2.4%	3.0%
ROIC	7.3%	5.5%	5.6%	6.2%
Cash Dividend (IDR bn)	409	457	314	340
Dividend Yield (%)	2.3%	2.8%	1.9%	2.1%
Payout Ratio (%)	18%	32%	18%	15%
DER	78%	99%	110%	119%
Net Gearing	25%	49%	61%	68%
LT Debt to Equity	46%	53%	62%	65%
Capitalization Ratio	44%	50%	52%	54%
Equity Ratio	31%	26%	26%	25%
Debt Ratio	24%	26%	28%	30%
Financial Leverage	333%	353%	388%	393%
Current Ratio	150%	150%	127%	133%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	8,970	8,970	8,970	8,970
Share Price (IDR)	1,990	1,840	1,840	1,840
Market Cap (IDR tn)	17.9	16.5	16.5	16.5

BALANCE SHEET

In IDR bn	2019/12A	2020/12E	2021/12E	2022/12E
Cash	10,347	8,956	9,361	10,621
Receivables	4,462	3,769	5,366	6,481
Inventories	6,855	8,407	9,196	11,063
Total Current Assets	42,335	45,484	48,678	54,483
Net Fixed Assets	9,396	12,684	14,901	17,330
Other Non Current Assets	10,379	10,147	10,430	10,398
Total Assets	62,111	68,315	74,009	82,210
Payables	12,762	13,369	13,623	14,891
ST Debt	6,188	8,174	9,135	11,167
LT Debt	8,892	9,387	11,727	13,556
Total Liabilities	42,895	50,578	55,044	61,435
Capital Stock + APIC	7,453	7,453	7,453	7,453
Retained Earnings	7,261	5,943	7,330	9,299
Shareholders' Equity	19,216	17,738	18,966	20,776

VALUATION INDEX

	2019/12A	2020/12E	2021/12E	2022/12E
Price /Earnings	7.8x	11.5x	9.7x	7.1x
Price /Book Value	0.9x	0.9x	0.9x	0.8x
Price/Revenue PS	0.7x	0.8x	0.7x	0.5x
PE/EPS Growth	0.2x	-0.3x	0.5x	0.2x
EV/EBITDA	7.9x	9.0x	8.7x	7.5x
EV/EBIT	9.5x	13.3x	12.7x	10.9x
EV (IDR bn)	25,296	27,663	30,401	32,842
Revenue CAGR (3-Yr)	20.2%	-6.4%	-7.6%	4.8%
EPS CAGR (3-Yr)	31.2%	6.1%	-0.6%	0.4%
Basic EPS (IDR)	255	160	190	257
Diluted EPS (IDR)	255	160	190	257
BVPS (IDR)	2,142	1,978	2,114	2,316
Revenue PS (IDR)	3,034	2,392	2,737	3,496
DPS (IDR)	46	51	35	38

CASH FLOW STATEMENT

In IDR bn	2019/12A	2020/12E	2021/12E	2022/12E
Operating Cash Flow	770	1,081	1,463	1,661
Investing Cash Flow	(5,483)	(3,869)	(3,887)	(3,763)
Financing Cash Flow	1,102	1,334	2,829	3,361
Net Changes in Cash	(3,610)	(1,454)	405	1,260

OWNERSHIP

By Geography	% Shareholders	%	
Indonesia	93.6	Republic of Indonesia	65.1
United States	4.8	Vanguard Group	1.2
Luxembourg	0.8	Dimensional Fund Adv.	1.2
Others	0.8	Blackrock Fund Advisor	0.5

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	IDR3,670	IDR3,308
05-05-2017	Buy	IDR2,820	IDR3,310
15-06-2020	Buy	IDR1,840	IDR1,522

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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