

# PT Wijaya Karya Tbk (WIKA IJ)

## Catatkan Rugi Bersih Pertama pada 3Q20

Company Update | Nov 06, 2020

## OVERWEIGHT

Target Price (IDR)	1,310
Consensus Price (IDR)	1,388
TP to Consensus Price	-5.6%
vs. Last Price	+12.4%

### Shares data

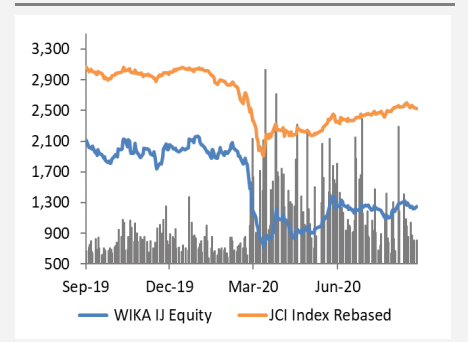
Last Price (IDR)	1,165
Price Date as of	Nov, 04 2020
52 wk Range (Hi/Lo)	2,200/675
Free Float (%)	34.9
Outstanding sh. (mn)	8,970
Market Cap. (IDR bn)	10,943
Market Cap. (USD mn)	760
Avg. Trd Vol - 3M (mn)	19.5
Avg. Trd Val - 3M (bn)	23.4
Foreign Ownership	6.4%

### Property

#### Construction

Bloomberg	WIKA IJ
Reuters	WIKAJK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-42.3%	6.9%	6.9%	-39.9%
Rel. Ret.	-23.6%	3.6%	6.3%	-22.6%

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Pada 3Q20 WIKA membukukan pendapatan sebesar Rp3,25 triliun (-53% YoY, +11% QoQ). Meskipun begitu, tingginya beban keuangan sebesar Rp397 miliar, mendorong *bottom line* tercatat rugi bersih Rp200 miliar dan capaian laba 9M20 hanya sebesar Rp50 miliar. Perolehan kontrak baru 3Q20 yang membaik dari 2Q20 memberikan angin segar akan membaiknya kinerja WIKA hingga akhir tahun. Di sisi lain, WIKA harus mampu mengendalikan hutang berbunga, guna menahan lonjakan *leverage ratio*.

#### Hadapi Pelonggaran PSBB, Pendapatan Naik 11% QoQ

Pada 3Q20 WIKA membukukan pendapatan sebesar Rp3,25 triliun (-53% YoY vs Rp6,93 triliun 3Q19). Capaian tersebut turun 23,8% di bawah proyeksi kami sebesar Rp4,27 triliun. Meskipun begitu, secara kuartalan pendapatan WIKA mampu naik 11%. Hal tersebut kami nilai sebagai upaya WIKA untuk membuktikan ketahanan bisnisnya dalam menghadapi pandemi pada kuartal-III di mana PSBB tidak lagi seketat kuartal-II. WIKA masih mencatatkan *single digit* GPM sebesar 7%, naik dari 5% pada 2Q20 dikarenakan WIKA cukup efektif dalam menahan lonjakan beban pendapatan. Sementara itu, beban keuangan yang tinggi sebesar Rp397 miliar mendorong anjloknya *bottom line* WIKA yang tercatat rugi bersih Rp200 miliar (vs laba bersih Rp462 miliar pada 3Q19), menjadikan rugi pertama yang dialami WIKA. Perolehan tersebut menjatuhkan capaian laba 9M20 hanya menjadi Rp50 triliun atau turun 96% YoY.

#### Harus Mampu Mengendalikan Leverage Ratio

Setelah mencapai angka *net* dan *gross gearing ratio* tertinggi pada 2Q20 sebesar 126% dan 82%, pada 3Q20 keduanya naik menjadi 141% dan 93,7%. Kami mengantisipasi performa neraca WIKA untuk menjaga tingkat hutang berbunga dan mengendalikan sumber pendanaan proyek agar rasio *leverage* tetap terkendali. Dari sisi lain, WIKA mampu menaikkan arus kas operasional sebesar Rp1,41 triliun didukung penerimaan kas dari pelanggan yang bertambah hingga 90% QoQ. Hingga akhir tahun, kami cukup optimis WIKA mampu membukukan arus kas positif didorong oleh penerimaan dana segar hasil proyek yang rampung pada akhir tahun.

#### Target Kontrak Baru Direvisi Turun

Sejak Juli, WIKA merevisi turun kontrak baru menjadi Rp21,37 triliun. Selama 9M20 kontrak baru sudah terealisasi sebesar Rp6,84 triliun atau 32% dari target. Pada 3Q20, kontrak baru dari semua segmen mencatatkan kenaikan. Segmen infrastruktur dan bangunan, industri, dan realty & property secara kuartalan masing-masingnya naik 274%, 183%, dan 56%. Walaupun masih jauh dari target, namun kami asumsikan capaian kontrak baru WIKA pada 4Q20 akan membaik. Saat ini, WIKA masih mengerjakan proyek strategis nasional berupa 16 bundungan dengan progres pengerjaan rampung 10%-90%. Jalan Tol Serang—Panimbang sesi pertama pun akan selesai pada akhir tahun dan siap beroperasi awal 2021.

#### Rating OVERWEIGHT dengan Revisi Turun Target Price menjadi Rp1.310

Kami merevisi turun proyeksi pendapatan dan laba bersih FY20 seiring dengan kinerja 3Q20 yang masih di bawah estimasi kami. Pendapatan dan laba bersih WIKA masing-masingnya kami revisi turun 7,7% menjadi Rp15,23 triliun dan 65,3% menjadi Rp379 miliar. Kami melihat sektor konstruksi belum cukup stabil sampai kuartal-IV, meskipun capaian kontrak baru WIKA tiap segmennya mulai membaik. Maka dari itu kami memberikan rating *overweight* dan merevisi turun target harga menjadi Rp1.310 berdasarkan metode *forward P/E* 21,6x (+0,47 SD) dengan *potential return* sebesar 12,4% dari harga saham terakhir.

#### Wijaya Karya Tbk | Summary

	2019A	2020F	2021F	2022F
Revenue	27,213	15,228	18,848	21,992
Growth (%)	-12.7%	-44.0%	23.8%	16.7%
EBITDA	3,186	2,096	2,856	3,100
Net Profit	2,285	379	545	904
EPS (IDR)	255	42	61	101
Growth (%)	32.1%	-83.4%	43.8%	66.0%
P/E	7.8x	30.6x	21.2x	12.8x
P/BV	0.9x	0.7x	0.7x	0.7x
EV/EBITDA	7.9x	10.9x	8.3x	7.7x
ROE (%)	12.5%	2.1%	3.3%	5.3%
DER (%)	78%	120%	132%	140%
Net Debt	4,733	8,686	9,882	10,236

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

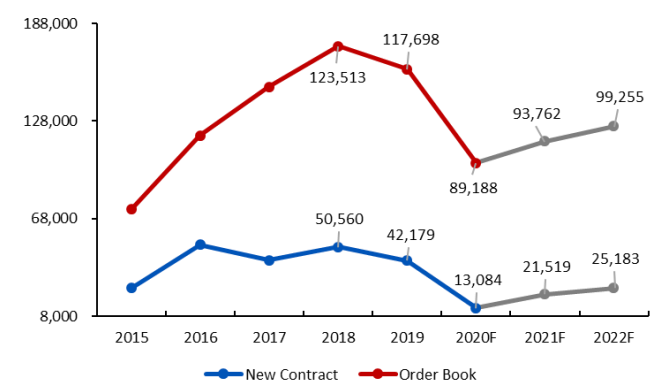
## Performance Highlights in Charts

WIKA Quarterly Revenue (IDR bn) | 3Q17 - 3Q20



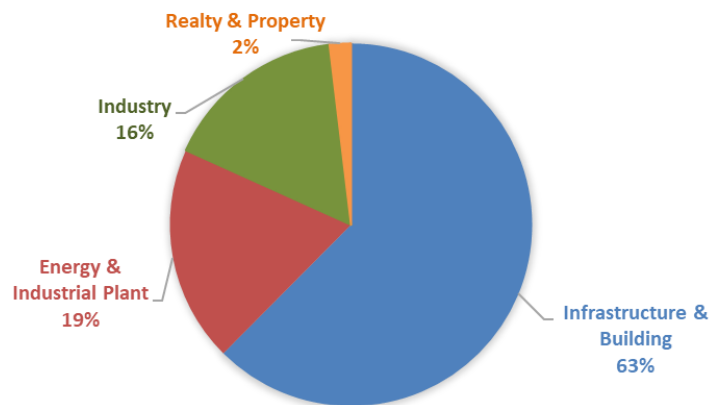
Source: Company Data, NHKSI Research

WIKA Order Book & New Contract



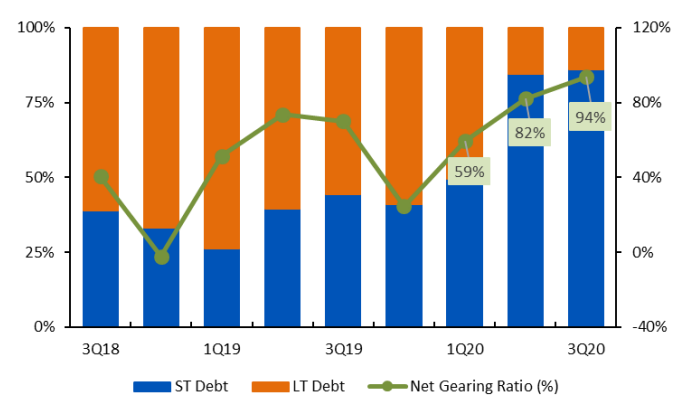
Source: Company Data, NHKSI Research

3Q20's Revenue Breakdown



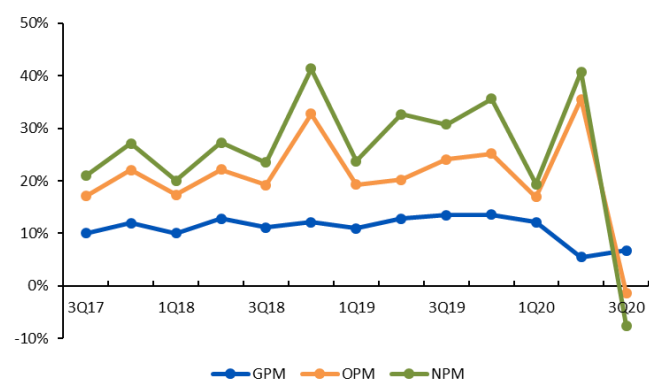
Source: Company Data, NHKSI Research

Debt Portion



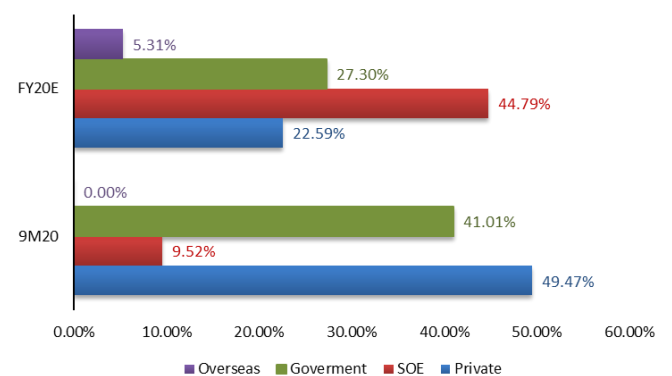
Source: Company Data, NHKSI Research

Margin Ratios



Source: Company Data, NHKSI Research

New Project based on Project Owner | 9M20 & FY20E



Source: Company Data, NHKSI Research

## Quarterly Review

	3Q19	4Q19	1Q20	2Q20	3Q20				4Q20E	
					Actual	Estimate	Y-Y	Q-Q		Surprise
<b>Income statement</b>										
Revenue	6,933	8,916	4,199	2,934	3,250	4,268	-53.1%	10.8%	-23.8%	4,845
Gross Profit	932	1,211	509	161	219	611	-76.5%	36.1%	-64.1%	594
EBIT	735	1,032	314	882	-264	486				516
EBITDA	879	1,040	437	984	-114	664				900
Net Profit	462	933	99	151	-200	280				328
<b>Margin (%)</b>										
Gross Margin	13.4%	13.6%	12.1%	5.5%	6.8%	14.3%				12.3%
EBIT Margin	10.6%	11.5%	7.5%	30.1%	-8.1%	11.4%				10.7%
EBITDA Margin	12.7%	11.7%	10.4%	33.5%	-3.5%	15.6%				18.6%
Net Profit Margin	6.7%	10.5%	2.4%	5.2%	-6.2%	6.6%				6.8%

Unit: IDR bn, %

Source: Company Data, NHKSI Research

## Revisions to Earnings

		2020F	2021F	2022F
<b>Income Statement</b>				
Revenue	-Revised	15,228	18,848	21,992
	-Previous	16,493	20,081	24,210
	-Change	-7.7%	-6.1%	-9.2%
Gross Profit	-Revised	1,483	2,102	2,247
	-Previous	2,068	2,544	3,038
	-Change	-28.3%	-18.8%	-23.4%
EBIT	-Revised	1,338	1,922	2,037
	-Previous	2,277	2,799	3,345
	-Change	9.1%	17.1%	10.7%
EBITDA	-Revised	2,096	2,856	3,100
	-Previous	3,065	3,739	4,419
	-Change	-31.6%	-23.6%	-29.8%
Net Profit	-Revised	379	545	904
	-Previous	1,092	1,520	1,924
	-Change	-65.3%	-64.2%	-53.0%
<b>Margin</b>				
Gross Margin	-Revised	9.7%	11.2%	10.2%
	-Previous	12.7%	12.8%	12.7%
EBIT Margin	-Revised	8.8%	10.2%	9.3%
	-Previous	9.7%	9.7%	9.6%
EBITDA Margin	-Revised	13.8%	15.2%	14.1%
	-Previous	14.4%	14.2%	13.9%
Net Profit Margin	-Revised	2.5	2.9%	4.1%
	-Previous	6.7%	6.9%	7.4%

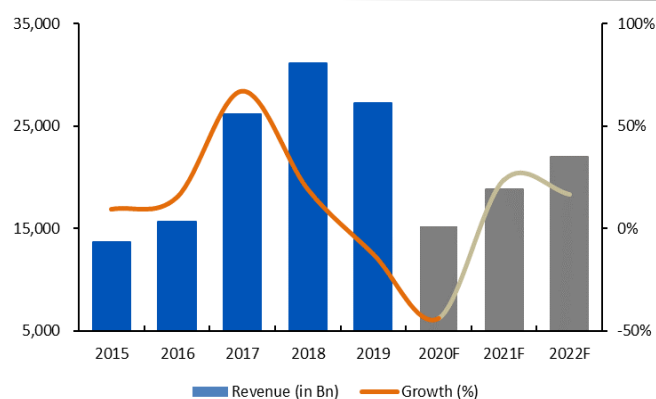
Unit: IDR bn, %

Source: Company Data, NHKSI Research

## Company Overview

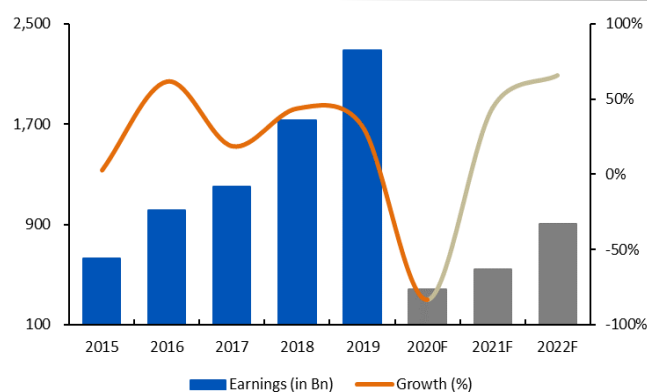
- PT Wijaya Karya Tbk (WIKA) merupakan perusahaan konstruksi yang didirikan pada tahun 1960 dengan nama Perusahaan Negara Bangunan Widjaya Karya.
- WIKA kemudian tercatat di Bursa Efek Indonesia (BEI) pada 29 Oktober 2007.
- Memiliki 6 anak perusahaan yaitu; Wika Beton, Wika Gedung, Wika Industri dan 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 sedang atau sukses 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

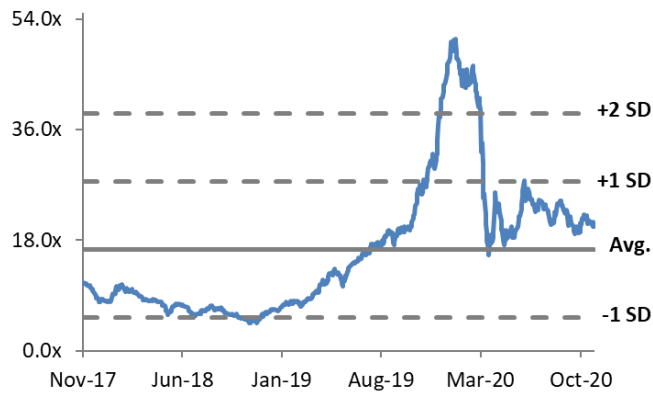
	Market Cap (USD mn)	Asset (USD mn)	Sales (LTM) (USD mn)	Net Profit (LTM) (USD mn)	Net Profit Growth (LTM)	Net Profit Margin	ROE (LTM)	EV/EBITDA (LTM)	P/BV
<b>Indonesia</b>									
PT WIJAYA KARYA PERSERO TBK	760	4,486	1,334	68	-21.8%	5.1%	11.3%	11.7x	0.8x
PT PP PERSERO TBK	396	4,058	1,286	28	-57.3%	2.2%	4.9%	12.8x	0.5x
PT WASKITA KARYA PERSERO TBK	712	8,853	1,719	(81)	N/A	-4.7%	-7.0%	28.0x	0.6x
PT ADHI KARYA PERSERO TBK	146	2,637	1,024	23	-28.8%	2.2%	7.7%	10.3x	0.4x
<b>Thailand</b>									
CH. KARNCHANG PUBLIC CO LTD	839	2,775	624	13	-86.1%	2.1%	1.5%	122.8x	0.9x
SINO THAI ENGR & CONSTR PCL	531	1,654	1,178	41	-22.6%	3.5%	9.6%	10.3x	1.4x
UNIQUE ENGINEERING & CON PCL	149	1,103	362	19	-27.2%	5.2%	7.3%	7.6x	0.7x
<b>Philippines</b>									
MEGAWIDE CONSTRUCTION CORP	316	1,593	358	(2)	N/A	-0.5%	-2.5%	N/A	1.2x
EEI CORPORATION	156	553	392	(1)	N/A	-0.2%	-0.4%	11.0x	0.9x
HOUSE OF INVESTMENTS	55	1,026	572	6	-50.3%	1.1%	2.2%	12.6x	0.2x
<b>Vietnam</b>									
FLC FAROS CONSTRUCTION JSC	54	460	146	(2)	N/A	-1.2%	-0.7%	24.2x	0.2x
HO CHI MINH CITY INFRASTRUCT	174	1,262	82	18	313.1%	21.3%	7.6%	32.5x	0.8x
HOA BINH CONSTRUCTION GROUP	104	722	645	11	-50.8%	1.7%	7.2%	10.2x	0.6x
<b>Malaysia</b>									
GAMUDA BHD	2,160	4,172	1,013	137	37.5%	13.6%	6.9%	20.8x	1.0x
IJM CORP BHD	1,255	5,637	1,413	46	-53.7%	3.2%	2.0%	11.8x	0.5x
SUNWAY CONSTRUCTION GROUP BHD	559	466	332	20	-39.0%	6.0%	13.9%	N/A	4.1x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

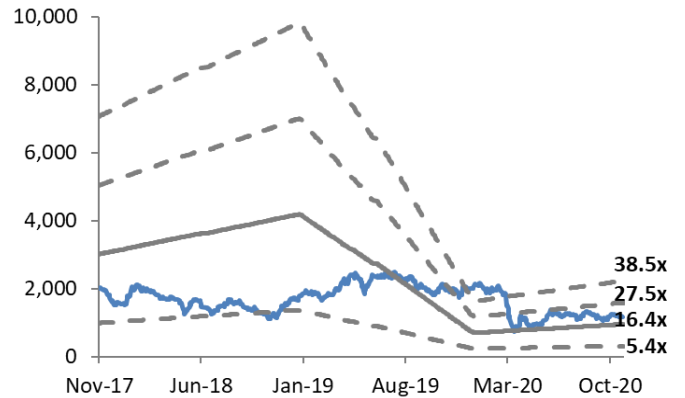
## Valuation Highlights in Charts

### 3-Years Forward P/E Band



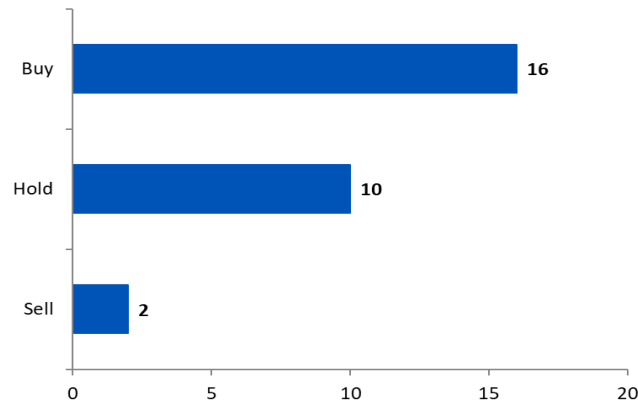
Source: Bloomberg, NHKSI Research

### 3-Years Dynamic Forward P/E band



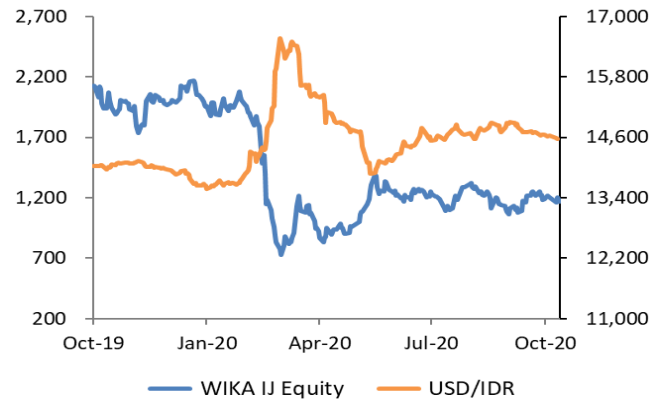
Source: Bloomberg, NHKSI Research

### Analysts' Recommendation



Source: Bloomberg, NHKSI Research

### Correlation between WIKA and USD/IDR



Source: Bloomberg, NHKSI Research

### 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
08-09-2020	Hold	IDR1,410	IDR1,524
06-11-2020	Overweight	IDR1,310	IDR1,388

Source: NHKSI Research

### NHKSI Stock Ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Rating system based on a stock's potential upside from the date of publication

- Buy : greater than +15%
- Overweight : +5% to +15%
- Hold : -5% to +5%
- Underweight : -5% to -15%
- Sell : less than -15%.

## Summary of Financials

### INCOME STATEMENT

In IDR bn	2019/12A	2020/12E	2021/12E	2022/12E
Revenue	27,213	15,228	18,848	21,992
Growth (% y/y)	-12.7%	-44.0%	23.8%	16.7%
Cost of Revenue	(23,733)	(13,745)	(16,747)	(19,745)
<b>Gross Profit</b>	<b>3,480</b>	<b>1,483</b>	<b>2,102</b>	<b>2,247</b>
Gross Margin	12.8%	9.7%	11.2%	10.2%
Operating Expenses	(814)	(145)	(180)	(210)
<b>EBIT</b>	<b>2,666</b>	<b>1,338</b>	<b>1,922</b>	<b>2,037</b>
EBIT Margin	9.8%	8.8%	10.2%	9.3%
Depreciation	520	758	934	1,063
<b>EBITDA</b>	<b>3,186</b>	<b>2,096</b>	<b>2,856</b>	<b>3,100</b>
EBITDA Margin	11.7%	13.8%	15.2%	14.1%
Interest Expenses	(884)	(1,169)	(1,484)	(1,101)
<b>EBT</b>	<b>2,789</b>	<b>567</b>	<b>733</b>	<b>1,166</b>
Income Tax	(168)	(49)	(54)	(86)
Minority Interest	(336)	(139)	(135)	(176)
<b>Net Profit</b>	<b>2,285</b>	<b>379</b>	<b>545</b>	<b>904</b>
Growth (% y/y)	32.1%	-83.4%	43.8%	66.0%
Net Profit Margin	8.4%	2.5%	2.9%	4.1%

### PROFITABILITY & STABILITY

	2019/12A	2020/12E	2021/12E	2022/12E
ROE	12.5%	2.1%	3.3%	5.3%
ROA	3.8%	0.6%	0.9%	1.3%
ROIC	7.3%	3.4%	4.6%	4.5%
Cash Dividend (IDR bn)	409	457	83	109
Dividend Yield (%)	2.3%	3.9%	0.7%	0.9%
Payout Ratio (%)	18%	121%	15%	12%
DER	78%	120%	132%	140%
Net Gearing	25%	53%	59%	59%
LT Debt to Equity	46%	32%	57%	49%
Capitalization Ratio	44%	55%	57%	58%
Equity Ratio	31%	27%	26%	23%
Debt Ratio	24%	33%	34%	32%
Financial Leverage	333%	344%	377%	410%
Current Ratio	150%	130%	113%	137%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	8,970	8,970	8,970	8,970
Share Price (IDR)	1,990	1,310	1,310	1,310
Market Cap (IDR tn)	17.9	11.8	11.8	11.8

### BALANCE SHEET

In IDR bn	2019/12A	2020/12E	2021/12E	2022/12E
Cash	10,347	10,987	12,133	13,977
Receivables	4,462	3,052	3,964	4,349
Inventories	6,855	8,249	8,727	9,665
<b>Total Current Assets</b>	<b>42,335</b>	<b>39,338</b>	<b>41,436</b>	<b>49,138</b>
Net Fixed Assets	9,396	10,528	11,430	13,006
Other Non Current Assets	10,379	10,449	11,344	12,909
<b>Total Assets</b>	<b>62,111</b>	<b>60,315</b>	<b>64,210</b>	<b>75,053</b>
Payables	12,762	12,469	12,031	14,692
ST Debt	6,188	14,423	12,587	15,797
LT Debt	8,892	5,250	9,428	8,415
<b>Total Liabilities</b>	<b>42,895</b>	<b>43,921</b>	<b>47,533</b>	<b>57,759</b>
Capital Stock + APIC	7,453	7,452	7,452	7,452
Retained Earnings	7,261	4,582	5,044	5,839
<b>Shareholders' Equity</b>	<b>19,216</b>	<b>16,394</b>	<b>16,678</b>	<b>17,295</b>

### VALUATION INDEX

	2019/12A	2020/12E	2021/12E	2022/12E
Price /Earnings	7.8x	31.0x	21.6x	13.0x
Price /Book Value	0.9x	0.7x	0.7x	0.7x
Price/Revenue PS	0.7x	0.8x	0.6x	0.5x
PE/EPS Growth	0.2x	-0.4x	0.5x	0.2x
EV/EBITDA	7.9x	11.0x	8.4x	7.8x
EV/EBIT	9.5x	17.2x	12.5x	11.9x
EV (IDR bn)	25,296	22,971	23,989	24,165
Revenue CAGR (3-Yr)	20.2%	-16.5%	-15.4%	-6.9%
EPS CAGR (3-Yr)	31.2%	-32.0%	-32.0%	-26.6%
Basic EPS (IDR)	255	42	61	101
Diluted EPS (IDR)	255	42	61	101
BVPS (IDR)	2,142	1,828	1,859	1,928
Revenue PS (IDR)	3,034	1,698	2,101	2,452
DPS (IDR)	46	51	9	12

### CASH FLOW STATEMENT

In IDR bn	2019/12A	2020/12E	2021/12E	2022/12E
Operating Cash Flow	770	359	1,548	2,249
Investing Cash Flow	(5,483)	(2,177)	(2,483)	(2,315)
Financing Cash Flow	1,102	2,377	2,081	1,910
<b>Net Changes in Cash</b>	<b>(3,610)</b>	<b>559</b>	<b>1,146</b>	<b>1,844</b>

### OWNERSHIP

By Geography	% Shareholders	%
Indonesia	94.6	65.1
United States	4.5	1.2
Luxembourg	0.3	1.2
Others	0.2	0.6

Source: Company Data, NHKSI Research

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