

# PT Wijaya Karya Tbk (WIKA IJ)

## Kontrak Baru dari Infrastruktur Tumbuh

Company Update | July 27, 2021

### BUY

<b>Target Price (IDR)</b>	<b>1,390</b>
Consensus Price (IDR)	1,533
TP to Consensus Price	-9.3%
Potential Upside	+34.3%

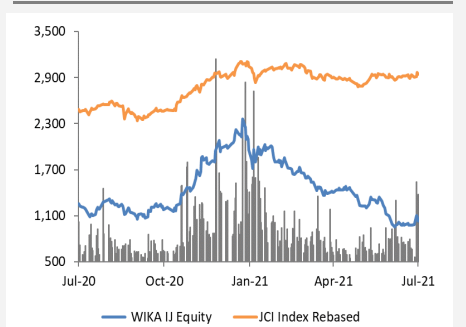
#### Shares data

Last Price (IDR)	1,035
Price Date as of	July, 23 2021
52 wk Range (Hi/Lo)	2,450/955
Free Float (%)	34.9
Outstanding sh. (mn)	8,970
Market Cap. (IDR bn)	9,284
Market Cap. (USD mn)	641
Avg. Trd Vol - 3M (mn)	22.96
Avg. Trd Val - 3M (bn)	26.50
Foreign Ownership	6.2%

#### Infrastructure Construction

Bloomberg	WIKA IJ
Reuters	WIKA.JK

#### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-49.3%	-1.9%	-26.6%	-17.5%
Rel. Ret.	-49.2%	-3.0%	-28.0%	-36.1%

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WIKA mencatatkan penurunan pada pendapatan dan laba periode 1Q21, masing-masingnya sebesar 7% YoY dan 21% YoY. Di sisi lain, kontrak baru mengalami pertumbuhan sebesar 85% YoY menjadi Rp4,65 triliun, di mana kontrak baru segmen infrastruktur naik 292% YoY.

#### Kinerja Belum Sepenuhnya Membaik

- WIKA mencatatkan pendapatan sebesar Rp3,92 triliun (-7% YoY vs Rp4,19 triliun 1Q20).
- Pendapatan dari infrastruktur dan bangunan, diikuti energi dan industrial plant, masing-masingnya turun -5% YoY menjadi Rp2,56 triliun, dan -12% YoY menjadi Rp589 miliar.
- Kami melihat WIKA masih belum mampu untuk meminimalkan cost of revenue, yang membuat GPM turun menjadi 7% (vs 12% 1Q20).
- Laba bersih WIKA tercatat sebesar Rp78 miliar atau turun 21% YoY (vs Rp99 miliar 1Q20).

#### Optimis Kenaikan Signifikan pada Kontrak Baru

- WIKA memperoleh kontrak baru selama 1Q21 sebesar Rp4,65 triliun, naik signifikan 85% YoY atau tercapai 11% dari target 2021 sebesar Rp40,12 triliun.
- Kontrak baru dari segmen infrastruktur dan bangunan naik 292% YoY dengan porsi 59,61% dari total kontrak baru.
- Hingga akhir tahun, kami estimasi WIKA dapat mencatatkan kenaikan kontrak baru 50%-60% YoY. Mengingat banyak tender-tender proyek yang tertunda akibat pandemi di tahun 2020.

#### Kepemilikan WIKA atas PT PSBI akan Dikurangi

- Saat ini, WIKA memiliki 38% saham PT Pilar Sinergi BUMN Indonesia (PSBI). Di mana PSBI merupakan konsorsium yang mengerjakan proyek Kereta Cepat Jakarta Bandung (KCJB).
- Kementerian BUMN saat ini sedang menyusun peraturan untuk mengubah pemegang saham mayoritas PSBI dari WIKA menjadi PT KAI (kepemilikan saat ini 25%).
- Hal ini kami lihat dapat mengurangi beban keuangan WIKA untuk saat ini, di mana kewajiban WIKA untuk menyetorkan modal ke proyek KCJB akan lebih longgar.
- Meskipun begitu, saat ini posisi gross dan net gearing ratio WIKA berada pada level 1,37x dan 0,99x dan masih tergolong rendah.

#### Mempertahankan Rekomendasi BUY dengan TP Rp1.390

- Kami mempertahankan rekomendasi BUY dengan TP Rp1.390 berdasarkan metode forward P/E 11,1x. TP kami memiliki potential return 34.3% dari harga terakhir.
- Risiko perubahan TP kami yaitu: 1) Kenaikan kasus harian Covid-19, 2) Dilanjutkannya PPKM Darurat yang menyebabkan lambatnya pemulihan ekonomi.

#### Wijaya Karya Tbk | Summary

	2020A	2021F	2022F	2023F
Revenue	16,536	20,058	22,725	26,302
Growth	-39.2%	21.3%	13.3%	15.7%
Net Profit	186	671	1,119	1,281
Growth	-91.9%	261.3%	66.79%	14.5%
EPS (IDR)	21	75	125	143
P/E	95.8x	18.6x	11.1x	9.7x
P/BV	1.1x	0.7x	0.7x	0.6x
EV/EBITDA	29.2x	14.2x	12.5x	10.5x
ROE	1.0%	4.0%	6.3%	6.8%
DER	158%	163%	170%	182%
Dividen Yield	2.6%	0.0%	1.3%	2.2%

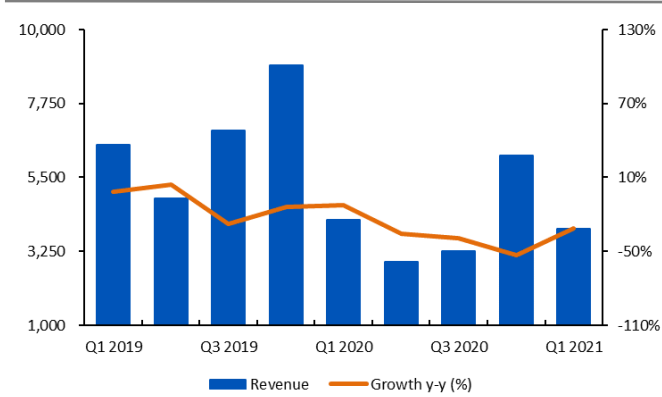
Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

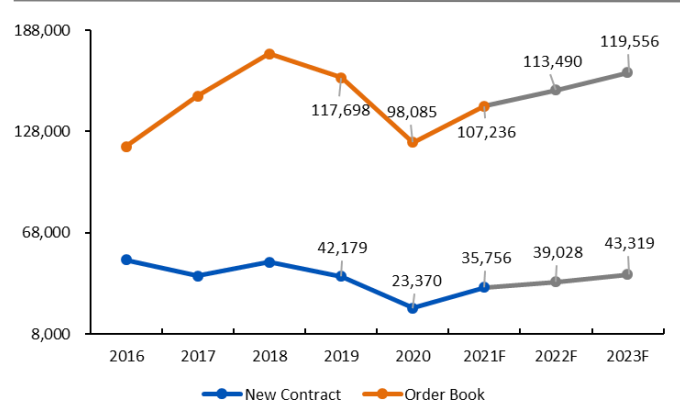
## Performance Highlights in Charts

WIKA Quarterly Revenue (IDR bn) | 1Q19 - 1Q21



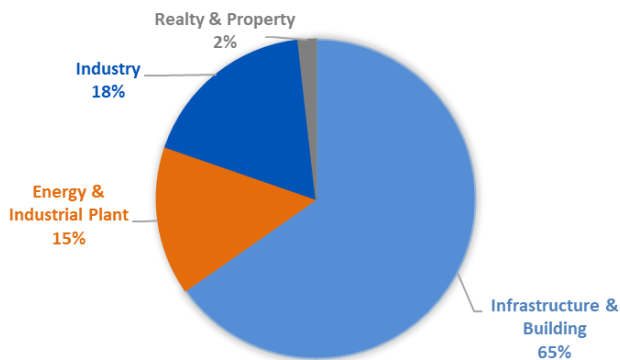
Source: Company Data, NHKSI Research

WIKA Order Book & New Contract



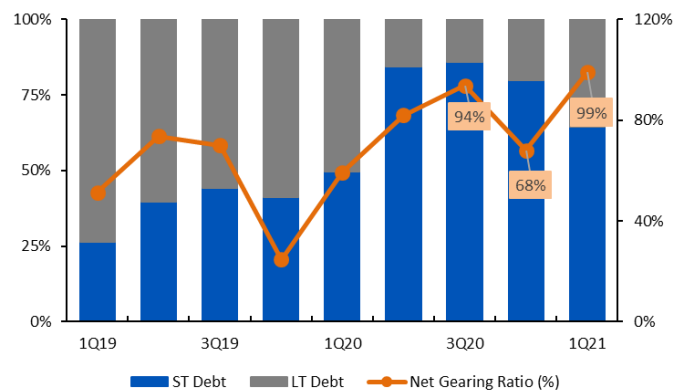
Source: Company Data, NHKSI Research

1Q21's Revenue Breakdown



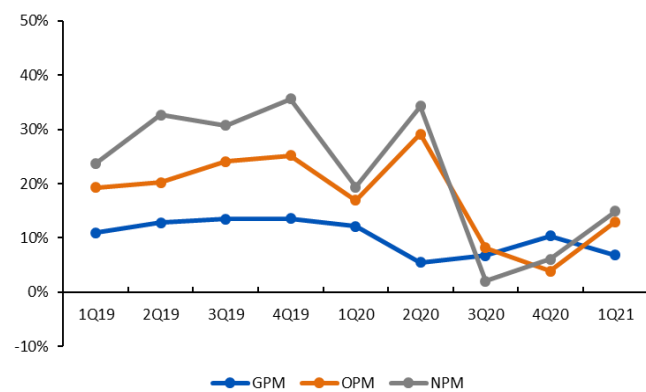
Source: Company Data, NHKSI Research

Debt Portion



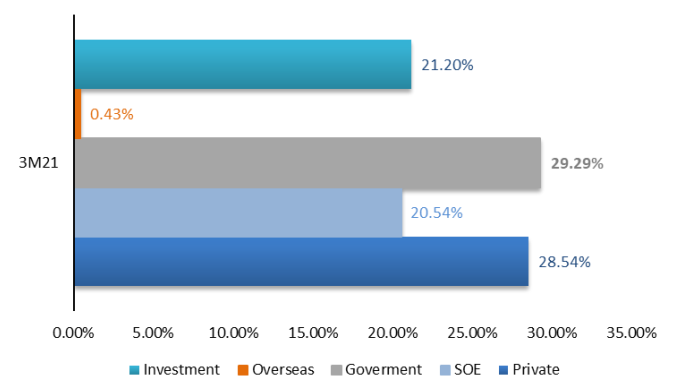
Source: Company Data, NHKSI Research

Margin Ratios



Source: Company Data, NHKSI Research

New Project based on Project Owner | 3M21



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.

WIKA memiliki empat segmen bisnis: Industri, Infrastruktur dan bangunan, Energi dan pabrik industry, dan Realty dan property. 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.

### Asia Pacific Companies Peers Analysis

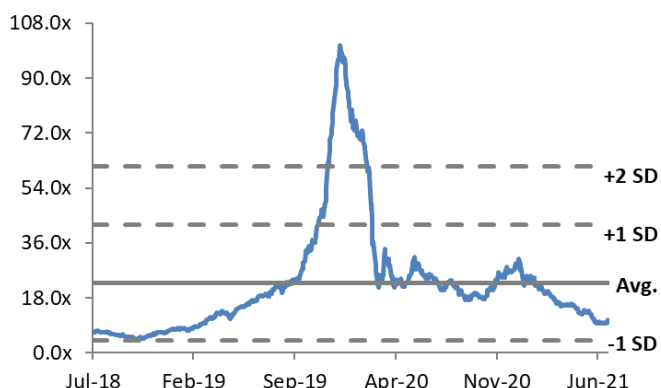
	Market Cap (USD mn)	Asset (USD mn)	Sales (LTM) (USD mn)	Net Profit (LTM) (USD mn)	Net Profit Growth (LTM)	Net Profit Margin	ROE (LTM)	EV/EBITDA (LTM)	P/BV
<b>Indonesia</b>									
PT WIJAYA KARYA PERSERO TBK	641	4,891	1,118	11	-92.2%	1.0%	1.2%	28.7x	0.7x
PT PP PERSERO TBK	392	3,840	1,049	11	-77.1%	1.0%	1.4%	13.3x	0.5x
PT WASKITA KARYA PERSERO TBK	923	7,583	1,113	(507)	-	-45.6%	-58.1%	-	1.8x
PT ADHI KARYA PERSERO TBK	182	2,736	679	1	-97.3%	0.2%	0.3%	16.1x	0.5x
<b>Thailand</b>									
CH. KARNCHANG PUBLIC CO LTD	886	2,760	462	30	-28.2%	6.5%	3.6%	69.1x	1.2x
SINO THAI ENGR & CONSTR PCL	584	1,468	1,098	35	-19.9%	3.2%	7.9%	9.3x	1.3x
UNIQUE ENGINEERING & CON PCL	210	1,119	347	2	-90.0%	0.7%	0.9%	10.7x	0.9x
<b>Philippines</b>									
MEGAWIDE CONSTRUCTION CORP	249	1,694	237	(13)	-	-5.5%	-5.5%	39.3	0.7x
EEI CORPORATION	155	560	248	(42)	-	-17.0%	-27.8%	-	1.2x
HOUSE OF INVESTMENTS	61	1,081	388	(15)	-	-3.9%	-5.0%	-	0.2x
<b>Vietnam</b>									
FLC FAROS CONSTRUCTION JSC	120	454	61	1	-84.4%	1.3%	0.3%	111.9x	0.5x
HO CHI MINH CITY INFRASTRUCT	168	1,279	253	1	-96.7%	0.2%	0.2%	20.9x	0.8x
HOA BINH CONSTRUCTION GROUP	128	673	476	4	-70.8%	0.8%	2.5%	18.0x	0.8x
<b>Malaysia</b>									
GAMUDA BHD	1,689	4,370	856	86	-37.8%	10.0%	4.1%	16.4x	0.8x
IJM CORP BHD	1,559	5,667	1,348	103	72.3%	7.7%	4.4%	9.9x	0.7x
SUNWAY CONSTRUCTION GROUP BHD	485	474	394	18	-33.1%	4.7%	11.8%	-	3.1x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

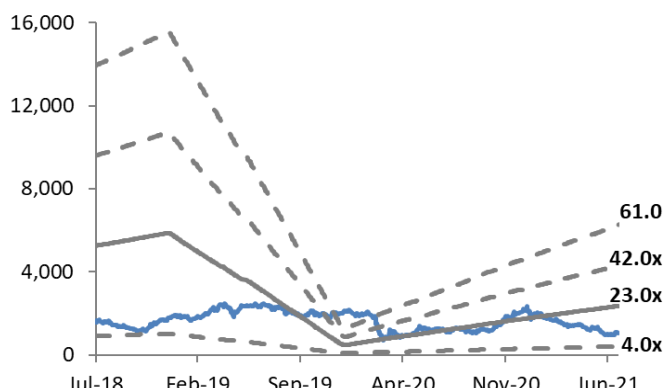
## Valuation Highlights in Charts

3-Years Forward P/E Band



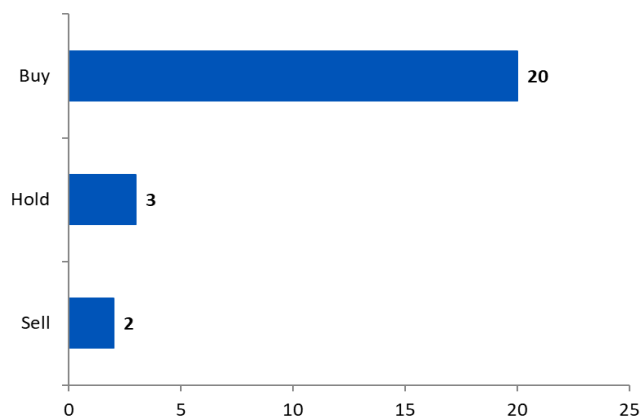
Source: Bloomberg, NHKSI Research

3-Years Dynamic Forward P/E band



Source: Bloomberg, NHKSI Research

Analysts' Recommendation



Source: Bloomberg, NHKSI Research

Closing and Target Price Update



Source: Bloomberg, NHKSI Research

## Rating and Target Price Update

Target Price

Date	Rating	Target Price	Last Price	Consensus	Potential Upside	vs Consensus
15/06/2020	Buy	1,840 (12 Month)	1,330	1,522	+38.3%	+20.9%
08/09/2020	Buy	1,410 (12 Month)	1,250	1,524	+12.8%	-7.5%
06/11/2020	Buy	1,310 (12 Month)	1,165	2,102	+12.4%	-37.7%
18/01/2021	Overweight	2,590 (12 Month)	2,360	2,081	+9.7%	24.5%
15/04/2021	Buy	1,860 (12 Month)	1,430	2,102	+30.1%	-11.5%
08/07/2021	Buy	1,390 (12 Month)	980	1,558	+41.8%	-10.8%
27/07/2021	Buy	1,390 (12 Month)	1,035	1,533	+34.3%	-9.3%

Source: NHKSI Research, Bloomberg

## Summary of Financials

## INCOME STATEMENT

In IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Revenue	16,536	20,058	22,725	26,302
Growth (% y/y)	-39.2%	21.3%	13.3%	15.7%
Cost of Revenue	(15,012)	(17,982)	(20,195)	(23,182)
<b>Gross Profit</b>	<b>1,525</b>	<b>2,076</b>	<b>2,530</b>	<b>3,121</b>
Gross Margin	9.2%	10.3%	11.1%	11.9%
Operating Expenses	(982)	(874)	(835)	(789)
<b>EBIT</b>	<b>543</b>	<b>1,202</b>	<b>1,695</b>	<b>2,332</b>
EBIT Margin	3.3%	6.0%	7.5%	8.9%
Depreciation	556	957	956	1,147
<b>EBITDA</b>	<b>1,099</b>	<b>2,159</b>	<b>2,651</b>	<b>3,479</b>
EBITDA Margin	6.6%	10.8%	11.7%	13.2%
Interest Expenses	(1,222)	(1,231)	(1,125)	(1,626)
<b>EBT</b>	<b>310</b>	<b>819</b>	<b>1,471</b>	<b>1,715</b>
Income Tax	12	(17)	(162)	(198)
Minority Interest	(137)	(131)	(191)	(236)
<b>Net Profit</b>	<b>186</b>	<b>671</b>	<b>1,119</b>	<b>1,281</b>
Growth (% y/y)	-91.9%	261.3%	66.7%	14.5%
Net Profit Margin	1.1%	3.3%	4.9%	4.9%

## PROFITABILITY &amp; STABILITY

	2020/12A	2021/12E	2022/12E	2023/12E
ROE	1.0%	4.0%	6.3%	6.8%
ROA	0.3%	1.0%	1.5%	1.5%
Inventory Turnover	1.8x	1.7x	1.8x	1.9x
Receivables Turnover	5.0x	6.4x	5.2x	5.8x
Payables Turnover	1.1x	1.3x	1.5x	1.7x
Dividend Yield (%)	2.6%	0.0%	1.3%	2.2%
Payout Ratio (%)	20%	0%	24%	24%
DER	158%	163%	170%	182%
Net Gearing	68%	89%	98%	111%
Equity Ratio	24%	24%	23%	22%
Debt Ratio	39%	39%	39%	41%
Financial Leverage	363%	371%	424%	437%
Current Ratio	109%	113%	140%	130%
Quick Ratio	86%	88%	109%	101%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	8,970	8,970	8,970	8,970
Share Price (IDR)	1,985	1,390	1,390	1,390
Market Cap (IDR tn)	17.8	12.5	12.5	12.5

## BALANCE SHEET

In IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Cash	14,952	12,874	13,177	13,692
Receivables	2,176	4,089	4,569	4,549
Inventories	9,813	11,297	11,769	12,365
<b>Total Current Assets</b>	<b>47,981</b>	<b>51,339</b>	<b>54,023</b>	<b>55,977</b>
Net Fixed Assets	11,122	12,445	14,671	17,206
Other Non Current Assets	9,006	9,395	11,074	12,988
<b>Total Non Current Assets</b>	<b>20,128</b>	<b>21,840</b>	<b>25,745</b>	<b>30,194</b>
<b>Total Assets</b>	<b>68,109</b>	<b>73,179</b>	<b>79,768</b>	<b>86,171</b>
Payables	14,241	13,425	13,576	14,369
ST Debt	21,013	18,167	10,249	14,337
<b>Total Current Liabilities</b>	<b>44,168</b>	<b>45,260</b>	<b>38,642</b>	<b>43,225</b>
LT Debt	5,265	10,025	20,724	20,603
<b>Total Liabilities</b>	<b>51,452</b>	<b>55,884</b>	<b>61,549</b>	<b>66,973</b>
Capital Stock + APIC	7,452	7,452	7,452	7,452
Retained Earnings	4,390	5,061	6,019	7,031
<b>Shareholders' Equity</b>	<b>16,657</b>	<b>17,295</b>	<b>18,219</b>	<b>19,198</b>

## CASH FLOW STATEMENT

In IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Operating Cash Flow	(969)	(394)	993	1,484
Investing Cash Flow	(5,233)	(3,567)	(3,277)	(4,634)
Financing Cash Flow	10,762	1,853	2,587	3,666
<b>Net Changes in Cash</b>	<b>4,560</b>	<b>(2,108)</b>	<b>303</b>	<b>515</b>

## VALUATION INDEX

	2020/12A	2021/12E	2022/12E	2023/12E
Price /Earnings	95.8x	18.6x	11.1x	9.7x
PE/EPS Growth	-1.0x	0.1x	0.2x	0.7x
Price /Book Value	1.1x	0.7x	0.7x	0.6x
EV/EBITDA	29.2x	14.2x	12.5x	10.5x
EV (IDR bn)	32,110	30,731	33,176	36,595
Revenue CAGR (3-Yr)	-14.2%	-13.7%	-5.8%	16.7%
Net Profit CAGR (3-Yr)	-46.3%	-27.1%	-21.2%	90.3%
Basic EPS (IDR)	21	75	125	143
BVPS (IDR)	1,857	1,928	2,031	2,140
DPS (IDR)	50.95	-	17.96	29.93

## OWNERSHIP

Shareholders	%
Republic of Indonesia	65.5
Vanguard Group	1.2
Norges Bank	1.0
Dimensional Fund Advisors	0.7
Others	31.7
By Geography	%
Indonesia	93.8
United States	4.0
Norway	1.4
Others	6.2

Source: Company Data, NHKSI Research

### NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. 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%

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