

Wijaya Karya Tbk (WIKA)

Gearing Ratio Masih Terjaga

Company Update | Sept 27, 2021

BUY

Target Price (IDR)	1,410
Consensus Price (IDR)	1,190
TP to Consensus Price	+18.5%
Potential Upside	+21.6%

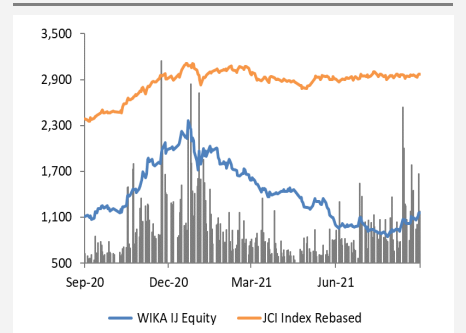
Shares data

Last Price (IDR)	1,160
Price Date as of	Sept, 24 2021
52 wk Range (Hi/Lo)	2,450/850
Free Float (%)	34.9
Outstanding sh. (mn)	8,970
Market Cap. (IDR bn)	10,405
Market Cap. (USD mn)	729
Avg. Trd Vol - 3M (mn)	50.44
Avg. Trd Val - 3M (bn)	50.99
Foreign Ownership	6.1%

Infrastructure Construction

Bloomberg	WIKAJJ
Reuters	WIKAJK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-43.1%	28.9%	14.3%	9.4%
Rel. Ret.	-43.8%	28.0%	12.1%	-17.5%

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WIKAJJ mencatatkan pendapatan 1H21 Rp6,76 triliun atau turun 5% YoY, imbas adanya penundaan dari sisi pemilik proyek untuk beberapa proyek berjalan. Di sisi lain, WIKAJJ menurunkan target kontrak baru menjadi Rp35 triliun. Meskipun begitu, kami lihat capaian tahun ini akan membaik dengan estimasi kenaikan kontrak baru 38% YoY. Sementara meskipun telah dua kali menerbitkan obligasi, namun *gearing ratio* WIKAJJ masih terjaga.

Pembangunan Beberapa Proyek Tertunda, Hambat Pertumbuhan Pendapatan 2Q21

- WIKAJJ mencatatkan pendapatan 2Q21 sebesar Rp2,84 triliun (-3% YoY). Sementara pendapatan 1H21 tercatat sebesar Rp6,76 triliun (-5,1% YoY vs Rp7,1 triliun 1H20).
- Penurunan *top line* 2Q21 didorong oleh turunnya pendapatan dari infrastruktur dan bangunan (-17% YoY). Di sisi lain, segmen energi dan *industrial plant* naik 88% YoY.
- WIKAJJ mengalami kendala penerimaan kas dari pelanggan. Hal tersebut disebabkan ada beberapa proyek berjalan yang terpaksa ditahan pengerjaannya karena permintaan pemilik proyek.
- Pendapatan lain-lain 2Q21 turun 90% YoY, akibat tingginya pos yang sama pada 2Q20 karena pendapatan bunga dan pemulihan penurunan nilai.
- Hal tersebut kemudian menyebabkan capaian laba 2Q21 turun signifikan menjadi Rp5 miliar (-97% YoY vs Rp151 miliar 2Q20). Sementara, laba 1H21 pun turun 33% YoY menjadi Rp83 miliar.

Revisi Target Kontrak Baru FY21

- WIKAJJ merevisi kontrak baru FY21 dari Rp40,12 triliun menjadi Rp35 triliun.
- Sepanjang 1H21, WIKAJJ meraih Rp10,5 triliun kontrak baru (+209% YoY) atau tercapai 30% dari target baru. Kontrak baru dari infrastruktur dan bangunan tercatat Rp6,58 triliun, lebih tinggi dari capaian pra-pandemi.
- Kami melihat, meskipun masih cukup jauh dari target, capaian kontrak baru WIKAJJ tahun ini akan mulai membaik. Kami estimasi kenaikannya 38% YoY.
- Hingga akhir tahun, WIKAJJ masih menjalani proses tender proyek-proyek seperti bendungan, irigasi, jalan tol, smelter, dan pembangkit listrik di Kalimantan dan Sulawesi, yang nilainya ditaksir mencapai Rp25 triliun.

Level Gearing Ratio

- Pada 1H21, WIKAJJ menerima hasil penerbitan obligasi dan sukuk berkelanjutan tahap I, dengan total nilai Rp3 triliun.
- Pada 2H21 WIKAJJ akan kembali menerima dana segar dari penerbitan obligasi dan sukuk berkelanjutan tahap II dengan nilai mencapai Rp2,5 triliun, yang akan digunakan untuk *refinancing* dan modal kerja.
- Meskipun begitu, kami perkiraan *gearing ratio* WIKAJJ pada FY21 masih akan rendah pada kisaran 1.7x.

Mempertahankan rating BUY dengan TP Rp1.410

- Kami menaikkan 7,4% laba FY22E menjadi Rp1,2 triliun. Dengan perkiraan divestasi baru dapat dilakukan tahun depan, di mana WIKAJJ berencana menjual asetnya berupa pelabuhan dan jalan tol.
- Kami mempertahankan rekomendasi BUY dengan TP Rp1.410 berdasarkan metode forward P/E 10,6x. TP kami memiliki potential return 21,6% dari harga terakhir.
- Risiko perubahan TP kami yaitu: 1) Kenaikan kasus harian Covid-19, 2) Diperketatnya PPKM yang menyebabkan lambatnya pemulihan ekonomi, 3) Hasil divestasi asset WIKAJJ.

Wijaya Karya Tbk | Summary

	2020A	2021F	2022F	2023F
Revenue	16,536	18,960	24,625	28,872
Growth	-39.2%	14.7%	29.9%	17.2%
Net Profit	186	327	1,201	1,239
Growth	-91.9%	75.9%	267.6%	3.2%
EPS (IDR)	21	36	134	138
P/E	95.8x	38.7x	10.5x	10.2x
P/BV	1.1x	0.7x	0.7x	0.7x
EV/EBITDA	29.2x	16.5x	11.7x	9.2x
ROE	1.0%	1.9%	6.8%	6.6%
DER	158%	171%	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

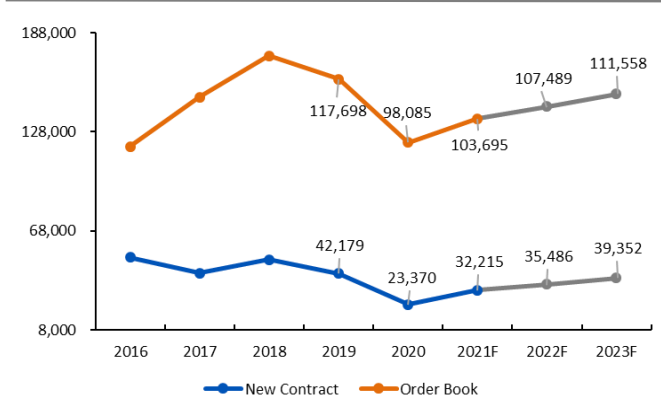
Performance Highlights in Charts

WIKA Quarterly Revenue (IDR bn) | 2Q19 - 2Q21



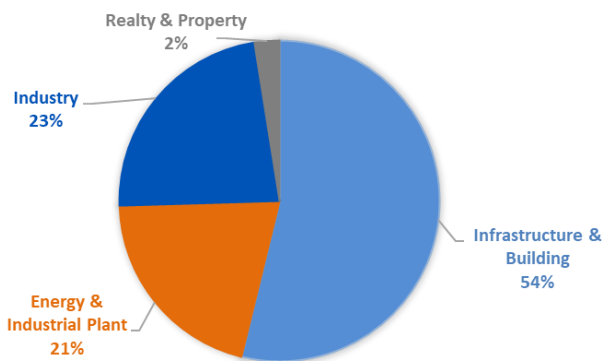
Source: Company Data, NHKSI Research

WIKA Order Book & New Contract



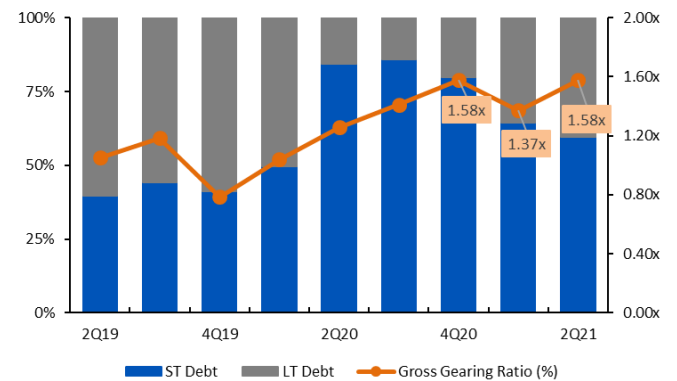
Source: Company Data, NHKSI Research

2Q21's Revenue Breakdown



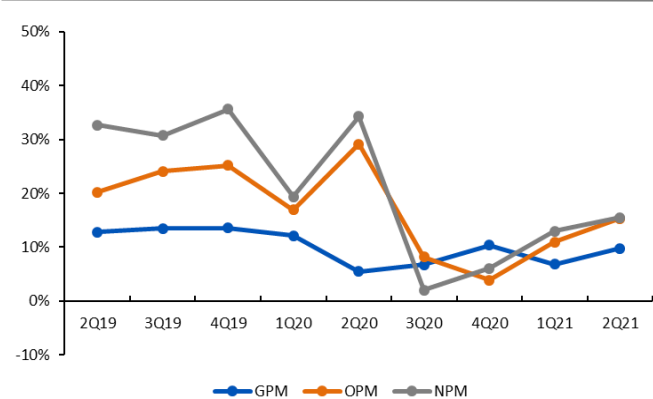
Source: Company Data, NHKSI Research

Debt Portion



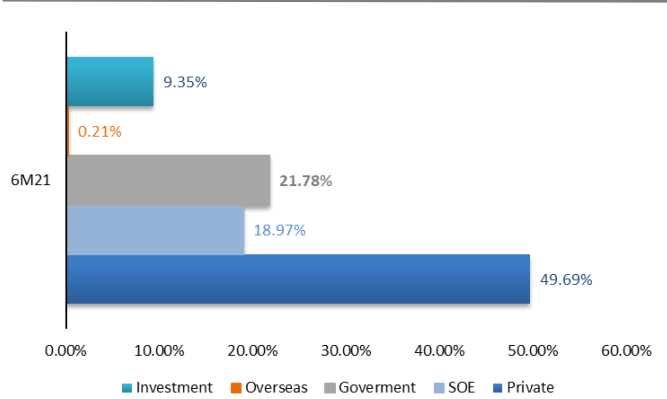
Source: Company Data, NHKSI Research

Margin Ratios



Source: Company Data, NHKSI Research

New Project based on Project Owner | 6M21



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

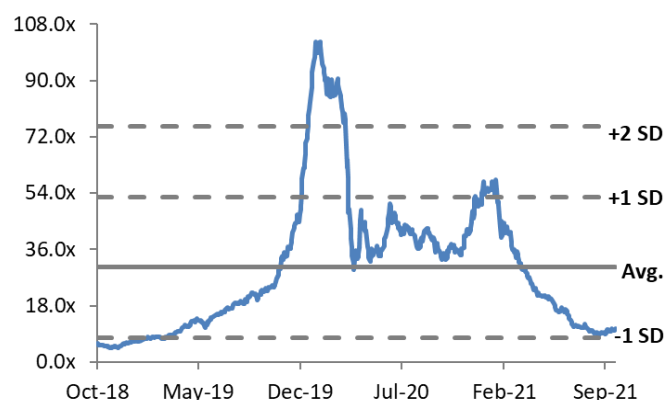
	Market Cap (USD mn)	Asset (USD mn)	Sales (LTM) (USD mn)	Net Profit (LTM) (USD mn)	Net Profit Growth (LTM)	Net Profit Margin	ROE (LTM)	EV/EBITDA (LTM)	P/BV
Indonesia									
PT WIJAYA KARYA PERSERO TBK	729	4,891	1,122	1	-98.9%	0.1%	0.1%	60.3x	0.8x
PT PP PERSERO TBK	460	3,840	1,078	14	-60.0%	1.3%	1.8%	12.4x	0.6x
PT WASKITA KARYA PERSERO TBK	784	7,583	893	(433)	-440.6%	-48.5%	-55.4%	-	1.5x
PT ADHI KARYA PERSERO TBK	226	2,736	676	1	-95.4%	0.2%	0.4%	16.9x	0.6x
Thailand									
CH. KARNCHANG PUBLIC CO LTD	978	2,760	439	38	188.4%	8.8%	4.6%	69.5x	1.3x
SINO THAI ENGR & CONSTR PCL	603	1,468	1,040	29	-28.6%	2.8%	6.3%	8.5x	1.4x
UNIQUE ENGINEERING & CON PCL	209	1,119	352	1	-95.4%	0.2%	0.3%	11.4x	0.9x
Philippines									
MEGAWIDE CONSTRUCTION CORP	247	1,694	288	(3)	-	-1.0%	-2.3%	23.9x	0.9x
EEI CORPORATION	150	560	319	(20)	-2963.9%	-6.3%	-13.3%	-	1.1x
HOUSE OF INVESTMENTS	55	1,081	469	2	-73.4%	-0.4%	0.6%	-	0.2x
Vietnam									
FLC FAROS CONSTRUCTION JSC	140	454	84	8	-	9.5%	3.1%	44.0x	0.5x
HO CHI MINH CITY INFRASTRUCT	183	1,279	269	1	-90.9%	0.5%	0.6%	18.1x	0.9x
HOA BINH CONSTRUCTION GROUP	160	673	487	6	-41.4%	1.2%	3.9%	17.3x	1.0x
Malaysia									
GAMUDA BHD	1,842	4,370	856	86	-37.8%	10.0%	4.1%	16.4x	0.9x
IJM CORP BHD	1,573	5,667	1,466	120	157.8%	8.2%	5.4%	9.1x	0.7x
SUNWAY CONSTRUCTION GROUP BHD	505	474	455	20	-1.0%	4.4%	13.5%	-	3.4x

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

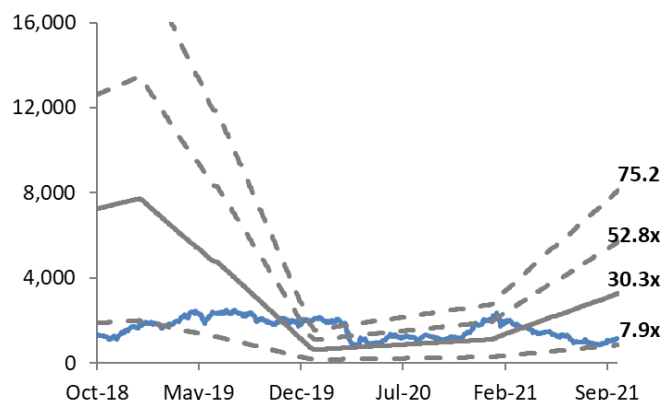
Valuation Highlights in Charts

3-Years Forward P/E Band



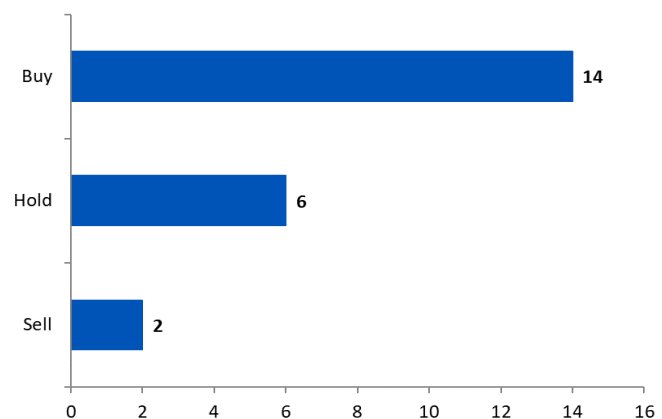
Source: Bloomberg, NHKSI Research

3-Years Dynamic Forward P/E band



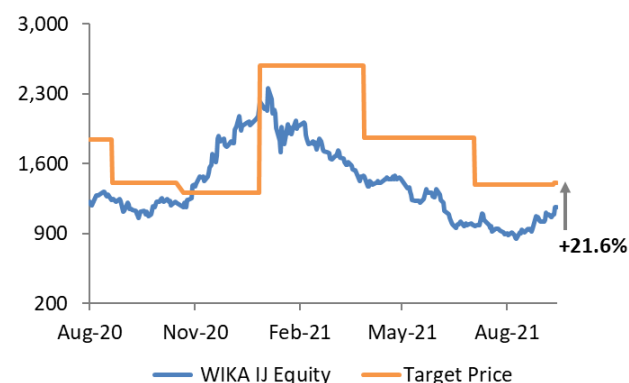
Source: Bloomberg, NHKSI Research

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%
27/09/2021	Buy	1,410 (12 Month)	1,160	1,190	+21.6%	+18.5%

Source: NHKSI Research, Bloomberg

Summary of Financials

INCOME STATEMENT

In IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Revenue	16,536	18,960	24,625	28,872
Growth (% y/y)	-39.2%	14.7%	29.9%	17.2%
Cost of Revenue	(15,012)	(17,024)	(21,807)	(25,276)
Gross Profit	1,525	1,936	2,817	3,596
Gross Margin	9.2%	10.2%	11.4%	12.5%
Operating Expenses	(982)	(908)	(958)	(866)
EBIT	543	1,028	1,859	2,729
EBIT Margin	3.3%	5.4%	7.5%	9.5%
Depreciation	556	893	1,054	1,260
EBITDA	1,099	1,920	2,913	3,990
EBITDA Margin	6.6%	10.1%	11.8%	13.8%
Interest Expenses	(1,222)	(716)	(1,198)	(1,672)
EBT	310	445	1,646	1,693
Income Tax	12	(19)	(181)	(196)
Minority Interest	(137)	(99)	(264)	(259)
Net Profit	186	327	1,201	1,239
Growth (% y/y)	-91.9%	75.9%	267.6%	3.2%
Net Profit Margin	1.1%	1.7%	4.9%	4.3%

PROFITABILITY & STABILITY

	2020/12A	2021/12E	2022/12E	2023/12E
ROE	1.0%	1.9%	6.8%	6.6%
ROA	0.3%	0.5%	1.7%	1.6%
Inventory Turnover	1.8x	1.6x	1.9x	2.0x
Receivables Turnover	5.0x	6.4x	5.5x	5.4x
Payables Turnover	1.1x	1.4x	2.0x	2.0x
Dividend Yield (%)	2.6%	0.0%	0.6%	2.3%
Payout Ratio (%)	20%	0%	24%	24%
DER	158%	171%	170%	182%
Net Gearing	68%	95%	101%	110%
Equity Ratio	24%	24%	24%	23%
Debt Ratio	39%	42%	41%	42%
Financial Leverage	363%	364%	414%	422%
Current Ratio	109%	119%	137%	125%
Quick Ratio	86%	91%	104%	94%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	8,970	8,970	8,970	8,970
Share Price (IDR)	1,985	1,410	1,410	1,410
Market Cap (IDR tn)	17.8	12.6	12.6	12.6

BALANCE SHEET

In IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Cash	14,952	12,980	12,475	13,747
Receivables	2,176	3,746	5,159	5,441
Inventories	9,813	10,870	11,834	13,097
Total Current Assets	47,981	47,328	49,859	52,675
Net Fixed Assets	11,122	14,134	16,527	19,309
Other Non Current Assets	9,006	8,164	9,547	11,154
Total Non Current Assets	20,128	22,298	26,074	30,463
Total Assets	68,109	69,626	75,934	83,138
Payables	14,241	10,430	11,676	13,254
ST Debt	21,013	15,715	10,222	14,301
Total Current Liabilities	44,168	39,851	36,439	42,125
LT Debt	5,265	13,387	20,668	20,552
Total Liabilities	51,452	52,607	57,763	63,987
Capital Stock + APIC	7,452	7,452	7,452	7,452
Retained Earnings	4,390	4,717	5,840	6,790
Shareholders' Equity	16,657	17,019	18,171	19,150

CASH FLOW STATEMENT

In IDR bn	2020/12A	2021/12E	2022/12E	2023/12E
Operating Cash Flow	(969)	352	1,300	2,561
Investing Cash Flow	(5,233)	(5,155)	(3,543)	(4,994)
Financing Cash Flow	10,762	2,799	1,738	3,705
Net Changes in Cash	4,560	(2,004)	(505)	1,271

VALUATION INDEX

	2020/12A	2021/12E	2022/12E	2023/12E
Price /Earnings	95.8x	38.7x	10.5x	10.2x
PE/EPS Growth	-1.0x	0.5x	0.0x	3.2x
Price /Book Value	1.1x	0.7x	0.7x	0.7x
EV/EBITDA	29.2x	16.5x	11.7x	9.2x
EV (IDR bn)	32,110	31,778	34,100	36,821
Revenue CAGR (3-Yr)	-14.2%	-15.3%	-3.3%	20.4%
Net Profit CAGR (3-Yr)	-46.3%	-42.6%	-19.3%	88.2%
Basic EPS (IDR)	21	36	134	138
BVPS (IDR)	1,857	1,897	2,026	2,135
DPS (IDR)	50.95	-	8.74	32.14

OWNERSHIP

Shareholders	%
Republic of Indonesia	65.0
Vanguard Group	1.2
Norges Bank	1.0
Dimensional Fund Advisors	0.6
Others	32.2
By Geography	%
Indonesia	93.9
United States	4.0
Norway	1.4
Others	6.1

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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