

Wijaya Karya Tbk (WIKA)

New Contracts Support Performance

Company Update | Apr. 5, 2022

BUY

Target Price (IDR)	1,410
Consensus Price (IDR)	1,347
TP to Consensus Price	+4.7%
Potential Upside	+41.7%

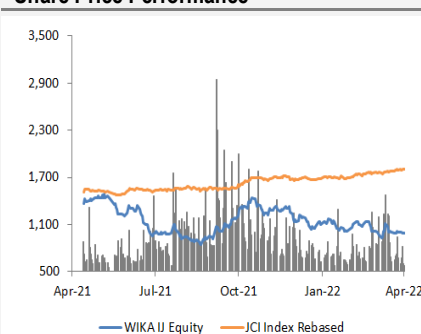
Shares data

Last Price (IDR)	995
Price Date as of	Apr. 5, 2022
52 wk Range (Hi/Lo)	1,545/850
Free Float (%)	34.9
Outstanding sh. (mn)	8,970
Market Cap. (IDR bn)	8,925
Market Cap. (USD mn)	621
Avg. Trd Vol - 3M (mn)	24.28
Avg. Trd Val - 3M (bn)	25.53
Foreign Ownership	6.1%

Infrastructure Construction

Bloomberg	WIKAIJ
Reuters	WIKAJK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-10.0%	-1.5%	-12.7%	-35.2%
Rel. Ret.	-17.5%	-3.8%	-18.9%	-52.9%

Arief Machrus

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WIKAIJ booked sales of IDR 17.8 trillion in 2021, growing 7.7% YoY. Meanwhile, the highest contributor to sales is the Infrastructure and Building segment. Followed by Energy and Industrial Plant, Industry, Realty and Property, and Investment. WIKAIJ's sales growth, supported by operational activities that are gradually recovering, indicated the positive recuperation of the company.

Several Project Completion

- WIKAIJ successfully completed some projects such as dams, toll roads, as well as Engineering, Procurement, Construction & Commissioning (EPCC).
- The jump in sales and several project completions in 2021, allows the Company to continue its positive performance in 2022. We also expect WIKAIJ's operations to recover to pre-pandemic level.

Reprofiles Short Term Loans

- WIKAIJ booked net profit of IDR 214.42 billion, with a decline in interest costs by 5.26% YoY to IDR 1.16 trillion.
- The decline is in line with WIKAIJ's decision to reprofile the high interest loans, as well as short term loans.
- The Company replaced them with bond issuance and Sukuk Mudharabah which has longer tenor and lower coupons.

Opportunity in New Capital City and G20

- We project the gradual recovery of domestic economy in 2022, with the crucial role of construction sector.
- Up until the end of February 2022, WIKAIJ has gained IDR 6.1 trillion in new contracts, or reaching 14% of the 2022 target.
- Meanwhile, some of the new contracts are: Makassar New Port Access Road, Pondok Aren Serpong Toll Road, Semarang-Demak Section 1B Toll Road, as well as reconstruction and rehabilitation works in Donggala Port.
- Meanwhile, WIKAIJ will also participate in the infrastructure development of the New Capital City, and the supporting infrastructure of the G20 high-level conference.

Maintain BUY rating with TP of IDR 1,280

- We maintain our BUY Recommendation with TP of IDR 1,280 based on forward P/E 13.8x method. Our TP has a potential return of 41.7% from the last price.
- Risks to our TP change are: 1) New contracts achievement below target, 2) Weakened debt level, 3) Divestment result of WIKAIJ's assets.

Wijaya Karya Tbk | Summary

		2021A	2022F	2023F	2024F
Revenue		17,810	21,575	26,638	30,504
	Growth	7.7%	21.1%	23.5%	14.5%
Net Profit		118	834	1,095	1,218
	Growth	-36.7%	608.5%	31.3%	11.3%
EPS (IDR)		13	93	122	136
P/E		84.2x	13.8x	13.8x	10.5x
P/BV		0.6x	0.6x	0.7x	0.6x
EV/EBITDA		-302.0x	20.7x	13.5x	9.5x
ROE		0.7%	4.7%	5.7%	5.7%
DER		163%	171%	170%	182%
Dividen Yield		2.2%	2.2%	2.2%	2.2%

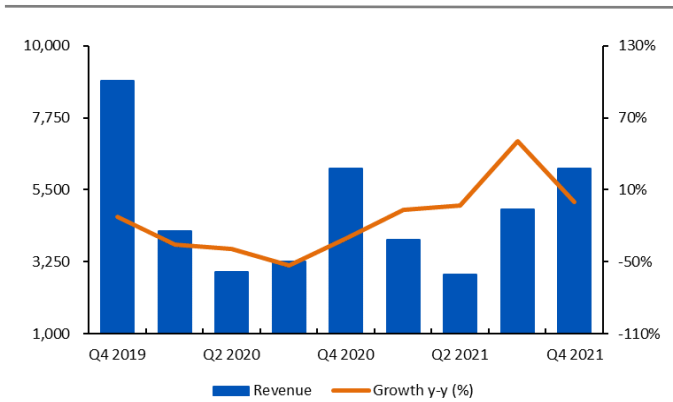
Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

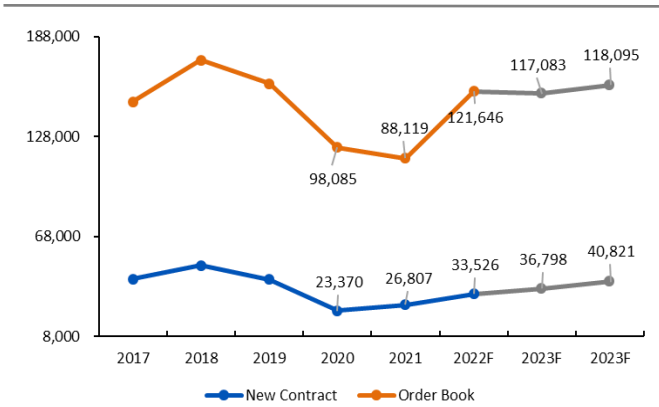
Performance Highlights in Charts

Quarterly Revenue (IDR bn) | 4Q19 - 4Q21



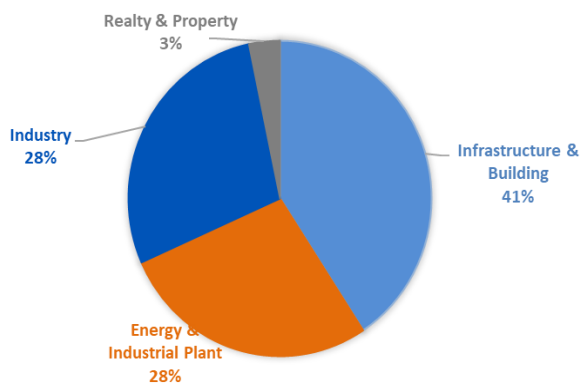
Source: Company Data, NHKSI Research

Order Book & New Contract



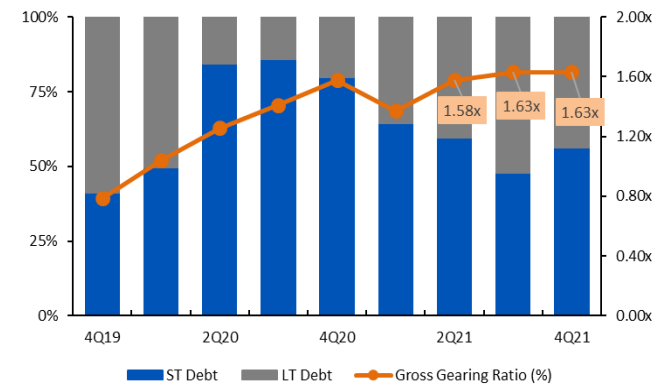
Source: Company Data, NHKSI Research

4Q21's Revenue Breakdown



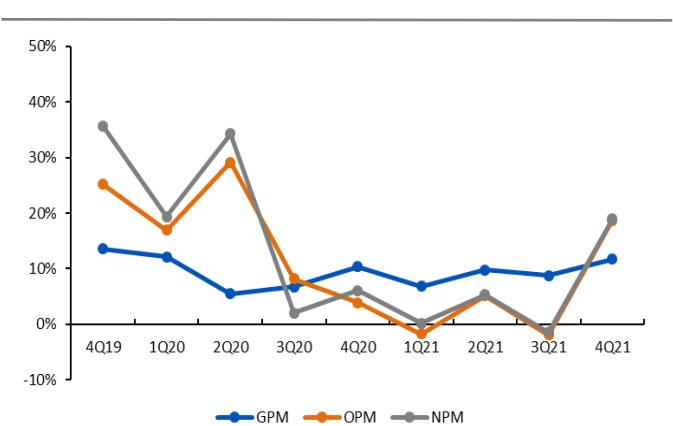
Source: Company Data, NHKSI Research

Debt Portion



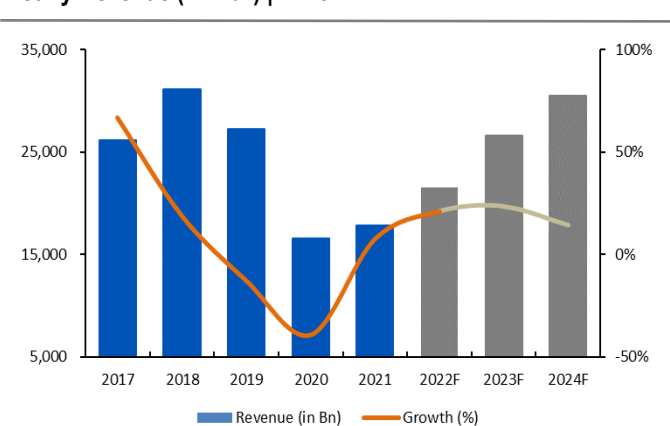
Source: Company Data, NHKSI Research

Margin Ratios



Source: Company Data, NHKSI Research

Yearly Revenue (IDR bn) | FY19 - FY21



Source: Company Data, NHKSI Research

Summary of Financials

INCOME STATEMENT

In IDR bn	2021/12A	2022/12F	2023/12F	2024/12F
Revenue	17,810	21,575	26,638	30,504
Growth (% y/y)	7.7%	21.1%	23.5%	14.5%
Cost of Revenue	(16,115)	(19,426)	(23,676)	(26,828)
Gross Profit	1,695	2,149	2,962	3,676
Gross Margin	9.5%	10.0%	11.1%	12.1%
Operating Expenses	(2,252)	(1,250)	(1,170)	(915)
EBIT	(557)	899	1,792	2,761
EBIT Margin	-3.1%	4.2%	6.7%	9.1%
Depreciation	437	818	1,477	1,700
EBITDA	(121)	1,717	3,268	4,461
EBITDA Margin	-0.7%	8.0%	12.3%	14.6%
Interest Expenses	-	(1,081)	(1,274)	(2,502)
EBT	197	1,070	1,583	1,709
Income Tax	18	152	(174)	(197)
Minority Interest	(97)	(388)	(314)	(293)
Net Profit	118	834	1,095	1,218
Growth (% y/y)	-36.7%	608.5%	31.3%	11.3%
Net Profit Margin	0.7%	3.9%	4.1%	4.0%

PROFITABILITY & STABILITY

	2021/12A	2022/12F	2023/12F	2024/12F
ROE	0.7%	4.7%	5.7%	5.7%
ROA	0.2%	1.1%	1.3%	1.3%
Inventory Turnover	1.6x	1.6x	1.9x	2.0x
Receivables Turnover	8.0x	6.5x	5.5x	5.4x
Payables Turnover	1.2x	1.3x	2.0x	2.0x
Dividend Yield (%)	0.0%	0.0%	1.3%	2.1%
Payout Ratio (%)	0%	0%	24%	24%
DER	163%	171%	170%	182%
Net Gearing	127%	110%	118%	104%
Equity Ratio	25%	21%	24%	21%
Debt Ratio	41%	35%	41%	39%
Financial Leverage	359%	448%	406%	478%
Current Ratio	101%	103%	135%	121%
Quick Ratio	71%	77%	103%	91%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	8,970	8,970	8,970	8,970
Share Price (IDR)	1,105	1,280	1,681	1,424
Market Cap (IDR tn)	9.9	11.5	15.1	12.8

BALANCE SHEET

In IDR bn	2021/12A	2022/12F	2023/12F	2024/12F
Cash	6,311	11,074	10,407	17,343
Receivables	2,267	4,472	5,162	6,037
Inventories	10,934	13,867	10,782	15,678
Total Current Assets	37,187	54,170	45,483	62,945
Net Fixed Assets	18,088	18,843	21,095	23,665
Other Non Current Assets	14,111	14,700	16,457	18,462
Total Non Current Assets	32,199	33,542	37,552	42,127
Total Assets	69,386	87,712	83,035	105,073
Payables	12,824	15,003	8,998	17,463
ST Debt	15,999	17,422	11,334	16,615
Total Current Liabilities	36,970	52,577	33,614	52,143
LT Debt	12,436	13,543	22,918	23,877
Total Liabilities	51,951	69,604	62,887	82,824
Capital Stock + APIC	7,452	7,452	7,452	7,452
Retained Earnings	4,457	5,228	6,122	7,078
Shareholders' Equity	17,435	18,108	20,148	22,249

VALUATION INDEX

	2021/12A	2022/12F	2023/12F	2024/12F
Price /Earnings	84.2x	13.8x	13.8x	10.5x
PE/EPS Growth	-2.3x	0.0x	0.4x	0.9x
Price /Book Value	0.6x	0.6x	0.7x	0.6x
EV/EBITDA	-302.0x	20.7x	13.5x	9.5x
EV (IDR bn)	36,425	35,497	44,194	42,338
Revenue CAGR (3-Yr)	-12.0%	-11.5%	-0.7%	22.6%
Net Profit CAGR (3-Yr)	-53.9%	-21.6%	-21.8%	87.2%
Basic EPS (IDR)	13	93	122	136
BVPS (IDR)	1,944	2,019	2,246	2,480
DPS (IDR)	-	-	22.30	29.29

OWNERSHIP

Shareholders	%
Republic of Indonesia	65.1
Norges Bank	1.8
Vanguard Group	1.2
Blackrock	0.9
Others	31.1
By Geography	%
Indonesia	92.9
United States	3.8
Norway	2.6
Others	7.1

CASH FLOW STATEMENT

In IDR bn	2021/12A	2022/12F	2023/12F	2024/12F
Operating Cash Flow	(5,453)	4,633	(2,284)	5,640
Investing Cash Flow	(3,818)	(2,239)	(2,615)	(5,828)
Financing Cash Flow	1,296	2,432	4,232	7,123
Net Changes in Cash	(7,975)	4,826	(667)	6,936

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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