

PT Wijaya Karya Tbk (WIKA)

Construction sector

Pinning hopes on capital relocation projects

13 July 2022

Recommendations : BUY

Stock

Price on 12/07/2022 (Rp)	915
12M- target price (Rp)	1,135
Potential capital gain	24%

Stock Data

Outstanding shares	8,969,951,372
Market cap (Rp)	8,207,505,505,380
Weight vs IHSG (%)	0.11

Shareholders (%)

Government of Indonesia	65.05%
Public	34.95%
Outstanding Shares	8,969,951,372

Price Performance

52-week high/low	Rp1,470/Rp850
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Capital gain/(loss) (in %)

1 month	3 month	6 month	1 Year	YTD
0.00	(2.66)	(20.09)	(6.63)	(17.19)

Summary of Financial Performance

In IDR bn	2021A	2022E	2023F
Revenue	17,810	21,778	25,416
Operating Income	697	1,303	1,554
OPM (%)	3.91%	5.98%	6.11%
EBITDA	1,134	2,202	2,802
EV to EBITDA (x)	27.67	16.70	13.52
Net Income	118	479	597
NPM (%)	0.66%	2.20%	2.35%
EPS (Rp)	13	53	67
EPS Growth (%)	(36.7%)	307.4%	24.5%
Price Earnings (x)*	84.23	17.12	13.74
Price to Book (x)*	0.76	0.60	0.57
Price to Sales (x)*	0.56	0.38	0.32
Return on Equity (%)	0.90%	3.48%	4.13%
Return on Assets (%)	0.17%	0.66%	0.75%
Tot Debt/Equity (x)	2.18	2.40	2.46

*) based on market price (12/07/2022) at Rp915

Sources :Company, Bloomberg and KB Valbury Sekuritas

Analyst(s)

Devi Harjoto
Alfiansyah

Laba bersih WIKA jatuh 98,3% YoY pada 1Q22 menjadi Rp1,33 miliar. Proyek IKN menjadi katalis namun tantangan dari peningkatan suku bunga. Rekomendasi "BUY" dengan target Rp1.135 per saham.

Kenaikan beban penurunan nilai mereduksi pertumbuhan laba

Laba bersih WIKA turun 98,3% YoY pada 1Q22 menjadi Rp1,33 miliar (-48,7% QoQ). Penurunan laba bersih yang signifikan tersebut akibat kenaikan beban penurunan nilai 54,0% YoY menjadi Rp162,60 miliar pada 1Q22, yang dikombinasikan oleh penurunan laba dari JV. Adapun, pendapatan juga mengalami penurunan 19,4% YoY pada 1Q22 menjadi Rp3,16 triliun (-48,7% QoQ). GPM meningkat dari 6,8% pada 1Q21 menjadi 11,3% pada 1Q22 ditengah penurunan beban pokok 23,3% YoY. Kemudian, beban operasional meningkat 20,5% YoY pada 1Q22 menjadi Rp205,2 miliar utamanya dari kenaikan beban umum dan administrasi dari kenaikan beban fasilitas perkantoran. Meskipun demikian, margin operasional tetap naik dari 2,5% pada 1Q21 menjadi 4,8% pada 1Q22. Dari segi neraca, net gearing meningkat dari 1,64x pada 2021 menjadi 1,94x pada 1Q22.

Pertumbuhan kontrak baru yang lebih lambat dibandingkan perkiraan

Kami memperkirakan kontrak baru WIKA pada tahun ini dapat mencapai Rp30-Rp32 triliun, atau lebih rendah dibandingkan dengan proyeksi awal kami Rp35 triliun. Dengan demikian, pertumbuhan kontrak baru WIKA mencapai 18,5% YoY. Angka ini juga lebih rendah dibandingkan target Rp42 triliun tahun ini. Pada 5M22 kontrak baru mencapai Rp12,5 triliun, sehingga order book mencapai Rp66,4 triliun, yang utamanya didominasi oleh kontrak-kontrak infrastruktur seperti jalan tol, jalan dan jembatan juga bangunan.

Pembangunan IKN menjadikan katalis jangka panjang

Kami mengubah proyeksi kami atas pertumbuhan pendapatan WIKA tahun ini menjadi 22% YoY, seiring dengan ekspektasi penambahan proyek baru terutama pada 2H22 juga pemulihan ekonomi. Pemerintah juga masih memprioritaskan pembangunan infrastruktur sebagai prioritas dengan anggaran Rp365,5 triliun. Kemudian, kami menilai dengan dimulainya tender IKN juga dapat memberikan potensi perolehan kontrak baru yang lebih tinggi seperti proyek infrastruktur, Gedung dan EPC. Akan tetapi, kami melihat bahwa tren kenaikan suku bunga dapat berpengaruh negative bagi sector konstruksi, yang bergantung pada pendanaan eksternal. Di sisi lain, tren kenaikan leverage WIKA juga dapat menjadi resiko dan dapat mengurangi kemampuan WIKA dalam mendapatkan proyek baru. Di sisi lain, progress konstruksi HSR Jakarta- Bandung yang telah mencapai diatas 85% dapat memberikan pengaruh positif bagi WIKA.

Pertahankan rating BUY ditengah ekspektasi dari kontrak multiyear

Kami merekomendasikan BUY dengan target harga Rp1.135 per saham, yang merefleksikan valuasi 2022E PE pada 17,12x. Dalam pandangan kami, sentimen yang dapat membantu performa WIKA antara lain 1) proyek PSN, dan IKN juga infrastruktur masih berjalan dan focus pemerintah pada infrastruktur bersifat jangka panjang; 2) ekspansi ke luar negeri dengan margin cukup baik; 3) perolehan kontrak baru yang lebih tinggi dibandingkan peers; dan 4) pembentukan SWF yang dapat membantu secara pendanaan dan perolehan kontrak. Namun, kami mencatat beberapa resiko dari 1) progress konstruksi proyek eksisting yang lebih lambat dibandingkan ekspektasi; 2) resiko leverage yang meningkat dan arus kas dan 3) perolehan kontrak baru yang lebih lambat dibandingkan ekspektasi; 4) kenaikan suku bunga dan adanya realokasi budget infrastruktur.

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FINANCIAL OVERVIEW

Income Statement (Rp bn)	1CQ2021	1CQ2022	YoY Change	4Q2021	1Q2022	QoQ Change
Revenue	3,924	3,163	(19.4%)	6,162	3,163	(48.7%)
Cost of Revenue	(3,656)	(2,805)	(23.3%)	(5,442)	(2,805)	(48.5%)
Gross Profit	268	358	33.4%	720	358	(50.3%)
Gross Margin (%)	6.8%	11.3%		11.7%	11.3%	
Operating Expenses	(170)	(205)	20.5%	(212)	(205)	(3.3%)
Operating Profit	98	153	55.9%	508	153	(69.9%)
Operating Margin (%)	2.5%	4.8%		8.2%	4.8%	
Non-Operating Income (Losses)	7	(136)	(1,949.0%)	(484)	(136)	(71.9%)
Pretax Income	105	17	(84.0%)	24	17	(28.3%)
Income Tax (Expense)/ Benefit	0	(7)	1945.4%	5	(7)	(248.4%)
Profit for This Year	105	9	(91.0%)	28	9	(66.7%)
Minority	(27)	(8)	(69.8%)	(16)	(8)	(48.3%)
Net Profit (Losses)	78	1	(98.3%)	13	1	(89.6%)
Profit Margin (%)	2.0%	0.0%		0.2%	0.0%	

Sources : Company and KB Valbury Sekuritas

FINANCIAL TABLES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Revenue	16,536	17,810	21,778	25,416	27,460
Revenue growth yoy	(39.2%)	7.7%	22.3%	16.7%	8.0%
- Cost of Goods Sold	(15,012)	(16,115)	(17,491)	(20,560)	(21,513)
Gross Income	1,525	1,695	4,287	4,856	5,948
- Operating Expenses	(3,529)	(2,733)	(2,983)	(3,302)	(3,878)
Operating Income	543	697	1,303	1,554	2,069
Op income growth yoy	(80.0%)	28.4%	87.0%	19.2%	33.1%
- Non Operating Gains (Losses)	(232)	(500)	(524)	(571)	(586)
EBITDA	1,101	1,134	2,202	2,802	3,464
Pretax Income	310	197	780	983	1,483
- Income Tax Benefit/ (Expense)	12	18	(123)	(166)	(213)
Profit for This Year	322	214	656	817	1,270
- Minority Interests	(137)	(97)	(177)	(220)	(342)
Net Income	186	118	479	597	928
Net income growth yoy	(91.9%)	(36.7%)	307.4%	24.5%	55.4%
EPS (IDR)	21	13	53	67	103
Dividends Per Share (IDR)	0	0	11	13	21

Sources: Company, Bloomberg and KB Valbury Sekuritas

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Total Current Assets	47,981	37,187	33,561	37,561	41,423
+ Cash & Near Cash Items	14,952	6,984	4,525	5,939	6,407
+ Accounts & Notes Receivable	2,176	2,267	2,179	2,373	2,628
+ Inventories	9,813	10,934	10,512	11,448	12,677
+ Other Current Assets	21,041	17,002	16,345	17,801	19,711
Total Long-Term Assets	20,128	32,199	39,055	41,749	44,464
+ Property, Plant & Equip, Net	12,039	18,088	19,532	20,560	22,307
Property, Plant & Equip	14,661	22,022	23,944	25,530	27,880
Accumulated Depreciation	2,622	3,934	4,412	4,970	5,573
+ Long Term Investments	781	1,045	1,123	1,207	1,298
+ Other Long Term Assets	7,307	13,066	18,399	19,981	20,859
Total Assets	68,109	69,386	72,616	79,310	85,887
Total Current Liabilities	44,213	36,970	37,205	41,050	44,452
+ Payables & Accruals	21,549	20,232	18,758	21,461	24,607
+ Short Term Borrowings	21,057	15,999	16,720	17,822	18,040
+ Other Short Term Liabilities	1,606	739	1,727	1,767	1,804
Total Long Term Liabilities	7,239	14,981	19,258	21,140	22,942
+ Long Term Borrowings	5,221	12,436	16,373	17,803	19,265
+ Other Long Term Borrowings	2,018	2,545	2,885	3,337	3,677
Total Liabilities	51,452	51,951	56,463	62,190	67,394
+ Share Capital & APIC	7,452	7,452	7,452	7,452	7,452
+ Retained Earnings & Other Eq.	349	416	799	1,277	2,019
+ Other Equity	5,877	5,179	5,513	5,745	6,057
Total Shareholders Equity	13,678	13,047	13,765	14,474	15,528
+ Minority/Non Controlling Int.	2,979	4,388	2,388	2,645	2,965
Total Equity	16,657	17,435	16,153	17,119	18,493
Total Liabilities & Equity	68,109	69,386	72,616	79,310	85,887
Book Value Per Share (IDR)	1,525	1,455	1,535	1,614	1,731

Sources: Company, Bloomberg and KB Valbury Sekuritas

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Net Income	186	118	479	597	928
+ Depreciation & Amortization	559	437	478	558	603
+ Other Non-Cash Adjustments	(1,541)	(6,008)	(1,913)	(558)	(603)
Cash From Operating Activities	(797)	(5,453)	(955)	597	928
+ Disposal of Fixed Assets	(1,273)	(1,742)	(1,488)	(1,737)	(1,877)
+ Other Investing Activities	(4,133)	(2,076)	(2,333)	(1,582)	(878)
Cash From Investing Activities	(5,406)	(3,818)	(3,822)	(3,319)	(2,755)
+ Dividends Paid	(457)	0	(96)	(119)	(186)
+ Change in long Term Borrowing	909	2,635	2,437	4,230	2,462
+ Change in capital stock	1	0	0	0	0
+ Other Financing Activities	102	(58)	(23)	26	19
Cash From Financing Activities	10,808	1,303	2,318	4,136	2,295
Net Changes in Cash	4,605	(7,968)	(2,459)	1,414	468

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RATIO ANALYSIS

Year End Dec	2020A	2021A	2022E	2023F	2024F
Valuation Ratios					
Price Earnings*	95.84	84.23	17.12	13.74	8.85
EV to EBIT*	53.67	45.00	21.33	16.89	13.67
EV to EBITDA*	26.45	27.67	16.70	13.52	11.29
Price to Sales*	1.08	0.56	0.38	0.32	0.30
Price to Book*	1.30	0.76	0.60	0.57	0.53
Dividend Yield*	0.0%	0.0%	1.2%	1.5%	2.3%
Profitability Ratios					
Gross Margin	9.22%	9.51%	19.68%	19.11%	21.66%
EBITDA Margin	6.66%	6.36%	10.11%	11.02%	12.61%
Operating Margin	3.28%	3.91%	5.98%	6.11%	7.54%
Profit Margin	1.12%	0.66%	2.20%	2.35%	3.38%
Return on Assets	0.27%	0.17%	0.66%	0.75%	1.08%
Return on Equity	1.36%	0.90%	3.48%	4.13%	5.97%
Leverage & Coverage Ratios					
Current Ratio	1.09	1.01	0.90	0.92	0.93
Quick Ratio	0.86	0.71	0.62	0.64	0.65
Tot Debt/Capital	0.60	0.74	0.80	0.81	0.82
Tot Debt/Equity	1.92	2.18	2.40	2.46	2.40
Others					
Asset Turnover	0.24	0.26	0.30	0.32	0.32
Accounts Receivable Turnover	7.60	7.86	9.99	10.71	10.45
Accounts Payable Turnover	0.77	0.88	1.16	1.18	1.12
Inventory Turnover	1.69	1.63	2.07	2.22	2.17

*) based on market price (12/07/2022) at Rp915

Sources: Company, Bloomberg and KB Valbury Sekuritas

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