

PT Adhi Karya Tbk (ADHI)

Constructions

Spurred by new capital projects

02 June 2022

Recommendations : BUY

Stock

Price on 31/05/2022 (Rp)	725
12M target price (Rp)	900
Capital gain potential	24%

Stock Data

Outstanding shares	3,560,849,376
Market cap (Rp)	2,581,615,797,600
Weight VS IHSG (%)	0.05

Shareholders (%)

Government of Indonesia	51.00%
Public	49.00%
Outstanding Shares (unit)	3,560,849,376

Price Performance

52-week high/low	Rp1,220/ Rp650
------------------	----------------

Capital gain/(loss) (in %)

1 month	3 month	6 month	1 Year	YTD
0.69	(1.36)	(29.61)	(29.27)	(18.99)

Summary of Financial Performance

In IDR bn	2021A	2022E	2023F
Revenue	11,530	12,160	13,624
Operating Income	777	1,112	1,276
OPM (%)	6.74%	9.14%	9.37%
EBITDA	983	1,394	1,587
EV to EBITDA (x)*	10.75	7.31	6.50
Net Income	55	328	415
NPM (%)	0.48%	2.70%	3.05%
EPS (Rp)	15	92	117
EPS Growth (%)	130.2%	494.5%	26.5%
Price Earnings (x)*	57.75	7.87	6.22
Price to Book (x)*	0.57	0.44	0.41
Price to Sales (x)*	0.28	0.21	0.19
Return on Equity (%)	0.99%	5.57%	6.61%
Return on Assets (%)	0.14%	0.77%	0.92%
Tot Debt/Equity (x)	1.88	1.93	1.89

*) based on market price (31/05/2022) at Rp725

Sources : Company, Bloomberg and KB Valbury Sekuritas

Laba bersih ADHI tumbuh 28,7% YoY pada 1Q22 menjadi Rp8,7 miliar. Perolehan kontrak yang lebih tinggi dari normalisasi dan IKN. Rekomendasi "BUY" dengan target harga Rp900 per saham.

Efisiensi dan kenaikan bagian laba JV mendorong performa laba bersih

Laba bersih ADHI tumbuh 28,7% YoY pada 1Q22 menjadi Rp8,68 miliar (-77,3% QoQ). Namun, pendapatan turun 6,3% YoY pada 1Q22 menjadi Rp1,99 triliun (-52,5% QoQ). GPM menurun tipis dari 15,4% pada 1Q22 menjadi 15,3% pada 1Q22 ditengah penurunan beban pokok 6,1% YoY. Kemudian, beban operasional turun tipis 0,2% YoY pada 1Q22 ditengah penurunan beban penjualan 40,9% YoY. Namun, margin operasional terkontraksi dari 8,3% pada 1Q21 menjadi 7,73% pada 1Q22. ADHI mencatatkan kenaikan bagian laba bersih JV 29,1% YoY pada 1Q22, didorong oleh proyek stadium multifungsi, pembangkit listrik Asahan, dan MRT fase 2. Akan tetapi, beban keuangan turmbuh 6,8% YoY pada 1Q22. Dari segi neraca, net gearing meningkat menjadi 1,6x pada 1Q22.

Harapan dari kenaikan perolehan kontrak baru dari normalisasi mobilitas

Pada 1Q22, ADHI telah membukukan kontrak baru sebesar Rp3,9 triliun, atau naik 129% YoY. Kami memperkirakan kontrak baru ADHI tahun ini dapat mencapai Rp15-Rp20 triliun tahun 2022, ditengah normalisasi kegiatan, tender yang tertunda pada tahun lalu dan pemulihan ekonomi, juga adanya proyek ibukota negara baru (IKN). Kami melihat rencana pemerintah yang berencana untuk membangun jalur kereta api pada IKN membuka peluang perolehan kontrak baru yang lebih tinggi bagi ADHI karena kompetensi perseroan pada infrastruktur rel. Kami memperkirakan potensi proyek ADHI pada tahun ini masih akan didorong oleh proyek infrastruktur yakni jalan tol, pergedungan, jaringan gas rumah tangga dan pengairan.

Katalis dari naiknya perolehan kontrak baru dan dukungan PMN

Kami memperkirakan pertumbuhan pendapatan ADHI mencapai 6% YoY pada 2022, ditengah ekspektasi kenaikan perolehan kontrak baru dari realisasi kontrak yang tertunda tahun lalu. Kemudian, kami melihat adanya realisasi pembayaran proyek dari berbagai proyek besar Tol Banda Aceh-Sigli, dan LRT tahun ini dapat mendorong likuiditas ADHI. Kami perolehan dana segar dari pembayaran proyek dapat memberikan ruang untuk perolehan kontrak baru, sehingga pendapatan meningkat, selain menyeimbangkan leverage ratio. Adapun, adanya pembangunan IKN juga akan mendorong kesempatan perolehan kontrak dalam jangka panjang. Management ADHI akan mendorong efisiensi, dan memperkuat permodalan seperti adanya PMN senilai Rp2 triliun, dan rencana penerbitan obligasi. Namun, kami mencatat adanya potensi kenaikan suku bunga pada 2H22 dapat mendorong beban bunga ADHI.

Rekomendasi BUY ditopang oleh keunggulan terhadap infrastruktur rel

Kami merekomendasikan "BUY" saham ADHI dengan target harga sebesar Rp900 per saham, yang merefleksikan 2021 PER sebesar 7,87x. Rekomendasi kami didasari oleh 1) perolehan kontrak baru yang lebih tinggi sehingga mendorong pendapatan; 2) potensi dana segar dari PMN dan pembayaran piutang proyek; 3) keunggulan ADHI pada proyek transportasi rel, sehingga berdampak positif terhadap segmen property melalui TOD yang membawa recurring income dan margin yang lebih baik dan 4) pendirian IKN. Namun, kami mencatatkan beberapa resiko antara lain 1) perolehan kontrak baru yang lebih lambat dibandingkan ekspektasi; 2) resiko leverage ratio dan peningkatan beban bunga seiring kenaikan suku bunga; 3) pengurangan anggaran infrastruktur pemerintah.

Analyst(s)

Alfiansyah
Devi Harjoto

PT Adhi Karya Tbk (ADHI)

Constructions

FINANCIAL OVERVIEW

Income Statement (IDR bn)	1CQ2021	1CQ2022	YoY Change	4Q2021	1Q2022	QoQ Change
Revenue	2,118	1,985	(6.3%)	4,180	1,985	(52.5%)
Cost of Revenue	(1,793)	(1,683)	(6.1%)	3,509	1,683	(52.0%)
Gross Profit	326	303	(7.0%)	671	303	(54.9%)
Gross Margin (%)	15.4%	15.3%		16.1%	15.3%	
Operating Expenses	(150)	(149)	(0.2%)	(145)	(149)	(3.2%)
Operating Profit	176	153	(12.8%)	526	153	(70.8%)
Operating Margin (%)	8.3%	7.7%		12.6%	7.7%	
Non-Operating Income (Losses)	(169)	(134)	(20.6%)	(457)	(134)	(70.7%)
Pretax Income	7	19	176.3%	69	19	(71.8%)
Income Tax (Expense)/ Benefit	(1)	(0)	(69.4%)	(5)	0	(93.1%)
Profit for This Year	6	19	226.7%	63	19	70.0%
Minority	1	(10)	(1245.4%)	(25)	(10)	(59.0%)
Net Profit (Losses)	7	9	28.7%	38	9	(77.3%)
Profit Margin (%)	0.3%	0.4%		0.9%	0.4%	

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	10,828	11,530	12,160	13,624	15,404
Revenue growth yoy	(29.3%)	6.5%	5.5%	12.0%	13.1%
- Cost of Goods Sold	(9,092)	(9,774)	(9,965)	(11,138)	(12,563)
Gross Income	1,736	1,756	2,194	2,486	2,841
- Operating Expenses	(1,044)	(979)	(1,082)	(1,210)	(1,226)
Operating Income	691	777	1,112	1,276	1,615
Op income growth yoy	(24.2%)	12.4%	43.0%	14.8%	26.6%
- Non Operating Gains (Losses)	(652)	(678)	(720)	(790)	(847)
EBITDA	901	983	1,394	1,587	1,803
Pretax Income	40	99	392	486	768
- Income Tax Expense	(16)	(13)	(27)	(33)	(40)
Profit for This Year	24	86	365	454	729
- Minority Interests	(0)	31	37	39	43
Net Income	24	55	328	415	686
Net income growth yoy	(96.4%)	130.2%	494.5%	26.5%	65.3%
EPS (IDR)	7	15	92	117	193
Dividends Per Share (IDR)	0	0	18	23	58

Sources: Company, Bloomberg and KB Valbury Sekuritas

PT Adhi Karya Tbk (ADHI)

Constructions

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Total Current Assets	30,091	31,601	33,247	34,775	37,049
+ Cash & Near Cash Items	2,364	3,152	3,788	4,141	4,346
+ Accounts & Notes Receivable	2,987	2,727	2,824	2,937	3,135
+ Inventories	6,321	7,451	7,716	8,023	8,565
+ Other Current Assets	18,419	18,270	18,919	19,674	21,002
Total Long-Term Assets	8,003	8,299	9,300	10,308	11,123
+ Property, Plant & Equip, Net	6,090	5,895	6,406	7,079	7,895
Property, Plant & Equip	6,943	7,002	7,662	8,501	9,506
Accumulated Depreciation	853	1,107	1,256	1,422	1,610
+ Long Term Investments	304	311	400	420	451
+ Other Long Term Assets	1,609	2,094	2,494	2,810	2,777
Total Assets	38,094	39,900	42,548	45,083	48,172
Total Current Liabilities	27,083	31,127	32,881	34,425	36,542
+ Payables & Accruals	14,969	15,631	16,180	17,315	18,496
+ Short Term Borrowings	4,709	8,443	8,887	8,981	9,564
+ Other Short Term Liabilities	7,404	7,054	7,814	8,129	8,482
Total Long Term Liabilities	5,436	3,115	3,716	4,318	4,772
+ Long Term Borrowings	5,062	2,083	2,512	2,888	3,140
+ Other Long Term Borrowings	374	1,032	1,204	1,430	1,631
Total Liabilities	32,519	34,243	36,597	38,743	41,314
+ Share Capital & APIC	2,945	2,945	2,945	2,945	2,945
+ Retained Earnings & Other Eq.	1,990	2,041	2,304	2,636	3,116
+ Other Equity	614	614	643	698	731
Total Shareholders Equity	5,548	5,600	5,891	6,278	6,792
+ Minority/Non Controlling Int.	27	58	60	62	67
Total Equity	5,575	5,658	5,951	6,340	6,859
Total Liabilities & Equity	38,094	39,900	42,548	45,083	48,172
Book Value Per Share (IDR)	1,558	1,573	1,654	1,763	1,907

Sources: Company, Bloomberg and KB Valbury Sekuritas

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year End Dec (IDR bn)	2020A	2021A	2022E	2023F	2024F
Net Income	24	55	328	415	686
+ Depreciation & Amortization	210	206	148	166	188
+ Other Non-Cash Adjustments	1,248	1,287	1,039	1,164	1,316
Cash From Operating Activities	1,481	1,548	1,515	1,745	2,190
+ Disposal of Fixed Assets	2	1	2	3	3
+ Capital Expenditures	(460)	(357)	(299)	(335)	(379)
+ Change in Investment	(13)	(0)	89	20	31
+ Other Investing Activities	(148)	(205)	(400)	(315)	33
Cash From Investing Activities	(618)	(561)	(608)	(628)	(312)
+ Dividends Paid	(66)	0	(66)	(83)	(206)
+ Change in long Term Bor.	(1,685)	(198)	(205)	(674)	(1,457)
+ Other Financing Activities	(3)	(0)	(0)	(8)	(10)
Cash From Financing Activities	(1,754)	(198)	(271)	(765)	(1,673)
Net Changes in Cash	(891)	789	636	352	206

Sources: Company, Bloomberg and KB Valbury Sekuritas

PT Adhi Karya Tbk (ADHI)

Constructions

RATIO ANALYSIS

Year End Dec	2020A	2021A	2022E	2023F	2024F
Valuation Ratios					
Price Earnings*	227.97	57.75	7.87	6.22	3.76
EV to EBIT*	18.62	13.59	8.18	7.26	6.77
EV to EBITDA*	14.29	10.75	7.31	6.50	6.07
Price to Sales*	0.50	0.28	0.21	0.19	0.17
Price to Book*	0.99	0.57	0.44	0.41	0.38
Dividend Yield*	0.0%	0.0%	2.5%	3.2%	8.0%
Profitability Ratios					
Gross Margin	16.03%	15.23%	18.05%	18.25%	18.45%
EBITDA Margin	8.32%	8.52%	11.46%	11.65%	11.71%
Operating Margin	6.39%	6.74%	9.14%	9.37%	10.49%
Profit Margin	0.22%	0.48%	2.70%	3.05%	4.45%
Return on Assets	0.06%	0.14%	0.77%	0.92%	1.42%
Return on Equity	0.43%	0.99%	5.57%	6.61%	10.10%
Leverage & Coverage Ratios					
Current Ratio	1.11	1.02	1.01	1.01	1.01
Quick Ratio	0.88	0.78	0.78	0.78	0.78
Interest Coverage Ratio (EBIT/I)	0.92	1.00	1.50	1.56	1.66
Tot Debt/Capital	0.64	0.77	0.82	0.82	0.83
Tot Debt/Equity	1.76	1.88	1.93	1.89	1.87
Others					
Asset Turnover	0.28	0.29	0.29	0.30	0.32
Accounts Receivable Turnover	3.63	4.23	4.31	4.64	4.91
Accounts Payable Turnover	0.72	0.74	0.75	0.79	0.83
Inventory Turnover	1.71	1.55	1.58	1.70	1.80

*) based on market price (31/05/2022) at Rp725

Sources: Company, Bloomberg and KB Valbury Sekuritas

PT Adhi Karya Tbk (ADHI)

Constructions

Disclaimer

This report is prepared by PT KB Valbury Sekuritas, a member of the Indonesia Stock Exchange, or its subsidiaries or its affiliates ("KBVS"). All the material presented in this report is under copyright to KBVS. None of the parts of this material, nor its contents, may be copied, photocopied, or duplicated in any form or by any means or altered in any way, or transmitted to, or distributed to any other party without the prior written consent of KBVS.

The research presented in this report is based on the information obtained by KBVS from sources believed to be reliable, however KBVS do not make representations as to their accuracy, completeness or correctness. KBVS accepts no liability for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from the use of the material presented in this report and further communication given or relied in relation to this document. The material in this report is not to be construed as an offer or a solicitation of an offer to buy or sell any securities or financial products. This report is not to be relied upon in substitution for the exercise of independent judgement. Past performance and no representation or warranty, express or implied, is made regarding future performance. Information, valuations, opinions, forecasts and estimates contained in this report reflects a judgement at its original date of publication by KBVS and are subject to change without notice, its accuracy is not guaranteed or it may be incomplete.

The Research Analyst(s) primarily responsible for the content of this research report, in part or as a whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The Analyst also certifies that no part of his/her compensation was, is or will related to specific recommendation views expressed in this report. It also certifies that the views and recommendations expressed in this report do not and will not take into account client circumstances, objectives, needs and no intentions involved as a use for recommendations for sale or buy any securities or financial instruments.

KB Valbury Sekuritas

Headquarters

Menara Karya, 9th Floor
Jl. H.R. Rasuna Said Blok X-5 Kav 1-2
Jakarta 12950, Indonesia
T +62 21 255 33 600
F +62 21 255 33 778

Branch Office

Jakarta - Kelapa Gading

Rukan Plaza Pasifik
Jl. Raya Boulevard Barat Blok A1 No. 10
Jakarta 11620
T +62 21 - 29451577

Jakarta - Puri Indah

Rukan Grand Aries Niaga
Blok E.1 No. 1 V Jl. Taman Aries, Kembangan,
Jakarta 14450
T +62 21 - 22542390
F +62 21 - 29264310

Jakarta - Pluit

Jl. Pluit Putra Raya No. 2
Jakarta 14240
T +62 21 - 29264300
F +62 21 - 22542391

Bandung

Jl. HOS Cokroaminoto No. 82
Bandung 40171
T +62 22 - 87255888
T +62 22 - 87255800
F +62 22 - 87255811

Semarang

Candi Plaza Building Lt. Dasar
Jl. Sultan Agung No. 90-90A
Semarang 50252
T +62 24 - 3521888
T +62 24 - 8501122
F +62 24 - 8507450

Yogyakarta

Jl. Magelang KM 5.5 no. 75
Yogyakarta 55284
T +62 274 - 4469500
T +62 274 - 623111
F +62 274 - 623222

Galeri Investasi

Padang

Jl. Kampung Nias II no. 10,
Kel. Belakang Pondok,
Kec. Padang Selatan
T +62 751 8955747

Manado

Kawasan Megamas, Ruko Megaprofit
Blok IF2 No. 38 Manado, 95254
T +62 431 7917 836
F +62 431 880 2129

Surabaya

Pakuwon Center Tunjungan Plaza Lantai 21
Jl. Embong Malang No.1
Surabaya 60261
T +62 31 - 2955777
T +62 31 - 2955788
F +62 31 - 2955716

Denpasar

Komplek Ibis Styles Hotel
Jl. Teuku Umar No. 177
Denpasar Bali 80114
T +62 361 - 255888
T +62 361 - 225229
F +62 361 - 225339

Benjarmasin

Jl. Gatot Subroto No.33 Kel. Kebun Bunga
Kec. Banjarmasin Timur
Kaltimantan Selatan 70235
T +62 511 - 3265918
F +62 511 - 3253432

Solo

Jl. Ronggo Warsito no. 34
Solo 57118
T +62 271 632888
F +62 271 656988

Makassar

Ratulangi Points Lt. 3
Jl. Dr Sam Ratulangi No. 2 Kunjungmae, Mariso
Makassar, Sulawesi Selatan 90125
T +62 411 8955999

Malang

Jl. Pahlawan Trip no. 7
Malang 65112
T +62 341 - 585888
F +62 341 - 560056

Solo

Jl. Ronggowarsito No. 34
Surakarta 57118
T +62 271 - 632888

Palembang

Komp. PTC Mall Blok I No. 7 Jl. R. Sukanto Kel. 8 Ilir
Kec. Ilir Timur II Palembang 30114
T 07115700281

Medan

Komplek Jati Junction No. PS-5A
Jl. Perintis Kemerdekaan
Medan 20218
T +62 61 - 88816222
F 62 61 - 88816333

Pekanbaru

Jl. Tuanku Tambusai
Komplek CNN Blok A No.3 Pekanbaru 28291
T +62 761 - 839393
Galeri Investasi

Padang

Jl. Kampung Nias II no. 10,
Kel. Belakang Pondok,
Kec. Padang Selatan
T +62 751 8955747

Manado

Kawasan Megamas, Ruko Megaprofit
Blok IF2 No. 38 Manado, 95254
T +62 431 7917 836
F +62 431 880 2129

Solo

Jl. Ronggowarsito No. 34
Surakarta 57118
T +62 271 - 632888

Palembang

Komp. PTC Mall Blok I No. 7 Jl. R. Sukanto Kel. 8 Ilir
Kec. Ilir Timur II Palembang 30114
T 07115700281

Galeri Investasi BEI - KBVS

Yogyakarta
Universitas Kristen Duta Wacana
T +62 274 - 544032

Manado

Universitas Prisma Manado
T 0431 8800850

Jakarta

Universitas Gunadarma
T +62 21 - 8727541