KB Valbury Sekuritas

PT Waskita Karya Tbk (WSKT)

Construction sector

Debt restructuring still in focus

21 June 2022

Recommendations	: HOLD

Stock	
Price on 20/06/2022 (Rp)	515
12M target price (Rp)	564
Capital gain potential (%)	10%

Stock Data	
Outstanding shares	28,806,804,000
Market cap (Rp)	14,835,505,613,240
Weight VS IHSG (%)	0.14

Shareholders	(%)
Government of Indonesia	84.00%
Public	16.00%
Outstanding Shares (unit)	28,806,804,000

Price Performance	
52-week high/low	Rp946/Rp482

Capital gain/(loss) (in %)

1 month	3 month	6 month	1 Year	YTD
5.53	*(7.21)*	*(22.74)*	*(39.32)*	*(18.90)*

Summary of Financial Performance

In IDR bn	2021A	2022E	2023F
Revenue	12,224	16,755	17,805
Operating Income	(647)	896	1,250
OPM (%)	NM	5.35%	7.02%
EBITDA	196	1,418	2,155
EV to EBITDA (x)*	365.75	54.01	36.51
Net Income	(1,096)	199	331
NPM (%)	NM	1.18%	1.86%
EPS (Rp)	(42)	8	13
EPS Growth (%)	NM	NM	66.6%
Price Earnings (x)*	NM	68.28	40.99
Price to Book (x)*	1.66	1.32	1.26
Price to Sales (x)*	1.37	0.81	0.76
Return on Equity (%)	NM	1.93%	3.07%
Return on Assets (%)	NM	0.19%	0.31%
Tot Debt/Equity (x)	6.76	6.59	6.23

**) based on market price (20/06/2022) at Rp515*
Sources :Company, Bloomberg and KB Valbury Sekuritas

Analyst(s)
Devi Harjoto
Alfiansyah

WSKT mencatatkan rugi bersih Rp830,6 miliar pada 1Q22
Divestasi dan restrukturisasi masih menjadi kunci perbaikan kinerja
Rekomendasi "HOLD" dengan target harga Rp564 per saham

Peningkatan beban keuangan mendorong kerugian bersih
Rugi bersih WSKT meningkat menjadi Rp830,63 miliar pada 1Q22 (-38,4% QoQ), dibandingkan Rp46,1 miliar pada tahun sebelumnya. Performa tersebut ditengah kenaikan beban keuangan 10,8% YoY pada 1Q22 menjadi Rp981 miliar. Sedangkan, pendapatan flattish, hanya tumbuh 2,9% YoY pada 1Q22 menjadi Rp2,75 triliun (-46,1% QoQ). GPM cenderung stabil dari 11,5% pada 1Q21 menjadi 12,0% pada 1Q22. Kemudian, beban operasional naik 99,0% YoY pada 1Q22 menjadi Rp594,83 miliar dari kenaikan beban umum dan administrasi karena kenaikan dari rugi ekspektasi penurunan nilai. Sementara itu, rugi operasional mencapai Rp265,2 miliar pada 1Q22, dibandingkan dengan Rp6,97 miliar tahun sebelumnya. Sementara itu, WSKT juga mencatatkan penurunan pendapatan lain-lain pada 1Q22 sebesar 45,8% YoY. Dari segi neraca, net gearing membaik menajdi 2,7x pada 1Q22.

Perolehan kontrak baru mencapai level pra-pandemi
WSKT membukukan kontrak baru senilai Rp5,7 triliun pada 1Q22 atau telah mencapai lebih dari level pada masa pra-pandemi. Kontrak baru tersebut utamanya dikontribusikan oleh konektivitas infrastruktur seperti jalan dan juga proyek luar negeri dari proyek infrastruktur migas di Sudan Selatan. Pada tahun ini, kami memperkirakan perolehan kontrak baru WSKT dapat mencapai Rp22 triliun. seiring dengan kondisi likuiditas WSKT yang membaik menyusul adanya restrukturisasi dan rencana penerbitan obligasi dengan nilai Rp3,8 triliun. Juga, dengan berjalannya proyek IKN pemerintah, dan multi-years luar negeri seiring peningkatan mobilitas.

Asset recycling dan restrukturisasi menjadi menjadi agenda utama
Kami memperkirakan pertumbuhan pendapatan WSKT tahun ini dapat tumbuh 37% YoY pada tahun 2022, dengan ekspektasi kenaikan kontrak baru yang telah kembali ke pra-pandemi. Selain itu, kami memperkirakan WSKT dapat mempu membukukan laba bersih tahun ini, dengan adanya rencana divestasi 4-5 jalan tol tahun ini, antara lain Kanci-Pejagan, Pejagan-Pemalang, Pemalang-Batang dan Cimanggis-Cibitung yang telah beroperasi penuh, dengan target sebesar Rp4-Rp5 triliun dalam bentuk strategic partnership. Untuk tol Kanci-Pejagan dan Pejagan-Pemalang, transaksi divestasi tersebut akan dilakukan oleh INA. Kami memandang adanya skema tersebut mempunyai potensi dekonsolidasi utang Rp14 triliun. WSKT masih akan berfokus pada strategi 8 Stream penyehatan keuangan, terutama pada divestasi, restrukturisasi utang dan efisiensi. Kemudian, WSKT akan mendorong kinerja WKI untuk bisnis non-jalan tol. Adapun, untuk keperluan funding, selain penerbitan obligasi, WSKT akan melakukan rights issue pada 2H22 dengan target dana Rp3 triliun melalui PMN.

Rekomendasi HOLD, rasio leverage yang relative tinggi dibandingkan peers
Kami merekomendasikan HOLD dengan target harga Rp564 per saham, yang mencerminkan valuasi 2022E' untuk PE sebesar 68,28x. Rekomendasi kami telah memfaktoritasasi 1) tingginya utang keuangan dan potensi penundaan divestasi berpengaruh negative terhadap leverage ratio; 2) perolehan kontrak baru yang masih lebih lambat dibandingkan ekspektasi; 3) beban keuangan yang meningkat dan 4) portfolio yang bergantung pada jalan tol dan skema turnkey dan PMN. Namun, kami melihat sentimen positif dari 1) kelanjutan proyek prioritas pemerintah yang menitikberatkan pada jalan tol dan potensi kontrak ibukota baru; 2) rencana divestasi jalan tol, debt reprofiling yang dapat memperbaiki neraca WSKT, dan pada akhirnya dapat mengurangi beban bunga; 3) pembentukan INA dan 4) dukungan penuh pemerintah terhadap BUMN konstruksi.

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FINANCIAL OVERVIEW

Income Statement (Rp bn)	1CQ2021	1CQ2022	YoY Change	4Q2021	1Q2022	QoQ Change
Revenue	**2,671**	**2,748**	*2.9%*	**5,099**	**2,748**	*(46.1%)*
Cost of Revenues	(2,365)	(2,419)	*2.3%*	(3,477)	(2,419)	*(30.4%)*
Gross Profit	**306**	**330**	*7.6%*	**1,622**	**330**	*(79.7%)*
Gross Margin (%)	***11.5%***	***12.0%***		***31.8%***	***12.0%***	
Operating Expenses	(299)	(594)	*98.7%*	(1,220)	(594)	*(46.9%)*
Operating Profit	**7**	**(265)**	*(3902.4%)*	**501**	**(265)**	*(152.9%)*
Operating Margin (%)	***0.3%***	***(9.7%)***		***9.8%***	***(9.7%)***	
Non-Operating Income (Losses)	850	461	*(45.8%)*	233	461	*97.9%*
Profit before financial charges	**857**	**196**	*(77.2%)*	**734**	**196**	*(73.4%)*
Financial charges	(886)	(981)	*10.8%*	(2,254)	(981)	*(56.5%)*
Equity in net income	(72)	(114)	*59.0%*	(109)	(114)	*5.10%*
Pretax profit	**(101)**	**(890)**	*794.8%*	**(1,629)**	**(890)**	*(44.8%)*
Income tax expenses	(36)	(68)	*86.7%*	(355)	(68)	*(80.9%)*
After tax profit	**(137)**	**(968)**	*606.7%*	**(1,984)**	**(968)**	*(51.2%)*
Minority	91	137	*50.9%*	635	137	*(78.4%)*
Net Profit (Losses)	**(46)**	**(831)**	*1702.0%*	**(1,349)**	**(831)**	*(38.4%)*
Profit Margin (%)	***(1.7%)***	***(30.2%)***		***(26.5%)***	***(30.2%)***	

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	**16,190**	**12,224**	**16,755**	**17,805**	**21,358**
Revenue growth yoy	*(48.4%)*	*(24.5%)*	*37.1%*	*6.3%*	*20.0%*
- Cost of revenues	(15,136)	(10,326)	(13,159)	(13,771)	(16,094)
Gross Income	**1,054**	**1,898**	**3,597**	**4,034**	**5,264**
- Operating Expenses	(5,081)	(2,545)	(2,700)	(2,784)	(3,091)
Operating Income	**(4,027)**	**(647)**	**896**	**1,250**	**2,173**
Op income growth yoy	*(214.2%)*	*(83.9%)*	*(238.6%)*	*39.4%*	*73.8%*
- Non Operating Gains (Losses)	*4,998*	*439*	*497*	*557*	*604*
EBITDA	**(3,192)**	**196**	**1,418**	**2,155**	**3,754**
Pretax Income	**(9,025)**	**(1,086)**	**400**	**693**	**1,569**
- Income Tax Expense	(263)	(752)	(67)	(139)	(362)
Profit for This Year	**(9,288)**	**(1,839)**	**333**	**555**	**1,207**
- Minority Interests	(1,928)	(743)	134	224	487
Net Income	**(7,360)**	**(1,096)**	**199**	**331**	**720**
Net income growth yoy	*(884.5%)*	*(85.1%)*	*NM*	*66.6%*	*117.6%*
EPS (IDR)	**(482)**	**(42)**	**8**	**13**	**27**
Dividends Per Share (IDR)	**0**	**0**	**0**	**0**	**5**

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	**28,755**	**42,589**	**41,489**	**46,616**	**57,246**
+ Cash & Near Cash Items	1,213	13,166	4,741	2,084	2,229
+ Accounts & Notes Receivable	3,560	2,907	3,631	4,400	5,436
+ Inventories	3,824	4,355	5,439	6,592	8,144
+ Other Current Assets	20,158	22,161	27,678	33,541	41,438
Total Long-Term Assets	**72,012**	**61,013**	**63,096**	**59,674**	**51,595**
+ Property, Plant & Equip, Net	7,406	5,482	5,989	6,659	7,631
Property, Plant & Equip	10,654	8,792	9,392	10,185	11,385
Accumulated Depreciation	3,248	3,310	3,403	3,526	3,754
+ Long Term Investments	1,090	1,186	1,286	1,434	1,572
+ Other Long Term Assets	63,516	54,345	55,821	51,580	42,393
Total Assets	**100,768**	**103,602**	**104,585**	**106,290**	**108,842**
Total Current Liabilities	**48,565**	**27,300**	**28,836**	**30,563**	**33,381**
+ Payables & Accruals	15,772	13,060	14,015	15,016	16,029
+ Short Term Borrowings	29,257	11,551	11,973	12,105	13,743
+ Other Short Term Liabilities	3,536	2,689	2,848	3,442	3,609
Total Long Term Liabilities	**40,774**	**60,840**	**60,318**	**59,554**	**58,379**
+ Long Term Borrowings	36,006	56,554	55,819	55,094	54,377
+ Other Long Term Borrowings	4,767	4,285	4,499	4,461	4,001
Total Liabilities	**89,339**	**88,140**	**89,155**	**90,117**	**91,760**
+ Share Capital & APIC	7,207	15,127	15,127	15,127	15,127
+ Retained Earnings & Other Eq.	(4,793)	(5,961)	(5,763)	(5,432)	(4,856)
+ Other Equity	783	903	922	1,086	1,117
Total Shareholders Equity	**3,196**	**10,070**	**10,287**	**10,782**	**11,388**
+ Minority/Non Controlling Int.	8,233	5,392	5,143	5,391	5,694
Total Equity	**11,429**	**15,461**	**15,430**	**16,173**	**17,082**
Total Liabilities & Equity	**100,768**	**103,602**	**104,585**	**106,290**	**108,842**
Book Value Per Share (IDR)	**209**	**383**	**391**	**410**	**433**

Sources: Company, Bloomberg and KB Valbury Sekuritas

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Net Income	(7,360)	(1,096)	199	331	720
+ Depreciation & Amortization	835	843	493	523	628
+ Other Non-Cash Adjustments	1,374	(3,345)	1,478	1,570	1,884
Cash From Operating Activities	**(5,151)**	**(3,598)**	**2,169**	**2,424**	**3,231**
+ Capital Expenditures	(905)	(245)	(837)	(889)	(1,066)
+ Other Investing Activities	(151)	(1,297)	(1,476)	4,240	9,188
Cash From Investing Activities	**(1,056)**	**(1,542)**	**(2,312)**	**3,351**	**8,121**
+ Dividends Paid	(47)	0	0	0	(144)
+ Change in long Term Borr.	(2,753)	8,300	(8,735)	(9,726)	(11,716)
+ Change in capital stock	0	7,900	0	0	0
+ Other Financing Activities	962	892	453	1,293	653
Cash From Financing Activities	**(1,838)**	**17,093**	**(8,282)**	**(8,432)**	**(11,207)**
Net Changes in Cash	**(8,045)**	**11,952**	**(8,425)**	**(2,657)**	**145**

Sources: Company, Bloomberg and KB Valbury Sekuritas

KB Valbury Sekuritas

RATIO ANALYSIS

Year End Dec	2020A	2021A	2022E	2023F	2024F
Valuation Ratios					
Price Earnings*	NM	NM	68.28	40.99	18.84
EV to EBIT*	NM	NM	82.75	48.23	25.41
EV to EBITDA*	NM	365.75	54.01	36.51	21.16
Price to Sales*	1.21	1.37	0.81	0.76	0.63
Price to Book*	6.12	1.66	1.32	1.26	1.19
Dividend Yield*	0.0%	0.0%	0.0%	0.0%	1.1%
Profitability Ratios					
Gross Margin	6.51%	15.53%	21.47%	22.66%	24.65%
EBITDA Margin	NM	1.60%	8.46%	12.10%	17.58%
Operating Margin	NM	-5.29%	5.35%	7.02%	10.17%
Profit Margin	NM	-8.97%	1.18%	1.86%	3.37%
Return on Assets	NM	-1.06%	0.19%	0.31%	0.66%
Return on Equity	NM	-10.89%	1.93%	3.07%	6.32%
Leverage & Coverage Ratios					
Current Ratio	0.59	1.56	1.44	1.53	1.71
Quick Ratio	0.51	1.40	1.25	1.31	1.47
Interest Coverage Ratio (EBIT/I)	NM	NM	133.55	210.07	371.01
Tot Debt/Capital	0.77	0.80	0.83	0.83	0.83
Tot Debt/Equity	20.42	6.76	6.59	6.23	5.98
Others					
Asset Turnover	0.16	0.12	0.16	0.17	0.20
Accounts Receivable Turnover	4.55	4.20	4.61	4.05	3.93
Accounts Payable Turnover	1.03	0.94	1.20	1.19	1.33
Inventory Turnover	4.23	2.81	3.08	2.70	2.62

**) based on market price (20/06/2022) at Rp515*

Sources: Company, Bloomberg and KB Valbury Sekuritas

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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

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

Banjarmasin
Jl.Gatot Subroto No.33 Kel. Kebun Bunga
Kec. Banjarmasin Timur
Kalimantan 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

Makasar
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

Medan
Komplek Jati Junction No. P5-5A
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. Sukamto Kel. 8 Ilir
Kec. Ilir Timur II Palembang 30114
T 07115700281

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. Sukamto 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