


PT Wijaya Karya (Persero), Tbk
BUY
Investment Consideration
Targeting IDR 16.5 trn new contracts in 2012

We estimate WIKA new contracts will increase by 22% YoY to IDR16,52 trn in 2012. Total order book will reach IDR 32.1 trn mostly from PP and ME. As of June 2012, 46% of full year contracts has been booked, or about IDR 7.54 trn. YoY Revenue from PP and ME is 1,348% higher, with average order book share (2009-2011) of 30%, the highest of WIKA business division. 2012, WIKA is focus in pursuing Power plant projects which include *new order* : Gas Turbine Power Plant Tanjung Batu 2 X 50 MW and USD 183 mln EPC project from Chevron Pacific Indonesia, *start commissioning in 2Q12* include: Turbine Gas Power Plant Borang 2x30MW (BOT 7 years), Gas Engine Power Plant Rengat 6x3.5 MW (BOO 7 years). We estimate WIKA 2012F and 2013F revenue will reach IDR9,212trn and IDR11,053trn respectively.

30,4% bottom line 5 years CAGR

WIKA net income CAGR (2006-2011) is 30,4%, highest among its peers. We are optimistic, the bottom line growth is sustainable, as the company is focus on pursuing the right sector for growth.

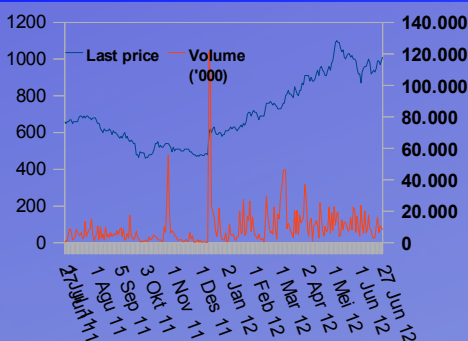
Valuation: 20% upside

Our EPS estimate for WIKA in 2012F and 2013F are 73,0 and 89,6. We are targeting WIKA to trade at 14x 2012F P/E or 1250, about 20% upside. BUY.

Profit and Loss (bn)	2009 A	2010 A	2011 A	2012 F	2013 F	2014 F
Revenue	6.591	6.023	7.742	9.213	11.053	12.718
Cost of Revenue	(5.968)	(5.390)	(6.978)	(8.383)	(10.058)	(11.573)
Gross Profit	623	633	763	829	995	1.145
Income from join operations	23	40	102	132	172	223
Gross profit after income from join operations	646	673	865	961	1.166	1.368
Operating expense	(161)	(195)	(211)	(276)	(332)	(382)
Operating Profit	485	478	654	685	835	986
Other income	(137)	(4)	(24)	(21)	(25)	(39)
PBT	348	473	630	664	810	947
taxes	(142)	(162)	(239)	(184)	(221)	(254)
Minority interest	(17)	(26)	(36)	(40)	(49)	(57)
Net Profit	189	285	354	440	540	636
EPS	33,4	47,5	58,8	73,0	89,6	105,4
EBITDA	443	534	661	706	863	1.015

Source: Company and Binaartha

 June 3, 2012
 Contstruction, Equity

Price Rp. 1040
Target Rp. 1250
JKSE Index 3991.64

Stock code
 Bloomberg code WIKA IJ
 Market cap (USD-m) 6189
 52-week high 1110
 52-week low 450
 6-m avg.dail.val (IDR) 840
 Free Float (%) 33.63

Major Share Holders (%)
 government RI 66.37%
 Public 33.63%

USD/IDR-YE
 2011 9068
 2012F (6m-avg) 9190

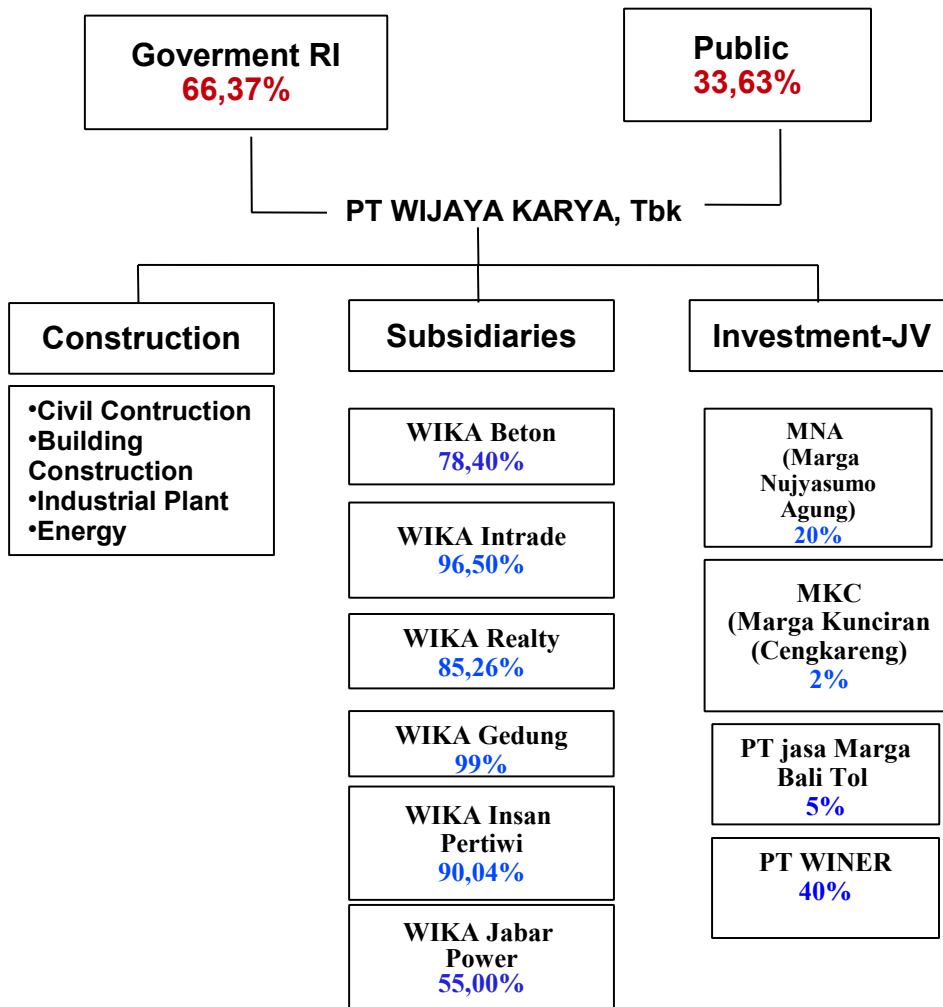
Key Indicators
 ROE (%) 20.6
 Tot.Debt/Tot Equity (x) 2.74
 Current ratio (x) 1.14
 NTA (Rp.bn) 9138

Analyst: Revita
 revita.anggrainy@binaartha.com

Company Profile

PT.Wijaya Karya (Persero), Tbk (WIKA) was established on March 11, 1960 as one of the state-owned enterprises which is a product of nationalization of Dutch company, Naamloze Vennootschap Technische Handel Maatscappij en Bouwberijf Vies en Co abbreviated to NV Vis en Co. As the company developed more and more, in 2007 WIKA become public company. WIKA until to date has six subsidiaries which manage different division i.e. WIKA intrade (Manufacturing & trading), WIKA Beton (concrete product), WIKA Building (highrise building), WIKA Realty Relaty product, WIKA Jabar Power (Power plant, geothermal), and WIKA insan Pertiwi (construction mechanical and electrical).

Company Profile



Source: company



I. WIKA total order book , carry over and new order yoy (Rp.tn)

IDR.tn	2009A	2010A	2011A	2012F
Total order Book	17.907	20.839	26.591	32.089
New Contract incl. JO)	10.251	10.223	13.568	16.523
Carry Over (incl.JO)	7.656	10.616	13.023*	15.566*

* change due to amendement contract

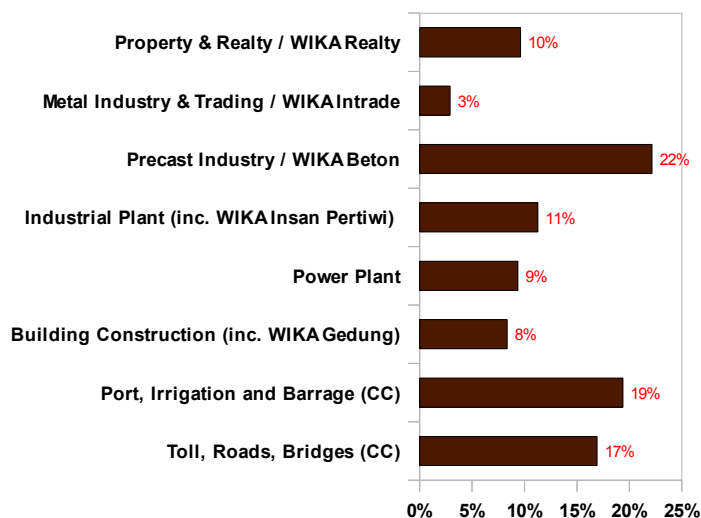
II. WIKA's order book contribution of each segment yoy (%)

order book (%)	2009A	2010A	2011A	2012F
Total (including JO)				
Toll, Roads and Bridges	20,90	16,50	18,90	18,90
Port, Irrigation and Barrage	9,00	10,30	10,70	12,70
Power Plant and ME	26,20	29,30	33,20	31,40
Buildings	9,50	12,80	15,30	16,90
Realty	3,20	3,40	4,00	4,70
Metal Industry & Trading	19,20	17,80	8,70	7,70
Precast Industry	12,00	9,90	9,20	7,80

III. WIKA's order book in relation with revenue and net income performances yoy

	Order book (trillion)	Revenue (IDR in bn)	Net Income (IDR. bn)
2010A	20,84	6.023	285
2011A	26,59	7.742	354
2012F	32,09	9.213	440
2013F	38,50	11.053	540
2014F	43,79	12.718	636

IV. WIKA's 5M12 new contract segmented contribution



V. WIKA contribution order book (%) by project owner yoy

	New Order Book (%)			Sales (%)		
	2010A	2011A	1Q12	2010A	2011A	1Q12
Government	40,1%	29,0%	21,0%	50,1%	29,2%	26%
SOE	28,3%	42,5%	50,8%	27,7%	48,9%	45%
Private	31,6%	28,5%	28,2%	22,2%	21,9%	29%

VI. Peers comparison in net income yoy

Peers comparison in net income (Rp.bn)	WIKA	ADHI	TOTL	DGIK
2006A	94	96	92	31
2007A	129	112	54	76
2008A	156	81	17	61
2009A	189	166	52	67
2010A	285	189	81	71
2011A	354	182	125	8
CAGR (2006A-2011A)	30,4%	13,8%	6,3%	-23,8%

Source: company and Binaartha



Profit and Loss (Rp.in bn) yoy

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Ratio Highlight

	2008 A	2009 A	2010 A	2011 A	2012 F	2013 F	2014 F
Growth (% YoY)							
Sales	53,09%	0,48%	-8,62%	28,54%	19,00%	19,98%	15,06%
OP	19,67%	68,43%	-1,51%	36,88%	4,74%	21,91%	18,13%
EBITDA	0,00%	84,47%	20,48%	23,81%	6,70%	22,33%	17,59%
NP	20,83%	21,27%	50,58%	24,42%	24,14%	22,72%	17,67%
EPS	-40,67%	24,75%	42,25%	23,89%	24,14%	22,72%	17,67%
Profitability							
Operating Margin(%)	4,39%	7,36%	7,93%	8,44%	7,43%	7,55%	7,75%
EBITDA margin(%)	3,66%	6,72%	8,87%	8,54%	7,66%	7,81%	7,98%
NET Profit margin(%)	2,38%	2,87%	4,73%	4,58%	4,78%	4,89%	5,00%
ROA(%)	2,70%	3,32%	4,53%	4,26%	5,07%	5,91%	6,52%
ROE(%)	11,27%	12,34%	15,81%	17,11%	18,97%	20,55%	21,14%
Stability							
Total debt/ equity (X)	3,11	2,65	2,43	2,95	2,74	2,48	2,24
Current ratio (X)	1,44	1,44	1,36	1,14	1,13	1,14	1,15
Gross debt (Rp bn)	4.304	4.065	4.370	6.104	6.358	6.510	6.742
Per Share data (Rp)							
EPS	26,8	33,4	47,5	58,8	73,0	89,6	105,4
BVS	237	270	318	354	385	436	499
SPS	1.125	1.162	1.004	1.284	1.276	1.502	1.702
EBITDA/share	41,2	78,2	89,0	109,7	117,1	143,2	168,4

Source: Company and Binaartha



RESEARCH TEAM
(62 21) 520 6678 ext. 224

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