

## Investment Consideration

### Targetting 23% growth in new contracts

WTON booked new contracts in 2022 of IDR. 7.01 trillion which is an increase of +34% YoY. Based on sectors, the new contracts are dominated by infrastructure projects at 61.46%, followed by property 18.35%, Industry 6.59%, Electricity 5.50%, Mining 4.4% and Energy 3.56%. Based on project owner, the private sector still dominates at 58.78% followed by WIKA group 26.09%, SOEs 13.13%, and Government 2%. The Top 3 customers based on new contracts are WIKA at 26.09% followed by PLN (Persero), and PTPP. We target WTON's total 2023 new contracts to increase +23% YoY to IDR. 8.6 trillion with an estimated utilization rate of 60% or better to support WTON's production. WTON has no plan to shutdown the plant this year.

### Developing new products

WTON continued to develop innovative new products in 2022, namely WTON "Splice sleeve", which is a WTON product innovation used to connect between precast concrete components. This product has been used in The Morowali AIM Project IMIP. The second product is called "Gravity wall", which is used for soil retaining walls. Modules are patterned to add aesthetics when used in urban areas. The pilot project of this product was installed on PPB Subang land.

### Targeting better margins

WTON 2022 bottom line profit margin increased significantly to 2.71% compared to 1.92% in 2021. This was due to an increase in the plant utilization rate from 42.9% in 2021 to 60.0% in 2022, higher than 2020's 53.1%. This resulted in better production costs which helped to improve the GPM to 8.6% in 2022 compared to 5.2% in 2021. With a better utilization rate, we expect better margins again in 2023-2024 as WTON is targeting a utilization rate at above 60% for 2023F. We expect that margins will improve as production and utilization rates improve in 2023-2024. We are forecasting that the 2023 - 2024F net profit margin will improve to 2.70% and 3.20% respectively.

### Valuation: significant upside

Based on 2022 results, we maintain our target price of IDR. 330/share within 1 year, which is a 9.4x PER. With significant potential upside, we maintain our recommendation to BUY.

Financial highlight ratio	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F
Sales growth (%)	2.20%	-32.19%	-10.21%	39.21%	26.05%	26.58%
Net profit growth (%)	5.34%	-75.01%	-35.25%	96.50%	25.62%	49.84%
Current ratio (X)	1.16	1.12	1.11	1.12	1.03	0.99
cash ratio (x)	0.26	0.33	0.35	0.28	0.32	0.27
Tot debt/ Equity	1.95	1.51	1.59	1.60	1.87	2.14
EPS	58.79	14.69	9.51	18.69	23.48	35.19

11 April 2023  
Precast, Equity

Price IDR. 165  
Target IDR. 330  
JKSE index 6771.224

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**Stock Code** WTON IJ  
**Bloomberg code** 1810  
**Market cap (IDR.bn)** 262  
**52-Week High (IDR)** 160  
**52-Week Low (IDR)** 168  
**6-m Avg Daily. Val (IDR)** 33.41  
**Free Float (%)**

**Major Shareholders (%)**  
WIKA 60.00%  
KKMS 5.13%  
Yayasan Wijaya Karya 0.99%  
Others 5.51%  
Public 33.50%

**USD/IDR-YE**  
2022A 15592  
2023F 14905

**Key Indicators 2024F**  
Total Debt/ Equity (x) 2.14  
Current ratio (x) 0.99

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Chart: New contract and carry over contract yoy (in IDR. Trillion)

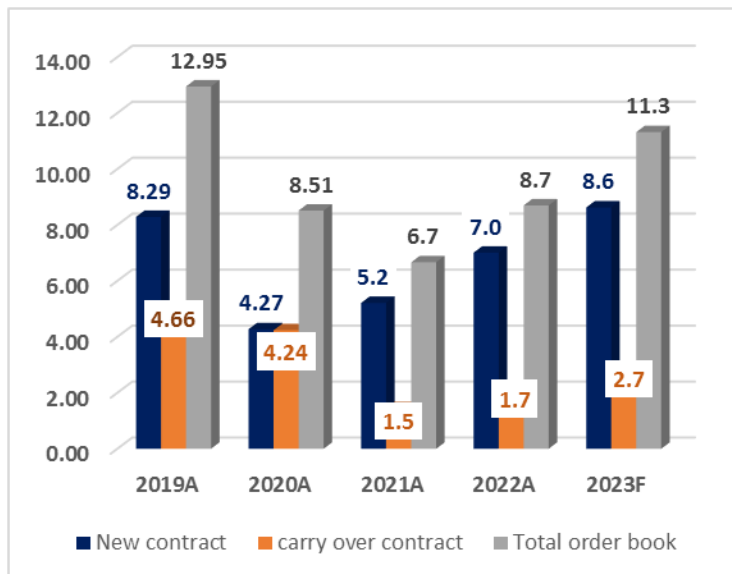


Chart: WTON's company profile based on sectors worked 2022

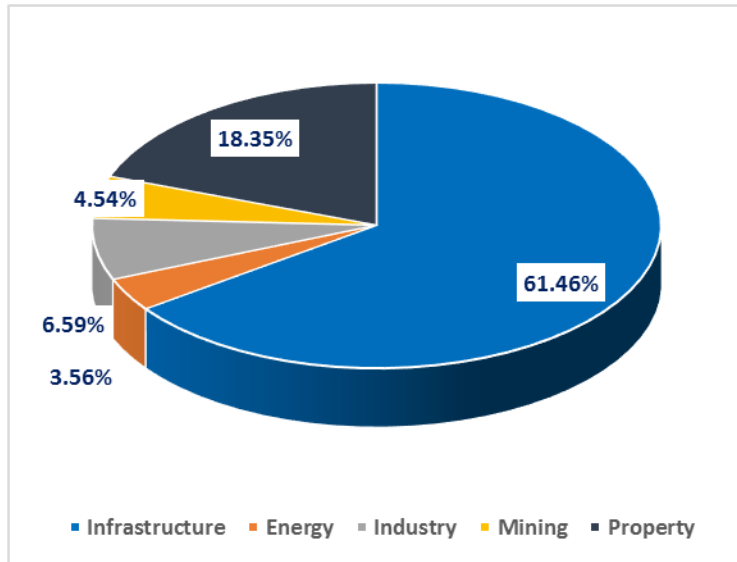


Chart: WTON's company profile based on revenue 2022

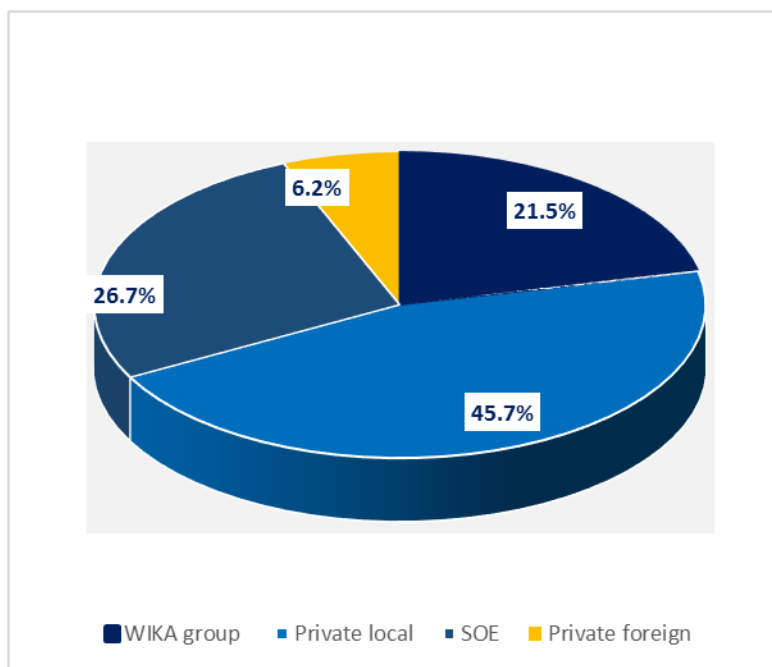
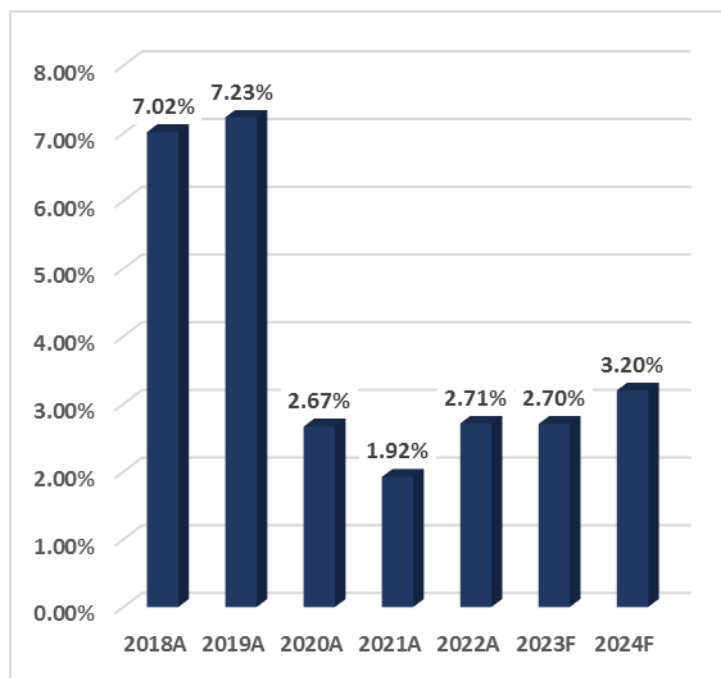


Chart: WTON's net profit margin YoY (%)



Profit and Loss

Profit and Loss (IDR.bn)	2019A	2020A	2021A	2022A	2023F	2024F	2025F
<b>Revenue</b>	<b>7,083</b>	<b>4,803</b>	<b>4,313</b>	<b>6,004</b>	<b>7,568</b>	<b>9,579</b>	<b>11,416</b>
Cost of revenues	(6,133)	(4,494)	(4,087)	(5,487)	(6,935)	(8,899)	(10,587)
<b>Gross Profit</b>	<b>951</b>	<b>310</b>	<b>225</b>	<b>517</b>	<b>633</b>	<b>680</b>	<b>829</b>
Operating expense	(155)	(125)	(113)	(117)	(227)	(287)	(342)
<b>Operating Profit</b>	<b>795</b>	<b>184</b>	<b>113</b>	<b>400</b>	<b>406</b>	<b>393</b>	<b>487</b>
Other income	(169)	(54)	(34)	(150)	(200)	(88)	(102)
<b>Pretax income(PBT)</b>							
taxes	(116)	(7)	3	(78)	(3)	(0)	(3)
Minority interest	2	5	1	(8)	1	2	2
<b>Net Profit</b>	<b>512</b>	<b>128</b>	<b>83</b>	<b>163</b>	<b>205</b>	<b>307</b>	<b>384</b>
EPS	59	15	10	19	23	35	44
<b>EBITDA</b>	<b>1,015</b>	<b>439</b>	<b>313</b>	<b>517</b>	<b>440</b>	<b>540</b>	<b>619</b>

Balance sheet

Balance sheet (IDR.in bn)	2019A	2020A	2021A	2022A	2023F	2024F	2025F
<b>Cash and cash equivalent</b>	1,602.28	1,542.22	1,738.92	1,538.31	2,135.19	2,259.43	2,339.40
Trade Account							
Receivable	1,309.53	632.74	806.99	798.52	1,215.94	1,584.71	1,914.37
inventory	1,148.38	793.74	1,002.85	1,073.00	1,215.94	1,584.71	1,914.37
Other current asset	3,108.72	2,279.51	1,945.06	2,739.73	2,368.67	2,969.44	3,539.04
<b>Total current Asset</b>	<b>7,168.91</b>	<b>5,248.21</b>	<b>5,493.81</b>	<b>6,149.56</b>	<b>6,935.74</b>	<b>8,398.30</b>	<b>9,707.17</b>
Net Fixed Asset	3,012.08	2,952.49	3,152.89	3,183.94	3,580.25	4,068.95	4,624.36
other long term asset	156.91	308.32	281.48	114.03	378.38	478.94	570.81
<b>Total non current Asset</b>	<b>3,168.98</b>	<b>3,260.81</b>	<b>3,434.37</b>	<b>3,297.97</b>	<b>3,958.63</b>	<b>4,547.89</b>	<b>5,195.17</b>
<b>Total Asset</b>	<b>10,337.90</b>	<b>8,509.02</b>	<b>8,928.18</b>	<b>9,447.53</b>	<b>10,894.37</b>	<b>12,946.19</b>	<b>14,902.34</b>
Trade account payable	898.55	2,597.36	2,426.46	2,091.30	3,324.84	4,290.91	5,133.98
Short Term bank loans	2,035.68	484.19	876.29	973.01	1,173.01	1,373.01	1,573.01
Advances from customer	413.50	181.62	146.78	129.35	146.78	146.78	146.78
Other Current liabilities	2,847.32	1,443.44	1,488.86	2,279.25	2,088.67	2,643.76	3,150.89
<b>Total current liabilities</b>	<b>6,195.05</b>	<b>4,706.62</b>	<b>4,938.39</b>	<b>5,472.90</b>	<b>6,733.30</b>	<b>8,454.46</b>	<b>10,004.66</b>
Long term loans bank	500.00	380.00	457.00	275.00	261.25	248.19	235.78
MTN	0.00	0.00	0.00	0.00	0.00	0.00	0.00
finance lease liabilities	34.21	0.71	50.00	8.25	37.84	47.89	57.08
Other Long term liabilities	100.18	31.11	34.91	53.55	60.54	76.63	91.33
<b>Total non current liabilities</b>	<b>634.39</b>	<b>411.82</b>	<b>541.91</b>	<b>336.81</b>	<b>359.63</b>	<b>372.71</b>	<b>384.19</b>
<b>Total Liabilities</b>	<b>6,829.45</b>	<b>5,118.44</b>	<b>5,480.30</b>	<b>5,809.71</b>	<b>7,092.93</b>	<b>8,827.18</b>	<b>10,388.85</b>
<b>Total Equities</b>	<b>3,508.45</b>	<b>3,390.57</b>	<b>3,447.88</b>	<b>3,637.82</b>	<b>3,801.44</b>	<b>4,119.01</b>	<b>4,513.49</b>
<b>Total Liabilities and equity</b>	<b>10,337.90</b>	<b>8,509.02</b>	<b>8,928.18</b>	<b>9,447.53</b>	<b>10,894.37</b>	<b>12,946.19</b>	<b>14,902.34</b>

**Cash flow**

Cash Flow (IDR. bn)	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
+ Net Income	512	128	83	163	205	307	384
+Depreciation	251	219	160	189	159	159	159
- Change in WC	386	372	183	(322)	1,071	383	321
<b>Cash From Operating Activities</b>	<b>1,150</b>	<b>719</b>	<b>425</b>	<b>30</b>	<b>1,435</b>	<b>849</b>	<b>865</b>
capex	(315)	(160)	(360)	(220)	(556)	(648)	(715)
Other non current asset	(94)	(151)	27	167	(264)	(101)	(92)
<b>cash from investing activities</b>	<b>(409)</b>	<b>(311)</b>	<b>(333)</b>	<b>(53)</b>	<b>(820)</b>	<b>(749)</b>	<b>(807)</b>
Long term loans	150	(120)	77	(182)	(14)	(13)	(12)
finance lease liabilities	(6)	(33)	49	(42)	30	10	9
Other Long term liabilities	(7)	(69)	4	19	7	16	15
Equity	(141)	(246)	(26)	27	(41)	11	10
<b>cash from financing activities</b>	<b>(3)</b>	<b>(468)</b>	<b>104</b>	<b>(178)</b>	<b>(18)</b>	<b>24</b>	<b>21</b>
Net Changes in Cash	737	(60)	197	(201)	597	124	80
<b>Beginning Balance</b>	<b>865</b>	<b>1,602</b>	<b>1,542</b>	<b>1,739</b>	<b>1,538</b>	<b>2,135</b>	<b>2,259</b>
<b>Ending balance</b>	<b>1,602</b>	<b>1,542</b>	<b>1,739</b>	<b>1,538</b>	<b>2,135</b>	<b>2,259</b>	<b>2,339</b>

**Financial Ratio Highlights**

Ratio Highlights	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
<b>Growth (% YoY)</b>							
Sales	2.20%	-32.19%	-10.21%	39.21%	26.05%	26.58%	19.18%
OP	8.58%	-76.82%	-38.89%	254.84%	1.52%	-3.26%	23.95%
EBITDA	4.55%	-56.77%	-28.62%	64.94%	-14.75%	22.51%	14.76%
NP	5.34%	-75.01%	-35.25%	96.50%	25.62%	49.84%	25.37%
EPS	5.34%	-75.01%	-35.25%	96.50%	25.62%	49.84%	25.37%
<b>Profitability</b>							
Operating Margin(%)	11.23%	3.84%	2.61%	6.66%	5.36%	4.10%	4.26%
EBITDA margin(%)	14.33%	9.14%	7.26%	8.61%	5.82%	5.63%	5.42%
NET Profit margin(%)	7.23%	2.67%	1.92%	2.71%	2.70%	3.20%	3.37%
ROA(%)	4.96%	1.50%	0.93%	1.72%	1.88%	2.37%	2.58%
ROE(%)	14.60%	3.78%	2.40%	4.48%	5.38%	7.45%	8.52%
<b>Liquidity</b>							
Current ratio (X)	1.16	1.12	1.11	1.12	1.03	0.99	0.97
cash ratio (x)	0.26	0.33	0.35	0.28	0.32	0.27	0.23
<b>Solvability</b>							
Tot debt/ Equity	1.95	1.51	1.59	1.60	1.87	2.14	2.30
Debt ratio	0.66	0.60	0.61	0.61	0.65	0.68	0.70
<b>Per Share data (Rp)</b>							
EPS	58.79	14.69	9.51	18.69	23.48	35.19	44.11
BVS	402.55	389.03	395.61	417.40	436.17	472.61	517.87

**Stock Ratings:**

Buy: a recommendation to purchase the security with upside potential of 20% or greater

Hold: a recommendation to neither buy nor sell a security with upside potential of 0-19%.

Sell: a recommendation to close out a long position in a security with upside potential below 0% or negative.

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