



Investment Consideration

Targetting 20% growth of New Contracts

ADHI is targeting new contracts in 2022 to grow 15-20%. Our estimate is IDR. 18.2 trillion which is an increase from 2021 new contracts of IDR. 15.2 trillion. As of March 2022, new contracts have reached IDR. 3,9 trillion, up 129% YoY from March 2021's IDR 1.7 trillion, ADHI's new contracts come from construction & energy (85%), property (7%), and other businesses (8%). The types of project owner are Government 33%, SOE 16%, and private 51%. We maintain our belief that this year will see moderate growth just like 2021. We estimate the total order book for 2022 will reach IDR 52.3 trillion or up 8% yoy.

Issuing IDR 3.75 trn bonds

PT Adhi Karya (Persero) Tbk plans to issue bonds totaling IDR 3.75 trillion. This bond is phase III of sustainable bond III Adhi Karya with a target for funds raised of IDR 5 trillion. Previously, the company had issued bonds worth IDR 289.6 billion in 2020 and IDR 673.5 billion in 2021. This bond offering will improve debt profiling and provide working capital. The new funds will be used to repay the principal of Sustainable Bond II Phase I (2017) amounting to Rp 2,812 trillion. The rest or about 25%, after deducting costs, will be used for working capital for toll construction projects, railway facilities, buildings, energy, industry and other infrastructure development projects. We believe with this additional debt, ADHI can still maintain a debt to equity ratio below 3.5x. We calculate the deb to equity during 2022-2023F will average 1.92X

Valuation: 45% upside

We have a Target price of IDR.1,230/share which is equal to a PER of 29x. With 45% upside potential, our recommendation is maintained as BUY.

Profit and Loss (IDR.bn)	2019A	2020A	2021A	2022F	2023F	2024F
Revenue	15,308	10,828	11,530	12,558	14,074	15,927
Cost of revenues	(12,972)	(9,092)	(9,774)	(10,675)	(11,963)	(13,538)
Gross Profit	2,336	1,736	1,756	1,884	2,111	2,389
Operating expense	(894)	(728)	(635)	(754)	(844)	(956)
Operating Profit	1,442	1,008	1,121	1,130	1,267	1,433
Other income	(755)	(968)	(1,022)	(978)	(1,097)	(1,243)
taxes	(21)	(16)	(13)	(16)	(18)	(21)
Minority interest	(1)	0	(31)	(0)	(0)	(0)
Net Profit	664	24	55	136	151	169
EPS	186	7	15	38	42	48
EBITDA	1,619	1,171	1,290	1,351	1,522	1,739

12 May 2022
Construction, Equity

Price **IDR. 690**
Target Price **IDR.1230**
JKSE Index **6671.52**



Stock Code **ADHI IJ**
Bloomberg code **2470,0**
Market cap (IDR.bn) **1220**
52-Week High (IDR) **660**
52-Week Low (IDR) **980**
6-m Avg Daily. Val (IDR) **49.00**
Free Float (%) **51.00%**

Major Shareholders (%)
Government **49.00%**
Public **51.00%**

USD/IDR-YE
2021A **14278**
2022F (Avg) **14551**

Key Indicators
2023F
Total Debt/ Equity (x) **2.01**
Current ratio (x) **1.04**

Analyst: Revita Dhiah Anggrainy
revita.anggrainy@binaartha.com

Company Profile

PT Adhi Karya (persero) Tbk is one of the largest construction companies in Indonesia and was established in 1960 from a Netherlands owned chartering company named Architecten-Ingeneurs-en Aannemersbedrijf "Associatie Selle en de Bruyn, Reyerse en de Vries NV" (Associatie NV) . The company changed its name to PT Adhi Karya (Persero) in 1974. In 2004, it was the first Construction SOE to be listed on the Indonesia Stock Exchange (IDX) on March 18, 2004 as PT Adhi Karya (Persero) Tbk. Since then, ADHI has established various subsidiaries starting in 2012 with PT Adhi Persada Property (APP), in 2014, PT Adhi Persada Gedung (APG) and PT Adhi Persada Beton (APB), in 2018, PT Adhi Commuter Properti (ACP) and in 2019, PT Dumai Torta Perasada (DTP). In 2015, ADHI began ground breaking on the Jabodebek LRT. Currently, ADHI has 5 business lines. Construction ,Railroads, Property and. Industrial, Engineering, Procurement and Construction (EPC), and Investment which Invests in other companies in the field of infrastructure, toll roads, renewable energy industry, conversion industry, waste management including hazardous and toxic materials. ADHI has 12 TOD (Transit Oriented Development) projects with a total development area of 95 Ha and 26000 apartment units.

Company's TOD coverage area

- EASTERN GREEN
- URBAN SIGNATURE
- ROYAL SENTUL PARK
- GATEWAY PARK
- GREEN AVENUE
- MTH 27
- THE PREMIERE MTH
- OASE PARK
- CISAUK POINT
- RIVIA
- GRAND CENTRAL BOGOR
- ADHI CITY

- Sta. Bekasi
- Sta. Ciracas
- Sta. Sentul
- Sta. Jaticempaka
- Sta. Jatimulya
- Sta. Ciliwung
- Sta. Cikoko
- Sta. Ciputat
- Sta. Serpong
- Sta. Sentul
- Sta. Bogor
- Sta. Sentul (Dev)



12 TOD PROJECTS

+95 Ha
More Than 26,000

Total Development Area
Apartment units



Developed by: **adhi** commuter properti

Chart: Total order book vs new contract (IDR. Trillion)

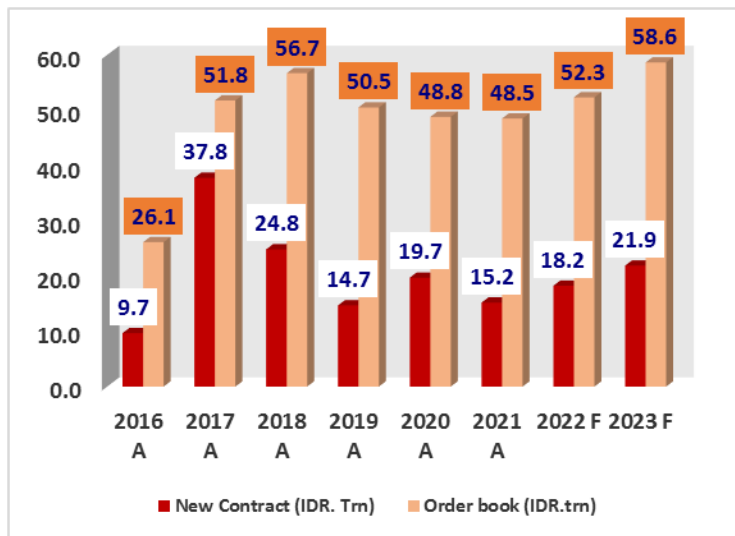


Chart: New contract based on Type of business line as of 1Q 2022

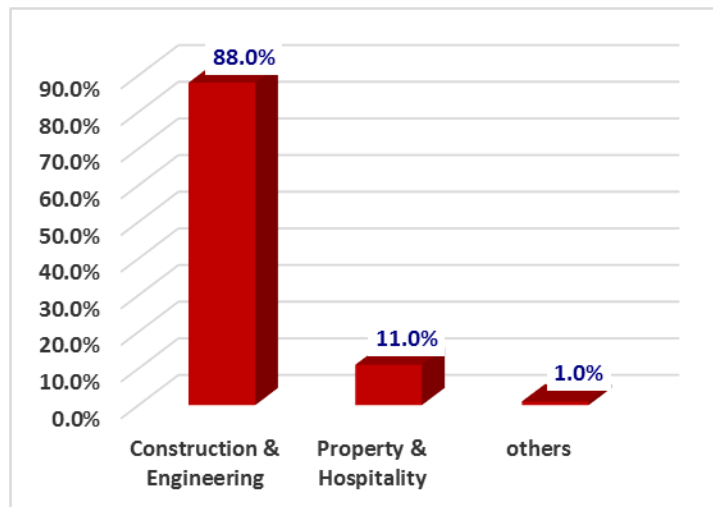


Chart: New contract based on project owner As of 1Q22 (%)

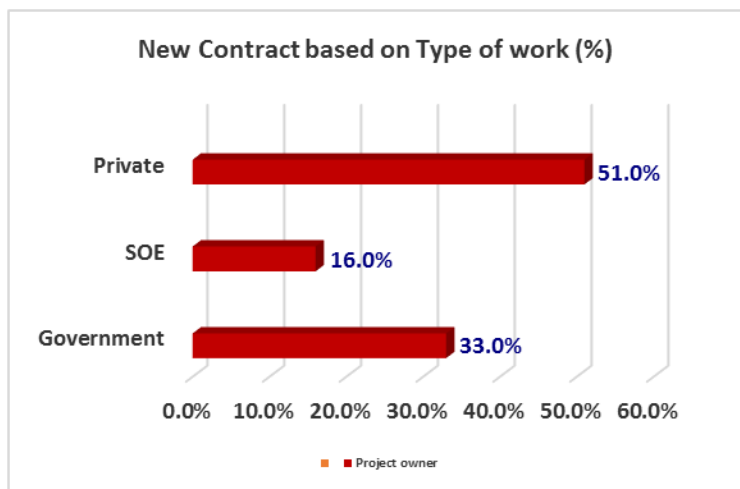


Chart: New contract based on type of work as of 1Q22 (%)

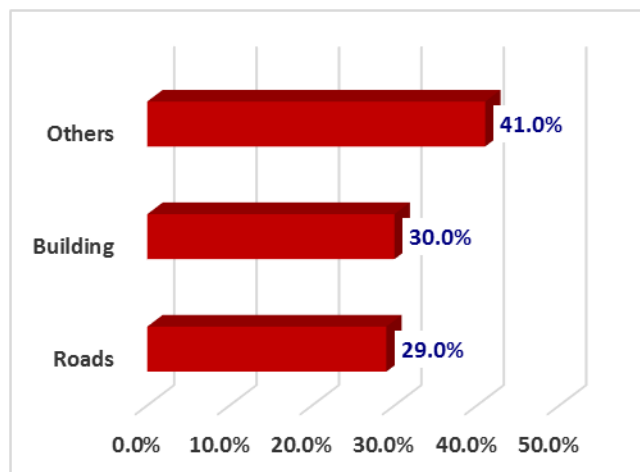
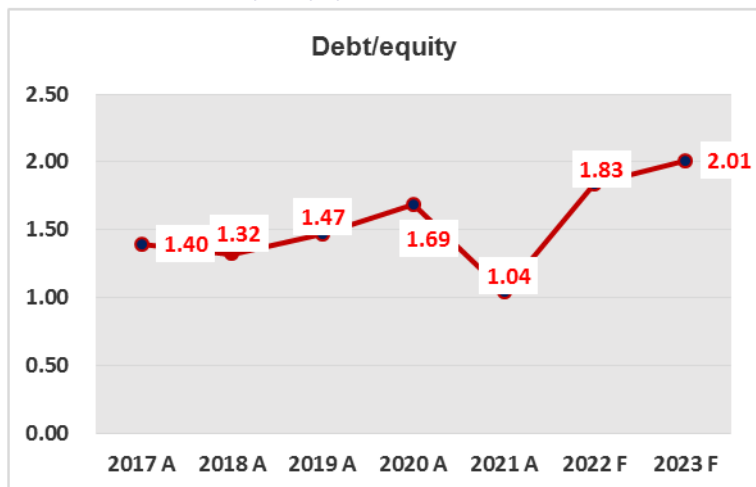


Chart: Debt to Equity (x) yoy



Profit and Loss

Profit and Loss (IDR.bn)	2019A	2020A	2021A	2022F	2023F	2024F
Revenue	15,308	10,828	11,530	12,558	14,074	15,927
Cost of revenues	(12,972)	(9,092)	(9,774)	(10,675)	(11,963)	(13,538)
Gross Profit	2,336	1,736	1,756	1,884	2,111	2,389
Operating expense	(894)	(728)	(635)	(754)	(844)	(956)
Operating Profit	1,442	1,008	1,121	1,130	1,267	1,433
Other income	(755)	(968)	(1,022)	(978)	(1,097)	(1,243)
taxes	(21)	(16)	(13)	(16)	(18)	(21)
Minority interest	(1)	0	(31)	(0)	(0)	(0)
Net Profit	664	24	55	136	151	169
EPS	186	7	15	38	42	48
EBITDA	1,619	1,171	1,290	1,351	1,522	1,739

Balance Sheet

Balance sheet (IDR.in bn)	2019A	2020A	2021A	2022F	2023F	2024F
Cash and cash equivalent	3255.01	2134.67	2424.79	4769.90	4979.09	4135.54
Trade Account Receivable	3904.18	2986.51	2727.31	2511.69	2853.40	3272.63
inventory	10007.27	6321.04	7451.04	7311.43	8193.87	8901.55
Other current asset	13148.69	18419.30	18270.32	18837.69	17592.73	19112.15
Current Asset	30,315.16	29,861.53	30,873.45	33,430.71	33,619.08	35,421.87
Non Current Asset						
Net Fixed Asset	1,836.86	2,204.38	2,150.18	2,601.72	3,122.06	3,746.48
other long term asset	4,363.81	5,799.01	6,149.21	6,697.44	7,505.78	8,493.78
Total non current Asset	6,200.68	8,003.39	8,299.39	9,299.16	10,627.84	12,240.25
Total Asset	36,515.83	37,864.91	39,172.85	42,729.87	44,246.92	47,662.12
Current Liabilities						
AP	8,294.03	12,084.41	12,415.62	11,698.29	13,110.20	14,835.92
Short Term bank loans	5,058.50	4,343.90	3,824.45	3,834.45	3,844.45	3,854.45
Other Current liabilities	11,140.65	10,640.89	14,887.38	15,070.15	15,481.60	17,519.47
Total current liabilities	24,493.18	27,069.20	31,127.45	30,602.89	32,436.25	36,209.84
Non Current Liabilities						
Long term loans bank	942.34	749.47	841.20	855.20	869.20	883.20
Bond	4,021.03	4,309.02	1,241.01	4,991.01	4,991.01	4,991.01
Other Long term liabilities	224.99	391.39	1,032.96	1,004.68	1,125.93	1,274.14
Total long term/ non current liabilities	5,188.36	5,449.88	3,115.18	6,850.89	6,986.15	7,148.36
Total Liabilities	29,681.54	32,519.08	34,242.63	37,453.78	39,422.40	43,358.20
Total Equities	6,834.30	5,574.81	5,657.71	5,276.08	4,824.52	4,303.92
Total Liabilities and equity	36,515.83	38,093.89	39,900.34	42,729.87	44,246.92	47,662.12

Cash Flow

Cash Flow (IDR.bn)	2019 A	2020 A	2021 A	2022 F	2023 F	2024 F
+ Net Income	664	24	55	136	151	169
+Depreciation	177	163	168	221	255	306
- Change in WC	622	1,909	3,336	(737)	1,854	1,127
Cash From Operating Activities	1,463	2,096	3,560	(380)	2,260	1,603
capex (Fixed asset)	(440)	(530)	(114)	(673)	(775)	(930)
Other non current asset	(1,232)	(1,435)	(350)	(548)	(808)	(988)
cash from investing activities	(1,672)	(1,965)	(464)	(1,221)	(1,584)	(1,918)
Long term loans bank	(205)	(193)	92	14	14	14
Bond	529	288	(3,068)	3,750	0	0
Other Long term liabilities	(7)	166	642	(28)	121	148
Equity	(115)	(1,283)	28	(517)	(602)	(690)
cash from financing activities	202	(1,022)	(2,307)	3,218	(467)	(528)
Net Changes in Cash	(8)	(891)	789	1,618	209	(844)
Beginning Balance	3,263	3,255	2,364	3,152	4,770	4,979
Ending balance	3,255	2,364	3,152	4,770	4,979	4,136

Ratio Highlights

Rasio Highlights	2019 A	2020 A	2021 A	2022 F	2023 F	2024 F
Growth (% YoY)						
Sales	-2.22%	-29.27%	6.49%	8.92%	12.07%	13.16%
OP	-19.84%	-30.09%	11.21%	0.82%	12.07%	13.16%
EBITDA	-18.08%	-27.66%	10.14%	4.80%	12.59%	14.31%
NP	3.05%	-96.39%	130.16%	145.82%	11.22%	12.30%
EPS	3.05%	-96.39%	130.16%	145.82%	11.22%	12.30%
Profitability						
Operating Margin(%)	9.42%	9.31%	9.72%	9.00%	9.00%	9.00%
EBITDA margin(%)	10.57%	10.81%	11.18%	10.76%	10.81%	10.92%
NET Profit margin(%)	4.34%	0.22%	0.48%	1.08%	1.07%	1.06%
ROA(%)	1.82%	0.06%	0.14%	0.32%	0.34%	0.36%
ROE(%)	9.71%	0.43%	0.98%	2.57%	3.13%	3.94%
Liquidity						
Current ratio (X)	1.24	1.10	0.99	1.09	1.04	0.98
cash ratio (x)	0.13	0.08	0.08	0.16	0.15	0.11
Stability						
Debt/ Equity	1.47	1.69	1.04	1.83	2.01	2.26
Per Share data (IDR)						
EPS	186.4	6.7	15.5	38.1	42.4	47.6
BVS	1,919	1,566	1,589	1,482	1,355	1,209

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.

RESEARCH TEAM
(62-21) 520-6678 ext.612

Disclaimer; PT Binaartha Sekuritas has compiled this report in good faith, using information believed to be reliable. PT Binaartha and its analyst take no responsibility for the accuracy of the information contained in this report. This report has been produced for distribution to clients of PT Binaartha Sekuritas only. This report is not an invitation to buy or sell any security. PT Binaartha Sekuritas may have used the information in this report prior to publication. The company or its clients may have positions in or may from time to time buy or sell the securities mentioned in this report or other related securities.