



3 June 2021  
Construction, Equity

Price IDR. 1025  
Target Price IDR.1930  
JKSE Index 6031.58

Adhi Karya Persero Tbk, Indonesia, Jakarta:ADHI, D



**Stock Code**  
**Bloomberg code** ADHI IJ  
**Market cap (IDR.bn)** 2225.5  
**52-Week High (IDR)** 2040  
**52-Week Low (IDR)** 488  
**6-m Avg Daily. Val (IDR)** 980  
**Free Float (%)** 49.00

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

**USD/IDR-YE**  
**2020A** 14050  
**2021F (Avg)** 14310

**Key Indicators**  
**2021F**  
**Total Debt/ Equity (x)** 1.25  
**Current ratio (x)** 1.12

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### Investment Consideration

#### Targetting IDR 25 Trillion New Contracts

ADHI is targeting new contracts in 2021 of IDR. 25 trillion which is an increase from 2020 new contracts of IDR. 19,7 trillion. As of April 2021, New contracts have reached IDR. 3,6 trillion, up IDR. 1,4 trillion from March. As of 1Q21, ADHI's new contracts come from construction & energy (88%), property (11%), and other businesses (1%). The types of work are building projects (46%), roads and bridges (15%), and other infrastructure projects such as dam construction, airports, and EPC projects (39%). We maintain our believe that this year will see moderate growth just like in 2020. We estimate the total order book for 2021 will reach IDR. 58,5 trillion or up 20% yoy.

#### Ensuring profitability

As of 1Q21, the new contract's are still dominated by projects from the government and SOEs that are lower risk. The breakdown is Government (60%), state-owned enterprises (25%), and private (14 %). ADHI will implement operational efficiencies and financial strategies to improve performance in 2021. ADHI will also continue several investment projects in 2021 and strengthen the marketing of property products. From their investment projects, some can be recurring income for ADHI such as SPAM projects, water management, and waste management. For this year, ADHI continues to make cost efficiencies internally including seeking to accelerate the payment of projects such as Jabotabek LRT and Banda Aceh - Sigli Toll Road. As of 1Q21, ADHI posted revenue of IDR. 2.1 trillion, down -31% YoY and net profit of IDR. 6.74 trillion or down -54% YoY. With an improved construction cycle in 2H21 and efficiencies, we expect net profit this year will grow if the new contract target is realized.

#### Valuation: Significant upside

We have a Target price of IDR.1930/share which is equal to a PER of 10x, an upgrade from previous target of IDR.1230/share. With significant upside potential, our recommendation is BUY.

	Profit and Loss (IDR.bn)						
	2017A	2018A	2019A	2020A	2021F	2022F	
<b>Revenue</b>	15.156	15.655	15.308	10.828	14.031	16.346	
Cost of revenues (13.098)	(13.149)	(12.972)	(9.092)	(12.207)	(13.894)		
<b>Gross Profit</b>	2.058	2.507	2.336	1.736	1.824	2.452	
Operating expense	(581)	(708)	(894)	(728)	(842)	(981)	
<b>Operating Profit</b>	1.477	1.799	1.442	1.008	982	1.471	
Other income	(519)	(1.149)	(755)	(968)	(836)	(760)	
taxes	(440)	(4)	(21)	(16)	(18)	(21)	
Minority interest	(2)	(1)	(1)	0	(0)	(1)	
<b>Net Profit</b>	515	644	664	24	127	689	
EPS	145	181	186	7	36	193	
<b>EBITDA</b>	1.596	1.976	1.619	1.171	1.160	1.678	

**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)



**+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)

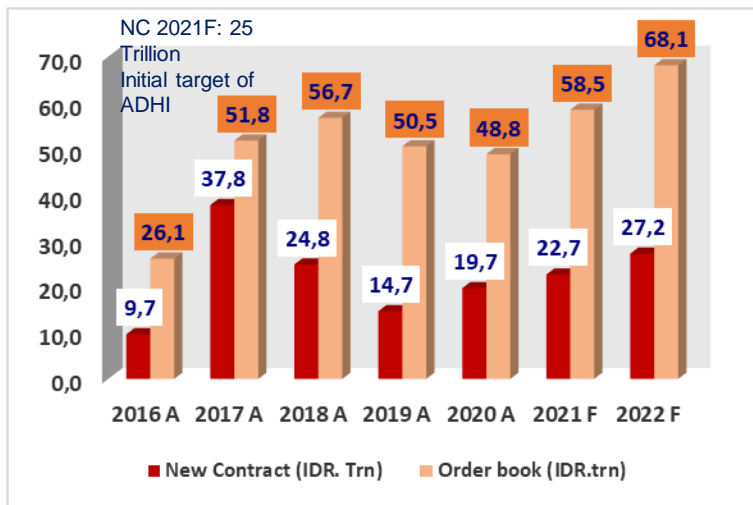


Chart: New contract based on Type of work as of 1Q 2021

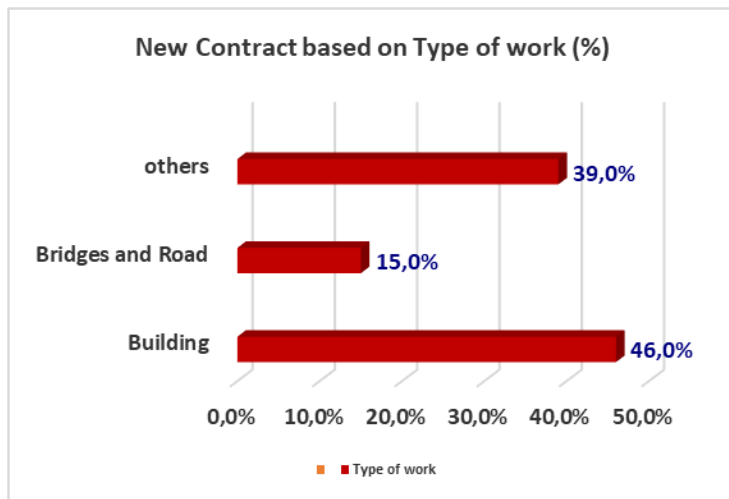


Chart: New contract based on business lines As of 1Q21 (%)

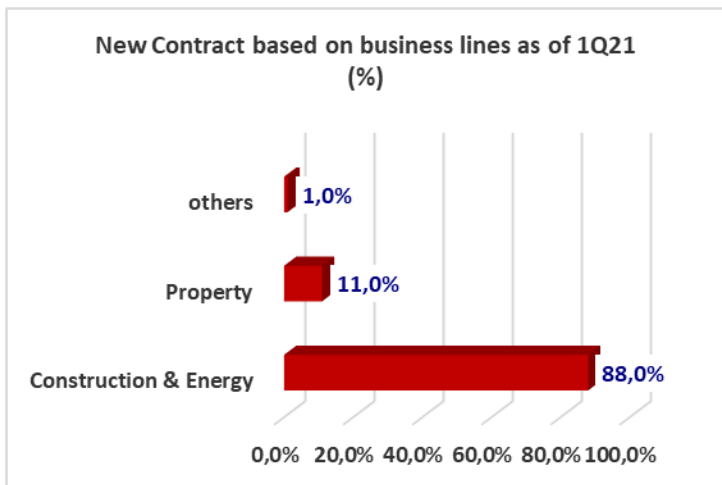


Chart: New contract based on project owner / source of fund as of 1Q21 (%)

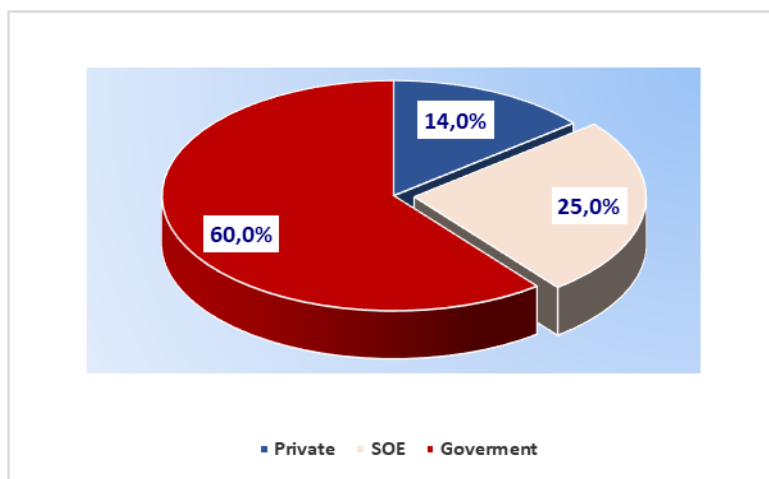
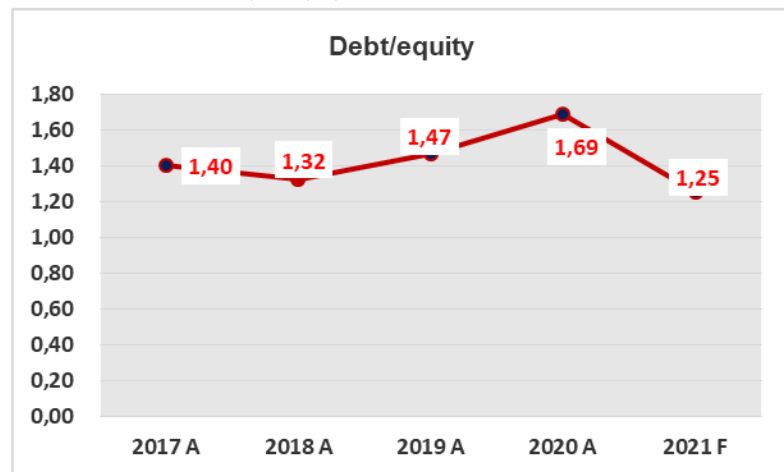


Chart: Debt to Equity (x) yoy



## Profit and Loss (IDR. In bn)

Profit and Loss (IDR.bn)	2017A	2018A	2019A	2020A	2021F	2022F
<b>Revenue</b>	<b>15.156</b>	<b>15.655</b>	<b>15.308</b>	<b>10.828</b>	<b>14.031</b>	<b>16.346</b>
Cost of revenues	(13.098)	(13.149)	(12.972)	(9.092)	(12.207)	(13.894)
<b>Gross Profit</b>	<b>2.058</b>	<b>2.507</b>	<b>2.336</b>	<b>1.736</b>	<b>1.824</b>	<b>2.452</b>
Operating expense	(581)	(708)	(894)	(728)	(842)	(981)
<b>Operating Profit</b>	<b>1.477</b>	<b>1.799</b>	<b>1.442</b>	<b>1.008</b>	<b>982</b>	<b>1.471</b>
Other income	(519)	(1.149)	(755)	(968)	(836)	(760)
taxes	(440)	(4)	(21)	(16)	(18)	(21)
Minority interest	(2)	(1)	(1)	0	(0)	(1)
<b>Net Profit</b>	<b>515</b>	<b>644</b>	<b>664</b>	<b>24</b>	<b>127</b>	<b>689</b>
EPS	145	181	186	7	36	193
<b>EBITDA</b>	<b>1.596</b>	<b>1.976</b>	<b>1.619</b>	<b>1.171</b>	<b>1.160</b>	<b>1.678</b>

## Balance Sheet (IDR. In bn)

Balance sheet (IDR.in bn)	2017A	2018A	2019A	2020A	2021F	2022F
Cash and cash equivalent	4131,17	3263,04	3255,01	2134,67	2424,79	1566,23
Trade Account Receivable	2922,81	3354,53	3904,18	2986,51	2998,37	3269,24
inventory	3683,14	8806,76	10007,27	6321,04	7023,10	7613,31
Other current asset	14080,55	9962,53	13148,69	18419,30	18240,08	19615,46
<b>Current Asset</b>	<b>24.817,67</b>	<b>25.386,86</b>	<b>30.315,16</b>	<b>29.861,53</b>	<b>30.686,33</b>	<b>32.064,24</b>
<b>Non Current Asset</b>						
Net Fixed Asset	1.520,93	1.573,32	1.836,86	2.204,38	2.685,44	3.249,38
other long term asset	1.994,35	3.131,42	4.363,81	5.799,01	7.716,96	8.990,42
<b>Total non current Asset</b>	<b>3.515,28</b>	<b>4.704,74</b>	<b>6.200,68</b>	<b>8.003,39</b>	<b>10.402,40</b>	<b>12.239,80</b>
<b>Total Asset</b>	<b>28.332,95</b>	<b>30.091,60</b>	<b>36.515,83</b>	<b>37.864,91</b>	<b>41.088,73</b>	<b>44.304,04</b>
<b>Current Liabilities</b>						
AP	11.610,97	6.783,93	8.294,03	12.084,41	11.705,17	13.513,62
Short Term bank loans	3.537,11	3.663,96	5.058,50	4.343,90	4.490,49	4.500,49
Other Current liabilities	2.485,21	8.486,81	11.140,65	10.640,89	11.084,35	12.423,13
<b>Total current liabilities</b>	<b>17.633,29</b>	<b>18.934,70</b>	<b>24.493,18</b>	<b>27.069,20</b>	<b>27.280,01</b>	<b>30.437,24</b>
<b>Non Current Liabilities</b>						
Long term loans bank	925,00	1.147,40	942,34	749,47	1.249,47	1.263,47
Bond	3.740,46	3.492,18	4.021,03	4.309,02	4.309,02	4.309,02
Other Long term liabilities	164,28	232,05	224,99	162,42	210,46	245,19
<b>Total long term/ non current liabilities</b>	<b>4.829,74</b>	<b>4.871,63</b>	<b>5.188,36</b>	<b>5.220,90</b>	<b>5.768,95</b>	<b>5.817,68</b>
<b>Total Liabilities</b>	<b>22.463,03</b>	<b>23.806,33</b>	<b>29.681,54</b>	<b>32.290,10</b>	<b>33.048,96</b>	<b>36.254,92</b>
<b>Total Equities</b>	<b>5.869,92</b>	<b>6.285,27</b>	<b>6.834,30</b>	<b>5.574,81</b>	<b>8.039,77</b>	<b>8.049,13</b>
<b>Total Liabilities and equity</b>	<b>28.332,95</b>	<b>30.091,60</b>	<b>36.515,83</b>	<b>37.864,91</b>	<b>41.088,73</b>	<b>44.304,04</b>

## Cash Flow (IDR. In bn)

Cash Flow (IDR.bn)	2017 A	2018 A	2019 A	2020 A	2021 F	2022 F
+ Net Income	515	644	664	24	127	689
+Depreciation	119	177	177	163	177	207
- Change in WC	(2.612)	(136)	622	1.909	(324)	921
<b>Cash From Operating Activities</b>	<b>(1.978)</b>	<b>685</b>	<b>1.463</b>	<b>2.096</b>	<b>(19)</b>	<b>1.816</b>
capex (Fixed asset)	(180)	(229)	(440)	(530)	(658)	(771)
Other non current asset	(209)	(1.137)	(1.232)	(1.435)	(1.918)	(1.273)
<b>cash from investing activities</b>	<b>(389)</b>	<b>(1.366)</b>	<b>(1.672)</b>	<b>(1.965)</b>	<b>(2.576)</b>	<b>(2.044)</b>
Long term loans bank	496	222	(205)	(193)	500	14
Bond	2.866	(248)	529	288	0	0
Other Long term liabilities	(141)	68	(7)	(63)	48	35
Equity	(88)	(229)	(115)	(1.283)	2.338	(679)
<b>cash from financing activities</b>	<b>3.133</b>	<b>(187)</b>	<b>202</b>	<b>(1.251)</b>	<b>2.886</b>	<b>(631)</b>
Net Changes in Cash	766	(868)	(8)	(1.120)	290	(859)
<b>Beginning Balance</b>	<b>3.365</b>	<b>4.131</b>	<b>3.263</b>	<b>3.255</b>	<b>2.135</b>	<b>2.425</b>
<b>Ending balance</b>	<b>4.131</b>	<b>3.263</b>	<b>3.255</b>	<b>2.135</b>	<b>2.425</b>	<b>1.566</b>

## Ratio Highlights

Rasio Highlights	2017 A	2018 A	2019 A	2020 A	2021 F	2022 F
<b>Growth (% YoY)</b>						
Sales	36,99%	3,29%	-2,22%	-29,27%	29,58%	16,50%
OP	124,03%	21,82%	-19,84%	-30,09%	-2,57%	49,79%
EBITDA	122,60%	23,82%	-18,08%	-27,66%	-0,96%	44,69%
NP	64,43%	24,98%	3,05%	-96,39%	430,97%	440,91%
EPS	64,43%	24,98%	3,05%	-96,39%	430,97%	440,91%
<b>Profitability</b>						
Operating Margin(%)	9,74%	11,49%	9,42%	9,31%	7,00%	9,00%
EBITDA margin(%)	10,53%	12,62%	10,57%	10,81%	8,26%	10,26%
NET Profit margin(%)	3,40%	4,11%	4,34%	0,22%	0,91%	4,21%
ROA(%)	1,82%	2,14%	1,82%	0,06%	0,31%	1,55%
ROE(%)	8,78%	10,25%	9,71%	0,43%	1,58%	8,56%
<b>Liquidity</b>						
Current ratio (X)	1,41	1,34	1,24	1,10	1,12	1,05
cash ratio (x)	0,23	0,17	0,13	0,08	0,09	0,05
<b>Stability</b>						
Debt/ Equity	1,40	1,32	1,47	1,69	1,25	1,25
<b>Per Share data (IDR)</b>						
EPS	144,7	180,9	186,4	6,7	35,8	193,4
BVS	1.648	1.765	1.919	1.566	2.258	2.260

**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**

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