



Investment Consideration

1H22 new contract jumped 82% YoY

As of 1H22, ADHI has new contracts of IDR 12.2 trillion, up significantly compared to 1H21's IDR 6.7 trillion, and 67% of our 2022F forecast IDR 18.2 trillion. ADHI's new contracts come from construction & energy (85%), property (6%), and other businesses (9%). The project owners are, Government 15%, SOE 5%, and private, including investment, 80%. We maintain our estimation that this year will see moderate growth just like 2021. Some of the new contracts acquired in June 2022 include Tangerang-Merak Toll Road, Jenelata Dam in Gowa, The Precision Building (Technology, Information, and Communications Division –Polri) in Jakarta, and Piping Works and Steel Structure of the Manyar Smelter Project (MSP) in Gresik. We estimate the total order book for 2022 will reach IDR 52.3 trillion or up 8% yoy.

Maturing bonds repaid

PT Adhi Karya (Persero) Tbk has repaid the bonds maturing in June 2022. ADHI made repayments of two bond issues raised in 2017 and 2019. The 2017 issue has a principal value of IDR 2.997 trillion and 2019 has a principal value of IDR 556 billion. The repayment sources are partly from the bond issuance carried out in April 2022, while the rest comes from the company's internal cash. The new bond issuance in April 2022 was IDR 3.75 trillion with IDR 2.8 trillion used to repay the maturing bonds. The remaining amount of this bond will be used for working capital. We believe despite this additional debt, ADHI will be able to maintain a debt to equity ratio below 3.5x. We maintain our calculation that the debt to equity ratio during 2022-2023F will average 1.92X

Valuation: 67%upside

We maintain our target price of IDR 1,230/share which is equal to a PER of 29x. With 67% upside potential, our recommendation is maintained as BUY.

Ratio Highlights	2019 A	2020 A	2021 A	2022 F	2023 F	2024 F
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

21 July 2022
Construction, Equity

Price **IDR. 735**
Target Price **IDR.1230**
JKSE Index **6822.38**



Stock Code **ADHI IJ**
Bloomberg code **2530.0**
Market cap (IDR.bn) **1220**
52-Week High (IDR) **650**
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) **15070**

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

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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)

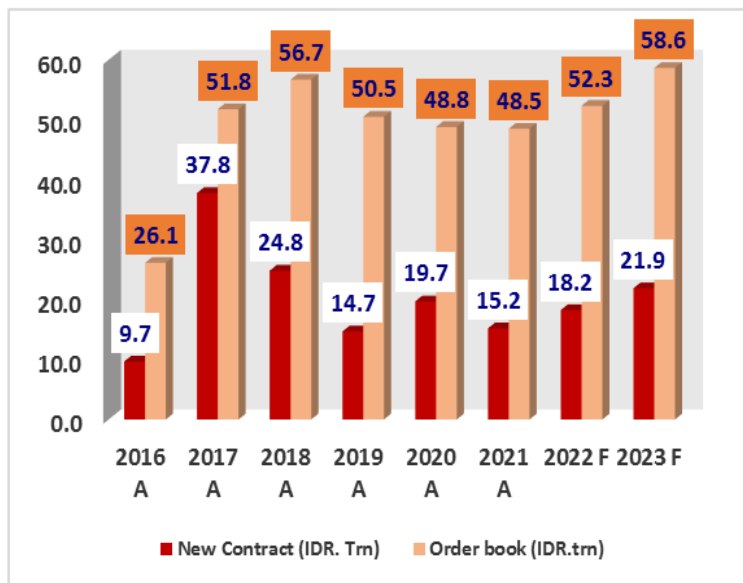


Chart: New contract based on Type of business line as of 1H 2022

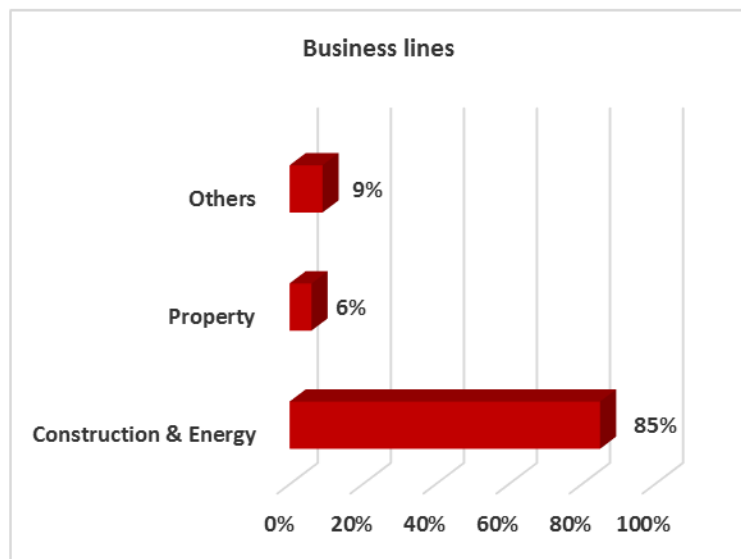


Chart: New contract based on project owner As of 1H22 (%)

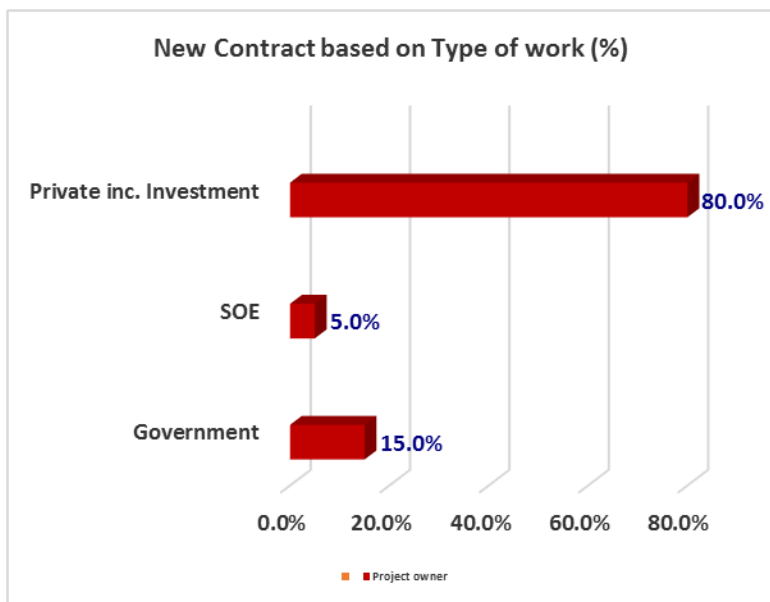
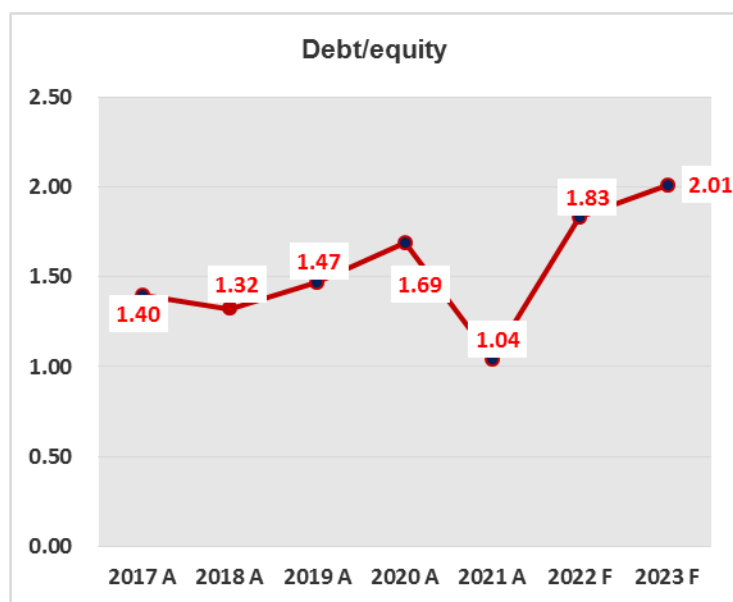


Chart: Debt to Equity (x) yoy



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%
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Liquidity						
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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.

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