



PT Wijaya Karya (Persero), Tbk

BUY

Investment Consideration

Eyeing IDR 39 trillion order book

PT Wijaya Karya (Persero) Tbk (WIKA) is targeting its 2013 order book will reach IDR.38.87 trn or up by 15,3% yoy. As of May 2013, WIKA has booked IDR.6,93 trn new contracts or 33% of its annual target (IDR.20,56 trn). Most of its new contracts collected from building construction (51%) but historically, Power plant and industrial plant units have been the dominating units in the last 4 years, contributing on average 30% of WIKA's order book. In investment unit, power plant projects has contributed to IDR.185 bln revenue last year while as of 1Q13 the unit booked IDR.90 bln. WIKA has budgeted IDR1.78 trn capex for 2013, an increase of almost 3 times from 2012 budget, mostly for power plant investment and for WIKA beton, which plan to add production line at Pasuruan plant and build 150,000 tons new concrete plant in East Kalimantan. We estimate WIKA 2013F and 2014F revenue will reach IDR.11,2trn and IDR13,4trn respectively.

Joined 'MRT' Projects

WIKA will involve in the consortium (Shimizu-Obayashi-Wijaya Karya-Jaya Construction) in working on two packet (CP104 & CP105) of the first phase of MRT (Mass Rapid Transit) projects worth IDR 2 trn which will start by the end of 2013 or early 2014 . In the consortium, WIKA holds 15 percent stakes or IDR.314 bln.

Valuation: 29% upside

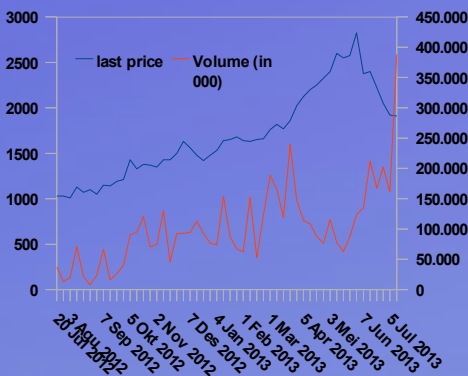
We are targeting WIKA shares to trade at 2550 within one year, or at 23x 2014F P/E representing 29% upside. BUY.

Profit and Loss (IDR.bn)	2010 A	2011 A	2012 A	2013 F	2014 F
Revenue	6.023	7.742	9.816	11.235	13.368
Cost of Revenue	(5.390)	(6.978)	(8.902)	(10.111)	(12.031)
Gross Profit	633	763	914	1.123	1.337
Income from join operations	40	102	198	225	267
Gross profit after income from join operations	673	865	1.111	1.348	1.604
Operating expense	(195)	(211)	(266)	(337)	(401)
Operating Profit	478	654	845	1.011	1.203
Other income	(4)	(24)	(38)	(40)	(60)
PBT	473	630	808	971	1.143
taxes	(162)	(239)	(303)	(337)	(401)
Minority interest	(26)	(36)	(47)	(58)	(69)
Net Profit	285	354	458	575	673
EPS	47,5	58,8	75,0	94,2	110,2
EBITDA	534	661	849	1.024	1.211

Source: Company and Binaartha

15 July 2013
Construction, Equity

Price Rp. 1980
Target Rp. 2550
JKSE Index 4635,729



Stock code
Bloomberg code WIKA IJ
Market cap (USD-m) 11911
52-week high 2900
52-week low 980
6-m avg.dail.val (IDR) 2059
Free Float (%) 34,51

Major Share Holders (%)
government RI 65,49%
Public 34,51%

USD/IDR-YE
2012 9670
2013F (6m-avg) 9771

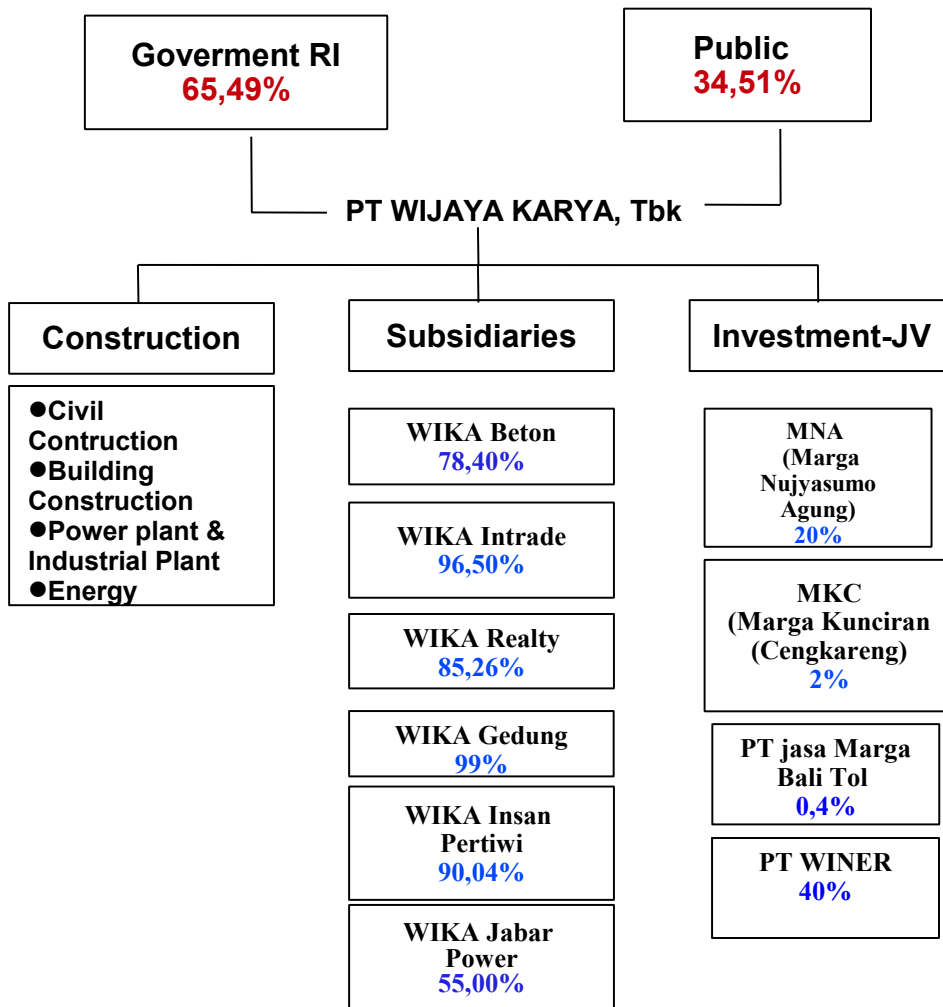
Key Indicators
ROE (%) 20.4
Tot.Debt/Tot Equity (x) 2.56
Current ratio (x) 1.02
NTA (Rp.bn) 11978

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Company Profile

PT.Wijaya Karya (Persero), Tbk (WIKA) was established on March 11, 1960 as one of the state-owned enterprises through nationalization of a Dutch company, Naamloze Vennootschap Technische Handel Maatscappij en Bouwberijf Vies en Co abbreviated to NV Vis en Co. In 2007 WIKA become a public company. To date, WIKA has six subsidiaries 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 vs revenue and net income yoy

	Order book (trillion)	Revenue (IDR in bn)	Net Income (IDR. bn)
2010A	20,84	6.023	285
2011A	26,59	7.742	354
2012A	33,72	9.816	458
2013F	38,88	11.235	575
2014F	47,66	13.368	673
2015F	56,93	15.969	804

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

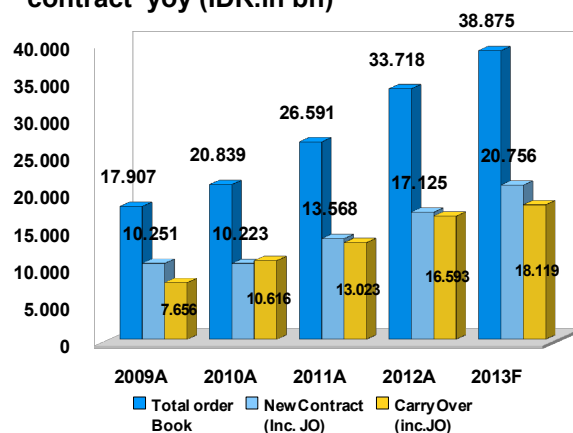
Order Book by Business Unit (%)	2009A	2010A	2011A	2012A	2013F
Total (including JO)					
Toll, Roads and Bridges	20,90	16,50	18,90	18,90	23,00
Port, Irrigation and Barrage	9,00	10,30	10,70	12,70	12,40
Power Plant and Industrial plant	26,20	29,30	33,20	31,40	29,60
Buildings	9,50	12,80	15,30	16,90	16,40
Realty	3,20	3,40	4,00	4,70	6,20
Metal Industry & Trading	19,20	17,80	8,70	7,70	1,70
Precast Industry	12,00	9,90	9,20	7,80	10,70

III. WIK's share contribution order book (%) by project owner yoy

	Order Book (%)			
	2010A	2011A	2012A	1Q13
Government	40,1%	29,0%	18,4%	21,0%
SOE	28,3%	42,5%	30,6%	50,8%
Private	31,6%	28,5%	51,0%	28,2%

	Sales (%)			
	2010A	2011A	2012A	1Q13
Government	50,1%	29,2%	33,7%	26%
SOE	27,7%	48,9%	40,1%	45%
Private	22,2%	21,9%	26,2%	29%

IV. WIKA total order book , carry over and new contract yoy (IDR.in bn)



V. Sales of investment unit (Power Plant) yoy

Sales (IDR.bn)	2011A	2012A	3M 2013F
PP Bali (3 x 18 MW)	57	82	24
PP Borang (2x30 MW)	-	53	19
PP Rengat (6 x 3,5 MW)	-	23	32
PP Ambon (4x6,2MW) & (1x8,9MW)	-	27	15
PP Rawa Minyak (start COD on 3Q13)	-	-	-
Total	57	185	90

VI. WIKA Beton's concrete plants capacities as of Dec 2012

PPB (in tons)	As of Dec 2012
PPB Sumut	201.668
PPB Lampung	132.092
PPB Bogor	513.668
PPB Majalengka	98.308
PPB Boyolali	192.280
PPB Pasuruan	361.353
PPB Sulsel	114.222
PPB Karawang	236.409
Total	1.850.000

Source: Company and Binaartha



Profit and Loss (Rp.in bn) yoy

Profit and Loss (IDR.bn)	2010 A	2011 A	2012 A	2013 F	2014 F	2015 F
Revenue	6.023	7.742	9.816	11.235	13.368	15.969
Cost of Revenue	(5.390)	(6.978)	(8.902)	(10.111)	(12.031)	(14.372)
Gross Profit	633	763	914	1.123	1.337	1.597
Income from join operations	40	102	198	225	267	319
Gross profit after income from join operations	673	865	1.111	1.348	1.604	1.916
Operating expense	(195)	(211)	(266)	(337)	(401)	(479)
Operating Profit	478	654	845	1.011	1.203	1.437
Other income	(4)	(24)	(38)	(40)	(60)	(72)
PBT	473	630	808	971	1.143	1.365
taxes	(162)	(239)	(303)	(337)	(401)	(479)
Minority interest	(26)	(36)	(47)	(58)	(69)	(82)
Net Profit	285	354	458	575	673	804
EPS	47,5	58,8	75,0	94,2	110,2	131,7
EBITDA	534	661	849	1.024	1.211	1.452

Ratio Highlight

	2010 A	2011 A	2012 A	2013 F	2014 F	2015 F
Growth (% YoY)						
Sales	-8,62%	28,54%	26,79%	14,45%	18,99%	19,46%
OP	-1,51%	36,88%	29,32%	19,60%	18,99%	19,46%
EBITDA	20,48%	23,81%	28,44%	20,58%	18,27%	19,87%
NP	50,58%	24,42%	29,16%	25,67%	17,02%	19,46%
EPS	42,25%	23,89%	27,50%	25,62%	17,02%	19,46%
Profitability						
Operating Margin(%)	7,93%	8,44%	8,61%	9,00%	9,00%	9,00%
EBITDA margin(%)	8,87%	8,54%	8,65%	9,12%	9,06%	9,09%
NET Profit margin(%)	4,73%	4,58%	4,66%	5,12%	5,04%	5,04%
ROA(%)	4,53%	4,26%	4,18%	5,05%	5,62%	6,36%
ROE(%)	15,81%	17,11%	17,79%	19,88%	20,42%	21,34%
Stability						
Total debt/ equity (X)	2,43	2,95	3,16	2,86	2,56	2,29
Current ratio (X)	1,36	1,14	1,10	1,02	1,02	1,05
Gross debt (Rp bn)	4.370	6.104	8.131	8.280	8.442	8.630
Per Share data (Rp)						
EPS	47,5	58,8	75,0	94,2	110,2	131,7
BVS	318	354	422	474	540	617
EBITDA/share	89,0	109,7	139,1	167,7	198,3	237,7

Source: Company and Binaartha



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