

23 August 2023
Construction, Equity

Price **IDR. 380**
Target Price **IDR. 366**
JKSE Index **6867.279**

Dipublikasikan pada TradingView.com, Agst 21, 2023 11:20 UTC-7



Stock Code WIKA IJ
Bloomberg code WIKA IJ
Market cap (IDR.Trn) 3.41
52-Week High (IDR) 1135
52-Week Low (IDR) 358
6-m Avg Daily. Val (IDR) 374
Free Float (%) 34.95

Major Shareholders (%)
Government RI 65.05%
Public 34.95%

USD/IDR-YE
2022A 15592
2023F 15308

Key Indicators
Debt/ Equity (x) 1.89
Current ratio (x) 0.96

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

Investment Consideration 1H23 results disappointing

WIKA continued to report disappointing results in 1H23, with a total net loss of IDR -1.88 trillion. The record loss in 2Q23, of IDR -1.36 trillion follows a loss of IDR -521 billion in 1Q23. This significant loss was attributed to a 17% QoQ increase in funding expenses in 2Q23. Despite this, WIKA's top-line performance showed promise, with revenue increasing by 29% YoY or 13% QoQ. This growth was fuelled by a total order book of IDR 57.29 trillion in 1H23, consisting of carry-over contracts worth IDR 45.82 trillion and new contracts of only IDR 11.47 trillion, marking a 17% YoY decrease (compared to IDR 13.8 trillion in 1H22). With lower expenses from bonds maturing this year and with anticipated reductions in other income expenses in 2H23, we target a lower net loss of IDR -796 billion by the end of 2023.

WIKA's Debt Standstill submission Progress

As of 1H23, approximately 75% of the total loans submitted by the Company for standstill have gained approval. It's worth noting that the standstill submission process applies exclusively to WIKA, as its subscribers operate independently in this regard. This submission is for loans categorized as long-term investments. Concerning bonds, WIKA intends to either pay them off or extend their maturity. Up to May 2023, WIKA has made timely payments of its bonds and Sukuk Mudharabah I Phase 2 from 2021, totaling IDR 69.60 billion. WIKA is confident that this process will enhance the company's financial stability. Notably, IDR 331 billion of WIKA's bond from the 2020 Series A Phase I, is maturing on December 18th.

Valuation: 4% downside, Recommendation: SELL

Based on the 1H23 results, we have set a new target price of IDR 367 within one year, corresponding to a 26.57x PER and reflecting a 4% downside potential. As a result, we are revising our recommendation to "Sell."

Financial highlights ratio	2018 A	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F
revenue growth (%)	19.03%	-12.66%	-39.23%	7.70%	20.61%	1.73%	15.22%
Operating margin (%)	10.76%	13.58%	8.85%	6.31%	7.98%	6.50%	8.86%
Net profit margin (%)	5.55%	8.40%	1.12%	0.66%	-0.28%	-4.23%	-0.65%
ROE (%)	10.05%	11.89%	1.12%	0.67%	-0.34%	-5.63%	-1.00%
Debt/Equity (x)	0.76	0.72	1.23	1.51	1.78	2.00	1.94
Current ratio (X)	1.54	1.39	1.09	1.01	1.10	0.97	0.92
cash ratio (X)	0.49	0.34	0.34	0.19	0.16	0.11	0.07
EPS	192.9	254.7	20.7	13.1	-6.6	-103.2	-18.4

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

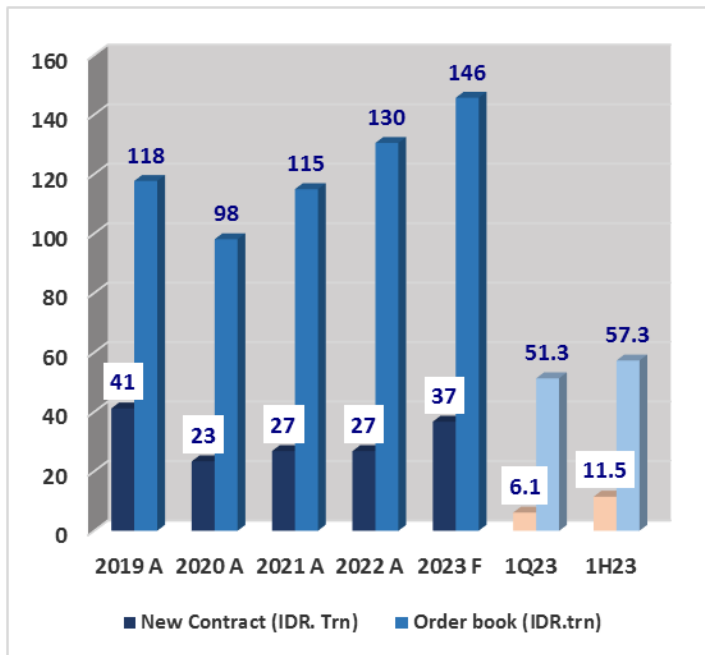


Chart: New contract based on project owner (%)

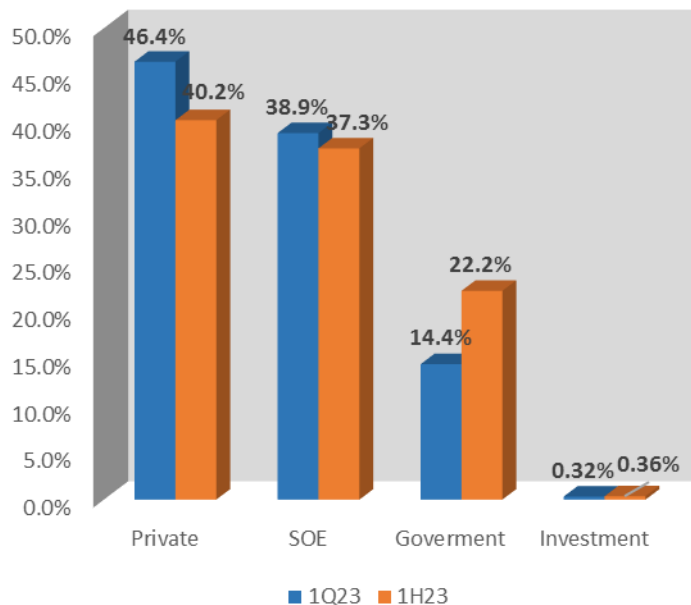


Chart: cash ratio (x) yoy

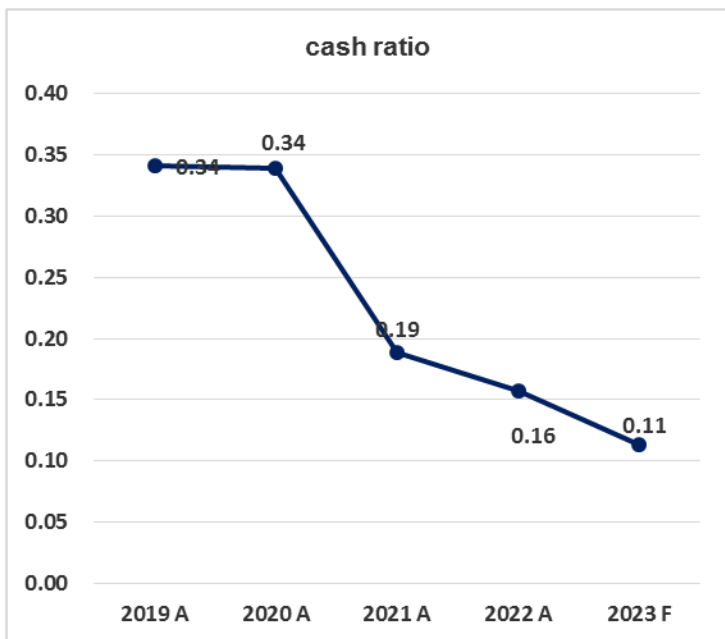
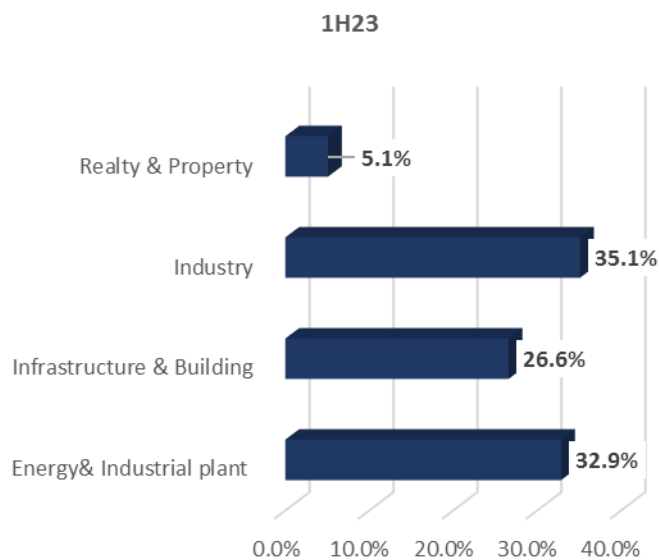


Chart: New contract based on scope of work 1H23



Profit and Loss (IDR.bn)

Profit and Loss (IDR.bn)	2018A	2019A	2020A	2021A	2022A	2023F	2024F	2025F
Revenue	31,158	27,213	16,536	17,810	21,481	24,130	28,906	32,336
Cost of revenues	(27,553)	(23,733)	(15,012)	(16,115)	(19,278)	(21,959)	(25,727)	(28,779)
Gross Profit	3,605	3,480	1,525	1,695	2,202	2,172	3,180	3,557
Operating expense	(786)	214	(61)	(572)	(487)	(603)	(620)	(751)
Operating Profit	3,352	3,694	1,464	1,123	1,715	1,569	2,560	2,806
Other income	(993)	(905)	(1,154)	(926)	(1,539)	(2,477)	(2,416)	(2,460)
taxes	(285)	(168)	12	18	(163)	(2)	(2)	(3)
Minority interest	(343)	(336)	(137)	(97)	(72)	114	(18)	(43)
Net Profit	1,730	2,285	186	118	(60)	(796)	124	301
EPS	193	255	21	13	(7)	(89)	14	34
EBITDA	3,623	5,099	3,200	1,682	2,027	1,224	2,388	2,606

Balance Sheet (IDR.bn)

Balance sheet (IDR.in bn)	2018 A	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Current Asset								
Cash and cash equivalent	13973.77	10346.73	14951.76	6983.87	5669.69	3964.89	2398.43	3166.17
Trade Account Receivable	5350.84	4461.90	2175.55	2266.83	2828.40	3305.53	3959.79	3986.58
inventory	5978.53	6854.73	9813.05	10934.22	12012.50	11238.79	11879.36	10630.87
Other current asset	18252.36	20672.11	21040.58	17001.71	19124.21	18821.67	19656.38	19401.33
Current Asset	43,555	42,335	47,981	37,187	39,635	37,331	37,894	37,185
Non Current Asset								
Net Fixed Asset	4,675.68	5,154.53	5,026.01	8,832.86	8,305.83	8,691.64	8,184.63	8,479.28
other long term asset	677.61	1,022.51	1,175.32	1,644.32	1,894.57	1,689.12	1,734.39	1,616.78
LT investment and receivables	10,321.21	13,598.33	13,926.91	21,721.98	25,234.40	28,473.81	28,906.43	32,335.55
Total non current Asset	15,674.51	19,775.38	20,128.24	32,199.16	35,434.81	38,854.58	38,825.45	42,431.61
Total Asset	59,230.00	62,110.85	68,109.19	69,385.79	75,069.60	76,185.46	76,719.40	79,616.55
Current Liabilities								
AP	13,183.37	12,762.37	14,241.49	12,824.15	12,816.20	15,205.42	15,839.14	17,718.11
Short Term bank loans	4,200.03	5,108.85	15,363.35	14,089.95	14,782.73	14,770.91	14,759.09	14,747.28
Other Current liabilities	10,868.55	12,478.24	14,563.63	10,055.47	8,536.40	7,239.10	8,671.93	9,700.67
Total current liabilities	28,251.95	30,349.46	44,168.47	36,969.57	36,135.33	37,215.44	39,270.16	42,166.06
Non Current Liabilities								
Long term loans bank	2,793.91	1,373.42	1,367.70	4,186.19	4,730.09	5,584.25	6,142.67	6,756.94
MTN	6,084.62	7,351.87	1,789.41	545.00	178.93	1,545.00	1,545.00	1,545.00
Bond			1,491.23	5,706.29	8,665	8,333	7,305	6,273
Sukuk			500.00	1,750.00	2,782	2,598	2,138	1,870
Other Long term liabilities	4,884.21	3,820.36	2,134.95	2,793.67	5,085.67	4,343.46	3,468.77	3,880.27
Total long term/ non current liabilities	13,762.74	12,545.66	7,283.29	14,981.15	21,441.07	22,403.58	20,599.85	20,324.89
Total Liabilities	42,014.69	42,895.11	51,451.76	51,950.72	57,576.40	59,619.02	59,870.01	62,490.95
Total Equities	17,215.31	19,215.73	16,657.43	17,435.08	17,493.21	16,566.44	16,849.39	17,125.59
Total Liabilities and equity	59,230.00	62,110.85	68,109.19	69,385.79	75,069.60	76,185.46	76,719.40	79,616.55

Cashflow (IDR.bn)

Cash Flow (IDR.bn)	2018 A	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
+ Net Income	1,730	2,285	186	118	(60)	(796)	124	301
+ Depreciation	292	520	515	328	479	556	628	600
- Change in WC	(3,649)	(310)	12,779	(4,372)	(4,597)	1,679	(75)	4,373
Cash From Operating Activities	(1,627)	2,496	13,479	(3,926)	(4,177)	1,439	677	5,274
capex (fixed asset)	(1,035)	(999)	(386)	(4,135)	48	(941)	(121)	(895)
Other non current asset	(4,157)	(3,622)	(481)	(8,264)	(3,763)	(3,034)	(478)	(3,312)
cash from investing activities	(5,193)	(4,621)	(868)	(12,399)	(3,715)	(3,975)	(599)	(4,206)
Long term loans bank	1,783	(1,420)	(6)	2,818	544	854	558	614
Medium term loan	5,085	1,267	(5,562)	(1,244)	(366)	1,366	0	0
Bond	0	0	1,491	4,215	2,958	(332)	(1,028)	(1,032)
Sukuk	0	0	500	1,250	1,032	(184)	(460)	(268)
Other Long term liabilities	1,819	(1,064)	(1,685)	659	2,292	(742)	(875)	411
Equity	853	(285)	(2,744)	660	118	(131)	159	(25)
cash from financing activities	9,540	(1,502)	(8,006)	8,358	6,578	832	(1,645)	(300)
Net Changes in Cash	2,720	(3,627)	4,605	(7,968)	(1,314)	(1,705)	(1,566)	768
Beginning Balance	11,254	13,974	10,347	14,952	6,984	5,670	3,965	2,398
Ending balance	13,974	10,347	14,952	6,984	5,670	3,965	2,398	3,166

Ratio Highlights

Rasio Highlights	2018 A	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Growth (% YoY)								
Revenue	19.03%	-12.66%	-39.23%	7.70%	20.61%	12.33%	19.79%	11.86%
OP	20.91%	10.21%	-60.37%	-23.29%	52.73%	-8.54%	63.19%	9.62%
EBITDA	48.17%	40.74%	-37.24%	-47.43%	20.49%	-39.61%	95.04%	9.16%
NP	43.94%	32.06%	-91.87%	-36.66%	-150.65%	1235.55%	-115.55%	143.19%
EPS	43.94%	32.06%	-91.87%	-36.66%	-150.65%	1235.55%	-115.55%	143.19%
Profitabilitas								
Operating Margin(%)	10.76%	13.58%	8.85%	6.31%	7.98%	6.50%	8.86%	8.68%
EBITDA margin(%)	11.63%	18.74%	19.35%	9.45%	9.44%	5.07%	8.26%	8.06%
NET Profit margin(%)	5.55%	8.40%	1.12%	0.66%	-0.28%	-3.30%	0.43%	0.93%
ROA(%)	2.92%	3.68%	0.27%	0.17%	-0.08%	-1.04%	0.16%	0.38%
ROE(%)	10.05%	11.89%	1.12%	0.67%	-0.34%	-4.80%	0.73%	1.76%
Liquiditas								
Current ratio (X)	1.54	1.39	1.09	1.01	1.10	1.00	0.96	0.88
cash ratio (x)	0.49	0.34	0.34	0.19	0.16	0.11	0.06	0.08
Stabilitas								
Debt/ Equity	0.76	0.72	1.23	1.51	1.78	1.98	1.89	1.82
Per Share data (Rp)								
EPS	192.9	254.7	20.7	13.1	-6.6	-88.7	13.8	33.6
BVS	1,631	1,919	2,142	1,857	1,944	1,950	1,847	1,878

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.