

27 March 2020
Construction, Equity

Price IDR. 456
Target Price IDR. 1600
JKSE Index 4338.90



Stock Code
Bloomberg code WSKT IJ
Market cap (IDR.bn) 6189.7
52-Week High (IDR) 2230
52-Week Low (IDR) 394
6-m Avg Daily. Val (IDR) 1305
Free Float (%) 33.96

Major Shareholders (%)
Government 66.04%
Public 33.96%

USD/IDR-YE
2019A 14243
2020F (Avg) 14096

Key Indicators 2020F
ROE (%) 9.07
Debt/ Equity (x) 2.48
Current ratio (x) 1.06

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

Investment Consideration Big New Projects

As we mentioned, WSKT booked new contracts in 2019 below our estimate of IDR 26 trillion due to the unfavourable political situation, which delayed some investment projects. Projects based on project owner are as follows: Business development 35%, SOE 46.1%, Government 11,25%, and private 8,01%. Big projects from the 2019 order book include Prabumulih - Muara Enim Toll Road which is a part of Hutama Karya's Trans Sumatera and worth Rp 4,5 Tn; the Becakayu Toll Road (Section A. Yani) worth Rp 770 Bn and Juanda Airport worth Rp 620 Bn. 30% of new orders come from turnkey projects and WSKT has also started to better penetrate new markets such as overseas and SOE projects.

2019 Result Boosted By Divestment

WSKT booked 2019 revenue and net Income of Rp 31,4 Tn and Rp 938 billion respectively. WSKT recorded Rp 9,0 Tn of cash from operating activities, 125% higher compared to 2018 as the company received payments from several turnkey projects. On December 18th 2019, The Company signed an SPA with Kings Key Limited to divest it's stake in the Solo - Ngawi and Ngawi - Kertosono Toll Roads with total proceeds amounting to Rp 2,4 Tn. Recognized gains from the divestment proceeds are Rp 286 Bn and was in other income in the FY19 Audited Financial Results. In 2019, The Company has received a cash inflow amounting to Rp 43,7 Tn consisting of Rp 22 Tn from turnkey project payments, Rp 16 Tn from progress payments and Rp 5,8 Tn from reimbursement from LMAN's land clearing fund. .

Valuation: Significant upside

We adjust our one year target price after the 2019FY result to IDR 1600 or 8x PER. With significant upside, we maintain BUY.

Profit and Loss (IDR.bn)	2017 A	2018 A	2019 A	2020 F	2021 F
Revenue	45.213	48.789	31.387	35.182	47.717
Cost of Revenue	-35.749	-39.926	-25.783	-28.498	-38.651
Gross Profit	9.464	8.863	5.605	6.685	9.066
Operating expense	-2.104	-1.668	-1.372	-1.407	-1.909
Operating Profit	7.360	7.195	4.233	5.277	7.158
Other income	-1.330	-198	-2.614	-1.402	-1.902
PBT	6.029	6.997	1.619	3.875	5.255
taxes	-1.854	-2.406	-300	-1.055	-1.432
Minority interest	-320	-657	-91	-102	-138
EPS	285,97	291,95	69,11	202,04	274,02
Net Profit	3.882	3.963	938	2.742	3.719
EBITDA	8.486	10.094	5.844	8.689	11.507

Company Profile

PT Waskita Karya (Persero) Tbk was established as a state owned company on January 1, 1961. Originally a Dutch company named “Volker Annemings Maatschappij N.V.”, which was expropriated under the Government’s Decree No. 62/1961, Waskita Karya initially participated in water-related developments including reclamation, dredging, harbors and irrigation. In 1973, the company changed its name to PT Waskita Karya (Persero), known more familiarly as “Waskita”. From then, the company started to expand its business as a general contractor, engaging in a wider range of construction activities including highways, bridges, ports, airports, buildings, sewage plants, cement plants, factories, and other industrial facilities. In the 1990’s, the Company completed numerous well known high-rise buildings such as BNI City, BI Building, Mandiri Plaza Tower, the Shangri-La Hotel, and several multi-storey apartment buildings in Jakarta and other cities in Indonesia. The company then listed its shares in December 2012, and became PT Waskita Karya (Persero) Tbk. On July 11th 2013, 85% owned subsidiary PT Waskita Sangir Energi was established. PT Waskita Sangir Energi is engaged in building a mini hydro power plant located in Sangir, West Sumatera. In 2014, WSKT established several subsidiaries, Waskita Toll Road, Waskita Beton Precast, Waskita Karya Realty, Prima Multi Terminal, and Jasamarga Kualanamu Tol. Currently, the company is considered to be one of the most prominent construction companies in Indonesia. PT Waskita Beton Precast Tbk conducted an IPO on 20th September 2016.

Company Structure

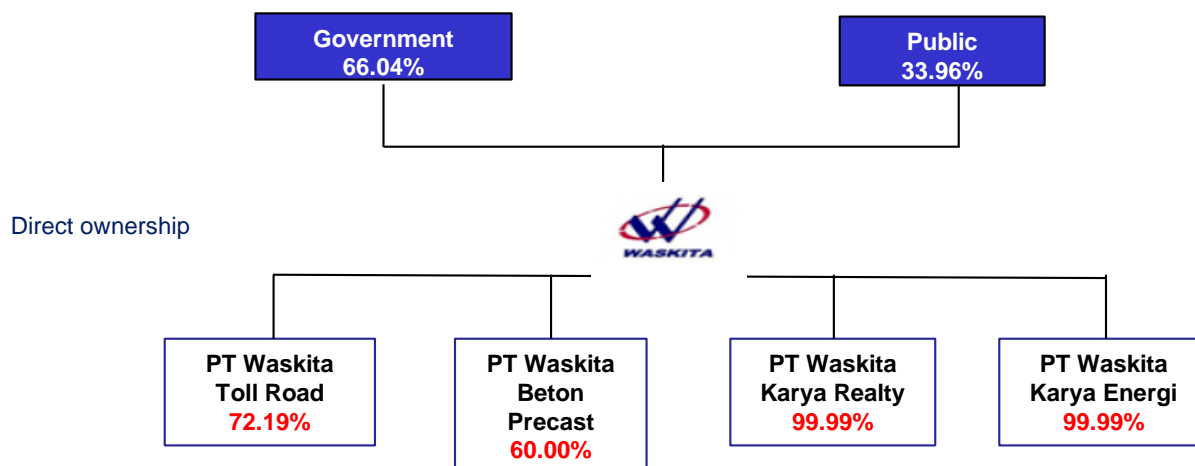


Table: Toll road projects of WSKT

Section	Length (Km)	Shares (%)	Target Completion
Kanci Pejagan	35	77.69	Operating
Pejagan - Pemalang	57.5	99.99	Operating
Ciawi - Sukabumi	54	99.99	Section 1: Operating
Cimanggis - Cibitung	26.28	90	2020
Cibitung - Cilincing	34.02	55	2020
Pasuruan - Probolinggo	31.3	99.99	Operating
Bekasi - Cawang - Kampung Melayu	16.02	99.65	Operating
Pemalang - Batang	39.2	60	Operating
Kayu Agung - Palembang - Betung	111.69	98	2019
Legundi - Bunder	29	55	2019
Solo -Ngawi	90	40	Operating
Ngawi - Kertosono	87	40	Operating
Semarang - Batang	75	40	Operating
Cinere - Serpong	10.14	35	2019
Kuala Tanjung - T. Tinggi - parapat	143.25	30	2020
Medan _ Kualanamu _ T. Tinggi	61.7	30	Operating
Krian-Legundi-Bunyer-Manyar	38.29	99.99	Section 1: operating
Depok Antasari	27.75	25	Section 1: Operating

Table: New contract and order book yoy (IDR. In bn)

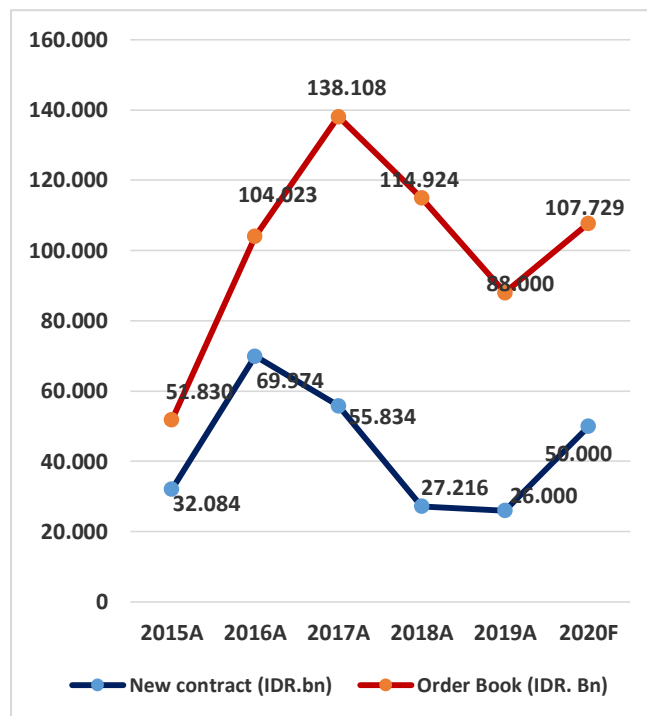


Chart: Net margin vs EBITDA margin (YoY)

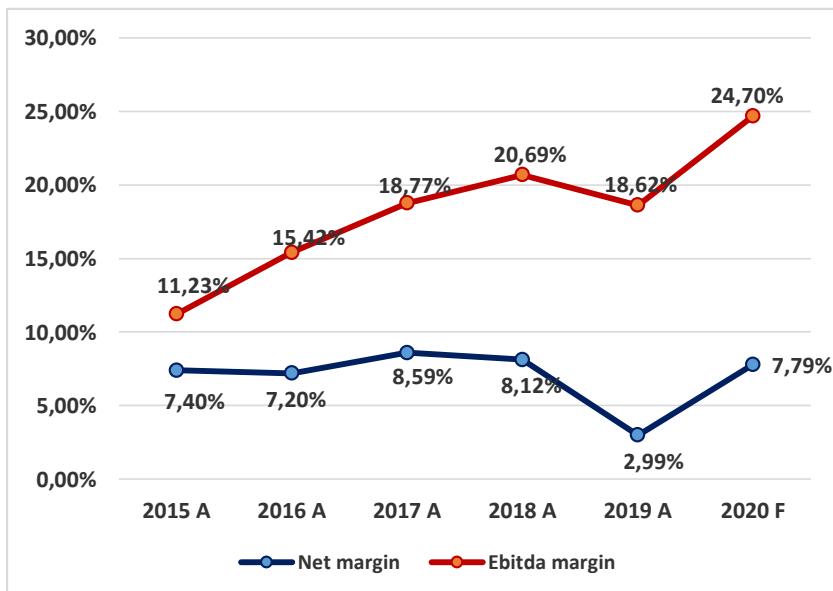
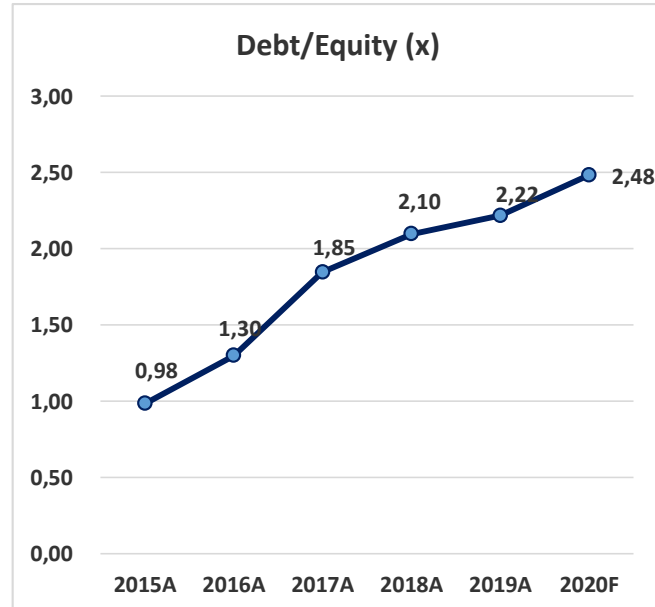


Chart: Debt to equity ratio (yoy)



Ratio Highlights yoy

Ratio highlights	2017 A	2018 A	2019 A	2020 F	2021 F
Growth (% YoY)					
Sales	90,06%	7,91%	-35,67%	12,09%	35,63%
OP	80,37%	11,68%	-35,42%	10,53%	35,63%
EBITDA	131,35%	18,95%	-42,10%	48,68%	32,43%
NP	126,57%	2,09%	-76,33%	192,31%	35,63%
EPS	93,90%	2,09%	-76,33%	192,33%	35,63%
Profitability					
Operating Margin(%)	16,28%	14,75%	13,49%	15,00%	15,00%
EBITDA margin(%)	18,77%	20,69%	18,62%	24,70%	24,12%
NET Profit margin(%)	8,59%	8,12%	2,99%	7,79%	7,79%
ROA(%)	3,97%	3,19%	0,77%	2,05%	2,23%
ROE(%)	17,06%	13,72%	3,22%	9,07%	10,69%
Liquidity					
Current ratio	1,00	1,18	1,09	1,06	1,02
Solvability					
Debt/ equity (X)	1,85	2,10	2,22	2,48	2,62
Gross debt (IDR bn)	42.002	60.561	64.530	75.030	91.030
Per Share data (IDR)					
EPS	286,0	291,9	69,1	202,0	274,0
BVS	1.677	2.128	2.145	2.227	2.564

Cash Flow yoy (IDR. Bn)

Cash Flow (IDR.bn)	2017 A	2018 A	2019 A	2020F	2021F
Net Income	3.881,7	3.962,8	938,1	2.742,3	3.719,3
Depreciation	524,7	637,6	604,7	779,7	1.144,2
- Change in WC	3.744,1	(5.314,9)	4.587,7	2.210,2	(276,2)
Cash From Operating Activities	8.150,5	(714,4)	6.130,6	5.732,2	4.587,3
capex	(24.273,0)	(12.571,3)	(16.753,7)	(10.306,5)	(21.326,4)
cash from investing activities	(24.273,0)	(12.571,3)	(16.753,7)	(10.306,5)	(21.326,4)
Long term loans	4.517,6	12.086,7	9.193,0	5.000,0	9.000,0
MTN					
bond	3.477,7	2.804,1	573,1	1.500,0	3.000,0
other long term liabilities	1.460,2	682,1	(23,5)	698,8	2.308,1
Equity	2.099,9	2.169,5	(706,8)	(1.628,5)	854,4
cash from financing activities	11.555,5	17.742,5	9.035,8	5.570,4	15.162,5
Net Changes in Cash	(4.567,0)	4.756,7	(1.587,4)	996,1	(1.576,6)
Beginning Balance	10.656,0	6.089,0	10.845,7	9.258,3	10.254,4
Ending balance	6.089,0	10.845,7	9.258,3	10.254,4	8.677,8

Balance Sheet (IDR.bn) yoy

Balance sheet (IDR.bn)	2017A	2018A	2019A	2020F	2021F
Cash	6.089	10.846	9.258	10.254	8.678
Short term Investment	8	8	8	8	8
AR	1.871	3.768	3.556	3.856	5.229
Inventory	3.236	5.089	4.471	4.820	6.537
Other Current Asset	41.223	47.278	31.744	31.664	42.945
Total Current Asset	52.427	66.989	49.038	50.602	63.397
Non Current Asset					
Fixed Asset	4.742	7.091	8.663	12.713	17.370
Other non current Asset	40.726	50.311	64.888	70.365	85.890
Total Non Current Asset	45.469	57.402	73.551	83.078	103.260
Total Asset	97.896	124.392	122.589	133.680	166.658
AP	14.098	14.906	12.381	11.085	15.034
Short term bank loan	24.291	27.959	22.162	26.162	30.162
Other Current liabilities	13.920	13.935	10.480	10.555	16.701
Total Current Liabilities	52.309	56.800	45.023	47.802	61.897
Long term loans	8.666	20.752	29.945	34.945	43.945
MTN	0	300	300	300	300
bond	9.045	11.849	12.422	13.922	16.922
Other long term liabilities	5.121	5.803	5.780	6.478	8.787
Total Non Current Liabilities	22.832	38.705	48.447	55.646	69.954
Total Liabilities	75.141	95.504	93.471	103.448	131.851
Equity	22.755	28.887	29.118	30.232	34.806
Liabilities + equity	97.896	124.392	122.589	133.680	166.658

Profit and Loss (IDR.bn yoy)

Profit and Loss (IDR.bn)	2017 A	2018 A	2019 A	2020 F	2021 F
Revenue	45.213	48.789	31.387	35.182	47.717
Cost of Revenue	-35.749	-39.926	-25.783	-28.498	-38.651
Gross Profit	9.464	8.863	5.605	6.685	9.066
Operating expense	-2.104	-1.668	-1.372	-1.407	-1.909
Operating Profit	7.360	7.195	4.233	5.277	7.158
Other income	-1.330	-198	-2.614	-1.402	-1.902
PBT	6.029	6.997	1.619	3.875	5.255
taxes	-1.854	-2.406	-300	-1.055	-1.432
Minority interest	-320	-657	-91	-102	-138
EPS	285,97	291,95	69,11	202,04	274,02
Net Profit	3.882	3.963	938	2.742	3.719
EBITDA	8.486	10.094	5.844	8.689	11.507

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 0-20%.

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.