

Investment Consideration

Higher New contract target

WTON is targeting 2022F new contracts of IDR 7.3 trillion compared to IDR. 5.21 trillion in 2020A. The new contracts target is still dominated by infrastructure projects. Based on customer profile (% of 2021 revenue), private is 60.45%, WIKA group 18.82%, SOE 18.04%, and Government 2.69%. WTON continues to do monitoring of production and distribution schedules to control inventory, disbursement of receivables, securing contracts, and securing payments. WTON also continues to grow and develop by launching new products including, CLC (Concrete Level Crossing), precast for road-level railroad crossings, precast that collects and absorbs rainwater in the ground to prevent flooding. and SHMS (Structural health monitoring systems) for detecting the structural health of a bridge. In 2022, WTON will also look to enter new markets such as a railway project in the Philippines, sell new products, and increase WIKA group projects which are targeted to reach 30% based on customer profile. We believe WTON will achieve better results this year through these strategies and efficiencies.

Targeting a better net margin

WTON 2021 bottom line margin decreased significantly to 1.92% compared to 2.67% in 2019. This was due to a decrease in the plant utilization rate from a normal 80-85% to just 42.9% in 2021, lower than 2020's 51.3%. This resulted in inefficiencies in production costs which eroded the GPM. Inefficiencies occur when plant utilization is below normal. As a result, the NPM was down too. We expect that margins will improve as production and utilization improve in 2022. We are targeting the 2022F net profit margin to improve to 4.16%.

Valuation: 55% upside

Based on our adjustments, we have a target price of IDR. 330/share, which is a 6x PER. With 55% potential upside, we maintain BUY.

| Profit and Loss (IDR.bn) | | | | | | |
|-----------------------------|------------|--------------|------------|------------|------------|------------|
| | 2018A | 2019A | 2020A | 2021A | 2022F | 2023F |
| Revenue | 6,931 | 7,083 | 4,803 | 4,313 | 5,040 | 7,195 |
| Cost of revenues | (6,048) | (6,133) | (4,494) | (4,087) | (4,637) | (6,476) |
| Gross Profit | 882 | 951 | 310 | 225 | 403 | 720 |
| Operating expense | (150) | (155) | (125) | (113) | (151) | (216) |
| Operating Profit | 733 | 795 | 184 | 113 | 252 | 504 |
| Other income | (75) | (169) | (54) | (34) | (48) | (63) |
| Pretax income(PBT) | | | | | | |
| taxes | (170) | (116) | (7) | 3 | 2 | (6) |
| Minority interest | (0) | 2 | 5 | 1 | 4 | 8 |
| Net Profit | 486 | 512 | 128 | 83 | 210 | 444 |
| EPS | 56 | 59 | 15 | 10 | 24 | 51 |
| EBITDA | 971 | 1,015 | 439 | 313 | 438 | 675 |

22 March 2022
Precast, Equity

Price **IDR. 214**
Target Price **IDR. 330**
JKSE Index **7000.822**

Published on TradingView.com, Mar 22, 2022 04:01 UTC



TradingView

Stock Code
Bloomberg code **WTON IJ**
Market cap (IDR.bn) **1880**
52-Week High (IDR) **350**
52-Week Low (IDR) **196**
6-m Avg Daily. Val (IDR) **245**
Free Float (%) **33.14**

Major Shareholders (%)
WIKA **60.00%**
KKMS **5.55%**
Yayasan Wijaya Karya **0.99%**
Public **33.46%**

USD/IDR-YE
2021A **14263**
2022F **14335**

Key Indicators **2022F**
Total Debt/ Equity (x) **1.68**
Current ratio (x) **1.11**

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

Chart: New contract and carry over contract yoy (in IDR. Trillion)

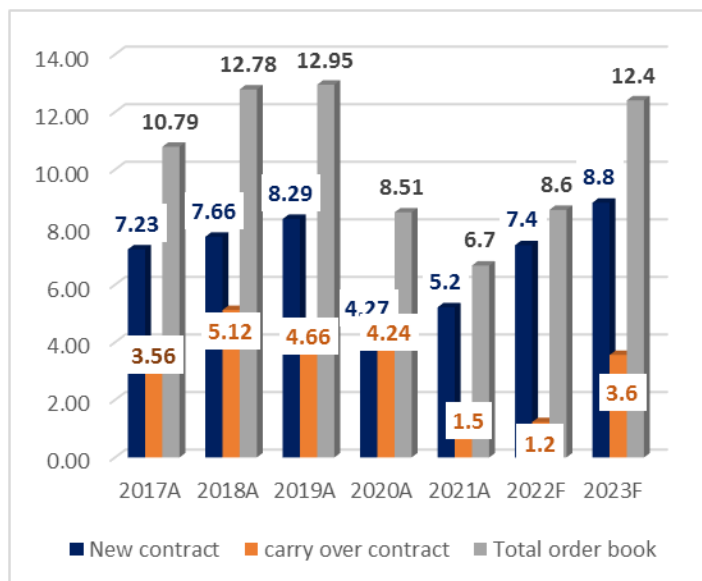


Chart: WTON's company profile based on sectors worked 2021A

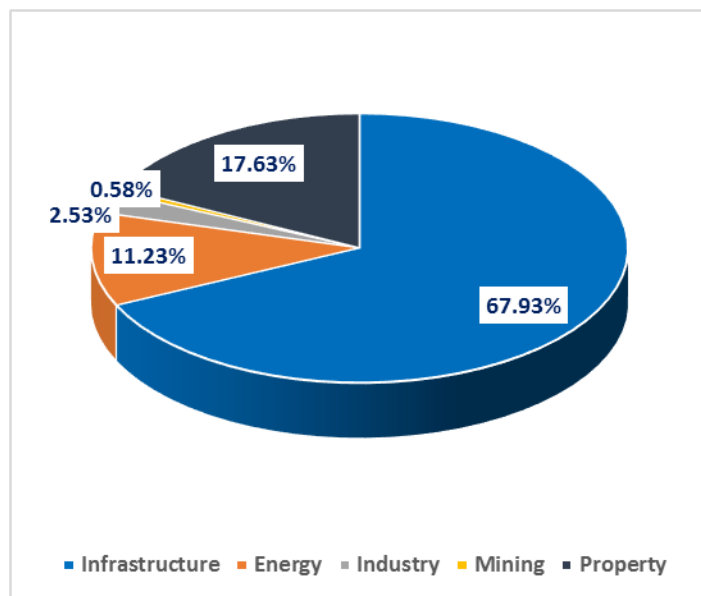


Chart: WTON's company profile based on revenue 2021A

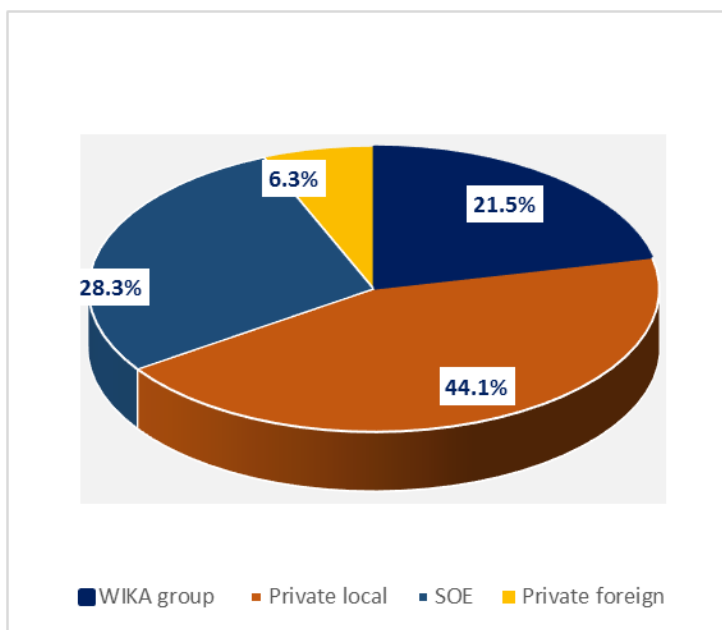
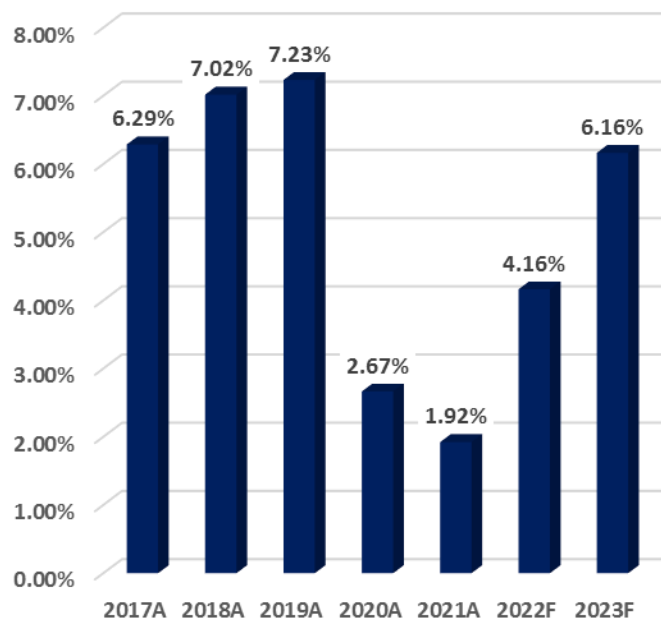


Chart: WTON's net profit margin YoY 9%)



Profit and Loss

| Profit and Loss (IDR.bn) | 2018A | 2019A | 2020A | 2021A | 2022F | 2023F |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 6,931 | 7,083 | 4,803 | 4,313 | 5,040 | 7,195 |
| Cost of revenues | (6,048) | (6,133) | (4,494) | (4,087) | (4,637) | (6,476) |
| Gross Profit | 882 | 951 | 310 | 225 | 403 | 720 |
| Operating expense | (150) | (155) | (125) | (113) | (151) | (216) |
| Operating Profit | 733 | 795 | 184 | 113 | 252 | 504 |
| Other income | (75) | (169) | (54) | (34) | (48) | (63) |
| Pretax income(PBT) | | | | | | |
| taxes | (170) | (116) | (7) | 3 | 2 | (6) |
| Minority interest | (0) | 2 | 5 | 1 | 4 | 8 |
| Net Profit | 486 | 512 | 128 | 83 | 210 | 444 |
| EPS | 56 | 59 | 15 | 10 | 24 | 51 |
| EBITDA | 971 | 1,015 | 439 | 313 | 438 | 675 |

Balance sheet

| Balance sheet (IDR.in bn) | 2018A | 2019A | 2020A | 2021A | 2022F | 2023F |
|--------------------------------------|-----------------|------------------|-----------------|-----------------|-----------------|------------------|
| Cash and cash equivalent | 865.02 | 1,602.28 | 1,542.22 | 1,738.92 | 2,223.91 | 2,094.55 |
| Trade Account Receivable | 1,213.12 | 1,309.53 | 632.74 | 806.99 | 889.25 | 1,188.72 |
| inventory | 1,206.10 | 1,148.38 | 793.74 | 1,002.85 | 1,016.29 | 1,135.49 |
| Other current asset | 2,586.47 | 3,108.72 | 2,279.51 | 1,945.06 | 2,016.00 | 2,252.16 |
| Total current Asset | 5,870.71 | 7,168.91 | 5,248.21 | 5,493.81 | 6,145.45 | 6,670.92 |
| Net Fixed Asset | 2,947.96 | 3,012.08 | 2,952.49 | 3,152.89 | 3,303.50 | 3,694.70 |
| other long term asset | 63.10 | 156.91 | 308.32 | 281.48 | 328.94 | 359.77 |
| Total non current Asset | 3,011.06 | 3,168.98 | 3,260.81 | 3,434.37 | 3,632.44 | 4,054.47 |
| Total Asset | 8,881.78 | 10,337.90 | 8,509.02 | 8,928.18 | 9,777.88 | 10,725.39 |
| Trade account payable | 1,146.17 | 898.55 | 2,597.36 | 2,426.46 | 2,756.67 | 2,661.31 |
| Short Term bank loans | 1,455.22 | 2,035.68 | 484.19 | 876.29 | 1,076.29 | 1,276.29 |
| Advances from customer | 555.71 | 413.50 | 181.62 | 146.78 | 201.60 | 146.78 |
| Other Current liabilities | 2,090.98 | 2,847.32 | 1,443.44 | 1,488.86 | 1,512.00 | 1,942.76 |
| Total current liabilities | 5,248.09 | 6,195.05 | 4,706.62 | 4,938.39 | 5,546.56 | 6,027.14 |
| Long term loans bank | 350.00 | 500.00 | 380.00 | 457.00 | 479.85 | 455.86 |
| MTN | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| finance lease liabilities | 39.75 | 34.21 | 0.71 | 50.00 | 57.96 | 82.75 |
| Other Long term liabilities | 107.12 | 100.18 | 31.11 | 34.91 | 40.32 | 57.56 |
| Total non current liabilities | 496.88 | 634.39 | 411.82 | 541.91 | 578.13 | 596.17 |
| Total Liabilities | 5,744.97 | 6,829.45 | 5,118.44 | 5,480.30 | 6,124.69 | 6,623.31 |
| Total Equities | 3,136.81 | 3,508.45 | 3,390.57 | 3,447.88 | 3,653.19 | 4,102.08 |
| Total Liabilities and equity | 8,881.78 | 10,337.90 | 8,509.02 | 8,928.18 | 9,777.88 | 10,725.39 |

Cash flow

| Cash Flow (IDR. bn) | 2018A | 2019A | 2020A | 2021A | 2022F | 2023F |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| + Net Income | 486 | 512 | 128 | 83 | 210 | 444 |
| +Depreciation | 224 | 251 | 219 | 159 | 159 | 159 |
| - Change in WC | (260) | 386 | 372 | 183 | 442 | (174) |
| Cash From Operating Activities | 450 | 1,150 | 719 | 425 | 811 | 429 |
| capex | (492) | (315) | (160) | (360) | (310) | (551) |
| Other non current asset | (26) | (94) | (151) | 27 | (47) | (31) |
| cash from investing activities | (518) | (409) | (311) | (333) | (357) | (581) |
| Long term loans | 350 | 150 | (120) | 77 | 23 | (24) |
| finance lease liabilities | 40 | (6) | (33) | 49 | 8 | 25 |
| Other Long term liabilities | 3 | (7) | (69) | 4 | 5 | 17 |
| Equity | (97) | (141) | (246) | (26) | (5) | 5 |
| cash from financing activities | 296 | (3) | (468) | 104 | 32 | 23 |
| Net Changes in Cash | 227 | 737 | (60) | 197 | 485 | (129) |
| Beginning Balance | 638 | 865 | 1,602 | 1,542 | 1,739 | 2,224 |
| Ending balance | 865 | 1,602 | 1,542 | 1,739 | 2,224 | 2,095 |

Financial Ratio Highlights

| Ratio Highlights | 2018 A | 2019 A | 2020 A | 2021 A | 2022 F | 2023 F |
|----------------------------|--------|--------|---------|---------|---------|---------|
| Growth (% YoY) | | | | | | |
| Sales | | 2.20% | -32.19% | -10.21% | 16.86% | 42.77% |
| OP | | 8.58% | -76.82% | -38.89% | 123.63% | 99.87% |
| EBITDA | | 4.55% | -56.77% | -28.65% | 39.99% | 54.09% |
| NP | | 5.34% | -75.01% | -35.25% | 153.09% | 111.39% |
| EPS | | 5.34% | -75.01% | -35.25% | 153.09% | 111.39% |
| Profitability | | | | | | |
| Operating Margin(%) | 10.57% | 11.23% | 3.84% | 2.61% | 5.00% | 7.00% |
| EBITDA margin(%) | 14.01% | 14.33% | 9.14% | 7.26% | 8.70% | 9.39% |
| NET Profit margin(%) | 7.02% | 7.23% | 2.67% | 1.92% | 4.16% | 6.16% |
| ROA(%) | 5.48% | 4.96% | 1.50% | 0.93% | 2.15% | 4.14% |
| ROE(%) | 15.50% | 14.60% | 3.78% | 2.40% | 5.74% | 10.81% |
| Liquidity | | | | | | |
| Current ratio (X) | 1.12 | 1.16 | 1.12 | 1.11 | 1.11 | 1.11 |
| cash ratio (x) | 0.16 | 0.26 | 0.33 | 0.35 | 0.40 | 0.35 |
| Solvability | | | | | | |
| Tot debt/ Equity | 1.83 | 1.95 | 1.51 | 1.59 | 1.68 | 1.61 |
| Debt ratio | 0.65 | 0.66 | 0.60 | 0.61 | 0.63 | 0.62 |
| Per Share data (Rp) | | | | | | |
| EPS | 55.80 | 58.79 | 14.69 | 9.51 | 24.08 | 50.89 |
| BVS | 359.91 | 402.55 | 389.03 | 395.61 | 419.16 | 470.67 |

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.