

Investment Consideration

73% of new contract target up to 10M22

WTON has booked new contracts as of Oct 2022 worth IDR. 5.41 trillion or 73% of the total target for 2022F. Based on sectors, the new contracts are dominated by infrastructure projects at 61.54%, followed by property 19.95%, Energy 12.84%, Mining 2.78%, and Industry 2.89%. Based on customer profile (% of 3Q22 revenue), private is 46.9%, WIKA group 20.6%, SOE 24.2%, and Foreign 8.3%. Top 5 new contracts up to Oct 2022 include Ancol Timur-Pluit toll road worth IDR 776.17 billion, Manyar Smelter project worth IDR 243 billion, Electricity distribution network IDR 322.60 billion, Manyar Smelter project IDR.257.60 billion, FRC IK Karawang Pindo 4 miles IDR.182.75 billion and Semarang Demak toll road IDR. 172.55 billion. WTON continues to grow and develop by launching new products. 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% of revenue.

Targeting better margins

WTON 9M22 bottom line margin increased slightly to 2.43% compared to 2.18% in 2021. This was due to an increase in the plant utilization rate from 40.7% in 3Q21 to 60.1% in 3Q22, higher than 3Q20's 52% This resulted in a better production cost ratio which increased the GPM to 8% during 9M22 compared to 4.8% in 9M21. With better utilization, we expect better margins again in 2023 as WTON is targeted a utilization rate at 70-80% for 2023F. In the past, Inefficiencies occur when plant utilization is below normal, reducing the NPM. We expect that margins will improve as production and utilization rates improve in 2022-2023. We are targeting the 2022 - 2023F net profit margin to reach 2.61% and 2.70% respectively.

Valuation: 59% upside

Based on the 9M22 result, we maintain our target price of IDR. 330/share within 1 year, which is a 22x PER. With 59% potential upside, we maintain BUY.

	2019 A	2020 A	2021 A	2022 F	2023 F
Financial highlight ratio					
Sales growth (%)	2.20%	-32.19%	-10.21%	16.86%	42.77%
Net profit growth (%)	5.34%	-75.01%	-35.25%	58.46%	48.12%
Current ratio (X)	1.16	1.12	1.11	1.09	0.99
cash ratio (x)	0.26	0.33	0.35	0.38	0.30
Tot debt/ Equity	1.95	1.51	1.59	1.70	1.89
EPS	58.79	14.69	9.51	15.07	22.33

23 November 2022
Precast, Equity

Price IDR. 208
Target IDR. 330
JKSE index 7064.213

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Stock Code
Bloomberg code WTON IJ
Market cap (IDR.bn) 1810
52-Week High (IDR) 292
52-Week Low (IDR) 196
6-m Avg Daily. Val (IDR) 210
Free Float (%) 33.41

Major Shareholders (%)
WIKA 60.00%
KKMS 5.22%
Yayasan Wijaya Karya 0.99%
Others 0.38%
Public 33.41%

USD/IDR-YE
2021A 14263
2022F 15714

Key Indicators 2023F
Total Debt/ Equity (x) 1.89
Current ratio (x) 0.99

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

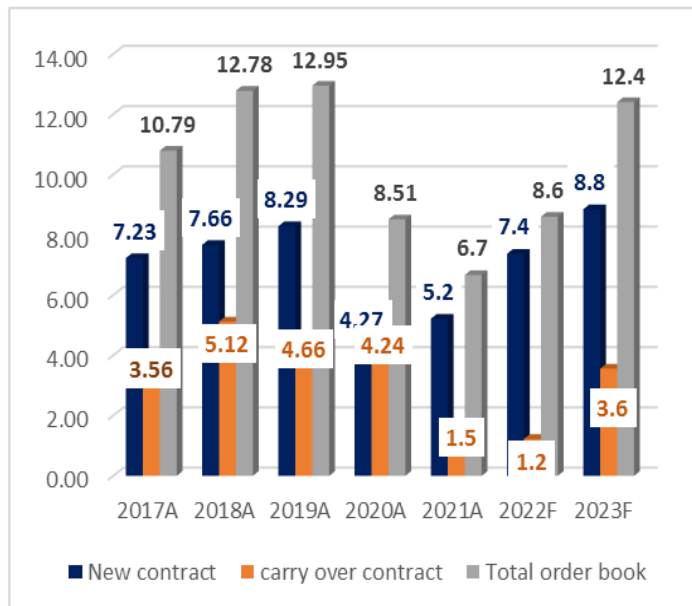


Chart: WTON's company profile based on sectors worked 10M22

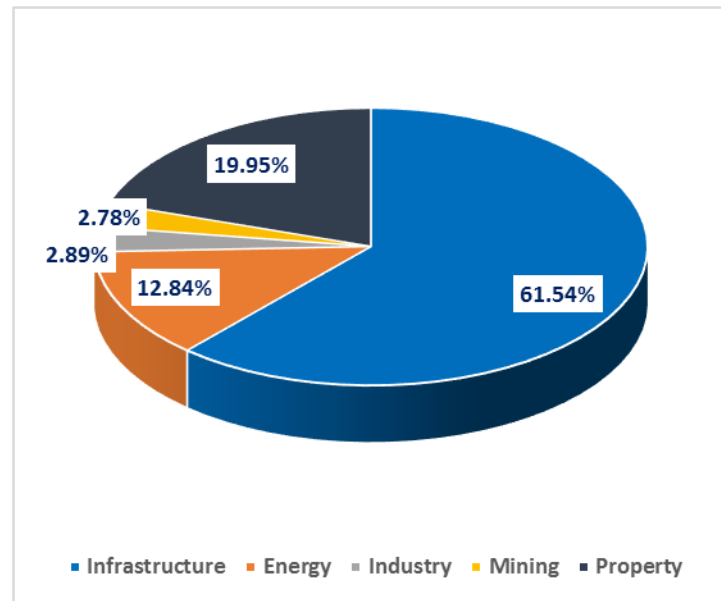


Chart: WTON's company profile based on revenue 10M22

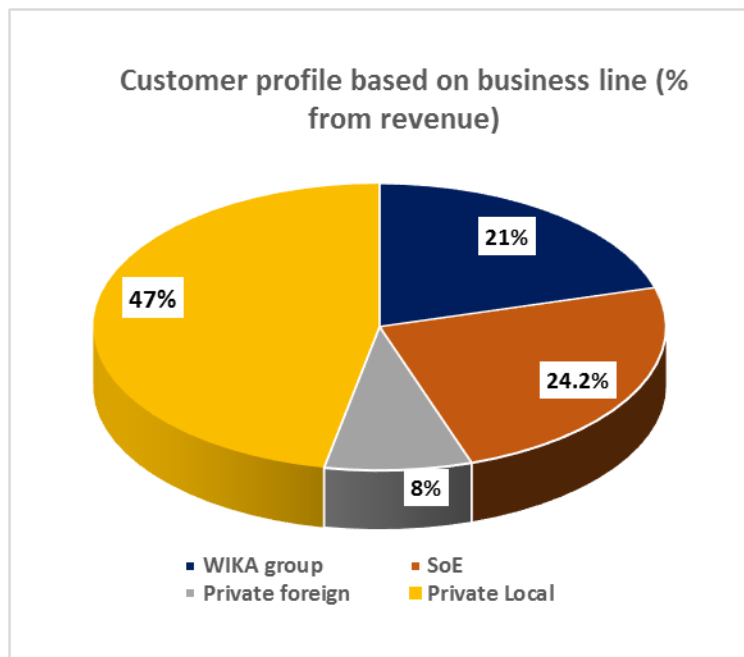
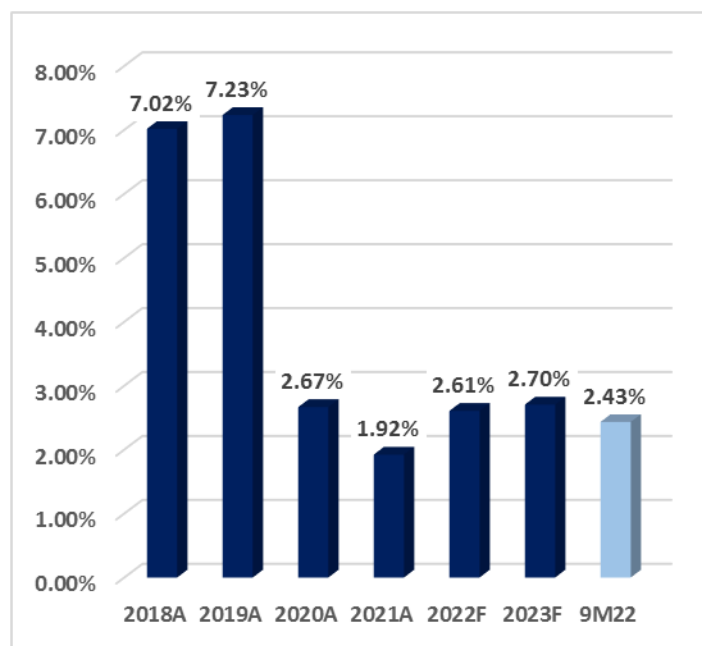


Chart: WTON's net profit margin YoY (%)



Profit and Loss

Profit and Loss (IDR.bn)	2018A	2019A	2020A	2021A	2022F	2023F	2024F
Revenue	6,931	7,083	4,803	4,313	5,040	7,195	9,179
Cost of revenues	(6,048)	(6,133)	(4,494)	(4,087)	(4,618)	(6,594)	(8,528)
Gross Profit	882	951	310	225	422	602	652
Operating expense	(150)	(155)	(125)	(113)	(151)	(216)	(275)
Operating Profit	733	795	184	113	270	386	376
Other income	(75)	(169)	(54)	(34)	(143)	(190)	(84)
Pretax income(PBT)							
taxes	(170)	(116)	(7)	3	1	(2)	(0)
Minority interest	(0)	2	5	1	2	1	2
Net Profit	486	512	128	83	131	195	294
EPS	56	59	15	10	15	22	34
EBITDA	971	1,015	439	313	362	430	527

Balance sheet

Balance sheet (IDR.in bn)	2018A	2019A	2020A	2021A	2022F	2023F	2024F
Cash and cash equivalent	865.02	1,602.28	1,542.22	1,738.92	2,109.26	1,940.35	1,978.52
Trade Account							
Receivable	1,213.12	1,309.53	632.74	806.99	885.73	1,156.13	1,518.61
inventory	1,206.10	1,148.38	793.74	1,002.85	1,012.26	1,156.13	1,518.61
Other current asset	2,586.47	3,108.72	2,279.51	1,945.06	2,016.00	2,252.16	2,845.57
Total current Asset	5,870.71	7,168.91	5,248.21	5,493.81	6,023.26	6,504.77	7,861.31
Net Fixed Asset	2,947.96	3,012.08	2,952.49	3,152.89	3,303.50	4,029.72	4,579.77
other long term asset	63.10	156.91	308.32	281.48	328.94	359.77	458.96
Total non current Asset	3,011.06	3,168.98	3,260.81	3,434.37	3,632.44	4,389.49	5,038.74
Total Asset	8,881.78	10,337.90	8,509.02	8,928.18	9,655.70	10,894.26	12,900.05
Trade account payable	1,146.17	898.55	2,597.36	2,426.46	2,745.76	3,161.30	4,111.92
Short Term bank loans	1,455.22	2,035.68	484.19	876.29	1,076.29	1,276.29	1,476.29
Advances from customer	555.71	413.50	181.62	146.78	201.60	146.78	146.78
Other Current liabilities	2,090.98	2,847.32	1,443.44	1,488.86	1,512.00	1,985.93	2,533.48
Total current liabilities	5,248.09	6,195.05	4,706.62	4,938.39	5,535.65	6,570.30	8,268.48
Long term loans bank	350.00	500.00	380.00	457.00	479.85	455.86	433.06
MTN	0.00	0.00	0.00	0.00	0.00	0.00	0.00
finance lease liabilities	39.75	34.21	0.71	50.00	25.20	35.98	45.90
Other Long term liabilities	107.12	100.18	31.11	34.91	40.32	57.56	73.43
Total non current liabilities	496.88	634.39	411.82	541.91	545.37	549.40	552.40
Total Liabilities	5,744.97	6,829.45	5,118.44	5,480.30	6,081.02	7,119.70	8,820.87
Total Equities	3,136.81	3,508.45	3,390.57	3,447.88	3,574.67	3,774.56	4,079.18
Total Liabilities and equity	8,881.78	10,337.90	8,509.02	8,928.18	9,655.70	10,894.26	12,900.05

Cash flow

Cash Flow (IDR. bn)	2018A	2019A	2020A	2021A	2022F	2023F	2024F
+ Net Income	486	512	128	83	131	195	294
+Depreciation	224	251	219	159	159	159	159
- Change in WC	(260)	386	372	183	438	384	380
Cash From Operating Activities	450	1,150	719	425	729	738	833
capex	(492)	(315)	(160)	(360)	(310)	(886)	(709)
Other non current asset	(26)	(94)	(151)	27	(47)	(31)	(99)
cash from investing activities	(518)	(409)	(311)	(333)	(357)	(916)	(809)
Long term loans	350	150	(120)	77	23	(24)	(23)
finance lease liabilities	40	(6)	(33)	49	(25)	11	10
Other Long term liabilities	3	(7)	(69)	4	5	17	16
Equity	(97)	(141)	(246)	(26)	(5)	5	11
cash from financing activities	296	(3)	(468)	104	(1)	9	14
Net Changes in Cash	227	737	(60)	197	370	(169)	38
Beginning Balance	638	865	1,602	1,542	1,739	2,109	1,940
Ending balance	865	1,602	1,542	1,739	2,109	1,940	1,979

Financial Ratio Highlights

Ratio Highlights	2019 A	2020 A	2021 A	2022 F	2023 F	2024 F
Growth (% YoY)						
Sales	2.20%	-32.19%	-10.21%	16.86%	42.77%	27.57%
OP	8.58%	-76.82%	-38.89%	139.91%	42.77%	-2.50%
EBITDA	4.55%	-56.77%	-28.65%	15.64%	18.85%	22.44%
NP	5.34%	-75.01%	-35.25%	58.46%	48.12%	51.02%
EPS	5.34%	-75.01%	-35.25%	58.46%	48.12%	51.02%
Profitability						
Operating Margin(%)	11.23%	3.84%	2.61%	5.36%	5.36%	4.10%
EBITDA margin(%)	14.33%	9.14%	7.26%	7.18%	5.98%	5.74%
NET Profit margin(%)	7.23%	2.67%	1.92%	2.61%	2.70%	3.20%
ROA(%)	4.96%	1.50%	0.93%	1.36%	1.79%	2.28%
ROE(%)	14.60%	3.78%	2.40%	3.68%	5.16%	7.20%
Liquidity						
Current ratio (X)	1.16	1.12	1.11	1.09	0.99	0.95
cash ratio (x)	0.26	0.33	0.35	0.38	0.30	0.24
Solvability						
Tot debt/ Equity	1.95	1.51	1.59	1.70	1.89	2.16
Debt ratio	0.66	0.60	0.61	0.63	0.65	0.68
Per Share data (Rp)						
EPS	58.79	14.69	9.51	15.07	22.33	33.72
BVS	402.55	389.03	395.61	410.15	433.09	468.04

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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