

### Investment Consideration Strong order book

Up to September 2018, WTON booked new contracts worth IDR. 5,38 trillion or 71% of the total new contract target for 2018 of 7.56 trillion. In terms of specifics, the top 10 largest new projects are from the Jakarta – Bandung high speed rail (HSR) worth IDR. 803 bn, Kijing – Mempawah port worth IDR. 431bn, KBN –Marunda port worth IDR. 227bn, Kunciran Cengkareng toll road worth IDR. 224bn, Pengaman Muara Sungai Ijo kebumen worth IDR 116bn, Box girder MBK worth 110bn, PLTGU Tambak Lorok Semarang worth IDR. 103.2 bn, Golf Island 2018 worth IDR. 102bn, the Tangguh expansion project worth IDR.87bn, and Sungai Tondano bridge worth IDR. 86,4 bn. Based on historical customer profile, new contract volumes will continue to be supported mainly by the infrastructure sector. In addition, most of the customers during 9M18 come from within the parent WIKA group at 38% followed by SOEs 32,3%, private local companies 25%, and private foreign companies 5%. Based on the 9M18 results, we are maintaining our forecast total order book growth of 15% CAGR during 2018F-2019F compared to 2017A. For 2019, WTON will focus on big projects such as Pettarani elevated toll road with length 4.3 km, Balikpapan-Samarinda toll road, RDMP project (Pertamina), Bogor outer ring road II, Harbor road in North Jakarta, extensions of 75km trans sumatra toll road and HSR.

### Progress update on Balikpapan – Samarinda toll road

Based on our site visit during mid Nov 2018, WTON is working on the Balikpapan-Samarinda project through WIKA as project owner along with three other consortiums JSMR, BCS, and PTPP. The 63 Km toll road project is part of a total of 93 km. In this project there are, 4 sections, section 2.1 (16 km), section 2.2 (14 km), section 3 (17 km) and section 4 (16.5km). The project progress by November 9th is that WTON has completed work on 629,000 cubic meters with another 229000 cubic meters to go. This toll road project is estimated to be completed by early 2019

### Valuation: 96% upside

With WACC 8.5%. we are targeting a price within one year of IDR. 730/shares or trading at 14.8x PER, which gives 96% upside compared to the current closed price. BUY

Profit and Loss						
(IDR.bn)	2014A	2015A	2016A	2017A	2018F	2019F
<b>Revenue</b>	<b>3,277</b>	<b>2,653</b>	<b>3,482</b>	<b>5,362</b>	<b>6,454</b>	<b>7,079</b>
Cost of revenues	(2,790)	(2,324)	(2,977)	(4,696)	(5,615)	(6,158)
<b>Gross Profit</b>	<b>487</b>	<b>329</b>	<b>504</b>	<b>667</b>	<b>839</b>	<b>920</b>
Operating expense	(77)	(90)	(96)	(136)	(194)	(212)
<b>Operating Profit</b>	<b>410</b>	<b>238</b>	<b>408</b>	<b>530</b>	<b>645</b>	<b>708</b>
Other income	3	(32)	(68)	(111)	(129)	(142)
taxes	(89)	(34)	(59)	(79)	(88)	(96)
Minority interest	6	2	(9)	(3)	(0)	(0)
<b>Net Profit</b>	<b>330</b>	<b>174</b>	<b>272</b>	<b>337</b>	<b>428</b>	<b>470</b>
EPS	38	20	31	39	49	54
<b>EBITDA</b>	<b>492</b>	<b>322</b>	<b>517</b>	<b>681</b>	<b>848</b>	<b>945</b>

26 December 2018  
Precast, Equity

Price **IDR. 372**  
Target Price **IDR. 730**  
JKSE Index **6163.596**



Stock Code **WTON IJ**  
Bloomberg code **3311.9**  
Market cap (IDR.bn) **645**  
52-Week High (IDR) **298**  
52-Week Low (IDR) **370**  
6-m Avg Daily. Val (IDR) **27.80**  
Free Float (%) **27.80**

Major Shareholders (%)  
WIKA **60.00%**  
KKMS **6.70%**  
Yayasan Wijaya Karya **0.99**  
Public **27.98%**

USD/IDR-YE  
2017A **13,480**  
2018F (6M Avg) **14,686**

Key Indicators **2019F**  
Total Debt/ Equity (x) **1.57**  
Current ratio (x) **1.11**

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Chart: WTON's production installment capacities yoy

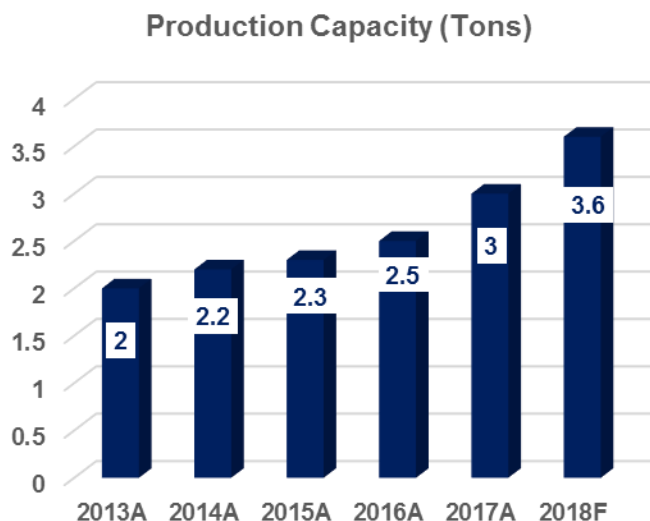


Chart: New contract and carry over contract (in Rp. Trillion) yoy

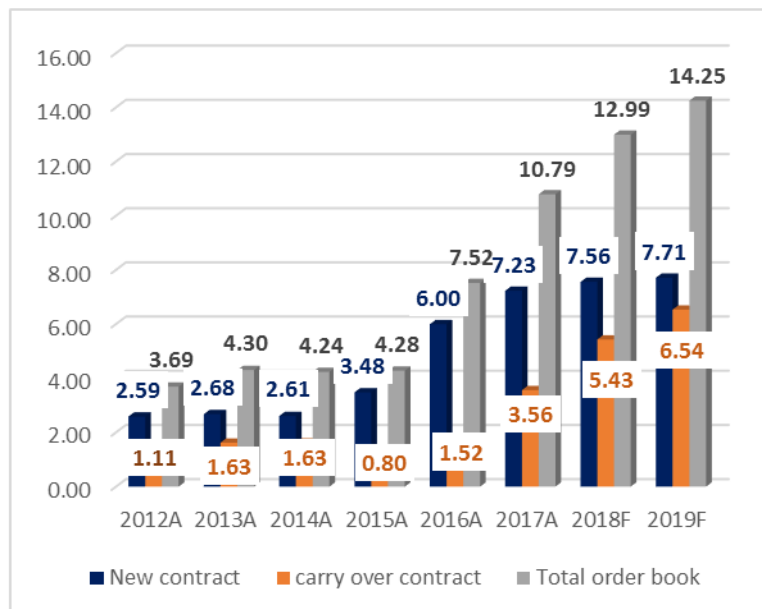


Chart: WTON's company profile based on business line in 6M18

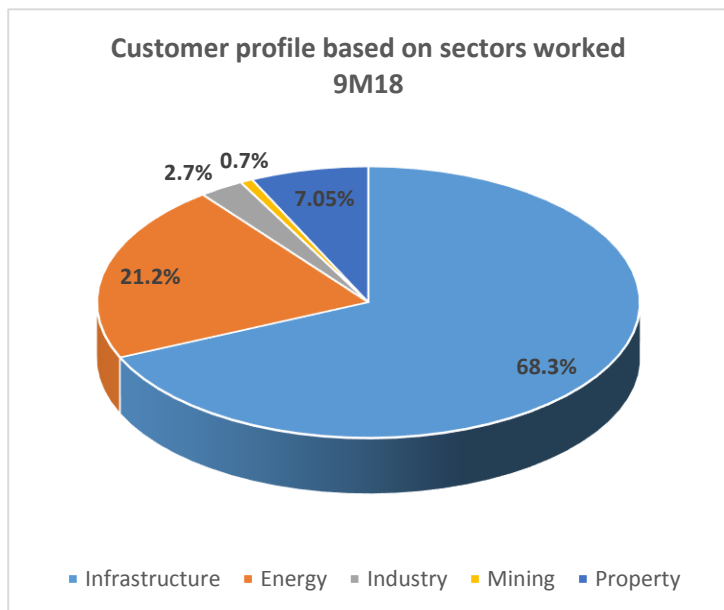
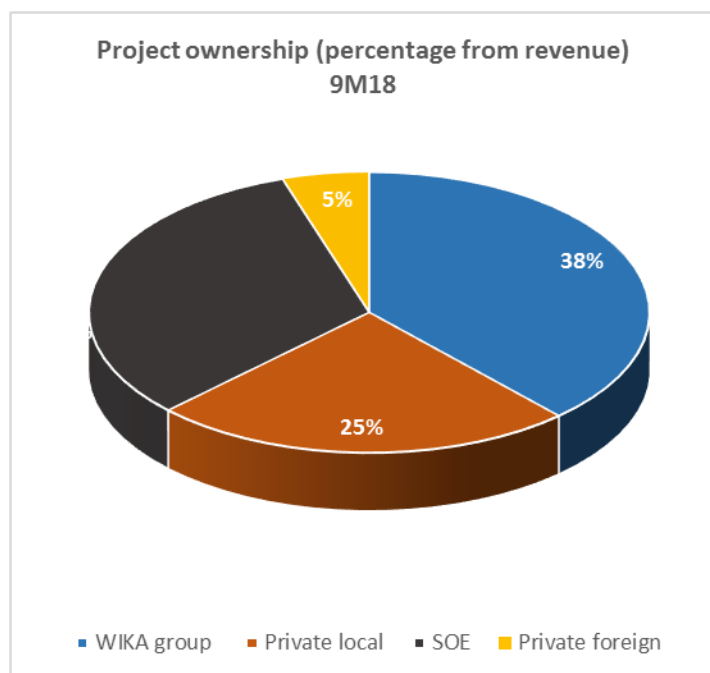


Chart: WTON's company profile based on project owner in 9M18



**Profit and Loss (IDR.bn) yoy**

<b>Profit and Loss (IDR.bn)</b>	<b>2014A</b>	<b>2015A</b>	<b>2016A</b>	<b>2017A</b>	<b>2018F</b>	<b>2019F</b>
<b>Revenue</b>	<b>3,277</b>	<b>2,653</b>	<b>3,482</b>	<b>5,362</b>	<b>6,454</b>	<b>7,079</b>
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EPS	38	20	31	39	49	54
<b>EBITDA</b>	<b>492</b>	<b>322</b>	<b>517</b>	<b>681</b>	<b>848</b>	<b>945</b>

**Balance sheet (IDR.bn) yoy**

<b>Balance sheet (IDR.in bn)</b>	<b>2014A</b>	<b>2015A</b>	<b>2016A</b>	<b>2017A</b>	<b>2018F</b>	<b>2019F</b>
<b>Cash and cash equivalent</b>	1,038.47	823.63	342.21	637.76	533.56	656.28
Trade Account Receivable	475.69	570.11	653.48	1,219.48	1,548.99	1,698.88
inventory	457.60	694.46	622.48	1,034.18	1,484.45	1,628.09
Other current asset	155.60	366.71	821.76	1,459.97	1,684.53	1,911.24
<b>Total current Asset</b>	<b>2,127.36</b>	<b>2,454.91</b>	<b>2,439.94</b>	<b>4,351.38</b>	<b>5,251.52</b>	<b>5,894.49</b>
Net Fixed Asset	1,671.21	1,997.51	2,219.22	2,679.46	3,152.96	3,594.66
other long term asset	4.09	3.67	3.16	37.14	40.02	43.89
<b>Total non current Asset</b>	<b>1,675.29</b>	<b>2,001.19</b>	<b>2,222.38</b>	<b>2,716.60</b>	<b>3,192.97</b>	<b>3,638.54</b>
<b>Total Asset</b>	<b>3,802.66</b>	<b>4,456.10</b>	<b>4,662.32</b>	<b>7,067.98</b>	<b>8,444.50</b>	<b>9,533.04</b>
Trade account payable	420.10	557.49	664.14	1,223.39	1,419.91	1,557.30
Short Term bank loans	198.96	131.49	349.74	1,245.42	1,556.77	1,665.75
Advances from customer	65.63	209.00	125.60	304.37	354.98	389.33
Other Current liabilities	825.17	895.49	724.32	1,443.14	1,548.99	1,698.88
<b>Total current liabilities</b>	<b>1,509.86</b>	<b>1,793.46</b>	<b>1,863.79</b>	<b>4,216.31</b>	<b>4,880.65</b>	<b>5,311.25</b>
Long term loans bank	0.00	320.00	200.00	0.00	250.00	300.00
MTN	0.00	0.00	0.00	0.00	0.00	0.00
finance lease liabilities	1.17	0.00	0.00	0.00	0.00	0.00
Other Long term liabilities	89.03	79.21	108.05	103.73	129.08	212.36
<b>Total non current liabilities</b>	<b>90.21</b>	<b>399.21</b>	<b>308.05</b>	<b>103.73</b>	<b>379.08</b>	<b>512.36</b>
<b>Total Liabilities</b>	<b>1,600.07</b>	<b>2,192.67</b>	<b>2,171.84</b>	<b>4,320.04</b>	<b>5,259.73</b>	<b>5,823.61</b>
<b>Total Equities</b>	<b>2,202.59</b>	<b>2,263.43</b>	<b>2,490.47</b>	<b>2,747.94</b>	<b>3,184.77</b>	<b>3,709.42</b>
<b>Total Liabilities and equity</b>	<b>3,802.66</b>	<b>4,456.10</b>	<b>4,662.32</b>	<b>7,067.98</b>	<b>8,444.50</b>	<b>9,533.04</b>

**Cash flow (IDR.bn)**

Cash Flow (IDR. bn)	2014A	2015A	2016A	2017A	2018F	2019F
Net Income	330	174	272	337	428	470
Depreciation	85	90	137	177	207	243
Change in WC	110	(259)	(396)	737	(340)	(90)
<b>Cash From Operating Activities</b>	<b>524</b>	<b>5</b>	<b>13</b>	<b>1,251</b>	<b>296</b>	<b>623</b>
capex	(744)	(416)	(359)	(637)	(681)	(684)
Other non current asset	5	0	1	(34)	(3)	(4)
<b>cash from investing activities</b>	<b>(739)</b>	<b>(416)</b>	<b>(358)</b>	<b>(671)</b>	<b>(684)</b>	<b>(688)</b>
Long term loans	(369)	319	(120)	(200)	250	50
finance lease liabilities	1	(10)	29	(4)	25	83
Other Long term liabilities	45.63	309.00	(91.16)	(204)	275	133
Equity	1,162.21	479.56	(66.20)	(79.66)	8.58	55.03
<b>cash from financing activities</b>	<b>840.45</b>	<b>1,097.56</b>	<b>-248.52</b>	<b>(488)</b>	<b>559</b>	<b>322</b>
Net Changes in Cash	625	(215)	(481)	296	(104)	123
<b>Beginning Balance</b>	<b>413</b>	<b>1,038</b>	<b>824</b>	<b>342</b>	<b>638</b>	<b>534</b>
<b>Ending balance</b>	<b>1,038</b>	<b>824</b>	<b>342</b>	<b>638</b>	<b>534</b>	<b>656</b>

**Ratio Highlights**

Ratio Highlights	2014 A	2015 A	2016 A	2017 A	2018 F	2019 F
<b>Growth (% YoY)</b>						
Sales	23.96%	-19.06%	31.26%	54.01%	20.36%	9.68%
OP	22.01%	-41.87%	71.23%	29.91%	21.69%	9.68%
EBITDA	25.09%	-34.52%	60.75%	31.66%	24.53%	11.38%
NP	35.80%	-47.28%	56.68%	23.75%	27.03%	9.66%
EPS	3.93%	-47.28%	56.68%	23.75%	27.03%	9.66%
<b>Profitability</b>						
Operating Margin(%)	12.5%	9.0%	11.7%	9.9%	10.0%	10.0%
EBITDA margin(%)	15.0%	12.1%	14.9%	12.7%	13.1%	13.3%
NET Profit margin(%)	10.1%	6.6%	7.8%	6.3%	6.6%	6.6%
ROA(%)	8.7%	3.9%	5.8%	4.8%	5.1%	4.9%
ROE(%)	15.0%	7.7%	10.9%	12.3%	13.4%	12.7%
<b>Liquidity</b>						
Current ratio (X)	1.41	1.37	1.31	1.03	1.08	1.11
cash ratio (x)	0.69	0.46	0.18	0.15	0.11	0.12
<b>Solvability</b>						
Tot debt/ Equity	0.73	0.97	0.87	1.57	1.65	1.57
Debt ratio	0.42	0.49	0.47	0.61	0.62	0.61
<b>Per Share data (Rp)</b>						
EPS	37.84	19.95	31.26	38.68	49.14	53.88
BVS	252.72	259.70	285.75	315.29	365.42	425.61

**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**  
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