

## Investment Consideration

### 57% of new contract target up to 8M22

WTON has booked new contracts as of August 2022 of IDR. 4.19 trillion or 57% of total target for 2022F. WTON is targetting 2022F new contracts of IDR 7.3 trillion. Based on sectors, the new contracts are still dominated by infrastructure projects at 66.49%, followed by property 15.60%, Energy 12.58%, Mining 3,10%, and Industry 2.23% . Based on customer profile (% of 2Q22 revenue), private is 44.7%, WIKA group 20.1%, SOE 23.4%, and Foreign 11.8%. Top 5 new contracts up to August 2022 include Ancol Timur-Pluit toll road worth IDR 582 billion, Manyar Smelter project worth IDR 243 billion, Coastal Are Kota Balikpapan worth IDR. 214,50 billion, Indapura – Kisaran Toll road worth IDR 131.82 billion, and Lotte line project Cilegon worth IDR. 125 billion. WTON is continuing 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 maintain our believe that WTON will achieve better results this year through these strategies.

### Targeting a better margins

WTON 1H22 bottom line margin decreased slightly 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 57.6% in 2Q22, higher than 2Q22's 37.7%. This resulted in inefficiencies in production costs which eroded the GPM to 9.2% compared to 5.9% 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 rates improve in 2022-2023. We are targeting the 2022 - 2023F net profit margin to improve to 2.61% and 2.70% respectively.

### Valuation: 49% upside

Based on our adjustments, we have a target price of IDR. 330/share, which is a 22x PER. With 49% potential upside, we maintain BUY.

Financial highlight ratio	2018 A	2019 A	2020 A	2021 A	2022 F	2023 F
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)	1.12	1.16	1.12	1.11	1.09	0.95
cash ratio (x)	0.16	0.26	0.33	0.35	0.38	0.28
Tot debt/ Equity	1.83	1.95	1.51	1.59	1.70	1.96
EPS	55.80	58.79	14.69	9.51	15.07	22.33

6 Oktober 2022  
Precast, Equity

Price IDR. 222  
Target IDR. 330  
JKSE index 7114.54

Dipublikasikan pada TradingView.com, Okt 06, 2022 09:36 UTC+7

WILAJA KARYA BETON TBK, ID, EM: 0222 RZ24 L220 C224 -2 (+0.90%)  
Val: 598K



TradingView

Stock Code  
Bloomberg code WTON IJ  
Market cap (IDR.bn) 1880  
52-Week High (IDR) 310  
52-Week Low (IDR) 196  
6-m Avg Daily. Val (IDR) 210  
Free Float (%) 33.14

Major Shareholders (%)  
WIKABETON 60.00%  
KKMS 5.25%  
Yayasan Wijaya Karya 0.99%  
Public 33.76%

USD/IDR-YE  
2021A 14263  
2022F 15294

Key Indicators 2022F  
Total Debt/ Equity (x) 1.70  
Current ratio (x) 1.09

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

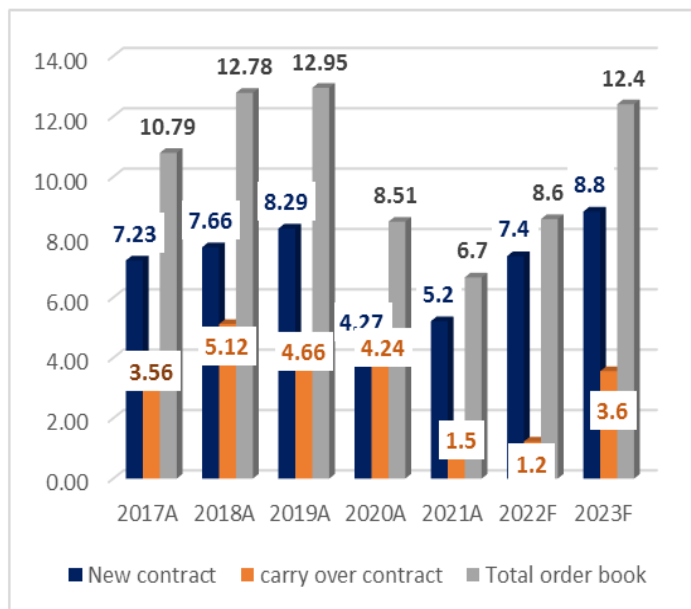


Chart: WTON's company profile based on sectors worked 8M22

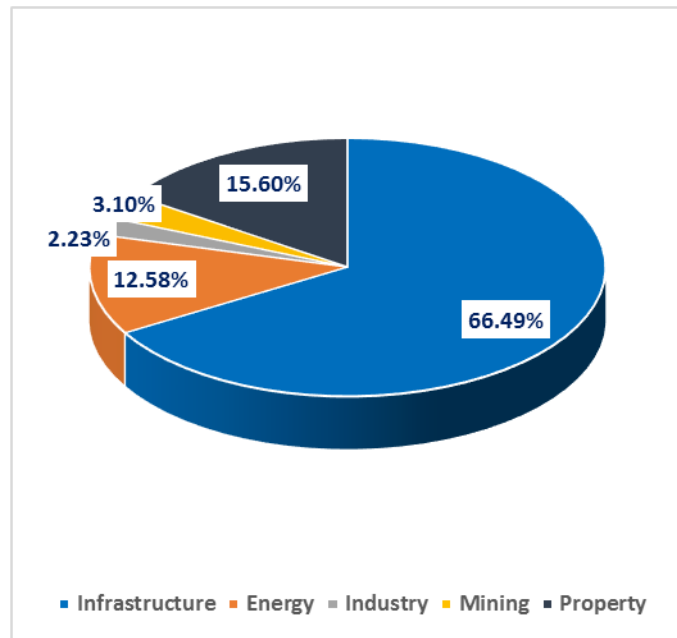


Chart: WTON's company profile based on revenue 8M22

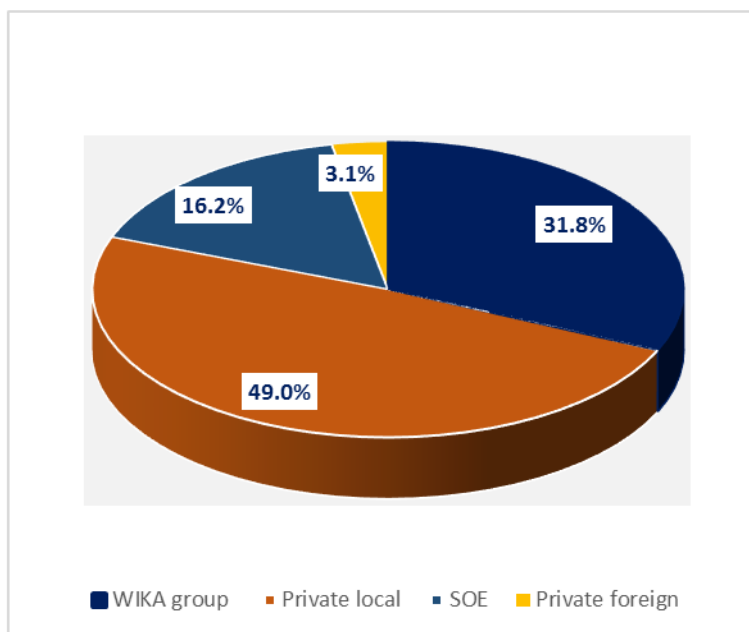
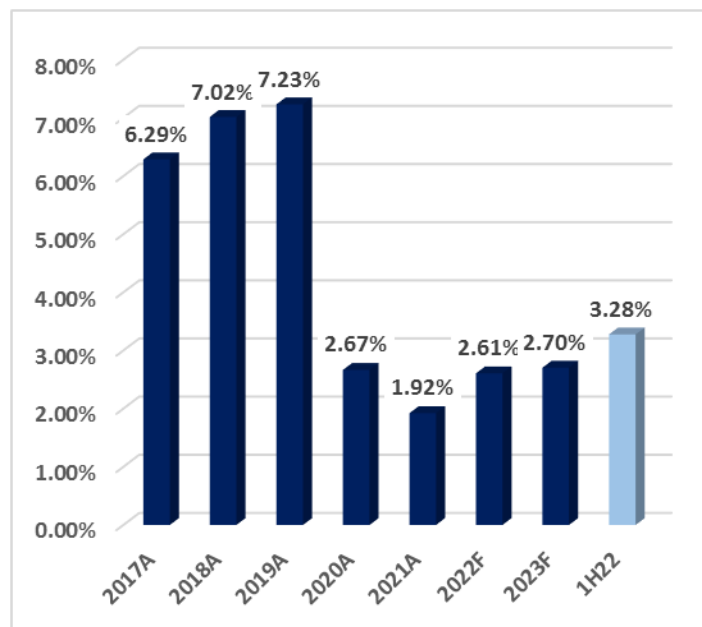


Chart: WTON's net profit margin YoY 9%)



**Profit and Loss**

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

**Balance sheet**

<b>Balance sheet (IDR.in bn)</b>	<b>2018A</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022F</b>	<b>2023F</b>
<b>Cash and cash equivalent</b>	865.02	1,602.28	1,542.22	1,738.92	2,109.26	1,940.96
Trade Account Receivable	1,213.12	1,309.53	632.74	806.99	885.73	1,156.13
inventory	1,206.10	1,148.38	793.74	1,002.85	1,012.26	1,156.13
Other current asset	2,586.47	3,108.72	2,279.51	1,945.06	2,016.00	2,252.16
<b>Total current Asset</b>	<b>5,870.71</b>	<b>7,168.91</b>	<b>5,248.21</b>	<b>5,493.81</b>	<b>6,023.26</b>	<b>6,505.38</b>
Net Fixed Asset	2,947.96	3,012.08	2,952.49	3,152.89	3,303.50	4,029.72
other long term asset	63.10	156.91	308.32	281.48	328.94	359.77
<b>Total non current Asset</b>	<b>3,011.06</b>	<b>3,168.98</b>	<b>3,260.81</b>	<b>3,434.37</b>	<b>3,632.44</b>	<b>4,389.49</b>
<b>Total Asset</b>	<b>8,881.78</b>	<b>10,337.90</b>	<b>8,509.02</b>	<b>8,928.18</b>	<b>9,655.70</b>	<b>10,894.87</b>
Trade account payable	1,146.17	898.55	2,597.36	2,426.46	2,745.76	3,161.30
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	1,985.93
<b>Total current liabilities</b>	<b>5,248.09</b>	<b>6,195.05</b>	<b>4,706.62</b>	<b>4,938.39</b>	<b>5,535.65</b>	<b>6,570.30</b>
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	25.20	35.98
Other Long term liabilities	107.12	100.18	31.11	34.91	40.32	57.56
<b>Total non current liabilities</b>	<b>496.88</b>	<b>634.39</b>	<b>411.82</b>	<b>541.91</b>	<b>545.37</b>	<b>549.40</b>
<b>Total Liabilities</b>	<b>5,744.97</b>	<b>6,829.45</b>	<b>5,118.44</b>	<b>5,480.30</b>	<b>6,081.02</b>	<b>7,119.70</b>
<b>Total Equities</b>	<b>3,136.81</b>	<b>3,508.45</b>	<b>3,390.57</b>	<b>3,447.88</b>	<b>3,574.67</b>	<b>3,774.56</b>
<b>Total Liabilities and equity</b>	<b>8,881.78</b>	<b>10,337.90</b>	<b>8,509.02</b>	<b>8,928.18</b>	<b>9,655.70</b>	<b>10,894.26</b>

**Cash flow**

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

**Financial Ratio Highlights**

<b>Ratio Highlights</b>	<b>2018 A</b>	<b>2019 A</b>	<b>2020 A</b>	<b>2021 A</b>	<b>2022 F</b>	<b>2023 F</b>
<b>Growth (% YoY)</b>						
Sales		2.20%	-32.19%	-10.21%	16.86%	42.77%
OP		8.58%	-76.82%	-38.89%	139.91%	42.77%
EBITDA		4.55%	-56.77%	-28.65%	15.64%	18.85%
NP		5.34%	-75.01%	-35.25%	58.46%	48.12%
EPS		5.34%	-75.01%	-35.25%	58.46%	48.12%
<b>Profitability</b>						
Operating Margin(%)	10.57%	11.23%	3.84%	2.61%	5.36%	5.36%
EBITDA margin(%)	14.01%	14.33%	9.14%	7.26%	7.18%	5.98%
NET Profit margin(%)	7.02%	7.23%	2.67%	1.92%	2.61%	2.70%
ROA(%)	5.48%	4.96%	1.50%	0.93%	1.36%	1.79%
ROE(%)	15.50%	14.60%	3.78%	2.40%	3.68%	5.16%
<b>Liquidity</b>						
Current ratio (X)	1.12	1.16	1.12	1.11	1.09	0.99
cash ratio (x)	0.16	0.26	0.33	0.35	0.38	0.30
<b>Solvability</b>						
Tot debt/ Equity	1.83	1.95	1.51	1.59	1.70	1.89
Debt ratio	0.65	0.66	0.60	0.61	0.63	0.65
<b>Per Share data (Rp)</b>						
EPS	55.80	58.79	14.69	9.51	15.07	22.33
BVS	359.91	402.55	389.03	395.61	410.15	433.09

**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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