Equity Research

PT Wijaya Karya Bangunan GedungTbk

27 December 2024
Building Construction, Equity

Not Rated

Price	IDR. 62
JKSE Index	7,065.746



Stock Code	
Bloomberg code	WEGE IJ
Market cap (IDR.bn)	593.5
52-Week High (IDR)	95
52-Week Low (IDR)	50
Free Float (%)	30.00

USD/IDR-YE	
2023A	15.439
2024F	16.040

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Investment Consideration

New contracts in 11M24, 100% from external projects

- As of November 2024, WEGE secured IDR 2.1 trillion in new contracts, an additional IDR 230 billion compared to 9M2024's IDR 1.87 trillion. This represents 42% of its 2024 target of IDR 5 trillion.
- The majority of the new contracts are government-related, accounting for 58.6% of the total. Notably, 100% of these contracts are external projects, emphasizing WEGE's independence from the WIKA Group.
- In terms of project types, office projects lead with a 40.42% share, driven by contracts such as the BMKG building and banking offices. Public facilities contribute 31.40%, while residential projects account for 28.18%.
- While achieving the 2024 new contract target may be challenging due to shifts in project timelines, WEGE remains optimistic about securing an additional IDR 977 billion in December 2024. For 2025, WEGE is targeting new contracts worth IDR 3.5 trillion.

3Q2024 Result: Triple-digit Bottom-Line Growth

- As of 9M2024, WEGE's revenue declined by 12.3% YoY to IDR 2.26 trillion, with a 7.55% YoY decrease in 3Q2024. Despite the revenue decline, WEGE recorded significant bottom-line growth of +119% YoY to IDR 47.1 billion in 9M2024. For 3Q2024, the net profit surged +101% YoY and +631% QoQ, reaching IDR 28.5 billion.
- This growth was primarily driven by a reduction in COGS (-7.58% YoY and -3.95% QoQ in 3Q2024), leading to a higher gross profit margin (GPM) of 8.39%. The improved GPM reflects the adoption of cost-efficient technologies.

Site Visit: ITB Innovation Park Project

- In November we visited WEGE's completed ITB Innovation Park Project in Gedebage, Bandung. This IDR 426.8 billion project, commissioned by the Ministry of Education, Culture, Research, and Technology in collaboration with the Bandung Institute of Technology (ITB), positions WEGE as the main contractor.
- WEGE's responsibilities included structural, architectural, landscape, and MEP (mechanical, electrical, plumbing) work for two high-rise buildings.

Three Million Houses Project

- As Indonesia launches its Three Million Houses per Year initiative in 2025, WEGE is proposing the use of modular construction—a method it specializes in. This project aims to develop vertical housing (flats) and landed houses, with 1,000 units in urban areas and 2,000 in rural regions.
- Modular construction can reduce project execution time by up to 50%. Although initially more expensive than traditional methods, mass production of modular units is expected to lower costs while ensuring superior quality. This initiative is anticipated to revive Indonesia's property and construction sectors.

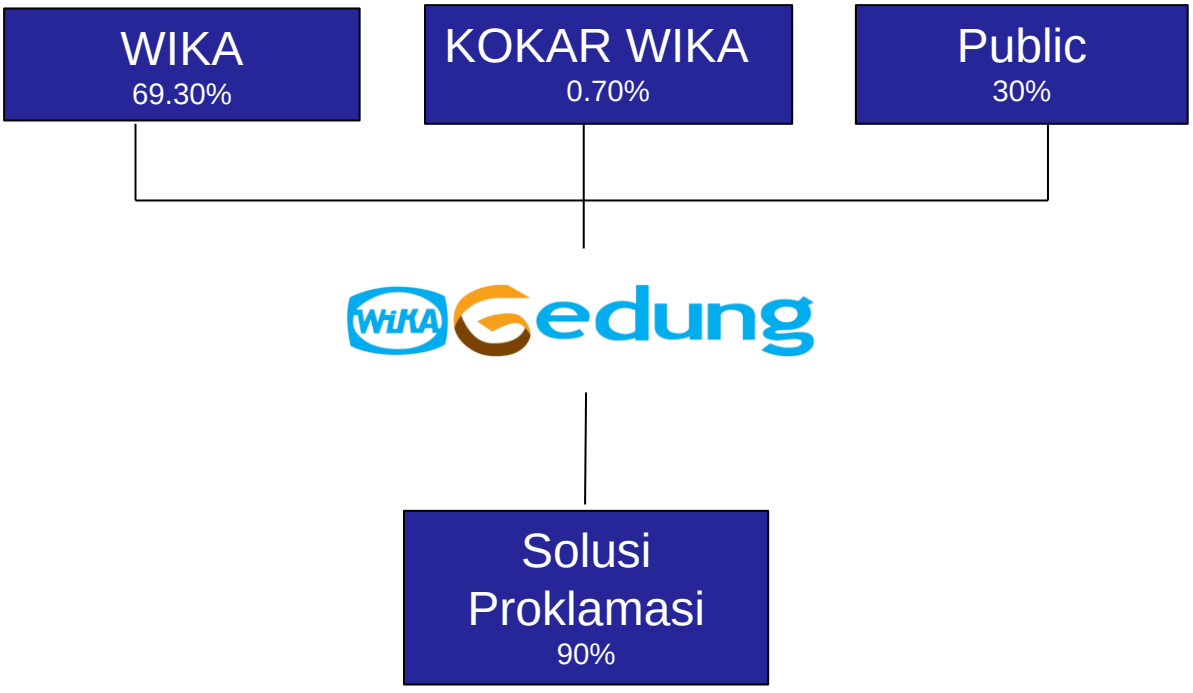
Financial Highlights

Financial Ratio Highlights	2018A	2019A	2020A	2021A	2022A	2023A	9M2023	9M2024
GPM (%)	10,25%	10,18%	7,55%	8,54%	9,64%	7,62%	7,48%	7,90%
NPM (%)	7,63%	9,89%	5,45%	6,75%	9,72%	1,16%	0,83%	2,09%
Current Ratio (X)	1,83	1,66	1,49	1,45	1,98	1,66	2,13	2,06
Total debt/ Total equity (x)	1,78	1,54	1,80	1,53	1,14	1,61	1,09	0,98
EPS	46,41	47,19	16,01	22,34	24,03	4,84	2,24	4,92

Company Profile

PT Wijaya Karya Bangunan Gedung Tbk (WEGE) was established on October 24, 2008, as a subsidiary of PT Wijaya Karya (Persero) Tbk. Initially focused on private-sector building construction, WEGE expanded to include mechanical, electrical, interior, and exterior work. Government and SOE construction projects were previously handled by WIKA's Building Construction Division (DBG).In 2013, WEGE entered the property sector through joint operations, and in February 2016, DBG was merged into WEGE, with WIKA concentrating on infrastructure. WEGE went public in November 2017, offering 2.872 million shares (30% of total paid-up capital) through an IPO.Today, WEGE operates in two key segments: construction building services and investment & concessions.

Company Structure



Source: Company

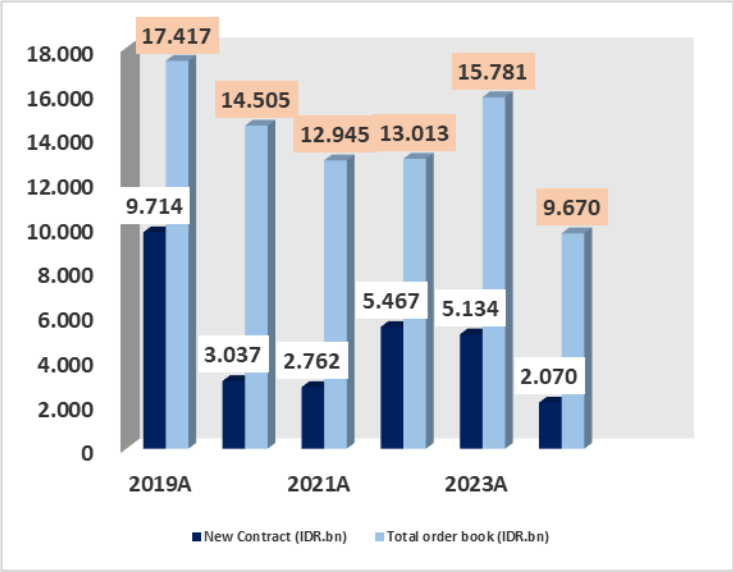
Income Statement in IDR Billion

Income Statement (IDR. in bn)	1Q2024	2Q2024	3Q2024	QoQ	3Q2023	YoY	9M2023	9M2024	YoY
Revenues	**474,22**	**906,08**	**877,50**	**-3,15%**	**949,12**	**-7,55%**	**2.574,49**	**2.257,80**	**-12,30%**
Cost of Revenues	-438,69	-836,96	-803,87	-3,95%	-869,78	-7,58%	-2.381,92	-2.079,52	-12,70%
Gross Profit	**35,53**	**69,12**	**73,63**	**6,53%**	**79,34**	**-7,19%**	**192,57**	**178,28**	**-7,42%**
Operating Expenses	-25,38	28,48	8,04	-71,77%	73,18	-89,02%	34,23	11,14	-67,46%
Operating Income	**10,15**	**97,60**	**81,67**	**-16,32%**	**152,52**	**-46,45%**	**226,79**	**189,42**	**-16,48%**
Other Income	-5,71	-83,43	-53,17	-36,26%	-148,80	-64,26%	-205,51	-142,31	-30,75%
Profit Before Tax	**4,45**	**14,17**	**28,50**	**101,14%**	**3,72**	**665,17%**	**21,29**	**47,11**	**121,32%**
Tax expense	0,00	0,00	0,00		0,00		0,00	0,00	
Minority Interest	-0,00	0,00	0,00	-100,00%	0,17	-100,00%	0,17	0,00	-100,00%
Net Income	**4,44**	**14,17**	**28,50**	**101,10%**	**3,90**	**630,95%**	**21,46**	**47,11**	**119,52%**
EPS	**0,46**	**1,48**	**2,98**	**101,10%**	**0,41**	**630,95%**	**2,24**	**4,92**	**119,52%**
GPM	**7,49%**	**7,63%**	**8,39%**		**8,36%**		**7,48%**	**7,90%**	
OPM	**2,14%**	**10,77%**	**9,31%**		**16,07%**		**8,81%**	**8,39%**	
NPM	**0,94%**	**1,56%**	**3,25%**		**0,41%**		**0,83%**	**2,09%**	

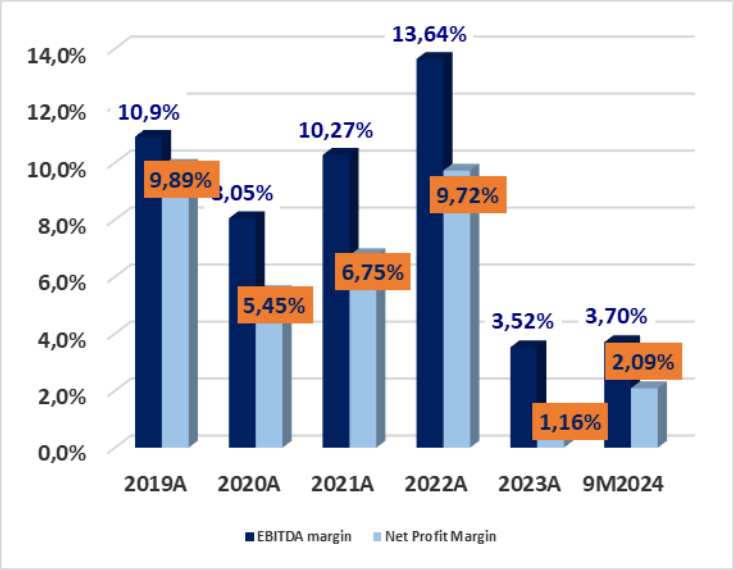
New Contract as of 10M2024 in IDR Million

NO	New Contract as of 10M2024	Value (%)	Value in IDR Mn
	Constructions		
1	BMKG InaTEWS Building	8,4%	174.967
2	Construction of Substation Building Expansion and Electrical Network - Bio Farma (Persero)	2,7%	55.400
3	Construction of Support Facilities Building TLT Tower 1 - PT Telkom Landmark Tower	5,3%	109.431
4	Construction of Affordable Housing Tower B Nuansa Cilangkap	6,7%	139.865
5	Construction of The Oncology Center Buiding at Klaten Hospital - Ministry of Health	12,0%	248.432
6	Construction of The Office Buiding in Gresik Area - Bank Mandiri (Persero)	4,5%	92.793
7	Construction of The Shared Lecture Building V at Universitas Muhammadiyah Malang	1,4%	29.133
8	Construction of an Office Buiding in The Gresik Area	6,5%	134.320
9	Construction of a Support Building for The Bank in Karawang	7,2%	150.250
10	Holistic School	8,5%	175.586
11	The Grand Mosque of Southeast Sulawesi	9,5%	197.748
	Modular		
1	14 Modular Projects	27,3%	565.049
	Total Contract In IDR Million		**2.072.974**

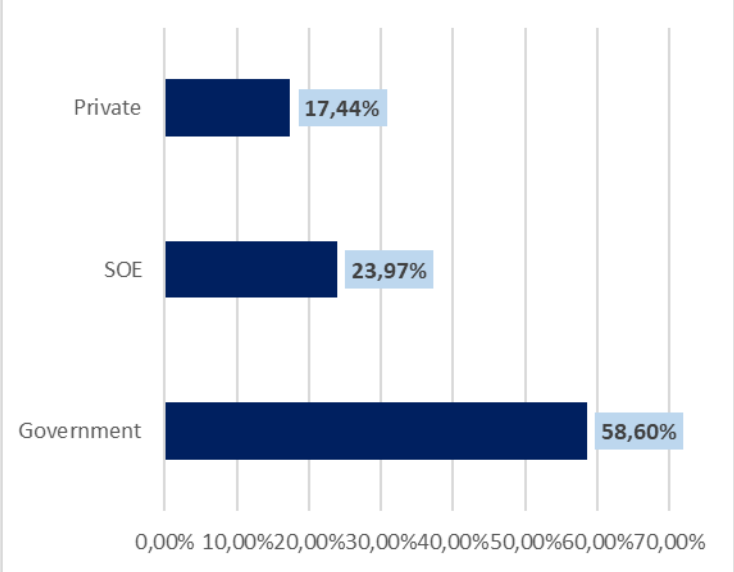
Total Order Book vs New Contract (In IDR bn)



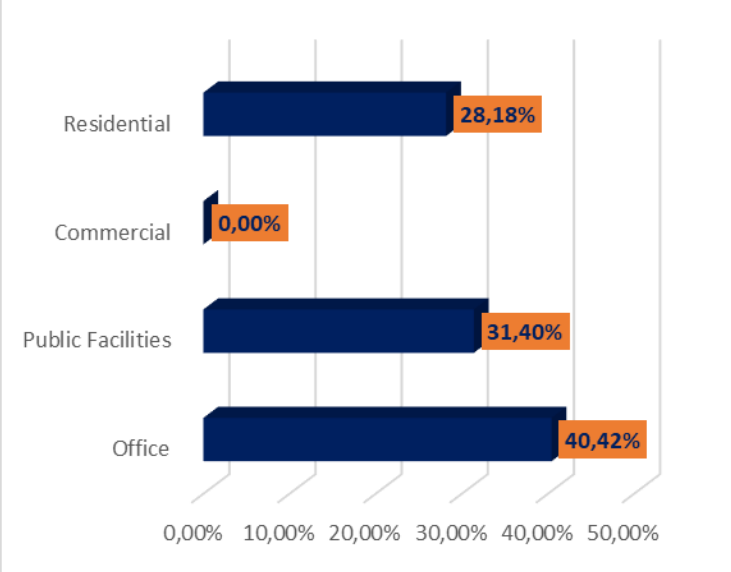
Net profit margin and EBITDA margin (%) yoy



New contract based on project owner yoy (%) as of 10M24



New contract by segment as of 10M24



BINAARTHA SEKURITAS

Source: Company and binaartha

Income Statement YoY in IDR Billion

Income Statement (IDR. in bn)	2019A	2020A	2021A	2022A	2023A
Revenues	**4.568**	**2.810**	**3.168**	**2.366**	**3.980**
Cost of Revenues	(4.102)	(2.598)	(2.898)	(2.138)	(3.676)
Gross Profit	**465**	**212**	**270**	**228**	**303**
Operating Expenses	(71)	(63)	(58)	(61)	(74)
Operating Income	**394**	**149**	**212**	**167**	**230**
Other Income	63	7	4	63	(183)
Profit Before Tax	**457**	**156**	**216**	**230**	**47**
Tax expense	(0)	0	(0)	0	0
EPS	47	16	22	24	5
Net Income	**452**	**153**	**214**	**230**	**46**
EBITDA	**499**	**226**	**326**	**323**	**140**

Statement of Financial Position in IDR Billion

Statement of Financial Position (IDR. in bn)	2019A	2020A	2021A	2022A	2023A
Cash and cash equivalent	1.456	1.508	1.468	916	149
Trade Account Receivable	873	645	565	539	927
inventory	360	377	323	371	453
Other current asset	2.398	2.173	2.101	2.153	3.582
Current Asset	**5.087**	**4.703**	**4.457**	**3.980**	**5.110**
Fixed Asset	149	181	142	93	111
other long term asset	962	1.199	1.375	1.352	2.229
Total non current Asset	**1.110**	**1.379**	**1.517**	**1.445**	**2.339**
Total Asset	**6.197**	**6.082**	**5.974**	**5.424**	**7.450**
Trade Account Payable	1.875	2.122	2.007	1.050	1.854
Short Term bank loans	177	406	429	500	475
Other short term liablities	1.006	636	626	457	756
Total current liabilities	**3.058**	**3.164**	**3.063**	**2.008**	**3.085**
long term liabilities	670	605	421	775	637
Bank Loan		106	101	94	99
employee benefits	10	12	7	8	13
Total long term/ non current liabilities	**680**	**723**	**529**	**877**	**749**
Total Liabilities	**3.738**	**3.887**	**3.592**	**2.884**	**3.834**
non controlling interest	30	33	35	2	44
Total Equities	2.429	2.162	2.346	2.538	2.383
Total Liabilities & Equity	**6.197**	**6.082**	**5.974**	**5.424**	**6.260**

Source: Binaartha & Company

Cash Flow in IDR Billion

Cash Flow (IDR. in bn)	2018A	2019A	2020A	2021A	2022A	2023A
+ Net Income	444	452	153	214	230	46
+Depreciation	19	21	37	46	36	27
- Change in WC	-310	55	542	105	-1.130	-821
Cash From Operating Activities	**154**	**529**	**733**	**364**	**-864**	**-748**
capex	-197	-516	-307	-184	37	-922
cash from investing activities	**-197**	**-516**	**-307**	**-184**	**37**	**-922**
long term liabilities	168	-199	-65	-184	353	-138
Bank Loan			106	-5	-7	5
other long term liabilities	-27	5	2	-5	1	5
Equity	-31	-129	-418	-27	-72	-159
cash from financing activities	**110**	**-322**	**-375**	**-221**	**276**	**-287**
Net Changes in Cash	67	-310	52	-40	-552	-1.957
Beginning Balance	**1.699**	**1.766**	**1.456**	**1.508**	**1.468**	**916**
Ending balance	**1.766**	**1.456**	**1.508**	**1.468**	**916**	**-1.041**

Source: Binaartha & Company

Financial Ratio Highlights

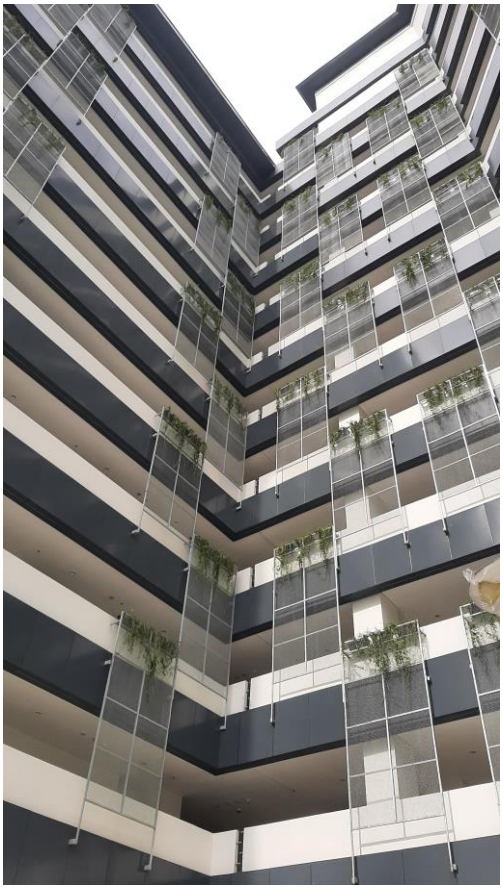
Ratio highlights YoY	2018A	2019A	2020A	2021A	2022A	2023A	9M2023	9M2024
Growth (%)								
Revenues	49,32%	-21,55%	-38,48%	12,74%	-25,31%	68,19%		-12,30%
OP	27,24%	-23,96%	-62,26%	42,63%	-21,24%	37,35%		-16,48%
EBITDA	43,00%	7,45%	-54,63%	43,88%	-0,84%	-56,56%		-1,01%
Net profit	50,66%	1,67%	-66,06%	39,53%	7,56%	-79,88%		119,52%
EPS	-5,32%	1,67%	-66,06%	39,53%	7,56%	-79,88%		119,52%
Profitability (%)								
GPM	10,25%	10,18%	7,55%	8,54%	9,64%	7,62%	7,48%	7,90%
Operating Margin	8,90%	8,63%	5,29%	6,70%	7,06%	5,77%	8,81%	8,39%
EBITDA margin	7,97%	10,92%	8,05%	10,27%	13,64%	3,52%	3,28%	3,70%
NET Profit margin	7,63%	9,89%	5,45%	6,75%	9,72%	1,16%	0,83%	2,09%
ROA	7,54%	7,29%	2,52%	3,58%	4,24%	0,62%	0,41%	0,92%
ROE	21,04%	18,59%	7,09%	9,12%	9,06%	1,94%	0,85%	1,82%
Liquidity (x)								
Current Ratio (X)	1,83	1,66	1,49	1,45	1,98	1,66	2,13	2,06
Cash Ratio	0,61	0,48	0,48	0,48	0,46	0,05	0,09	0,09
Solvability (x)								
Total debt/ Total equity (x)	1,78	1,54	1,80	1,53	1,14	1,61	1,09	0,98
Int. Coverage (x)	1053,47	22,40	4,81	3,41	4,08	0,70	0,47	2,35
Debt Ratio	0,64	0,60	0,64	0,60	0,53	0,51	0,52	0,50
Per Share data (Rp)								
EPS	46,41	47,19	16,01	22,34	24,03	4,84	2,24	4,92
BVS	220,55	253,76	225,86	245,10	265,13	248,96	264,16	269,34

Pictures of Site visit WEGE on ITB Innovation Park Project Bandung, West Java











Source: Binaartha & Company

Stock Ratings:
Buy: a recommendation to purchase the security with upside potential of 12% or greater
Hold: a recommendation to neither buy nor sell a security with upside potential of 6.00%-11.99%.
Sell: a recommendation to close out a long position in a security with upside potential below 5.99% or negative.

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