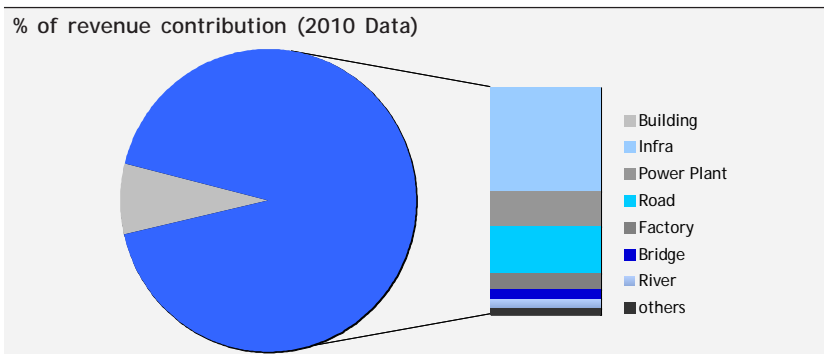
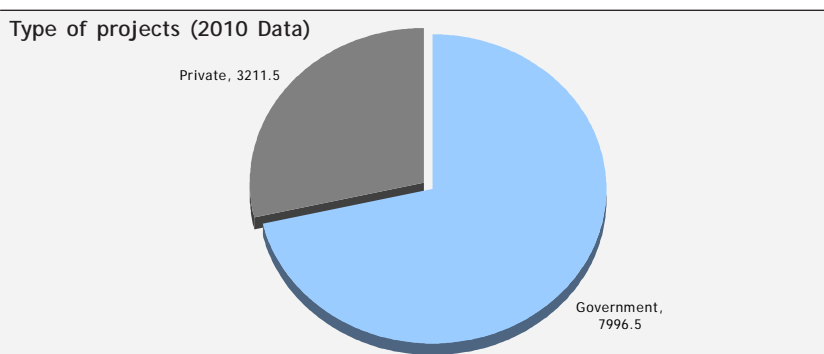


## WIKA: Integrated Infrastructure Business

WIKA is a unique construction company, which the construction only contribute 55% of total revenue. WIKA also a large exposure to infrastructure projects as most of their projects comes from government. Hence, we expect that the other revenue will be their vertical and horizontal integration in infrastructure area. WIKA targeting the government projects as they see it will provide the assurance of project payment than private ones. They also move to the smaller constructions in regions targeting APBD (Regional Budget) projects below Rp100bn.



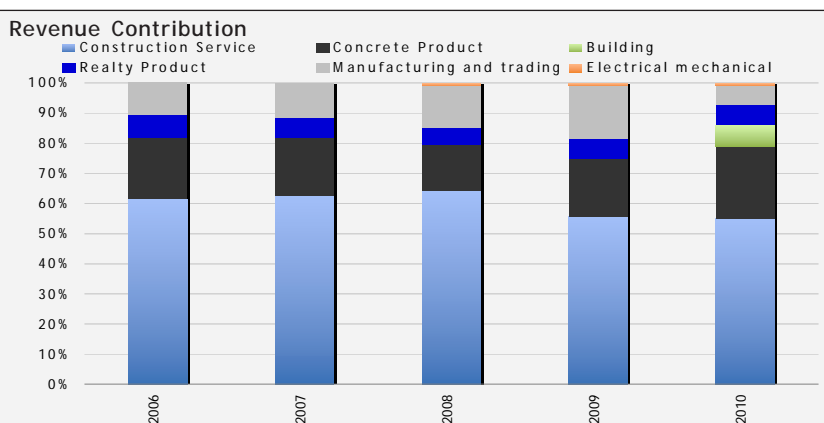
Source: Company



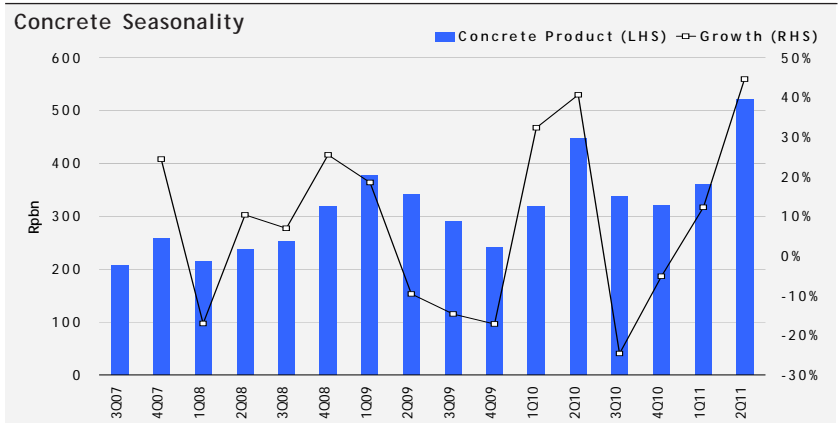
Source: Company

### WIKA Concrete: A Real Supportive Agent

WIKA concrete already reached 25% total revenue in FY10. With its steady growth at 10-15% per year, WIKA concrete will be the most supportive business. WIKA Concrete has been supportive to provide liquidity for its construction business to provide cash and recurring income for WIKA. WIKA already expand its concrete plant in Karawang, adding 150k metric tons to 1.5mn tons capacity in FY11. The company, however, don't want to be overexpansion due to the seasonality pattern. Hence, the management still believes that its concrete product will still able to capture the elevated inner ring road toll road in Jakarta projects as the project will not come simultaneously.



Source: Company, TRIM Research



Source: Company, TRIM Research

### WIKA Power Plant: Experience for Bidding Position

WIKA currently focus on EPC business especially in power plant business. WIKA built these power plants through the BOT system. In these projects, WIKA role limited by operation only as the power source is given by PLN. In their Bali power plant, it will contribute only 2.8% of revenue since FY11 up to FY18. However, this move will equip WIKA for the next bigger power plant project and increase their bidding position.

WIKA also expand through property business under the Tamansari brand and the location spread in Indonesia, land bank reaches 150 Ha.

Power Plant Projects							
Project	Location	Capacity	Investment	WIKA ownership	System	Price /kwh	Revenue Contribution
Diesel	Bali	3x18 MW	560	85%	8 years BOT	-	v
Geothermal	Tampomas	40 MW	1057	55%	30 years BOT	-	-
Gas	Borang	60 MW	816	100%	7 years BOO	495	-
Gas	Rengat	20 MW	128	53%	8 years BOO	335	-

Source: Company, TRIM Research

### WIKA Asphalt Project

Having 60% share and join with TINS, WIKA already buy 30Ha land in Buton Island that produce one of the best asphalt in the world. The reserve will end in about 300 years and WIKA already doing the pilot project for asphalt processing. Commercial production still haven't begin yet as they are waiting for US technology to provide big machine capacity. This asphalt project targeted to have 50kmn tons production per year.

### Valuation

WIKA vertical and horizontal integration in infrastructure business will contribute to the longer-term impact. If a project seems no more related to the WIKA business, they can easily sell the asset. WIKA currently traded at 9.6 x forward PE, premium to its peers at 7.8 x forward PE.

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