# PT WIJAYA KARYA Tbk
# SURFING SMOOTHLY

**Company In Brief:**

PT Wijaya Karya (Persero) Tbk [BEI Code: WIKA], with 49-year experience, is the market leader in infrastructure industry. WIKA is an integrated infrastructure company with a complete set of competence of construction, concrete production, real estate development, and construction material trading. WIKA also has a national and international reputation. WIKA prides itself in becoming the contractor of projects equivalent to Power Plants Banten 2 Labuan and Pelabuhan Ratu, Suramadu Bridge, Cement Plant Indocement and many others. WIKA grows to be the largest company with EPC competence by acquiring specialties companies.

WIKA has been listed in IDX since October 2007 and use the fund to finance its expansion in EPC, power plants, toll road projects, and international construction projects. WIKA has received an award for The Best Listed Company in Property and Construction Sector by the Investor Magazine in 2009.

www.wika.co.id

## Outlook:

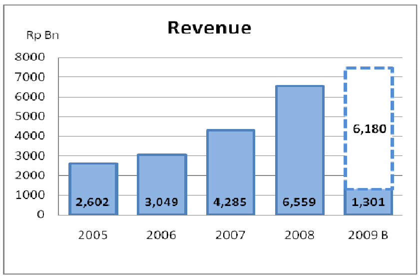
- Sales could grow to IDR 7.48 trillion in 2009 supported by strong government's commitment to boost infrastructure projects to prepare for 2010-2011 economy growth.
- Pushing the operating margin to 5.8% as efficiency programs such as waste management and innovative designs are implemented.
- Capital expenditure is planned at IDR 250 billion that will be used mainly for acquisition, investments, and business expansion

## Assumptions Used:

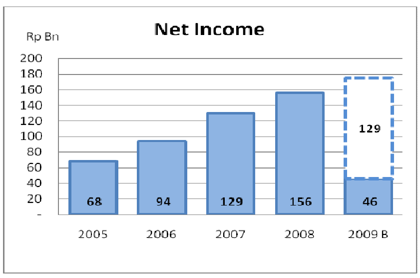
- Economic growth will remain at 6%, GDP at IDR 5,327 trillion, and exchange rate at IDR 9,400/USD.
- Government's budget rises to IDR 1,037.1 trillion, while state ministries budget rises to IDR 58.7 trillion
- Inflation rate will be maintained at 6.2% as BI's benchmark rate will stay at approximately 7.5%.
- Oil Price at USD 80/barrel
- Lending rate 13-17% pa.


## Financial Highlight (As in Audited FY 2008 Report):

Revenue : Rp 6,559 B




Net Income : Rp 156 B




| | |
|---|---|
| Current Ratio | : 1.44x |
| DER | : 3.11x |
| ROE | : 11.27% |
| ROA | : 2.70% |
| EPS | : Rp 26.75/shr |
| PER | : 8.22 (as of April 1, 2009) |

## Financial Summary

HIGHLIGHT OF WIKA INCOME STATEMENT
For the Period Ended December 31 and March 31
(In IDR Bn)

| | Audited Financial Statement for the Year Ended | | | Unaudited Financial Statement for March 31 | | |
|---|---|---|---|---|---|---|
| | **2007** | **2008** | **% YOY** | **Q1 2008** | **Q1 2009** | **% YOY** |
| Net Revenue | 4,284.58 | 6,559.08 | 53% | 1,142.20 | 1,300.90 | 14% |
| COGS | 3,925.62 | 6,113.05 | 56% | 1,071.23 | 1,181.96 | 10% |
| Gross Profit (including JO Projects) | 376.31 | 442.93 | 18% | 69.22 | 111.31 | 61% |
| | | | | | | |
| Sales Expenses | 10.95 | 2.59 | -76% | 0.62 | 0.40 | -35% |
| G&A Expenses | 124.75 | 152.41 | 22% | 23.40 | 33.45 | 43% |
| Operating Income | 240.61 | 287.93 | 20% | 45.19 | 77.46 | 71% |
| Interest Income | 10.53 | 53.74 | 410% | 12.23 | 8.54 | -30% |
| Interest Expense | (51.04) | (44.02) | -14% | (7.03) | (15.94) | 127% |
| Other Income (Expenses) excl. Interest | (12.15) | (49.81) | n/a | (0.19) | (9.62) | n/a |
| Pretax Income | 187.95 | 256.41 | 36% | 50.21 | 60.43 | 20% |
| Tax Expense | (44.33) | (81.76) | 84% | (10.95) | (9.14) | -17% |
| Net Income | 129.14 | 156.03 | 21% | 36.16 | 45.92 | 27% |

HIGHLIGHT OF WIKA BALANCE SHEET
As of December 31 and March 31
(In IDR Bn)

| | Audited Financial Statement as of December 31 | | | Unaudited Financial Statement as of March 31 | | |
|---|---|---|---|---|---|---|
| | **2007** | **2008** | **% YOY** | **Q1 2008** | **Q1 2009** | **% YOY** |
| Cash and Cash Equivalents | 1,364.82 | 1,051.43 | -23% | 957.05 | 1,009.16 | 5% |
| Account Receivables | 599.23 | 1,039.10 | 73% | 655.10 | 955.48 | 46% |
| Inventories | 464.47 | 1,350.02 | 191% | 645.50 | 1,285.11 | 99% |
| **Total Current Assets** | **3,687.32** | **5,229.93** | **42%** | **3,886.98** | **5,060.11** | **30%** |
| | | | | | | |
| Fixed Assets | 245.50 | 335.88 | 37% | 251.99 | 330.96 | 31% |
| **Total Non Current Assets** | **445.74** | **541.49** | **21%** | **432.81** | **607.52** | **40%** |
| **TOTAL ASSETS** | **4,133.06** | **5,771.42** | **40%** | **4,319.80** | **5,667.63** | **31%** |
| | | | | | | |
| Short Term Loans | 175.99 | 603.84 | 243% | 190.56 | 473.22 | 148% |
| Trade Payables | 973.74 | 1,307.00 | 34% | 974.52 | 1,200.03 | 23% |
| Current Maturities of Long Term Debt | 133.44 | 23.57 | -82% | 133.77 | - | -100% |
| **Total Current Liabilities** | **2,231.96** | **3,620.59** | **62%** | **2,228.25** | **3,275.94** | **47%** |
| **Total Non Current Liabilities** | **544.95** | **683.44** | **25%** | **696.13** | **877.18** | **26%** |
| **Total Equity** | **1,291.21** | **1,384.64** | **7%** | **1,327.37** | **1,421.54** | **7%** |

HIGHLIGHT OF WIKA RATIO
As of December 31 and March 31

| | Audited Financial Statement as of December 31 | | | Unaudited Financial Statement as of March 31 | | |
|---|---|---|---|---|---|---|
| | 2007 | 2008 | % YOY | Q1 2008 | Q1 2009 | % YOY |
| Current Ratio | 1.65 | 1.44 | -13% | 1.74 | 1.54 | -11% |
| Debt to Equity Ratio | 2.15 | 3.11 | 45% | 2.20 | 2.92 | 33% |
| | | | | | | |
| Collection Period (Days) | 51.05 | 57.82 | 13% | 52.34 | 67.02 | 28% |
| Payable Period (Days) | 90.54 | 78.04 | -14% | 83.01 | 92.65 | 12% |
| | | | | | | |
| Return on Equity | 10.00% | 11.27% | 13% | 10.90% | 12.92% | 19% |
| Return on Assets | 3.12% | 2.70% | -13% | 3.35% | 3.24% | -3% |
| Gross Margin | 8.78% | 6.75% | -23% | 6.06% | 8.56% | 41% |
| Operating Margin | 5.62% | 4.39% | -22% | 3.96% | 5.95% | 50% |
| Profit Before Tax Margin | 4.39% | 3.91% | -11% | 4.40% | 4.65% | 6% |
| Net Margin | 3.01% | 2.38% | -21% | 3.17% | 3.53% | 11% |
| Total Asset Turnover | 103.67% | 113.65% | 10% | 105.76% | 91.81% | -13% |

* All quarterly data are from unaudited financial statements

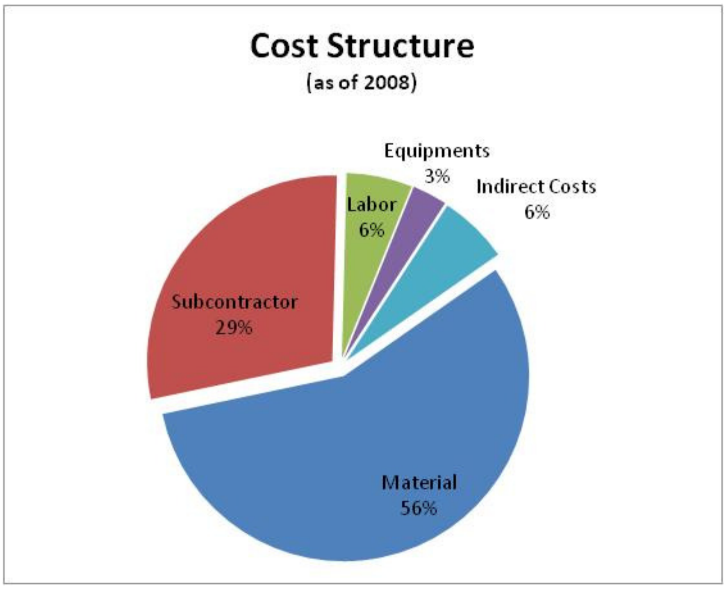
**Management Discussion and Analysis of the Year 2008**

The Company is on the right track to realize the targeted sales of IDR 10.47 trillion in 2010. In 2008, the Company reaped IDR 6.56 trillion in sales. One of the important pillars in such performance was the Company's participation in 10,000 MW power generation government's project.

Net income rose 21% in 2008 to IDR 156.03 billion as compared to IDR 129.14 billion in 2007. The increase was due to the upward movements of the gross profit by 18% and operating profit by 20 compared to that in the previous year. The net profit growth has included the jump in tax expenses by 84.5% to IDR 81.8 billion and in minority rights interest on the Company's profit by 28.5% to IDR 18.6 billion.

The rise in net income drove WIKA's ROE also increase from 10% in 2007 to 11.27% in 2008. This is an excellent performance considering that this increase was achieved while the Company experienced the price hike of iron/steel and oil in 2008. The highest price of iron ore in 2008 was IDR 12,000 per kg while the highest price of crude oil in international was US$ 147.3 per barrel, on July 2008.

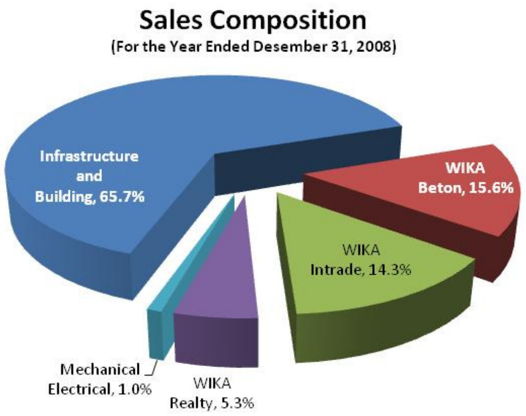
Substantial component of the Company's costs were cost of sales and operating expenses. Cost of sales consisted of IDR 3.42 trillion of raw material representing 56% of the total cost of sales; IDR 1.77 trillion of sub contractors, representing 29% of the cost of sales; IDR 366.78 billion of wages, representing 6%; IDR 183.4 billion of equipment representing 3%; and IDR 366.78 billion of indirect costs representing 6% of the total cost of sales.

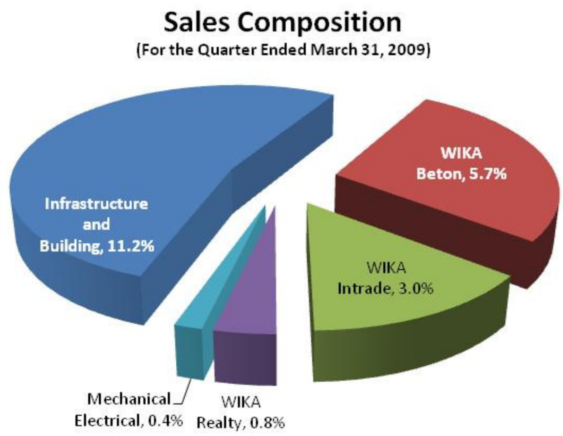



Tax is also an important issue in 2008 financial performance. The current tax increased by 80.2% to IDR 72.7 billion in 2008 due the swelling profit before tax and the implementation of Government Decree No. 51 on final tax on the construction service revenue. The holding company's deferred tax dropped to zero due to the implementation of the Government Decree no. 51.

**Business Segments**

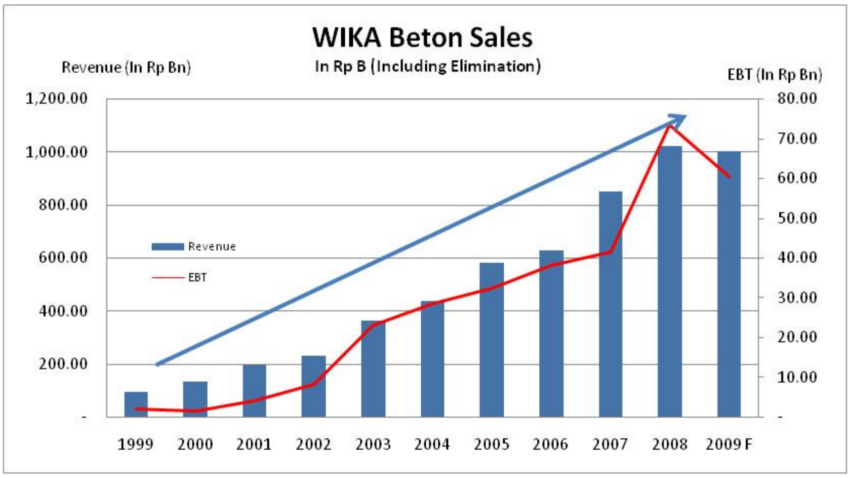
Construction contributed 65.7% of 2008 revenue and accounts for 42.75% of the company's operating income. Construction works include power plants and mechanical electrical, bridges and roads, port, irrigation, barrages, and building. The competencies owned by WIKA are well-reflected in the structure below. In the first quarter of 2009, construction contributed 56.34% in sales and 41.79% in operating income.




Revenue composition among the construction business and business of the subsidiaries can be seen in the graph.

WIKA Beton controls 65% of market share in precast concrete business and contributes 15.6% of WIKA's 2008 consolidated revenue, or IDR 1 trillion. WIKA Beton's operating income in 2008 was IDR 77.67 billion or representing 7.6% of profit margin.

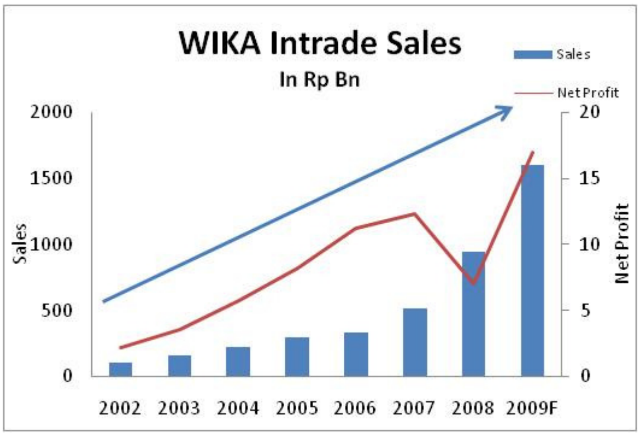



In the first quarter of 2009, WIKA Beton recorded a sales of IDR 377 billion and an operating profit of IDR 35.86 billion, representing an operating margin of 9.5%. WIKA Beton is contributing approximately 28.96% of the total WIKA's sales in the first quarter of 2009.

Its 7 plants' capacity reaches 1 million tons per year, and WIKA Beton has expanded its Bogor Plant by 150,000 tons per year, making the total capacity to 1.15 million tons per year.

WIKA Intrade produces and trades various products especially construction material such asphalt, elevator, WIKA Intrade also produces automotive parts to optimize equipments acquired previously.

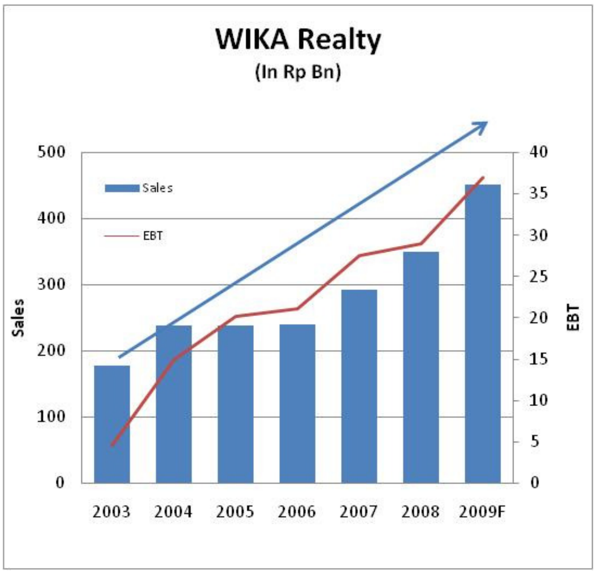
WIKA Intrade manufactures certified gas tanks with large capacity of 3.3 million tanks/ year and would be increased to 7.2 million tanks/ year. WIKA Intrade just secured a contract to manufacture another 9.25 million tanks with a contract value of Rp 1.2 trillion. WIKA Intrade will manufacture 2 million tanks of the total 9.25 million in 2008, while the rest will be manufactured in 2009.




WIKA Intrade contributes 14.35% of total corporate revenue in 2008 and 15.2 % of operating income. Its revenue in 2008 was IDR 941 billion. In the first quarter of 2009, WIKA Intrade's contribution to sales exceeds 15.18% and to operating income exceeds 9.75%.

WIKA Realty develops residential complex, vertically and horizontally. WIKA Realty is developing studio type residences in central Jakarta area, aiming the young and high income executives working in the Jakarta.

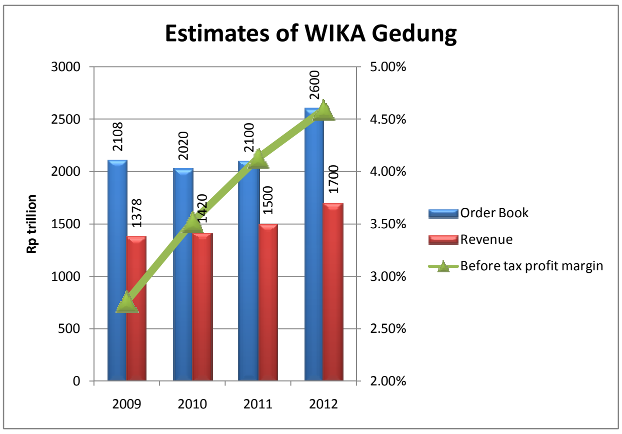
To minimize financial risk, WIKA Realty does not acquire lands and therefore retains few land banks and higher asset turnover. In doing it, WIKA Realty builds wide and strong cooperation with the land owners. In sum, WIKA Realty is building strong competencies in designing and constructing residences with lesser risks compared to other property developers.




WIKA Realty is currently developing 12 areas throughout Indonesia: Tamansari Puri Bali, Tamansari Bukit Damai, Tamansari Persada Bogor, Tamansari Manglayang Regency, Tamansari Bukit Mutiara, Tamansari Metropolitan Manado, Tamansari Pelabuhan Ratu, Grand Tamansari Samarinda, Ciomas Hills, Fatmawati Festival, Tamansari Majapahit, and Tamansari Pesona Bali.

Its 2008 revenue was IDR 352.86 billion. Its operating margin was one of the highest at more than 10%. In the first quarter of 2009, WIKA Realty recorded an IDR 51.44 billion of revenue and maintain its position as one of the highest margin segment for WIKA.

WIKA Gedung, the new but familiar member of WIKA, is expected to be able to increase its revenue 21.4% per year and becoming the top three building construction company in Indonesia. WIKA Gedung's target in the coming 4 years is as follows:




WIKA Gedung is optimist that the demand for high rise building will increase as land becomes a rare commodity in Jakarta and other big cities in Indonesia. In the first quarter of 2009, WIKA Gedung has recorded a sales of IDR 2.4 billion.

WIKA Insan Pertiwi, another new subsidiary that was acquired in 2008, has contributed a net sales of IDR 62.6 billion in 2008 and contributed IDR 6.08 billion in earning before tax. In the first quarter of 2009, WIKA Insan Pertiwi contributed IDR 23.55 billion of sales and IDR 3.6 billion of operating income.

**Outlook**

WIKA could reach IDR 7.48 trillion in sales and IDR 175 billion in net income due to a more stable condition in 2009, better market in 2010, and WIKA's strategic moves to maintain liquidity, restructure its integrated portfolio and efforts to increase its efficiency. The target sales reflects a 14% growth from 2008, while the target net income reflects a 12% growth from 2008.

There are several factors that make WIKA optimists that the target contract won will be achieved. The first one is governments' budget on infrastructure is larger as government launched the stimulus programs along with a strong commitment to enlarge Indonesian infrastructure to prepare for the coming economic boom. Government's budget rises to IDR 1,037.1 trillion, while state ministries budget rises to IDR 58.7 trillion.

Secondly, as Indonesian economy will still be growing and historically, infrastructure grew larger than the economy growth. As the stated economic growth will be at% then, infrastructure market will still be growing at approximately 9%.

Thirdly, regional governments are more active due to the regional autonomy. WIKA WIKA has just formed a new structure in which enabling the company to absorb smaller contracts in municipalities. Regional and International Division is responsible to find below IDR 50 billion of contracts, and usually the projects are located in remote areas or smaller regions. Therefore, WIKA is able to exploit the opportunities better.

WIKA is also putting efforts toward reaching the target. First of all, WIKA will continue to maintain a good level of its liquidity and secure its working capital. The IPO funds have tripled the company's chance to get working capital needed to win several mega contracts.

Secondly, the Company will prioritize more projects in the public sector, which is funded by the government of other state-owned enterprises.

Thirdly, the Company will continue its move to be more efficient in its operation by targeting an efficiency of one percent of the business expenses. This efficiency can be achieved in various aspects, including raw materials and overhead costs. To reach the target, the BoD have issed a special policy on the efficiency.

The holding company's income tax burden is also dropped almost to zero, as the Company is now able to pass through the tax burden to project owners based on the Government Decree No. 51 on final tax on construction companies. The effective tax rate will be approximately 9% of the profit before tax as the tax will only be imposed on the subsidiaries' profit before tax.

Revenue schedule for the next 4 years are as shown below and will be the guidelines for the division to achieve. Toll, road, and bridges will be merged with port, irrigation and barrage starting in 2010.

| In IDR million | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|
| Toll, road, & bridges | 827,166 | 2,900,000 | 4,600,000 | 5,900,000 |
| Port, Irrigation, & Barrage | 628,682 | | | |
| Building | 1,326,725 | 1,420,000 | 1,500,000 | 1,700,000 |
| Powerplant & ME | 1,638,519 | 3,240,000 | 4,128,000 | 5,169,000 |
| Precast Industry | 1,000,000 | 1,260,000 | 1,500,000 | 1,700,000 |
| Trade & Metal Ind | 1,609,192 | 800,000 | 1,100,000 | 1,300,000 |
| Realty | 450,800 | 850,000 | 1,150,000 | 1,725,000 |
| **TOTAL** | **7,481,084** | **10,470,000** | **13,978,000** | **17,494,000** |

Meanwhile, its operating margin structure is as below:

| | 2009 | |
|---|---|---|
| | Sum | Operating Margin (%) |
| Toll, road, & bridges | 68,655 | 8.30% |
| Port, Irrigation, & Barrage | 51,287 | 6.04% |
| Building | 101,325 | 8.30% |
| Powerplant & ME | 99,362 | 6.04% |
| Precast Industry | 68,150 | 6.82% |
| Trade & Metal Ind | 42,210 | 2.62% |
| Realty | 56,250 | 12.48% |
| **TOTAL** | **487,238** | |
| **AVERAGE** | | **6.51%** |

Any question is welcomed and to be sent to:
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