

## PT WIJAYA KARYA (Persero) Tbk.

### Minutes of the Public Expose Live 2020

WIKA Tower II Building

Jl. D.I. Panjaitan Kav. 9-10 East Jakarta

25 August 2020

#### Presented by

Agung Budi Waskito : President Director  
Ade Wahyu : Director of Finance  
Hananto Aji : Director of Operations I  
Sugeng Rochadi : Director of Operations III  
Mursyid : Director of Human Capital and Development

**Moderator** : Bima Ardiansyah

**Attendees** : 1,639 attendees, consisting of analysts, investors, and journalists. The presentation was livestreamed using the Zoom application.

The following is a summary of the question-and-answer session of the Public Expose Live 2020:

#### 1. Michael Sugianto

##### Question:

What are examples of innovations that WIKA has adopted and what are its solutions to rise above the competition?

##### Answer:

WIKA has always favoured innovation, both in the end product and process of a given project, in every work unit across the WIKA Group. An example of our innovation is in the buildings and infrastructure segment. As part of our support to the Government's effort to manage the COVID-19 Pandemic, the modular construction system enabled WIKA to complete hospitals on Pulau Galang and Lamongan in less than 2 weeks. In the precast segment, WIKA implements precast methods to construct multilevel housing in earthquake-prone areas, such as Palu and Nusa Tenggara.

WIKA is also one of the leaders in the innovation of the first national electric motorcycle, which we expect to have favourable potential in the future.

WIKA is not only active in the domestic market but is also expanding overseas. Currently, WIKA is working in 9 countries in Asia and Africa. We hope overseas sales to contribute at least 6% to our sales in 2020.

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**2. Nasip Morgan**

**Question:**

What are WIKA's preparations to compete in the international market to make Indonesia proud?

**Answer:**

WIKA is a state-owned construction enterprise whose contribution is recognised in 9 countries in Asia and Africa. Currently, we are working with the Ministry of State-owned Enterprises to become a leader in the BUMN Go Global effort.

**3. Felix Jonathan**

**Question:**

In addition to infrastructure development projects, what measures are taken by WIKA to manage deflation in the economy caused by the COVID-19 Pandemic?

**Answer:**

As of this time, measures that WIKA have taken to manage deflation in the economy include taking an active role in infrastructure development projects. Among others, we are assisting the Government to construct healthcare facilities, e.g. designated COVID-19 hospitals. In addition, the WIKA Corporate Social Responsibility (CSR) programme has assisted to provide personal protective equipment (PPE) for healthcare workers.

**4. Faisal Ahmad**

**Questions:**

What are the major challenges that WIKA is currently facing in the infrastructure sector? What are the measures taken to resolve those challenges?

**Answer:**

The COVID-19 Pandemic has caused a number of project owners to delay their tendering process and reduce their capital expenditure (capex). Consequently, WIKA has secured fewer new contracts, which in turn resulted in a decline in sales and will ultimately decrease our net profit. Our current focus is to achieve the revised net profit goal for 2020. We also hope that tenders for new projects to begin soon in the remainder of the current year so that WIKA can start its recovery in 2021.

**5. Dony**

**Questions:**

How is WIKA going to reduce its increasing debt-to-equity ratio ("DER")? In connection with the new capital city, does WIKA have favourable prospects going forward?

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**Answer:**

WIKA's debt-to-equity ratio in 2019 was 2.23 times and in Q2-2020 was 2.70 times. This was caused by a decrease in WIKA's equity from Rp19.2 trillion in FY2019 to Rp16.2 trillion in Q2-2020 as the adoption of PSAK 71, 72, and 73 resulted in an increase in the allowance for impairment losses (*Cadangan Kerugian Penurunan Nilai*, "**CKPN**").

At this time, we are looking to recover impairment expenses as much as possible, and at the very least establish a new allowance for impairment losses. In addition, we are looking to accelerate payment of receivables to reduce the Company's dependence on banks for its cash flow. Furthermore, we are looking to create projects that are independent in terms of its cash flow.

As for the new capital city, WIKA is ready to participate in constructing the new capital city. Based on past projects and experience, WIKA has the opportunity to contribute to this project.

**6. Rena Novita**

**Questions:**

- a. Is the Serang-Panimbang Toll Road project facing delays and when is the expected completion of the project?
- b. What is the Company's strategy for the new normal until Q4-2020?

**Answers:**

- a. Progress of the Serang-Panimbang Toll Road project is currently at 65.90% and is not facing any delays. The project is divided into 3 sections, where sections 1 and 2 are constructed by the Toll Road Enterprise (*Badan Usaha Jalan Tol*, "**BUJT**"), in this case by the WIKA Serang-Panimbang. Section 3 will be constructed under the Viability Gap Fund ("**VGF**") scheme and is currently being tendered.

WIKA is currently focusing on completing Section 1. We expect to complete the section in November of this year and ready for use in early 2021. Construction of Sections 2 and 3 will start at the same time.

- b. In the new normal until the end of this year, the Company's strategy is to focus on achieving the revised net profit target of Rp208 billion by maximising production in ongoing projects. In addition, the Company is also accelerating payment of receivables so that its cash flow remains healthy.

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