



Number : SE.01.01/A.CORSEC.01771/2023
Attachment(s) : -

10 November 2023

To:

Head of Listings 2 (Kepala Divisi Penilaian Perusahaan 2)
PT Bursa Efek Indonesia
Gedung Bursa Efek Indonesia Tower I Lantai 6
Jl. Jend. Sudirman Kav. 52 – 53
Jakarta Pusat 12190

Subject : **Response to IDX Queries and Additional Documents of PT Wijaya Karya (Persero) Tbk. (“Company”)**

Dear Sir/Madam,

We refer to the letter from PT Bursa Efek Indonesia (“IDX”) Number S-09706/BEI.PP2/11-2023 dated 7 November 2023 on IDX Queries and Additional Documents of PT Wijaya Karya (Persero) Tbk. We wish to inform you as follows:

1. Clarification concerning standstill approval from the Company’s lenders

a. Details of the standstill application status as of 8 November 2023

Currently, the Company has obtained approval from 12 out of 15 bank lenders. The Company is not yet able to disclose the main provisions of the agreement, such as the amounts and details of the lenders in the plan, since the matters are still being negotiated with each lender. Once the provisions have been finalised and stated in a Master Restructuring Agreement (“MRA”), the Company will disclose the information to the public.

b. Details of the debt repayment scheme if the standstill application is approved

The Company is proposing a debt repayment scheme which, in summary, allows the Company to prioritise working capital funding for its operations. In addition, the Company will focus on improving its condition, a long-term restructuring solution expected by bank lenders. However, the finalised repayment scheme can only be disclosed after the MRA has been signed.

c. Challenges experienced by the Company to obtain the approval

Each lender has separate agreements and different procedures to apply for standstill approval. At time of writing, the Company continues to hold discussions with lenders to obtain standstill approval.

DISCLAIMER:

This Document is a translation of an official document issued by the respective party. If there are discrepancies between the Bahasa Indonesia and English document, the Bahasa Indonesia document shall prevail.



d. Other alternative strategies by the Company if not all lenders approve the standstill application

Several lenders have expressed their opinion to immediately carry out the restructuring process through the MRA. Therefore, the Company expects that the MRA can still be finalised together with all lenders.

2. The Company proposed 8 financial recovery methods in its restructuring proposal, and one of the methods is to improve the order book portfolio to reduce cash deficit. Explanation on the matter:

a. Reasons for the Company's cash and working capital deficits

- Payments to the Company's suppliers, business costs, and tax are larger than receivables from customers. This is because the Company has not yet received full payments from project owners who are still impacted by the Covid pandemic. Some project owners are still in the financial closing process while the project has been completed by the Company.
- The Company bears interest on outstanding working capital loans and on long-term investment projects financed by loans.
- The Company needs to finance ongoing investment projects to ensure their completion and carry out asset recycling of such projects.

b. Details of the Company's process to improve its order book portfolio

The Company is currently refocusing to project-based business (without making new investments), where acquisition preference is given to projects with monthly progress payments and advance payments. The Company also applies the four eyes principles in selecting project owners. In total, 92% of the Company's order book consists of projects from external project owners, thus allowing the Company to generate other source of cash. Based on the Company's records as of October 2023, more than 65% of the projects are owned by the Government and State-owned Enterprises (SOEs) under a monthly payment scheme. This is a significant increase compared to 2019, where there were only 29% of projects owners are the Government and SOEs. Under this payment scheme, the Company seeks to independently manage cash flows of each project and minimise deficits in the projects' cash flows.

3. Details on the Company reducing employee count by 930 to 4,849 people as of July 2023 compared with February 2022

The Company's reduced employee count is due to the Company focusing on reducing business costs, one of the 8 financial recovery methods and part of the restructuring process. In terms of staffing, the Company adopts a minus growth approach, as follows:

- The Company does not extend the working period of employees entering retirement;
- The Company does not recruit replacements for retired employees; and
- The Company does not extend fixed-term contracts of employees recruited for a given project if such project has been completed.

DISCLAIMER:

This Document is a translation of an official document issued by the respective party. If there are discrepancies between the Bahasa Indonesia and English document, the Bahasa Indonesia document shall prevail.



4. Pursuant to the Company Letter No. SE.01.01/A.CORSEC.01656/2023 dated 24 October 2023 on Results of the General Meeting of Sukukholders (“RUPSU”) of the Wijaya Karya Shelf Registration Sukuk Mudharabah I Phase I Year 2020, the Sukukholders in the RUPSU rejected the proposal to extend the maturity of Wijaya Karya Shelf Registration Sukuk Mudharabah I Phase I Year 2020 Series A with an accelerated payment option and rejected the proposal to waive financial covenants as stipulated in the Trustee Agreement for the annual consolidated financial statement for the period ending on of 31 December 2023. Explanation on the abovementioned results:

a. **The Company’s actions to ensure timely repayment of the Bonds and Sukuk**

The improvement steps taken by the Company have been included in the 8 financial recovery methods, especially:

- Financial restructuring
- Accelerated collection of doubtful receivables
- Asset recycling
- Reduction of operating expenses
- Strengthening of capital structure

b. **Source of fund that will be used to pay the Wijaya Karya Shelf Registration Sukuk Mudharabah I Phase I Year 2020 Series A which will mature on 18 December 2023**

The Company will reconvene a RUPSU for the Sukuk on 30 November 2023. The Company proposes to postpone the payment of bonds and sukuk maturing in December 2023 and to waive the financial ratios in the annual consolidated financial statement for the period ending on 31 December 2023. However, the Company proposes to pay the coupons in accordance with the original timetable and sums as a win-win solution for stakeholders.

c. **The Company's efforts to ensure fulfilment of financial covenants as stipulated in the Trustee Agreement for the annual consolidated financial statement for the period ending on 31 December 2023**

The Company is currently proposing to waive financial covenants for the annual consolidated financial statement for the period ending on 31 December 2023 as stipulated in the Trustee Agreement. The Company has published the invitation to the RUPO and RUPSU to bondholders and sukukholders in a newspaper with national circulation.

5. **Information or other material events that may affect the Company’s business continuity and may affect its share price**

At time of writing, there are no other material events that may affect the Company’s business continuity and may affect its share price.

DISCLAIMER:

This Document is a translation of an official document issued by the respective party. If there are discrepancies between the Bahasa Indonesia and English document, the Bahasa Indonesia document shall prevail.



We thank you for your kind attention.

Corporate Secretariat

PT WIJAYA KARYA (Persero) Tbk.

Mahendra Vijaya
Corporate Secretary

DISCLAIMER:

This Document is a translation of an official document issued by the respective party. If there are discrepancies between the Bahasa Indonesia and English document, the Bahasa Indonesia document shall prevail.