

Stock Performances Sector Relative to JCI				
(%)	YTD	1M	3M	6M
WIKA	(2.9)	(6.7)	(34.2)	7.9
WSKT	(1.3)	(2.7)	7.6	1.7
PTPP	1.1	(1.5)	(19.8)	(11.9)
TOTL	(8.6)	(8.6)	0.2	7.6
ADHI	9.1	3.7	(15.4)	(5.4)
NRCA	(3.0)	(2.7)	(5.5)	4.1
<b>Sector</b>	<b>(1.6)</b>	<b>(4.3)</b>	<b>(16.0)</b>	<b>3.0</b>

Figure 1. IKN Phase 1 Budget (IDR tn)

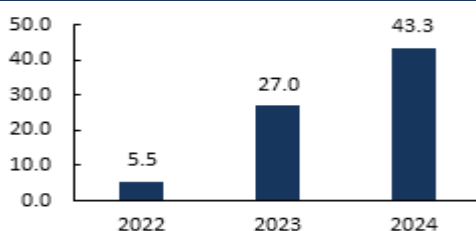


Figure 2. Infrastructure Spending (IDR tn)

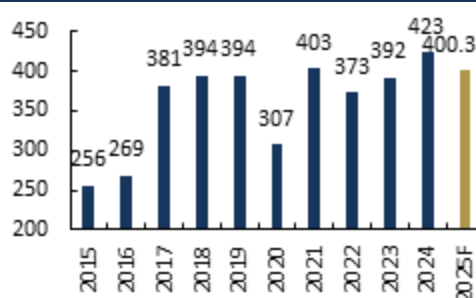
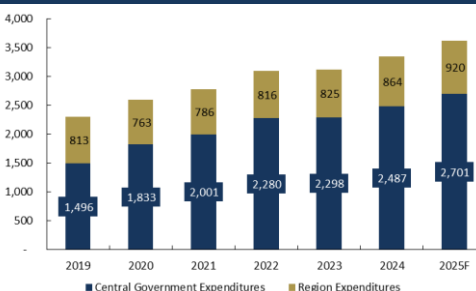


Figure 3. Government Expenditure (IDR tn)



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Figure 4. Peer comparables

Company Ticker	Market Cap. (IDR tn)	Last Price (IDR)	EPS Growth (%)	P/E (x)	EV/EBITDA (x)	2025F			
						P/B (x)	ICR* (x)	Net Gearing* (%)	ROE (%)
WIKA IJ	9	238	142	8.1	18.5	0.8	1.40	233	2.8
WSKT IJ**	6	202	NM	202	23.3	2.5	-0.05	2,690	0.5
PTPP IJ	2	344	(44)	6.5	15.0	0.2	0.98	4,581	2.6
TOTL IJ	2	630	20	6.8	1.8	1.8	N.A.	N.C.	24.6
ADHI IJ	2	232	31	8.3	4.7	0.2	0.42	85	2.8
NRCA IJ	1	346	6	6.5	1.7	0.6	16.49	N.C.	9.9
<b>Average</b>	<b>12</b>		<b>60.3</b>	<b>57.9</b>	<b>15.9</b>	<b>1.2</b>	<b>1.34</b>	<b>1,253</b>	<b>4.5</b>

Source: Bloomberg

\*) 9M24 \*\*) price before suspension

## Shifting Sands

**Slower growth on shifting focus from infrastructure to food security.** The government's 2025 infrastructure budget has been set at IDR 400.3tn, -5.4% lower than in 2024 (IDR 423.3tn), accounting for 11.1% of 2025 state budget, down from 12.4% in 2024 and 17.1% in 2019. Budgets for the Ministry of Transportation and the recently separated Ministry of Public Works & Ministry of Housing are projected to drop -27.4% YoY, from IDR 203.5tn in 2024 to IDR 147.7tn in 2025, reflecting the government's priority shift toward food security and free meal program, leading to lower infrastructure spending and slower growth within the sector. The shift towards food security is also reflected in the Ministry of Public Works' budget, in which the largest allocation (IDR 38.4tn) is earmarked for water-resource infrastructure to support agricultural and nutritional programs. By prioritizing food sufficiency over traditional infrastructure projects, the government aims to address, commit, and balance broader socio-economic objectives with development goals. That said, recent statement from Vice Minister of Finance, Thomas Djiwandono, indicates further potential cut in government infrastructure spending.

### Slowing IKN development and the shifting of construction to the private sector.

With the change in regime from Jokowi to Prabowo, the development of Indonesia's new capital (IKN) appears to have experienced slow-down. Even for stage 1, our channel check reveals incomplete projects, including the DPR (house of representatives) and MPR (senate) buildings. According to Law of the Republic of Indonesia Number 3/2022 on National Capital, IKN development will be carried out in five phases; stage 1 in 2022-2024, stage 2 in 2025-2029, stage 3 in 2030-2034, stage 4 in 2035-2039, and stage 5 in 2040-2045. The government expects the total IKN project to cost IDR 466tn, with the government covering only 19% (IDR 89.4tn), and as of end-2024, the IKN development in the past three years had absorbed in aggregate IDR 75.8tn of Indonesia's state budget (Figure 1). Public investment and public-private partnerships are expected to contribute IDR 253tn, while state and regional-owned enterprises will provide additional IDR 123tn. Note that 2020-2024 total infrastructure investment amounted to IDR 6,445tn, of which the private sector covering 42%. Thus, given the shifting of construction burden from the government and SOE sides due to budget and balance sheet constraints, the private sector is now expected to cover 56% of total IKN construction spending ahead.

**Rate cuts = IDR depreciation.** While recent BI rate cut provides some respite for the heavily leveraged construction sector, the central bank move is likely to provide hurdles for industry players in the form of IDR depreciation. In term of stocks, WIKA and WSKT (suspended from trading) face higher debt burdens while PTPP and ADHI are poised to gain the most due to their floating interest-rate debt structure. As of 9M24, floating rate borrowings accounted for 80% of PTPP's portfolio and 71% of ADHI's, allowing for these two companies to benefit from lower interest costs.

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