KSI Research

WEGE Short Note

PT Wijaya Karya Bangunan Gedung Tbk
9M25 Hit by Govt Budget Tightening

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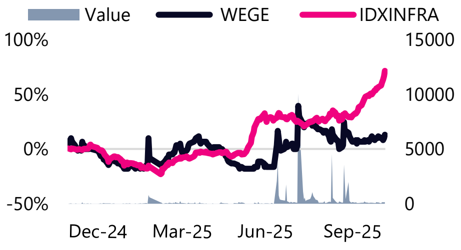
Abdul Azis Setyo W.
Equity Research Analyst
azis@kiwoom.co.id
(assisted by : Pandu Maulana Anwari)

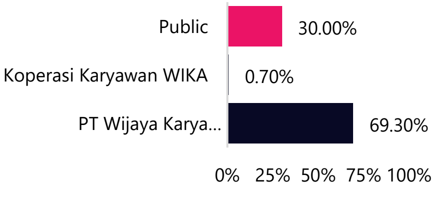
Stock Rate	**Not Rated**
Industry	Neutral
Stock Data	
Ticker Code	WEGE
Sub Sector	Heavy Constructions & Civil Engineering
Sector	Infrastructures
Market Cap (IDR.Tn)	0.66
Shares Issued (Bn)	9.57
AVG 3M Turnover (Bn)	3.75

Price (IDR)

Price Performance, YTD(%), Turnover(Bn)



Shareholders Composition



ESG Rating	
Environmental	3.15
Social	7.84
Governance	5.08

Source: Bloomberg

Weak Top Line, but Higher Gross Margin. As of 9M25, WEGE booked revenue of IDR1.17 trillion, down 48% YoY from IDR2.26 trillion in 9M24, reflecting a very few tender and slower project realization, especially in the building and modular segments. Despite the steep top-line contraction, gross profit margin improved to 9.4% (vs. 7.9% in 9M24) as management tightened cost control, optimized project selection, and pushed digitalization and procurement efficiency. However, at the bottom line WEGE swung to a net loss of IDR50.4 billion (vs. a profit of IDR47.1 billion last year), mainly due to impairment booked following BPK findings under the new regulation; management emphasized that without this one-off charge earnings would still have been positive. EBITDA turned negative at IDR-4.1 billion (from +IDR110.7 billion), dragging NPM down to –4.3% and ROE to –2.0% in 9M25.

Quarterly performance in 3Q25 was the trough, hit by soft revenue. Revenue fell to IDR266.9 billion (-69.6% YoY, -26.8% QoQ), with gross profit collapsing to IDR3.0 billion and GPM shrinking to only 1.1% (vs. 14.8% in 2Q25), as price competition intensified and several cost items/impairments were recognized in this quarter. Consequently, WEGE recorded operating loss of IDR42.4 billion and net loss of IDR50.8 billion in 3Q25, reversing from a slim profit in 2Q25. **By segment**, building construction remained the core but was also the main source of weakness, with 3Q25 revenue of IDR247.9 billion (-28.4% QoQ, -68.7% YoY) and gross profit of only IDR5.4 billion, bringing GPM down to 2.2% from 14.3% in 2Q25. Property stayed small yet resilient with revenue IDR3.5 billion and GPM 22.5%, while concession revenue was broadly flat at IDR15.5 billion but booked a gross loss as margin normalized sharply from the unusually high 2Q25 level. Modular contributed no meaningful revenue in 3Q25 (vs IDR69.2 billion in 3Q24).

Recovery Outlook Supported by Government Tender Resumption. We note that at the start of the year the government prioritized fiscal consolidation, tightening spending and reallocating part of the infrastructure budget as policy priorities shifted, which translated into very few tenders and a weak order book for WEGE in 9M25. However, after 3Q25 the stance has started to loosen, with govt gradually re-activating infrastructure tenders and WEGE already securing >IDR1.4tn of new contracts in 4Q25. We expect WEGE to ride the normalization in tender activity while increasingly leveraging its higher-margin modular and NETRO housing offerings, so that 2025 becomes a transition year toward volume and earnings recovery, supported by ongoing cost efficiency, digitalized project control, and a healthier balance sheet.

Key Takeaways

- **Gross margins improving despite revenue slump.** 9M25 revenue fell 48% YoY to IDR 1.17tn on weak tenders and slower project realization, but GPM still improved to 9.4% (from 7.9%) as WEGE tightened cost control and project selection, although one-off BPK-related impairment pushed the company into a net loss of IDR 50.4bn and negative EBITDA.
- **3Q25 trough from soft volume and impairments.** 3Q25 revenue dropped to IDR 266.9bn (-69.6% YoY, -26.8% QoQ), GPM fell to 1.1%, and WEGE booked a net loss of IDR 50.8bn as price competition, cost adjustments, and no modular contribution hit the core building segment and erased the profit in 1H25.
- **2025F as a Transition Year:** With fiscal tightening easing, tenders re-opening, and >IDR1.4tn new contracts plus higher-margin from modular projects coming through, WEGE is poised for a transition year in 2025 toward gradual volume and earnings recovery.

Financial Highlight

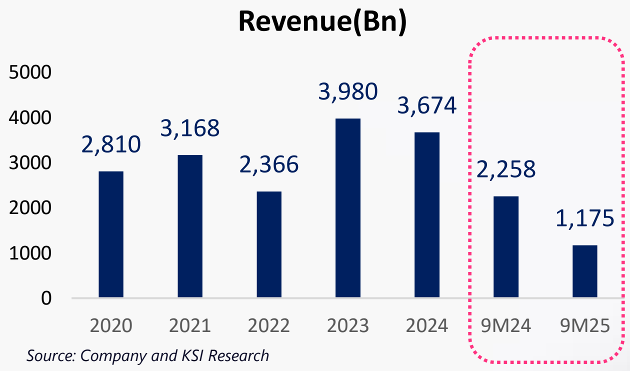
End 31 Dec	2022A	2023A	2024A	9M24	9M25
Revenue	2,366	3,980	3,674	2,257.8	1,174.7
EBITDA	203	257	209	111	(4)
Net Profit	230	47	68	47	(50)
NPM (%)	9.72%	1.17%	1.85%	2.09%	-4.29%
ROE (%)	9.06%	1.83%	2.61%	1.82%	-1.97%
PE (x)	6.20	16.40	9.02	17.47	N/A
PBV (x)	0.56	0.30	0.24	0.32	0.26

Source: Company and KSI Research

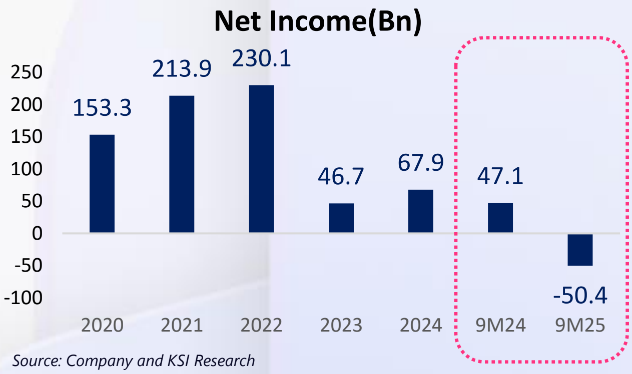
Performance Overview

IDR Bn	9M24	9M25	yoy	3Q24	2Q25	3Q25	qoq	yoy
				Quarters				
Segment								
Construction								
Revenue	2,049.1	1,122.3	-45.2%	791.7	346.1	247.9	-28.4%	-68.7%
Gross Profit	160.4	106.2	-33.8%	63.1	49.6	5.4	-89.1%	-91.5%
GPM	7.8%	9.5%	1.6%	8.0%	14.3%	2.2%	-12.2%	-5.8%
Property								
Revenue	9.1	8.6	-5.7%	4.0	2.8	3.5	24.0%	-13.1%
Gross Profit	1.5	1.9	28.8%	0.8	0.7	0.8	11.3%	-1.3%
GPM	16.0%	21.9%	5.9%	19.8%	25.1%	22.5%	-2.6%	2.7%
Concession								
Revenue	41.9	43.6	4.2%	14.4	15.4	15.5	0.1%	7.1%
Gross Profit	3.0	4.5	49.8%	1.5	4.2	(3.2)	-175.7%	-319.2%
GPM	7.2%	10.3%	3.1%	10.1%	27.4%	-20.7%	-48.1%	-30.8%
Modular								
Revenue	159.5	0.2	-99.9%	69.2	0.2	-	-100%	-100%
Gross Profit	13.4	(1.9)	-113.8%	8.3	(0.5)	-	-100%	-100%
GPM	8.4%	-1156.3%	-1164.7%	12.0%	-318.8%	N/A	N/A	N/A
Elimination								
Revenue	(1.8)	-		(1.8)	-	-		
Revenue	2,257.8	1,174.7	-48.0%	877.5	364.6	266.9	-26.8%	-69.6%
Gross Profit	178.3	110.7	-37.9%	73.6	54.0	3.0	-94.5%	-96.0%
Operating Profit	94.3	(14.7)	-115.6%	46.1	15.2	-42.4	-379.4%	-192.0%
EBITDA	110.7	(4.1)	-103.7%	54.7	19.9	-39.0	-296.3%	-171.2%
Net Income	47.1	(50.4)	-206.9%	28.5	0.1	-50.8	N/A	-278.2%
EPS (Full IDR)	4.9	(5.3)	-206.9%	3.0	0.0	-5.3	N/A	-278.2%
Liabilities	2,538.2	2,306.5	-9.1%					
Equity	2,587.6	2,553.5	-1.3%					
Asset	5,125.7	4,860.0	-5.2%					
GPM %	7.9%	9.4%	1.5%	8.4%	14.8%	1.1%	-7.3%	-13.7%
OPM%	4.2%	-1.3%	-5.4%	5.3%	4.2%	-15.9%	-21.1%	-20.1%
EBITDA Margin %	4.9%	-0.3%	-5.3%	6.2%	5.4%	-14.6%	-20.8%	-20.1%
NPM %	2.1%	-4.3%	-6.4%	3.2%	0.0%	-19.0%	-22.3%	-19.0%
ROE %	1.8%	-2.0%	-3.8%					
ROA %	0.9%	-1.0%	-2.0%					

Source: Company and KSI Research



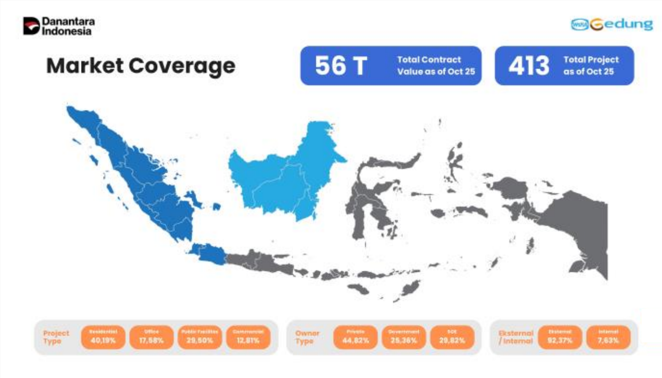
Source: Company and KSI Research



Source: Company and KSI Research

Company & Business Profile

PT Wijaya Karya Bangunan Gedung Tbk. (WEGE), is a subsidiary of PT Wijaya Karya (Persero) Tbk that focuses on building construction and has evolved into an integrated player across building, modular systems, property, and small-scale concessions. With more than 400 projects delivered nationwide and flagship works such as Jakarta International Stadium, IKN worker and TNI housing, airports, and public facilities, WEGE combines EPC capabilities with off-site modular manufacturing to deliver faster, higher-quality, and increasingly ESG-aligned solutions, supported by a conservative balance sheet and multiple ISO certifications including energy management (ISO 50001).



Source: Company

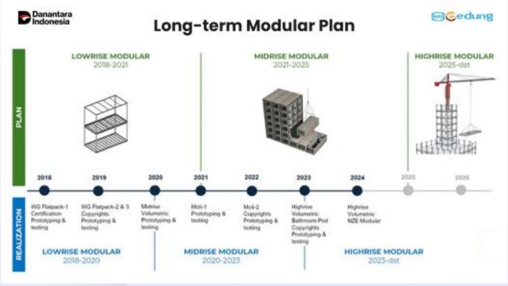
Source: Company

Business Segments :

- **Building Construction,** Core business, delivering offices, residential, public facilities, and commercial buildings.
- **Modular Systems,** Factory-made modular solutions (MOLI, flatpack, volumetric, NETRO housing) for fast, scalable construction.
- **Property Development,** Selective residential and mixed-use projects to capture margin and asset upside.
- **Concessions & Hotels,** Small recurring-income portfolio (e.g., hotels, managed assets) to complement project-based revenue.

Company Strategy :

- **Defend core building construction** with stricter project selection and disciplined margin thresholds.
- **Scale modular & NETRO** as a key growth and margin driver for housing, worker camps, and remote/urgent projects.
- **Improve efficiency** through cost optimization, lean organization, and digitalized project management.
- **Manage liquidity & risk** via tight cash-flow control, asset recycling, and a conservative capital structure.
- **Strengthen ESG positioning** to access green funding and win sustainability-focused projects.
- **Leverage government programs** (IKN, 3Mn housing, 3T/Transmigration) while preparing for potential BUMN Karya restructuring.



Source: Company

Modular Segment Overview

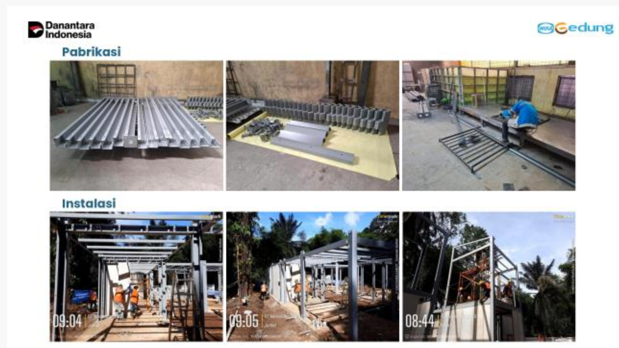
WEGE develops WEGE Modular Systems, including:

- **MOLI (Modular Lite)**
  Standard factory-made panels or modules for fast building.
- **WG Flatpack**
  Knock-down modules shipped flat and assembled on site.
- **Volumetric Modular**
  Full 3D "box" modules stackable up to 12 floors.
- **NETRO (Smart Zero Growing Modular Housing System)**
  Smart and net-zero modular house that can be expanded without major demolition.

Source: Company

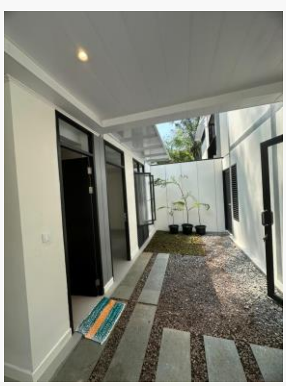
WEGE's modular systems offer several key advantages:

- Shorter construction period (23 days installation)
- Scalable production capacity (1,000 modules/month)
- Greener footprint (~41-45% lower CO_2 emissions)
- Suitable for remote & urgent projects
- Better cost visibility



Source: Company

Site Visit Modular NETRO IPB Project's



Source: Company and KSI Research

The NETRO modular housing project at IPB Dramaga utilizes WEGE's smart and net-zero "growing house" concept, where two type 49/91 units were completed under a 56-day contract with only 23 days of on-site installation (50–70% faster than conventional builds). The houses combine off-site modular construction with passive design (cross ventilation, insulated dry walls, high-albedo roof) and a Smart Box that monitors indoor air quality, temperature, humidity, and electricity use in real time. Laid out in a pedestrian-friendly communal cluster with centralized parking, the IPB project showcases NETRO as a scalable, ESG-friendly model for future campus, worker, and public housing.

Board of Commisioner

Taufan Gestoro – Independent Commissioner

An Indonesian citizen, he serves as an Independent Commissioner of the Company with a strong background in military leadership and risk governance. A graduate of the Military Academy (1990), he has completed certification as a Qualified Risk Governance Professional (2024). His career includes key strategic roles such as Director of BAIS TNI, assignments within the Ministry of Defense, and positions related to intelligence and foreign relations. He has also held appointments as PAJEN DENMA MABESAD, DAANEM TNJ, and other senior posts within the Indonesian Armed Forces. With extensive experience in defense, intelligence, and organizational management, he contributes deep strategic insight to the Company.

Joseph Prajogo - Independent Commissioner and Acting President Commissioner

An Indonesian citizen, he serves as Independent Commissioner and Acting President Commissioner of the Company. He holds a Bachelor's degree in Accounting from Universitas Atma Jaya and has completed various professional programs in risk governance. He brings solid experience in investment management, having served as President Commissioner of PT Berdikari Manajemen Investasi since 2024, following his role as Independent Commissioner (2020–2024). His previous positions include Director of PT Petro Inovasi Indonesia and Director of PT Pandu Tunggal Perkasa.

Source: Company

Suli Fatimah – Commissioner

An Indonesian citizen, she currently serves as Commissioner of the Company. She holds a Master's degree in Psychology from Universitas Tarumanegara and has completed various leadership and commissioner development programs. She brings extensive experience in human capital management, serving as Senior Vice President of Human Capital at PT Wijaya Karya (Persero) Tbk since 2023. Her previous roles include Chairwoman of Human Capital Division and General Manager of Talent Management at PT Wijaya Karya (2020–2023).

Danis Hidayat Sumadilaga – Commissioner

An Indonesian citizen, he currently serves as Commissioner of the Company. He holds a Doctoral Degree in Strategic Management from Universitas Indonesia and has completed commissioner orientation programs within the WIKA Group. He has extensive experience in national infrastructure development, currently serving as Acting Deputy for Facilities and Infrastructure at the Ibu Kota Nusantara Authority and Chair of the Task Force for IKN Development at the Ministry of Public Works and Housing. His previous roles include Expert Staff and Senior Lecturer at the Ministry of Public Works, Director General of Human Settlements, and various executive positions in public infrastructure management.

Board of Director

Hadian Pramudita – President Director

An Indonesian citizen, he currently serves as President Director of the Company. He holds a Bachelor's Degree in Civil Engineering from Universitas Parahyangan, Bandung (2010), and has completed various executive programs, including Strategic Investment (2019), Business Improvement Leaders (2018), and Developing Strategic Mindset (2018). He brings extensive experience in the construction and building materials industry, having previously served as President Director of PT Wijaya Karya Beton Tbk, as well as Director of Marketing and Business Development and Director of Sales and Business Development within the WIKA Group. His longstanding leadership in operational, marketing, and strategic roles strengthens the Company's direction and performance.

Hartanto Karti Raharjo – Director of Finance, Human Capital and Risk Management

An Indonesian citizen, he currently serves as Director of Finance, Human Capital and Risk Management of the Company. He holds a Master of Management degree from Universitas Islam Indonesia (2022) and has completed several professional certifications, including Certified Risk Governance Professional (2024), Integrated GRC for Sustainable Business (2022), and the Business Integrity Program (2022). He brings extensive experience in corporate finance and business performance evaluation, previously serving as Finance Division Manager, Corporate Finance Manager, and Manager of Business Result Evaluation at PT Wijaya Karya Beton Tbk. His strong background in financial management, risk governance, and organizational oversight supports the Company's efforts to strengthen financial sustainability and risk resilience.

Source: Company

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Board of Director

Tomo Dwi Hasputro – Director of QHSE (Quality, Health, Safety, Environment) and Marketing

An Indonesian citizen, he holds a Bachelor's Degree in Architecture from Universitas Soegijapranata, Semarang (2001), and has completed various professional trainings, including Marketing Role Model Sharing, Quality Control Circle for Project Manager, and Construction Readiness & Installation Works programs. He brings extensive experience in construction, operations, and marketing within PT Wijaya Karya Bangunan Gedung Tbk, having served as Project Manager, Construction Operations Division II Manager, and Manager of the Jakarta International Stadium Mega Project. He later assumed roles as Manager of Marketing Division II and Manager of Marketing Division I before becoming Marketing Division Head.

Bagus Tri Setyana – Director of Operations I

An Indonesian citizen, he holds a Master of Civil Engineering from Universitas Pelita Harapan, Jakarta (2010), and has completed various executive and technical programs, including Integrated Lean Construction, Executive Insight Leadership, and several certifications in professional engineering and project management. He brings extensive experience in operations and project development within PT Wijaya Karya (Persero) Tbk, having served as Division Manager, Project Manager, and later General Manager of the Operations Department. His career includes leadership in major civil and road development projects, as well as managing structural and plant operations across multiple divisions. With his strong background in engineering, operations, and strategic project execution, he contributes significantly to strengthening the Company's operational performance.

Source: Company

Dwi Purnomo – Director of Operations II

An Indonesian citizen, he holds a Bachelor of Civil Engineering from Sebelas Maret University (2003) and has completed various professional programs, including Corporate Finance, Risk Management, and ASEAN Chartered Professional Engineer certifications. He brings broad experience in operations, marketing, and project management within PT Wijaya Karya Bangunan Gedung Tbk, having served as Project Manager, President Director of PT Wijaya Karya Pracetak Gedung, and Director of Operations covering multiple regional divisions. His roles have included leading major construction projects, overseeing strategic regional operations, and directing QHSE and marketing functions at the corporate level. With his strong technical foundation and extensive leadership in operational and strategic roles, he contributes significantly to enhancing the Company's performance.

Source: Company

Kiwoom Sekuritas Guide to Sector/Industry/Stock Ratings

Sector/Industry

OVERWEIGHT	: Sector & Industry Outlook has potential and good condition
NEUTRAL	: Sector & Industry Outlook Stable or tend to be stagnant
UNDERWEIGHT	: Sector & Industry Outlook has challenges and bad condition

Stock

BUY	: Stock Performance > +15%	Over the next 12 month (excluding dividend)
TRADING BUY	: Stock Performance, range between +5% to +15%	Minor to Medium Term
HOLD	: Stock Performance, range between -10% to +15%	Over the next 12 month (excluding dividend)
SELL	: Stock Performance > -15%	Over the next 12 month (excluding dividend)
TRADING SELL	: Stock Performance, range between -5% to -15%	Minor to Medium Term
NOT RATED	: Stock is not within regular research coverage	Over the next 12 month (excluding dividend)

HEAD OFFICE
Treasury Tower 27th Floor Unit A, District 8 Kawasan SCBD Lot 28,
Jl.Jend.Sudirman Kav 52-53, Jakarta Selatan 12190
Tel : (021) 5010 5800
Fax : (021) 5010 5820
Email : cs@kiwoom.co.id

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