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Jakarta, 5 March 2020

To:

PT Bursa Efek Indonesia (Indonesia Stock Exchange, IDX)

Gedung Bursa Efek Indonesia Tower 1

Jl. Jendral Sudirman Kav. 52-53

Jakarta 12190

Subject : Clarification on the Implication of Effectively Adopting the Indonesia Financial Accounting Standards (PSAK) 71, 72, and 73 Year 2020 on the Company's Financial Statement

Dear Sir/Madam,

We refer to the Letter from the Indonesia Stock Exchange (*Bursa Efek Indonesia*, IDX) Number S-01457/BEI.PPU/03-2020 dated 3 March 2020 on Clarification on the Implication of Effectively Adopting the Indonesia Financial Accounting Standards (*Pedoman Standar Akuntansi Keuangan*, PSAK) 71, 72, and 73 Year 2020 on the Company's Financial Statement. We wish to provide the following clarification:

1. Effects of adopting the Indonesia PSAK 71, 72, and 73 on the Company's financial performance in its sales and profit/loss accounts, particularly for the financial reporting period ending on 31 March 2020:
 - a. The Company projects that it will not book a net loss for the reporting period ending on 31 March 2020.
 - b. As for PSAK 72, the Company does not have any revenue generated from contracts where the term is more than one year.
 - c. As for PSAK 73, the Company does not have any long-term leases that will cause the Company's assets leased under such terms to be recorded as right-to-use assets (*aset hak guna*).
2. The Company's measures to mitigate risks described in point (1) above:
 - Effects of PSAK 71: the Company's risk mitigation measure is to improve its receivables turnover.
 - Selective in securing new contracts.
 - Not undertaking turnkey projects.
3. The Company's clarification on material information or other important events which may affect the Company's ability to continue as a going concern and may affect the Company's share price:
 - a. The Company remains focused in the Building Construction business, where its strength lies in a broad client base, ranging from the Private Sector, Government, and other State-owned Enterprises. Until 2017, the Company's clients were mainly private sector companies. From

2018 onwards, projects from the Government and State-owned Enterprises contributed to more than 50% of the Company's new contracts. Drawing from this strength, the Company expects that it can maintain growth sustainably.



- b. For 2020, the Company has allocated Capex to support in-house and external construction activities. The Company is planning to construct a factory for its Modular Division and to invest in a factory construction project undertaken by PT WIKA Pracetak Gedung (WPG). Accordingly, the Company's business growth will be much more dynamic.

We thank you for your kind attention.

PT Wijaya Karya Bangunan Gedung Tbk.
Corporate Secretary

[signed]

Bobby Iman Setya
Corporate Secretary

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