

PT Hakaaston

Analysts: Aryo Perbongso / Samgar Effember

Phone/Fax/E-mail: (62-21) 7278 2380 / 7278 2370 / aryo.perbongso@pefindo.co.id / samgar.effember@pefindo.co.id

CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Jun-2020	Dec-2019	Dec-2018	Dec-2017
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idBBB+/Negative</i>	Total adjusted assets [IDR bn]	5,223.1	5,254.0	2,261.8	799.2
Rated Issues		Total adjusted debt [IDR bn]	1,050.0	1,176.5	642.6	111.5
<i>MTN 2018</i>	<i>idBBB+</i>	Total adjusted equity [IDR bn]	1,031.5	1,018.2	323.8	191.6
Rating Period		Total sales [IDR bn]	1,557.0	3,844.0	1,691.2	550.8
<i>August 11, 2020 – August 1, 2021</i>		EBITDA [IDR bn]	226.4	367.3	263.0	91.7
Rating History		Net income after MI [IDR bn]	74.3	348.2	132.2	40.2
<i>JUL 2020</i>	<i>idBBB+/Negative</i>	EBITDA margin [%]	14.5	9.6	15.5	16.6
<i>AUG 2019</i>	<i>idBBB+/Stable</i>	Adjusted debt/EBITDA [X]	*2.3	3.2	2.4	1.2
<i>AUG 2018</i>	<i>idBBB+/Stable</i>	Adjusted debt/adjusted equity [X]	1.0	1.2	2.0	0.6
		FFO/adjusted debt [%]	*27.9	18.5	28.2	64.8
		EBITDA/IFCCI [X]	4.7	3.9	6.1	10.2
		USD exchange rate [IDR/USD]	14,302	13,901	14,481	13,548

FFO = EBITDA – IFCCI + interest income – current tax expense

EBITDA = operating profit + depreciation expense + amortization expense

IFCCI = gross interest expense + other financial charges + capitalized interest; (FX loss not included)

*MI = minority interest * Annualized*

The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.

PT Hakaaston's rating affirmed at "idBBB+" with "negative" outlook

PEFINDO has affirmed "idBBB+" ratings for PT Hakaaston (HKAS) and its MTN 2018. We maintain a "negative" outlook for its corporate rating to anticipate pressures on HKAS' cash inflow due to lower revenue affected by Coronavirus Disease (COVID-19) pandemic. The COVID-19 outbreak may potentially result in slower demands for construction services, and delays in some construction projects including the Trans-Sumatra toll road construction projects.

An obligor rated idBBB has an adequate capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. The Plus (+) sign indicates that the rating is relatively strong within the respective rating category.

The corporate rating reflects HKAS' strong synergy with the Hutama Karya (PTHK) group and its benefits from the accelerated infrastructure development, its diversified products, and backward integration. The rating is constrained by its aggressive capital structure, somewhat weak cash flow protection, and a relatively volatile business environment.

The rating could be lowered if the impacts from COVID-19 pandemic is higher-than what we had anticipated, that leads to a deterioration of its financial profile. The rating could also be lowered if there is an indication of a significant decline in parental ownership and/or support. The outlook could be revised to stable if its cash inflow starts to recover and records positive growth month-over-month on a sustained basis.

HKAS is a hotmix, precast, readymix, and steel manufacturer in Indonesia. As of June 30, 2020, PT Hutama Karya (Persero) (PTHK) was its majority shareholder with 99.75% ownership, followed by Yayasan Kesejahteraan Karyawan PT Hutama Karya with 0.25%.

DISCLAIMER

The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.