

PT Hakaaston

Analysts: Aryo Perbongso / Martin Pandiangan

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

CREDIT PROFILE

Corporate Rating *idBBB+/Stable*

Rated Issues

MTN 2018

idBBB+

Rating Period

August 9, 2019 – August 1, 2020

Rating History

AUG 2018

idBBB+/Stable

FINANCIAL HIGHLIGHTS

As of/for the year ended

	Jun-2019 (Unaudited)	Dec-2018 (Audited)	Dec-2017 (Audited)	Dec-2016 (Audited)
Total adjusted assets [IDR bn]	3,141.7	2,261.8	799.2	477.2
Total adjusted debt [IDR bn]	802.0	700.5	168.2	155.8
Total adjusted equity [IDR bn]	737.8	323.8	191.6	151.4
Total sales [IDR bn]	1,176.6	1,691.2	550.8	371.4
EBITDA [IDR bn]	81.0	263.0	91.7	76.4
Net income after MI [IDR bn]	127.2	132.2	40.2	34.0
EBITDA margin [%]	6.9	15.5	16.6	20.6
Adjusted debt/EBITDA [X]	*5.0	2.7	1.8	2.0
Adjusted debt/adjusted equity [X]	1.1	2.2	0.9	1.0
FFO/adjusted debt [%]	*1.2	26.4	42.9	43.8
EBITDA/IFCCI [X]	2.1	6.1	10.2	105.0
USD exchange rate [IDR/USD]	14,141	14,481	13,548	13,436

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.

PEFINDO affirms “*idBBB+*” ratings for PT Hakaaston and its MTN 2018

PEFINDO has affirmed “*idBBB+*” ratings for PT Hakaaston (HKAS) and its MTN 2018. The outlook for the corporate rating is “**stable**”.

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 benefits from accelerated infrastructure development, diversified products, and backward integration. The rating is constrained by its moderate capital structure, adequate cash flow protection, and relatively volatile business environment.

The rating may be raised if HKAS improves its business profile through executing its capital expenditure (capex) plan successfully, and increasing its hotmix's, readymix's, and precast's plant capacities and sales as projected to support Jalan Tol Trans Sumatra (JTTS) project, while having a more conservative capital structure and stronger cash flow protection measures. The rating will be lowered if there is a lengthened project delay in JTTS and/or if it incurs more debt than projected to finance expansion and/or working capital requirements, resulting in a deterioration of its financial profile, as indicated by a debt to EBITDA ratio higher than 4.0x and FFO to debt ratio below 15.0% on a sustainable basis. The rating could also be lowered if there is an indication of a significant decline in parental support.

HKAS is hotmix, readymix, and precast manufacturers in Indonesia. As of June 30, 2019, PT Hutama Karya (Persero) (PTHK) was its majority shareholder with 99.75% ownership, followed by PTHK's employee welfare foundation with 0.25%.

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