

## PT INKA Multi Solusi

*Analysts: Aryo Perbongso / Yogie Surya Perdana*

*Phone/Fax/E-mail: (62-21) 72782380 / 72782370 / [aryo.perbongso@pefindo.co.id](mailto:aryo.perbongso@pefindo.co.id) / [yogie.perdana@pefindo.co.id](mailto:yogie.perdana@pefindo.co.id)*

<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
		<b>As of/for the year ended</b>	<b>Sep-2019</b>	<b>Dec-2018</b>	<b>Dec-2017</b>	<b>Dec-2016</b>
			(Unaudited)	(Audited)	(Audited)	(Audited)
<b>Corporate Rating</b>	<i>idBBB/Stable</i>	Total Adjusted Assets [IDR Bn]	1,086.0	1,369.9	1,147.0	331.7
<b>Rated Issues</b>		Total Adjusted Debt [IDR Bn]	598.5	837.6	701.1	151.3
<i>MTN Sharia Mudharabah 2017</i>	<i>idBBB(sy)</i>	Total Adjusted Equity [IDR Bn]	153.3	131.1	73.2	44.1
<b>Rating Period</b>		Total Sales [IDR Bn]	804.1	1,316.3	814.8	418.9
<i>October 31, 2019 – October 1, 2020</i>		EBITDA [IDR Bn]	96.3	143.7	86.2	37.3
<b>Rating History</b>		Net Income after MI [IDR Bn]	21.1	37.6	29.0	19.1
<i>DEC 2018</i>	<i>idBBB/Negative</i>	EBITDA Margin [%]	12.0	10.9	10.6	8.9
<i>OCT 2017</i>	<i>idBBB+/Stable</i>	Adjusted Debt/EBITDA [X]	*4.7	5.8	8.1	4.1
<i>JUL 2017</i>	<i>idBBB+/Stable</i>	Adjusted Debt/Adjusted Equity [X]	3.9	6.4	9.6	3.4
	<i>idBBB+/Stable</i>	FFO/Adjusted Debt [%]	*8.8	6.1	5.6	13.4
		EBITDA/IFCCI [X]	1.7	1.8	2.5	4.2
		USD Exchange Rate [IDR/USD]	14,174	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" rating for PT Inka Multi Solusi, outlook revised to "stable"

PEFINDO has affirmed its "idBBB" rating for PT Inka Multi Solusi (IKMS) and its "idBBB(sy)" rating for IKMS' Medium-Term Notes (MTN) Sharia Mudharabah Year 2017. We revised the outlook for the corporate rating to "stable" from "negative". The revised in outlook is based by our expectation that its financial leverage ratios will improve over the next 12-18 months, following stronger realization from its backlog orders.

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 weaken its capacity to meet its financial commitments.

The suffix (sy) means that the rating mandates compliance with Islamic principles.

The rating reflects IKMS' status as a strategically important subsidiary of PT Industri Kereta Api (Persero) (INKA, idA-/Stable), its strong foothold in the manufacturing of rolling stock, and the strong underlying industry fundamentals given the higher demand from increased infrastructure spending. However, the rating is constrained by IKMS' aggressive capital structure, somewhat weak cash flow protection, and high dependency on INKA's success in tenders.

The rating could be raised if IKMS increases its business scale and operating stability by consistently achieving its revenue target, expanding its product mix, and diversifying its customer base, while improving its capital structure and cash flow protection measures on a sustainable basis. We could lower the rating if there is a material decline in ownership resulting in diminishing business importance and support from INKA. We could also lower the rating if it consistently fails to achieve targeted revenue and/or EBITDA as a result of a significant loss of market share or a change in the government's investment policy, and if it incurs higher debt than projected without a corresponding backlog order.

Originally founded in 2009 as PT Railindo Global Karya, and changed its name to PT Inka Multi Solusi (IKMS) in 2014, as acquired by INKA with 95% ownership. IKMS offers a wide range of rolling stock vehicles and services, including the assembling of locomotives and the manufacturing of passenger cars, freight wagons, multiple units, and key related components. As of September 30, 2019, 99.8% of its shares were owned by INKA, while the rest was held by Yayasan Keluarga Besar INKA (YKBI).

**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.*