PEFINDO
CREDIT RATING AGENCY

Press Release
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PT INKA Multi Solusi

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CREDIT PROFILE

Corporate Rating *$_{id}$BBB/Stable*

Rated Issues
MTN Sharia Mudharabah 2017 *$_{id}$BBB$_{(sy)}$*

Rating Period
October 31, 2019 – October 1, 2020

Rating History
DEC 2018 *$_{id}$BBB/Negative*
OCT 2017 *$_{id}$BBB+/Stable*
JUL 2017 *$_{id}$BBB+/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	**Sep-2019** (Unaudited)	**Dec-2018** (Audited)	**Dec-2017** (Audited)	**Dec-2016** (Audited)
Total Adjusted Assets [IDR Bn]	1,086.0	1,369.9	1,147.0	331.7
Total Adjusted Debt [IDR Bn]	598.5	837.6	701.1	151.3
Total Adjusted Equity [IDR Bn]	153.3	131.1	73.2	44.1
Total Sales [IDR Bn]	804.1	1,316.3	814.8	418.9
EBITDA [IDR Bn]	96.3	143.7	86.2	37.3
Net Income after MI [IDR Bn]	21.1	37.6	29.0	19.1
EBITDA Margin [%]	12.0	10.9	10.6	8.9
Adjusted Debt/EBITDA [X]	*4.7	5.8	8.1	4.1
Adjusted Debt/Adjusted Equity [X]	3.9	6.4	9.6	3.4
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 "$_{id}$BBB" rating for PT Inka Multi Solusi, outlook revised to "stable"

PEFINDO has affirmed its **"$_{id}$BBB"** rating for PT Inka Multi Solusi (IKMS) and its **"$_{id}$BBB$_{(sy)}$"** 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 $_{id}$BBB 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, $_{id}$A-/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).