

## PT Barata Indonesia (Persero)

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<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
		<b>As of/for the year ended</b>	<b>Jun-2020</b>	<b>Dec-2019</b>	<b>Dec-2018</b>	<b>Dec-2017</b>
			(Audited)	(Audited)	(Audited)	(Audited)
<b>Corporate Rating</b>	<i>idSD</i>	Total Adjusted Assets [IDR Bn]	4,728.0	4,927.3	4,538.9	2,951.0
<b>Rated Issues</b>		Total Adjusted Debt [IDR Bn]	1,530.3	1,493.3	823.6	567.6
<i>MTN I/2017</i>	<i>idCCC</i>	Total Adjusted Equity [IDR Bn]	1,257.4	1,252.0	1,186.5	1,130.0
<i>MTN III/2019</i>	<i>idD</i>	Total Sales [IDR Bn]	756.9	2,227.6	2,176.9	1,193.3
<b>Rating Period</b>		EBITDA [IDR Bn]	67.6	217.6	168.7	94.1
<i>September 21, 2020 – April 1, 2021</i>		Net Income After MI [IDR Bn]	11.5	71.2	67.8	51.6
<b>Rating History</b>		EBITDA Margin [%]	8.9	9.8	7.8	7.9
<i>SEP 2020</i>	<i>idCCC/C.W. Negative</i>	Adjusted Debt to EBITDA [X]	*11.3	6.9	4.9	6.0
<i>APR 2020</i>	<i>idBBB/Negative</i>	Adjusted Debt to Adjusted Equity [X]	1.2	1.2	0.7	0.5
<i>OCT 2019</i>	<i>idBBB/Stable</i>	FFO to Adjusted Debt [%]	*2.6	8.0	11.1	13.8
<i>OCT 2018</i>	<i>idBBB/Stable</i>	EBITDA to IFCCI [X]	1.6	3.5	4.0	3.5
<i>NOV 2017</i>	<i>idBBB/Stable</i>	USD Exchange Rate [IDR/USD]	14,302	13,901	14,481	13,548

*FFO = EBITDA – IFCCI + Gross 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 lowers the rating of PT Barata Indonesia's MTN III year 2019 to "idD"

PEFINDO has lowered the rating of PT Barata Indonesia (Persero) (Barata) to "idSD" from "idCCC" and lowered the rating of its MTN III Year 2019 to "idD" from "idCCC". The rating actions follow Barata's failure in providing sufficient funds to fully repay the MTN's principal already due on September 14, 2020, which was initially planned to be settled in a few days using undrawn credit facility and internal funds. At the same time, we affirmed the "idCCC" ratings of its MTN I Year 2017 Series A due on December 7, 2020 and MTN I Year 2017 Series B maturing on March 16, 2021. We are of the view that Barata is highly exposed to the risk of non-payment for its maturing MTNs as it highly relies on external funds to serve its obligations. Its recent track record in failing to repay the matured MTN will put additional pressure in Barata's financial flexibility.

An obligor rated idSD ("Selective Default") has failed to pay one or more of its financial obligations, rated or unrated, when they came due, but still makes timely payments on its other obligations.

Debt security is rated idD when it is in payment default, or default of a rated obligation occurs automatically upon the first occurrence of non-payment of the obligation.

Debt security rated idCCC is currently vulnerable to non-payment, and is dependent upon favorable business and financial conditions for the issuer to meet its long-term financial commitments on the debt security.

PT Barata Indonesia (Persero) is a state foundry and manufacture company, the shares of which were 100% owned by the Government as of June 30, 2020. It manufactures iron and steel castings and forged components for sale to industrial and energy companies. As a midstream player, its industrial castings are engineered and produced for applications to be used in a range of industry sectors, such as agro, oil and gas, rolling stock, hydro mechanical, industry process, as well as construction and material handling equipment. Barata also positions itself as an engineering, procurement, and construction (EPC) company, leveraging its long experience in foundry and manufacturing for greater job acquisitions, with focus on sugar and agro, oil and gas, generator, water resources, and component machinery.

**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.