

PT Barata Indonesia (Persero)

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| CREDIT PROFILE | | FINANCIAL HIGHLIGHTS | | | | |
|------------------------------------------|----------------------------|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | | As of/for the year ended | Sep-2020 | Dec-2019 | Dec-2018 | Dec-2017 |
| | | | (Unaudited) | (Audited) | (Audited) | (Audited) |
| Corporate Rating | <i>idBB/Stable</i> | Total Adjusted Assets [IDR Bn] | 4,606.8 | 4,927.3 | 4,538.9 | 2,951.0 |
| Rated Issues | | Total Adjusted Debt [IDR Bn] | 1,534.0 | 1,493.3 | 823.6 | 567.6 |
| <i>MTN I/2017</i> | <i>idBB</i> | Total Adjusted Equity [IDR Bn] | 971.7 | 1,252.0 | 1,186.5 | 1,130.0 |
| | | Total Sales [IDR Bn] | 1,010.8 | 2,227.6 | 2,176.9 | 1,193.3 |
| | | EBITDA [IDR Bn] | (199.8) | 217.6 | 168.7 | 94.1 |
| Rating Period | | Net Income After MI [IDR Bn] | (277.2) | 71.2 | 67.8 | 51.6 |
| <i>December 28, 2020 – April 1, 2021</i> | | EBITDA Margin [%] | (19.8) | 9.8 | 7.8 | 7.9 |
| | | Adjusted Debt to EBITDA [X] | *(5.8) | 6.9 | 4.9 | 6.0 |
| Rating History | | Adjusted Debt to Adjusted Equity [X] | 1.6 | 1.2 | 0.7 | 0.5 |
| <i>SEP 2020</i> | <i>idCCC/C.W. Negative</i> | FFO to Adjusted Debt [%] | *(22.5) | 8.0 | 11.1 | 13.8 |
| <i>SEP 2020</i> | <i>idSD</i> | EBITDA to IFCCI [X] | (3.2) | 3.5 | 4.0 | 3.5 |
| <i>SEP 2020</i> | <i>idCCC/C.W. Negative</i> | USD Exchange Rate [IDR/USD] | 14,918 | 13,901 | 14,481 | 13,548 |
| <i>APR 2020</i> | <i>idBBB/Negative</i> | | | | | |
| <i>OCT 2019</i> | <i>idBBB/Stable</i> | | | | | |
| <i>OCT 2018</i> | <i>idBBB/Stable</i> | | | | | |
| <i>NOV 2017</i> | <i>idBBB/Stable</i> | | | | | |

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.

Rating of PT Barata Indonesia raised "idBB", outlook revised to "stable"

PEFINDO has raised the ratings of PT Barata Indonesia (Persero) (Barata) and its MTN I Year 2017 Series A and MTN I Year 2017 Series B to "idBB" from "idCCC", and revised the corporate rating outlook to "stable" from previously "creditwatch with negative implication". The rating action follows the agreement between Barata and its MTN holders to restructure its MTN by extending the maturity for another two years with additional of several terms and conditions.

An obligor rated idBB has a somewhat weak capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. It faces ongoing uncertainties or exposure to adverse business, financial or economic conditions which could result in an inadequate capacity to meet its financial commitments.

The rating reflects our view on Barata's somewhat weak operating management, high financial leverage, and weak cash flow protection measures. The rating is offset by its good market position as a manufacturer of iron and steel castings in its main end markets, and our expectation for continued demand from infrastructure projects.

We could raise the rating if Barata improves its operating management in a sustained basis reflected by improved profitability ratios and fairly large order backlog that would provide sufficient revenue for medium term, improved financial leverage, and stronger cash flow protection measures. The rating is subject to a downgrade if Barata's operating performance declines beyond what is expected resulting in a weaker financial profile. The rating could also be under pressure if it adopts a more aggressive financial policy, including incurring higher debt, without being compensated by higher revenue and/or cash flow.

PT Barata Indonesia (Persero) is a state foundry and manufacturing company, the shares of which were 100% owned by the Government as of September 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.