

PT Adhi Karya (Persero) Tbk.

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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>idA-/Negative</i>	Total adjusted assets [IDR bn]	37,551.8	36,515.8	30,118.6	28,332.9
Rated Issues		Total adjusted debt [IDR bn]	9,554.6	10,521.9	8,553.5	8,452.6
<i>Shelf Registered Bond III/2020</i>	<i>idA-</i>	Total adjusted equity [IDR bn]	5,586.7	6,834.3	6,285.3	5,869.9
Rating Period		Total sales [IDR bn]	8,539.9	15,648.0	15,790.0	15,387.1
<i>Agustus 13, 2020 – Agustus 1, 2021</i>		EBITDA [IDR Bn]	796.8	1,958.7	2,112.8	1,826.6
Rating History		Net income after MI [IDR bn]	15.4	663.8	644.2	515.4
<i>APR 2020</i>	<i>idA-/Negative</i>	EBITDA margin [%]	9.3	12.5	13.4	11.9
<i>APR 2019</i>	<i>idA-/Stable</i>	Adjusted debt/EBITDA [X]	*6.0	5.4	4.0	4.6
<i>2016-2018</i>	<i>idA-/Stable</i>	Adjusted debt/adjusted equity [X]	1.7	1.5	1.4	1.4
<i>APR 2015</i>	<i>idA-/Negative</i>	FFO/adjusted debt [%]	*0.0	7.0	13.2	11.7
<i>SEP 2014</i>	<i>idA-/Negative</i>	EBITDA/IFCCI [X]	1.3	2.5	4.0	3.6
<i>APR 2014</i>	<i>idA-/Stable</i>	USD exchange rate [IDR/USD]	14,918	13,901	14,481	13,548
<i>2010-2013</i>	<i>idA-/Stable</i>					
<i>SEP 2009</i>	<i>idA-/Negative</i>					
<i>JUN 2009</i>	<i>idA-/Creditwatch Negative</i>					
<i>2007-2008</i>	<i>idA-/Stable</i>					

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.

Rating of PT Adhi Karya (Persero) Tbk's shelf registered bond III is "idA-"

PEFINDO has assigned "idA-" for ADHI's Shelf Registered Bond III Year 2020 of a maximum of IDR2 trillion. The proceeds fund will be used for refinancing loan (50%) and capital expenditure (50%). PEFINDO has also affirmed its "idA-" rating for ADHI's corporate rating. The outlook for the corporate rating is maintained at "negative" to anticipate deterioration in ADHI's credit profile due to higher debt to finance its investments in infrastructure projects as well as growing prefunding for working capital owing due to the shifting trends from government and state-owned enterprise projects using turnkey scheme payment and payment delay from construction projects. The payment delay was caused by the coronavirus disease 2019 (COVID-19) outbreak resulting delays in construction work and administration processes for progress payments due to physical distancing policy to anticipates the spread of COVID-19. Consequently, it also affecting ADHI's revenue and property sales targets, thus weakening its overall credit performance.

An obligor rated idA has a strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors. The minus (-) sign indicates that the rating is relatively weak within the respective rating category.

The corporate rating reflects ADHI's strong presence in the domestic construction market, the advantages of being a state-owned construction company, and margin improvement due to business diversification and turnkey projects. The rating is constrained by its aggressive financial leverage and weak cash flow protection measures, risks related to new businesses, and a relatively volatile business sector.

The rating could be lowered if ADHI's incurs more debt than projected, stemming from delayed projects payment, resulting financial leverage becomes more aggressive, and its interest coverage ratio weakens, as reflected by substantially higher debt to EBITDA ratio on sustained basis. The outlook could be revised to stable if it improves its financial profile to a level commensurate with an idA- rating on sustained basis.

ADHI is one of the largest construction companies in Indonesia, established in 1960. Its business is divided into four major categories: construction services; engineering, procurement and construction (EPC); property and realty; and investment infrastructure. As of September 30, 2020, its shareholders were the Indonesian government (51.0%) and the public (49.0%).

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.