

PT Barata Indonesia (Persero)

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Dec-2020	Dec-2019	Dec-2018	Dec-2017
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idSD</i>	Total Adjusted Assets [IDR Bn]	4,834.6	4,927.3	4,538.9	2,951.0
Rated Issues		Total Adjusted Debt [IDR Bn]	1,512.1	1,493.3	823.6	567.6
<i>MTN I/2017 Series A</i>	<i>idCCC</i>	Total Adjusted Equity [IDR Bn]	1,081.4	1,252.0	1,186.5	1,130.0
<i>MTN I/2017 Series B</i>	<i>idD</i>	Total Sales [IDR Bn]	1,247.8	2,227.6	2,176.9	1,193.3
Rating Period		EBITDA [IDR Bn]	(288.2)	217.6	168.7	94.1
<i>April 5, 2021 – April 1, 2022</i>		Net Income After MI [IDR Bn]	(487.4)	71.2	67.8	51.6
Rating History		EBITDA Margin [%]	(23.1)	9.8	7.8	7.9
<i>MAR 2021</i>	<i>idCCC/C.W. Negative</i>	Adjusted Debt to EBITDA [X]	(5.2)	6.9	4.9	6.0
<i>DEC 2020</i>	<i>idBB/Stable</i>	Adjusted Debt to Adjusted Equity [X]	1.4	1.2	0.7	0.5
<i>SEP 2020</i>	<i>idCCC/C.W. Negative</i>	FFO to Adjusted Debt [%]	(25.7)	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]	14,105	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

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 (Persero) to "idSD"

PEFINDO has lowered the ratings of PT Barata Indonesia (Persero) (Barata) to "idSD" from "idCCC" and lowered the rating of its Medium-Term Notes (MTN) I Year 2017 Series B to "idD" from "idCCC". The rating actions reflects Barata's inability in providing sufficient funds to serve the coupon payment of its MTN I Year 2017 Series B due on March 15, 2021 before the end of remedial period of 14 business days or on April 5, 2021. At the same time, we affirmed the "idCCC" ratings of its MTN I Year 2017 Series A. We are of the view that Barata is highly exposed to the risk of non-payment for its maturing MTN's coupon payment in June 2021 as it highly relies on external funds to serve its financial obligations. Its recent track record in postponement of the MTN's coupon payment also could negatively impact the Company's ability to secure external funding in the future.

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.

The rating reflects our view on Barata's high liquidity risk, weak cash flow protection measures, and high financial leverage. The rating is offset by its good market position as a manufacturer of iron and steel castings in its main end markets.

We may revise the corporate rating to *idD* if there is a strong indication of Barata's failure in fulfilling all of its financial obligations. We may raise the ratings if Barata improves its operating management on a sustained basis reflected by stronger profitability ratios and fairly large order backlog that would provide sufficient revenue for medium term, combined with material improvement in its financial indicators such as leverage and cash flow protection measures.

PT Barata Indonesia (Persero) is a state foundry and manufacturing company, the shares of which were 100% owned by the Government as of December 31, 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.