

## PT HUTAMA KARYA (PERSERO)

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<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
		<b>As of/for the year ended</b>				
		<b>Jun-2018</b>	<b>Dec-2017</b>	<b>Dec-2016</b>	<b>Dec-2015</b>	
		(Unaudited)	(Audited)	(Audited)	(Audited)	
<b>Corporate Rating</b>	<i>idA-/Positive</i>	52,809.4	48,715.6	23,726.0	12,323.2	
<b>Rated Issues</b>		12,146.0	11,732.1	5,643.8	2,442.6	
Bond I/2013	<i>idA-</i>	8,945.3	8,545.1	7,545.6	5,241.9	
Shelf-Registered Bond I/2016	<i>idAAA(gg)</i>	9,773.2	18,346.1	8,730.6	6,478.5	
<b>Rating Period</b>		837.5	1,363.0	797.3	563.3	
<i>September 12, 2018 – September 1, 2019</i>		614.2	1,071.0	301.2	250.7	
<b>Rating History</b>		8.6	7.4	9.1	8.7	
SEP 2017	<i>idA-/Stable</i>	*7.3	8.6	7.1	4.3	
SEP 2016	<i>idA-/Stable</i>	1.4	1.4	0.7	0.5	
MAR 2016	<i>idA-/Stable</i>	*5.9	7.1	7.5	13.3	
MAR 2015	<i>idA-/Stable</i>	1.8	3.1	2.6	3.2	
MAR 2014	<i>idA-/Stable</i>	14,404	13,548	13,436	13,795	
MAR 2013	<i>idA-/Stable</i>	<i>FFO = EBITDA – IFCCI + Interest Income – Current Tax Expense</i> <i>EBITDA = Operating Profit + Depreciation Expense + Amortization Expense</i> <i>IFCCI = Gross Interest Expense + Other Financial Charges + Capitalized Interest; (FX Loss not included)</i> <i>MI= Minority Interest *Annualized</i> <i>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.</i>				

### PEFINDO affirms "idA-" ratings for PT Hutama Karya (Persero) and its Bond I Year 2013, revises outlook to "positive"

PEFINDO has affirmed its "idA-" ratings for PT Hutama Karya (Persero) (PTHK) and its Bond I Year 2013 serie C. PEFINDO has also affirmed its "idAAA(gg)" rating for PTHK's Shelf-Registered Bond I Year 2016 that is fully guaranteed by Indonesian government. The outlook for the corporate rating has been revised to "positive" from "stable", reflecting our expectation of stronger support from the government in PTHK's Trans Sumatra toll road projects by consistently providing equity funding in terms of capital injection, toll road assets transfer to be monetized as collateral for external funding, commitment to provide full guarantee for loans, and others. PTHK is in the process to obtain another capital injection, which is expected to be allocated in the 2019's State Budget. We also expect the performances of PTHK's subsidiaries will show gradual improvements in the near to medium term.

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.

A debt security rated idAAA has the highest rating assigned by PEFINDO. The obligor's capacity to meet its long-term financial commitments on the debt security, relative to other Indonesian obligors, is superior.

The suffix (gg) in a particular rating incorporates security in the form of government guarantee.

The Minus (-) sign in a particular rating indicates that the rating is relatively weak within the respective rating category.

The corporate rating reflects PTHK's important role to the government in providing Trans Sumatra toll road infrastructure, its satisfactory market position in the construction industry, and the benefits of being a state-owned construction company. However, the rating is constrained by its aggressive financial profile, lower margins compared to its peers, and the relatively volatile construction business environment.

The rating may be raised if we view that the stronger support from the government is realized. The rating may also be upgraded if PTHK significantly strengthens its market position in the domestic construction industry and demonstrates steady cash flow generation through its expansion strategy, particularly in the property segment, which would help improve its profitability margins. The outlook, however, may be revised to stable if PTHK fails to reach its targeted revenue and EBITDA from non toll road business, and if its additional debt is higher than projected, resulting in deterioration in its financial profile. Continued weak sales amid higher projected debt in its property segment could also revise the rating's outlook to stable.

PTHK is a state-owned construction company. Construction services are its main business, with specialization in roads and bridges, investment, and manufacturing. In September 2014, it was assigned through Perpres (President's Regulation) No. 100/2014, which was then amended through Perpres No. 117/2015, as the institution responsible for the fundraising, technical planning, construction, operation and maintenance of 24 Trans-Sumatra toll roads with an estimated length of 2,704 kilometers (km). It aims to finish eight toll roads totaling 1,164 km by 2019. PTHK was assigned to operate the Jakarta Outer Ring Road Section S (JORR-S) toll road from Pondok Pinang to Kampung Rambutan in 2016. In August 2017, through Perpres No. 81/2017, PTHK was also assigned to operate the Tanjung Priok toll road access. PTHK has three subsidiaries, which are in the property sector and other two entities engaging in the construction and material supplies (precast, asphalt, and steel) to support the Trans-Sumatra's projects. As of June 30, 2018, it was wholly owned by the Indonesian government.

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