

## PT Kereta Api Indonesia (Persero)

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### **CREDIT PROFILE**

**Corporate Rating** *idAAA/Stable*

**Rated Issues**

*Proposed Bond II/2019* *idAAA*  
*Bond I/2017* *idAAA*

**Rating Period**

*September 13, 2019 – September 1, 2020*

**Rating History**

*APR 2019* *idAAA/Stable*  
*APR 2018* *idAAA/Stable*  
*AUG 2017* *idAAA/Stable*  
*AUG 2016* *idAAA/Stable*

### **FINANCIAL HIGHLIGHTS**

**As of/for the year ended**

	<b>Jun-2019</b> <b>(Audited)</b>	<b>Dec-2018</b> <b>(Audited)</b>	<b>Dec-2017</b> <b>(Audited)</b>	<b>Dec-2016</b> <b>(Audited)</b>
Total adjusted assets [IDR bn]	41,019.6	38,738.2	33,288.1	24,889.5
Total adjusted debt [IDR bn]	12,982.8	12,139.6	12,672.5	10,680.3
Total adjusted equity [IDR bn]	18,854.1	18,042.5	12,849.5	9,469.3
Total sales [IDR bn]	10,700.2	19,953.5	17,939.0	14,463.3
EBITDA [IDR bn]	2,434.9	4,196.1	3,527.8	2,647.1
Net income after MI [IDR bn]	1,233.2	1,555.2	1,718.2	1,028.8
EBITDA margin [%]	22.8	21.0	19.7	18.3
Adjusted debt/EBITDA [X]	*2.7	2.9	3.6	4.0
Adjusted debt/adjusted equity [X]	0.7	0.7	1.0	1.1
FFO/adjusted debt [%]	*25.8	22.9	16.9	16.5
EBITDA/IFCCI [X]	4.4	4.1	4.5	3.8
USD exchange rate [IDR/USD]	14,141	14,481	13,548	13,436

*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.*

### **PEFINDO assigns "idAAA" rating to PT Kereta Api Indonesia (Persero)'s proposed bond**

PEFINDO has assigned its "idAAA" rating to PT Kereta Api Indonesia (Persero) (KAI)'s proposed Bond II Year 2019 of a maximum of IDR2 trillion. The proceeds will be used to repowering of existing locomotives, investment in new facilities, and partly to repay its bank loans related to its 438 rolling stock procurement. PEFINDO has also affirmed its "idAAA" ratings for KAI and its Bond I Year 2017. The outlook for the corporate rating is "stable".

An obligor rated idAAA has the highest rating assigned by PEFINDO. The obligors' capacity to meet its long-term financial commitments, relative to that of other Indonesian obligors, is superior.

The rating reflects our view of the government's strong potential support to KAI due to the strategic importance of railway transportation, its superior business position in the railway sector in Indonesia, and steady growth prospects from higher passenger volume and freight transportation. However, significant capital expenditure plans, which will result in a higher financial leverage level and weakened debt coverage in the near to medium term, and increased competition with other modes of transportation, constrains its rating, in our view.

The rating could be lowered if we view a significant deterioration in government support, such as through a material divestment of ownership and/or a decreasing public service role for the government. A significant change in the regulatory framework that could negatively affect KAI's business and financial prospects may also trigger a rating downgrade. The rating could also be under pressure if it pursues a more aggressive financial policy, indicated by substantially larger debt than projected, without being compensated by higher revenue generation.

KAI is a state-owned rail operator, providing passenger transport and freight rail services. It is the sole user of the government's railway infrastructure. It is supported by six subsidiaries: Kereta Commuter Indonesia (KCI), Railink, KA Logistik, KA Properti Manajemen, Reska Multi Usaha, and KA Pariwisata. It was 100% owned by Indonesian government as of June 30, 2019.

**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.*