

PT Pindad (Persero)

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Dec-2020	Dec-2019	Dec-2018	Dec-2017
			(Audited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idBBB+/Stable</i>	Total Adjusted Assets [IDR Bn]	7,566.2	6,861.1	6,438.1	5,935.2
Rated Issues		Total Adjusted Debt [IDR Bn]	3,855.0	3,211.4	2,529.8	2,560.6
<i>MTN 2017 Series D & E</i>	<i>idBBB+</i>	Total Adjusted Equity [IDR Bn]	1,241.9	1,434.4	1,357.6	1,277.8
Rating Period		Total Sales [IDR Bn]	3,503.5	3,398.8	3,200.9	2,456.1
<i>April 29, 2021 – April 1, 2022</i>		EBITDA [IDR Bn]	484.4	416.5	445.6	264.3
Rating History		Net Income After MI [IDR Bn]	6.6	101.1	100.6	92.1
<i>DEC 2020</i>	<i>idBBB+/Stable</i>	EBITDA Margin [%]	13.8	12.3	13.9	10.8
<i>NOV 2020</i>	<i>idBBB+/CW Negative</i>	Adjusted Debt to EBITDA [X]	8.0	7.7	5.7	9.7
<i>SEP 2020</i>	<i>idA-/Stable</i>	Adjusted Debt to Adjusted Equity [X]	3.1	2.2	1.9	2.0
<i>MAY 2020</i>	<i>idA-/Negative</i>	FFO to Adjusted Debt [%]	3.4	4.0	10.2	6.8
<i>OCT 2019</i>	<i>idA-/Stable</i>	EBITDA to IFCCI [X]	1.4	1.6	2.3	2.1
<i>OCT 2018</i>	<i>idA-/Stable</i>	USD Exchange Rate [IDR/USD]	14,105	13,901	14,481	13,548
<i>OCT 2017</i>	<i>idA-/Stable</i>					
<i>MAY 2017</i>	<i>idA-/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.*

PT Pindad (Persero) rated “idBBB+” with stable outlook

PEFINDO has assigned its “idBBB+” ratings for PT Pindad (Persero) (PIND) and its Medium-Term Notes (MTN) Year 2017 Series D-E. The outlook for the corporate rating is “stable”.

An obligor rated idBBB has an adequate capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. The Plus (+) sign indicates that the rating is relatively strong within the respective rating category.

The rating reflects our view on PIND’s strong support from the government given its key role in producing military products, stable revenue from its munitions business, and wide variety of product offerings. The rating is constrained by its high dependence on the allocation of the state budget, aggressive capital structure and weak cash flow protection measures, as well as exposure to fluctuations of raw material and component costs.

We could raise the rating if PIND consistently improves its key financial indicators on a sustained basis. The rating could be lowered if we view a reduction in government support, such as through a material divestment of ownership and significantly reduced government contracts. The rating could also be under pressure if its EBITDA falls significantly below target and/or if it adopts a more aggressive financial policy, including incurring higher debt than projected without being compensated by higher revenue. We could also lower the rating if the unfavorable operating condition due to the COVID-19 pandemic prolongs and severely affects PIND’s operating performance, such as in terms of new contract achievement and timely deliveries of existing contracts, and/or if it shows signs of a deteriorating liquidity profile, indicated by lower-than-expected revenue or difficulties in accessing funding.

PIND, initially founded in 1983, is engaged in designs and manufactures a wide variety of military products mainly to meet the Indonesian military need and sell a small portion to foreign governments. Its key products include small caliber munitions, assault rifles, and armored vehicles. Its operations are divided into six main business segments, namely: munitions, weapons, special vehicles, commercial explosives, industrial machinery, and wrought and cast. More than 70% of its revenue over the past five years was derived from defense related services, while only 5% was generated overseas. PIND is wholly owned by the government of Indonesia.

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.