

PT Industri Kereta Api (Persero)

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Dec-2021 (Audited)	Dec-2020 (Audited)	Dec-2019 (Audited)	Dec-2018 (Audited)
Corporate Rating	<i>idBBB+/Stable</i>	Total Adjusted Assets [IDR Bn]	4,385.2	5,050.8	7,461.2	6,242.7
Rated Issues		Total Adjusted Debt [IDR Bn]	3,166.1	3,497.4	4,053.5	2,569.0
<i>Sukuk Mudharabah I/2020</i>	<i>idBBB+(sy)</i>	Total Adjusted Equity [IDR Bn]	608.3	547.2	1,675.5	1,551.6
Rating Period		Total Sales [IDR Bn]	2,361.5	2,319.5	3,401.3	3,255.9
<i>May 11, 2022 – May 1, 2023</i>		EBITDA [IDR Bn]	403.6	42.1	441.6	361.7
Rating History		Net Income after MI [IDR Bn]	66.0	(335.0)	99.2	86.4
<i>DEC 2021</i>	<i>idBBB+/Negative</i>	EBITDA Margin [%]	17.1	1.8	13.0	11.1
<i>DEC 2020</i>	<i>idBBB+/Negative</i>	Adjusted Debt/EBITDA [X]	7.8	83.0	9.2	7.1
<i>SEP 2020</i>	<i>idBBB+/Negative</i>	Adjusted Debt/Adjusted Equity [X]	5.2	6.4	2.4	1.7
<i>DEC 2019</i>	<i>idA-/Stable</i>	FFO/Adjusted Debt [%]	3.7	(8.9)	3.4	4.0
<i>MAY 2019</i>	<i>idA-/Stable</i>	EBITDA/IFCCI [X]	1.5	0.1	1.7	1.5
<i>MAY 2018</i>	<i>idA-/Negative</i>	USD Exchange Rate [IDR/USD]	14,269	14,105	15,589	14,481
<i>MAY 2017</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.

PT Industri Kereta Api Indonesia (Persero) rated "idBBB+", outlook revised to stable

PEFINDO has affirmed its "idBBB+" ratings for PT Industri Kereta Api Indonesia (Persero) (INKA) and "idBBB+(sy)" rating for its Sukuk Mudharabah I Year 2020. We revised the corporate rating outlook to "stable", reflecting our expectation on INKA's improved financial profile, given the business recovery of PT Kereta Api Indonesia (Persero) (KAI) as INKA's main customer will lead to higher capital expenditure and accordingly positively affecting INKA's revenue generation from the new contracts from KAI. During the first two months of 2022, number of train passengers has increased by 34.3% year-on-year compared to the same period in 2021.

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

The suffix (sy) means that the rating mandates are compliant with Islamic principles.

The corporate rating reflects INKA's strong support from the government, leading market position in rolling stock manufacturing, and strong financial flexibility. However, the rating is constrained by its aggressive capital structure, weak cash flow protection measures, and exposure to the fluctuation of raw material and component costs.

The rating may be raised if INKA consistently achieves its projected revenue and/or EBITDA and improves its financial profile on a sustained basis. However, the rating may be under pressured if INKA's long-dated inventory position extends to the degree that it will significantly weaken its profitability due to the heightening interest burden; thereby, raising its leverage as it needs to incur more debt to fund its sizeable working capital needs.

INKA is a state-owned manufacturing company, mainly producing rolling stock products, and is the only player in Southeast Asia in this industry. Its products include passenger wagons, freight cars, several units of electric train carriages (EMU), diesel train carriages (DMU), locomotives, bogies, engineering, procurement and construction (EPC projects), and rail-related services. INKA owns two subsidiaries to support its main business: PT Inka Multi Solusi, providing total solution provider services in construction and trading of railroad components/spare parts and land transportation products, and PT Rekaindo Global Jasa, engaged in engineering consulting services and support train components. INKA is fully owned by the Indonesian government.

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.