

PT Integrasi Jaringan Ekosistem

Credit Rating(s)

Project Rating
Proposed Bond I/2023

^{id}A⁻(sf)
^{id}A⁻

Rating Period

March 1, 2023 – March 1, 2024

Published Rating History

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PEFINDO has assigned its ^{id}A⁻ rating for PT Integrasi Jaringan Ekosistem (IJEE)'s proposed Bond I Year 2023 of a maximum of IDR600.0 billion. The proceeds of the bond will be used to refinance its bank loans and to finance the capital expenditure (capex) for upgrading its capacity and its working capital. PEFINDO has also affirmed its ^{id}A⁻(sf) rating to IJEE. The rating reflects the benefits of a good quality infrastructure, high demand for broadband services, and high portion of sales orders received. However, the rating is constrained by the risk to demonstrate a stable performance as the project is in the early operation stage, average debt service coverage, and limited presence in the industry.

The rating may be raised if IJEE significantly strengthens its business position in the industry as a result of business expansion, while demonstrating conservative financial leverage on a sustained basis. However, the rating may be lowered if the project execution in the beginning of 2023 significantly delays behind schedule resulting in project cost overruns and delays in revenue generation. The rating may also be under pressure if IJEE is more aggressive in financing its business activities without being compensated by strengthened business position.

IJEE is a telecommunication infrastructure provider. IJEE has an exclusive long-term contract with PT Kereta Api Indonesia (Persero) (KAI) related to the use of KAI's assets for the placement of IJEE's fiber optic cable. IJEE is in its early stage to operate fiber optic with the cable length of 2,800 kilometers (km) in nine operational areas of KAI in Java island. It plans to fully commence operations in the first quarter of 2023 with the capacity of 144 cores and 5.6 terra bit per second (Tbps). As the end of 2022, its shareholders consisted of PT Solusi Sinergi Digital Tbk (99.0%) and PT Lintas Maju Maxima (1.0%).

Rating Definition

Debt security rated ^{id}A indicates that the issuer's capacity to meet its long-term financial commitments on the debt security, relative to other Indonesian issuers, is strong. However, the issuer's capacity is somewhat more susceptible to adverse effects of changes in circumstances and economic conditions than higher-rated issuers. The minus (-) sign indicates that the rating is relatively weak within its category. Suffix (sf) means the rating is for a structured-finance transaction.

Financial Highlights

| As of/for the year ended | Dec-2022 (Audited) | Dec-2021 (Audited) | Dec-2020 (Audited) | Dec-2019 (Audited) |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total adjusted assets [IDR bn] | 877.1 | 428.9 | 18.2 | 16.4 |
| Total adjusted debt [IDR bn] | 565.6 | 283.6 | 18.5 | 15.9 |
| Total adjusted equity [IDR bn] | 199.1 | 131.3 | (0.3) | 0.5 |
| Total sales [IDR bn] | 113.1 | 16.1 | 0.0 | 0.0 |
| EBITDA [IDR bn] | 90.5 | 12.2 | 0.0 | 0.0 |
| Net income after MI [IDR bn] | 33.5 | 1.2 | (0.8) | (0.1) |
| EBITDA margin [%] | 80.1 | 75.6 | N/A | N/A |
| Adjusted debt/EBITDA [X] | 6.2 | 23.2 | (21.9) | (789.5) |
| Adjusted debt/adjusted equity [X] | 2.8 | 2.2 | (56.4) | 30.6 |
| FFO/adjusted debt [%] | 10.8 | 3.0 | (4.6) | (0.1) |
| EBITDA/IFCCI [X] | 3.1 | 3.0 | (1,386.8) | (37.2) |
| USD exchange rate [IDR/USD] | 15,731 | 14,269 | 14,105 | 13,901 |

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.

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