

## PT Wijaya Karya (Persero) Tbk

### Credit Ratings

General Obligation (GO)	idBBB/Negative
SR Bond I	idBBB
SR Sukuk Mudharabah I	idBBB <sub>(sy)</sub>
SR Bond II	idBBB
SR Sukuk Mudharabah II	idBBB <sub>(sy)</sub>
SR Bond III	idBBB
SR Sukuk Mudharabah III	idBBB <sub>(sy)</sub>

### Rating Period

May 25, 2023 – July 1, 2023

### Published Rating History

JUL 2022	idA/Stable
JUN 2022	idA/Stable
JUN 2021	idA/Stable
SEP 2020	idA/Stable
SEP 2015	idA+/Stable

### Rating Definition

Debt security rated idBBB denotes adequate protection parameters relative to other Indonesian debt securities. However, adverse economic conditions or changing circumstances are more likely to weaken the issuer's capacity to meet its long-term financial commitments on the debt security.

Suffix (sy) indicates the rating mandates Islamic principles compliant.

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PEFINDO has lowered the ratings for PT Wijaya Karya (Persero) Tbk (WIKA), its Shelf-Registered (SR) Bond I, II, III, and its SR Sukuk Mudharabah I,II, III to idBBB from idA. We revised the outlook to **Negative** from stable.

The rating action reflects our view on WIKA's weak financial profile, as shown by its very aggressive capital structure and weak liquidity to service its maturing short-term debt maturities. This is due to WIKA's lengthened operating cash cycle and high capital expenditures from its investments, making it highly reliant on external funds to finance its construction activities. The Negative outlook reflects our view on WIKA's heightened refinancing risk due to more limited financial flexibility triggered by weaker financial profile and negative market sentiment towards the construction sector.

The corporate rating reflects WIKA's strong market position in the domestic construction industry and diversified revenue sources. The rating is constrained by the Company's weak liquidity profile, risks from previous expansion, and the inherently volatile business environment.

The Company's inability to address its weak operating management and liquidity issues in the near term may trigger further rating downgrades. However, we may revise the outlook to stable if WIKA significantly improves its business performances and financial indicators while generating stronger cash flow on sustained basis.

Established in 1961, WIKA is one of the state-owned enterprises (SOE) in the construction sector. It covers investments, realty & property, infrastructure & building, energy & industrial plant, and industry segments. As of March 31, 2023, its shareholders were the Indonesian government (65.05%) and the public (34.95%).

### Financial Highlights

As of/for the year ended	Mar-2023	Dec-2022	Dec-2021	Dec-2020
Consolidated Figure	(Unaudited)	(Audited)	(Audited)	(Audited)
Total adjusted assets [IDR bn]	70,256.1	73,031.5	69,135.6	67,887.2
Total adjusted debt [IDR bn]	32,838.4	33,402.8	28,435.6	26,576.3
Total adjusted equity [IDR bn]	14,487.3	15,455.1	17,184.8	16,136.7
Total sales [IDR bn]	4,402.2	21,787.5	18,482.1	17,008.6
EBITDA [IDR bn]	287.3	2,303.8	1,914.4	1,619.9
Net income after MI [IDR bn]	(521.3)	(59.6)	117.7	185.8
EBITDA margin [%]	6.5	10.6	10.4	9.5
Adjusted debt/EBITDA [X]	*28.6	14.5	14.9	16.4
Adjusted debt/adjusted equity [X]	2.3	2.2	1.7	1.6
FFO/adjusted debt [%]	*(4.3)	1.5	1.6	0.5
EBITDA/IFCCI [X]	0.5	1.7	1.7	1.3
USD exchange rate [IDR/USD]	15,062	15,731	14,269	14,105

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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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.