

PT Steel Pipe Industry of Indonesia Tbk

Credit Ratings

| | |
|-------------------|----------------------|
| SR Bond I | idA- |
| SR Sukuk Ijarah I | idA ^(-sy) |

Rating Period

May 31, 2023 – Aug 3, 2023

Published Rating History

| | |
|----------|-------------|
| SEP 2022 | idA-/Stable |
| AUG 2022 | idA-/Stable |
| AUG 2021 | idA-/Stable |
| NOV 2013 | idA-/Stable |

PEFINDO has affirmed its idA- rating for PT Steel Pipe Industry of Indonesia Tbk (ISSP)'s Shelf-Registered Bond I/2022 Phase II Serie A of IDR15 billion and its idA^(-sy) rating for Shelf-Registered Sukuk Ijarah I/2022 Phase II Serie A of IDR100 billion that will mature on August 3, 2023. ISSP will repay the maturing debt using its internal funds. As of March 31, 2023, it had cash balance of IDR22.3 billion and EBITDA of IDR170.9 billion.

ISSP, established in 1971, is a manufacturing company specializing in the production of various steel-related products such as pipes and plates. As of March 31, 2023, its shareholders consisted of PT Cakra Bhakti Para Putra (56.9%), DBS Bank Ltd (7.08%), and the public (36.03%).

Rating Definition

Debt security rated idA 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 ^(sy) indicates Islamic principles compliant.

Financial Highlights

| As of/for the year ended | Mar-2023 (Unaudited) | Dec-2022 (Audited) | Dec-2021 (Audited) | Dec-2020 (Audited) |
|-----------------------------------|-------------------------|-----------------------|-----------------------|-----------------------|
| Total adjusted assets [IDR bn] | 7,490.3 | 7,397.6 | 7,083.4 | 6,056.0 |
| Total adjusted debt [IDR bn] | 2,626.3 | 2,620.6 | 2,412.3 | 2,301.4 |
| Total adjusted equity [IDR bn] | 4,244.6 | 4,136.2 | 3,773.2 | 3,314.7 |
| Total sales [IDR bn] | 1,737.9 | 6,255.9 | 5,378.8 | 3,775.5 |
| EBITDA [IDR bn] | 170.9 | 606.1 | 849.5 | 418.5 |
| Net income after MI [IDR bn] | 107.0 | 305.8 | 486.1 | 175.8 |
| EBITDA margin [%] | 9.8 | 9.7 | 15.8 | 11.1 |
| Adjusted debt/EBITDA [X] | *3.8 | 4.3 | 2.8 | 5.5 |
| Adjusted debt/adjusted equity [X] | 0.6 | 0.6 | 0.6 | 0.7 |
| FFO/adjusted debt [%] | *11.4 | 12.1 | 22.2 | 7.5 |
| EBITDA/IFCCI [X] | 2.7 | 3.0 | 4.9 | 2.0 |
| 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.

Contact Analysts:

tsanya.chindra@pefindo.co.id
agung.iskandar@pefindo.co.id

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