

## PT Wika Realty

### Credit Ratings

General Obligation (GO)	<sup>id</sup> BB+/Stable
MTN IX/2019	<sup>id</sup> BB+
Convertible Bond I/2019	<sup>id</sup> BB+(cg)

### Rating Period

June 7, 2023 – December 1, 2023

### Published Rating History

DEC 2022	<sup>id</sup> BBB-/Stable
DEC 2021	<sup>id</sup> BBB-/Stable
DEC 2020	<sup>id</sup> BBB-/Negative
DEC 2019	<sup>id</sup> BBB/Negative
DEC 2018	<sup>id</sup> BBB/Stable

### Rating Definition

Debt security rated <sup>id</sup>BB denotes somewhat weak protection parameters relative to other Indonesian debt securities. The obligor's capacity to meet its long-term financial commitments on the debt security is susceptible to major ongoing uncertainties or exposure to adverse business, financial, or economic conditions, which could result in an inadequate capacity of the obligor to meet its financial commitments on the debt security. The Plus (+) sign indicates that the rating is relatively strong within the respective rating category.

The suffix (cg) indicates that the rating incorporates security in the form of a corporate guarantee.

PEFINDO has lowered the ratings of PT Wika Realty (WKTY) and its Medium-Term Notes (MTN) IX/2019 to <sup>id</sup>BB+ from <sup>id</sup>BBB-. PEFINDO also lowered its rating to WKTY's Convertible Bond I Year 2019 of IDR950 billion to <sup>id</sup>BB+(cg) from <sup>id</sup>BBB+(cg), which principal payment is fully guaranteed by its parent, PT Wijaya Karya (Persero) Tbk (WIKA, <sup>id</sup>BBB/negative). The rating downgrade reflects the Parent's recent development which suffers from weak financial profile, thus limiting WIKA's capability in providing support to WKTY when needed. The rating action also captures WKTY's heightening refinancing risk related to its maturing MTN VIII of IDR300 billion due on 26 July 2023. The outlook for the corporate rating is **stable**.

The rating reflects WKTY's good proportion of recurring income and diversified business portfolio. The rating is constrained by its very weak financial profile, low margin business, and sensitivity to changes in macroeconomic conditions. The Convertible Bond rating no longer reflects WIKA's corporate rating as the guarantor. We view the latest parent condition to no longer have the capability to cover the loan, hence the stand-alone risk.

The rating may be raised if WKTY significantly improves its capital structure and cash flow protection measures through deleveraging, higher preselling activities, and higher revenue from recurring business on a sustained basis. However, the rating may be lowered if its revenue or EBITDA falls significantly short of the projection, and if it incurs substantially more debt than projected which further weakens its credit metrics.

WKTY's business activities are realty development (landed houses and apartments), property management, retail commercial, and hotel services. In 2020, WKTY was appointed by Ministry of State-Owned Enterprises (SOE) as the Holding Company for SOE in the Hospitality Sector and currently has a total of 26 hotels which acquired through stock investment and asset purchase. As of May 31, 2023, its shareholders were WIKA (72.51%), Hotel Indonesia Nature (22.57%), Koperasi Karya Mitra Satya (2.74%), PT Aerowisata (2.09%), and Yayasan Wijaya Karya (0.07%).

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## Financial Highlights

As of/for the year ended	Mar-23 (Unaudited)	Dec-2022 (Audited)	Dec-2021 (Audited)	Dec-2020 (Audited)
Total adjusted assets [IDR bn]	20,391.2	20,269.6	19,005.1	13,262.6
Total adjusted debt [IDR bn]	10,274.4	10,232.4	8,651.8	6,553.1
Total adjusted equity [IDR bn]	6,416.0	6,403.6	6,434.3	3,401.9
Total sales [IDR bn]	248.6	1,060.5	457.9	533.0
EBITDA [IDR bn]	48.8	144.9	(50.8)	(148.1)
Net income after MI [IDR bn]	0.3	(46.7)	25.7	398.5
EBITDA margin [%]	19.6	13.7	(11.1)	(27.8)
Adjusted debt/EBITDA [X]	*52.6	70.6	(170.2)	(44.3)
Adjusted debt/adjusted equity [X]	1.6	1.6	1.3	1.9
FFO/adjusted debt [%]	*(5.4)	(6.1)	(8.2)	(10.0)
EBITDA/IFCCI [X]	0.3	0.1	(0.1)	(0.3)
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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