

PT Wijaya Karya Beton Tbk

Credit Rating

General Obligation (GO)

idA-/Stable

Rating Period

June 7, 2023 – March 1, 2024

Published Rating History

| | |
|----------|-------------|
| MAR 2023 | idA/Stable |
| MAR 2021 | idA/Stable |
| JUL 2019 | idA+/Stable |
| APR 2018 | idA+/Stable |
| SEP 2016 | idA+/Stable |

PEFINDO has lowered the rating of PT Wijaya Karya Beton Tbk (WTON) to idA- from idA. Outlook for the corporate rating is stable. The rating downgrade reflects our view on the recent development of its parent, PT Wijaya Karya (Persero) Tbk. (WIKA) (idBBB/Negative), currently suffers from a weak financial profile and facing a heightened refinancing risk, subsequently limiting WIKA's capability to provide extraordinary support to WTON when needed. In addition to WTON's moderating financial flexibility, the Parent's situation may also weaken WTON's potential business generation and receivables collection from WIKA as one of the Company's major customers.

The rating reflects its strong market position and extensive network with diversified customer profile and wide range of services and products. The rating is constrained by its moderate financial profile and sensitivity to changes in macroeconomic conditions.

The rating may be raised if WTON further strengthens its market position and significantly improves its financial profile as reflected in the growth of its revenue and improvement in profitability, in addition to a stronger cash flow protection measures and lower leverage on a sustained basis. The rating may be lowered if WTON's revenue or EBITDA significantly falls short of its targets, and if its debt exceeded the projections without a corresponding revenue and profitability margin increase, worsening its capital structure and cash flow protection measures on a sustained basis.

WTON, established in 1997, is the largest precast concrete manufacturers in Indonesia and one of the largest in South-East Asia. As of March 31, 2023, WIKA was its majority shareholder with 60.0% ownership, followed by Koperasi Karya Mitra Satya (KKMS, 5.11%), Yayasan Wijaya Karya (0.99%), the public (33.52%), and the rests are by key management.

Rating Definition

An obligor rated idA has a strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors. The Minus (-) sign indicates that the rating is relatively weak within the respective rating category.

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] | 8,441.5 | 9,447.5 | 9,082.5 | 8,670.1 |
| Total adjusted debt [IDR bn]^ | 2,104.9 | 2,750.0 | 3,055.3 | 2,788.3 |
| Total adjusted equity [IDR bn] | 3,642.9 | 3,637.8 | 3,484.8 | 3,424.9 |
| Total sales [IDR bn] | 917.0 | 6,003.8 | 4,459.0 | 4,803.4 |
| EBITDA [IDR bn] | 73.6 | 605.6 | 365.1 | 434.8 |
| Net income after MI [IDR bn] | 6.1 | 162.9 | 85.5 | 128.1 |
| EBITDA margin [%] | 8.0 | 10.1 | 8.2 | 9.1 |
| Adjusted debt/EBITDA [X] | *7.2 | 4.5 | 8.4 | 6.4 |
| Adjusted debt/adjusted equity [X] | 0.6 | 0.8 | 0.9 | 0.8 |
| FFO/adjusted debt [%] | *10.4 | 17.3 | 8.5 | 10.8 |
| EBITDA/IFCCI [X] | 5.0 | 7.1 | 4.2 | 3.8 |
| 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 ^include Supply Chain Financing Payable

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:

resnanda.dahono@pefindo.co.id

randhya.musapatikto@pefindo.co.id

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.