

PT Falcon Asia Investama

Company Rating

*ir*BBB/Stable

“Debt Securities with *ir*BBB rating have an adequate level of certainty to honor its financial obligations. However, this certainty is more likely to diminish in the future than with the higher rating categories”

Rated Issues

Proposed Medium Term Note (MTN) Falcon Asia Investama Tahun 2022 amounting to IDR 750 Bn

*ir*BBB

Rating Period

November 25, 2022 – December 1, 2023

Rating History

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Kredit Rating Indonesia assigns '*ir*BBB' rating to Proposed Medium Term Note (MTN) Falcon Asia Investama Tahun 2022 totaling IDR 750 Bn

Kredit Rating Indonesia (KRI) assigns a Company Rating of '*ir*BBB' for PT Falcon Asia Investama (FAI or the Company) with a 'Stable' outlook. At the same time, KRI has assigned '*ir*BBB' rating to FAI's proposed Medium Term Note (MTN) Falcon Asia Investama Tahun 2022 totalling IDR 750 billion that will be used for refinancing and investment. The ratings reflect the Company's strategy of investment, but at the same time the ratings are constrained by the Company's aggressive weak financial profile going forward.

FAI's strategy to invest in the Company that produces a satisfactory return should be given a positive point, as the investment in PT Bintang Oto Global Tbk (BOGA) one of the biggest car sales distributors in East Java, produced the highest return of assets (ROA) and return on equity (ROE) among its rated peers. In FY21 and 9M2022, FAI booked ROA of 3.4% and 1.9%, respectively, and ROE of 8.5% and 4.6%.

However, we see that the Company's capital structure is expected to be less prudent following the Company's plans to issue the new debt notes. The Company's debt-to-equity ratio (DER) is expected to increase from 0.8x as per September 30, 2022, to 1.0x after the debt issuance. This will lead to a weaker liquidity with a falling of EBITDA/interest expense ratio from 2.5x as per September 30, 2022, to an estimation of 1.4x in FY23F.

As of September 30, 2022, FAI's shareholders were PT Sumber Solusindo Sejahtera (99.99%), and PT Mitra Solusindo Sejahtera (0.01%).

FAI Financial Results Highlights (Consolidated)

As of/For the year ended	Sept 2022 (Unaudited)	Dec 2021 (Audited)	Dec 2020 (Audited)	Dec 2019 (Audited)
Total Assets (IDR, Bn)	1,152.6	804.5	585.1	986.9
Total Adjusted Debt (IDR, Bn)	271.0	258.5	69.8	68.5
Total Adjusted Equity (IDR, Bn)	636.0	331.2	323.0	320.2
Total Sales (IDR, Bn)	492.7	556.3	478.0	790.8
EBIT (IDR, Bn)	40.8	40.4	21.7	34.8
EBIT Margin (%)	8.3	7.3	4.5	4.4
Return on Permanent Capital (%)	6.2	6.6	3.6	9.9
Adj. Debt/Adj. Equity (x)	0.4	0.8	0.2	0.2
EBITDA/Adj. Debt (x)	0.2	0.2	0.5	0.7
EBITDA/IFCCI (x)	2.2	17.8	6.0	3.2
FFO/Total Adjusted Debt (%)	8.0	25.2	70.3	75.9
USD Exchange Rate (IDR/USD)	15,247	14,269	14,105	13,901

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