

**PT Wijaya Karya Realty****Rated Issue**

MTN IX WIKA Realty Tahun 2019

***ir*BB+****Rating Period**

September 16, 2025 – May 2, 2026

"Debt securities with *ir*BB, although the Obligor's level of capability to meet its financial obligations has not been declared problematic, the uncertainty of business, financial and economic conditions may result in non-fulfillment of the financial obligations of this BB rated Debt Securities."

The plus sign (+) indicates that the rating given is closer to the rating scale above it.

**Kredit Rating Indonesia has downgraded the rating of MTN IX WIKA Realty Tahun 2019 to "*ir*BB+" from "*ir*BBB+"**

Kredit Rating Indonesia ("KRI" or "we") has downgraded the rating of MTN IX WIKA Realty Tahun 2019 amounting to IDR 545 billion to "*ir*BB+" from "*ir*BBB+". The rating reflects KRI's concern towards PT Wijaya Karya (Persero) Tbk ("WIKA"), PT Wijaya Karya Realty ("WIK Realty" or "the Company") majority shareholder, nonfulfillment of credit covenants, which could impact WIK Realty. WIK Realty also still has weak financial profile which could impact their capability in making interest payment.

Recently, WIK Realty has failed to fulfill the credit covenants of interest bearing debt to equity ratio (maximum 2.5x) and a ratio of Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) to loan interest expense (minimum 1x). KRI increased caution towards the impact of the failure to fulfill financial covenant by WIK Realty to the Company, since WIK Realty received Shareholder Loan (SHL) from WIK Realty. Although decreasing, but the total value of shareholder loan was still at IDR 7,554 billion in 1Q2025 (vs IDR 8,154 billion in FY23). The Company has put effort in reducing its SHL with debt to asset scheme and debt to equity scheme. However, due to postponement of corporate action policy from Danantara Indonesia, the process of Debt to Asset and Debt to Equity are postponed. We view that this SHL might negatively impact the Company's condition if it is called for immediate repayment.

In addition, WIK Realty booked low revenue of IDR 87 billion in 1Q2025 (vs IDR 219.6 billion in 1Q2024), resulting negative Earnings Before Interest and Taxes (EBIT) of IDR 22.8 billion and negative EBITDA of IDR 31.1 billion. As a result, the Company's capacity in interest repayment is still weak as shown by EBITDA to interest ratio of negative 0.1x in 1Q2025. The Company is scheduled to interest payment of MTN IX WIK Realty Tahun 2019 in November, 2025. However, as the Company booked negative EBIT and negative EBITDA, we questioned the Company's capability in making an interest payment in the future as WIK Realty is also prohibited by Danantara Indonesia to submit a credit loan proposal from banks until the process of audit is completed.

To improve liquidity, the Company has divested its asset of land in Wanasari and the payment amount as well as payment schedule are currently under negotiation. The Company is also working to meet the payment requirement in September, 2025, to process the payment in December, 2025. While the Company is optimistic, but the transaction remains at risk due to other issues.

In the mean time, the state-owned construction sector is undergoing a significant restructuring, reducing from seven to three entities to enhance operational health. The initial internal evaluation is the first step in this process and currently being conducted by WIK Realty. Danantara Indonesia has set a target for the merger to be finalized by the end of this year, although several known challenges remain.

The Company's shareholder ownership composition as of March 31, 2025 was PT Wijaya Karya (Persero) Tbk (95.088%), Koperasi Karya Mitra Satya (2.744%), PT Aero Wisata (2.095%), and Yayasan Wijaya Karya (0.074%).

**WIKI Realty Financial Result Highlights (Consolidated)**

As of/For the years ended	Mar 2025 (Unaudited)	Dec 2024 (Audited)	Dec 2023 (Audited)	Dec 2022 (Audited)
Total Adjusted Assets (IDR, billion)	15,745.0	15,970.8	17,997.0	20,269.6
Total Adjusted Debt (IDR, billion)	9,326.9	9,245.0	10,564.3	10,217.5
Total Adjusted Equity (IDR, billion)	2,794.7	3,090.2	4,099.7	6,334.5
Total Sales (IDR, billion)	87.0	1,041.3	1,391.6	1,060.5
EBIT (IDR, billion)	-31.1	63.6	193.0	22.8
Net Income (IDR, billion)	-197.8	-1,228.0	-2,226.0	-49.9
EBIT Margin (%)	-35.8	6.1	13.9	2.2
EBITDA/Adjusted Debt (x)	0.0	0.0	0.0	0.0
Adjusted Debt/Adjusted Equity (x)	3.3	3.0	2.6	1.6
FFO/Adjusted Debt (%)	-0.2	0.1	-0.1	0.1
EBITDA/IFCCI (x)	-0.1	0.1	0.3	0.6
USD Exchange Rate (IDR/USD)	16,588	16,162	15,416	15,731

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