

## PT Adhi Persada Properti

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<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
		<b>As of/for the year ended</b>				
		<b>Jun-2018</b>	<b>Dec-2017</b>	<b>Dec-2016</b>	<b>Dec-2015</b>	
		<b>(un-audited)</b>	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>	
<b>Corporate Rating</b>	<i>idBBB/Negative</i>	Total adjusted assets [IDR bn]	5,141.3	5,093.9	3,765.1	3,183.6
<b>Rated Issues</b>		Total adjusted debt [IDR bn]	1,586.4	1,685.8	1,615.1	1,448.1
<i>MTN IV/2017</i>	<i>idBBB</i>	Total adjusted equity [IDR bn]	1,841.0	1,822.7	960.8	791.9
<b>Rating Period</b>		Total sales [IDR bn]	264.9	859.6	669.7	603.2
August 10, 2018 – August 1, 2019		EBITDA [IDR bn]	36.0	178.0	184.9	157.6
<b>Rating History</b>		Net income after MI [IDR bn]	20.8	73.5	133.5	101.9
<i>AUG 2017</i>	<i>idBBB/Stable</i>	EBITDA margin [%]	13.6	20.7	27.6	26.1
<i>JUL 2014</i>	<i>idBBB+/Stable</i>	Adjusted debt/EBITDA [X]	*22.0	9.5	8.7	9.2
		Adjusted debt/adjusted equity [X]	0.9	0.9	1.7	1.8
		FFO/adjusted debt [%]	*(6.2)	4.1	4.4	5.4
		EBITDA/IFCCI [X]	0.5	2.1	2.1	3.0
		USD exchange rate [IDR/USD]	14,404	13,548	13,436	13,795

*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.*

### PEFINDO affirms “idBBB” ratings to PT Adhi Persada Properti and its MTN, revises its outlook to “negative”

PEFINDO has affirmed its “idBBB” ratings for PT Adhi Persada Properti (APPR) and its Medium Term Notes (MTN) IV Year 2017. However, we revised the outlook for the corporate rating to “negative” from “stable” to anticipate weakening financial profile over the coming quarters as the Company could not achieve its targeted revenue mainly because of lower than expected take-up rates amid weak property demand, as evidence by most of its ongoing property projects had a take-up rate of less than 40.0% while its progress are nearly completed. Moreover, late permit issuance from future projects may also hamper APPR’s business and financial prospects as it will further delay the construction progress, thus, negatively impacting its revenue recognition.

An obligor rated idBBB has an adequate capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

The corporate rating reflects the Company’s strategic importance to its parent and strong synergy with ADHI Group, and its moderate asset quality and relatively diversified property locations. However, the rating is constrained by its aggressive capital structure and weak cash flow protection, limited recurring income, and sensitivity to changes in macroeconomic conditions.

The rating could be lowered if APPR could not achieve the revenue and/or EBITDA target particularly from its residential segment. The rating also could be under pressure if there is further delay due to building license, the Company incurs new debts to finance its projects and working capital without fair corresponding business performance, and there is a significant indication of weaker parental support. The outlook could be revised to “stable” if APPR is able to achieve projected revenue and/or EBITDA without acquiring more debt than projected on sustained basis.

As the subsidiary of PT Adhi Karya (Persero) Tbk (ADHI, idA-/stable outlook), it was established in 2002 with the official name of PT Adhi Realty. In 2012, the Company changed its name to PT Adhi Persada Properti in line with the shareholder’s policy to separate the property and realty businesses. On the back of shareholder decision to integrate and strengthen its business position in the industry, APPR merged with PT Adhi Persada Realti in 2015. As of June 30, 2018, APPR’s shareholders were ADHI with 99.93% of ownership and Koperasi Jasa Adhi Sejahtera with 0.07% of ownership.

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