Press Release
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PT Agung Podomoro Land Tbk

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CREDIT PROFILE

Corporate Rating	*idA-/Negative*
Rated Issues	
Shelf-Registration Bond I/2014-2015	*idA-*
Rating Period	
April 10, 2019 – April 1, 2020	
Rating History	
APR 2018	*idA-/Stable*
APR 2017	*idA-/Negative*
APR 2016	*idA-/Negative*
JAN 2016	*idA-/Stable*
APR 2015	*idA/Negative*
NOV 2014	*idA/Negative*
2011-2014	*idA/Stable*

FINANCIAL HIGHLIGHTS

As of / for the year ended	**Dec-2018** (Audited)	**Dec-2017** (Audited)	**Dec-2016** (Audited)	**Dec-2015** (Audited)
Total adjusted assets [IDR bn]	29,523.0	28,732.3	25,663.0	24,514.8
Total adjusted debt [IDR bn]	10,407.3	9,234.2	6,513.5	6,315.9
Total adjusted equity [IDR bn]	12,146.7	11,439.2	9,921.8	9,028.3
Total sales [IDR bn]	5,035.3	7,043.0	6,007.0	5,971.6
EBITDA [IDR bn]	1,570.2	2,463.0	2,072.6	2,059.6
Net income after MI [IDR bn]	29.6	1,371.6	631.9	809.0
EBITDA Margin [%]	31.2	35.0	34.5	34.5
Adjusted debt to EBITDA [X]	6.6	3.7	3.1	3.1
Adjusted debt to adjusted equity [X]	0.9	0.8	0.7	0.7
FFO to adjusted debt [%]	4.3	14.7	18.0	20.1
EBITDA to IFCCI [X]	1.6	2.8	2.7	2.8
USD exchange rate [IDR/USD]	14,481	13,548	13,436	13,795

FFO = EBITDA – IFCCI + gross 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
The above ratios have been computed based on information from the company and published accounts. Where applicable, some mites have been reclassified according to PEFINDO's definitions.

PEFINDO affirms PT Agung Podomoro Land Tbk's ratings at "idA-". Outlook revised to negative

PEFINDO has affirmed the ratings of PT Agung Podomoro Land Tbk (APLN) and its Shelf-Registration Bond I/2014-2015 at "**idA-**". At the same time, we have also affirmed the rating of its Bond I/2014 of IDR750 billion, which will be due on June 6, 2019, at "**idA-**". The Company plans to repay the maturing bond using external funding. The outlook for the corporate rating is revised to **"negative"** to anticipate a prolonged higher financial leverage than we had earlier projected as a result of APLN relying on more borrowing on capital expenditure (capex) for project completion amid lower than expected presales. APLN's leverage as measured by debt to EBITDA, has rose significantly to 6.6x by the end of 2018 from 3.7x in 2017 and an average of 3.4x in 2014-2017. Consequently, interest coverage, measured by EBITDA to interest, fell to 1.6x in 2018 from around 2.7x-2.8x in 2014-2017. Its inability to lower its leverage and improve interest coverage to the levels that are commensurate with the levels of A- rated property companies in the next 12 months will trigger a downgrade in rating. APLN is expected to divest one or more of its investment properties in 2019, of which it has successfully completed the sale transaction of its Sofitel Bali hotel in March 2019.

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.

The corporate rating reflects APLN's strong market position, favorable asset quality, and strong recurring income, which should provide a buffer in case of a muted property market. The rating, however, is constrained by APLN's high leverage resulting in weakened cash flow protection measures, execution risks related to reclamation project, and the sensitive nature of the property sector to changes in macroeconomic conditions.

We could lower the rating if APLN exhibits larger than expected debt without compensating it with higher revenue and EBITDA, resulting in a more aggressive leverage and weaker cash flow protection measures. This includes a scenario where additional costs from the reclamation project as a result of the delay could not be passed on through higher selling prices to customer. We could also lower the rating if APLN fails to realize its asset sales in an effort to deleverage as well as to fund project completion. A considerably weak presales performance from which it may hamper future earnings visibility and failure to timely complete investment properties in the pipeline to supersede the income loss from asset sales may also pressure the rating. We could revise the outlook to stable if APLN is able to lower its leverage and improve cash flow protection measures on a sustained basis.

APLN, part of the Agung Podomoro Group, is the leading developer of mixed-use and/or high-rise developments, with projects mostly in Jakarta. It also has mixed-use development projects outside Jakarta in Karawang, Bogor, and Bandung, and outside Java in Medan, Batam, Balikpapan, and Makassar. As of December 31, 2018, its shareholders were PT Indofica (75.99%), Trihatma Kusuma Haliman (3.21%), the board of directors and commissioners (0.04%), and the public (20.76%).

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