

PT Adhi Persada Properti

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CREDIT PROFILE

Corporate Rating *idBBB-/Stable*

Rated Issues

MTN IV/2017

idBBB-

Rating Period

August 13, 2019 – August 1, 2020

Rating History

AUG 2018

idBBB/Negative

AUG 2017

idBBB/Stable

JUL 2014

idBBB+/Stable

FINANCIAL HIGHLIGHTS

As of/for the year ended

	Jun-2019 (Unaudited)	Dec-2018 (Audited)	Dec-2017 (Audited)	Dec-2016 (Audited)
Total adjusted assets [IDR bn]	6,058.3	5,522.2	5,093.9	3,765.1
Total adjusted debt [IDR bn]	2,194.3	1,833.7	1,685.8	1,615.1
Total adjusted equity [IDR bn]	1,931.4	1,911.1	1,822.7	960.8
Total sales [IDR bn]	338.5	803.3	859.6	669.7
EBITDA [IDR bn]	50.1	119.8	178.0	184.9
Net income after MI [IDR bn]	26.9	107.0	73.5	133.5
EBITDA margin [%]	14.8	14.9	20.7	27.6
Adjusted debt/EBITDA [X]	21.9*	15.3	9.5	8.7
Adjusted debt/adjusted equity [X]	1.1	1.0	0.9	1.7
FFO/adjusted debt [%]	(2.5)*	(2.3)	4.4	4.4
EBITDA/IFCCI [X]	0.7	0.8	2.1	2.1
USD exchange rate [IDR/USD]	14,141	14,481	13,548	13,436

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 lowers the ratings for PT Adhi Persada Properti and MTN to “idBBB-”

PEFINDO has lowered the ratings for PT Adhi Persada Properti (APPR) and its Medium-Term Notes (MTN) IV Year 2017 to “idBBB-” from “idBBB”. The rating downgrades were triggered by PEFINDO's expectation of aggressive capital structure and weak cash flow protection measures due to projected high debt for business development and low revenue and EBITDA due to late issuance of building permits which leads to construction delay and low take-up rates amid weak property demand. As of June 30, 2019, the Company's debt to EBITDA and funds from operations (FFO) to debt ratios were 21.9x and negative 2.5% due to cyclical factor, as most of the revenue usually is booked in the second half of the year. Following the rating downgrade, the outlook for the corporate rating has been revised to “stable” from “negative”.

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 weaken its capacity to meet its financial commitments.

The minus (-) sign in a particular rating indicates that it is relatively weak within the respective rating category.

The corporate rating reflects the Company's strong synergy and strategic importance to PT Adhi Karya (Persero) Tbk (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 measures, limited recurring income, and sensitivity to changes in macroeconomic conditions.

The rating may be raised if APPR significantly improves its financial profile through strengthening its capital structure and cash flow protection measures on a sustained basis, and also enhances its market position in the property industry. The rating could be lowered if APPR fails to achieve its revenue and/or EBITDA targets, if it incurs new debt to finance its projects and working capital without a corresponding increase in business performance, and if there is a significant indication of weaker parental support.

As a subsidiary of PT Adhi Karya (Persero) Tbk (ADHI, idA-/stable), APPR was established in 2002 as PT Adhi Realty. In 2012, it changed its name to PT Adhi Persada Property in line with the shareholder's policy to separate the property and realty businesses. Following a shareholder decision to integrate and strengthen its business position in the industry, APPR merged with PT Adhi Persada Realty in 2015. As of June 30, 2019, APPR was 99.94% owned by ADHI and 0.06% by Koperasi Jasa Adhi Sejahtera.

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