PEFINDO
CREDIT RATING AGENCY

Press Release
April 12, 2018

PT Agung Podomoro Land Tbk

Analysts: *Yogie Perdana / Christyanto Wijaya*

Phone/Fax/E-mail: *(62-21) 7278 2380 / 7278 2370 / yogie.perdana@pefindo.co.id / christyanto.wijaya@pefindo.co.id*

CREDIT PROFILE

Corporate Rating — *idA-/Stable*

Rated Issues
Shelf-Registration Bond I/2013 — *idA-*

Rating Period
April 10, 2018 – April 1, 2019

Rating History

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-2017 (Audited)	Dec-2016 (Audited)	Dec-2015 (Audited)	Dec-2014 (Audited)
Total adjusted assets [IDR bn]	28,732.3	25,663.0	24,514.8	23,631.3
Total adjusted debt [IDR bn]	9,234.2	6,513.5	6,315.9	6,486.3
Total adjusted equity [IDR bn]	11,439.2	9,921.8	9,028.3	8,375.2
Total sales [IDR bn]	7,043.0	6,007.0	5,971.6	5,296.6
EBITDA [IDR bn]	2,463.0	2,072.6	2,059.6	1,761.9
Net income after MI [IDR bn]	1,371.6	631.9	809.0	851.8
EBITDA Margin [%]	35.0	34.5	34.5	33.3
Adjusted debt to EBITDA [X]	3.7	3.1	3.1	3.7
Adjusted debt to adjusted equity [X]	0.8	0.7	0.7	0.8
FFO to adjusted debt [%]	14.7	18.0	20.1	15.8
EBITDA to IFCCI [X]	2.8	2.7	2.8	2.6
USD exchange rate [IDR/USD]	13,548	13,436	13,795	12,440

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 revises PT Agung Podomoro Land Tbk's outlook to stable. Affirms ratings at "idA-"

PEFINDO has affirmed the ratings of PT Agung Podomoro Land Tbk (APLN) and its Shelf-Registration Bond I/2013 at "**idA-**". At the same time, we also affirmed the rating of its Bond I/2013 of IDR1.2 trillion, which will due on June 27, 2018, at "**idA-**". It plans to repay the maturing bond using a mix of internal cash and external funding. As of December 31, 2017, it had a cash balance of IDR2.3 trillion as well as sizeable unused credit facilities. We revised the outlook of the corporate rating to **"stable"** to reflect the positive development on its islet G reclamation project located in the North of Jakarta following the lifting of suspension works laid on the project from the Ministry of Environment and Forestry in October 2017 after APLN was able to meet all administrative requirements. In May 2016, the Ministry suspended reclamation works on the project due to administrative/regulation concerns. We view that the uplift, to some extent, reduces the risks of write-offs arising from costs incurred related to the reclamation project, which it had spent about IDR3.4 trillion, as well as cash refund of collection from the project's presales to which it had received around IDR1.8 trillion as of December 31, 2017. At the present stage, we feel fairly content with the recent event concerning the project, but then again, we are also aware that the project carries some speculative characteristics due to its political, environmental, and social exposure that may have a credit implication. For that reason, we will closely monitor the latter stage of development involving the project and its impact to the rating.

An obligor rated idA indicates that the obligor 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 continues to reflect APLN's strong market position in the industry, favorable asset quality, and increasing recurring income, which should provide a buffer in case of a muted property market. The rating, however, is constrained by APLN's high financial leverage, execution risks related to reclamation project, and the sensitive nature of the property sector to changes in macroeconomic conditions.

We could raise the rating if APLN is able to improve its credit profile, as indicated by a sustain low financial leverage and stronger cash flow protection measures, stemming from stronger presales of its property developments as well as increasing recurring income from its investment properties and hotel assets. On the other hand, we could consider downgrading the rating if APLN exhibits larger-than-expected debt without compensating it with higher revenue and EBITDA, resulting in a more aggressive financial leverage and weaker cash flow protection coverages. This include 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.

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, Bali, and Makassar. As of December 31, 2017, 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%).