PT PELABUHAN INDONESIA IV (PERSERO)

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CREDIT PROFILE

Corporate Rating

**idAA/Stable**

Rated Issues

Proposed Bond I/2018

**idAA**

Rating Period

April 2, 2018 - April 1, 2019

Rating History

SEP 2017

**idAA/Stable**

FINANCIAL HIGHLIGHTS


| Total Adjusted Assets [IDR Bn] | 8,240.6 | 7,360.8 | 7,038.8 | 4,050.0 |
| Total Adjusted Debt [IDR Bn] | 1,427.4 | 870.3 | 873.6 | 624.9 |
| Total Adjusted Equity [IDR Bn] | 5,734.8 | 5,373.7 | 5,156.8 | 2,824.4 |
| Total Sales [IDR Bn] | 2,348.0 | 2,018.1 | 2,010.9 | 2,014.0 |
| EBITDA [IDR Bn] | 845.6 | 619.5 | 711.8 | 816.2 |
| Net Income after MI [IDR Bn] | 427.8 | 325.5 | 364.7 | 461.7 |
| EBITDA Margin [%] | 36.0 | 30.7 | 35.4 | 40.5 |
| Adjusted Debt/EBITDA [X] | 1.7 | 1.4 | 1.2 | 0.8 |
| Adjusted Debt/Adjusted Equity [X] | 0.2 | 0.2 | 0.2 | 0.2 |
| FFO/Adjusted Debt [%] | 48.4 | 66.6 | 63.0 | 104.7 |
| EBITDA/IFCCI [X] | 10.2 | 9.8 | 21.4 | 19.2 |
| USD Exchange Rate [IDR/USD] | 13,548 | 13,436 | 13,795 | 12,440 |

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.

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 assigns “idAA” ratings to PT Pelabuhan Indonesia IV (Persero) and proposed Bond I/2018

PEFINDO has assigned “idAA” ratings to PT Pelabuhan Indonesia IV (Persero) (PND4) and PND4’s proposed Bond I Year 2018 of IDR3.0 trillion. The proceeds of the bond will be used to finance PND4’s capital expenditure (capex) and refinance its bank loans. The outlook for the corporate rating is “stable”.

An obligor rated idAA differs from the highest rated obligors only to a small degree and has a very strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors.

The corporate rating reflects our view of the government’s strong potential support for PND4 due to the strategic importance of seaports, potential stronger profitability, and its operating performance, which we expect to be maintained at a relatively good level. The corporate rating is constrained by the smaller size of the economy of its service area compared to other state-owned seaport operators; its financial leverage and cash flow protection measures, which are expected to weaken in the near to medium term; and the nature of the industry, which is highly dependent on economic and regulatory conditions.

The corporate rating could be raised if PND4 increases its business position within its coverage areas, exceeding expected returns from its new investments – especially from the Makassar new port, Bitung port, and Kendari port - while maintaining its financial leverage level and strong cash flow protection measures. The corporate rating could be lowered if PEFINDO sees a reduction in government support, such as through a material divestment of its ownership. The corporate rating could also be under pressure if it incurs substantially larger debt than projected, especially if its new port expansions are not well executed, resulting in a weaker financial profile, and particularly if its debt to EBITDA ratio exceeds 4.5x on a sustained basis.

PND4 is a state-owned seaport operator, providing seaport service facilities through 24 port branches across 10 provinces in Indonesia: South Sulawesi, Central Sulawesi, Southeast Sulawesi, North Sulawesi, Gorontalo, East Kalimantan, Maluku, North Maluku, Papua, and West Papua. Supported by three subsidiaries, PT Kaltim Kariangau Terminal, PT Nusantara Terminal Service, and PT Equiport Inti Indonesia, it provides several kinds of port services, including ship, cargo, container, and passenger services.

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