PEFINDO
CREDIT RATING AGENCY

Press Release
July 31, 2019

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 *idBBB/C.W. Negative*

Rated Issues
Shelf-Registered Bond I/2014-2015 *idBBB*

Rating Period
July 29, 2019 – October 29, 2019

Rating History

APR 2019	*idA-/Negative*
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	**Mar-2019** (Unaudited)	**Dec-2018** (Audited)	**Dec-2017** (Audited)	**Dec-2016** (Audited)
Total adjusted assets [IDR bn]	29,506.4	29,523.0	28,732.3	25,663.0
Total adjusted debt [IDR bn]	10,270.1	10,407.3	9,234.2	6,513.5
Total adjusted equity [IDR bn]	12,272.3	12,146.7	11,439.2	9,921.8
Total sales [IDR bn]	754.0	5,035.3	7,043.0	6,007.0
EBITDA [IDR bn]	189.2	1,570.2	2,463.0	2,072.6
Net income after MI [IDR bn]	162.6	29.6	1,371.6	631.9
EBITDA Margin [%]	25.1	31.2	35.0	34.5
Adjusted debt to EBITDA [X]	*13.6	6.6	3.7	3.1
Adjusted debt to adjusted equity [X]	0.8	0.9	0.8	0.7
FFO to adjusted debt [%]	*(1.5)	4.3	14.7	18.0
EBITDA to IFCCI [X]	0.9	1.6	2.8	2.7
USD exchange rate [IDR/USD]	14,244	14,481	13,548	13,436

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 * = Annualized*
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 lowers PT Agung Podomoro Land Tbk's ratings to "idBBB". Outlook revised to credit watch with negative implications

PEFINDO has lowered the ratings of PT Agung Podomoro Land Tbk (APLN) and its Shelf-Registered Bond I/2014-2015 to **"idBBB"** from "**idA-**". The downgrade in ratings reflect APLN's rising refinancing and liquidity risks related to both of its syndicated loan of IDR1.3 trillion as well as its Bond I/2014-2015 phase III of IDR451 billion and Bond I/2014-2015 phase IV of IDR99 billion due on September 30, 2019, December 19, 2019, and March 25, 2020, respectively. APLN intended to refinance these debt maturities, including the Bond I/2014 of IDR750 billion due and paid on June 6, 2019, using a new syndicated loan facility totaled up to IDR2.6 trillion. APLN has used part of the new syndication loan facility to repay the Bond I/2014. However, we understand that the availability of the second tranche to refinance the IDR1.3 trillion syndicated loan, which was originally due on June 2020 and to be prepaid in June 2019, becomes unavailable after one of the participating banks decided to pull out. The lenders of the IDR1.3 trillion syndication loan have extended the prepayment date to September 30, 2019. As of March 31, 2019, APLN had IDR1.2 trillion in cash, which was supported by the divestment of its Sofitel Bali Hotel of which it received IDR983 billion in cash. The revised outlook to **"credit watch with negative implications"** is to anticipate growing uncertainties related to APLN's ability and our view of its limited financial flexibility to refinance its debt due over the next 12 months, given the high leverage which gives APLN little headroom for new debt withdrawals as well as limited unencumbered assets. APLN had stated that it is currently working to obtain funding from the new syndicated lenders and shareholders to meet the maturities deadline. APLN is also expected to sell one of its matured commercial properties in the second half of 2019, and use part of the proceeds to reduce debt.

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 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.

Failure to sufficiently address its refinancing and liquidity issues over the next one to two months will result in multiple downgrades. The outlook could be revised to stable if APLN manages to successfully address its refinancing and liquidity risks related to all of its debt due over the next 12 months. A rating upgrade will require APLN to significantly improve its leverage and cash flow protection measures to the level that is commensurate with a idBBB+ rating 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 Bali, Medan, Batam, Balikpapan, and Makassar. As of March 31, 2019, its shareholders were PT Indofica (75.99%), Trihatma Kusuma Haliman (3.21%), directors and commissioners of the Company (0.04%), and the public (20.76%).