

PT ANGKASA PURA II (PERSERO)

Analysts: Martin Pandiangan / Qorri Aina

Phone/Fax/E-mail: (62-21) 72782380 / 72782370 / martin.pandiangan@pefindo.co.id / qorri.aina@pefindo.co.id

CREDIT PROFILE

Corporate Rating *idAAA/Negative*

Rated Issues

Shelf-Registered Bond I Year 2018 *idAAA*
Bond I Year 2016 *idAAA*

Rating Period

May 18, 2020 – September 1, 2020

Rating History

SEP 2019 *idAAA/Stable*
SEP 2018 *idAAA/Stable*
MAR 2018 *idAAA/Stable*
MAR 2017 *idAAA/Stable*
MAR 2016 *idAAA/Stable*
JUL 2013 *idAA/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	Mar-2020 (Unaudited)	Dec-2019 (Audited)	Dec-2018 (Audited)	Dec-2017 (Audited)
Total Adjusted Assets [IDR Bn]	45,288.3	43,998.0	39,318.4	33,399.4
Total Adjusted Debt [IDR Bn]	13,645.9	13,625.5	9,850.5	6,332.8
Total Adjusted Equity [IDR Bn]	24,454.2	24,442.8	23,966.4	22,326.9
Total Sales [IDR Bn]	2,423.1	11,084.2	11,193.3	8,110.4
EBITDA [IDR Bn]	670.9	3,894.6	4,517.5	3,786.6
Net Income after MI [IDR Bn]	16.8	1,018.3	1,911.6	2,009.7
EBITDA Margin [%]	27.7	35.1	40.4	46.7
Adjusted Debt/EBITDA [X]	*5.1	3.5	2.2	1.7
Adjusted Debt/Adjusted Equity [X]	0.6	0.6	0.4	0.3
FFO/Adjusted Debt [%]	*10.6	18.6	34.8	45.5
EBITDA/IFCCI [X]	2.6	3.9	7.1	8.6
USD Exchange Rate [IDR/USD]	16,367	13,901	14,481	13,548

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 affirms "idAAA" ratings for PT Angkasa Pura II (Persero) and its bonds, outlook revised to negative.

PEFINDO has affirmed its "idAAA" ratings to PT Angkasa Pura II (Persero) (APIA), its Bond I Year 2016, and Shelf-Registered Bond I Phase I Year 2018. However, we revised the outlook for the corporate rating to "negative" from "stable" to anticipate lower revenue in the near term due to the Coronavirus Disease (COVID-19) pandemic, which took a severe toll on consumer's willingness to travel, and the implementation of Transportation Ministry Regulation No. 25/2020, which temporarily restrict passenger travel, including traveling by air transportation, from April 24, 2020 to June 1, 2020. At the end of the first quarter of 2020 (1Q2020), most countries have implemented the lockdown policy as a containment measure, which inevitably impacted the airport industry. We are of the view that the pandemic will negatively impact APIA's operating cash flows in the near term due to the lower revenue and the unavoidable fixed operating expenses. Our projection assumes significant cash inflow drops in 2020, while we expect the APIA's performance to improve gradually starting in 2021. We are also of the view that it will likely depend on debt to finance its working capital during this pandemic. Currently, the Company is in the process of acquiring working capital loan from several state-owned banks and restructure all of its outstanding bank loans. We will keep monitoring the COVID-19 pandemic impact to the Company's performance and the government support to APIA during the pandemic.

An obligor rated idAAA has the highest rating assigned by PEFINDO. The obligor's capacity to meet its long-term financial commitment, relative to that of other Indonesian obligors, is superior.

The corporate rating reflects the strong government support to APIA due to the critical role of airports, the Company's strong competitive position as the nation's largest airport operator, and its well-diversified revenue. However, the rating is constrained by its high financial leverage in the near to medium term.

The rating will be lowered if the industry's unfavorable conditions remain longer than expected and the government support during the COVID-19 pandemic is lower than expected. The rating could also be lowered if PEFINDO views a reduction in government support, such as through a material divestment of ownership. The outlook could be revised to stable if the APIA's revenue starts to recover and records positive growth month-over-month on a sustained basis.

As a state-owned enterprise (SOE) engaged in airport and airport-related services, PT Angkasa Pura II (Persero) operates 19 airports, including the Soekarno-Hatta International Airport in Tangerang (Banten), the country's largest airport and main gateway, Kualanamu International Airport in North Sumatra, and recently, it also operates Radin Inten II Airport in Lampung, H.A.S Hanandjoeddin Airport in Belitung, and Fatmawati Airport in Bengkulu. As of March 31, 2020, PT Angkasa Pura II (Persero) was 100% owned by the Government of Indonesia.

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The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.