

PT Adhi Persada Properti

Analysts: Aryo Perbongso / Yogie Surya Perdana

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

CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended				
		Dec-2019	Dec-2018	Dec-2017	Dec-2016	
		(Audited)	(Audited)	(Audited)	(Audited)	
Corporate Rating	<i>idBBB-/Negative</i>	Total adjusted assets [IDR bn]	6,025.3	5,522.2	5,093.9	3,765.1
Rated Issues		Total adjusted debt [IDR bn]	2,374.6	1,833.7	1,685.8	1,615.1
<i>MTN IV/2017</i>	<i>idBBB-</i>	Total adjusted equity [IDR bn]	1,891.9	1,911.1	1,822.7	960.8
Rating Period		Total sales [IDR bn]	638.0	803.3	859.6	669.7
<i>May 18, 2020 – August 1, 2020</i>		EBITDA [IDR bn]	142.4	119.8	178.0	184.9
Rating History		Net income after MI [IDR bn]	65.5	107.0	73.5	133.5
<i>AUG 2019</i>	<i>idBBB-/Stable</i>	EBITDA margin [%]	22.3	14.9	20.7	27.6
<i>AUG 2018</i>	<i>idBBB/Negative</i>	Adjusted debt/EBITDA [X]	16.7	15.3	9.5	8.7
<i>AUG 2017</i>	<i>idBBB/Stable</i>	Adjusted debt/adjusted equity [X]	1.3	1.0	0.9	1.7
<i>JUL 2014</i>	<i>idBBB+/Stable</i>	FFO/adjusted debt [%]	(0.8)	(2.3)	4.4	4.4
		EBITDA/IFCCI [X]	1.0	0.8	2.1	2.1
		USD exchange rate [IDR/USD]	13,901	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
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 the ratings for PT Adhi Persada Properti and MTN at "idBBB-", outlook is revised to negative

PEFINDO has affirmed its "idBBB-" ratings for PT Adhi Persada Properti (APPR) and its Medium-Term Notes (MTN) IV Year 2017. The outlook for corporate rating was revised to "negative" from "stable" to anticipate further deterioration in APPR's credit profile due to low revenue achievement amidst slower property demand because the impact of Coronavirus Disease (COVID-19) outbreak, and increasing refinancing risk of its MTN which will mature in October 2020. The Company expects to repay the maturing MTN with the operational cash flow generation and/or the issuance of another debt instrument. However, we view such corporate actions are highly uncertain during COVID-19 pandemic. Therefore, APPR should be very dependent on the shareholder loan to repay its MTN. We will continue to monitor APPR's performance over the coming quarters.

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 Minus (-) sign indicates that the rating is relatively weak within the respective rating category.

The corporate rating reflects the APPR's strategic importance to PT Adhi Karya (Persero) Tbk (ADHI, idA-/Negative) and strong synergy with ADHI Group, its moderate asset quality, and relatively diversified property locations. 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 will be lowered if the Company's credit profile continues deteriorating, especially its cash flow protection capacity in servicing its debt and interest payments. The rating also could be lowered if there is a significant indication of weaker parental support, such as revocation of shareholder loan facility. The outlook could be revised to "stable" if APPR is able to significantly improve its revenue and EBITDA, which leads to improvement in financial leverage and cash flow protection measures on a sustained basis.

As a subsidiary of PT Adhi Karya (Persero) Tbk, 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 the shareholder's decision to integrate and strengthen its business position in the industry, APPR merged with PT Adhi Persada Realty in 2015. As of December 31, 2019, it was 99.94% owned by ADHI and 0.06% by Koperasi Jasa Adhi Sejahtera.

DISCLAIMER

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.