Press Release
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PT PP PROPERTI Tbk.

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CREDIT PROFILE

Corporate Rating *idBBB-/Negative*

Rated Issues

Shelf Reg. Bond II Year 2020	*idBBB-*
Bond I Year 2016	*idBBB-*
Bond I Phase I Year 2018	*idBBB-*
Bond I Phase II Year 2019	*idBBB-*
Bond I Phase III Year 2019	*idBBB-*
MTN XI Year 2018	*idBBB-*
MTN XII Year 2018	*idBBB-*
MTN XIII Year 2018	*idBBB-*
MTN XIV Year 2019	*idBBB-*

Rating Period
September 25, 2020 – September 1, 2021

Rating History

SEP 2020	*idBBB-/Negative*
AUG 2020	*idBBB-/Negative*
MAY 2020	*idBBB-/Negative*
AUG 2019	*idBBB/Negative*
AUG 2018	*idBBB/Stable*
AUG 2017	*idBBB/Stable*
MAR 2017	*idBBB+/Stable*
JAN 2017	*idA-/Negative*
MAR 2016	*idA-/Stable*
DEC 2015	*idA-/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	Jun-2020 (Unaudited)	Dec-2019 (Audited)	Dec-2018 (Audited)	Dec-2017 (Audited)
Total Adjusted Assets [IDR Bn]	18,535.1	19,551.2	16,441.7	12,557.1
Total Adjusted Debt [IDR Bn]	8,517.8	8,002.7	6,204.7	4,321.4
Total Adjusted Equity [IDR Bn]	4,727.8	6,091.6	5,784.6	4,997.3
Total Sales [IDR Bn]	772.5	2,495.8	2,559.9	2,715.0
EBITDA [IDR Bn]	128.3	583.5	590.3	594.3
Net Income after MI [IDR Bn]	51.4	342.7	471.3	444.7
EBITDA Margin [%]	16.6	23.4	23.1	21.9
Adjusted Debt/EBITDA [X]	*33.2	13.7	10.5	7.3
Adjusted Debt/Adjusted Equity [X]	1.8	1.3	1.1	0.9
FFO/Adjusted Debt [%]	*(6.2)	(1.6)	3.2	7.0
EBITDA/IFCCI [X]	0.3	0.9	1.4	2.3
USD Exchange Rate [IDR/USD]	14,302	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.

PT PP Properti Tbk's rating affirmed at "idBBB-" with negative outlook

PEFINDO has affirmed its **"idBBB-"** ratings for PT PP Properti Tbk (PPRO) and its Bond I Year 2016. At the same time, PEFINDO has also assigned **"idBBB-"** ratings to PPRO's Shelf Registered Bond II Year 2020 of maximum IDR2.4 trillion, Bond I Phase I Year 2018, Bond I Phase II Year 2019, Bond I Phase III Year 2019, MTN XI Year 2018, MTN XII Year 2018, MTN XIII Year 2018, and MTN XIV Year 2019. We have maintained a **"negative"** outlook for PPRO's corporate rating to anticipate its weaker credit profile in the medium term due to lower property demand, combined with high financial leverage, and prolonged operating cash cycle. We project PPRO's cash inflows will significantly drop in 2020 due to Coronavirus Disease (COVID-19) pandemic that will limit its marketing sales activities, delay receivable collection, and cause slower project developments. Despite its focus on selling nearly-built properties and bulk sales, PPRO should address its needs to finance construction cost, principal and interest payments, and its capital expenditure. PPRO plans to fully repay its maturing MTNs in October to November 2020 totaling IDR613.0 billion using its operating cash and external sources.

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 PPRO's strategically important position to its Parent, PT Pembangunan Perumahan (Persero) Tbk (PTPP, idA+/Negative), its favorable asset quality, and relatively diversified property locations. However, the rating is constrained by its high financial leverage, weak cash flow protection measures and liquidity, limited proportion of recurring income, and sensitivity to changes in macroeconomic conditions.

The rating could be lowered if there is higher refinancing risk on its maturing debt and/or liquidity pressures. The rating could also be lowered if there is a significant indication of a decline in parental support. However, the rating outlook could be revised to stable if the Company significantly improves its operating cash cycle and financial leverage on a sustained basis.

PPRO started in 1991 as PTPP's property division and was established as a separate entity in December 2013. It develops and sells apartments and landed houses, and generates recurring income from hotels and malls. As of June 30, 2020, PPRO's shareholders were PTPP (64.96%), the public (34.98%), and Yayasan Kesejahteraan Karyawan Pembangunan Perumahan (0.06%).