PEFINDO
CREDIT RATING AGENCY

Press Release
October 1, 2021

PT Pelabuhan Indonesia (Persero)

Analysts: *Yogie Surya Perdana / Samgar Effember*
Phone/Fax/E-mail: *(62-21) 50968469 / 50968468 / yogie.perdana@pefindo.co.id / samgar.effember@pefindo.co.id*

CREDIT PROFILE

Corporate Rating *$_{id}$AAA/Stable*

Rated Issues

Bond 2016	*$_{id}$AAA*
Bond 2018	*$_{id}$AAA*

Rating Period
October 1, 2021 – October 1, 2022

Rating History (before merger)

Pelindo I	
2020-2021	*$_{id}$AA-/Stable*
DEC 2019	*$_{id}$AA-/Stable*
MAR 2019	*$_{id}$AA/Stable*
2016-2018	*$_{id}$AA/Stable*
DEC 2014	*$_{id}$AA/Stable*
Pelindo IV	
2017-2021	*$_{id}$AA/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	Jun-2021 (Unaudited)	Dec-2020 (Audited)	Dec-2019 (Audited)	Dec-2018 (Audited)
Total adjusted assets [IDR bn]	51,541.6	51,467.4	52,007.8	51,358.4
Total adjusted debt [IDR bn]	23,242.5	22,510.6	22,133.4	22,894.2
Total adjusted equity [IDR bn]	16,556.0	16,869.7	18,093.4	16,360.0
Total sales [IDR bn]	5,164.2	10,453.6	11,141.8	11,436.7
EBITDA [IDR bn]	1,663.3	3,123.8	3,485.1	4,167.5
Net income after MI [IDR bn]	312.5	1,184.9	2,455.8	2,379.3
EBITDA margin [%]	32.2	29.9	31.3	36.4
Adjusted debt/EBITDA [X]	*7.0	7.2	6.4	5.5
Adjusted debt/adjusted equity [X]	1.4	1.3	1.2	1.4
FFO to adjusted debt [%]	*7.2	7.7	9.8	12.9
EBITDA/IFCCI [X]	2.5	2.2	2.5	3.5
USD exchange rate [IDR/USD]	14,496	14,105	13,901	14,481

Note: The above figures are pre-merger figures of PT Pelabuhan Indonesia II (Persero) as the surviving entity
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.

PT Pelabuhan Indonesia (Persero) rated "$_{id}$AAA" with stable outlook

PEFINDO has assigned its "$_{id}$**AAA**" rating to PT Pelabuhan Indonesia (Persero) or Pelindo, previously PT Pelabuhan Indonesia II (Persero), a surviving entity of the merger with PT Pelabuhan Indonesia I (Persero) or Pelindo I, PT Pelabuhan Indonesia III (Persero) or Pelindo III, and PT Pelabuhan Indonesia IV (Persero) or Pelindo IV, effective on October 1, 2021. PEFINDO has also assigned its "$_{id}$**AAA**" ratings to the outstanding Bond I/2016 previously issued by Pelindo I and the outstanding Bond I/2018 previously issued by Pelindo IV, since they will be assumed by Pelindo. The rating actions reflect our view that the merger will provide Pelindo with larger scale and diversity as it will increase Pelindo's container throughput capacity to 16.7 million TEUs (cargo capacity measured by twenty-foot equivalent units), making it the eighth largest container terminal operator globally. Over the medium to long term, the merger will also provide Pelindo with stronger competitive position as it will enable better port integration and business standardization which will then improve the competitiveness and performance of Pelindo, and accordingly, improve maritime connectivity throughout Indonesia. We also expect a stronger degree of support in the event of financial distress from the government due to its strategically important role, as we anticipate that the government will continue to hold strong control in Pelindo over the near to medium term, to ensure that its strategies align with government's agenda and policies. PEFINDO has also withdrawn the rating of Pelindo I and Pelindo IV since both companies ceased to exist as a separate legal entity, and its assets and liabilities were fully transferred to Pelindo. Pelindo I and Pelindo IV's latest corporate ratings were $_{id}$AA-/Stable and $_{id}$AA/Stable, respectively.

An obligor rated $_{id}$AAA has the highest rating assigned by PEFINDO. Its capacity to meet its long-term financial commitments, relative to those of other Indonesian obligors, is superior.

The rating reflects our view of the government's strong likelihood of support for Pelindo, its superior market position, and stable recurring income from fixed rental payments. However, these strengths are partly offset by its increasing leverage due to capacity expansion.

The rating may be lowered if we view there is a reduction in government support, such as through a material divestment of ownership. The rating may also be under pressure if Pelindo incurs substantially larger debt than projected due to higher capital spending and/or cost overruns from its port expansions. We may also lower the rating if there are material decreases in the volume of container and cargo movement that result in a weaker financial profile on a prolonged basis.

Pelindo was established following the merger among state-owned port operators, namely Pelindo I-IV with the effective merger date on October 1, 2021. Following the merger, the port operations will manage based on the line of business cluster from which it will establish four sub holdings: containers, non-containers, logistics and hinterland development, as well as marine, equipment, and port services. Pelindo is wholly owned by the government of Indonesia.

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.