

PT INDONESIA POWER

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| CREDIT PROFILE | | FINANCIAL HIGHLIGHTS | | | | |
|-------------------------|--|-----------------------------------|---------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | As of/for the year ended | Jun-2020 (Unaudited) | Dec-2019 (Audited) | Dec-2018 (Audited) | Dec-2017 (Audited) |
| Corporate Rating | <i>idAAA/Stable</i> | Total adjusted assets [IDR bn] | 199,359.6 | 189,705.6 | 196,133.1 | 218,339.0 |
| Rated Issues | <i>n/a</i> | Total adjusted debt [IDR bn] | 3,675.7 | 19.2 | 0.0 | 145.8 |
| Rating Period | <i>September 1, 2020 – September 1, 2021</i> | Total adjusted equity [IDR bn] | 186,818.7 | 181,993.2 | 188,037.4 | 209,130.2 |
| Rating History | | Total sales [IDR bn] | 18,102.4 | 42,583.8 | 43,038.3 | 39,436.4 |
| <i>AUG 2019</i> | <i>idAAA/Stable</i> | EBITDA [IDR bn] | 6,689.4 | 12,191.6 | 8,638.5 | 8,055.0 |
| <i>AUG 2018</i> | <i>idAAA/Stable</i> | Net income after MI [IDR bn] | 5,635.1 | 7,365.3 | 3,499.5 | 3,220.2 |
| <i>AUG 2017</i> | <i>idAAA/Stable</i> | EBITDA margin [%] | 37.0 | 28.6 | 20.1 | 20.4 |
| | | Adjusted debt/EBITDA [X] | *0.3 | 0.0 | 0.0 | 0.0 |
| | | Adjusted debt/adjusted equity [X] | 0.0 | 0.0 | 0.0 | 0.0 |
| | | FFO to adjusted debt [%] | *363.7 | 64,067.6 | 0.0 | 5,615.3 |
| | | EBITDA/IFCCI [X] | 1,956.2 | 3,617.7 | 138.3 | 132.9 |
| | | 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.

"idAAA" rating for PT Indonesia Power

PEFINDO has assigned its "idAAA" rating to PT Indonesia Power (Indonesia Power). The outlook for the corporate rating is "stable".

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

The corporate rating reflects Indonesia Power's integrated operations and finances with its parent company, PT Perusahaan Listrik Negara (Persero) (PPLN, idAAA/stable); its very strong market position as a power generator; and relatively high demand for electricity in the medium term. The rating is constrained by a high reliance on funding from its Parent for sizeable capital expenditure (capex). The rating could be lowered if PEFINDO views a significant reduction in linkage with or support from the Parent.

Indonesia Power is a power generation company fully owned by PPLN. Its main business is to produce and supply electricity to the Parent. It also provides operation and maintenance (O&M) services for PPLN's power plants. In 2019, it managed power plants with a total installed capacity of 16,297 megawatts (MW) across Indonesia. As of June 2020, owned and operated 16 power plants throughout the country, including in Suralaya, Priok, Kamojang, Saguling, Mrica, Semarang, Grati and Bali. It also had four power plants under subsidiaries and joint ventures. A subsidiary, an investment company named PT Putra Indo Tenaga, is an active joint cooperation with other private companies to build power plants, including PT Indo Raya Tenaga (jointly controlled with PT Barito Wahana Lestari) to build PLTU Jawa 9-10. In the future, it plans to develop 20 power plants with a total capacity of 4,332 MW.

Indonesia Power has securitized the future flow of its account receivables from the component-A revenue for 2017-2022 of the Suralaya coal fired power plants unit 1-4 (PLTU Suralaya unit 1-4) with an asset-backed securities scheme. The value of the first phase of securitization was IDR4.9 trillion, at a price of IDR4.0 trillion. Component-A revenue is the payment made by PPLN to Indonesia Power as a capital cost refund, which is calculated based on net capability capacity (*Daya Mampu Netto* / DMN) at the level of a particular unit or power plant readiness. It consists of the depreciation cost of productive assets, corporate tax, and profit margin on production, which are stated in the tariff each year. The proceeds of securitization were used to finance the completion of power plant projects and capital injections in several subsidiaries.

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.