

PT PELABUHAN INDONESIA I (PERSERO)

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Dec-2017	Dec-2016	Dec-2015	Dec-2014
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idAA/Stable</i>	Total adjusted assets [IDR bn]	8,336.6	7,220.9	5,449.4	4,765.1
Rated Issues		Total adjusted debt [IDR bn]	1,388.8	1,095.7	547.5	743.1
<i>Bond I/2016</i>	<i>idAA</i>	Total adjusted equity [IDR bn]	4,701.4	4,220.7	3,597.7	2,945.2
Rating Period		Total sales [IDR bn]	2,751.1	2,408.9	2,340.7	2,095.5
March 9, 2018 – March 1, 2019		EBITDA [IDR bn]	1,271.2	1,217.4	1,107.3	889.8
Rating History		Net income after MI [IDR bn]	803.6	733.6	700.4	534.9
<i>MAR 2017</i>	<i>idAA/Stable</i>	EBITDA margin [%]	46.2	50.5	47.3	42.5
<i>MAR 2016</i>	<i>idAA/Stable</i>	Adjusted debt/EBITDA [X]	1.1	0.9	0.5	0.8
<i>DEC 2014</i>	<i>idAA/Stable</i>	Adjusted debt/adjusted equity [X]	0.3	0.3	0.2	0.3
		FFO to adjusted debt [%]	72.9	92.9	167.9	98.9
		EBITDA/IFCCI [X]	12.6	17.4	23.2	14.6
		USD exchange rate [IDR/USD]	13,548	13,436	13,795	12,440

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 of PT Pelabuhan Indonesia I (Persero) and its bond at "idAA"

PEFINDO has affirmed the ratings of PT Pelabuhan Indonesia I (Persero), hereafter referred to as PIGN, and its bond I/2016 at "idAA". The outlook for the corporate rating is "stable".

An obligor rated idAA differs from the highest rated obligors only to a small degree, and has a very strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors.

The ratings reflect the strong potential of government support to PIGN due to the strategic importance of seaports, its strong market position in the Sumatra region, and stable profitability margins. The ratings, however, are constrained by its financial leverage level and cash flow, which are expected to weaken in the near to medium term due to its sizable capital expenditure (capex) requirement and the nature of the seaport industry, which is highly dependent on economic and regulatory conditions.

The rating could be raised if PIGN increases its business position within its service areas and realizes the expected returns from new investments, particularly from the expansion of the port of Kuala Tanjung and the Belawan container terminal. The rating, however, could be lowered if we view that there is a reduction in government support, such as through material divestment of the government's ownership. The rating could also be under pressure if it incurs substantially larger debt than projected and/or its new investments are not well executed, as well as if there are material decreases in container and cargo volume movement that result in a weaker financial profile, particularly for its debt to EBITDA to reach above 3.25x on a sustainable basis.

PIGN is a government-owned port operator, providing seaport service facilities through 16 ports located across four provinces in Aceh, North Sumatra, Riau, and Riau Islands, as of December 31, 2017. Its flagship terminals are Belawan International Container Terminal (BICT) and the port of Belawan, located in North Sumatra near the city of Medan. The port is regarded as the country's busiest port outside Java.

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