PEFINDO
CREDIT RATING AGENCY

Press Release
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PT Intiland Development Tbk

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CREDIT PROFILE

Corporate Rating	*$_{id}$BBB/Stable*
Rated Issues	
Bond II/2016	*$_{id}$BBB*
Rating Period	
April 10, 2019 – April 1, 2020	
Rating History	
APR 2018	*$_{id}$BBB+/Stable*
APR 2017	*$_{id}$A-/Negative*
APR 2016	*$_{id}$A-/Negative*
DEC 2015	*$_{id}$A/Negative*
APR 2015	*$_{id}$A/Stable*
APR 2014	*$_{id}$A/Stable*
APR 2013	*$_{id}$A/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	**Dec-2018**	**Dec-2017**	**Dec-2016**	**Dec-2015**
	(Audited)	(Audited)	(Audited)	(Audited)
Total adjusted assets [IDR bn]	14,209.4	13,091.0	11,833.9	10,282.4
Total adjusted debt [IDR bn]	5,011.9	4,530.0	4,554.4	3,298.7
Total adjusted equity [IDR bn]	6,509.5	6,304.4	5,051.3	4,764.6
Total sales [IDR bn]	2,552.5	2,202.8	2,276.5	2,200.9
EBITDA [IDR bn]	531.5	540.1	581.5	605.0
Net income after MI [IDR bn]	203.7	297.5	298.9	401.5
EBITDA Margin [%]	20.8	24.5	25.5	27.5
Adjusted debt to EBITDA [X]	9.4	8.4	7.8	5.5
Adjusted debt to adjusted equity [X]	0.8	0.7	0.9	0.7
FFO to adjusted debt [%]	(1.8)	0.6	0.5	7.0
EBITDA to IFCCI [X]	1.0	1.2	1.2	2.2
USD exchange rate [IDR/USD]	14,481	13,548	13,436	13,795

FFO = EBITDA – IFCCI + gross 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 lowers PT Intiland Development Tbk ratings at "$_{id}$BBB", stable outlook

PEFINDO has lowered the ratings of PT Intiland Development Tbk (DILD) and its Bond II 2016 Series B to **"$_{id}$BBB"** from **"$_{id}$BBB+"**. At the same time, we have also lowered the rating of its Bond II 2016 Series A of IDR428 billion due on June 29, 2019, to **"$_{id}$BBB"**. DILD plans to utilize its unused syndicated loan facility from PT Bank Negara Indonesia (Persero) Tbk (BBNI; $_{id}$AAA/Stable) and PT Bank Central Asia Tbk (BBCA; $_{id}$AAA/Stable) to repay the maturing bond. On December 2018, DILD secured a total of IDR2.8 trillion of syndicated loan due in 2026. The downgrade in rating reflects our expectation that DILD's credit profile will remain weak for the rating category due to the lack of presales than we had anticipated, particularly for some of its high-rise projects from which take-up rates struggled to improve. DILD has been generating negative operating cash flows for the past five years though the deficits significantly improved in 2018. Consequently, it has pushed the Company to take on more debt for project completion. Its financial leverage, measured by debt to EBITDA, and interest coverage, measured by EBITDA to interest, in 2018 of 9.4x and 1.0x, respectively, were at the lower end of the credit range. The outlook for the corporate rating is **"stable"**.

An obligor rated $_{id}$BBB 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 corporate rating reflects DILD's relatively strong position in the property market, its good asset quality, and its sizeable land bank. The rating, however, is constrained by its high financial leverage and weak cash flow protection ratios, lower margins compared to peers, and the sensitive nature of the property sector to changes in macroeconomic conditions.

We could upgrade the rating if DILD lowers its financial leverage and meaningfully improves cash flow protection ratios on a sustained basis backed by strong presales performance as well as lower inventory level. The rating could be lowered if DILD's revenue and EBITDA are significantly lower than projected due to weak property demand and delays in the completion of key projects. The rating could also be under pressure if DILD adds debt significantly larger than projected without being compensated by higher revenue and EBITDA generation, resulting in its credit profile to deteriorate further.

DILD is engaged in property development and investment activities. Its portfolio includes superblock developments, residential (landed and high-rise), industrial estates, and investment properties. Most of its projects are strategically located in the Jakarta and Surabaya areas, while its industrial estate is located in Mojokerto, East Java. At December 31, 2018, its shareholders were Hendro Gondokusumo – the Company's founder – at 15.4%, by CIMB Securities (Singapore) Pte. Ltd. (10.3%), PT Bina Yatra Sentosa (12.1%), Bali Private Villa Pte. Ltd. (8.7%), Sinarto Dharmawan and Suhendro Prabowo, both of which are members of the Company's board of directors, with 2.54% each, Jahja Asikin, Ping Handayani Hanli, and Lennard Ho Kian Guan, both of which are members of the Company's board of commissioners, with 2.54%, 2.54%, and 0.03%, respectively, and the public (43.3%).