

PT PELABUHAN INDONESIA I (PERSERO)

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Nov-2019 (Unaudited)	Dec-2018 (Audited)	Dec-2017 (Audited)	Dec-2016 (Audited)
Corporate Rating	<i>idAA-/Stable</i>	Total adjusted assets [IDR bn]	14,773.5	13,625.1	8,304.4	7,220.9
Rated Issues		Total adjusted debt [IDR bn]	6,295.6	4,555.1	1,387.1	1,095.7
<i>Bond I/2016</i>	<i>idAA-</i>	Total adjusted equity [IDR bn]	5,936.9	6,083.8	4,701.4	4,220.7
		Total sales [IDR bn]	2,742.7	3,113.5	2,751.1	2,408.9
Rating Period		EBITDA [IDR bn]	999.2	1,458.0	1,271.2	1,187.0
<i>December 20, 2019 – March 1, 2020</i>		Net income after MI [IDR bn]	341.3	911.8	803.6	733.6
		EBITDA margin [%]	36.4	46.8	46.2	49.3
Rating History		Adjusted debt/EBITDA [X]	*5.8	3.1	1.1	0.9
<i>MAR 2019</i>	<i>idAA/Stable</i>	Adjusted debt/adjusted equity [X]	1.1	0.7	0.3	0.3
<i>MAR 2018</i>	<i>idAA/Stable</i>	FFO to adjusted debt [%]	*6.7	20.7	73.0	90.2
<i>MAR 2017</i>	<i>idAA/Stable</i>	EBITDA/IFCCI [X]	2.2	4.8	12.6	17.0
<i>MAR 2016</i>	<i>idAA/Stable</i>	USD exchange rate [IDR/USD]	14,102	14,481	13,492	13,548
<i>DEC 2014</i>	<i>idAA/Stable</i>					

*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.*

PEFINDO lowers rating of PT Pelabuhan Indonesia I (Persero) to "idAA-"

PEFINDO has lowered the ratings of PT Pelabuhan Indonesia I (Persero) (PIGN) and its Bond I Year 2016 to "idAA-" from "idAA". The downgrade reflects our expectation that PIGN's financial leverage will remain aggressive and its cash flow protection measures will remain weak in the medium term. The Company incurred higher than expected financial leverage and it still has significant capital expenditures plan that will be heavily financed by debt. At the same time, PIGN's revenue and profitability growths are lower-than-expected due to unfavorable global economic conditions such as the ongoing trade war between the United States of America and China and the boycott of crude palm oil from Europe, resulting in weaker cash flow protection measures. 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 minus (-) sign in a particular rating indicates that it is relatively weak within its rating category.

The corporate rating reflects the potential strong government support for PIGN due to the strategic importance of seaports, its strong market position in the Sumatra region, and higher profitability margins compared to its peers. The corporate rating, however, is constrained by its financial leverage level and cash flow protection measures, which are expected to weaken, and the nature of the seaport industry, which is highly dependent on economic and regulatory conditions.

The rating could be raised if PIGN improves its business position within its service areas and realizes the expected returns from new investments, particularly from the expansion of Kuala Tanjung port and the Belawan container terminal, and improves its credit profile. The rating could be lowered if we view a reduction in government support, such as through a material divestment of 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, and if there are material decreases in the volume of container and cargo movement that result in a weaker financial profile, particularly if its debt to EBITDA ratio exceeds 6.5x on a sustained basis.

PIGN is a government-owned port operator that provides seaport service facilities through 17 ports in four provinces in Aceh, North Sumatra, Riau, and Riau Islands, as of November 30, 2019. Its flagship terminals are the Belawan International Container Terminal (BICT) and the Belawan port (TPKDB) in North Sumatra near the city of Medan. The port is the country's busiest outside Java.

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.