PEFINDO
CREDIT RATING AGENCY

Press Release
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PT Intiland Development Tbk

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CREDIT PROFILE

Corporate Rating	*idBBB+/Stable*
Rated Issues	
Bond I/2013	*idBBB+*
Bond II/2016	*idBBB+*
Rating Period	
April 10, 2018 – April 1, 2019	
Rating History	
APR 2017	*idA-/Negative*
APR 2016	*idA-/Negative*
DEC 2015	*idA/Negative*
APR 2015	*idA/Stable*
APR 2014	*idA/Stable*
APR 2013	*idA/Stable*

FINANCIAL HIGHLIGHTS

As of / for the year ended	**Dec-2017** (Audited)	**Dec-2016** (Audited)	**Dec-2015** (Audited)	**Dec-2014** (Audited)
Total adjusted assets [IDR bn]	13,091.0	11,833.9	10,282.4	9,001.5
Total adjusted debt [IDR bn]	4,530.0	4,554.4	3,298.7	2,225.8
Total adjusted equity [IDR bn]	6,304.4	5,051.3	4,764.6	4,462.3
Total sales [IDR bn]	2,202.8	2,276.5	2,200.9	1,827.9
EBITDA [IDR bn]	540.1	581.5	605.0	636.9
Net income after MI [IDR bn]	297.5	298.9	401.5	430.5
EBITDA Margin [%]	24.5	25.5	27.5	34.8
Adjusted debt to EBITDA [X]	8.4	7.8	5.5	3.5
Adjusted debt to adjusted equity [X]	0.7	0.9	0.7	0.5
FFO to adjusted debt [%]	0.6	0.5	7.0	17.2
EBITDA to IFCCI [X]	1.2	1.2	2.2	3.8
USD exchange rate [IDR/USD]	13,548	13,436	13,795	12,440

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 to "idBBB+", stable outlook

PEFINDO has lowered the ratings of PT Intiland Development Tbk (DILD) and its Bond II 2016, to **"idBBB+"** from **"idA-"**. At the same time, we have also lowered the rating of its Bond I 2013 Series B of IDR154 billion, which will due on July 9, 2018, to **"idBBB+"** from **"idA-"**. The Company has reserved some amount of cash as well as undrawn bank facilities to repay the maturing bond. As of December 31, 2017, it has a cash position of IDR749.5 billion. The downgrade in ratings reflect DILD's high leverage level with debt to EBITDA at 8.4x in 2017, while cash flow protection ratios, measured by funds from operations (FFO) to debt and EBITDA to interest, were constantly below 1.0% and 2.0x, respectively in 2016-2017. The downgrade also reflects our expectation that these credit measures may remain weak as a result of its high debt burden from past high-rise projects with low take up rates, particularly from the upper-end segment, resulting in its credit profile no longer consistent with the previous A- rating. We are of the view that the higher-end segment may continue to remain weak because of its hefty tax burden while most of the demand in 2016-2017 was driven by the middle- and lower-end segments which offers greater affordability amid a lower interest rate environment. Following the downgrade, the outlook for the corporate rating has been revised to **"stable"** from **"negative"**.

An obligor rated idBBB 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 Plus (+) sign indicates that the rating is relatively strong within the respective rating category.

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. As of December 31, 2017, its shareholders were Credit Suisse Singapore (14.3%), CIMB Securities (Singapore) Pte. Ltd. (14%), Truss Investment Partners Pte. Ltd. (11.6%), PT Bina Yatra Sentosa (11%), Bali Private Villa Pte. Ltd. (10.3%), and the public (38.7%).