PEFINDO
CREDIT RATING AGENCY

**Press Release**
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# PT PELABUHAN INDONESIA I (PERSERO)

***Analysts:*** *Yogie Surya Perdana / Martin Pandiangan*
***Phone/Fax/E-mail:*** *(62-21) 7278 2380 / 7278 2370 / yogie.perdana@pefindo.co.id / martin.pandiangan@pefindo.co.id*

## CREDIT PROFILE

**Corporate Rating** — *idAA/Stable*

**Rated Issues**
*Bond I 2016* — *idAA*

**Rating Period**
March 10, 2017 – March 1, 2018

**Rating History**
*MAR 2016* — *idAA/Stable*
*DEC 2014* — *idAA/Stable*

## FINANCIAL HIGHLIGHTS

| **As of/for the year ended** | **Dec-2016 (Audited)** | **Dec-2015 (Audited)** | **Dec-2014 (Audited)** | **Dec-2013 (Audited)** |
|---|---|---|---|---|
| Total adjusted assets [IDR bn] | 7,220.9 | 5,449.4 | 4,765.1 | 4,495.2 |
| Total adjusted debt [IDR bn] | 1,095.7 | 547.5 | 743.1 | 1,039.7 |
| Total adjusted equity [IDR bn] | 4,220.7 | 3,597.7 | 2,945.2 | 2,612.0 |
| Total sales [IDR bn] | 2,408.9 | 2,340.7 | 2,095.5 | 1,894.0 |
| EBITDA [IDR bn] | 1,255.8 | 1,107.3 | 889.8 | 912.3 |
| Net income after MI [IDR bn] | 733.6 | 700.4 | 534.9 | 489.2 |
| EBITDA margin [%] | 52.1 | 47.3 | 42.5 | 48.2 |
| Adjusted debt/EBITDA [X] | 0.9 | 0.5 | 0.8 | 1.1 |
| Adjusted debt/adjusted equity [X] | 0.3 | 0.2 | 0.3 | 0.4 |
| FFO to adjusted debt [%] | 96.5 | 167.9 | 98.9 | 73.5 |
| EBITDA/IFCCI [X] | 17.9 | 23.2 | 14.6 | 11.5 |
| USD exchange rate [IDR/USD] | 13,436 | 13,795 | 12,440 | 12,189 |

*FFO = EBITDA – IFCCI + gross interest income – current tax expense*
*EBITDA = (operating profit + depreciation exp. + amortization exp.)*
*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 the Company 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 24 ports located across four provinces in Aceh, North Sumatra, Riau, and Riau Islands, as of December 31, 2016. 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. Container and its related services accounted for nearly half of PIGN's 2016 operating revenue.