PEFINDO upgrades the ratings of PT Pembangunan Perumahan (Persero) Tbk and its bonds and MTN to “idA+”

PEFINDO has upgraded the ratings for PT Pembangunan Perumahan (Persero) Tbk (PTPP) and its bonds and MTN to “idA+” from “idA-”. The ratings upgrade were driven by the Company's ability to improve its business diversification whilst maintaining a conservative financial profile over the past few years, hence providing it with better business stability as compared to the less diversified construction peers. The outlook for the corporate rating is “stable”.

An obligor rated idA indicates that the obligor has a strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors.

The Plus (+) sign in a particular rating indicates that the rating is relatively strong within the respective rating category.

The ratings reflect the Company's strong presence in the national construction industry, improving revenue diversification, and above average capital structure and cash flow protection. However, the ratings are constrained by the relatively volatile business environment and risks from PTPP's expansion into new businesses.

The rating may be raised if PTPP is able to significantly strengthen its market position in the domestic construction industry and to demonstrate more steady cash flow generation supported by its more diversified businesses, which would help to improve its profitability. However, the rating might be lowered if the Company incurs significantly higher debt than projected without corresponding increase in EBITDA, as indicated by its debt to EBITDA ratio exceeding 3.5x on a sustainable basis.

Established in 1953, PTPP is one of the largest construction companies in Indonesia. It is currently expanding into property, realty and the precast business, as well as in heavy equipment rental and IPP investment. As of September 30, 2016, its shareholders were the Indonesian government (51.0%), the Employees Cooperative (Kopkar) (0.54%), and the public (48.46%).

Press Release
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PT Pembangunan Perumahan (Persero) Tbk

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CREDIT PROFILE
Corporate Rating
idA+/Stable

Rated Issues
Shelf Registered Bond I PP2013 idA+
Shelf Registered Bond I PP2015 idA+
MTN XXI/2014 idA+

Rating Period
November 15, 2016 – November 1, 2017

Rating History
DEC 2013-2015 idA/Stable
DEC 2012 idA+/Stable
OCT 2012 idA+/Stable
MAY 2011 BBB+/Stable
MAR 2010 BBB/Stable
FEB 2009 BBB/Stable
DEC 2008 BBB-/Stable

FINANCIAL HIGHLIGHTS
As of/for the year ended (Unaudited) (Audited) (Audited) (Audited)

Dec-2015 Dec-2014 Dec-2013

Total Adjusted Assets [IDR Bn] 22,467.1 19,127.7 14,578.3 12,392.8
Total Adjusted Debt [IDR Bn] 6,838.0 3,718.3 3,097.5 2,287.1
Total Adjusted Equity [IDR Bn] 5,725.4 5,118.0 2,334.1 1,941.2
Total Sales [IDR Bn] 10,902.1 14,284.3 12,498.4 11,750.1
EBITDA [IDR Bn] 1,288.0 1,748.5 1,508.5 1,191.5
Net Income after MI [IDR Bn] 566.8 740.3 533.4 428.3
EBITDA Margin [%] 11.8 12.2 12.1 10.1
Adjusted Debt/EBITDA [X] 1.2 1.3 1.2
Adjusted Debt/Adjusted Equity [X] 2.1 2.1 1.9
EBITDA/MI [X] 5.8 4.3 4.1 4.0
FFO/Adjusted Debt [%] *14.2 25.4 24.4
EBITDA/IFCCI [X] *12.2 12.2 12.2
USD exchange rate [IDR/USD] 12,998 13,795 12,440 12,189

* Annualized

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.

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