

## PT Sumberdaya Sewatama

*Analysts:* Martin Pandiangan / Aryo Perbongso

*Phone/Fax/E-mail:* (62-21) 7278 2380 / 7278 2370 / [martin.pandiangan@pefindo.co.id](mailto:martin.pandiangan@pefindo.co.id) / [aryo.perbongso@pefindo.co.id](mailto:aryo.perbongso@pefindo.co.id)

<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>					
		<b>As of/for the year ended</b>		<b>Jun-2019</b>	<b>Dec-2018</b>	<b>Dec-2017</b>	<b>Dec-2016</b>
				(Unaudited)	(Audited)	(Audited)	(Audited)
<b>Corporate Rating</b>	<i>idCCC/C.W. Negative</i>	Total Adjusted Assets [IDR Bn]		2,746.2	3,045.6	3,151.9	3,299.9
<b>Rated Issues</b>		Total Adjusted Debt [IDR Bn]		2,735.0	2,771.2	2,767.7	1,805.7
<i>Bond I/2012</i>	<i>idCCC</i>	Total Adjusted Equity [IDR Bn]		(266.0)	(156.6)	(67.9)	120.0
<i>Sukuk Ijarah I/2012</i>	<i>idCCC(sy)</i>	Total Sales [IDR Bn]		280.8	757.8	996.4	1,265.3
<b>Rating Period</b>		EBITDA [IDR Bn]		54.5	174.3	366.2	452.4
<i>September 2, 2019 – December 2, 2019</i>		Net Income after MI [IDR Bn]		(108.5)	(289.7)	(182.6)	(315.2)
<b>Rating History</b>		EBITDA Margin [%]		19.4	23.0	36.8	35.8
<i>MAY 2019</i>	<i>idB+ /Negative</i>	Adjusted Debt/EBITDA [X]		*25.1	15.9	7.6	4.0
<i>SEP 2018</i>	<i>idBB/Stable</i>	Adjusted Debt/Adjusted Equity [X]		NR	NR	NR	15.0
<i>SEP 2017</i>	<i>idBB+ /Stable</i>	FFO/Adjusted Debt [%]		*(0.6)	1.5	8.0	14.7
<i>MAY 2017</i>	<i>idBB+ /Stable</i>	EBITDA/IFCCI [X]		0.8	1.3	2.4	2.2
<i>APR 2017</i>	<i>idBB+ /CW Neg</i>	USD Exchange Rate [IDR/USD]		14,141	14,481	13,548	13,436
<i>FEB 2017</i>	<i>idBBB- /CW Neg</i>						
<i>SEP 2016</i>	<i>idA/Negative</i>						
<i>JUNE 2016</i>	<i>idA/Negative</i>						
<i>2012-2015</i>	<i>idA/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      NR = Not Relevant      \*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 downgrades the ratings of PT Sumberdaya Sewatama and its Bond to “idCCC”, Sukuk to “idCCC(sy)”, revises outlook to “Credit Watch with Negative Implications”**

PEFINDO has lowered the ratings for PT Sumberdaya Sewatama (SSMM) and its Bond I Year 2012 to “idCCC” from “idB+”, and SSMM's Sukuk Ijarah I Year 2012 to “idCCC(sy)” from “idB+(sy)”. The rating downgrade reflects our anticipation of SSMM's increasing liquidity pressure in the near term due to continued deterioration of its business and financial performances from the expected lower demand for power rental. With cash of IDR146.7 billion at the end of June 2019, cash-in generation in the following quarters, and fleet utilization rate of less than 30%, it will limit SSMM to serve its installment payment for the restructured debt principal, interest, and payables in the near term. In addition, starting March 31, 2020, the interest rate for restructured debt will rise to 8% from 7%. The management is in the process to discuss with the lenders for alternative repayment sources regarding its restructured debt and financial covenant breach. SSMM failed to meet its financial covenant to maintain its debt to EBITDA ratio at a maximum of 5.0x and EBITDA to net interest expense ratio at a minimum of 2.0x as of March 31, 2019. Based on SSMM's calculation, its debt to EBITDA ratio was 14.3x and its EBITDA to net interest expense ratio was 0.9x at the end of March 2019.

The corporate rating is placed at “**Credit Watch with Negative Implication**”, to reflect our concern on SSMM's financial capacity to serve its quarterly installment payment for debt principal and interest in the near term. We also anticipate a prolonged negotiation with its lenders for another debt restructuring plan. Its bond and sukuk ratings could be lowered to “idD” if there are interests and/or principals' mispayment on their respective due dates.

An obligor rated idCCC is currently vulnerable, and is dependent upon favorable business and financial conditions to meet its financial commitments.

The suffix (sy) means the rating mandates compliance with Islamic principles.

The corporate rating reflects SSMM's high dependence on a single buyer, the uncertain growth of the temporary power rental business, and its very weak financial profile and liquidity. However, the rating is offset by the Company's position as the largest private power rental provider in Indonesia and its business synergy with its group.

SSMM's business is classified into: temporary power rental, operations and maintenance, and energy efficiency (pillar) services. It terminated its Independent Power Producer (IPP) business in 2017. At the end of June 30, 2019, PT ABM Investama Tbk held a 0.99% Series A stake in the Company, while a new shareholder, PT Godra Investama Mandiri, owned 99.01% Series B stake.

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