PEFINDO
CREDIT RATING AGENCY

Press Release
March 3, 2021

PT MORA TELEMATIKA INDONESIA

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CREDIT PROFILE

Corporate Rating *$_{id}$A/Stable*

Rated Issues
Bond I/2017 *$_{id}$A*
Shelf Registered Sukuk Ijarah/2019 *$_{id}$A$_{(sy)}$*

Rating Period
March 1, 2021 – March 1, 2022

Rating History

MAR 2020	*$_{id}$A/Stable*
JUN 2019	*$_{id}$A/Stable*
MAR 2019	*$_{id}$A/Stable*
MAY 2018	*$_{id}$A/Stable*
SEP 2017	*$_{id}$A/Stable*
JUL 2017	*$_{id}$A/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	Dec-2020 (Unaudited)	Dec-2019 (Audited)	Dec-2018 (Audited)	Dec-2017 (Audited)
Total Adjusted Assets [IDR Bn]	13,211.8	12,795.7	9,097.6	6,484.5
Total Adjusted Debt [IDR Bn]	*8,049.7	*9,377.6	*6,462.1	*4,902.6
Total Adjusted Equity [IDR Bn]	3,062.4	2,192.6	1,529.7	922.2
Total Sales [IDR Bn]	3,782.9	4,062.4	4,663.7	2,659.8
EBITDA [IDR Bn]	1,937.9	1,526.7	1,231.8	380.5
Net Income after MI [IDR Bn]	575.3	591.5	504.5	119.2
EBITDA Margin [%]	51.2	37.6	26.4	14.3
Adjusted Debt/EBITDA [X]	4.2	6.1	5.2	12.9
Adjusted Debt/Adjusted Equity [X]	2.6	4.3	4.2	5.3
FFO/Adjusted Debt [%]	12.3	7.7	10.6	3.6
EBITDA/IFCCI [X]	2.3	2.1	2.3	2.2
USD Exchange Rate [IDR/USD]	14,105	13,901	14,481	13,548

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
**includes shareholder loan representing the deposits for future stock subscription from shareholder to be converted into equity*

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.

Moratel rated "$_{id}$A" with stable outlook

PEFINDO has affirmed its **"$_{id}$A"** ratings for PT Mora Telematika Indonesia (Moratel or MORA) and its Bond I Year 2017. We have also affirmed our **"$_{id}$A$_{(sy)}$"** rating to Moratel's Shelf-Registered Sukuk Ijarah Year 2019. The outlook for the corporate rating is **"stable"**.

An obligor rated $_{id}$A 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 corporate rating reflects Moratel's strong market position as a fiber optic backbone provider, stable cash flow from the Palapa Ring West and East packages, and diversified customers and services. However, the rating is constrained by its high financial leverage due to its sizeable capital expenditure (capex), its weak cash flow protection measures in the near term, and intense competition within fixed broadband industry.

The rating may be raised if Moratel significantly improves its capital structure on a sustained basis, and if its business expansions, especially its retail and enterprise expansions, are well executed with significant cash flows that exceed projections. In contrast, the rating may be lowered if Moratel's revenue and/or EBITDA are significantly below targets, and/or higher-than-projected-debt-funded capital expenditure (capex). With regard to the pandemic, we are of the view that the industry will have neutral exposure to it. However, the players in the industry may still be indirectly impacted, such as through longer payment terms from customers in financial distress due to the pandemic. Slower-than-expected economic recovery post the pandemic may also slacken consumers' purchasing power, dampening the demand for MORA's products and services. The rating may also be under pressure if the prolonged pandemic adversely affects the Company's cash flow generation.

Moratel is a telecommunications infrastructure and service provider. It has international links connecting Jakarta and Singapore, and domestic submarine and inland backbones serving mainly telecommunications operators and wholesale customers. It expanded its enterprise and retail segments by developing a fiber-to-the-home (FTTH) business to maximize the use of its network under the "Oxygen" brand. Its subsidiaries, PT Palapa Ring Barat and PT Palapa Timur Telematika, were awarded government contracts in 2016 to construct and manage two national priority projects, the Palapa Ring West package and the Palapa Ring East package. The Palapa Ring West package commenced commercial operations in March 2018, while the Palapa Ring East package launched its commercial operations in August 2019. As of December 31, 2020, its shareholders consisted of PT Candrakarya Multikreasi (57.5% stake) and PT Gema Lintas Benua (42.5%).