

PT MORA TELEMATIKA INDONESIA

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended				
		Dec-2020	Dec-2019	Dec-2018	Dec-2017	
		(Unaudited)	(Audited)	(Audited)	(Audited)	
Corporate Rating	<i>idA/Stable</i>					
Rated Issues		Total Adjusted Assets [IDR Bn]	13,211.8	12,795.7	9,097.6	6,484.5
<i>Bond I/2017</i>	<i>idA</i>	Total Adjusted Debt [IDR Bn]	*8,049.7	*9,377.6	*6,462.1	*4,902.6
<i>Shelf Registered</i>		Total Adjusted Equity [IDR Bn]	3,062.4	2,192.6	1,529.7	922.2
<i>Sukuk Ijarah/2019</i>	<i>idA(sy)</i>	Total Sales [IDR Bn]	3,782.9	4,062.4	4,663.7	2,659.8
Rating Period		EBITDA [IDR Bn]	1,937.9	1,526.7	1,231.8	380.5
<i>March 1, 2021 – March 1, 2022</i>		Net Income after MI [IDR Bn]	575.3	591.5	504.5	119.2
Rating History		EBITDA Margin [%]	51.2	37.6	26.4	14.3
<i>MAR 2020</i>	<i>idA/Stable</i>	Adjusted Debt/EBITDA [X]	4.2	6.1	5.2	12.9
<i>JUN 2019</i>	<i>idA/Stable</i>	Adjusted Debt/Adjusted Equity [X]	2.6	4.3	4.2	5.3
<i>MAR 2019</i>	<i>idA/Stable</i>	FFO/Adjusted Debt [%]	12.3	7.7	10.6	3.6
<i>MAY 2018</i>	<i>idA/Stable</i>	EBITDA/IFCCI [X]	2.3	2.1	2.3	2.2
<i>SEP 2017</i>	<i>idA/Stable</i>	USD Exchange Rate [IDR/USD]	14,105	13,901	14,481	13,548
<i>JUL 2017</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
**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 "idA" with stable outlook

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

An obligor rated idA 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%).

DISCLAIMER

The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.