PEFINDO
CREDIT RATING AGENCY

Press Release
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PT Express Transindo Utama Tbk.

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CREDIT PROFILE

Corporate Rating — $_{id}$BB+/Negative

Rated Issues
Bond I/2014 — $_{id}$BB+

Rating Period
August 30, 2017 – March 1, 2018

Rating History

MAR 2017	*$_{id}$BBB/Negative*
AUG 2016	*$_{id}$BBB+/Negative*
MAR 2016	*$_{id}$A-/Negative*
MAR 2015	*$_{id}$A/Stable*
MAR 2014	*$_{id}$A/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	Jun-2017 (Unaudited)	Dec-2016 (Audited)	Dec-2015 (Audited)	Dec-2014 (Audited)
Total adjusted assets [IDR bn]	2,313.3	2,434.6	2,761.1	2,888.9
Total adjusted debt [IDR bn]	1,577.9	1,535.8	1,632.8	1,746.7
Total adjusted equity [IDR bn]	480.7	614.0	798.3	763.9
Total sales [IDR bn]	158.7	618.2	970.1	889.7
EBITDA [IDR bn]	17.2	246.2	514.4	522.1
Net income after MI [IDR bn]	(133.1)	(184.5)	32.2	118.9
EBITDA margin [%]	10.8	39.8	53.0	58.7
Adjusted debt to EBITDA [X]	*45.8	6.2	3.2	3.3
Adjusted debt to adjusted equity [X]	3.3	2.5	2.0	2.3
FFO to adjusted debt [%]	*(8.9)	3.5	17.9	21.5
EBITDA to IFCCI [X]	0.2	1.3	2.5	3.4
USD exchange rate [IDR/USD]	13,326	13,436	13,795	12,440

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 * = 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 lowers the ratings for PT Express Transindo Utama Tbk to "$_{id}$BB+", outlook remains negative

PEFINDO has lowered the ratings for PT Express Transindo Utama Tbk (TAXI) and its Bond I/2014 to **"$_{id}$BB+"** from **"$_{id}$BBB"**. The downgrade in ratings were due to a significant deterioration in the Company's key credit metrics, including a weakened liquidity profile. The ratings downgrade also reflects our expectation that its financial performance in 2017-2018 will significantly fall below its early projection, a target which we considered relatively conservative during our latest rating monitoring on March 10, 2017. Recently, the country's Supreme Court has ruled out 14 articles in the Minister of Transport Regulation No. 26 of 2017 on ride hailing transportation, including scrapping of the upper and lower tariffs limits, regional quota, and requirements for all vehicles to be owned by a legally registered commercial body. We view the Supreme Court's ruling as a setback to the conventional taxi industry, of which the regulation was aimed to level the playing field between conventional taxis and ride hailing services. We maintained the outlook at **"negative"** to anticipate further deterioration in its credit profile, particularly stemming from a tighter liquidity position and the rising refinancing risk on its IDR1 trillion bond, which will due in June 2019.

An obligor rated $_{id}$BB has a somewhat weak capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. The obligor faces ongoing uncertainties or exposure to adverse business, financial or economic conditions which could result in an inadequate capacity on the part of the obligor to meet its financial commitments.

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

The ratings reflect TAXI's relatively strong market position in the conventional taxi industry and extensive network coverage. However, the ratings are constrained by its aggressive financial leverage position, weak cash flows and liquidity profile with rising refinancing risk from its bond, and a more intense competition resulting in lower fleet utilization.

We could lower the rating if TAXI's credit profile further deteriorates, coming from rising pressure on its liquidity due to its inability to convert drivers' receivables into cash and/or a prolonged delay in sales of non-core assets, thus annulling the one year grace period for principal installments on its credit facilities with PT Bank Central Asia Tbk (BBCA). Based on the latest amendment with BBCA, TAXI is required to sell its non-core assets in the form of several land banks guaranteed to the bank by November 2017 at the latest. Looking at the harsh industry environment, we do not expect TAXI's operating cash flows to adequately service the monthly installments if such land sale transaction does not materialize by the given deadline. We could also downgrade the rating if TAXI is unable to secure refinancing over its IDR1 trillion bond 18 months prior to its maturity in June 2019. The outlook could be revised to stable if TAXI achieves a sound liquidity position by cashing in its high drivers' receivables and improves its profitability, and if it significantly improves its capital structure and cash flow protection measures for a prolonged period.

Established in 1989, TAXI is one of the leading taxi operators in Indonesia, operating primarily in Greater Jakarta. With a fleet size of nearly 10,000 units as of June 30, 2017, its services include regular taxis as its core business, premium taxis (Tiara Express), bus charters (Eagle High), and value-added transportation businesses (VATB). At June 30, 2017, it was owned by PT Rajawali Corpora (51%) and the public (49%).