

## PT Sumberdaya Sewatama

Analysts: Haryo Koconegoro / Martin Pandiangan

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

CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Dec-2016	Dec-2015	Dec-2014	Dec-2013
			(Audited)	(Audited)	(Audited)	(Audited)
<b>Corporate Rating</b>	<i>idBB+/CW Neg</i>	Total Adjusted Assets [IDR Bn]	3,299.9	4,132.5	3,880.6	3,504.3
<b>Rated Issues</b>		Total Adjusted Debt [IDR Bn]	1,805.7	2,107.3	2,225.7	1,997.2
Bond I/2012	<i>idBB+</i>	Total Adjusted Equity [IDR Bn]	120.0	727.5	710.4	711.4
Sukuk Ijarah I/2012	<i>idBB+(sy)</i>	Total Sales [IDR Bn]	1,265.3	1,517.7	1,625.1	1,406.1
<b>Rating Period</b>		EBITDA [IDR Bn]	452.4	486.4	825.2	698.7
April 21, 2017 – July 21, 2017		Net Income after MI [IDR Bn]	(315.2)	(277.3)	17.3	81.3
<b>Rating History</b>		EBITDA Margin [%]	35.8	32.1	50.8	49.7
FEB 2017	<i>idBBB-/CW Neg</i>	Adjusted Debt/EBITDA [X]	4.0	4.3	2.7	2.9
SEP 2016	<i>idA/Negative</i>	Adjusted Debt/Adjusted Equity [X]	15.1	2.9	3.1	2.8
JUNE 2016	<i>idA/Negative</i>	FFO/Adjusted Debt [%]	14.7	12.4	27.3	25.3
SEP 2015	<i>idA/Stable</i>	EBITDA/IFCCI [X]	2.3	2.1	3.7	3.5
SEP 2014	<i>idA/Stable</i>	USD Exchange Rate [IDR/USD]	13,436	13,795	12,440	12,189
SEP 2013	<i>idA/Stable</i>					
SEP 2012	<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*  
 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 SSMM's ratings to "idBB+" and maintains "Credit Watch with Negative Implications"

PEFINDO has lowered the rating for PT Sumberdaya Sewatama (SSMM) to "idBB+" from "idBBB-". PEFINDO has also lowered the ratings of SSMM's Bond I/2012 and Sukuk Ijarah I/2012 to "idBB+" from "idBBB-" and to "idBB+(sy)" from "idBBB-(sy)", respectively. The rating downgrade reflects increased refinancing risk for its maturing Bond and Sukuk on November 30, 2017 upon confirmation of its plan to restructure all of its debts, as stated on its notes to its FY2016 audited financial statement. The rating downgrade also reflects SSMM worsening capital structure and tightening liquidity relative to its September 30, 2016 position. SSMM's debt-to-equity ratio worsened to 15.1x on December 31, 2016 from 3.2x on September 30, 2016 as fourth quarter losses increased due to one-time assets impairment, provision and after termination of its mandatory convertible bond to PT Indonesia Infrastructure Finance. The Company's cash balance was reduced to IDR98.1 billion (vis-à-vis IDR346.7 billion on September 30, 2016), which is relatively low compared to its current portion of long term debt of IDR1.05 trillion (versus IDR168.0 billion on September 30, 2016). The Company rating is still placed at "Credit Watch with Negative implication", as up to this point agreement over the terms and conditions of the debt restructuring have not been reached. The Company however, has indicated that they are in advanced stages of discussions and final agreement is currently targeted for completion in May 2017. PEFINDO will closely monitor the Company for any further development of this plan. The rating could be lowered further if the Company's financial performance deteriorates, it fails to mitigate its refinancing risk, and/or there is any mispayment of its financial obligations.

An obligor rated *idBB* 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.

Suffix (sy) means the rating mandates Islamic principles compliant.

SSMM's business is classified into: temporary power rental, operations and maintenance, energy efficiency (pillar) services, and Independent Power Producer (IPP). It is 99.9% owned by PT ABM Investama Tbk, a non-operating holding company with business interests in coal mining, contract mining and engineering services, integrated logistics, and power. It is also part of the Tiara Marga Trakindo Group, which owns PT Trakindo Utama, Indonesia's biggest distributor of Caterpillar heavy equipment.

**DISCLAIMER**

*PT Pemeringkat Efek Indonesia (PEFINDO) does not guarantee the accuracy, completeness, timeliness or availability of the contents of this report or publication. PEFINDO cannot be held liable for its use, its partial use, or its lack of use, in combination with other products or used solely, nor can it be held responsible for the result of its use or lack of its use in any investment or other kind of financial decision making on which this report or publication is based. In no event shall PEFINDO be held liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses including but not limited to lost profits and opportunity costs in connection with any use of the contents of this report or publication. Credit analyses, including ratings, and statements in this report or publication are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities or to make any investment decision. The contents cannot be a substitute for the skill, judgment and experience of its users, its management employees and/or clients in making investment or other business decisions. PEFINDO also assumes no obligation to update the content following publication in any form. PEFINDO does not act as fiduciary or an investment advisor. While PEFINDO has obtained information from sources it believes to be reliable, PEFINDO does not perform an audit and does not undertake due diligence or independent verification of any information used as the basis of and presented in this report or publication. PEFINDO keeps the activities of its analytical units separate from its business units to preserve independence and objectivity of its analytical processes and products. As a result, certain units of PEFINDO may have information that is not available to other units. PEFINDO has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. PEFINDO may receive compensation for its ratings and other analytical work, normally from issuers of securities. PEFINDO reserves the right to disseminate its opinions and analyses. PEFINDO's public ratings and analyses are made available on its website, <http://www.pefindo.com> (free of charge) and through other subscription-based services, and may be distributed through other means, including via PEFINDO publications and third party redistributors. Information in PEFINDO's website and its use fall under the restrictions and disclaimer stated above. Reproduction of the content of this report, in full or in part, is subject to written approval from PEFINDO.*