PEFINDO CREDIT RATING INDONESIA

PRESS RELEASE
June 4, 2014

PEFINDO assigned **"$_{id}$BBB-"** rating to PDAM Kota Surakarta

PEFINDO has assigned a **"$_{id}$BBB-"** rating to Perusahaan Daerah Air Minum (PDAM) Kota Surakarta (PAKS or the Company). The outlook for the rating is **"stable"**. The rating reflects the Company's exclusive position as the only treated water operator in Surakarta City and its adequate raw water supply. However, the rating is constrained by its aggressive financial leverage, high water loss ratio and limited financial flexibility.

PAKS is a treated water operator company, which has been operating in Surakarta City since 1977. The city government (*Pemerintah Kota*) of Surakarta is the sole owner of PAKS. The Company has 21 active deep wells, three water processing facilities/IPA (Jurug, Fiber and Jebres), and Cokrotulung spring water with a total production capacity of 899.8 liters per second. In 2013, the Company had 58,231 connections, produced 23.6 million m^3 and sold 14.0 million m^3 of water.

Rating Period: March 19, 2014 – March 1, 2015

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