

PT Express Transindo Utama Tbk.

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Sep-2017	Dec-2016	Dec-2015	Dec-2014
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idBB-/Negative</i>	Total adjusted assets [IDR bn]	2,269.4	2,434.6	2,761.1	2,888.9
Rated Issues		Total adjusted debt [IDR bn]	1,626.6	1,535.8	1,632.8	1,746.7
Bond I/2014	<i>idBB-</i>	Total adjusted equity [IDR bn]	403.1	614.0	798.3	763.9
Rating Period		Total sales [IDR bn]	231.6	618.2	970.1	889.7
March 12, 2018 – March 1, 2019		EBITDA [IDR bn]	23.4	246.2	514.4	522.1
Rating History		Net income after MI [IDR bn]	(210.6)	(184.5)	32.2	118.9
AUG 2017	<i>idBB+/Negative</i>	EBITDA margin [%]	10.1	39.8	53.0	58.7
MAR 2017	<i>idBBB/Negative</i>	Adjusted debt to EBITDA [X]	*52.2	6.2	3.2	3.3
AUG 2016	<i>idBBB+/Negative</i>	Adjusted debt to adjusted equity [X]	4.0	2.5	2.0	2.3
MAR 2016	<i>idA-/Negative</i>	FFO to adjusted debt [%]	*(9.0)	3.5	17.9	21.5
MAR 2015	<i>idA/Stable</i>	EBITDA to IFCCI [X]	0.2	1.3	2.5	3.4
MAR 2014	<i>idA/Stable</i>	USD exchange rate [IDR/USD]	13,492	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 TAXI to “*idBB-*”, outlook remains negative

PEFINDO has lowered the ratings for PT Express Transindo Utama Tbk (TAXI) and its Bond I/2014 to “*idBB-*” from “*idBB+*”. The downgrade in ratings reflects the constant struggle faced by TAXI due to the highly competitive and fast-growing ride-hailing firms such as Uber, Go-Jek, and Grab, amid TAXI's significant debt burden. This has led to TAXI to report a net loss for two consecutive years whilst displaying liquidity challenges. Downgrade in ratings also follows our assessment on its strategic plans which we view as insufficient to improve the financial profile in a timely manner with the bond's maturity. Its recent partnership with Uber has shown no significant improvement over its operating and financial performance. In addition, the decision to lower fixed daily tariff with the expectations to reduce drivers' receivables and improve cash collection seems slow in progress as the figure was still high amounting to IDR458.1 billion as of September 30, 2017, just a mild improvement compared to IDR460.6 billion in December 2016. Its revenue in 9M2017 was substantially below the 2017 projection, while its financial profile in 2018 is expected to deteriorate beyond its original expectation. We maintained the “**negative**” outlook to reflect the increasing refinancing risk on TAXI's IDR1 trillion bond, which will due in June 2019, whereas access to credit markets becomes increasingly limited.

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 Minus (-) sign indicates that the rating is relatively weak within the respective rating category.

TAXI's weak cash flow and liquidity with rising refinancing risk from its bond, high financial leverage, and the fierce competition from ride-hailing firms, are all credit weaknesses that weighs heavily on its credit profile. TAXI's relatively strong position in the traditional taxi services and its extensive network coverage are considered as credit strengths.

We could lower the rating if it fails to curb the deterioration of its EBITDA or if it is unable to garner any financial support, from both the parent and credit markets, resulting in a weaker liquidity profile. We may revise the outlook back to stable if it achieves a sound liquidity position by converting drivers' receivables and improves profitability, while concurrently improving 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 vehicles as of September 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). As of September 30, 2017, it was owned by PT Rajawali Corpora (51%) and the public (49%).

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