

PT Sumberdaya Sewatama

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Jun-2018	Dec-2017	Dec-2016	Dec-2015
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idBB/Stable</i>	Total Adjusted Assets [IDR Bn]	3,057.6	3,151.9	3,299.9	4,132.5
Rated Issues		Total Adjusted Debt [IDR Bn]	2,779.4	2,767.7	1,805.6	2,107.3
<i>Bond I/2012</i>	<i>idBB</i>	Total Adjusted Equity [IDR Bn]	(159.3)	(67.9)	120.0	727.5
<i>Sukuk Ijarah I/2012</i>	<i>idBB(sy)</i>	Total Sales [IDR Bn]	387.6	996.4	1,265.3	1,517.7
Rating Period		EBITDA [IDR Bn]	120.3	366.2	452.4	486.4
<i>September 6, 2018 – September 1, 2019</i>		Net Income after MI [IDR Bn]	(90.4)	(182.6)	(315.2)	(277.3)
Rating History		EBITDA Margin [%]	31.0	36.8	35.8	32.0
<i>SEP 2017</i>	<i>idBB+/Stable</i>	Adjusted Debt/EBITDA [X]	*11.5	7.6	4.0	4.3
<i>MAY 2017</i>	<i>idBB+/Stable</i>	Adjusted Debt/Adjusted Equity [X]	NA	NA	15.0	2.9
<i>APR 2017</i>	<i>idBB+/CW Neg</i>	FFO/Adjusted Debt [%]	*3.9	8.0	14.7	12.4
<i>FEB 2017</i>	<i>idBBB-/CW Neg</i>	EBITDA/IFCCI [X]	1.8	2.4	2.2	2.1
<i>SEP 2016</i>	<i>idA/Negative</i>	USD Exchange Rate [IDR/USD]	13,756	13,548	13,436	13,795
<i>JUNE 2016</i>	<i>idA/Negative</i>					
<i>SEP 2015</i>	<i>idA/Stable</i>					
<i>SEP 2014</i>	<i>idA/Stable</i>					
<i>SEP 2013</i>	<i>idA/Stable</i>					
<i>SEP 2012</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 NA = Not Applicable *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 Sumberdaya Sewatama and its Bond and Sukuk to “idBB”

PEFINDO has lowered the ratings for PT Sumberdaya Sewatama (SSMM) and its Bond I Year 2012 to “idBB” from “idBB+”, and SSMM's Sukuk Ijarah I Year 2012 to “idBB(sy)” from “idBB+(sy)”. The rating downgrade reflects our anticipation that the temporary power business will further deteriorate as we view the higher likelihood of PLN to gradually reduce the portion of power rental. This unfavorable condition will threaten the Company's ability to repay its restructured debt due in 2022 and 2024, as temporary power business is still the Company's largest revenue generation. The outlook for the corporate rating is “stable” for the next twelve months as we have incorporated declining trend of power rental business in the rating downgrade.

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.

Suffix (sy) means the rating mandates compliance with Islamic principles.

The corporate rating reflects SSMM's high dependence on a single buyer, the uncertain growth of temporary power rental business, and its weak financial profile. However, the rating is offset by its position as the largest private power rental provider and its business synergy with its controlling group.

Any possibility of a rating upgrade in the next 12-18 months is limited. The rating could be further lowered if the Company fails to significantly reduce its reliance on PLN in the near term, if it fails to achieve its revenue and/or EBITDA margin targets, and if it incurs higher debt than projected, which could further weaken its cash flow protection measures and capital structure. The rating could also be under pressure if there is any mispayment of interest and/or principal for its restructured debt or if it fails to meet financial covenant of debt to EBITDA ratio of a maximum of 4.5x and EBITDA to net interest expense ratio of a minimum of 3.0x starting the second quarter of 2019.

SSMM's business is classified into: temporary power rental, operations and maintenance, and energy efficiency (pillar) services. It terminated its Independent Power Producer (IPP) business in 2017. 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 a part of the Tiara Marga Trakindo Group, which owns PT Trakindo Utama, Indonesia's biggest distributor of Caterpillar heavy equipment.

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