

PT Sumberdaya Sewatama

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CREDIT PROFILE

Corporate Rating *idCCC/C.W. Negative*

Rated Issues

Bond I/2012 *idCCC*
Sukuk Ijarah I/2012 *idCCC(sy)*

Rating Period

November 27, 2019 – February 27, 2020

Rating History

SEP 2019 *idCCC/CW Neg*
MAY 2019 *idB+/Negative*
SEP 2018 *idBB/Stable*
SEP 2017 *idBB+/Stable*
MAY 2017 *idBB+/Stable*
APR 2017 *idBB+/CW Neg*
FEB 2017 *idBBB-/CW Neg*
SEP 2016 *idA/Negative*
JUNE 2016 *idA/Negative*
2012-2015 *idA/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	Sep-2019 (Unaudited)	Dec-2018 (Audited)	Dec-2017 (Audited)	Dec-2016 (Audited)
Total Adjusted Assets [IDR Bn]	2,643.9	3,045.6	3,151.9	3,299.9
Total Adjusted Debt [IDR Bn]	2,720.1	2,771.2	2,767.7	1,805.7
Total Adjusted Equity [IDR Bn]	(331.6)	(156.6)	(67.9)	120.0
Total Sales [IDR Bn]	406.7	757.8	996.4	1,265.3
EBITDA [IDR Bn]	68.3	174.3	366.2	452.4
Net Income after MI [IDR Bn]	(173.5)	(289.7)	(182.6)	(315.2)
EBITDA Margin [%]	16.8	23.0	36.8	35.8
Adjusted Debt/EBITDA [X]	*29.8	15.9	7.6	4.0
Adjusted Debt/Adjusted Equity [X]	NR	NR	NR	15.0
FFO/Adjusted Debt [%]	*(1.3)	1.5	8.0	14.7
EBITDA/IFCCI [X]	0.7	1.3	2.4	2.2
USD Exchange Rate [IDR/USD]	14,174	14,481	13,548	13,436

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 NR = Not Relevant *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 affirms the rating of PT Sumberdaya Sewatama at *idCCC*, and maintains "Credit Watch with Negative Implications" outlook

PEFINDO has affirmed the ratings for PT Sumberdaya Sewatama (SSMM) and its Bond I Year 2012 at "*idCCC*", and SSMM's Sukuk Ijarah I Year 2012 at "*idCCC(sy)*". The corporate rating is maintained at "**Credit Watch with Negative Implication**", to reflect our concern on SSMM's financial capacity to serve its quarterly installment payment for debt principal and interest in the near term. With cash of IDR174.9 billion at the end of September 2019, cash-in generation in the following quarters, and fleet utilization rate of less than 30%, it will limit SSMM to serve its installment payments for the restructured debt principal, interest, and payables in the near term. The management is in the process to discuss with the lenders regarding its restructured debt, which may take longer than expected time for the negotiation. Its bond and sukuk ratings could be lowered to "*idD*" if there are interests and/or principals' mispayment on their respective due dates.

An obligor rated *idCCC* is currently vulnerable, and is dependent upon favorable business and financial conditions to meet its financial commitments.

The 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 the temporary power rental business, and its very weak financial profile and liquidity. However, the rating is offset by the Company's position as the largest private power rental provider in Indonesia and its business synergy with its group.

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. At the end of September 30, 2019, PT ABM Investama Tbk held a 0.99% Series A stake in the Company, while a new shareholder, PT Godra Investama Mandiri, owned 99.01% Series B stake.

DISCLAIMER

The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.