

**PT MORA TELEMATIKA INDONESIA**

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<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
		<b>As of/for the year ended</b>				
		<b>Dec-2018</b>	<b>Dec-2017</b>	<b>Dec-2016</b>	<b>Dec-2015</b>	
		<b>(Audited)</b>	<b>(Audited)</b>	<b>(Audited)</b>	<b>(Audited)</b>	
<b>Corporate Rating</b>	<i>idA/Stable</i>	Total adjusted assets [IDR bn]	9,097.6	6,484.5	2,071.9	1,349.9
<b>Rated Issues</b>		Total adjusted debt [IDR bn]	*6,462.1	*4,902.6	698.0	460.6
<i>Bond I/2017</i>	<i>idA</i>	Total adjusted equity [IDR bn]	1,529.7	922.2	823.5	574.5
<i>Proposed Shelf Registered</i>		Total sales [IDR bn]	4,663.7	2,659.8	1,128.4	685.8
<i>Sukuk Ijarah/2019</i>	<i>idA(sy)</i>	EBITDA [IDR bn]	1,231.1	380.3	291.5	190.3
<b>Rating Period</b>		Net income after MI [IDR bn]	504.5	119.2	11.0	20.8
June 14, 2019 – March 1, 2020		EBITDA margin [%]	26.4	14.3	25.8	27.8
<b>Rating History</b>		Adjusted debt/EBITDA [X]	5.2	12.9	2.4	2.4
<i>MAY 2018</i>	<i>idA</i>	Adjusted debt/adjusted equity [X]	4.2	5.3	0.8	0.8
<i>SEP 2017</i>	<i>idA</i>	FFO to adjusted debt [%]	10.7	3.6	27.9	32.4
<i>JUL 2017</i>	<i>idA</i>	EBITDA/IFCCI [X]	2.3	2.2	4.7	5.8
		USD exchange rate [IDR/USD]	14,481	13,548	13,436	13,795

*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*  
*\*includes shareholder loan representing the deposits for future stock subscription from shareholder to be converted into equity by the end of 2019*

*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 assigns “idA(sy)” rating for PT Mora Telematika Indonesia’s proposed Shelf-Registered Sukuk Ijarah**

PEFINDO has affirmed its “idA” ratings for PT Mora Telematika Indonesia (Moratel or MORA) and its Bond I Year 2017. We have also assigned our “idA(sy)” rating to Moratel’s proposed Shelf-Registered Sukuk Ijarah Year 2019 of a maximum of IDR3.0 trillion. The Company will issue IDR1.0 trillion for the first phase of the Sukuk issuance, 85% of which will be used to finance its capital expenditure (capex) and 15% for working capital needs. The outlook for the corporate rating is “stable”.

An obligor rated idA has a strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors.

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

The corporate rating reflects Moratel’s strong market position as a fiber optic backbone provider, potential cash flow from the Palapa Ring West and East packages, and diversified customers and services. However, the rating is constrained by its increasing financial leverage due to its sizeable capex, its weakening cash flow protection measures in the near term, and the execution risks related to new businesses.

The rating could be raised if Moratel significantly improves its capital structure on a sustained basis, and if its business expansions are executed well with significant cash flows that exceed projections. In contrast, the rating may be lowered if the Company’s revenue and/or EBITDA are significantly below targets, and/or if it incurs more debt than projected.

Moratel is a telecommunications infrastructure and service provider. It has international links connecting Jakarta and Singapore, and domestic submarine and inland backbones serving mainly telecommunications operators and wholesale customers. It expanded its enterprise and retail segments by developing a fiber-to-the-home (FTTH) business to maximize the use of its network under the “Oxygen” brand. Its subsidiaries, PT Palapa Ring Barat and PT Palapa Timur Telematika, were awarded government contracts to construct and manage two national priority projects, the Palapa Ring West package and the Palapa Ring East package in 2016. The Palapa Ring West package began commercial operations in March 2018, while the Palapa Ring East package is expected to start operating in the second quarter of 2019. As of December 31, 2018, its shareholders were PT Candrakarya Multikreasi (57.5% stake), which belongs to PT Infrastruktur Bisnis Sejahtera, and PT Gema Lintas Benua (42.5%).

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