

PT Express Transindo Utama Tbk.

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Sep-2016	Dec-2015	Dec-2014	Dec-2013
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idBBB/Negative</i>	Total adjusted assets [IDR bn]	2,591.3	2,761.1	2,888.9	2,014.6
Rated Issues		Total adjusted debt [IDR bn]	1,539.8	1,632.8	1,746.7	910.6
Bond I/2014	<i>idBBB</i>	Total adjusted equity [IDR bn]	719.2	798.3	763.9	669.1
Rating Period		Total sales [IDR bn]	512.6	970.1	889.7	686.9
March 10, 2017 – March 1, 2018		EBITDA [IDR bn]	223.2	514.4	522.1	408.7
Rating History		Net income after MI [IDR bn]	(81.9)	32.2	118.9	132.4
AUG 2016	<i>idBBB+/Negative</i>	EBITDA margin [%]	43.5	53.0	58.7	59.5
MAR 2016	<i>idA-/Negative</i>	Adjusted debt to EBITDA [X]	*5.2	3.2	3.3	2.2
MAR 2015	<i>idA/Stable</i>	Adjusted debt to adjusted equity [X]	2.1	2.0	2.3	1.4
MAR 2014	<i>idA/Stable</i>	FFO to adjusted debt [%]	*6.5	17.9	21.5	35.3
	<i>idA/Stable</i>	EBITDA to IFCCI [X]	1.6	2.5	3.4	4.8
	<i>idA/Stable</i>	USD exchange rate [IDR/USD]	12,998	13,795	12,440	12,189

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 PT Express Transindo Utama Tbk to “*idBBB*”, outlook remains negative

PEFINDO has lowered the ratings for PT Express Transindo Utama Tbk (TAXI) and its Bond I/2014 to “*idBBB*” from “*idBBB+*”. The downgrade in ratings were due to a significant deterioration in its key credit metrics following intense competition in the taxi industry, particularly coming from the transportation-based application services, amid having high debt level from its fleet expansion in 2012-2014. This consequently hampered TAXI's profitability, particularly its cash flow protection measures, as fleet utilization was lower than anticipated. The downgrade was also due to a lengthy delay in sale of non-core assets, of which we earlier anticipated to be executed by the end of 2016 to end of February 2017, with the proceeds being used to pay off its existing bank loans amounting to IDR500 billion. We have also maintained the outlook at “**negative**” to anticipate a further weakening in its financial profile, including a tighter liquidity position and the rising refinancing risk on its bond, which will due in June 2019.

An obligor rated *idBBB* has an adequate capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

The ratings reflect TAXI's relatively strong market position in the taxi industry and extensive network coverage. However, the ratings are constrained by its aggressive financial leverage position, weak cash flows and liquidity profile with rising refinancing risk from its bond, and a more intense competition resulting in lower fleet utilization.

We could lower the rating if the Company fails to achieve its targeted revenue and EBITDA, and at the same time its capital structure and cash flow protection measures deteriorate. The rating could also be under pressure if we view that there is further pressure on its liquidity due to its inability to convert drivers' receivables into cash, a prolonged delay in sales of non-core assets, and if additional debt exceeds projection. The outlook could be revised to stable if TAXI achieves a sound liquidity position by cashing in its high drivers' receivables and improves its profitability, and if it significantly improves 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 units as of December 31, 2016, its services include regular taxis as its core business, premium taxis (Tiara Express), bus charters (Eagle High), and value-added transportation businesses (VATB). At September 30, 2016, it was owned by PT Rajawali Corpora (51%) and the public (49%).

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