

PT Adi Sarana Armada Tbk

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Jun-2020	Dec-2019	Dec-2018	Dec-2017
			(Audited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idA-/Stable</i>	Total adjusted assets [IDR bn]	4,845.3	4,715.0	4,053.8	3,301.7
Rated Issues	-	Total adjusted debt [IDR bn]	2,984.6	2,910.2	2,350.4	2,002.0
		Total adjusted equity [IDR bn]	1,276.6	1,204.0	1,129.6	980.2
		Total sales [IDR bn]	1,403.1	2,329.6	1,862.9	1,689.8
Rating Period		EBITDA [IDR bn]	436.5	849.2	775.8	696.2
<i>September 17, 2020 - September 1, 2021</i>		Net income after MI [IDR bn]	43.0	110.4	143.5	103.2
		EBITDA margin [%]	31.1	36.5	41.6	41.2
Rating History		Adjusted debt/EBITDA [X]	*3.4	3.4	3.0	2.9
<i>DEC 2019</i>	<i>idA-/Stable</i>	Adjusted debt/adjusted equity [X]	2.3	2.4	2.1	2.0
		FFO/adjusted debt [%]	*19.6	20.0	24.1	24.7
		EBITDA/IFCCI [X]	3.3	3.5	4.3	4.0
		USD exchange rate [IDR/USD]	14,302	13,901	14,481	13,548

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 * 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 "idA-" rating to PT Adi Sarana Armada Tbk

PEFINDO has affirmed its "idA-" rating to PT Adi Sarana Armada Tbk (ASSA). 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, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors. The minus (-) sign indicates that the rating is relatively weak within its category.

The rating reflects ASSA's strong position in the car rental industry, stable revenue stream with diversify business offer, and favorable fleet profile. The rating is constrained by its high financial leverage level, risks related to the development of courier business, and sensitivity to macroeconomic changes pressuring business growth.

The rating could be raised if ASSA exceeds its revenue and EBITDA targets, particularly from its courier and vehicle rental business segments, which are expected to be its major revenue generators in the near to medium term. This should be accompanied by a sustained improvement in its financial leverage. The rating could be lowered if it fails to achieve its targeted revenue and/or EBITDA. We could also lower the rating if it incurs significantly higher debt than projected, without being compensated by improving business performance.

Although ASSA's fleets rental business is secured by long-term contract, we view that the Company's business is moderately exposed to coronavirus disease (COVID-19) pandemic, particularly in rental, used car, and auction segments. The pandemic accompanied by an economic downturn could lead to a lower national purchasing power and weaker demand for used cars. In addition, large scale of social restrictions (PSBB) impose people to do work from home thus the prolonged restrictions may lower ASSA's car rental demand in the near term to medium term. We will closely monitor the impact of the pandemic on the Company's business operations and/or financial profile in the near to medium term, such as any significant disruption on its cash flow generation, which could lower the rating.

Established in 2003 with an initial fleet of 819 units, ASSA provides integrated transportation services for individuals and corporates, logistics transportation, driver management services, and an auction service. As of June 30, 2020, it managed more than 25,000 vehicles. It has 18 branch offices and 26 representative offices across Indonesia. In March 2019, it started operating its delivery business under its subsidiary, PT Tri Adi Bersama (TAB). As of June 30, 2020, it was owned by PT Adi Dinamika Investindo (25.1%), PT Daya Adicipta Mustika (19.2%), Theodore Permadi Rachmat (5.0%), Prodjo Sunarjanto Sekar Pantjawati (10.0%), Erida (3.2%), Hindra Tanujaya (0.9%), Jany Candra (0.6%), Tjoeng Suyanto (0.1%), and the public (35.9%).

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.