

PT MORA TELEMATIKA INDONESIA

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	May-2017 (Audited)	Dec-2016 (Audited)	Dec-2015 (Audited)	Dec-2014 (Audited)
Corporate Rating	<i>idA/Stable</i>	Total adjusted assets [IDR bn]	2,576.1	2,071.9	1,349.9	1,211.9
Rated Issues		Total adjusted debt [IDR bn]	858.1	698.0	460.6	188.9
<i>Proposed Bond Year 2017</i>	<i>idA</i>	Total adjusted equity [IDR bn]	1,227.1	823.5	574.5	545.5
		Total sales [IDR bn]	515.7	1,128.4	685.8	547.0
		EBITDA [IDR bn]	154.5	291.5	190.3	174.0
Rating Period		Net income after MI [IDR bn]	56.7	11.0	20.8	70.2
September 6, 2017 – September 1, 2018		EBITDA margin [%]	30.0	25.8	27.8	31.8
		Adjusted debt/EBITDA [X]	*2.3	2.4	2.4	1.1
Rating History		Adjusted debt/adjusted equity [X]	0.7	0.8	0.8	0.3
<i>JUL 2017</i>	<i>idA</i>	FFO to adjusted debt [%]	*27.2	27.9	32.4	73.6
		EBITDA/IFCCI [X]	4.1	4.7	5.8	6.6
		USD exchange rate [IDR/USD]	13,321	13,436	13,795	12,440

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 assigns “idA” rating to PT Mora Telematika Indonesia’s proposed bond

PEFINDO has affirmed its “idA” rating to PT Mora Telematika Indonesia (Moratel or MRTL). We also have assigned “idA” rating to Moratel’s proposed bond Year 2017 of IDR1.0 trillion that will be used to finance its capital expenditure (capex). 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 ratings reflect 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 ratings are constrained by its increasing financial leverage due to sizeable capex, its weakening cash flow protection measures in the near term, and the execution risks of a new business.

The ratings could be raised if Moratel significantly improves its capital structure on a sustainable basis, its business expansions are executed well, and its cash flows exceed projections. In contrast, the ratings may be lowered if the Company’s revenue and/or EBITDA falls significantly below target, or if it incurs debt beyond what is 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 to the fiber to-the-home (FTTH) market to maximize the use of its network under the “Oxygen” brand. Its subsidiaries, PT Palapa Ring Barat and PT Palapa Timur Telematika, have been awarded by the government to construct and manage two national priority projects, the Palapa Ring West package in 2015 and the Palapa Ring East package in 2016. As of May 31, 2017, its shareholders were PT Candrakarya Multikreasi (57.5% stake), which belongs to PT Infrastruktur Bisnis Sejahtera; PT Gema Lintas Benua (27.6%); and PT Sumber Aneka Sukses (14.9%).

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