

## Q&A:

### Corporate's Liquidity Outlook in 2012

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#### How does PEFINDO assess liquidity in each company?

In addition to business and financial risks assessments, we assess the company's liquidity for the short term. We assess the sources and uses of cash for the short term. The sources of cash include cash and cash equivalents, short term investment, unused credit facilities, and forecasted operating cash flows, while the uses of cash include short term debt, current maturities of long term debt, and capital expenditure plan for the short term. We consider a company to have strong liquidity if the sources of cash strongly exceed the uses of cash, adequate if the sources of cash could cover the uses of cash, and weak liquidity if the sources of cash could not cover the uses of cash.

#### How does PEFINDO see liquidity of the rated companies in Indonesia?

We assessed liquidity of the rated companies in our portfolio excluding companies in financial institutions sectors based on their latest financial statements. As of Sept. 30, 2011, we estimate that approximately around IDR105 trillion debts of the rated companies will mature in 2012. Around 60% of the rated companies have strong liquidity, given their net positive cash balance, while the remaining 40% may require new funding since the uses of cash are much higher than the sources of cash.

#### Which sectors have strong liquidity position?

Based on the rated companies in our portfolio, the companies that have strong liquidity are engaged in property and recreation, media, water utilities, oil and gas, and food and beverage sectors. However, we do not rate all companies in those sectors. The industry characteristics also determine the liquidity condition such as property sector, which usually has high cash and cash equivalents from sales advances and for land acquisition opportunities. Some companies in the wood based agro industries and telecommunication sectors, particularly the major players, also have adequate liquidity while the smaller companies in those sectors have weak liquidity given their small economies of scale.

#### How about the companies which have weak liquidity position?

For the companies that have weak liquidity, we should further assess whether those companies are expanding their business. Some companies have large capital expenditure (capex) plan for 2012 as they are expanding their business such as those in the fertilizer, toll road, and mining sectors. These companies will need external financing to increase their sources of cash, which should not pose a problem since they have strong financial profile and financial flexibility to raise new debt.

However, there are also some companies with high debt burden for the short term so they will need to refinance their existing debt since their short term debt is higher than the sources of cash. In our portfolio, these companies are engaged in car rental, chemical, poultry, construction, retail, shipping, telecommunication, wood based agro industries, and electricity sectors. Although some of them have strong financial flexibility with good relationship with banks, there is still a refinancing risk particularly if the financial sectors limit their credit lines as an impact of the European crisis. Some of these companies also have bonds or medium term notes maturing in 2012.

#### How much bonds amount will mature in 2012?

Among 41 rated companies in our portfolio excluding companies in financial institutions sectors, 18 companies have bonds maturing in 2012. The amount of the bonds maturing in 2012 reaches almost IDR10 trillion, which represents around 10% of maturing debt as mentioned above. In our view, some companies may need to refinance the maturing bonds with new debts as they have not accumulated enough cash and cash equivalent as of Sept. 30, 2011 to cover their maturing bonds.

**CORPORATE BOND / MTN MATURE in 2012**  
(in IDR billion unless stated otherwise)

Company	Rating	Bond	MTN	Maturity Date
PVII	idA		300	12-Jan-12
MEDC	idAA-		USD7.4m	3-Feb-12
TRAC	idA+		100	9-Feb-12
MEDC	idAA-		USD40.0m	22-Mar-12
MPPA	idA+	250		14-Apr-12
MPPA	idA+ <sup>(sv)</sup>	Sukuk: 90		14-Apr-12
EXCL	idAA+	1500		26-Apr-12
INDF	idAA+	1964		15-May-12
BLTA	idD	150		28-May-12
BLTA	idD <sup>(sv)</sup>	Sukuk: 45		28-May-12
MEDC	idAA-	513.5		17-Jun-12
APEX	idA	300		19-Jun-12
PJAA	idA+	120		27-Jun-12
JPRO	idBBB	200		28-Jun-12
BLTA	idD	700		5-Jul-12
BLTA	idD <sup>(sv)</sup>	Sukuk: 200		5-Jul-12
ADHI	idA-	375		6-Jul-12
ADHI	idA- <sup>(sv)</sup>	Sukuk: 125		6-Jul-12
ELTY	idBBB+ <sup>(sv)</sup>	Sukuk: 90		7-Jul-12
SCTV	idA+	575		10-Jul-12
TRAC	idA+	245		10-Jul-12
DUTI	idBBB+	500		11-Jul-12
JPFA	idA	500		11-Jul-12
PLJY	idA	100		12-Jul-12
BTEL	idBBB-	650		4-Sep-12
PTPN	idAA-		250	12-Sep-12
PTPN	idAA-		150	21-Nov-12
CLPK	idA+	500		27-Nov-12
MAPI	idA+	199		16-Dec-12
MAPI	idA+ <sup>(sv)</sup>	Sukuk: 96		16-Dec-12
MEDC	idAA-		USD21.5m	23-Dec-12