

PEFINDO lowered TRIO's rating to "idCCC/Credit Watch with Negative Implications"

PEFINDO has lowered its rating for PT Trikonsel Oke Tbk (TRIO or the Company) to "idCCC" from "idBB+" and the rating of its Mandatory Convertible Bond (MCB) I Year 2012 to "idCCC" from "idBB", and still puts the ratings on "Credit Watch with Negative Implications". The rating downgrade reflects our expectation that TRIO will not have the capacity to service its financial obligations. Based on TRIO's announcement after its meeting with the SGD noteholders on October 26, 2015, which was filed to the Singapore Exchange, TRIO is unlikely to be in a position to service interest and repay debts as they fall due in the near term. TRIO will restructure total debt of USD460.0 million, most of which will be due in the next two years. The corporate rating could be lowered to "idSD" when the Company defaults on any of its debts but remains current on others or "idD" if TRIO could not pay all of its financial obligations on their respective due dates.

Established in 1996, TRIO is engaged in the retail and distribution of mobile phones, computers, and telecommunications operator products and content. As of June 30, 2015, its shareholders consisted of Polaris Limited (44.9%), J.P. Morgan Bank Luxembourg SA. RE JP Morgan (25.7%), UOB Kay Hian Private Limited (25.3%), and the public (4.1%). Its revenue is derived mainly from the sales of cellular phones (60% of total revenue in the first six months of 2015), followed by sales of prepaid cellphone vouchers (39%), and content and others (1%).

Rating Period: October 27, 2015 – January 15, 2016
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