

PT Sumberdaya Sewatama

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Jun-2016	Dec-2015	Dec-2014	Dec-2013
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idA/Negative</i>	Total Adjusted Assets [IDR Bn]	3,942.1	4,132.5	3,880.6	3,504.3
Rated Issues		Total Adjusted Debt [IDR Bn]	1,908.1	2,107.3	2,225.7	1,997.2
<i>Bond I/2012</i>	<i>idA</i>	Total Adjusted Equity [IDR Bn]	647.5	727.5	710.4	711.4
<i>Sukuk Ijarah I/2012</i>	<i>idA(-sy)</i>	Total Sales [IDR Bn]	656.6	1,517.7	1,625.1	1,406.1
Rating Period		EBITDA [IDR Bn]	247.1	486.4	825.2	698.7
<i>September 14, 2016 – September 1, 2017</i>		Net Income after MI [IDR Bn]	-75.7	-277.3	17.3	81.3
Rating History		EBITDA Margin [%]	37.6	32.1	50.8	49.7
<i>JUNE 2016</i>	<i>idA/Negative</i>	Adjusted Debt/EBITDA [X]	*3.9	4.3	2.7	2.9
<i>SEP 2015</i>	<i>idA/Stable</i>	Adjusted Debt/Adjusted Equity [X]	3.0	2.9	3.1	2.8
<i>SEP 2014</i>	<i>idA/Stable</i>	FFO/Adjusted Debt [%]	*16.4	12.4	27.3	25.3
<i>SEP 2013</i>	<i>idA/Stable</i>	EBITDA/IFCCI [X]	2.3	2.1	3.7	3.5
<i>SEP 2012</i>	<i>idA/Stable</i>	USD Exchange Rate [IDR/USD]	13,180	13,795	12,440	12,189

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 affirmed its "idA" rating with a negative outlook for PT Sumberdaya Sewatama

PEFINDO has affirmed the ratings of PT Sumberdaya Sewatama (SSMM) and its Shelf-Registered Bond I/2012 and Sukuk Ijarah I/2012 at "idA" and "idA(-sy)". However, we maintained the "negative" outlook for the corporate rating, as despite some cost efficiency measures done from 4Q2015 up to 2Q2016, positive impact on the Company's margins and capital structure so far remains limited. We are of the view that confirmation on the rating direction will be achieved once there are more clarity on the following namely, the Company's normalized cost structure after incurring hefty severance pay related expenses in 1H2016, its ability to renegotiate a more favorable contracts terms and conditions with PLN and its liquidity position in anticipation of its maturing Bond and Sukuk in November 2017.

An obligor rated *idA* indicates that the obligor 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.

Suffix (sy) means the rating mandates Islamic principles compliant.

The ratings reflect its strong market position with a relatively stable revenue stream, its business synergy with the Group, and moderate cash flow protection indicators. However, the ratings are constrained by its high dependence on a single buyer, the uncertain growth potential of temporary power rental, and its weakening capital structure.

The ratings could be lowered if the Company fails to achieve its targeted revenue and improve profitability margins from current level, which could weaken its cash flow protection measures and capital structure. The ratings could also be under pressure if its additional debt exceeds projection, or if there is further deterioration of its temporary power business, which would worsen its financial profile resulting in its annualized debt-to-EBITDA ratio being consistently above 3.5x and its annualized FFO-to-debt-ratio consistently below 15.0% in the upcoming quarters. The outlook could be revised to stable if the Company could improve its cash flow protection measures and capital structure supported by cost efficiency efforts and improving business performance of its major segments.

SSMM's business is classified into: temporary power rental, operations and maintenance, energy efficiency (pillar) services, and Independent Power Producer (IPP). It is 99.9% owned by PT ABM Investama Tbk, a non-operating holding company with business interests in coal mining, contract mining and engineering services, integrated logistics, and power. It is also part of the Tiara Marga Trakindo Group, which owns PT Trakindo Utama, Indonesia's biggest distributor of Caterpillar heavy equipment.

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