PEFINDO
CREDIT RATING AGENCY

Press Release
September 13, 2018

PT TIPHONE MOBILE INDONESIA Tbk.

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CREDIT PROFILE

Corporate Rating *idBBB+/Stable*

Rated Issues
Shelf Reg. Bonds I/2016-2017 *idBBB+*

Rating Period
September 10, 2018 – April 1, 2019

Rating History

JUL 2018	*idBB/Positive*
JUN 2018	*idBB/C.W. Negative*
APR 2018	*idA-/Stable*
MAY 2017	*idA/Stable*
MAY 2016	*idA/Stable*
MAY 2015	*idA/Stable*
JUN 2014	*idA/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	**June-2018** (Unaudited)	**Dec-2017** (Audited)	**Dec-2016** (Audited)	**Dec-2015** (Audited)
Total Adjusted Assets [IDR Bn]	7,919.0	8,198.5	7,664.2	6,577.4
Total Adjusted Debt [IDR Bn]	4,243.5	4,777.1	4,208.9	3,456.0
Total Adjusted Equity [IDR Bn]	3,174.8	2,992.1	2,654.1	2,264.1
Total Sales [IDR Bn]	14,129.3	27,914.3	27,310.1	22,039.7
EBITDA [IDR Bn]	591.0	834.3	893.0	776.1
Net Income after MI [IDR Bn]	301.3	417.6	468.2	370.4
EBITDA Margin [%]	4.2	3.0	3.3	3.5
Adjusted Debt/EBITDA [X]	*3.6	5.7	4.7	4.5
Adjusted Debt/Adjusted Equity [X]	1.3	1.6	1.6	1.5
FFO/Adjusted Debt [%]	*14.1	4.6	8.2	10.7
EBITDA/IFCCI [X]	3.1	1.7	2.3	2.7
USD Exchange Rate [IDR/USD]	14,404	13,548	13,436	13,795

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 raises the ratings for PT Tiphone Mobile Indonesia Tbk and its bonds to "idBBB+" and revises the outlook to "Stable"

PEFINDO has raised the ratings for PT Tiphone Mobile Indonesia Tbk (TELE) and its Shelf-Registered Bond I Year 2016-2017 to **"idBBB+"** from **"idBB"**. Following the rating upgrade, we have also revised TELE's corporate rating outlook to **"Stable"** from **"Positive"**. The rating upgrade was trigerred by TELE's capability to successfully repay its maturing Shelf-Registered Bond I Phase III Year 2017 Seri A of IDR514.5 billion on July 2, 2018 and Shelf-Registered Bond I Phase I Year 2015 of IDR500 billion on July 10, 2018. In addition, we expect that TELE's voucher business performance will survive with a moderate growth despite the challenging environment with the rise of online competitors that offer attractive promotions and aggresive marketing strategies. PEFINDO's expectation on TELE's voucher business performance has factored in TELE's extensive distribution network and its status as Telkomsel's biggest authorized distributor. Although TELE's handset business showed a positive growth, TELE's voucher business was still the major revenue generation contributed more than 70% of TELE's total revenue, while the contribution of handset business was at around 20% by the end of June 2018.

An obligor rated idBBB has an adequate capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

The Plus (+) sign in a particular rating indicates that the rating is relatively strong within the respective rating category.

The corporate rating reflects TELE's strong market position in the mobile phone vouchers distribution business supported by synergy with the Telkom group, its diversified and extensive distribution network, and stable revenue stream. The rating is constrained by its aggressive capital structure, weakened cash flow protection measures, and intense competition in both voucher sales revenue and cellular phone business.

The rating may be raised if TELE significantly improves its capital structure on a sustained basis and strengthens its business performance. This would have to be accompanied by a strong liquidity position to support its high working capital requirements. On the other hand, the rating may be lowered if TELE's revenue and/or EBITDA are significantly below projections. We could also lower the rating if it becomes more aggressive in its financing activities, as indicated by higher-than-projected debt, or if TELE could not better manage its sizable working capital thus triggering liquidity pressure. The rating will also be under pressure if there is a material change or reduction on TELE's business relations with the Telkom group or unfavourable government regulation regarding cellular business that might reflect in the lower voucher business performance.

Established in 2008, TELE is engaged in the trading and distribution of mobile phone vouchers, starter packs, and cellular phones. It is also a mobile content provider and offers repair services. As of June 30, 2018, its shareholders were PT Upaya Cipta Sejahtera (37.3%), PT PINS Indonesia (PINS, 24.0%), PT Esa Utama Inti Persada (13.7%), and others including public (25.0%). TELE's revenue comes mainly from sales of vouchers and starter packs that contributed 75.6% of its total revenue in the first half of 2018, followed by cellular phones with 24.4% contribution.