Press Release
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PT Surya Semesta Internusa Tbk

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CREDIT PROFILE

Corporate Rating *$_{id}$A-/Negative*

Rated Issues
Shelf Registered Bond I/2016 *$_{id}$A-*

Rating Period
May 26, 2020 – March 1, 2021

Rating History

MAR 2020	*$_{id}$A-/Stable*
MAR 2019	*$_{id}$A-/Stable*
MAR 2018	*$_{id}$A-/Negative*
MAR 2017	*$_{id}$A/Negative*
MAR 2016	*$_{id}$A/Stable*
AUG 2015	*$_{id}$A/Stable*
AUG 2014	*$_{id}$A/Stable*
AUG 2013	*$_{id}$A/Stable*
AUG 2012	*$_{id}$A/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	Mar-2020 (Unaudited)	Dec-2019 (Audited)	Dec-2018 (Audited)	Dec-2017 (Audited)
Total Adjusted Assets [IDR Bn]	8,174.1	8,092.4	7,360.5	8,838.0
Total Adjusted Debt [IDR Bn]	1,988.1	1,856.2	1,492.0	2,257.4
Total Adjusted Equity [IDR Bn]	4,510.8	4,478.2	4,356.2	4,476.8
Total Sales [IDR Bn]	882.0	4,005.6	3,708.9	3,305.0
EBITDA [IDR Bn]	67.3	526.6	447.8	406.9
Net Income after MI [IDR Bn]	(17.4)	92.3	37.7	1,178.3
EBITDA Margin [%]	7.6	13.1	12.1	12.3
Adjusted Debt/EBITDA [X]	*7.4	3.5	3.3	5.5
Adjusted Debt/Adjusted Equity [X]	0.4	0.4	0.3	0.5
FFO/Adjusted Debt [%]	*2.1	14.8	12.4	^4.8
EBITDA/IFCCI [X]	1.4	2.8	2.2	1.6
USD Exchange Rate [IDR/USD]	16,367	13,901	14,481	13,548

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* ^ = adjust tax from toll road divestment
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 revises PT Surya Semesta Internusa Tbk's outlook to negative, affirms rating at "$_{id}$A-"

PEFINDO has affirmed its "**$_{id}$A-**" ratings for PT Surya Semesta Internusa Tbk (SSIA) and its Shelf Registered Bond I Year 2016. The outlook for the corporate rating was revised to **"negative"** from "stable" to anticipate a weaker financial profile than we earlier projected during our last review on March 6, 2020, due to the coronavirus (COVID-19) outbreak, which has significantly affected SSIA's hotel operations. We expect the Melia Bali Hotel and Gran Melia Jakarta, the two largest hotel revenue contributor, to generate near-zero revenue due to travel and visa restrictions related to COVID-19. The Gran Melia Jakarta is temporarily closed following large-scale social restrictions (PSBB) while Melia Bali Hotel will not accept new bookings until June 2020. Revenue from hotel accounted for about 16% in the first three months of 2020 (1Q2020), a drop compared to the 21% average in 2017-2019. The negative outlook is also to reflect the elevated degree of uncertainty around the extent and duration of the pandemic and its effect on SSIA's performance and credit profile.

An obligor rated $_{id}$A 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 Minus (-) sign indicates that the rating is relatively weak within the respective rating category.

The rating reflects SSIA's strong market position in the private construction industry, its favorable hotel assets, and our expectation that its industrial estate performance will improve over the next two to three years, which should allow for margin expansion. However, the rating is constrained by its high financial leverage, moderate cash flow protection measures, and the sensitivity of the property and construction businesses to macroeconomic changes.

The rating could be lowered if the COVID-19 is prolonged which would prevent SSIA from reopening its hotels and/or operating at pre-COVID-19 level, thus pressuring its occupancy and consequently profitability. The rating could also be under pressure if the economic fallout from the COVID-19 will put continued pressure across SSIA's business segments, indicated by a significantly lower than expected marketing sales and new contracts from its industrial estate and construction segments, respectively. We could also lower the rating if the prospect of recovery is weaker than we anticipated such that its credit profiles underperform our projection or liquidity deteriorates significantly. It is unlikely that we will revise the outlook to stable in the near term given the high degree of uncertainty around when the COVID-19 will be contained and how long it may take for its hotels to recover as well as SSIA's need to refinance its bond maturing in September 2021. Nonetheless, we may revise the outlook to stable and affirm the rating if we view the operating environment has improved and stabilized and we see further mitigating actions by SSIA to minimize the COVID-19 impact.

As one of the most diversified property companies in Indonesia, SSIA's business is classified into three main segments: construction, property (industrial estate, real estate, and rental property), and hospitality. As of March 31, 2020, its shareholders were PT Arman Investments Utama (9.2%), PT Persada Capital Investama (8.0%), GSI S/A Intrepid Investments Limited (7.9%), HPAM Progressive Equity Mutual Funds (5.2%), and others including the public (69.7%).