

## Ratings of SMI raised to “**idAAA**”

PEFINDO has raised its ratings for PT Sarana Multi Infrastruktur (Persero) (SMI) and its outstanding Bonds I/2014 to “**idAAA**” from “**idAA+**”. The outlook for the corporate rating is “**stable**”. The upgrade reflects PEFINDO views on very strong likelihood of support from Government of Indonesia (GOI) to SMI, evidenced by huge capital injection of IDR20.4 trillion realized at the end of 2015, and the probability that SMI may be transformed into a government agency for infrastructure financing under a special law. The ratings reflect SMI’s status as critical government-related entity, the high potential demand for infrastructure financing, very strong capitalization profile, and very strong asset quality indicators. Nevertheless, the ratings are constrained by the lack of commercially viable infrastructure projects and SMI’s concentrated financing profile.

SMI is a state-owned entity established to serve as a catalyst in the acceleration of infrastructure development in Indonesia, by providing an alternative source of funds for project financing and promoting public-private partnerships (PPP). It is wholly owned by the government, and as of December 31, 2015 it had 167 employees. It holds a 33.88% stake in PT Indonesia Infrastructure Finance (IIF), which is also engaged in infrastructure financing.

Rating Period: March 1, 2016 – March 1, 2017  
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