

PT Hartadinata Abadi Tbk

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended				
		Jun-2019	Dec-2018	Dec-2017	Dec-2016	
		(Audited)	(Audited)	(Audited)	(Audited)	
Corporate Rating	<i>idA-/Stable</i>					
Rated Issues		Total adjusted assets [IDR Bn]	1,856.5	1,536.4	1,418.1	1,071.1
<i>MTN Sharia Mudharabah I/2019</i>	<i>idA-(sy)</i>	Total adjusted debt [IDR Bn]	596.6	356.0	375.0	457.1
<i>Proposed Shelf Reg Bond I/2019-2020</i>	<i>idA-</i>	Total adjusted equity [IDR Bn]	1,147.5	1,092.1	996.2	569.3
Rating Period		Total sales [IDR Bn]	1,773.2	2,745.6	2,482.8	2,196.9
<i>October 3, 2019 – October 1, 2020</i>		EBITDA [IDR Bn]	150.2	214.8	197.7	186.3
Rating History		Net income after MI [IDR Bn]	91.1	123.4	110.3	171.6
<i>JUL 2019</i>	<i>idA-/Stable</i>	EBITDA margin [%]	8.5	7.8	8.0	8.5
<i>JUL 2018</i>	<i>idA-/Stable</i>	Adjusted debt to EBITDA [X]	*2.0	1.7	1.9	2.5
		Adjusted debt to adjusted equity [X]	0.5	0.3	0.4	0.8
		FFO to adjusted debt [%]	*31.8	36.4	30.8	39.2
		EBITDA to IFCCI [X]	5.9	5.1	4.4	3.7
		USD exchange rate [IDR/USD]	14,141	14,481	13,548	13,514

FFO = EBITDA – IFCCI + gross interest income – current tax expense
EBITDA = (operating profit + depreciation exp. + amortization exp.)
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 assign "idA-" rating to PT Hartadinata Abadi Tbk's proposed bond

PEFINDO has assigned its "idA-" rating to PT Hartadinata Abadi Tbk (HRTA)'s proposed Shelf Registered Bond I Year 2019-2020 of a maximum of IDR1.0 trillion. The bond proceeds will be used to finance its factory's working capital needs of IDR375.0 billion, finance its pawnshop development of IDR340.0 billion, and refinance its short-term debt of IDR285.0 billion. PEFINDO has also affirmed its "idA-" rating for HRTA and "idA-(sy)" rating for its Medium-Term Notes (MTN) Sharia Mudharabah I Year 2019. The outlook for the corporate rating is "stable".

An obligor rated idA 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 suffix (sy) means the rating mandates Islamic principles compliance.

The corporate rating reflects HRTA's integrated business model supported by a well-diversified distribution channel in Indonesia's gold jewelry industry, its ample production capacity to support future revenue growth, and the stable domestic demand for gold jewelry. The rating is constrained by risks related to business expansion, weakening capital structure, and its high need for working capital.

The rating may be raised if HRTA increases its market position in Indonesia's gold jewelry industry by exceeding its revenue and EBITDA projections, as well as outperforming the industry's growth in the near to medium term. This should be followed by a conservative financial leverage level, as indicated by a debt to EBITDA ratio below 2.25x, on a sustained basis. The rating will be lowered if its market share falls, indicated by failure to reach revenue and EBITDA targets, and if the results of its expansion are not realized as targeted. The rating could also be lowered if its capital structure becomes substantially more aggressive than projected.

HRTA was established in 2004 and engages in the crafting and sale of gold jewelry. Its products include necklaces, rings, bracelets, earrings, pendants, precious metal bars, and custom products with a gold content of 30.0% to 99.9%. As of June 30, 2019, its shareholders were PT Terang Anugerah Abadi (73.0%), Fendy Wijaya (0.4%), PT Asabri (Persero) with 5.3% and others including the public (21.4%).

DISCLAIMER

The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.