PEFINDO
CREDIT RATING AGENCY

Rating Summary

September 11, 2023

PT Ultrajaya Milk Industry & Trading Company Tbk

Credit Rating(s)

General Obligation (GO)	idAA/Stable
Medium-Term Notes (MTN)	idAA/Stable

Rating Period

September 7, 2023 – September 1, 2024

Published Rating History

SEP 2022	idAA/Stable
SEP 2021	idAA-/Stable
SEP 2020	idAA-/Stable

PEFINDO has affirmed its idAA ratings for PT Ultrajaya Milk Industry & Trading Company Tbk (ULTJ) and its Medium-Term Notes (MTN) Year 2020 Serie C. Outlook for the corporate rating is stable. ULTJ plans to repay the maturing MTN/2020 series C of IDR600 billion due on November 17, 2023 using internal funds. As of June 30, 2023, the Company recorded cash and equivalents and marketable securities of IDR2.49 trillion and IDR100.5 billion, respectively.

The rating reflects ULTJ's very strong market position, very strong financial profile, and well-diversified products. The rating is constrained by its exposure to fluctuations of raw material costs and intense competition in the industry.

The rating may be raised if ULTJ significantly strengthens its business position through its dominant market presence and improved product diversification. This has to be accompanied by sustainable improvements in profitability, while maintaining its conservative capital structure. We may lower the rating if the Company's business performance deteriorates, or its cash flow protection measures weaken as a result of significant changes in operating costs or higher than projected debt-funded capital expenditure.

ULTJ was established in 1971 as the producer of Ultra High Temperature (UHT) liquid milk and tea beverages with three production facilities located in Padalarang, Bandung, West Java. Its products are categorized into UHT, Sweetened Condensed Milk (SCM), and spray drier or special nutrition milk (SPD) products. As of June 30, 2023, its shareholders consisted of Sabana Prawirawidjaja (44.90%), PT Prawirawidjaja Prakarsa (21.40%), Samudera Prawirawidjaja (3.25%), Suhendra Prawirawidjaja (1.00%), the public (19.45%), and treasury shares (10.00%).

Rating Definition

A debt security rated idAA differs from the highest rated debt only to a small degree. The obligor's capacity to meet its long-term financial commitments on the debt security, relative to other Indonesian obligors, is very strong.

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Financial Highlights

As of/for the year ended	Jun-2023 (Unaudited)	Dec-2022 (Audited)	Dec-2021 (Audited)	Dec-2020 (Audited)
Total adjusted assets [IDR bn]	7,816.6	7,373.5	7,402.8	8,748.5
Total adjusted debt [IDR bn]	609.6	610.8	1,521.8	3,040.2
Total adjusted equity [IDR bn]	6,135.7	5,819.8	5,134.0	4,776.1
Total sales [IDR bn]	4,139.7	7,656.3	6,616.6	5,967.4
EBITDA [IDR bn]	888.9	1,447.1	1,578.8	1,378.3
Net income after MI [IDR bn]	610.9	960.8	1,271.6	1,099.7
EBITDA margin [%]	21.5	18.9	23.9	23.1
Adjusted debt/EBITDA [X]	*0.3	0.4	1.0	2.2
Adjusted debt/adjusted equity [X]	0.1	0.1	0.3	0.6
FFO/adjusted debt [%]	*239.3	185.6	80.7	36.5
EBITDA/IFCCI [X]	32.8	12.0	6.7	41.0
USD exchange rate [IDR/USD]	15,026	15,731	14,269	14,105

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.

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.