

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						
<i>MTN Sharia Mudharabah I/2019</i>	<i>idA-(sy)</i>					
Rating Period						
<i>October 3, 2019 – October 1, 2020</i>						
Rating History						
<i>JUL 2019</i>	<i>idA-/Stable</i>					
<i>JUL 2018</i>	<i>idA-/Stable</i>					
		Total adjusted assets [IDR Bn]	1,856.5	1,536.4	1,418.1	1,071.1
		Total adjusted debt [IDR Bn]	596.6	356.0	375.0	457.1
		Total adjusted equity [IDR Bn]	1,147.5	1,092.1	996.2	569.3
		Total sales [IDR Bn]	1,773.2	2,745.6	2,482.8	2,196.9
		EBITDA [IDR Bn]	150.2	214.8	197.7	186.3
		Net income after MI [IDR Bn]	91.1	123.4	110.3	171.6
		EBITDA margin [%]	8.5	7.8	8.0	8.5
		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 affirms “idA-” rating for PT Hartadinata Abadi Tbk and “idA-(sy)” rating for HRTA’s MTN Sharia Mudharabah I/2019

PEFINDO has affirmed “idA-” rating for PT Hartadinata Abadi (HRTA) and “idA-(sy)” rating for HRTA's Medium-Term Note (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%).

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