

PT Hartadinata Abadi Tbk

Credit Ratings

General Obligation (GO)	^{id} A/Stable
SR I/2019 Phase I	^{id} A
SR II/2024 (Proposed)	^{id} AAA _(cg)

Rating Period

August 20, 2024 – April 1, 2025

Published Rating History

APR 2024	^{id} A/Stable
OCT 2023	^{id} A/Stable
OCT 2022	^{id} A-/Stable
OCT 2021	^{id} A-/Stable
OCT 2020	^{id} A-/Stable

Rating Definition

Debt security rated ^{id}A indicates that the obligor's capacity to meet its long-term financial commitments on the debt security, relative to other Indonesian obligors, is strong, however, the debt security is somewhat more susceptible to adverse effects of changes in circumstances and economic conditions than higher-rated debt.

A debt security rated ^{id}AAA has the highest rating assigned by PEFINDO. The obligor's capacity to meet its long-term financial commitments on the debt security, relative to other Indonesian obligors, is superior.

The suffix _(cg) indicates that the rating incorporates security in the form of a corporate guarantee.

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PEFINDO has affirmed its ^{id}AAA_(cg) rating for PT Hartadinata Abadi Tbk (HRTA)'s proposed shelf registered bond II year 2024 with total maximum amount of IDR1 trillion. The proceed of its bond issuance will be used for working capital and refinancing. It will be fully guaranteed by Credit Guarantee and Investment Facility (CGIF, ^{id}AAA/Stable) to cover the principal and interest payments when they become due. The instrument rating is based on a full, unconditional and irrevocable guarantee from CGIF based on the guarantee agreement.

The corporate rating reflects its ample production capacity to support future revenue growth, strong demand for its products, and strong financial flexibility. However, the rating is constrained by its moderate capital structure amid its high need for working capital and exposure to overseas import restriction regulations.

The instrument rating is based on a full, unconditional and irrevocable guarantee from CGIF based on the guaranteed agreement, and CGIF's superior financial strength. The instrument rating could be lowered if the guarantor rating is lowered, or there is any violation to the guaranteed agreement that leads to the termination of the guarantee.

The rating may be raised if HRTA could strengthen its business position in Indonesia's gold jewelry and gold bullion 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 sustained conservative financial leverage. However, the rating could be lowered if HRTA fails to reach revenue and EBITDA targets as well as if its capital structure becomes substantially more aggressive than projected.

HRTA was established in 2004 and is mainly engaged in the crafting and selling of gold jewelry and gold bullion. Its products include necklaces, rings, bracelets, earrings, pendants, and customized products with a gold content of 30.0% to 99.99%. In addition, the Company presently operates a pawn business and is actively pursuing its expansion towards the export market of gold jewelry. As of May 31, 2024, its shareholders were PT Terang Anugerah Abadi (71%), the public (28.5%), and others (0.5%).

As a guarantor, CGIF was established in November 2010 as a key component of the Asian Bond Market Initiative (ABMI) to promote economic development and financial stability by developing local currency regional bond markets in the ASEAN region. This mandate was extended by the contributing members, consisting of ASEAN+3 governments (China, Japan, and the Republic of Korea) and the Asian Development Bank (ADB). It was established as a trust fund of the ADB (rated AAA/stable by Standard and Poor's), meaning that although it is operationally and financially separate from ADB, it is not a separate legal entity.

Financial Highlights

As of/for the year ended	May-2024 (Audited)	Dec-2023 (Audited)	Dec-2022 (Audited)	Dec-2021 (Audited)
Total adjusted assets [IDR bn]	5,087.7	5,027.7	3,846.9	3,476.5
Total adjusted debt [IDR bn]	2,655.8	2,796.9	2,048.6	1,892.7
Total adjusted equity [IDR bn]	2,072.9	1,970.8	1,720.3	1,513.9
Total sales [IDR bn]	7,069.6	12,857.0	6,918.5	5,237.9
EBITDA [IDR bn]	356.5	727.7	563.3	439.3
Net income after MI [IDR bn]	171.1	305.9	253.9	195.3
EBITDA margin [%]	5.0	5.7	8.1	8.4
Adjusted debt/EBITDA [X]	*3.1	3.8	3.6	4.3
Adjusted debt/adjusted equity [X]	1.3	1.4	1.2	1.3
FFO/adjusted debt [%]	*17.2	12.0	13.1	10.9
EBITDA/IFCCI [X]	3.0	2.4	2.5	2.5
USD exchange rate [IDR/USD]	16,253	15,416	14,278	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

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