

## PT Sinar Mas Agro Resources and Technology Tbk

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<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
		<b>As of/for the year ended</b>				
		<b>Sep-2020</b>	<b>Dec-2019</b>	<b>Dec-2018</b>	<b>Dec-2017</b>	
		(Unaudited)	(Audited)	(Audited)	(Audited)	
<b>Corporate Rating</b>	<i>idA+/Stable</i>	Total adjusted assets [IDR Bn]	31,863.6	27,716.8	29,250.4	27,296.7
<b>Rated Issues</b>		Total adjusted debt [IDR Bn]	16,953.5	13,173.4	13,782.8	12,342.6
<i>Shelf Reg. Bond II Year 2020</i>	<i>idA+</i>	Total adjusted equity [IDR Bn]	11,100.6	10,862.4	12,189.3	11,472.6
<b>Rating Period</b>		Total sales [IDR Bn]	28,202.7	36,198.1	37,391.6	35,318.1
<i>January 12, 2021 – January 1, 2022</i>		EBITDA [IDR Bn]	1,914.4	2,005.1	2,496.9	2,381.5
<b>Rating History</b>		Net income after MI [IDR Bn]	214.7	898.6	597.3	1,182.8
<i>JAN 2020</i>	<i>idA+/Stable</i>	EBITDA margin [%]	6.8	5.5	6.7	6.7
<i>APR 2017</i>	<i>idA+/Stable</i>	Adjusted debt to EBITDA [X]	*6.6	6.6	5.5	5.2
<i>SEP 2016</i>	<i>idA+/Stable</i>	Adjusted debt to adjusted equity [X]	1.5	1.2	1.1	1.1
<i>APR 2016</i>	<i>idAA-/Negative</i>	FFO to adjusted debt [%]	*12.2	11.6	15.0	14.7
<i>DEC 2015</i>	<i>idAA-/Negative</i>	EBITDA to IFCCI [X]	3.8	3.5	4.2	5.0
<i>APR 2015</i>	<i>idAA-/Stable</i>	USD exchange rate [IDR/USD]	14,918	13,901	14,481	13,548
<i>APR 2014</i>	<i>idAA-/Stable</i>					
<i>APR 2013</i>	<i>idAA-/Stable</i>					
<i>APR 2012</i>	<i>idAA-/Stable</i>					

*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.*

### PT Sinar Mas Agro Resources and Technology Tbk rated “idA+” with stable outlook

PEFINDO has affirmed its “idA+” ratings to PT Sinar Mas Agro Resources and Technology Tbk (SMAR) and its Shelf Registered Bond II Year 2020 of a maximum of IDR3 trillion. 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 Plus (+) sign indicates that the rating is relatively strong within the respective rating category.

The corporate rating reflects SMAR's integrated business model with a favorable plantation profile, diversified business segment and area, and strong domestic demand for palm oil. The rating is constrained by its aggressive capital structure with high working capital requirements, high dependence on external raw material supplies, and exposure to fluctuating global commodity prices and unfavorable weather.

The rating may be raised if SMAR consistently exceeds its EBITDA targets and significantly improves its capital structure. It should also efficiently manage its working capital requirement in order to lower its working capital loan. The rating may be lowered if it incurs significantly higher debt, without being compensated by a stronger business profile. A significantly lower EBITDA than expected amid a high debt balance and/or continuously high working capital requirement could also trigger a rating downgrade.

SMAR is an integrated oil palm plantation company, which has operations in the upstream and downstream segment of the oil palm industry. Its plantation areas are located in Sumatra and Kalimantan with total planted area (including plasma) of around 137,179 hectares (ha). Its downstream activity includes palm oil refineries with total annual capacity of around 2.88 million tons producing refined products such as olein and stearin and other derivative products as well as biodiesel and oleo-chemicals plants. It is listed on the Indonesia Stock Exchange, with PT Purimas Sasmita as the largest owner holding 92.4% ownership. PT Purimas Sasmita is a holding company ultimately owned by Golden Agri Resources Ltd. The remaining portion of SMAR's shares are owned by the public.

**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.*