

PT AB Sinar Mas Multifinance (ABSM)

Corporate rating

*ir*A-/Stable

Rated Issues

Obligasi AB Sinar Mas
Multifinance 2020

*ir*A-

"Debt Securities with *ir*A rating has a high level of certainty to honor its financial obligations, but it can be affected by adverse changes in business and economic conditions, relative to debt securities with a higher rating."

The minus sign (-) indicates that the rating is still higher than the rating category below, although it is closer to the lower rating than it is to the higher rating category.

Rating Period

May 31, 2022 – June 1, 2023

Rating History

April, 2021

May, 2020

*ir*A-/Stable

*ir*A-/Stable

Kredit Rating Indonesia affirms '*ir*A-' rating to Obligasi AB Sinar Mas Multifinance 2020 amounting to IDR 300 billion.

Kredit Rating Indonesia (KRI) affirms a Company Rating of '*ir*A-' for PT AB Sinar Mas Multifinance (ABSM or the Company) with "stable" outlook. At the same time, KRI affirms '*ir*A-' rating to Obligasi AB Sinar Mas Multifinance 2020 amounting to maximum IDR300 billion.

The rating reflects strong support to ABSM from the parent company (PT Sinar Mas Multiartha Tbk – SMMA/*ir*AA') and improved profitability. However, the rating is constrained by aggressive leverage level in 2021.

KRI views that ABSM rating is a reflection of commitment from its majority shareholder, SMMA (*ir*AA), to provide operational support to ABSM. The Company distributed most of its financing to SMMA's affiliates in the last 4 years.

As of FY 2021, Return on Asset increased in 2021 to 9.8% from 7.8% in the previous year due to a significant increase in net interest revenue to IDR91.9 billion in 2021 from IDR87.7 billion in the previous year.

Constraining factor for the Company is its increased leverage level. In 2021, ABSM's gearing ratio increased significantly to 2.3x (industry average:2.0x) from 0.7x in the previous period. The management has plan to maintain its gearing below 2x in upcoming years.

ABSM's rating is sensitive to the company's profitability and leverage level.

ABSM Financial Results Highlights

For the year ended	Dec 2021 (Unaudited)	Dec 2020 (Audited)	Dec 2019 (Audited)	Dec 2018 (Audited)	Dec 2017 (Audited)
Total Assets (IDR, bn)	1,729.3	847.1	789.1	917.9	1071.6
Total Debt (IDR, bn)	1,192.8	353.6	325.6	473.7	552.8
Total Equity (IDR, bn)	530.1	468.8	452.0	436.4	413.1
Net Interest Revenue (IDR, bn)	91.9	87.7	55.3	63.8	53.5
Net Income (IDR, bn)	49.0	36.0	15.4	17.9	25.8
Debt to Equity Ratio (x)	2.25	0.8	0.7	1.1	1.3
Equity/Asset (%)	30.7	55.3	57.3	47.6	38.6
Return On Asset (%)	3.8	4.4	1.8	1.8	3.8
Return On Equity (%)	9.8	7.8	3.5	4.2	7.8
NPF (%)	0.0	0.0	0.0	0.0	0.0

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