

PT Sari Murni Abadi

Company rating	<i>r</i> BBB+/Stable	<p>“Debt securities with <i>r</i>BBB rating have an adequate level of certainty to honor its financial obligations. However, this certainty is more likely to diminish in the future than with the higher rating categories.</p> <p>The positive sign (+) indicates that the rating given is closer to the rating scale above it.</p>
Rated Issues		
Proposed Medium Term Notes I Sari Murni Abadi Tahun 2022 amounting to IDR200 Bn	<i>r</i> BBB+	

Rating Period

November 21, 2022 – October 1, 2023

Rating History**Kredit Rating Indonesia assigns ‘*r*BBB+’ rating to Proposed Medium Term Notes I Sari Murni Abadi Tahun 2022 totaling IDR200 Bn**

Kredit Rating Indonesia (KRI) assigns a Company Rating of ‘*r*BBB+’ with ‘Stable’ outlook for PT Sari Murni Abadi (SMA or the Company). At the same time, KRI has also assigned ‘*r*BBB+’ for SMA’s proposed Medium Term Notes I Sari Murni Abadi Tahun 2022 amounting to IDR 200 billion. With regards to the Company’s letter No. 006/CORP/2022 on November 15, 2022, related to the changing of MTN’s name, we also state that our previous ratings as mentioned in our Rating Certificate No. RC-005/KRI-DIR/IX/2022 dated September 30, 2022, are no longer valid. The Company plans to use the MTN proceeds for refinancing and business expansion. The ratings reflect the Company’s strong brand equity position, wide distribution area, and strong support from the new shareholder. However, the ratings are constrained by the Company’s financial profile.

SMA has been operating for more than 20 years, and has received several awards for its brand recognitions from other parties. Given its customers’ stickiness to its brands (Momogi, Yale-Yale, Migi-Migi, etc) the Company manages to record higher revenue even during the pandemic of COVID-19. The Company also has the capacities to distribute its products to all over Indonesia and overseas. Furthermore, SMA has a strong support from the new shareholder by providing IDR 73.6 billion of shareholder loan as well as expertise on distributing the Company’s products. However, the Company has an aggressive capital structure as its debt-to-equity ratio stood at 9.52x as of June 30, 2022, and weak interest coverage ratio with EBITDA to interest ratio of 2.6x as of June 30, 2022.

SMA is a non-public listed company, and as of June 30, 2022, the Company’s shares were owned by Metaside Global Holding Pte Ltd (99.9997%), and PT Metro Dinamika Indotama (0.0003%).

SMA Financial Results Highlights (Consolidated)

As of/For the year ended	June 2022 (Unaudited)	Dec 2021 (Audited)	Dec 2020 (Audited)	Dec 2019 (Audited)
Total Assets (IDR, Bn)	211.0	178.8	169.7	185.3
Total Adjusted Debt (IDR, Bn)	102.8	30.8	40.8	67.6
Total Adjusted Equity (IDR, Bn)	10.8	-17.2	33.5	-21.2
Total Sales (IDR, Bn)	271.4	554.6	500.0	481.0
EBITDA (IDR, Bn)	7.9	31.6	18.7	0.5
Net Income After MI (IDR, Bn)	5.4	22.5	7.3	-9.1
EBITDA Margin (%)	2.9	5.7	3.7	0.1
Return on Permanent Capital (%)	24.9	N.R	30.8	N.R
Adj. Debt/Adj. Equity (x)	9.5	N.R	1.2	N.R
EBITDA/Adj. Debt (x)	0.2	1.0	0.5	0.0
EBITDA/IFCCI (x)	2.6	9.1	3.0	0.1
FFO/Total Adjusted Debt (%)	10.4	70.3	27.0	-13.3
USD Exchange Rate (IDR/USD)	14,848	14,269	14,105	13,901

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