

**PT Sinar Mas Multifinance**

**Company rating**

***ir*A+/Stable**

**Rated Issues**

*Obligasi Berkelanjutan II Sinar Mas Multifinance*

***ir*A+**

*Obligasi Berkelanjutan III Sinar Mas Multifinance*

***ir*A+**

**Rating Period**

May 2, 2024 – May 2, 2025

**Rating History**

April, 2023

***ir*A+/Stable**

November, 2022

***ir*A+/Stable**

May, 2022

***ir*A+/Stable**

June, 2021

***ir*A+/Stable**

April, 2020

***ir*A+/Stable**

"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 plus sign (+) indicates that the rating given is closer to the rating scale above it.

**Kredit Rating Indonesia has affirmed a Company Rating of ‘*ir*A+’ for PT Sinar Mas Multifinance with ‘Stable’ Outlook**

Kredit Rating Indonesia (KRI) has affirmed a company rating of ‘*ir*A+’ for PT Sinar Mas Multifinance (SMMF or the Company) with a ‘Stable’ outlook. Concurrently, KRI has affirmed an ‘*ir*A+’ rating for both the Obligasi Berkelanjutan II Sinar Mas Multifinance and Obligasi Berkelanjutan III Sinar Mas Multifinance, each amounting to IDR2.00 trillion. These ratings reflect the sustained support from PT Sinar Mas Multiartha Tbk (SMMA), the parent company. Factors such as the company’s relatively small market presence within the industry, adequate capitalization, and thin profitability have also been considered in the assigned ratings.

Founded in 1985, SMMF operates as a subsidiary of PT Sinar Mas Multiartha Tbk. As of 2023, SMMA reported assets totaling IDR113.97 trillion. Besides SMMF, SMMA also owns other significant subsidiaries including PT Asuransi Sinar Mas and PT Bank Sinarmas Tbk.

SMMF specializes in consumer financing (used car), factoring, Hajj financing, and leasing, with total assets of IDR5.79 trillion as of the end of December 2023, a decrease from IDR6.65 trillion in 2022. This represents only 5.08% of the total consolidated assets of its parent company, SMMA. The parent company’s support has been evident through increases in issued and paid-up capital stock—from IDR1.00 trillion in 2017 to IDR1.15 trillion, and then to IDR1.19 trillion in 2018—along with providing corporate guarantees.

SMMF has long been established in the used car financing sector, yet it holds a small market share within the industry. As of the end of December 2023, SMMF’s total financing receivables stood at IDR3.15 trillion, down from IDR3.75 trillion in 2022 (FY21: IDR3.80 trillion; FY20: IDR5.34 trillion). This represents approximately 0.72% of the market share. The adoption of selective booking and the strengthening of risk acceptance criteria for borrowers are key factors that have restrained the growth of SMMF’s financing portfolio.

At the end of 2023, SMMF operated its business through 110 branch offices. In the coming years, the company does not plan to expand its branch network to support business development. The company’s consumer financing portfolio in 2023 comprised used cars (95.02%) and new cars (4.98%). Regarding consumer financing, SMMF has ceased financing used motorcycles and has shifted its focus to financing used cars with younger vehicle ages.

SMMF’s capitalization is considered adequate, with the equity to total assets ratio increasing slightly to 20.93% at the end of December 2023, up from 19.93% in 2022, although slightly lower than the 21.94% observed in 2021. The Debt to Equity (DER) ratio was 3.66x at the end of December 2023, decreasing from 3.93x in 2022 and 4.42x in 2021, yet still higher than the industry average of 2.26x for the same period. Despite this, the gearing level remains well below the OJK’s regulatory maximum of 10x. Additionally, the company’s non-performing financing (NPF) rate was stable at 3.36% at the end of 2023, a slight improvement from 3.64% the previous year.

Compared to its peers, SMMF's profitability remains relatively low. The company's net profit margin increased to 5.17% in December 2023, up from 3.81% in 2022 and significantly above the 1.46% recorded in 2021. However, the Return on Assets (ROA) was considerably below the industry average, recorded at -5.03% for December 2023, a decline from -3.46% in 2022 and a shift from the positive 1.70% in 2021. This decrease is primarily due to a reduction in the fair value of the company's investments. SMMF projects that future losses from investment will not occur and will not impact on financial performance, following regulatory directives for the company to focus solely on financing activities.

#### SMMF Financial Results Highlights (Consolidated)

As of/For the year ended	Dec 2023 (Unaudited)	Dec 2022 (Audited)	Dec 2021 (Audited)	Dec 2020 (Audited)
Total Assets (IDR, Bn)	5,793.89	6,652.63	7,122.85	7,997.85
Total Equity (IDR, Bn)	4,441.41	5,204.25	5,303.33	6,329.89
Total Revenue (IDR, Bn)	1,212.83	1,325.89	1,562.68	1,431.07
Total Expense (IDR, Bn)	1,125.32	1,195.46	2,285.58	1,347.04
Net Income (IDR, Bn)	-313.21	-238.63	128.73	-524.36
Debt to Equity (x)	3.66	3.93	3.39	4.42
Equity/Assets (x)	20.93	19.93	21.94	17.89
Net Interest Margin (%)	5.17	3.81	1.46	5.63
Cost/Income (%)	73.66	67.41	28.66	174.46
Return On Asset (%)	-5.03	-3.46	1.70	-6.13
Return On Equity (%)	-24.67	-16.52	8.60	-30.27
NPF (%)	3.36	3.64	1.86	2.36

**Analysts** : Furqon Abrory Samara ([Furqon.Samara@kreditratingindonesia.com](mailto:Furqon.Samara@kreditratingindonesia.com))  
Cut Nabila Saraziva ([Cut.Nabila@kreditratingindonesia.com](mailto:Cut.Nabila@kreditratingindonesia.com))

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