

PT Sinar Mas Multiartha Tbk (SMMA)

Corporate rating *irAA*/Stable

Rated Issues

*Proposed Obligasi Berkelanjutan
Sinar Mas Multiartha I 2020**irAA*

“An obligor with *irAA* rating has a very high level of certainty to honor the financial obligations. There is, however, a slight difference in the rating scale with the highest qualification level of Obligor.”

Rating Period

May 14, 2020 – May 1, 2021

Kredit Rating Indonesia assigns ‘*irAA*’ rating to Proposed Obligasi Berkelanjutan Sinar Mas Multiartha I 2020 totaling IDR1.0 trillion

Kredit Rating Indonesia (KRI) assigns a Corporate Rating of ‘*irAA*’ for PT Sinar Mas Multiartha Tbk (SMMA or the Company) with a ‘Stable’ outlook. At the same time, KRI assigns ‘*irAA*’ rating to SMMA Proposed *Obligasi Berkelanjutan Sinar Mas Multiartha I 2020* totalling to IDR1.0 trillion. The rating reflects SMMA very good credit quality with strong liquidity and satisfactory profitability.

SMMA is a listed holding company that is part of Sinar Mas group with most subsidiaries are financial service companies. As of December 2019, SMMA’s shares were owned by Bank of Singapore S/A PT Sinar Mas Cakrawala (51.11%), PT Asuransi Simas Jiwa – Simas Equity Fund 2 (10.34%), PT Sinar Mas Cakrawala (7.77%), and public (30.78%). SMMA has several business units that actively involved in insurance, securities house, securities administration bureau, banks, multi finance, and trading industries. Contribution from business units to SMMA’s revenue in 2019 were insurance (67.9%), multi finance (4.8%), securities administration (0.02%), securities house (0.8%), banks (11.8%), and trading (1.0%).

KRI evaluates SMMA’s rating based on the credit quality of its three major subsidiaries, which are Asuransi Sinar Mas (ASM – *irAAA*), Bank Sinarmas (BSIM) and Sinar Mas Multifinance (SMMF – *irA+*). KRI also has assigned a Corporate Rating of ‘*irAA*’ to PT Sinarmas Sekuritas (SMAS) with Negative outlook (previously Stable Outlook). However, as SMAS only contributed 0.8% to SMMA’s revenue and 1.6% of assets in 2019, KRI does not quantify SMAS effect to SMMA’s rating. The credit profile of Asuransi Sinar Mas (ASM) is the main anchor of SMMA’s credit rating as ASM is the largest subsidiary of SMMA in terms of asset and revenue. ASM’s contribution to SMMA assets was 39% with revenue contribution of 71% in 2018.

SMMF is one of SMMA subsidiaries in financing segment with 1.4% market share in financing industry with IDR9.1 trillion of asset as of December 2019. BSIM, a bank with IDR 36.6 trillion of asset held 4.76% of BUKU 2 loan market share as of December 2019.

Net income of SMMA in 2019 jumped by more than threefold as an effect of increasing revenue from IDR35.7 trillion in 2018 to IDR41.9 trillion in 2019, while expenses only grew inched (2.8% YoY) to IDR36.7 trillion in 2019.

KRI further rating actions for SMMA will be influenced by (but not limited to) the company’s credit quality, leverage level and profitability.

SMMA Financial Results Highlights (consolidated)

| As of/For the year ended | Dec 2019 (Audited) | Dec 2018 (Audited) | Dec 2017 (Audited) | Dec 2016 (Audited) | Dec 2015 (Audited) |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Assets (IDR, Bn) | 99,625.4 | 100,663.4 | 89,086.8 | 74,091.2 | 56,844.0 |
| Total Equity (IDR, Bn) | 22,164.6 | 25,113.2 | 22,946.3 | 20,274.9 | 18,245.6 |
| Total Revenue (IDR, Bn) | 41,919.4 | 37,377.3 | 32,883.3 | 30,532.7 | 12,301.2 |
| Total Expense (IDR, Bn) | 36,737.6 | 35,730.1 | 30,784.4 | 28,650.2 | 12,088.2 |
| Net Income (IDR, Bn) | 5,070.5 | 1,537.7 | 1,838.4 | 1,646.1 | -992.8 |
| Debt to Equity (%) | 0.4 | 22.7 | 21.2 | 14.9 | 12.9 |
| Liabilities/Total Assets (%) | 77.7 | 75.1 | 74.2 | 72.6 | 67.6 |
| Return On Asset (%) | 5.1 | 2.0 | 2.8 | 3.2 | 0.2 |
| Return On Equity (%) | 22.9 | 6.4 | 8.5 | 8.5 | -5.3 |

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