



## PT Malindo Feedmill Tbk

PEFINDO reaffirmed the rating at “**idAA-(bg)**” for PT Malindo Feedmill Tbk.’s (MAIN or the Company) bond I/2008 of IDR300 billion. The outlook for the rating is stable. The bond rating reflects the current rating of PT Bank CIMB Niaga Tbk. (BNGA) at “**idAA-**” as the guarantor of the full amount of MAIN’s bond principal and two times coupon payments at a maximum. The guarantee from BNGA is in the form of unconditional and irrevocable Standby Letter of Credit. The Company has utilized the bond proceeds to acquire PT. Leong Ayamsatu Primadona, an affiliated company (48%) and for working capital (18%) while the remaining 34% remained unused as the Company’s plan to build a new feed mill in Cikande is still postponed due to unfavorable economic condition.

### **The Guarantor:**

Established in 1955, BNGA is currently 77.24% controlled by CIMB Group Sdn. Bhd. of Malaysia. As of December 31, 2008, BNGA was the 6<sup>th</sup> largest bank in the country with total assets of IDR103.20 trillion, total deposits of IDR84.05 trillion and total loans of IDR73.83 trillion. The corporate rating of BNGA from PEFINDO is **idAA-** with a stable outlook. The rating reflects BNGA’s strong support from the parent, strong market position, sound capitalization, and its well-diversified business but is constrained by tight competition within its chosen market, particularly in the middle commercial business.

### **The Issuer:**

PT Malindo Feedmill Tbk. (MAIN or the Company) is engaged in producing and trading poultry feed and commercial Day Old Chicks (DOC). The Company also has 99% shares in PT Bibit Indonesia, a producer and marketer of parent stock DOC. In September 2007, MAIN established PT Prima Fajar, as a producer and marketer of broiler and breeder, where MAIN controlled 99% of it shares. As of September 30, 2009, MAIN’s shareholders consisted of Dragon Amity Ltd., Mauritius (76.60%), Societe Generale Bank and Trust (5.07%), Bank of New York (5.00%), and others (13.33%). MAIN’s ultimate owners are the Lau Brothers which also run a poultry business in Malaysia namely Leong Hup Holdings Berhad and Emivest Berhad. The Company’s revenue has grown with a five-year CAGR of 41% to IDR1,729.65 billion in 2008 from IDR437.49 billion in 2004. Nevertheless, with revenue from poultry feed of IDR801.84 billion up to 3Q09, MAIN’s market share in this segment is still low at around 3.68%. Meanwhile, for DOC breeding, MAIN’s market share is estimated at 10.66% with revenue of IDR318.04 billion.

Rating Period: December 15, 2009 – December 1, 2010 (GO Rating)

December 15, 2009 – December 1, 2010 (Bond I/2008)

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