Siaran Pers
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PT SINAR MAS AGRO RESOURCES and TECHNOLOGY Tbk.

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CREDIT PROFILE

Corporate Rating *$_{id}$A+/Stable*

Rated Issues
Shelf Reg. Bond I/ 2012 *$_{id}$A+*

Rating Period
September 6, 2016 – April 1, 2017

Rating History

APR 2016	*$_{id}$AA-/Negative*
DEC 2015	*$_{id}$AA-/Negative*
APR 2015	*$_{id}$AA-/Stable*
APR 2014	*$_{id}$AA-/Stable*
APR 2013	*$_{id}$AA/Stable*
APR 2012	*$_{id}$AA-/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	Jun-2016 (unaudited)	Dec-2015 (audited)	Dec-2014 (audited)	Dec-2013 (audited)
Total adjusted assets [IDR bn]	26,045.4	23,893.0	21,225.7	18,314.6
Total adjusted debt [IDR bn]	12,315.6	11,888.0	9,537.1	8,138.2
Total adjusted equity [IDR bn]	9,694.6	7,558.8	7,864.3	6,409.1
Total sales [IDR bn]	14,181.9	36,230.1	32,340.7	23,935.2
EBITDA [IDR bn]	790.5	1,632.5	2,649.4	2,387.4
Net income after MI [IDR bn]	2,213.1	(386.2)	1,477.6	892.5
EBITDA margin [%]	5.6	4.5	8.2	10.0
Adjusted debt/EBITDA [X]	*7.8	7.3	3.6	3.4
Adjusted debt/adjusted equity [X]	1.3	1.6	1.2	1.3
FFO/adjusted debt [%]	*5.6	8.7	19.5	22.7
EBITDA/IFCCI [X]	3.4	3.7	7.6	9.0
USD exchange rate [IDR/USD]	13,180	13,795	12,440	12,189

FFO = EBITDA – IFCCI + interest income – current tax expense
EBITDA = operating profit + depreciation expense + amortization expense
IFCCI = gross interest expense + other financial charges + capitalized interest; (FX loss not included)
*MI = minority interest * = Annualized*
The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.

PEFINDO lowered the ratings of SMAR and its Bond to "$_{id}$A+"

PEFINDO has lowered the ratings of PT Sinar Mas Agro Resources and Technology Tbk (SMAR) and its Shelf-Registered Bond I/2012 to **"$_{id}$A+"** from **"$_{id}$AA-"**. The downgrade reflects our view that SMAR's financial leverage is likely to remain high in the near to medium term due to the Company's weak cash flow generation amid weaker than expected crude palm oil (CPO) price recovery and lower than expected production volume resulting in its higher than expected debt to fullfil its working capital requirement. The outlook for the corporate rating is revised to **"stable"** as we expect that the Company's key financial metrics will not further deteriorate and remain commensurate with the current rating category.

An obligor rated $_{id}$A indicates that the obligor has a strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors.

The Plus (+) sign in a particular rating indicates that the rating is relatively strong within the respective rating category.

The ratings reflect stable domestic demand for palm oil, its favorable plantation profile with vertically integrated operations, and well diversified products and areas. The ratings are constrained by its aggressive capital structure, moderate cash flow protection, and exposure to the fluctuations of global commodity prices and unfavorable weather.

The rating could be raised if the Company is able to demonstrate more conservative financial policy, such as through consistent execution on its deleveraging plan, which could materially improve its capital structure and its cash flow protection measures. The rating could be lowered if the Company undertakes additional debt that is larger than projected, resulting in a more aggressive capital structure. Weaker than expected performance of its dowstream activities could also trigger the pressure on its rating.

SMAR is considered as one of the largest oil palm plantation companies in the country with fully integrated operations. It has total planted area (including plasma) of around 138,500 hectares (ha). In addition to its activities in cultivating oil palm trees, SMAR engages in milling activities and refining of CPO into its derivatives, such as cooking oil, shortening, and margarine, with Filma and Kunci Mas as its main brands. As of June 30, 2016, the Company's shareholders consisted of PT Purimas Sasmita (97.2%) and public (2.8%). PT Purimas Sasmita is fully owned by Golden Agri Resources Ltd.

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