

## PT TIGA PILAR SEJAHTERA FOOD Tbk

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<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
		<b>As of/for the year ended</b>				
		<b>Sep-2017</b>	<b>Dec-2016</b>	<b>Dec-2015</b>	<b>Dec-2014</b>	
		(Unaudited)	(Audited)	(Audited)	(Audited)	
<b>Corporate Rating</b>	<i>id</i> BBB/C.W. Negative					
<b>Rated Issues</b>						
Sukuk Ijarah II/2016	<i>id</i> BBB <sup>(sy)</sup>					
Bond I/2013	<i>id</i> BBB					
Sukuk Ijarah I/2013	<i>id</i> BBB <sup>(sy)</sup>					
<b>Rating Period</b>						
December 13, 2017 – March 13, 2018						
<b>Rating History</b>						
NOV 2017	<i>id</i> BBB/C.W. Negative					
NOV 2017	<i>id</i> A/C.W. Negative					
JUL 2017	<i>id</i> A/Stable					
MAY 2017	<i>id</i> A/Stable					
MAY 2016	<i>id</i> A/Stable					
JAN 2016-2013	<i>id</i> A-/Stable					
		Total adjusted assets [IDR Bn]	9,315.7	8,916.6	8,526.2	6,937.8
		Total adjusted debt [IDR Bn]	4,580.6	4,344.2	4,112.7	3,083.9
		Total adjusted equity [IDR Bn]	4,098.3	3,926.4	3,432.1	3,158.8
		Total sales [IDR Bn]	4,109.0	6,545.7	6,010.9	5,140.0
		EBITDA [IDR Bn]	647.9	1,148.2	877.9	764.8
		Net income after MI [IDR Bn]	173.5	593.5	323.4	331.8
		EBITDA margin [%]	15.8	17.5	14.6	14.9
		Adjusted debt to EBITDA [X]	*5.3	3.8	4.7	4.0
		Adjusted debt to adjusted equity [X]	1.1	1.1	1.2	1.0
		FFO to adjusted debt [%]	*7.6	12.6	8.3	12.2
		EBITDA to IFCCI [X]	1.9	2.7	2.1	2.7
		USD exchange rate [IDR/USD]	13,492	13,436	13,795	12,440
		<small>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.</small>				

### PEFINDO's view on the rating of PT Tiga Pilar Sejahtera Food Tbk related to RUPO and RUPSI results

PEFINDO views that the results of PT Tiga Pilar Sejahtera Food Tbk's *Rapat Umum Pemegang Obligasi* (RUPO) and *Rapat Umum Pemegang Sukuk Ijarah* (RUPSI) will have no significant changes in AISA's financial profile in the near term. RUPO and RUPSI held on December 6, 2017 decided not to accept AISA's proposals to replace part of collaterals, thus, AISA will remain consolidating the rice division until it is being ready to be sold to third party in the near to medium term. In our view, AISA's financial profile will remain weak although the Company consolidates its rice division. Amidst the Company's high debt profile, its rice cash flow generation will not give optimal contribution due to legal case in rice subsidiaries and implementation of *Harga Eceran Tertinggi* (HET) that attacks its *Maknyuss* and *Ayam Jago* rice sales. Its financial leverage will remain high with projected debt to EBITDA ratio of above 8x in 2017-2018.

Currently, the ratings are maintained at "*id*BBB" for the Company and its Bond I/2013, and at "*id*BBB<sup>(sy)</sup>" for the Company's Sukuk Ijarah II/2016 and Sukuk Ijarah I/2013. The corporate rating is still placed on "**Credit Watch with Negative implication**", reflecting our anticipation of further rating downgrades to address the refinancing risk of its maturing bond and sukuk. PEFINDO will closely monitor AISA's readiness to repay the maturing debts. The rating could be lowered further if there is increasing refinancing risk, if its financial performance further deteriorates, and/or there is any failure to service its financial obligations in a timely manner. We may revoke the Credit Watch status and affirm the rating if management settles the debt repayment issue.

An obligor rated *id*BBB has an adequate capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, adverse economic conditions or changing circumstances are more likely to weaken its capacity to meet financial commitments.

The suffix (sy) means the rating mandates compliance with Islamic principles.

The ratings reflect AISA's relatively diversified products and its above average position in the domestic food market. However, the ratings are constrained by the Company's aggressive capital structure, its weak cash flow protection and liquidity, its exposure to fluctuating raw material costs, and the tight competition in the industry.

AISA has two main businesses, food (basic and consumer food) and rice. Its food and rice production facilities are in Java. As of September 30, 2017, its shareholders were PT Tiga Pilar Corpora (26.10%), JP Morgan Chase Bank Non-Treaty Clients (9.33%), Trophy 2014 Investors Limited (9.09%), Morgan Stanley & Co. LLC-Client Account (6.52%), Maybank Kim Eng Securities (5.48%), Primanex Pte. Limited (5.38%), and the public (38.09%).

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