

## 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>idCCC/C.W. Negative</i>	<b>Total adjusted assets [IDR Bn]</b>			
		9,315.7	8,916.6	8,526.2	6,937.8
<b>Rated Issues</b>		<b>Total adjusted debt [IDR Bn]</b>			
<i>Sukuk Ijarah II/2016</i>	<i>idCCC</i>	4,580.6	4,344.2	4,112.7	3,083.9
<i>Bond I/2013</i>	<i>idCCC</i>	<b>Total adjusted equity [IDR Bn]</b>			
<i>Sukuk Ijarah I/2013</i>	<i>idCCC</i>	4,098.3	3,926.4	3,432.1	3,158.8
		4,109.0	6,545.7	6,010.9	5,140.0
		<b>EBITDA [IDR Bn]</b>			
		647.9	1,148.2	877.9	764.8
		<b>Net income after MI [IDR Bn]</b>			
		173.5	593.5	323.4	331.8
<b>Rating Period</b>		<b>EBITDA margin [%]</b>			
February 6, 2018 – May 1, 2018		15.8	17.5	14.6	14.9
		<b>Adjusted debt to EBITDA [X]</b>			
		*5.3	3.8	4.7	4.0
		<b>Adjusted debt to adjusted equity [X]</b>			
		1.1	1.1	1.2	1.0
<b>Rating History</b>		<b>FFO to adjusted debt [%]</b>			
<i>JAN 2018</i>	<i>idBB+/C.W. Negative</i>	*7.6	12.6	8.3	12.2
<i>DEC 2017</i>	<i>idBBB/C.W. Negative</i>	1.9	2.7	2.1	2.7
<i>NOV 2017</i>	<i>idBBB/C.W. Negative</i>	<b>EBITDA to IFCCI [X]</b>			
<i>NOV 2017</i>	<i>idA/C.W. Negative</i>	13,492	13,436	13,795	12,440
<i>JUL 2017</i>	<i>idA/Stable</i>	<b>USD exchange rate [IDR/USD]</b>			
<i>MAY 2017</i>	<i>idA/Stable</i>				
<i>MAY 2016</i>	<i>idA/Stable</i>				
<i>JAN 2016-2013</i>	<i>idA-/Stable</i>				

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 lowers PT Tiga Pilar Sejahtera Food Tbk's ratings to *idCCC* and maintains "Credit Watch with Negative Implications"

PEFINDO has lowered the ratings for PT Tiga Pilar Sejahtera Food Tbk (AISA) and its Bond I/2013 to "*idCCC*" from "*idBB+*". PEFINDO has also lowered the ratings of AISA's Sukuk Ijarah I/2013 and Sukuk Ijarah II/2016 to "*idCCC<sub>(sy)</sub>*" from "*idBB+<sub>(sy)</sub>*", respectively. The ratings downgrade reflects increasing refinancing risk for its maturing Bond I/2013 of IDR600 billion and Sukuk Ijarah I/2013 of IDR300 billion, which will due on April 5, 2018. We are of the view that the Company has a weak liquidity and will not have the capacity to service its financial obligations. The Company also plans to conduct Bondholders General Meeting (*Rapat Umum Pemegang Obligasi/RUPO*) on March 7, 2018. We will monitor the result of the meeting.

The corporate rating is still placed at "**Credit Watch with Negative Implication**", to reflect our anticipation on further rating action to address refinancing risk of its maturing bond and sukuk. PEFINDO will closely monitor the Company's readiness to pay the maturing debts. Its maturing bond and sukuk ratings could be lowered to "*idD*" if there are interests and/or principals' mispayment on their respective due dates.

An obligor rated *idCCC* is currently vulnerable, and is dependent upon favorable business and financial conditions to meet its financial commitments.

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

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

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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