

PT Summarecon Agung Tbk

Analysts: Christyanto Wijaya / Yogie Perdana

Phone/Fax/E-mail: (62-21) 7278 2380 / 7278 2370 / christyanto.wijaya@pefindo.co.id / yogie.perdana@pefindo.co.id

CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Jun-2018	Dec-2017	Dec-2016	Dec-2015
			(Audited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idA/Stable</i>	Total Adjusted Assets [IDR Bn]	23,034.1	21,662.7	20,810.3	18,758.3
Rated Issues		Total Adjusted Debt [IDR Bn]	8,397.7	8,109.6	7,506.2	6,197.8
<i>Shelf Reg. Bond I/2013</i>	<i>idA</i>	Total Adjusted Equity [IDR Bn]	8,411.9	8,353.7	8,165.6	7,529.8
<i>Shelf Reg. Bond II/2015</i>	<i>idA</i>	Total Sales [IDR Bn]	2,667.0	5,640.8	5,398.0	5,623.6
<i>Shelf Reg. Sukuk Ijarah I/2013</i>	<i>idA(sy)</i>	EBITDA [IDR Bn]	784.3	1,673.6	1,677.8	2,008.6
Rating Period		Net Income after MI [IDR Bn]	78.4	362.1	311.7	855.2
<i>September 7, 2018 – September 1, 2019</i>		EBITDA Margin [%]	29.4	29.7	31.1	35.7
Rating History		Adjusted Debt/EBITDA [X]	*5.4	4.9	4.5	3.1
SEP 2017	<i>idA+/Negative</i>	Adjusted Debt/Adjusted Equity [X]	1.0	1.0	0.9	0.8
SEP 2016	<i>idA+/Negative</i>	FFO/Adjusted Debt [%]	*6.2	8.5	10.2	20.1
SEP 2015	<i>idA+/Stable</i>	EBITDA/IFCCI [X]	1.8	2.1	2.3	3.9
AUG 2014	<i>idA+/Stable</i>	USD Exchange Rate [IDR/USD]	14,404	13,548	13,436	13,795
AUG 2013	<i>idA+/Stable</i>					
MAY 2012	<i>idA+/Stable</i>					
APR 2011	<i>idA+/Stable</i>					
APR 2010	<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 Summarecon Agung Tbk rating to "idA"

PEFINDO has lowered the ratings of PT Summarecon Agung Tbk (SMRA), its Shelf-Registered Bond I/2013, and Shelf-Registered Bond II/2015 to "idA" from "idA+". We have also lowered rating for its Shelf-Registered Sukuk Ijarah I/2013 to "idA(sy)" from "idA+(sy)". The rating downgrades were triggered by our expectation of its capital structure and cash flow protection measures which will remain aggressive over the next three years following its high capital requirement to develop its property development projects, especially in new areas, amid unimproved property market condition. We expect the Company to have high debt balance over the near to medium term resulting a weak financial ratios. Following the rating downgrade, the outlook for the corporate rating has been revised to "stable" from "negative".

An obligor rated idA 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 suffix (sy) means the rating mandates compliance with Islamic principles.

The corporate rating reflects SMRA's strong business position in the property industry, good asset quality, and adequate recurring income. However, the rating is constrained by its aggressive capital structure and modest cash flow protection measures, the risk of new projects in new areas, and the characteristics of the property industry, which is sensitive to changes in macroeconomic conditions.

The rating will be raised if SMRA consistently achieves its projected marketing sales, revenue, and EBITDA. This should also be followed by a more conservative financial leverage level with a debt to EBITDA ratio below 3.0x on a sustained basis. The rating could be lowered if it records significantly lower marketing sales and lower than expected construction progress, resulting in revenue recognition not achieving the target. The rating could also be under pressure if it incurs higher debt than projected, resulting in a more aggressive capital structure, with a debt to EBITDA ratio above 5.0x on a sustained basis.

SMRA is engaged in the property business and is divided into three divisions: property development, investment property, and leisure and hospitality. Its main property projects are in Kelapa Gading, Serpong, Bekasi, Bandung, and Karawang. As of June 30, 2018, its shareholders were PT Semarop Agung (33.5%), PT Sinarmegah Jayasentosa (6.6%), BNYMSANV RE AMS RE Stichting D APG ST RE ES Pool-2039846201 (5.6%), Liliawati Rahardjo (0.5%), Harto Djojo Nagaria (0.2%), and other including public (53.6%).

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