

## PT Mitra Adiperkasa Tbk

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### CREDIT PROFILE

**Corporate Rating** *idAA/Stable*

**Rated Issues**

*Shelf Registered Bond I/2012-2014 idAA*

**Rating Period**

*September 12, 2018 – September 1, 2019*

**Rating History**

*SEP 2017 idAA-/Stable*  
*SEP 2016 idAA-/Stable*  
*SEP 2015 idAA-/Negative*  
*MAY 2015 idAA-/Negative*  
*SEP 2014 idAA-/Stable*  
*SEP 2013 idAA-/Stable*  
*SEP 2012 idAA-/Stable*  
*SEP 2011 idA+/Stable*  
*SEP 2010 idA+/Stable*

### FINANCIAL HIGHLIGHTS

**As of/for the year ended**

	<b>Jun-2018</b>	<b>Dec-2017</b>	<b>Dec-2016</b>	<b>Dec-2015</b>
	(Unaudited)	(Audited)	(Audited)	(Audited)
Total Adjusted Assets [IDR Bn]	11,705.3	11,312.3	10,579.5	9,353.8
Total Adjusted Debt [IDR Bn]	3,487.0	3,551.9	4,499.9	3,655.9
Total Adjusted Equity [IDR Bn]	4,550.7	4,129.3	3,099.6	2,845.8
Total Sales [IDR Bn]	9,105.4	16,305.7	14,149.6	12,832.8
EBITDA [IDR Bn]	1,145.6	1,824.5	1,531.8	1,119.9
Net Income after MI [IDR Bn]	490.9	334.7	208.5	37.3
EBITDA Margin [%]	12.6	11.2	10.8	8.7
Adjusted Debt/EBITDA [X]	*1.5	1.9	2.9	3.3
Adjusted Debt/Adjusted Equity [X]	0.8	0.9	1.5	1.3
FFO/Adjusted Debt [%]	*36.1	31.9	18.4	15.0
EBITDA/IFCCI [X]	3.8	4.5	3.6	2.8
USD Exchange Rate [IDR/USD]	14,404	13,548	12,436	13,795

*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 raises the ratings for PT Mitra Adiperkasa Tbk and bond to "idAA"

PEFINDO has raised the ratings for PT Mitra Adiperkasa Tbk (MAPI) and its Shelf Registered Bond I Year 2012-2014 to "idAA" from "idAA-". The rating upgrade reflects our expectation that MAPI can maintain a good revenue growth, stable profitability margins, and low financial leverage in the near to medium term, despite challenging retail industry performance. In our view, its financial leverage will remain low as it has repaid most of its zero coupon bonds from the IPO proceeds of its subsidiaries, PT Map Boga Adiperkasa (MAPB) and PT Map Aktif Adiperkasa (MAPA) in June 2017 and July 2018, respectively. It has repaid 65% of its Map Aktif Adiperkasa Bond Year 2015 amounting to IDR889 billion in July 2018, and it plans to repay the remaining principal of IDR479 billion in the fourth quarter of 2018 from MAPA's rights issue. Going forward, we also view that it can maintain a low financial leverage due to significant lower days inventory, closure of non-performing stores and discontinuance of non-performing brands, which have strengthened its cash flow and profit margins, and its plan to finance its capital expenditure (capex) using internal cash. We project that its average debt to EBITDA ratio to be around 1.6x for the next three years (2018-2020). In 2013-2017, its revenue consistently grew at an average annual growth of 16.8%, supported by its same store sales growth and stores expansion, its EBITDA margin was also maintained at an average of 10.5%, and its days inventory dropped from 219.8 days in 2013 to 116.5 days in the first half of 2018 (1H2018). The outlook for the corporate rating is "stable".

An obligor rated idAA differs from the highest rated obligors only to a small degree, and has a very strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors.

The corporate rating reflects MAPI's strong market position in the modern retail industry with diverse and strong retail concepts, relatively diversified store locations, and above average cash flow protection measures and conservative capital structure. However, the corporate rating is constrained by its exposure to rupiah depreciation against US dollar and intense competition amid limited retail space in first tier cities.

The rating may be further raised if MAPI strengthens its business position through higher-than-projected revenue and/or EBITDA growth on a sustained basis, supported by its well-diversified existing stores and successful expansion, while maintaining its conservative capital structure. However, the rating may be lowered if the Company experiences further pressure on its profitability margins, and if it incurs significantly larger-than-projected debt without being compensated by better business performance, as indicated by a debt to EBITDA ratio exceeding 2.5x on a sustained basis.

MAPI is a leading retailer in Indonesia serving the middle and upper class consumer segments. As of June 30, 2018, PT Satya Mulia Gema Gemilang owned 51.2% of MAPI's shares.

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