

PT Siantar Top Tbk

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Sep-2018	Dec-2017	Dec-2016	Dec-2015
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idA/Positive</i>	Total Adjusted Assets [IDR Bn]	2,565.8	2,342.4	2,337.2	1,919.6
Rated Issues		Total Adjusted Debt [IDR Bn]	510.1	541.7	809.2	616.0
<i>Shelf Reg. Bond I/2016</i>	<i>idA</i>	Total Adjusted Equity [IDR Bn]	1,594.4	1,384.8	1,168.5	1,008.8
Rating Period		Total Adjusted Sales [IDR Bn]	2,044.3	2,825.4	2,629.1	2,544.3
<i>January 8, 2019 – January 1, 2020</i>		EBITDA [IDR Bn]	324.8	392.7	334.8	354.1
Rating History		Net Income after MI [IDR Bn]	199.7	216.4	174.5	185.7
<i>JAN 2018</i>	<i>idA/Stable</i>	EBITDA Margin [%]	15.9	13.9	12.7	13.9
<i>JAN 2017</i>	<i>idA/Stable</i>	Adjusted Debt/EBITDA [X]	*1.2	1.4	2.4	1.7
<i>JAN 2016</i>	<i>idA/Stable</i>	Adjusted Debt/Adjusted Equity [X]	0.3	0.4	0.7	0.6
<i>JAN 2015</i>	<i>idA/Stable</i>	FFO/Adjusted Debt [%]	*64.6	48.7	26.4	38.4
<i>JAN 2014</i>	<i>idA/Stable</i>	EBITDA/IFCCI [X]	8.0	5.5	3.9	5.1
		USD exchange rate [IDR/USD]	14,929	13,548	13,436	13,795

FFO = EBITDA – IFCCI + interest income – current tax expense
EBITDA = (operating profit + depreciation exp. + amortization exp.)
IFCCI = (gross interest expense + other financial charges + capitalized interest); foreign exchange loss not included
* annualized MI = minority interest
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 affirms “idA” ratings to PT Siantar Top Tbk and its Shelf-Registered Bond I/2016, revises outlook to “positive”

PEFINDO has affirmed its “idA” ratings to PT Siantar Top Tbk (STTP) and its Shelf-Registered Bond I Year 2016. The outlook for the corporate rating has been revised to “**positive**” from “**stable**” reflecting our expectation of improving credit matrix, particularly its capital structure and cash flow protection measures in the near to medium term as STTP will deleverage its financial profile. We expect STTP's debt to reduce as the Company does not have a significant capital expenditure (capex) in near to medium term. At the same time, we have affirmed “idA” rating to STTP's maturing Shelf-Registered Bond I tahun 2016 Phase II Series A of IDR300.0 billion, which will mature on April 13, 2019. The Company is planning to repay its maturing bond using internal cash. As of September 30, 2018, it had cash of IDR33.4 billion and short-term investment of IDR359.6 billion in the form of time deposits.

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 rating reflects STTP's strong position in the domestic snack market and expanding to export market, conservative capital structure and strong cash flow protection measures, and well-diversified sales. However, the rating is constrained by the highly competitive nature of the packaged foods market, risks related to its new business expansion, and its exposure to raw material cost fluctuations.

The rating may be raised if STTP successfully improves its financial profile to a conservative level, while also strengthens its market position through higher revenue growth in its main business on a sustained basis and successful business expansion. On the other hand, the outlook could be revised to “stable” if it aggressively finances its business expansion with substantially larger debt than projected, which will weaken the credit profile without being compensated by a stronger business performance. The outlook could also be revised to stable if STTP fails to reach its targeted revenue and/or margin due to intense competition.

Established in 1987, STTP is a manufacturer of packaged food products. It has production facilities in Sidoarjo (East Java), Bekasi (West Java), Medan (North Sumatra), and Makassar (South Sulawesi). As of September 30, 2018, its shares were 56.8% owned by PT Shindo Tiara Tunggal, 40.1% and 3.2% held by public and others, respectively. PT Shindo Tiara Tunggal is owned by Mr. Shindo Sumidomo, the founder and ultimate owner of STTP.

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