

## PT Nippon Indosari Corpindo Tbk

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<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
		<b>As of/for the year ended</b>				
		<b>Dec-2017</b>	<b>Dec-2016</b>	<b>Dec-2015</b>	<b>Dec-2014</b>	
		(Unaudited)	(Audited)	(Audited)	(Audited)	
<b>Corporate Rating</b>	<i>idAA-/Stable</i>	Total adjusted assets [IDR bn]	4,517.6	2,857.6	2,698.7	2,135.9
<b>Rated Issues</b>		Total adjusted debt [IDR bn]	1,117.0	996.0	994.4	835.4
<i>Shelf Reg. Bond I/2013</i>	<i>idAA-</i>	Total adjusted equity [IDR bn]	2,763.6	1,380.7	1,180.9	946.7
<i>Shelf Reg. Bond II/2015</i>	<i>idAA-</i>	Total sales [IDR bn]	2,491.6	2,521.9	2,174.5	1,880.3
<b>Rating Period</b>		EBITDA [IDR bn]	384.5	501.9	531.6	361.2
<i>March 8, 2018 – March 1, 2019</i>		Net income after MI [IDR bn]	157.5	280.0	270.5	188.6
<b>Rating History</b>		EBITDA margin [%]	15.4	19.9	24.4	19.2
<i>MAR 2017</i>	<i>idAA-/Stable</i>	Adjusted Debt/EBITDA [X]	2.9	2.0	1.9	2.3
<i>MAR 2016</i>	<i>idAA-/Stable</i>	Adjusted Debt/Adjusted Equity [X]	0.4	0.7	0.8	0.9
<i>MAR 2015</i>	<i>idAA-/Stable</i>	FFO/Adjusted Debt [%]	24.5	37.0	36.3	29.0
<i>MAR 2014</i>	<i>idAA-/Stable</i>	EBITDA/IFCCI [X]	4.2	5.5	5.9	5.0
<i>MAR 2013</i>	<i>idAA-/Stable</i>	USD exchange rate [IDR/USD]	13,548	13,436	13,795	12,440
		<i>FFO = EBITDA – IFCCI + interest income – current tax expense</i>				
		<i>EBITDA = (operating profit + depreciation exp. + amortization exp.)</i>				
		<i>IFCCI = (gross interest expense + other financial charges + capitalized interest); foreign exchange loss not included</i>				
		<i>MI = minority interest</i>				
		<i>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.</i>				

### PEFINDO affirms "idAA-" ratings to PT Nippon Indosari Corpindo Tbk and its maturing Bond

PEFINDO has affirmed its "idAA-" ratings to PT Nippon Indosari Corpindo Tbk (ROTI), Shelf-Registered Bond II/2015, and its maturing Shelf-Registered Bond I/2013 of IDR500 billion that will mature on June 11, 2018. The Company plans to repay the maturing Bond using internal fund. As of December 31, 2017, it had unrestricted cash and cash equivalent amounting to IDR511 billion. In addition, during the first five months of 2018, the Company is projected to generate sufficient EBITDA to increase its cash balance. 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 Minus (-) sign indicates that the rating is relatively weak within the respective rating category.

The ratings reflect ROTI's very strong market position as a producer of bread in the mass market segment, strong cash flow protection measures, and operational support from its shareholding partners. However, the ratings are constrained by its exposure to the fluctuations of raw material and packaging material costs, and the tight competition in the bakery industry.

The ratings may be raised if ROTI maintains its very strong market position in the bread market. It should also improve its financial profile which is indicated by debt to EBITDA ratio below 1.5x on a sustainable basis, despite having high capital expenditure to support its business expansion. In contrast, the rating will be lowered if the results of its expansion are not realized as targeted and/or its capital structure becomes substantially more aggressive.

Established in 1995, ROTI produces several varieties of bread and cakes under the Sari Roti brand. It has 10 plants with 37 production lines. Revenue in 2017 came from the sale of white bread (62%), sweet bread (35%), and cakes and others (3%). As of December 31, 2017, its shareholders were PT Indoritel Makmur Internasional Tbk (25.77%), Bonlight Investments Limited (20.79%), Demeter Indo Investment Pte. Ltd. (15.22%), Pasco Shikishima Corporation (8.50%), and others including the public (29.72%).

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