

PT Dharma Satya Nusantara Tbk

Analysts: Christyanto Wijaya / Marshall Mauritz Tatuhas

Phone/Fax/E-mail: (62-21) 72782380 / 72782370 / christyanto.wijaya@pefindo.co.id / marshall.tatuhas@pefindo.co.id

CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Dec-2019	Dec-2018	Dec-2017	Dec-2016
			(Audited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idA-/Stable</i>	Total adjusted assets [IDR Bn]	11,216.0	11,428.2	8,171.0	8,029.0
Rated Issues		Total adjusted debt [IDR Bn]	6,246.8	6,446.0	3,961.5	4,301.8
<i>Proposed Shelf-Reg Bond I 2020</i>	<i>idA-</i>	Total adjusted equity [IDR Bn]	3,494.6	3,416.1	3,132.2	2,590.7
Rating Period		Total sales [IDR Bn]	5,736.7	4,761.8	5,159.9	3,878.8
<i>March 3, 2020 – March 1, 2021</i>		EBITDA [IDR Bn]	1,270.8	1,299.1	1,504.3	760.7
Rating History		Net income after MI [IDR Bn]	179.9	420.5	575.6	250.7
<i>n/a</i>		EBITDA margin [%]	22.2	27.3	29.2	19.6
		Adjusted debt to EBITDA [X]	4.9	5.0	2.6	5.7
		Adjusted debt to adjusted equity [X]	1.8	1.9	1.3	1.7
		FFO to adjusted debt [%]	9.2	10.5	22.9	5.8
		EBITDA to IFCCI [X]	2.3	3.0	4.1	1.7
		USD exchange rate [IDR/USD]	13,901	14,481	13,548	13,436

*FFO = EBITDA – IFCCI + gross interest income – current tax expense
EBITDA = (operating profit + depreciation exp. + amortization exp.)
IFCCI = (gross interest expense + other financial charges + capitalized interest); FX loss not included
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 assigns "idA-" ratings to PT Dharma Satya Nusantara Tbk and its proposed bond

PEFINDO has assigned its "idA-" ratings to PT Dharma Satya Nusantara Tbk (DSNG) and its proposed Shelf-Registered Bond I Year 2020 of a maximum of IDR2 trillion, which will be used to refinance its bank loans. The outlook for the corporate rating is "stable".

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 Minus (-) sign indicates that the rating is relatively weak within the respective rating category.

The corporate rating reflects DSNG's favorable plantation profile, its relatively high plantation yield, and the strong domestic demand for palm oil. However, the rating is constrained by the Company's aggressive capital structure, moderate cash flow protection measures, and exposure to fluctuating global commodity prices and unfavorable weather.

The rating may be raised if DSNG consistently exceeds its revenue and EBITDA targets. The Company should also improve its capital structure to be more conservative and strengthen its cash flow protection measures. In contrast, the rating will be lowered if DSNG's EBITDA is significantly below projections as a result of higher costs and lower production volume than expected. The rating could also be lowered if it incurs significantly higher debt without being compensated by a stronger business profile.

DSNG is a palm oil plantation company engaged in the upstream side of the industry, including plantations and the cultivation of trees as well as the production of crude palm oil (CPO) and palm kernel oil (PKO). It has operations mainly in the eastern parts of Kalimantan. It has a total plantation area of around 109,000 hectares (ha), including plasma. It also has CPO mills and a palm kernel crushing plant. As of December 31, 2019, its shareholders were PT Triputra Investindo Arya (27.6%), PT Krishna Kapital Investama (14.6%), PT Tri Nur Cakrawala (7.4%), PT Mitra Aneka Guna (6.3%), and others including the public (44.1%).

DISCLAIMER

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