

PT Sinar Mas Multiartha Tbk (SMMA)

Corporate rating

*ir*AA/Stable

Rated Issues

Proposed Obligasi Berkelanjutan II Sinar Mas Multiartha Tahun 2021 Obligasi Berkelanjutan Sinar Mas Multiartha I 2020

*ir*AA

*ir*AA

“An Obligor with *ir*AA rating has a very high level of certainty to honor the financial obligations. There is, however, a slight difference in the rating scale with the highest qualification level of Obligor.”

Rating Period

June 2, 2021 – June 1, 2022

Rating History

May 14, 2020 – May 1, 2021

*ir*AA

Kredit Rating Indonesia assigns ‘*ir*AA’ rating to Proposed Obligasi Berkelanjutan II Sinar Mas Multiartha Tahun 2021 totaling IDR5 trillion.

Kredit Rating Indonesia (KRI) assigns a Corporate Rating of ‘*ir*AA’ for PT Sinar Mas Multiartha Tbk (SMMA or the Company) with a ‘Stable’ outlook. At the same time, KRI assigns ‘*ir*AA’ rating to SMMA Proposed Obligasi Berkelanjutan II Sinar Mas Multiartha Tahun 2021 totaling IDR5 trillion. KRI also affirms ‘*ir*AA’ rating to Obligasi Berkelanjutan Sinar Mas Multiartha I 2020 totaling IDR1 trillion. The ratings reflect credit quality of SMMA’s major subsidiaries.

SMMA is a listed holding company that is part of Sinar Mas group with subsidiaries mainly engaged in financial services. Through its subsidiaries, the Company provides banking, leasing, factoring, consumer financing, automotive, truck, and heavy equipment financing, insurance, and capital market services.

As of December 2020, SMMA’s shares were owned by Bank of Singapore S/A PT Sinar Mas Cakrawala (51.13%), PT Sinar Mas Cakrawala (7.77%), PT Asuransi Simas Jiwa – Simas Equity Fund 2 (6.64%) and public (34.46%). The Company recorded IDR38.3 Tn of revenue and IDR108.5 Tn of asset as of December 2020. Major contributors of the revenue are insurance (IDR29.4 Tn) and interest revenue (IDR5.5 Tn) while the main contributors of asset are short term Investment (IDR56.1 Tn), loans (IDR20.4 Tn), and financing receivables (IDR5.9 Tn).

KRI evaluates SMMA’s bond ratings based on the credit quality of its three major subsidiaries, which are PT Asuransi Sinar Mas (*ir*AAA), Bank Sinarmas (*ir*A) and Sinar Mas Multifinance (*ir*A+). The credit profile of Asuransi Sinar Mas is the main anchor of SMMA’s credit rating as Asuransi Sinar Mas is the largest subsidiary of SMMA in terms of asset and revenue. ASM’s contribution to SMMA assets was 27% with revenue contribution of 76% in 2020.

PT Asuransi Sinar Mas (ASM) is the market leader in general insurance. In terms of gross written premium (GWP), ASM owned 14.4% of market share as of 1H2020, the largest in the industry. It has the largest number of branches for an insurance company in Indonesia with 179 offices that are scattered in almost every province. It recorded 14.6% of ROE with RBC ratio stood at 428% as of 2019, much higher than regulatory requirement of 120%.

PT Bank Sinarmas Tbk (BSIM) is a bank with IDR37.3 Tn of asset and held 0.5% of loan market share as of June 2020. PT Sinar Mas Multifinance (SMMF) is one of SMMA's subsidiaries that provides financing with 1.4% market share in financing industry as of 2019. It had IDR6.2 Tn of financing receivables as of 2019.

KRI further rating actions for SMMA's bonds will be influenced by (but not limited to) the company's credit quality, leverage level and profitability.

SMMA Financial Results Highlights (consolidated)

For the year ended	Dec-2020 (Audited)	Dec-2019 (Audited)	Dec-2018 (Audited)	Dec-2017 (Audited)	Dec-2016 (Audited)
Total Assets (IDR bn)	108,456.2	99,624.9	100,663.5	89,086.8	74,091.2
Total Equity (IDR bn)	22,922.2	22,164.6	25,113.4	22,946.3	20,274.9
Total Revenue (IDR bn)	38,259.4	41,919.3	37,377.2	32,883.3	30,532.7
Total Expense (IDR bn)	37,609.2	36,737.6	35,730.1	30,784.4	28,650.2
Net Income (IDR bn)	559.8	5,070.6	1,537.7	1,838.4	1,646.1
Debt to Equity (x)	0.3	0.3	0.3	0.2	0.1
Liabilites/total assets (%)	78.9	77.8	75.1	74.2	72.6
Return On Asset (%)	0.5	5.1	2.0	2.8	3.2
Return On Equity (%)	2.5	21.5	6.4	8.5	8.5

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