PEFINDO

Press Release
September 13, 2017

PT Summarecon Agung Tbk

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CREDIT PROFILE

Corporate Rating	*$_{id}$A+/Negative*
Rated Issues	
Shelf Reg. Bond I/2013	*$_{id}$A+*
Shelf Reg. Sukuk Ijarah I/2013	*$_{id}$A+$_{(sy)}$*
Shelf Reg. Bond II/2015	*$_{id}$A+*

Rating Period
September 11, 2017 – September 1, 2018

Rating History

SEP 2016	*$_{id}$A+/Negative*
SEP 2015	*$_{id}$A+/Stable*
AUG 2014	*$_{id}$A+/Stable*
AUG 2013	*$_{id}$A+/Stable*
MAY 2012	*$_{id}$A+/Stable*
APR 2011	*$_{id}$A/Stable*
APR 2010	*$_{id}$A/Stable*
2007 - 2009	*$_{id}$A-/Stable*
2006	*$_{id}$BBB+/Stable*
2005	*$_{id}$BBB/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	**Jun-2017** (Unaudited)	**Dec-2016** (Audited)	**Dec-2015** (Audited)	**Dec-2014** (Audited)
Total Adjusted Assets [IDR Bn]	21,204.9	20,810.3	18,758.3	15,872.7
Total Adjusted Debt [IDR Bn]	7,807.8	7,426.6	6,197.8	4,382.5
Total Adjusted Equity [IDR Bn]	8,213.9	8,165.6	7,529.8	6,416.5
Total Sales [IDR Bn]	2,684.6	5,397.9	5,623.6	5,756.9
EBITDA [IDR Bn]	692.1	1,677.8	2,008.6	2,285.7
Net Income after MI [IDR Bn]	48.8	311.7	855.2	1,384.7
EBITDA Margin [%]	25.8	31.1	35.7	39.7
Adjusted Debt/EBITDA [X]	*5.6	4.4	3.1	1.9
Adjusted Debt/Adjusted Equity [X]	0.9	0.9	0.8	0.7
FFO/Adjusted Debt [%]	*5.5	10.4	20.1	40.6
EBITDA/IFCCI [X]	1.8	2.3	3.9	6.9
USD Exchange Rate [IDR/USD]	13,391	13,436	13,795	12,440

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 affirms "$_{id}$A+" ratings for PT Summarecon Agung Tbk and its bonds

PEFINDO has affirmed its "**$_{id}$A+**" ratings for PT Summarecon Agung Tbk (SMRA), its Shelf-Registered Bond I/2013, and Shelf-Registered Bond II/2015. We have also affirmed the "**$_{id}$A+$_{(sy)}$**" rating for its Shelf-Registered Sukuk Ijarah I/2013. We maintained our "**negative**" outlook to anticipate the likelihood that the Company's financial leverage and cash flow protection measures will not improve as expected over the coming quarters in case of a lower-than-expected revenue recognition and marketing sales amid a high debt level to develop its property development projects.

An obligor rated $_{id}$A 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 plus (+) sign in a particular rating indicates it is relatively strong within the respective rating category.

The suffix (sy) means the rating mandates compliance with Islamic principles.

The ratings reflect SMRA's strong position in the property industry, good asset quality, and adequate recurring income. However, the ratings are constrained by its aggressive capital structure and weak cash flow protection, the risk of new projects in new areas, and the characteristics of the property industry, which is sensitive to changes in macroeconomic conditions.

The rating could be lowered if SMRA's financial performance improvement is below our expectations as a result of weak property sales and lower-than-expected construction progress which results in revenue recognition not achieving the target. The rating could also be under pressure if additional debt exceeds projections, resulting in more aggressive capital structure and weaker cash flow protection measures in the upcoming quarters. The outlook could be revised to stable if the Company is able to achieve its projected marketing sales and revenue recognition and to improve its capital structure and cash flow protection measures on a sustainable basis.

SMRA is engaged in the property business and is divided into three divisions: property development, investment property, and leisure and hospitality. Its main property projects are in Kelapa Gading, Serpong, Bekasi, Bandung, and Karawang. As of June 30, 2017, its shareholders were PT Semarop Agung (25.43%), PT Sinarmegah Jayasentosa (6.60%), Harto Djojo Nagaria (0.14%), BNYMSANV RE AMS RE Stichting D APG ST RE E ES Pool-2039846201 (5.61%), and the public (62.22%).

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CREDIT RATING AGENCY

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13 September 2017

PT Summarecon Agung Tbk

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PEFINDO mempertahankan peringkat "idA+" untuk PT Summarecon Agung Tbk dan Obligasi Perusahaan

PEFINDO mempertahankan peringkat **"idA+"** untuk PT Summarecon Agung Tbk (SMRA), Obligasi Berkelanjutan I/2013, dan Obligasi Berkelanjutan I/2015. Kami juga mempertahankan peringkat **"idA+(sy)"** untuk Sukuk Ijarah Berkelanjutan I/2013. PEFINDO mempertahankan prospek **"negatif"** untuk mengantisipasi kemungkinan *leverage* keuangan dan proteksi arus kas Perusahaan tidak membaik seperti yang diharapkan pada beberapa kuartal mendatang jika pengakuan pendapatan dan *marketing sales* Perusahaan lebih rendah dari perkiraan ditengah tingginya tingkat utang untuk membiayai pengembangan proyek properti Perusahaan.

Obligor dengan peringkat idA memiliki kemampuan yang kuat dibanding obligor Indonesia lainnya untuk memenuhi komitmen keuangan jangka panjangnya. Walaupun demikian, kemampuan obligor mungkin akan terpengaruh oleh perubahan buruk keadaan dan kondisi ekonomi dibandingkan obligor dengan peringkat lebih tinggi.

Tanda Tambah (+) menunjukkan bahwa peringkat yang diberikan relatif kuat dan di atas rata-rata kategori yang bersangkutan.

Akhiran (sy) memiliki makna peringkat mempersyaratkan pemenuhan prinsip Syariah.

Peringkat mencerminkan posisi pasar SMRA yang kuat di dalam industri properti, kualitas aset yang baik, dan pendapatan berulang yang cukup. Namun, peringkat dibatasi oleh struktur permodalan yang agresif dan perlindungan arus kas yang lemah, risiko pengembangan proyek baru di area baru, dan karakteristik industri properti yang sensitif terhadap perubahan kondisi makroekonomi.

Peringkat dapat diturunkan jika perbaikan kinerja keuangan Perusahaan dibawah ekspektasi kami yang diakibatkan dari penjualan properti yang lemah dan progres penyelesaian pembangunan properti yang lebih lama dari perkiraan sehingga dapat menyebabkan pengakuan pendapatan yang tidak mencapai target. Peringkat juga dapat berada dibawah tekanan jika utang Perusahaan lebih besar dari proyeksi, yang mengakibatkan struktur permodalan yang lebih agresif dan melemahnya proteksi perlindungan arus kas pada beberapa kuartal mendatang. Sebaliknya, prospek Perusahaan dapat kami revisi menjadi stabil jika Perusahaan dapat mencapai target *marketing sales* dan pendapatan serta memperbaiki struktur permodalan dan proteksi arus kas secara berkelanjutan.

SMRA bergerak di bidang properti yang diklasifikasikan menjadi tiga divisi: pengembangan properti, properti investasi, serta *leisure* dan *hospitality*. Proyek properti utama berlokasi di Kelapa Gading, Serpong, Bekasi, Bandung, dan Karawang. Per 30 Juni 2017, pemegang saham Perusahaan terdiri dari PT Semarop Agung (25,43%), PT Sinarmegah Jayasentosa (6,60%), Harto Djojo Nagaria (0,14%), BNYMSANV RE AMS RE Stichting D APG ST RE E ES Pool-2039846201 (5,61%), dan publik (62,22%).

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