

NEWS RELEASE

RAM Ratings upgrades Bumitama and maintains a stable outlook

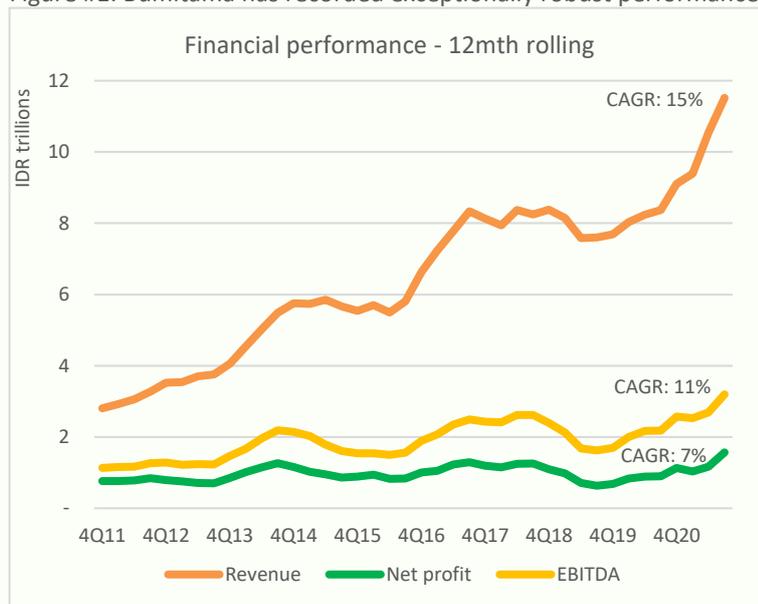
Singapore, 10 January 2022 – Mainboard-listed Bumitama Agri Ltd. (“Bumitama” or “The Group”) has received a rating upgrade from RAM Ratings on 7 January 2022.

“The upgrade reflects our expectations that the Group’s credit metrics will be sustained at levels that are commensurate with an AA₂ rating,” as stated by RAM Ratings in their media release.

The upgrade came after four successive quarters of strong performance by the Group, starting with the disclosure of higher-than-expected full year 2020 performance in February 2021, to the most recent nine months 2021 performance disclosure last November 2021, in which Bumitama had recorded a fresh all-time-high EBITDA and net profit performance.

Last Friday’s upgrade is the first performance-driven rating upgrade on Bumitama, after having successfully maintain an AA₃/Stable rating for the past nine years.

Figure #1: Bumitama has recorded exceptionally robust performance within the past four quarters

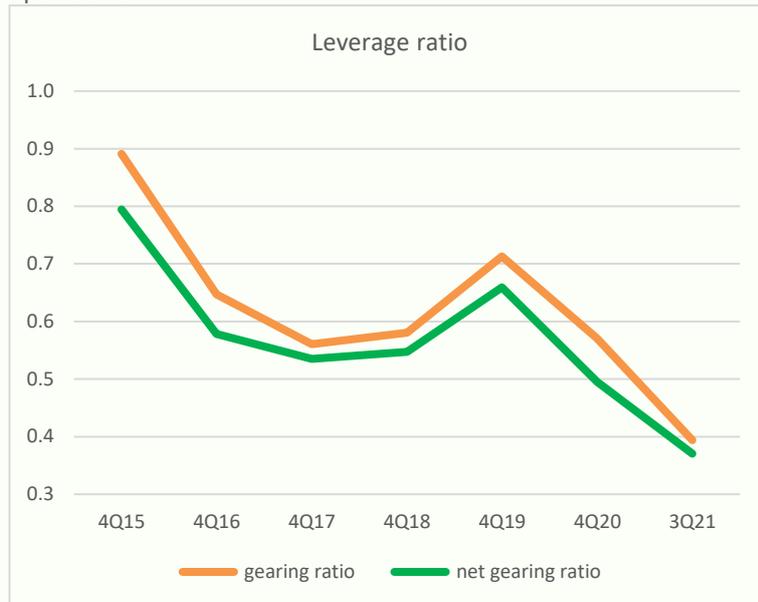


RAM Ratings noted: Supportive external factors, in the form of lofty CPO prices, had helped boost company earnings. They were driven by strong demand pushed by growing use in the production of renewable diesel amidst tight supply of vegetable oils due to weather-related disruptions and a slowdown in new plantings in key producing nations.

Underpinned by the sector’s positive fundamentals for the medium-term outlook, RAM Ratings forecasted palm oil prices to remain above five-year average level of RM2,510/MT recorded in 2016 to 2020.

RAM Ratings commented: Greater CPO output, production growth amid yield recovery, and manageable planned capital expenditure were quoted as reasons which paved the way for sturdy cashflow generation that had enabled the Group to pare down its debts. As the Group continues to degear, its credit metrics are anticipated to strengthen further.

Figure #2: Leverage ratio has declined substantially since 2015, attributable to sturdy cash generation from operations



Credit metrics drivers for the upgrade, in RAM Ratings own words:

Debts declined 11% y-o-y to IDR6.01 trillion as at end-December 2020 before contracting further to IDR5.53 trillion as at end-June 2021 to substantially better our projection of IDR6.80 tril-IDR7 trillion.

The Group’s debt to OPBDIT ratio was a markedly improved 2.34 times in FY Dec 2020 and 1H FY Dec 2021 (FY Dec 2019: 3.99 times), comfortably below our threshold of 3 times for a rating upgrade.

Gearing eased to 0.52 times as at end-June 2021 (end-December 2019: 0.71 times). Bumitama’s stronger profit showing in 1H FY Dec 2021 and lower debt level bolstered its funds from operations debt cover (FFODC) to an annualised 0.33 times, which is slightly above the AA₂ threshold of 0.30.

Actual media release by RAM Ratings on the topic can be accessed through the following [link](#).