

PT Ricobana Abadi

Credit Rating(s)

General Obligation (GO) $idBB-$ /C.W.Neg
MTN I $idBB-$

Rating Period

July 15, 2022 – October 15, 2022

Published Rating History

DEC 2021 $idBB+$ /Negative
DEC 2020 $idBB+$ /Stable
AUG 2020 $idBB+$ /Stable
DEC 2019 $idBBB-$ /Stable
DEC 2018 $idBBB-$ /Stable

PEFINDO has lowered the rating of PT Ricobana Abadi (RICO) and its Medium-Term Notes I Year 2017 to $idBB-$ from $idBB+$. The rating action reflects the Company's weakened business profile as its mining activities in PT Gunung Bara Utama (GBU) has been ceased since May 2022, weakening its revenue by around 30% which will worsen its capital structure and cash flow protection measures if the Company is unable to obtain new contracts. We have also revised the outlook for RICO's corporate rating to "CreditWatch with Negative Implication" from previously "Negative", reflecting RICO's heightened refinancing risk to repay its maturing MTN I Year 2017 of IDR400 billion on December 20, 2022 from its internal cash flow and/or external financing, given its limited financial flexibility, and we are of the view that RICO will heavily rely on the approval from the investors to restructure the maturing MTN.

The corporate rating reflects the Company's high customer concentration risk, aggressive capital structure and weak cash flow protection measures with limited financial flexibility, and exposure to fluctuation of coal price. Those concerns are partially offset by its established presence in the industry.

The rating may be lowered if approaching the MTN due date RICO is unable to demonstrate a significant progress in resolving the maturing MTN. PEFINDO may revise the outlook to stable if the Company is able to promptly address the refinancing risk of its maturing MTN.

RICO was established in February 1981 and operated as coal mining contractor since 2007 with activities including overburden removal, coal hauling, and heavy equipment rental. RICO is an indirect subsidiary of PT SMR Utama Tbk through PT Ricobana and is ultimately owned by PT Trada Alam Minera Tbk. As of March 31, 2022, it owned by PT Ricobana (100.00%) and Mr. Wijaya Mulia (0.00%).

Rating Definition

An obligor rated $idBB$ has a somewhat weak capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. It faces ongoing uncertainties or exposure to adverse business, financial or economic conditions which could result in an inadequate capacity to meet its financial commitments. The minus (-) sign indicates that the rating is relatively weak within its category.

Financial Highlights

As of/for the year ended	Mar-2022	Dec-2021	Dec-2020	Dec-2019
Consolidated Figure	(Unaudited)	(Audited)	(Audited)	(Audited)
Total adjusted assets [IDR bn]	870.5	917.8	1,003.7	1,253.7
Total adjusted debt [IDR bn]	448.8	454.1	469.3	549.4
Total adjusted equity [IDR bn]	206.1	240.5	289.8	499.6
Total sales [IDR bn]	135.1	541.9	492.4	699.2
EBITDA [IDR bn]	33.3	165.3	78.9	182.1
Net income after MI [IDR bn]	(34.9)	(51.1)	(204.0)	(135.6)
EBITDA margin [%]	24.6	30.5	16.0	26.0
Adjusted debt/EBITDA [X]	*3.4	2.7	6.0	3.0
Adjusted debt/adjusted equity [X]	2.2	1.9	1.6	1.1
FFO/adjusted debt [%]	*18.5	25.0	4.0	21.8
EBITDA/IFCCI [X]	2.6	3.2	1.3	2.9
USD exchange rate [IDR/USD]	14,349	14,278	14,105	13,901

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.

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