

PT Ricobana Abadi

Analysts: Gifar Indra Sakti / Marshall Mauritz Tatuhas

Phone/Fax/E-mail: (62-21) 5096 8469 / 5096 8468 / gifar.sakti@pefindo.co.id / marshall.tatuhas@pefindo.co.id

CREDIT PROFILE		FINANCIAL HIGHLIGHTS			
		As of/for the year ended			
		Sep-2021	Dec-2020	Dec-2019	Dec-2018
		(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idBB+/Negative</i>	969.4	1,003.7	1,253.7	1,386.9
Rated Issues		450.1	469.3	549.4	534.2
<i>MTN I/2017</i>	<i>idBB+</i>	286.0	289.8	499.6	634.0
Rating Period		413.1	492.4	699.2	850.6
<i>December 8, 2021 – December 1, 2022</i>		137.7	78.9	182.1	306.3
Rating History		(4.0)	(204.0)	(135.6)	12.1
<i>DEC 2020</i>	<i>idBB+/Stable</i>	33.3	16.0	26.0	36.0
<i>AUG 2020</i>	<i>idBB+/Stable</i>	2.5	6.0	3.0	1.7
<i>DEC 2019</i>	<i>idBBB-/Stable</i>	1.6	1.6	1.1	0.8
<i>DEC 2018</i>	<i>idBBB-/Stable</i>	29.6	4.0	21.8	46.8
<i>DEC 2017</i>	<i>idBBB-/Stable</i>	3.6	1.3	2.9	5.4
		14,496	14,105	13,901	14,481

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 *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.

PT Ricobana Abadi rated “idBB+”, outlook revised to negative

PEFINDO has affirmed its “idBB+” ratings for PT Ricobana Abadi (RICO) and its Medium-Term Notes (MTN) I Year 2017. However, we revise the outlook for the corporate rating to “negative” from “stable” in anticipation of lower production volume growth in the near term on the back of limited production capacity of its current fleets and challenges to procure new fleets during the extraordinary rise in the coal price. This may affect RICO’s ability to generate adequate cash flow to finance its operating activities and repay its financial liabilities including maturing MTN of IDR 400 billion in December 2022, amid challenges in restructuring or refinancing its MTN.

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

The corporate rating reflects RICO’s limited customer diversification, exposure to financing risk in the near term, and exposure to the fluctuation of coal prices. However, those concerns are partially offset by the Company’s experienced management team and adequately conservative business decisions.

The rating may be lowered if the Company’s business performance weakens as indicated by lower profitability and followed by weakening capital structure and cash flow protection measures. We could also lower the rating if the Company fails to find options to settle its maturing MTN. The outlook may be revised to stable if RICO could secure its financing source to support its business operation and the concerns over the settlement of its maturing MTN has been resolved. It should be accompanied by improving profitability as well as capital structure and cash flow protection measures on a sustainable basis.

Established in February 1981, RICO was previously engaged in heavy equipment rental and spare parts supply. Since 2007, it has been operating fully as a coal mining contractor, with activities including overburden (OB) removal, coal hauling, and heavy equipment rental. It has been awarded mining contracts from companies such as PT Berau Coal and PT Gunung Bara Utama. RICO is an indirect subsidiary of PT SMR Utama Tbk (SMRU) through PT Ricobana and is ultimately owned by PT Trada Alam Minera Tbk (TRAM). As of September 30, 2021, its shareholders were PT Ricobana (100,00%) and Mr. Wijaya Mulia (0.00%).

DISCLAIMER

The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.