

PT Kapuas Prima Coal Tbk

Credit Rating(s)

General Obligation (GO) ^{id}SD
Bond I/2018 ^{id}CCC

Rating Period

August 30, 2024 – October 1, 2024

Published Rating History

AUG 2024	^{id} D
FEB 2024	^{id} SD
JAN 2024	^{id} D
DES 2023	^{id} CCC/C.W.Neg.
OCT 2023	^{id} BBB/Stable

PEFINDO has revised the rating of PT Kapuas Prima Coal Tbk (ZINC)'s Bond I/2018 to ^{id}CCC from ^{id}D. At the same time, we also revised ZINC's corporate rating to ^{id}SD from previously ^{id}D. Our rating action follows ZINC's settlement of the bonds' principal and interest payments of bonds totaling Rp1.45 billion, initially due on August 13, 2024, but was postponed due to the Company's inability to export its concentrate products. Currently, ZINC has extended the export permit until December 2024. The corporate rating reflects ZINC's very weak financial condition, its exposure to an export ban for mineral concentrate amid prolonged development of its smelter, and its exposure to fluctuating commodity prices. Those risks are partly mitigated by ZINC's adequate reserves and resources.

We may revisit the rating if ZINC successfully resolves the restructuring process with its creditors.

Established in 2005, ZINC engaged in exploration and production activities for industrial metals, including zinc (Zn), lead (Pb), silver (Ag), and iron ore (Fe). The Company currently operates three blocks of underground pits named Gossan, Karim, and Ruwai in Lamandau, Central Kalimantan. Publicly listed in 2017, its shareholders as of September 30, 2023, were Sim Anthony (14.42%), Kioe Nata (12.33%), Budimulio Utomo (10.15%), PT Sarana Inti Selaras (9.78%), Haroen Soedjatmiko (9.57%), Wiliam (9.16%), and the public (34.59%).

Rating Definition

An obligor rated ^{id}SD ("Selective Default") has failed to pay one or more of its financial obligations, rated or unrated, when they came due, but still makes timely payments on its other obligations.

An obligor rated ^{id}CCC is currently vulnerable, and is dependent upon favorable business and financial conditions to meet its financial commitments.

Financial Highlights

As of/for the year ended	Jun-2024	Dec-2023	Dec-2022	Dec-2021
Consolidated Figure	(Unaudited)	(Audited)	(Audited)	(Audited)
Total adjusted assets [IDR bn]	2,558.5	2,591.2	2,463.9	2,046.4
Total adjusted debt [IDR bn]	1,522.8	1,569.4	1,527.9	1,043.1
Total adjusted equity [IDR bn]	716.6	732.5	761.1	875.3
Total sales [IDR bn]	101.6	471.3	717.3	838.8
EBITDA [IDR bn]	13.7	50.4	117.7	195.8
Net income after MI [IDR bn]	(13.1)	(20.7)	(103.0)	79.9
EBITDA margin [%]	13.5	10.7	16.4	23.3
Adjusted debt/EBITDA [X]	*55.4	31.2	13.0	5.3
Adjusted debt/adjusted equity [X]	2.1	2.1	2.0	1.2
FFO/adjusted debt [%]	*(1.9)	(2.1)	1.2	10.7
EBITDA/IFCCI [X]	0.5	0.6	1.0	2.8
USD exchange rate [IDR/USD]	16,421	15,416	15,731	14,269

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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