PEFINDO
CREDIT RATING AGENCY

Press Release
April 15, 2019

PT Pabrik Gula Rajawali I

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CREDIT PROFILE

Corporate Rating *$_{id}$A-/Stable*

Rated Issues
MTN I/2018 *$_{id}$A-*

Rating Period
April 11, 2019 – April 1, 2020

Rating History
APR 2018 *$_{id}$A-/Stable*
APR 2016 *$_{id}$A/Stable*

FINANCIAL HIGHLIGHTS

As of / for the year ended	**Dec-2018**	**Dec-2017**	**Dec-2016**	**Dec-2015**
	(Audited)	(Audited)	(Audited)	(Audited)
Total Adjusted Assets [IDR Bn]	1,394.3	1,305.9	1,084.7	917.8
Total Adjusted Debt [IDR Bn]	489.0	227.4	145.3	114.2
Total Adjusted Equity [IDR Bn]	459.4	454.3	430.3	282.4
Total Sales [IDR Bn]	769.5	791.2	685.7	1,070.3
EBITDA [IDR Bn]	213.9	256.8	219.0	367.2
Net Income after MI [IDR Bn]	67.9	116.4	135.5	194.6
EBITDA Margin [%]	27.8	32.5	31.9	34.3
Adjusted Debt/EBITDA [X]	2.3	0.9	0.7	0.3
Adjusted Debt/Adjusted Equity [X]	1.1	0.5	0.3	0.4
FFO/Adjusted Debt [%]	31.3	84.8	110.0	230.8
EBITDA/IFCCI [X]	5.3	9.2	13.3	11.3
USD Exchange Rate [IDR/USD]	14,481	13,548	13,436	13,795

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

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 to PT Pabrik Gula Rajawali I and its MTN

PEFINDO has affirmed its "**$_{id}$A-**" ratings to PT Pabrik Gula Rajawali I (PGRI) and the Company's Medium-Term Notes (MTN) I Year 2018. The outlook of the corporate rating is **"stable"**.

An obligor rated $_{id}$A has a strong capacity to meet its long-term financial commitments relative to 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 minus (-) sign in a particular rating indicates that it is relatively weak within the respective rating category.

The corporate rating reflects PGRI's productivity which is the highest in the industry, its vertically integrated operations, and moderate cash flow and liquidity measures. The rating is constrained by its high dependency on farmers' sugar cane supply, potentially weakened capital structure, and exposure to the fluctuation of sugar price and unfavorable weather conditions.

The rating may be raised if PGRI strengthens its business profile by exceeding its projected revenue and/or EBITDA along with improvements in its profitability margins, while consistently improving its capital structure. The rating may be lowered if it incurs higher-than-projected additional debt, and suffers weak cash flows as a result of weaker-than-expected business performance and a decline in sugar prices.

PGRI is a subsidiary of PT Rajawali Nusantara Indonesia (Persero) (RNIP, $_{id}$BBB+/Stable) that is engaged in sugarcane production and processing. Established in 1995 as a result of the merger of two sugar mills in East Java – Krebet Baru in Malang and Rejo Agung Baru in Madiun – PGRI has production facilities with respective capacities of 11,500 and 5,700 tons of cane a day (TCD). Those facilities cater to 28,558 hectares (ha) of sugarcane plantations, which are mostly owned by local farmers. At the end of 2018, PGRI was owned by RNIP (99.998%) and PT Rajawali Nusindo (0.002%).