PEFINDO
CREDIT RATING AGENCY

Press Release
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PT J Resources Nusantara

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CREDIT PROFILE

Corporate Rating *idA/Stable*

Rated Issues
MTN I/2017 *idA*
MTN II/2017 *idA*

Rating Period
September 19, 2017 – September 1, 2018

Rating History
JUL 2017 *idA/Stable*
MAY 2017 *idA/Stable*

FINANCIAL HIGHLIGHTS

As of / for the year ended	**Jun-2017** (Unaudited)	**Dec-2016** (Audited)	**Dec-2015** (Audited)	**Dec-2014** (Audited)	**Dec-201** (Audite
Total adjusted assets [USD Mn]	836.1	816.6	793.9	821.1	821.
Total adjusted debt [USD Mn]	356.2	320.5	334.2	397.8	397.
Total adjusted equity [USD Mn]	318.3	308.6	284.5	252.3	252.
Total sales [USD Mn]	107.8	235.1	286.6	280.2	280.
EBITDA [USD Mn]	50.5	119.2	133.6	111.4	111.
Net income after MI [USD Mn]	8.9	21.3	25.2	24.2	24.
EBITDA margin [%]	46.8	50.7	46.6	39.8	39.
Adjusted debt to EBITDA [X]	*3.5	2.7	2.5	3.6	3.
Adjusted debt to adjusted equity [X]	1.1	1.0	1.2	1.6	1.
FFO to adjusted debt [%]	*18.4	23.5	24.2	16.3	16.
EBITDA to IFCCI [X]	3.8	4.1	4.7	3.5	3.
USD exchange rate [IDR/USD]	13,319	13,436	13,795	12,440	12,44

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.

PEFINDO affirms "idA" ratings to PT J Resources Nusantara and its MTN

PEFINDO has affirmed its **"idA"** ratings to PT J Resources Nusantara (JRES), its Medium Term Note (MTN) I/2017, and MTN II/2017. The outlook for the corporate rating is **"stable"**.

An obligor rated idA has a strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors.

The ratings reflect JRES's sizeable mining reserves and resources, low cash cost, and the high demand for gold. However, the ratings are constrained by the Company's moderate capital structure, exposure to the fluctuation of gold price, and risks related to the development of unproduced mines.

The rating may be raised if JRES improves its financial profile, as indicated by a debt to EBITDA ratio below 2.0x on a sustainable basis, while maintaining its profitability margin and low cash cost position. This should also be supported by an increase in its mining reserves and gold production volume on a sustained basis. In contrast, the rating will be lowered if the Company aggressively finances its expansion with substantially larger debt than projected, without being compensated by stronger revenue and/or EBITDA generation. A significant drop in gold price may also trigger a rating downgrade since it could adversely affect the Company's financial profile.

JRES was established in 2003 under the name PT Bara Kutai Energi. It is a subsidiary of PT J Resources Asia Pasifik Tbk (PSAB), the largest Indonesian listed gold producing company. Its operations cover the exploration, mining, and processing of gold. It has a geographically diverse portfolio of assets across Indonesia and Malaysia, specifically in Penjom (Malaysia), Seruyung (North Kalimantan), Bakan, Lanut, Pani, Doup, Bolangitang, and Bulagidun in North Sulawesi. As of June 30, 2017, it had four producing mines, two mines in the development stage and two mines in the exploration stage. As of June 30, 2017, its shareholders were PT J Resources Asia Pasifik Tbk (98.87%), PT Mentari Bukit Makmur (1.11%), and others (0.02%).