

PT Kapuas Prima Coal Tbk

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Jun-2019	Dec-2018	Dec-2017	Dec-2016
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idBBB/Stable</i>	Total Adjusted Assets [IDR Bn]	1,300.2	1,317.3	712.2	556.0
Rated Issues		Total Adjusted Debt [IDR Bn]	481.1	472.1	153.5	144.8
<i>Bond I Seri A-E/2018</i>	<i>idBBB</i>	Total Adjusted Equity [IDR Bn]	691.1	588.1	478.8	146.2
Rating Period		Total Sales [IDR Bn]	432.7	754.6	435.9	138.3
<i>October 10, 2019 – October 1, 2020</i>		EBITDA [IDR Bn]	184.7	217.9	109.1	22.7
Rating History		Net Income after MI [IDR Bn]	112.9	110.2	45.2	(34.9)
<i>OCT 2018</i>	<i>idBBB/Stable</i>	EBITDA Margin [%]	42.7	28.9	25.0	16.4
		Adjusted Debt/EBITDA [X]	*1.3	2.2	1.4	6.4
		Adjusted Debt/Adjusted Equity [X]	0.7	0.8	0.3	1.0
		FFO/Adjusted Debt [%]	*53.3	36.5	50.8	3.9
		EBITDA/IFCCI [X]	6.9	9.2	8.0	1.4
		USD Exchange Rate [IDR/USD]	14,141	14,481	13,548	13,436

*FFO = EBITDA – IFCCI + interest income – current tax expense
EBITDA = (operating profit + depreciation exp. + amortization exp.)
IFCCI = (gross interest expense + other financial charges + capitalized interest); foreign exchange 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 "idBBB" ratings of PT Kapuas Prima Coal Tbk and its bonds

PEFINDO has affirmed its "idBBB" ratings to PT Kapuas Prima Coal Tbk (ZINC) and its Bond I 2018 Seri A-E. The outlook for the corporate rating is "stable".

An obligor rated idBBB has an adequate capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, adverse economic conditions or changing circumstances are more likely to weaken its capacity to meet its financial commitments.

The rating reflects ZINC's adequate reserves and resources profile and more vertically integrated operations in the near to medium term by the operation of lead and zinc's smelters. The rating is constrained by its more aggressive capital structure and weakening cash flow protection measures, a lower margin compared to global peers, and exposure to fluctuating commodity prices.

The rating could be raised if ZINC exceeds its revenue and margin projections and improves its financial leverage. The rating will be lowered if its revenue growth fails to meet projections and/or its capital structure becomes substantially more aggressive. The rating will also be under pressure if price fluctuations in the global zinc and lead markets significantly impair its revenue and profitability.

Established in 2005, ZINC is engaged in exploration and production activities for industrial metals: zinc (Zn), lead (Pb), silver (Ag), and iron ore (Fe). In 2008-2014, it only produced and sold Fe. Since 2015, it has focused on Zn and Pb, mainly due to the price of Fe, which is deemed too low. It currently operates five underground pits in Lamandau, Central Kalimantan, with an estimated raw ore production capacity of 450,000 tons per annum in 2019. Publicly listed in 2017, its shareholders were PT Sarana Inti Selaras (21.36%), Sim Anthony (15.13%), Kioe Nata (13.05%), Budimulio Utomo (10.54%), Haroen Soedjatmiko (9.57%), William (9.56%), and the public 20.79% as of June 30, 2019.

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