

PT Pabrik Gula Rajawali I

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS			
		As of/for the year ended			
		Mar-2021	Dec-2020	Dec-2019	Dec-2018
		(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idBBB-/C.W. Negative</i>	1,450.1	1,978.4	1,410.6	1,394.3
Rated Issues		558.1	497.7	493.0	489.0
<i>MTN I/2018</i>	<i>idBBB-</i>	494.9	491.4	548.4	459.4
Rating Period		636.2	1,566.9	2,218.7	769.5
<i>April 13, 2021 – July 13, 2021</i>		14.4	145.5	306.5	213.9
Rating History		(7.8)	26.8	141.5	67.9
<i>MAR 2021</i>	<i>idBBB+/Negative</i>	2.3	9.3	13.8	27.8
<i>DEC 2020</i>	<i>idBBB+/Negative</i>	*9.7	3.4	1.6	2.3
<i>APR 2020</i>	<i>idA-/Stable</i>	1.1	1.0	0.9	1.1
<i>APR 2019</i>	<i>idA-/Stable</i>	*9.4	20.2	44.6	31.3
<i>APR 2018</i>	<i>idA-/Stable</i>	8.7	2.9	5.9	5.3
<i>APR 2016</i>	<i>idA-/Stable</i>	14,229	14,105	13,901	14,481

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.

PT Pabrik Gula Rajawali I lowered to *idBBB-*, outlook revised to Creditwatch with negative implication

PEFINDO has lowered the ratings for PT Pabrik Gula Rajawali I (PGRI) and its Medium-Term Notes (MTN) I Year 2018 to "*idBBB-*" from "*idBBB+*". At the same time, we also revised the outlook of PGRI's corporate rating to "**CreditWatch with negative implication**". The rating action reflects heightening refinancing risk for PGRI's maturing MTN I PT PG Rajawali 1 Year 2018 Serie A of IDR250 billion and MTN I PT PG Rajawali 1 Year 2018 Serie B of IDR250 billion, which are due on May 17, 2021 and May 31, 2021, respectively. The Company has limited financial resources, with cash position of IDR10.1 billion as of March 31, 2021 and undisbursed working capital loan of around IDR200 billion, which we view insufficient to repay its maturing MTN. PGRI is currently in the process of obtaining additional bank loans as one of the refinancing sources.

Further delay in PGRI's initiatives to secure bank loan may trigger further potential rating downgrades to reflect our concerns over PGRI's capability to repay the maturing MTN in a timely manner. A higher debt realization and/ or financial profile deterioration due to weaker-than-expected cash flow/ profitability, stemming from weaker-than-expected business performance and a decline in sugar price, may also trigger a rating downgrade. However, we may revise the outlook to stable and/or raise the rating if PGRI manages to settle the MTN repayment issue and accompanied by improvement on operational and financial indicators on a sustained basis.

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 minus (-) sign indicates that the rating is relatively weak within its category.

PGRI is a subsidiary of PT Rajawali Nusantara Indonesia (Persero) engaged in sugarcane production and processing. Established in 1995 as a result of the merger of two sugar mills in East Java – Kretet Baru in Malang and Rejo Agung in Madiun – PGRI has production facilities with respective capacity of 12,300 and 5,800 tons of cane per day (TCD), catering 29,136 hectares (ha) of sugarcane plantations, mostly owned by local farmers. As of March 31, 2021, PGRI was owned by PT Rajawali Nusantara Indonesia (Persero) (99.999%) and PT Rajawali Nusindo (0.001%).

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.