

PT Pabrik Gula Rajawali I

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS			
		As of/for the year ended			
		Dec-2017	Dec-2016	Dec-2015	Dec-2014
		(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idA-/Stable</i>	1,276.7	1,060.9	927.5	1,178.1
Rated Issues		227.4	145.3	114.2	488.2
<i>Proposed MTN I/2018</i>	<i>idA-</i>	432.4	412.5	282.5	250.1
Rating Period		791.2	685.7	1,070.3	669.5
<i>April 17, 2018 – April 1, 2019</i>		256.8	219.0	367.2	210.8
Rating History		112.4	135.5	194.6	73.6
<i>APR 2016</i>	<i>idA/Stable</i>	32.5	31.9	34.3	31.5
		0.9	0.7	0.3	2.3
		0.5	0.4	0.4	2.0
		84.8	110.0	230.8	27.7
		9.2	13.3	11.3	3.9
		13,548	13,436	13,795	12,440

*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 assigns "idA-" ratings to PT Pabrik Gula Rajawali I and its proposed MTN

PEFINDO has assigned its "idA-" ratings to PT Pabrik Gula Rajawali I (PGR1) and the Company's proposed Medium-Term Notes (MTN) I Year 2018 of IDR500 billion. The MTN proceeds will be used to meet operational needs and optimize the financing structure. The outlook of the corporate rating is "stable".

An obligor rated idA 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 PGR1's productivity which is the highest in the industry, its vertically integrated operations, and moderate capital structure. The rating is constrained by its high dependency on farmers' sugar cane supply, weakened cash flow protection measures, and exposure to the fluctuation of sugar price and unfavorable weather conditions.

The rating may be raised if PGR1 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.

PGR1 is a subsidiary of PT Rajawali Nusantara Indonesia (Persero) (RNIP, idA-/Negative) that is engaged in sugarcane production and processing. Established in 1995 as a result of the merger of two sugar mills in East Java – Kreet Baru in Malang and Rejo Agung in Madiun – PGR1 has production facilities with respective capacities of 11,500 and 5,700 tons of cane a day (TCD). Those facilities cater to 28,405 hectares (ha) of sugarcane plantations, which are dominated by local farmers. As of December 2017, PGR1 was owned by RNIP (99.998%) and PT Rajawali Nusindo (0.002%).

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