

PT Ricobana Abadi

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CREDIT PROFILE

FINANCIAL HIGHLIGHTS

		As of/for the year ended				
		Sep-2019	Dec-2018	Dec-2017	Dec-2016	
		(Unaudited)	(Audited)	^(Audited)	^(Audited)	
Corporate Rating	<i>idBBB-/Stable</i>					
Rated Issues						
<i>MTN I/2017</i>	<i>idBBB-</i>					
Rating Period						
<i>December 5, 2019 – December 1, 2020</i>						
Rating History						
<i>DEC 2018</i>	<i>idBBB-/Stable</i>					
<i>DEC 2017</i>	<i>idBBB-/Stable</i>					
		Total Adjusted Assets [IDR Bn]	1,312.5	1,386.9	1,393.5	1,478.2
		Total Adjusted Debt [IDR Bn]	527.0	534.2	547.6	822.5
		Total Adjusted Equity [IDR Bn]	568.6	634.0	618.1	315.4
		Total Sales [IDR Bn]	562.9	850.6	739.6	571.3
		EBITDA [IDR Bn]	176.2	306.3	280.1	191.2
		Net Income after MI [IDR Bn]	(65.0)	12.1	121.0	(128.2)
		EBITDA Margin [%]	31.3	36.0	37.9	33.5
		Adjusted Debt/EBITDA [X]	*2.2	1.7	2.0	4.3
		Adjusted Debt/Adjusted Equity [X]	0.9	0.8	0.9	2.6
		FFO/Adjusted Debt [%]	*33.1	46.3	54.7	17.8
		EBITDA/IFCCI [X]	3.8	5.4	43.1	4.2
		USD Exchange Rate [IDR/USD]	14,174	14,481	13,548	13,436

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 ^as restated, has been audited in USD denominations*

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 PT Ricobana Abadi (RICO)'s rating at "idBBB-"

PEFINDO has affirmed its "idBBB-" ratings for PT Ricobana Abadi (RICO) and its Medium-Term Notes (MTN) I Year 2017. 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 minus (-) sign indicates that the rating is relatively weak within the respective rating category.

The rating reflects RICO's experienced management team with conservative approach and adequate cash flow protection measures. However, the rating is constrained by the Company's concentration in certain customers, small market position in the coal mining contractor industry, and exposure to the fluctuation of coal price.

The rating could be raised if RICO strengthens its market position in the coal mining contractor industry as reflected by gaining new contracts as well as diversifying customer profile which could significantly increase its revenue and reduce its dependency on certain customers. This should also be supported by improving profitability margins and financial profile with debt to EBITDA ratio below 2.0x on a sustained basis. However, the rating could 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. Furthermore, a significantly lower production volume than expected and/or a significant drop in a coal price could also trigger a rating downgrade as these adversely affect the Company's financial profile.

Established in February 1981, RICO was previously engaged in heavy equipment rental and spare parts supply. Since 2007, RICO has been operating fully as a coal mining contractor, with activities including overburden (OB) removal, coal hauling, and heavy equipment rental. It has been awarded mining contracts from companies, such as PT Berau Coal, PT Tambang Batu Bara Bukit Asam, and PT Mahakam Sumber Jaya. RICO is an indirect subsidiary of PT SMR Utama Tbk (SMRU) through PT Ricobana. As of September 30, 2019, its shareholders were PT Ricobana (99.99%) and Mr. Wijaya Mulia (0.01%).

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.