

## PT Ricobana Abadi

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<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
		<b>As of/for the year ended</b>	<b>Mar-2020</b>	<b>Dec-2019</b>	<b>Dec-2018</b>	<b>Dec-2017</b>
<b>Corporate Rating</b>	<i>idBB+/Stable</i>		(Unaudited)	(Audited)	(Audited)	^(Audited)
<b>Rated Issues</b>		Total Adjusted Assets [IDR Bn]	1,197.9	1,253.7	1,386.9	1,393.5
<i>MTN I/2017</i>	<i>idBB+</i>	Total Adjusted Debt [IDR Bn]	531.5	549.4	534.2	547.6
<b>Rating Period</b>		Total Adjusted Equity [IDR Bn]	438.7	499.6	634.0	618.1
<i>August 5, 2020 – December 1, 2020</i>		Total Sales [IDR Bn]	113.0	699.2	850.6	739.6
<b>Rating History</b>		EBITDA [IDR Bn]	11.0	182.1	306.3	280.1
<i>DEC 2019</i>	<i>idBBB-/Stable</i>	Net Income after MI [IDR Bn]	(60.7)	(135.6)	12.1	121.0
<i>DEC 2018</i>	<i>idBBB-/Stable</i>	EBITDA Margin [%]	9.7	26.0	36.0	37.9
<i>DEC 2017</i>	<i>idBBB-/Stable</i>	Adjusted Debt/EBITDA [X]	*12.1	3.0	1.7	2.0
		Adjusted Debt/Adjusted Equity [X]	1.2	1.1	0.8	0.9
		FFO/Adjusted Debt [%]	*(7.5)	18.8	46.3	54.7
		EBITDA/IFCCI [X]	0.7	2.9	5.4	43.1
		USD Exchange Rate [IDR/USD]	16,367	13,901	14,481	13,548

*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 lowers PT Ricobana Abadi's rating to "idBB+"

PEFINDO has lowered the ratings of PT Ricobana Abadi (RICO) and its Medium-Term Notes (MTN) I Year 2017 to "idBB+" from "idBBB-". The rating downgrade reflects our expectation that the Company's business and financial performance will be weakened in the near term as its customers, Berau Coal and Gunung Bara Utama, decided to lower its production volume in 2020 as a result of prolonged low coal price. We expect the Company to book significantly lower production volume and revenue in 2020 amid high debt balance. The outlook for the corporate rating is "stable".

An obligor rated idBB has a somewhat weak capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. The obligor faces ongoing uncertainties or exposure to adverse business, financial or economic conditions which could result in an inadequate capacity on the part of the obligor to meet its financial commitments. The Plus (+) sign indicates that the rating is relatively strong within the respective rating category.

The corporate rating reflects the Company's limited customer diversification, small market position in the coal mining contractor industry, and exposure to the fluctuation of coal price. However, those concerns are partially offset by RICO's experienced management team and adequately conservative business decisions.

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 3.0x on a sustained basis. However, the rating could be lowered if the Company's revenue and EBITDA generation in 2020 are significantly below our projection. We could also lower the rating if it aggressively finances its expansion with substantially larger debt than projected, without being compensated by stronger revenue and/or EBITDA generation.

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 March 31, 2020, its shareholders were PT Ricobana (99.99%) and Mr. Wijaya Mulia (0.01%).

**DISCLAIMER**

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