

PT Pabrik Gula Rajawali I

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS			
		As of/for the year ended			
		Dec-2019	Dec-2018	Dec-2017	Dec-2016
		(Audited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idA-/Stable</i>	1,410.6	1,394.3	1,305.9	1,084.7
Rated Issues		493.0	489.0	227.4	145.3
<i>MTN I/2018</i>	<i>idA-</i>	548.4	459.4	454.3	430.3
Rating Period		2,218.7	769.5	791.2	685.7
<i>April 13, 2020 – April 1, 2021</i>		306.5	213.9	256.8	219.0
Rating History		141.5	67.9	116.4	135.5
<i>APR 2019</i>	<i>idA-/Stable</i>	13.8	27.8	32.5	31.9
<i>APR 2018</i>	<i>idA-/Stable</i>	1.6	2.3	0.9	0.7
<i>APR 2016</i>	<i>idA-/Stable</i>	0.9	1.1	0.5	0.3
		44.6	31.3	84.8	110.0
		5.9	5.3	9.2	13.3
		13,901	14,481	13,548	13,436

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

PEFINDO has affirmed its "idA-" ratings to PT Pabrik Gula Rajawali I (PGRI) and the Company's Medium-Term Notes (MTN) I Year 2018. 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 that of 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 indicates that the rating is relatively weak within the respective rating category.

The corporate rating reflects PGRI's productivity and extraction rate which is one of the highest in the industry, its vertically integrated operations, and moderate cash flow and liquidity measures. The rating is constrained by its high dependency on farmers' sugarcane supply and exposure to the fluctuation of sugar price and unfavorable weather conditions.

The rating could be raised if PGRI 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. The rating could also be lowered if prolonged current Coronavirus Disease (COVID-19) outbreak adversely affects the Company's business operation, such as interrupting the harvesting and milling season that is expected to start around June 2020, resulting in lower revenue, cash flow, and/or profitability in the near term.

PGRI is a subsidiary of PT Rajawali Nusantara Indonesia (Persero) (RNIP, idBBB/stable) that is engaged in sugarcane production and processing. Established in 1995 as a result of the merger of two sugar mills in East Java – Krebet Baru in Malang and Rejo Agung in Madiun – PGRI has production facilities with respective capacities of 11,500 and 5,700 tons of cane a day (TCD). Those facilities cater to 29,476 hectares (ha) of sugarcane plantations, which are dominated by local farmers. As of December 2019, PGRI was owned by RNIP (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.