

PT Ricobana Abadi

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Sep-2018[^]	Dec-2017	Dec-2016	Dec-2015
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idBBB-/Stable</i>	Total adjusted assets [USD Mn]	93.3	103.0	110.2	122.4
Rated Issues		Total adjusted debt [USD Mn]	41.8	40.4	61.2	72.4
<i>MTN I/2017</i>	<i>idBBB-</i>	Total adjusted equity [USD Mn]	37.4	45.7	23.7	32.7
Rating Period		Total sales [USD Mn]	42.0	55.3	43.0	39.3
<i>December 3, 2018 – December 1, 2019</i>		EBITDA [USD Mn]	14.2	21.1	15.6	13.5
Rating History		Net income after MI [USD Mn]	(0.2)	9.0	(9.6)	(13.5)
<i>DEC 2017</i>	<i>idBBB-/Stable</i>	EBITDA margin [%]	33.8	38.1	36.4	34.4
		Adjusted debt to EBITDA [X]	*2.2	1.9	3.9	5.4
		Adjusted debt to adjusted equity [X]	1.1	0.9	2.6	2.2
		FFO to adjusted debt [%]	*36.3	51.0	18.8	11.3
		EBITDA to IFCCI [X]	5.0	43.5	3.8	2.5
		USD exchange rate [IDR/USD]	14,929	13,548	13,436	13,795

*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 [^]The Company changes its financial statement currency to IDR in 2018
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 potentially higher revenue stream, experienced management team, and moderate 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 contract as well as diversifying customer profile which could significantly increase its revenue and reduce its dependency in 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. In addition, a significantly lower production volume than expected could also lower its rating. A failure to book a new contract that has been projected before, and significant drop in a coal price could trigger a rating downgrade since it could adversely affect the Company's financial profile.

Established in April 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, 2018, its shareholders were PT Ricobana (99.99%) and Mr. Wijaya Mulia (0.01%).

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