

PT Ricobana Abadi

Analysts: Christyanto Wijaya / Umar Hareddy

Phone/Fax/E-mail: (62-21) 72782380 / 72782370 / christyanto.wijaya@pefindo.co.id / umar.hareddy@pefindo.co.id

CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Sep-2020	Dec-2019	Dec-2018	Dec-2017
			(Unaudited)	(Audited)	(Audited)	^(Audited)
Corporate Rating	<i>idBB+/Stable</i>	Total Adjusted Assets [IDR Bn]	1,065.1	1,253.7	1,386.9	1,393.5
Rated Issues		Total Adjusted Debt [IDR Bn]	486.4	549.4	534.2	547.6
<i>MTN I/2017</i>	<i>idBB+</i>	Total Adjusted Equity [IDR Bn]	352.2	499.6	634.0	618.1
Rating Period		Total Sales [IDR Bn]	369.3	699.2	850.6	739.6
<i>December 11, 2020 – December 1, 2021</i>		EBITDA [IDR Bn]	60.3	182.1	306.3	280.1
Rating History		Net Income after MI [IDR Bn]	(145.9)	(135.6)	12.1	121.0
<i>AUG 2020</i>	<i>idBB+/Stable</i>	EBITDA Margin [%]	16.3	26.0	36.0	37.9
<i>DEC 2019</i>	<i>idBBB-/Stable</i>	Adjusted Debt/EBITDA [X]	*6.1	3.0	1.7	2.0
<i>DEC 2018</i>	<i>idBBB-/Stable</i>	Adjusted Debt/Adjusted Equity [X]	1.4	1.1	0.8	0.9
<i>DEC 2017</i>	<i>idBBB-/Stable</i>	FFO/Adjusted Debt [%]	*4.1	21.8	46.8	54.7
		EBITDA/IFCCI [X]	1.3	2.9	5.4	43.1
		USD Exchange Rate [IDR/USD]	14,918	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 affirms PT Ricobana Abadi's rating at "idBB+"

PEFINDO has affirmed its "idBB+" 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 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 RICO's limited customer diversification, small market position in the coal mining contractor industry, and exposure to the fluctuation of coal prices. However, those concerns are partially offset by the Company'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 new contracts and a more diversified customer profile, which could significantly increase its revenue and reduce its dependency on certain customers. This should also be supported by improvements in its profitability margins and financial profile, with a debt to EBITDA ratio of below 3.0x on a sustained basis. However, the rating could be lowered if the Company's revenue and/or EBITDA over the near to medium term are significantly below our projections. 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, it 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, 2020, 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.