PEFINDO
CREDIT RATING AGENCY

Press Release
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PT Ricobana Abadi

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CREDIT PROFILE

Corporate Rating *idBBB-/Stable*

Rated Issues
Proposed MTN *idBBB-*

Rating Period
December 7, 2017 – December 1, 2018

Rating History
n/a

FINANCIAL HIGHLIGHTS

As of/for the year ended	**Aug-2017** (Unaudited)	**Dec-2016** (Audited)	**Dec-2015** (Audited)	**Dec-2014** (Audited)
Total adjusted assets [USD Mn]	106.3	110.2	122.4	144.7
Total adjusted debt [USD Mn]	56.9	61.2	72.4	81.4
Total adjusted equity [USD Mn]	25.8	23.7	32.7	47.0
Total sales [USD Mn]	39.8	43.0	39.3	72.4
EBITDA [USD Mn]	16.5	15.6	13.5	30.2
Net income after MI [USD Mn]	2.0	(9.6)	(13.5)	(48.0)
EBITDA margin [%]	41.5	36.4	34.4	41.8
Adjusted debt to EBITDA [X]	*2.3	3.9	5.4	2.7
Adjusted debt to adjusted equity [X]	2.2	2.6	2.2	1.7
FFO to adjusted debt [%]	*38.0	18.8	11.3	30.4
EBITDA to IFCCI [X]	8.3	3.8	2.5	5.5
USD exchange rate [IDR/USD]	13,319	13,436	13,795	12,440

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 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 assigns "idBBB-" rating to PT Ricobana Abadi and proposed MTN

PEFINDO has assigned its **"idBBB-"** ratings to PT Ricobana Abadi (RBAD) and its proposed Medium-Term Notes (MTN) of a maximum of IDR400 billion, the proceeds of which will be used to partly refinance an existing loan. 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 ratings reflect RBAD's potentially higher revenue stream, experienced management team, and moderate cash flow protection measures. However, the ratings are constrained by its high dependency on a single customer, small market position in the mining contractor industry, and exposure to coal price fluctuations.

The ratings may be raised if RBAD significantly strengthens its market position in the mining contractor industry by gaining new contracts as well as diversifying its customer profile, which could significantly increase its revenue. This should also be supported by improved profitability margins and financial profile, with a debt to EBITDA ratio below 2.0x on a sustained basis. In contrast, the ratings will be lowered if it aggressively finances its expansion with substantially larger debt than projected, without being compensated by stronger revenue and/or EBITDA. Failure to renew existing contracts and a significant drop in coal price could also trigger a rating downgrade, since these could adversely affect its financial profile.

Established in April 1981, RBAD was previously engaged in heavy equipment rental and spare parts supply. It was once appointed as the exclusive agent for Kobelco equipment and its spareparts. By 2007, RBAD began operating fully as a coal mining contractor, with activities including overburden 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. RBAD is an indirect subsidiary of PT SMR Utama Tbk (SMRU) through PT Ricobana. As of June 30, 2017, its shareholders were PT Ricobana (99.99%) and Mr. Wijaya Mulia (0.01%).