Press Release

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PT J Resources Asia Pasifik Tbk

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CREDIT PROFILE

Corporate Rating *$_{id}$A/Stable*

Rated Issues

Shelf Reg. Bond I *$_{id}$A*

Rating Period

June 10, 2021 – June 1, 2022

June 10, 2021 – August 10, 2021

Rating History

MAR 2021	*$_{id}$A/Stable*
MAR 2020	*$_{id}$A/Stable*
MAR 2019	*$_{id}$A/Stable*
DEC 2016	*$_{id}$A/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	**Dec-2020**	**Dec-2019**	**Dec-2018**	**Dec-2017**
	(Audited)	(Audited)	(Audited)	(Audited)
Total adjusted assets [USD Mn]	930.5	959.7	884.9	889.8
Total adjusted debt [USD Mn]	425.6	446.0	374.4	402.2
Total adjusted equity [USD Mn]	344.0	322.3	338.4	318.5
Total sales [USD Mn]	247.7	244.9	222.6	219.4
EBITDA [USD Mn]	155.4	114.9	105.8	104.7
Net income after MI [USD Mn]	(6.2)	0.3	15.3	14.5
EBITDA margin [%]	62.7	46.9	47.5	47.7
Adjusted debt to EBITDA [X]	2.7	3.9	3.5	3.8
Adjusted debt to adjusted equity [X]	1.2	1.4	1.1	1.3
FFO to adjusted debt [%]	24.8	15.1	15.1	16.0
EBITDA to IFCCI [X]	4.1	2.9	3.0	3.5
USD exchange rate [IDR/USD]	14,105	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
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 "$_{id}$A" ratings for PT J Resources Asia Pasifik Tbk and its bond

PEFINDO has affirmed its **"$_{id}$A"** ratings for PT J Resources Asia Pasifik Tbk (PSAB) and its Shelf Registered Bond I of maximum of IDR3.0 trillion. The outlook for the corporate rating is **"stable"**. PEFINDO also affirmed its **"$_{id}$A"** ratings for PSAB's maturing Shelf Registered Bond I Phase V Serie A of IDR335 billion due on August 10, 2021. PSAB plans to refinance its maturing Bond, or PSAB will resort to a combination of internal cash and proceeds from other external funding to fully repay its maturing Bond.

An obligor rated $_{id}$A 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.

Debt security rated $_{id}$A indicates that the issuer's capacity to meet its long-term financial commitments on the debt security, relative to other Indonesian issuers, is strong. However, the issuer's capacity is somewhat more susceptible to adverse effects of changes in circumstances and economic conditions than higher-rated issuers.

The corporate rating reflects PSAB's sizeable mining reserves and resources, expectations of low cash cost, and the high demand for gold. The rating is constrained by its aggressive capital structure, exposure to the fluctuation of gold prices and unfavorable weather, and risks related to the development of new mines.

The rating may be raised if PSAB improves its capital structure, as indicated by a debt to EBITDA ratio below 2.0x on a sustained basis, while maintaining its profitability margin and low cash cost position. This should also be supported by a sustained increase in its mining reserves and gold production volume. The rating may be under pressure if it delays the construction of its Doup project, which could result in significantly lower production volume than projected. Its rating may be lowered if it aggressively finances the expansion with substantially larger debt than projected, without being compensated by stronger revenue and/or EBITDA. A significant drop in the price of gold may also trigger a rating downgrade, as this could adversely affect its financial profile.

PSAB was established in 2002 under the name PT Pelita Sejahtera Abadi, and started mining operations in 2012 after acquiring assets from Avocet Mining. Its operations cover the exploration, mining, and processing of gold. It has a geographically diverse portfolio of assets across Indonesia and Malaysia, specifically in Penjom, Malaysia; Seruyung, North Kalimantan; and Bakan, Lanut, Pani, Doup, Bolangitang, and Bulagidun in North Sulawesi. The Company had three producing mines, one mine in construction stage, one mine in the development stage, and two mines in the exploration stage. As of December 31, 2020, its shareholders were Jimmy Budiarto (92.50%), Sanjaya J (0.02%), and the public (7.48%).