

PT J Resources Asia Pasifik Tbk

Analysts: Kresna Piet Wiryawan / Gifar Indra Sakti

Phone/Fax/E-mail: (62-21) 50968469 / 50968468 / kresna.wiryawan@pefindo.co.id / gifar.sakti@pefindo.co.id

CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Sep-2021	Dec-2020	Dec-2019	Dec-2018
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idBBB+/Stable</i>	Total adjusted assets [USD Mn]	900.8	930.5	959.7	884.9
Rated Issues		Total adjusted debt [USD Mn]	379.6	425.6	446.0	374.4
<i>Shelf Reg. Bond I</i>	<i>idBBB+</i>	Total adjusted equity [USD Mn]	355.1	344.0	322.3	338.4
Rating Period		Total sales [USD Mn]	191.8	247.7	244.9	222.6
<i>January 7, 2022 – June 1, 2022</i>		EBITDA [USD Mn]	82.1	155.4	114.9	105.8
Rating History		Net income after MI [USD Mn]	(15.9)	(6.2)	0.3	15.3
<i>NOV 2021</i>	<i>idBBB/C.W. Negative</i>	EBITDA margin [%]	42.8	62.7	46.9	47.5
<i>SEP 2021</i>	<i>idBBB/C.W. Negative</i>	Adjusted debt to EBITDA [X]	*3.5	2.7	3.9	3.5
<i>JUN 2021</i>	<i>idA/Stable</i>	Adjusted debt to adjusted equity [X]	1.1	1.2	1.4	1.1
<i>MAR 2021</i>	<i>idA/Stable</i>	FFO to adjusted debt [%]	*15.9	24.8	15.1	15.1
<i>MAR 2020</i>	<i>idA/Stable</i>	EBITDA to IFCCI [X]	3.4	4.1	2.9	3.0
<i>MAR 2019</i>	<i>idA/Stable</i>	USD exchange rate [IDR/USD]	14,321	14,105	13,901	14,481
<i>DEC 2016</i>	<i>idA/Stable</i>					

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.

PT J Resources Asia Pasifik Tbk raised to "idBBB+", outlook revised to "stable"

PEFINDO has raised its ratings for PT J Resources Asia Pasifik Tbk (PSAB) and its Shelf Registered Bond I to "idBBB+" from "idBBB" and revised the outlook for corporate rating to "stable" from "CreditWatch Negative". These rating actions follow PSAB's capability in repaying USD91 million loans at the end of December 2021 as demanded by one of its creditors, using the proceeds from the whole divestment of PT Gorontalo Sejahtera Mining, one of its subsidiaries. The remaining funds from the divestment proceeds will be used to reduce its bank loans further and working capital level, as well as for liquidity buffer. We are of the view that the divestment has minimum impact to PSAB's overall business profile, considering the divested mining asset is still in exploration phase and therefore the potential revenue generation in the medium term from this asset has not been incorporated in our rating assessment. PSAB's reserves after the divestment are still regarded as sizable to cover more than 10 years of mining life. The loan settlement has also eased PSAB's financial indicators and provided more flexibility in obtaining external funding sources, including to repay the near-term financial liabilities.

An obligor rated idBBB has an adequate capacity to meet its long-term financial commitments relative to those of other Indonesian obligors. However, adverse economic conditions or changing circumstances are more likely to weaken its capacity to meet its financial commitments. The plus (+) sign indicates that the rating is relatively strong within its category.

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 risks related to the development of new mines.

The rating may be raised if PSAB fully operates its Doup project and improves its capital structure, as indicated by a debt to EBITDA ratio below 2.5x on a sustained basis, while maintaining its profit margin and low cash cost position which will further positively affect its liquidity profile. 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 fails to secure loan facilities in the upcoming months resulting in delays of the construction of Doup project which may 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 for by a stronger revenue and/or EBITDA. A significant drop in the price of gold may also trigger a rating downgrade, as this may adversely affect its financial profile.

PSAB was established in 2002 under the name PT Pelita Sejahtera Abadi and commenced 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, and Doup in North Sulawesi. The Company owned three producing mines, one mine in construction stage, and one mine in the development stage. As of September 30, 2021, its shareholders consisted of Jimmy Budiarto (92.50%), Sanjaya J (0.02%), and the public (7.48%).

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.