

Bayan upgraded

**Ba1 Stable**

Highest credit rating by  
Moody's of any Indonesian  
coal Company



## **Rating Action: Moody's Ratings upgrades Bayan Resources to Ba1; outlook stable**

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19 Jun 2025

Singapore, June 19, 2025 -- Moody's Ratings (Moody's) has upgraded Bayan Resources Tbk (P.T.)'s (Bayan) corporate family rating (CFR) to Ba1 from Ba2.

At the same time, we have changed the outlook to stable from positive.

"The upgrade to Ba1 reflects Bayan's status as one of the largest thermal coal producers in Indonesia as well as our expectation that it will continue to maintain its strict adherence to conservative financial policies," says Anthony Prayugo, a Moody's Ratings Analyst.

"Bayan's credit quality is supported by its growing thermal coal operations, which have low operating costs and generate solid profitability even during coal price downcycles," adds Prayugo, also Moody's Ratings lead analyst for Bayan.

### **RATINGS RATIONALE**

Bayan's ability to generate profit through price cycles is mainly supported by its established and integrated mining infrastructure, which allows the company to maintain low-cost operations. Bayan is ramping up thermal coal production at its Tabang mines to around 65 million metric tons (MT) by the end of 2025, and around 80 million MT by end-2026, which would position Bayan as Indonesia's largest thermal coal producer.

We expect execution risk for the production ramp-up is minimal, as Bayan has completed most of its infrastructure works at the Tabang mines. Furthermore, the company has a strong track record, increasing its annual thermal coal production to 57 million MT in 2024 from 10 million MT in 2016.

Bayan's Tabang mines have a low strip ratio and a long reserve life of around 25 years, based on its projected production volume for 2025. The Tabang mines, which contributed around 90% of Bayan's coal production in 2024, are among the lowest-cost energy-adjusted global coal mines with a strip ratio of only 3.6x. This enables Bayan to maintain a low cash cost and generate solid profitability during periods of low coal prices. Even under a stress case scenario with a Newcastle thermal coal price of \$70/MT, we expect Bayan to generate an annual EBITDA exceeding \$1 billion once it reaches 80 million MT in annual production.

We expect the company will continue to have minimal reliance on incremental debt funding over the next few years, as it will use its internal cash flow for ongoing capital spending to increase production capacity and infrastructure. As a result, Bayan's credit metrics will remain very strong, with adjusted debt/EBITDA remaining below 0.5x over the next two years.

Bayan will maintain very good liquidity over the next 18 months with sufficient internal cash and projected operating cash flow to fund its capital spending and dividend payments. The company also has around \$460 million undrawn committed working capital facilities with banks as of the end of March 2025.

### **OUTLOOK**

The stable outlook reflects our expectation that Bayan will generate strong earnings and cash flow, with a minimal reliance on incremental debt while maintaining very good liquidity over the next 12-18 months.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATING

Upward rating momentum is unlikely given Bayan's single commodity operations with limited product and geographic diversification. However, we could upgrade the ratings if Bayan improves its business profile through commodity diversification while adhering to conservative financial policies, maintaining very good liquidity and demonstrating a prudent approach toward investments and shareholder distributions.

On the other hand, we could downgrade the ratings if Bayan experiences operational disruptions or industry fundamentals weaken such that its earnings and cash flow decline; or if Bayan engages in aggressive shareholder distributions or capital investments, which would indicate a deviation from its stated prudent financial policies.

Specific indicators we would consider for a downgrade include adjusted debt/EBITDA above 2.5x or adjusted (EBITDA-Capex)/interest below 4.5x.

The principal methodology used in this rating was Mining published in April 2025 and available at <https://ratings.moody.com/rmc-documents/440607>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of this methodology.

The Ba1 rating is two notches below the scorecard-indicated outcome of Baa2. The difference reflects Bayan's single commodity operations with limited product and geographic diversification.

Bayan is engaged in surface open cut mining of coal mines primarily in East and South Kalimantan. It listed on the Indonesian Stock Exchange in 2008 and had a market capitalization of around IDR652 trillion (\$40 billion) as of 18 June 2025.

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