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PT Bayan Resources Tbk.

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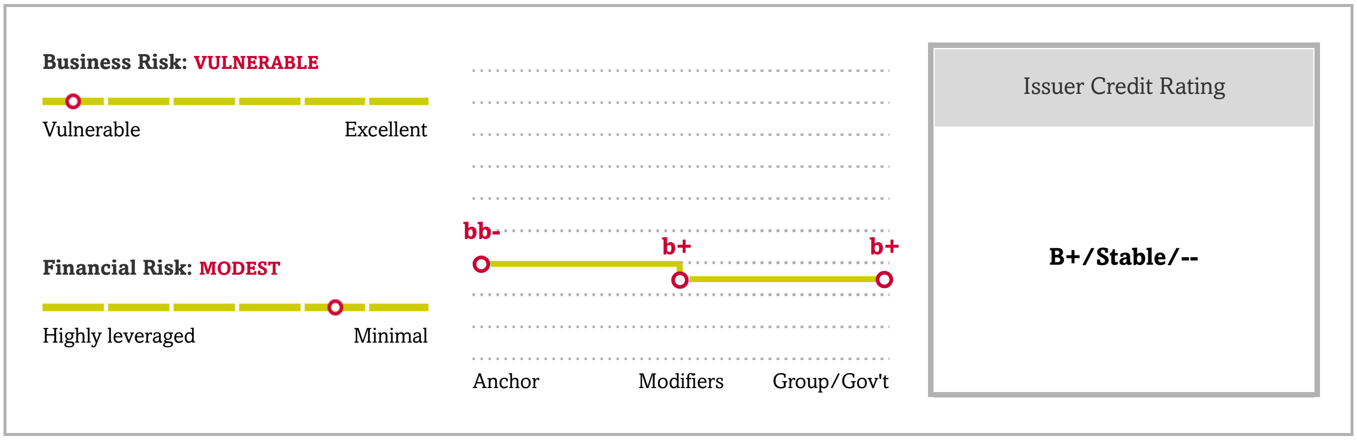
PT Bayan Resources Tbk.



Credit Highlights

Overview

Key Strengths	Key Risks
Attractive cost position, low stripping ratios, and a long reserve life.	Single mine and mineral exposure, with sensitivity to fluctuations in coal prices.
Sufficient liquidity supported by bond issuance.	Modest scale relative to global coal producers.
	Potential infrastructure bottlenecks at Mahakam haul road and working capital fluctuations if barging is delayed during the dry season.

Single mine and mineral exposure constrains credit quality. PT Bayan Resources Tbk.'s scale and scope are small relative to those of rated industry peers. Larger mining peers have diversified ore and mineral operations in multiple countries, leading to more stable cash flows. We expect Bayan to remain focused on coal production, with over 80% concentration in the Bara Tabang concession. We also expect the company to remain sensitive to volatility in coal prices and exposed to working capital fluctuations in the dry season.

Leverage and liquidity are in check. We believe Bayan's leverage will remain modest even in a less favorable pricing scenario and despite its bond issuance in January 2020. The company intends to use the issuance proceeds to settle all its outstanding short-term loans, thereby lengthening its debt maturity profile. Beyond 2019, we forecast discretionary cash flow of US$20 million-US$30 million annually, assuming a normalization in shareholder distribution.

Sound cost position and long reserve life support earnings. Bayan's operations have low average mining costs of about US$34.5 per ton for the nine months ended September 2019, driven by strip ratios of less than 5x. The company's Bara Tabang mine site in East Kalimantan is in the first quartile of the global energy adjusted cash cost curve, and compares favorably with most mines in Indonesia. The mine's low cost and reserve life of over 30 years provide good potential for profitable growth in production.

Outlook: Stable

The stable outlook reflects our expectation that Bayan will maintain its current coal production and manage dividend distributions and investments prudently over the next 12 months. This will enable the company to preserve its strong debt-servicing capability even in a weak coal-pricing environment.

Downside scenario

We would lower the rating if Bayan's profitability plummets, the company departs from its policy of maintaining low leverage, or its liquidity weakens significantly. A sharp fall in realized coal prices below US$35/ton that is likely to compress EBITDA per ton to below US$2.5, or severe disruption at the Bara Tabang mine could depress earnings. High dividends and significant acquisitions along with elevated capital expenditure (capex), such that the debt-to-EBITDA ratio is above 3x, would clearly undermine Bayan's creditworthiness. An eroding liquidity would likely be a consequence of underperformance or elevated cash outflows.

Upside scenario

We would raise the rating if Bayan is able to diversify its operations or expand its scale. This would entail the company making progress on the Mahakam haul road to unlock the Bara Tabang mine production potential or making targeted acquisitions while maintaining a solid balance sheet and liquidity.

Our Base-Case Scenario

Assumptions

- GDP growth of about 5% in Indonesia and Asia-Pacific over the next two years, and about 6% on average in China and India, two countries that are major consumers and importers of coal.
- Coal prices to remain volatile with average realized prices per ton at about US$48 in 2019 and falling further subsequently to the US$42-US$45 range.
- Bayan's coal production of 32 million metric tons (MMT) in 2019 and 2020 to allow for a run-down of inventory at Bara Tabang, and steadily rising to 35MMT before the haul road is fully operational.
- The company's average cash cost per ton to remain relatively stable at US$32-US$34.
- Its EBITDA to be at US$450 million-US$500 million in 2019, and fall to US$300 million-US$380 million through 2021, largely affected by weak coal prices.

Key Metrics

	2018A	2019E	2020E	2021E
EBITDA margin (%)	44.0	30.2	25.2	22.1
Debt-to-EBITDA ratio (x)	0.2	0.8	1.1	1.3
DCF/Debt (%)	215.8	-3.7	5.4	5.1

All figures are adjusted.

A--Actual. E--Estimate. DCF--Discretionary cash flow = Cash flow from operations – gross capex - cash dividends paid.

- Its capex to be US$70 million-US$100 million annually.
- Discretionary dividends to be about 60% of prior year's income.

Base-case projections

Coal prices could bottom out. We believe coal prices will remain soft over the next two years, given dampened demand from China, higher domestic production, and continued uncertainty over China's imports curbs. This is exacerbated by rising competition globally from cleaner, renewable energy such as wind, solar, and cheap natural gas as well as the pledge by developed countries like Japan, South Korea, and EU-27 to reduce usage of coal-based power plants. We believe this is mitigated by strong coal demand from India and ASEAN countries, where more coal power plants are being built, especially in Vietnam and Indonesia. This should sustain coal prices.

Production growth could plateau over the next three years until completion of the Mahakam haul road. We expect Bayan's strong production growth over the past two years to slow down. Production will stagnate at about 35MMT until the Mahakam haul road is operational, likely in 2023. The haul road, which will facilitate conveyance of coal to transshipment points from Bara Tabang, will add transportation capacity of about 30MMT upon completion.

Company Description

Bayan is a coal mining company with assets in East and South Kalimantan in Indonesia. It produces high-calorific-value coal to sub-bituminous low-sulphur, low-ash coal.

Founded in 2004, the company was listed on the Indonesian Stock Exchange in 2008. It acquired 56% of Kangaroo Resources Ltd. (KRL) with its 13 concessions in 2011. In 2018, the company completed the acquisition of the remaining 44% of KRL. Bayan has operations that focus on five locations, the largest of which is Bara Tabang. As of January 2019, the company has combined reserves of 1,181MMT. These are across five Coal Contracts of Work licenses and 16 Izin Usaha Pertambangan (IUP). The earliest concession expiration is in 2025 at the PT Fajar Sakti Prima mine, which holds an IUP license.

The company produced 28.9MMT of coal in 2018, generating US$1.7 billion of revenue and US$0.7 billion of EBITDA. In the 12 months to Sept. 30, 2019, it produced 32.1MMT of coal and reported EBITDA of US$487.3 million.

Business Risk: Vulnerable

Bayan is likely to continue to have single mine and mineral exposure, and modest scale relative to global coal producers. The company would also face seasonal distribution and execution risks until the Mahakam haul road is operational. The low cost position of Bayan's mines tempers these weaknesses.

Earnings remain highly sensitive to fluctuations in coal prices. For instance, in 2015, Bayan suspended production at its PT Gunungbayan Pratamacoal mine because the cost of coal production exceeded prevailing market prices. In addition, for the first nine months of 2019, the average selling price (ASP) dipped to US$48.3/MT, down from

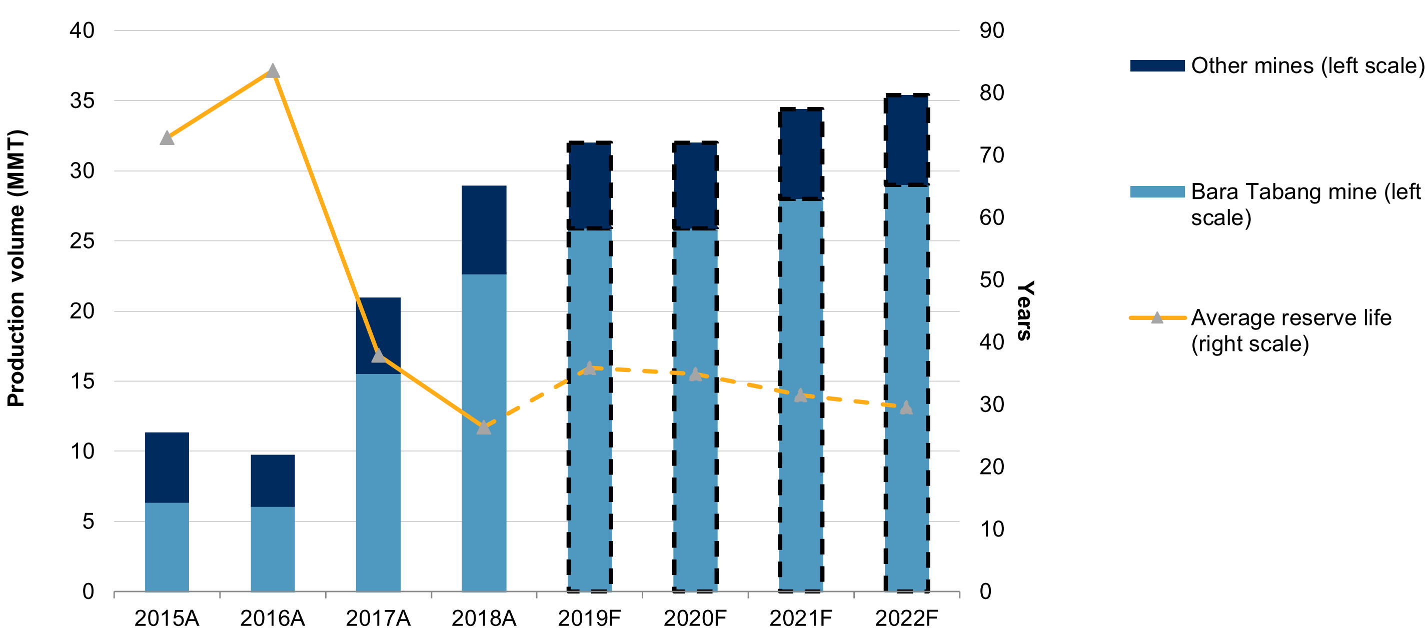
US$58.9/MT in the same period in 2018. As a result, EBITDA fell 43% to US$326 million while production volumes were 26MMT, an increase of 13.5% compared to a year earlier.

Single mine concentration may magnify Bayan's earnings volatility. The company's earnings largely hinges on production at Bara Tabang, which accounted for more than 75% of production volumes in 2017 and 2018, and 80% for the first nine months of 2019. Although the company has four other mines, management plans to maintain its focus on Bara Tabang, which should still account for the lion's share of production.

As such, any disruption or inclement weather faced at the mine could affect earnings severely. As this site is inland in East Kalimantan, it is dependent on barging down the Kedang Kepala river to distribute coal to sea ports. The transport may not be feasible during the dry season. For instance, the company declared force majeure on some customer contracts due to the low water levels in the first quarter of 2019. A similar situation occurred in the third quarter of 2019, albeit for a shorter duration. It resulted in lower-than-anticipated sales volumes of 5.9MMT compared with its run-rate of 8MMT for the 12 months to June 30, 2019. The construction of the Mahakam haul road, which will address this infrastructure bottleneck, is unlikely to be completed until 2023, due to delays in obtaining relevant land permits.

Chart 1

Bayan's Production From Tabang Mine Is Growing



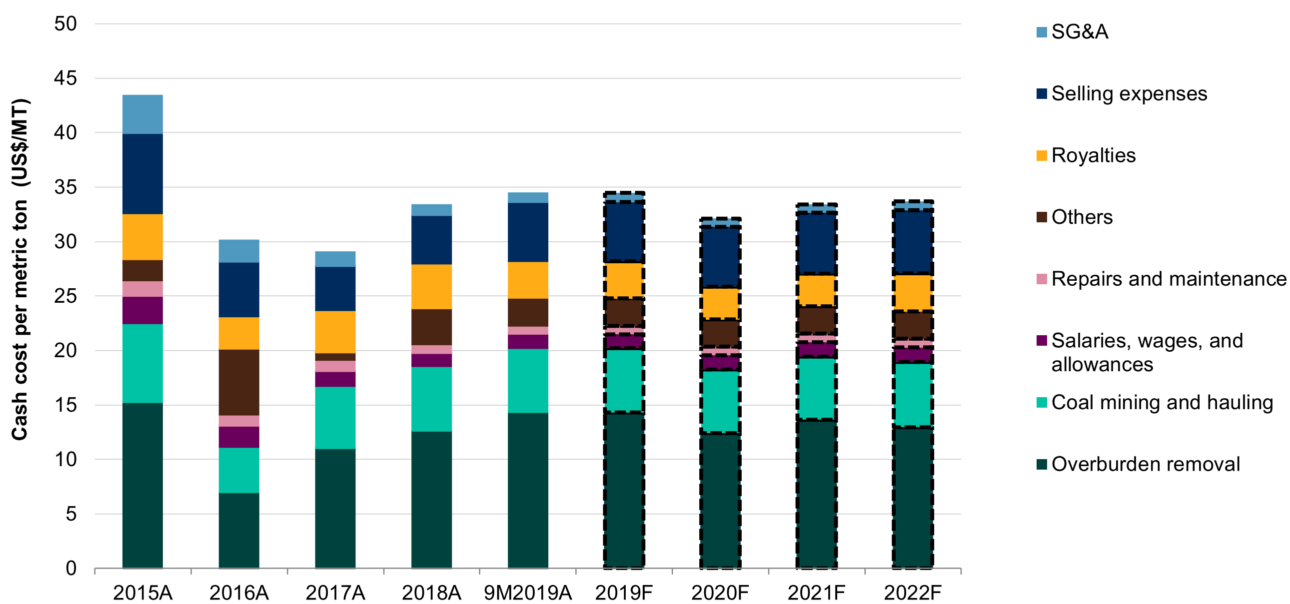
A--Actual. F--Forecast. MMT--Million metric tons. Source: S&P Global Ratings.

Size and scope remain modest when compared with global peers. Bayan's production volumes have been steadily increasing. They rose from 9.7MMT in 2016 to 20.9MMT in 2017, 28.9MMT in 2018, 26MMT in the first nine months of 2019, and could increase to over 50MMT at the Bara Tabang mine in the next five years. However, production volumes are still significantly smaller than that of peers such as PT Bumi Resources Tbk. (63MMT) and Arch Coal Inc. (over 90MMT) as of Sept. 30, 2019. In addition, thermal coal has accounted for 98% of Bayan's revenue since 2017. This is unlikely to change in the next five years as the company intends to focus on the Bara Tabang mine.

Low cost position to support operating efficiency. Bayan's cash costs have declined from US$43.2/ton in 2015 to US$34.9/ton in the first nine months of 2019. Since 2015, the company has committed to reposition itself as a low-cost producer because the high cost of production at its mines was becoming unsustainable, especially during periods of weak coal prices. The development of the Bara Tabang mine was to facilitate the shift in focus toward low-cost mines. The Bara Tabang concession has low strip ratios, with a life-of-mine strip ratio of about 3x. In addition, Bayan adopts efficient mining techniques unique to Indonesian mining. These entail the use of geotechnical radars, dozer push mining methods, and optimized road haulage of coal. The company also enters into derivative contracts to hedge oil prices, mitigating fuel cost, which accounts for almost 30% of its total cash cost. We believe that Bayan will continue to maintain its low cash cost position at the Bara Tabang mine with the gradual completion of its integrated export infrastructure.

Chart 2

Bayan To Sustain Its Low Cost Position



A--Actual. F--Forecast. MT--Metric ton. SG&A--Selling, general, and administrative expense. Source: S&P Global Ratings.

Peer comparison

Table 1

PT Bayan Resources Tbk.--Peer Comparison

Industry sector: Mining

	PT Bayan Resources Tbk.	Geo Energy Resources Ltd.	PT Bumi Resources Tbk.	Arch Coal Inc.	Coronado Global Resources Inc.
	--Fiscal year ended Dec. 31, 2018--				
(Mil. US$)					
Revenue	1,676.7	299.2	1,111.8	2,451.8	1,980.5
EBITDA	737.0	67.0	73.2	438.0	515.7
Funds from operations (FFO)	623.2	24.5	(129.1)	443.7	447.2
Interest expense	5.5	26.6	156.8	50.5	74.4
Cash interest paid	3.8	24.0	76.5	18.7	44.9
Cash flow from operations	576.7	(27.9)	(109.8)	421.6	379.6
Capital expenditure	82.2	4.5	6.4	95.9	114.3
Free operating cash flow (FOCF)	494.5	(32.3)	(116.2)	325.8	265.3
Discretionary cash flow (DCF)	326.8	(42.0)	(116.2)	13.6	265.3
Cash and short-term investments	229.2	202.6	88.5	427.7	124.9
Debt	151.4	291.6	1,724.9	760.6	526.3
Equity	678.1	174.1	503.6	704.8	1,253.8
Adjusted ratios					
EBITDA margin (%)	44.0	22.4	6.6	17.9	26.0
Return on capital (%)	95.6	12.9	18.7	20.9	26.7
EBITDA interest coverage (x)	134.0	2.5	0.5	8.7	6.9
FFO cash interest coverage (x)	166.6	2.0	(0.7)	24.8	11.0
Debt/EBITDA (x)	0.2	4.4	23.6	1.7	1.0
FFO/debt (%)	411.6	8.4	(7.5)	58.3	85.0
Cash flow from operations/debt (%)	380.9	(9.6)	(6.4)	55.4	72.1
FOCF/debt (%)	326.6	(11.1)	(6.7)	42.8	50.4
DCF/debt (%)	215.8	(14.4)	(6.7)	1.8	50.4

We consider Geo Energy Resources Ltd. (GERL) and PT Bumi Resources Tbk. as Bayan's closest peers, given their similar operations in coal mining, coal quality, and country risks. Arch Coal Inc. (ACI) and Coronado Global Resources Inc. are other peers that we have included due to comparable ratings. ACI and Coronado have lower country risks as their operations are mainly in the U.S. and Australia.

Bayan, Bumi, and GERL have similar jurisdiction and mining license-related exposure with operations in Indonesia. As such, coal quality and type are similar (lower calorific quality, ash, and sulphur content). The price of coal produced by GERL, Bayan, and Bumi tends to be at a discount to the benchmark Newcastle price, to account for the lower calorific content. In comparison, Coronado's and ACI's mines offer metallurgical coal that have higher selling prices compared with thermal coal.

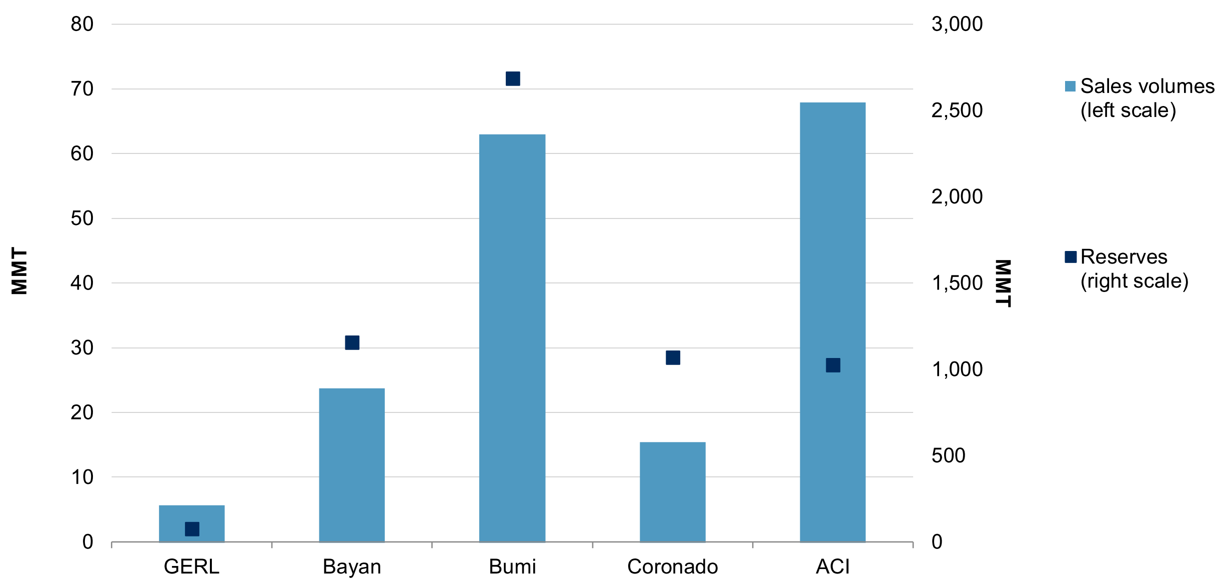
Bayan, like Bumi and GERL, has assets concentrated in one to two mines. In comparison, Coronado has four large operating assets in the U.S. and Australia, while ACI operates nine active mines in the U.S.

In terms of sales volume, Bayan has a moderate scale of 23.6MMT for the first nine months of 2019, compared with GERL (5.5MMT) and Coronado (15.3MMT). Bumi (63.1MMT) and ACI (67.8MMT) are significantly larger.

Bayan's reserve base of over 1 billion metric ton is comparable to that of Bumi and ACI.

Chart 3

Bayan's Sales Volumes And Reserves Compared With Peers



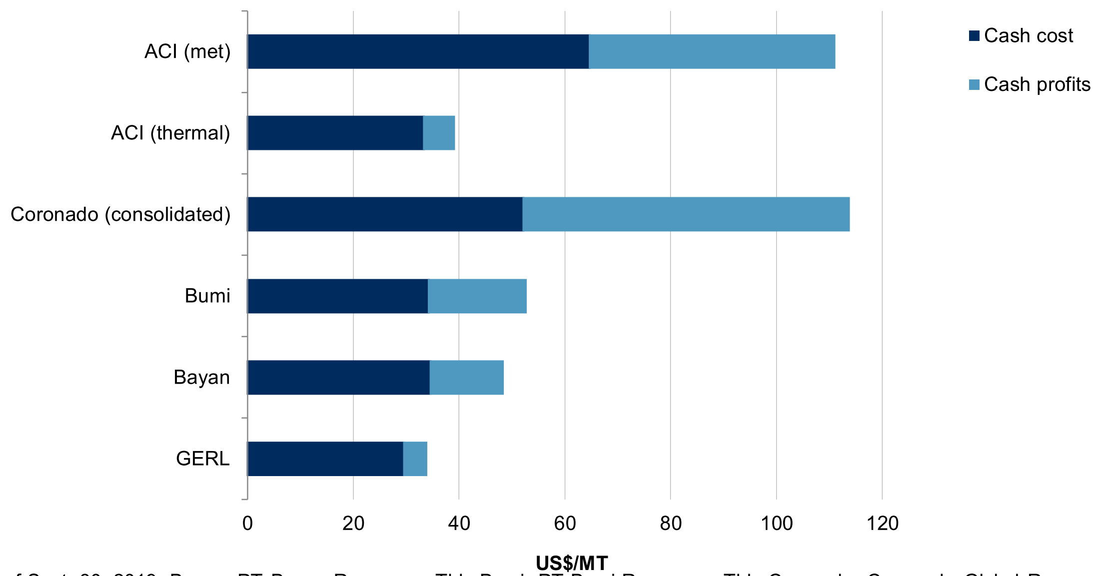
As of Sept. 30, 2019. Bayan--PT Bayan Resources Tbk. Bumi--PT Bumi Resources Tbk. Coronado--Coronado Global Resources Inc. GERL--Geo Energy Resources Ltd. ACI--Arch Coal Inc. MMT--Million metric tons. Source: S&P Global Ratings.

Bayan and GERL had cash costs of US$34.5/ton and US$29.6/ton respectively as of Sept. 30, 2019. The companies are well-positioned on the global cost curve, given their calorific value and low strip ratios. Bumi's cash costs are also comparable at about US$34.2/ton over the same period. Coronado operates within the first and second quartile because the majority of its capacity is in opencast mines, which have lower production costs compared with underground mines. ACI's metallurgical cash cost is about US$64.7/ton while that of thermal coal is about US$33.3/ton.

Bayan's ASP of US$48.3/ton was close to Bumi's US$52.6/ton as of Sept. 30, 2019. This was markedly higher than GERL's US$33.8/ton, largely attributable to the higher average quality (greater energy content). The metallurgical coal at Coronado and ACI fetches much higher ASPs of more than US$110/ton, which translate to higher profitability. Nonetheless, the weighted average EBITDA/ton for ACI was about US$4.05 for the first nine months of 2019, given the high volumes of thermal coal sold. Bayan managed to yield above-average EBITDA/ton of US$14, compared with GERL's US$2.8 as of Sept. 30, 2019. EBITDA margins for Bayan and Coronado are also the highest among its peers, at about 30% over the period. GERL is on the weaker end of the spectrum, with EBITDA margins of less than 10%.

Chart 4

Bayan's Operating Efficiency Versus Peers



As of Sept. 30, 2019. Bayan--PT Bayan Resources Tbk. Bumi--PT Bumi Resources Tbk. Coronado--Coronado Global Resources Inc. GERL--Geo Energy Resources Ltd. ACI--Arch Coal Inc. MT--Metric ton. Met--Metallurgical. Source: S&P Global Ratings.

In terms of leverage, Bayan and Coronado remain the strongest among its peers. Nonetheless, the credit metrics for both companies could weaken slightly for different reasons; Bayan issued bonds recently while Coronado is owned by a financial sponsor. Bumi's capital structure highly exposes the company to coal prices, because all cash is upstreamed on a quarterly basis to accelerate repayment of its first tranche of debt. GERL's leverage is the weakest, owing to weak coal prices and low production levels.

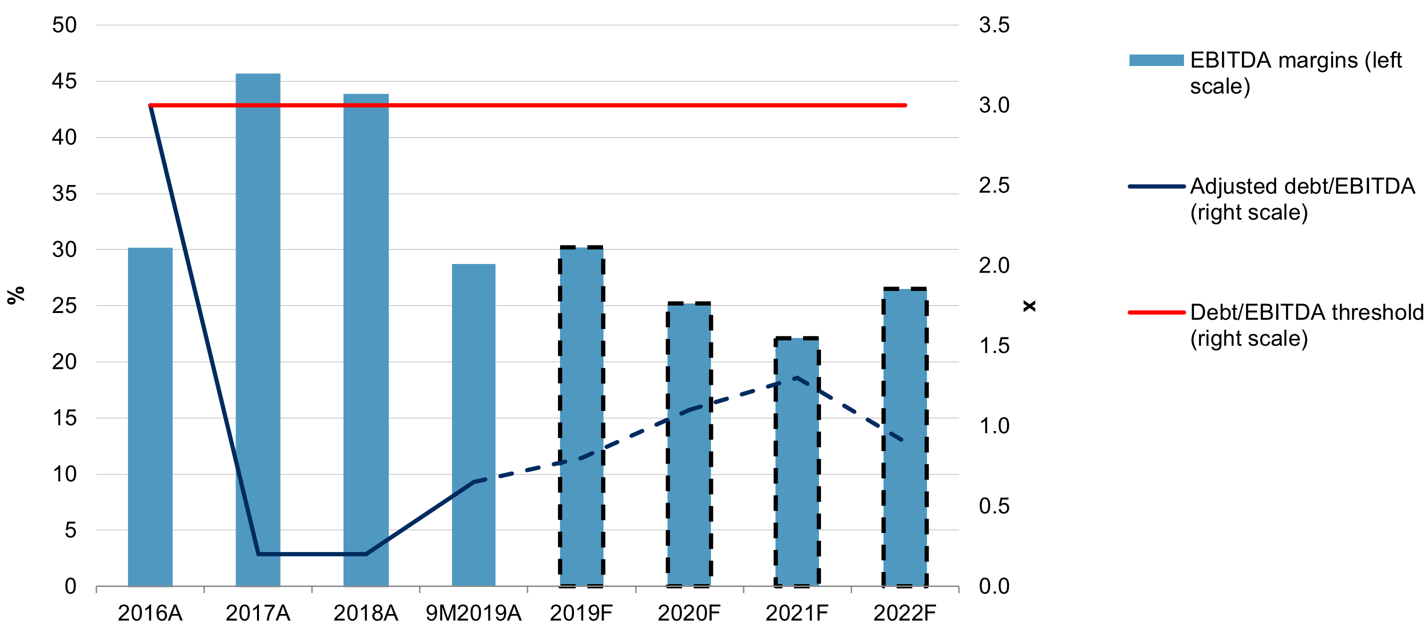
Financial Risk: Modest

We believe Bayan's leverage will remain modest even in a less favorable pricing scenario and despite the recent bond issuance. The company plans to use the bond proceeds to refinance its existing short-term loans and for other general corporate purposes.

Bayan's cash flow has significantly improved in line with the development of Bara Tabang. This has enabled the company to use excess cash for deleveraging. Leverage ratios fell materially to 0.2x in 2018, from 10.7x in 2014. We believe Bayan's credit metrics remain intact despite our expectation for leverage to deteriorate to 0.8x in 2019, due to higher debt towards end-2019 and weaker earnings from lower coal prices. Given the bond issuance, leverage will rise more significantly toward 1.3x through 2021. We project Bayan's annual EBITDA to average US$350 million-US$400 million over the next three years.

Chart 5

Bayan Will Maintain Modest Leverage Despite Declining Profit Margins



A--Actual. F--Forecast. Source: S&P Global Ratings.

Bayan has planned capex of US$330 million over 2020-2023, of which US$238 million is for expansionary purposes tied to the Bara Tabang project. This would involve development of haul roads, underpass, barge loading facilities, and other support equipment. The other US$92 million is mainly for maintenance. The company's capex of US$59.6 million for the first nine months of 2019 was below expectations, due to delays in obtaining land permits to start the construction of a 100 kilometer long hauling road from 2021-2023. Any growth in brownfield production at the Bara Tabang mine will be financed by internally generated cash flow, and remains dependent on supportive coal prices, giving Bayan the flexibility to manage its growth.

We believe that Bayan will continue to adhere to its dividend policy payout of up to 60% of the previous year's net income. In July 2019, the company distributed US$300 million to its shareholders.

With regard to acquisitions, we believe Bayan could look at midsize mines with a value of up to US$200 million.

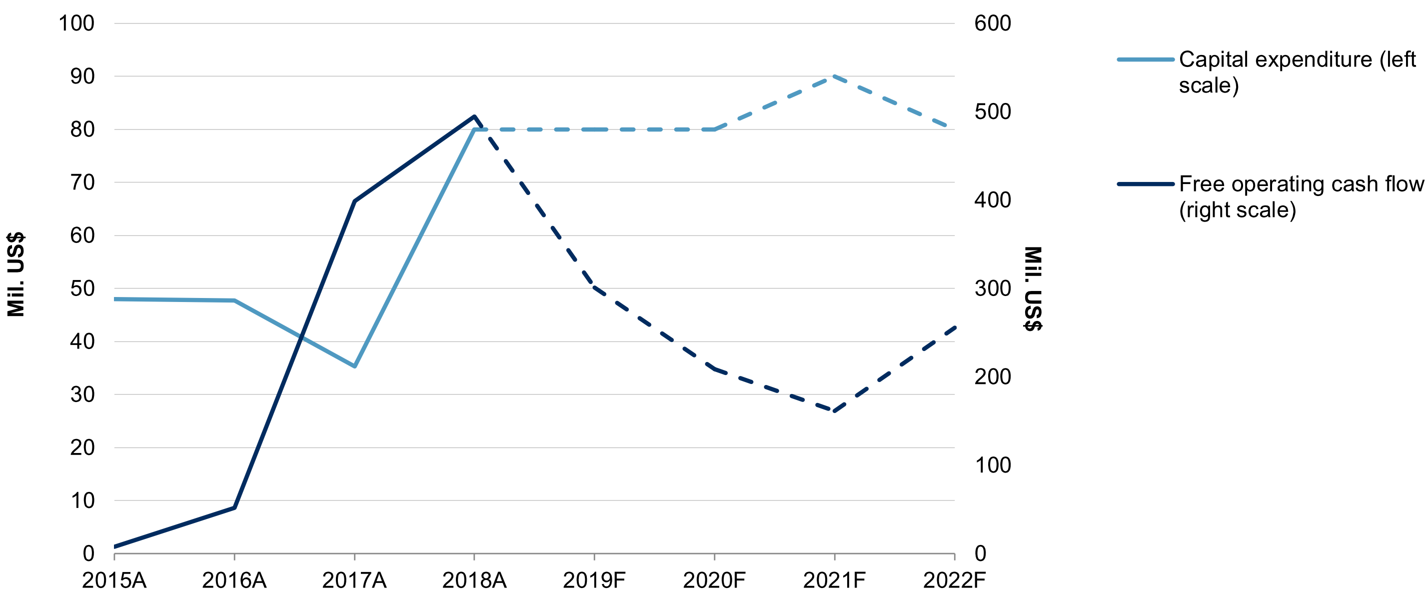
Bayan has an ongoing litigation involving its former joint-venture partners, Binderless Coal Briquetting Company Pte. Ltd. (BCBC) and BCBC Singapore Pte. Ltd. (BCBCS). The dispute relates to the establishment of a coal briquette processing plant, PT Kaltim Suparcoal (KSC) in Indonesia. As per the second tranche, the Singapore International Commercial Court had ruled that Bayan breached its obligation to supply coal to the joint venture. Tranche three trial dates are scheduled for September 2020 with a final ruling likely in 2020 or early 2021.

Australia-based White Energy Co. Ltd., the parent company of BCBC and BCBCS, is seeking about US$153 million over the KSC coal joint venture. Although Bayan has not made any provisions for this, an adverse ruling would tighten its cash position. However, we believe that the company has financial flexibility to cut back on dividends to accommodate any potential cash outflow from the dispute.

We project Bayan's annual free operating cash flows will remain fairly sizable at US$200 million over the next three years amid diminishing operating cash flows and manageable capital spending.

Chart 6

Bayan To Have Substantial Free Operating Cash Flow On The Back Of Manageable Capital Expenditure



A--Actual. F--Forecast. Source: S&P Global Ratings.

Financial summary

Table 2

PT Bayan Resources Tbk.--Financial Summary

Industry sector: Mining

	--Fiscal year ended Dec. 31--				
	2018	**2017**	**2016**	**2015**	**2014**
(Mil. US$)					
Revenue	1,676.7	1,067.4	555.5	465.0	828.3
EBITDA	737.0	487.2	167.5	81.9	49.7
Funds from operations (FFO)	623.2	465.2	128.8	174.9	93.0
Interest expense	5.5	30.2	48.8	33.5	40.0
Cash interest paid	3.8	32.3	42.4	28.1	32.3
Cash flow from operations	576.7	434.5	99.6	55.6	68.9
Capital expenditure	82.2	35.3	47.8	48.0	35.3
Free operating cash flow (FOCF)	494.5	399.2	51.7	7.7	33.7
Discretionary cash flow (DCF)	326.8	387.1	48.7	6.4	29.0
Cash and short-term investments	229.2	58.7	59.8	90.3	80.1
Gross available cash	229.2	58.7	59.8	90.3	80.1

Table 2

PT Bayan Resources Tbk.--Financial Summary (cont.)					
Industry sector: Mining					
	--Fiscal year ended Dec. 31--				
	2018	**2017**	**2016**	**2015**	**2014**
Debt	151.4	121.6	503.1	557.3	594.1
Equity	678.1	515.6	188.2	172.2	255.5
Adjusted ratios					
EBITDA margin (%)	44.0	45.6	30.1	17.6	6.0
Return on capital (%)	95.6	67.7	17.2	4.4	(0.1)
EBITDA interest coverage (x)	134.0	16.1	3.4	2.4	1.2
FFO cash interest coverage (x)	166.6	15.4	4.0	7.2	3.9
Debt/EBITDA (x)	0.2	0.2	3.0	6.8	12.0
FFO/debt (%)	411.6	382.5	25.6	31.4	15.7
Cash flow from operations/debt (%)	380.9	357.3	19.8	10.0	11.6
FOCF/debt (%)	326.6	328.3	10.3	1.4	5.7
DCF/debt (%)	215.8	318.3	9.7	1.2	4.9

Liquidity: Adequate

We assess Bayan's liquidity as adequate, with liquidity sources likely to cover liquidity needs by over 1.61x over the 12 months ending September 2020.

The company has sufficient headroom on its incurrence covenants, which include a fixed-charge coverage ratio of 3.00x and consolidated leverage ratio of 3.5x. Bayan also has sound relationships with global banks, which provided support when the company was undergoing debt restructuring in 2015. Bayan's standing in credit markets is generally good, especially since it successfully tapped the bond market in January 2020. More importantly, management has demonstrated financial prudence by consistent deleveraging as well as by cutting back on dividend payouts to preserve cash during the years where the company underperformed. However, given the potential volatility in coal prices and hence earnings, we believe Bayan may face difficulty in absorbing low-probability, high-impact event risks with little need for refinancing.

Principal Liquidity Sources	Principal Liquidity Uses
• Cash balance of US$75 million as of Sept. 30, 2019. • Cash flow from operations that we estimate at US$300 million over the 12 months to Sept. 30, 2020. • Working capital inflows of US$5 million-US$10 million over the period. • Bond issuance of US$400 million in January 2020.	• Short-term debt of US$189 million as of Sept. 30, 2019. • Capex of US$70 million-US$100 million over the 12 months to Sept. 30, 2020. • Discretionary dividends of up to US$250 million over the period.

Debt maturities

Table 3

PT Bayan Resources Tbk.--Debt Maturities*	
Debt due in	**Amount (Mil. US$)**
2020	189.4
2021	0.0
2022	0.0
2023	0.0
Total	189.4

As of Sept. 30, 2019.

Environmental, Social, And Governance

Environmental and social factors are material to our credit analysis of Bayan. We also consider governance factors, but view them as less significant.

International and domestic environmental regulations can have a major impact on operations and may affect Bayan's long-term creditworthiness. Bayan and other coal producers face risks resulting from the global energy transition and carbon emission targets under the Paris Climate Agreement. These could lead to a reliance on internal cash flows for funding due to a less supportive financing environment. For example, 21 international banks have stopped direct financing to new coal mine projects. Partially mitigating these risks is Bayan's low sulfur and ash content coal, which could become increasingly desirable as environmental regulations become stricter. More specifically, the dry season affects Bayan's production as low river levels may prevent coal barging to transshipment points. However, while we view environmental risks as material, they are similar to those faced by other coal mining companies and are unlikely to affect the rating at current levels.

Bayan has a sound safety record with no cases of accidents. As such, we view social factors as less material.

We view Bayan's management and governance practices as neutral, though ownership is largely concentrated with founder Dato' Low Tuck Kwong who holds 54% of the company. However, this is mitigated by the presence of other large shareholders including Korea Electric Power Corp. (20%) and power generation company PT Sumber Suryadaya Prima (10%). In 2019, Dato' Low sought the sale of a 10% stake. Large divestments by key shareholders exceeding 35% could trigger a change-of-control put. Bayan has not been subject to any material investigations on bribery or corruption, and has policies against both.

Issue Ratings - Subordination Risk Analysis

Capital structure

As of Sept. 30, 2019, Bayan has total outstanding debt of US$189 million consisting of three revolving credit facilities. The first two, comprising a US$130 million three-year revolving loan facility due December 2020 and a US$50 million six-month revolving loan facility due January 2020, are with PT Bank Permata Tbk. with total outstanding of US$115 million. The company also holds a US$75 million three-year revolving loan facility with Sumitomo Mitsui Banking Corp. due March 2021 with outstanding of US$75 million.

In January 2020, Bayan announced a US$400 million bond issuance with a three-year tenor and a 6.125% coupon. The company intends to use the proceeds to settle its existing short-term debt, after which we expect the bond to be the only debt left on its balance sheet.

Reconciliation

Table 4

Reconciliation Of PT Bayan Resources Tbk. Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. US$)

	--Fiscal year ended Dec. 31, 2018--						
PT Bayan Resources Tbk. reported amounts							
	Debt	**Shareholders' equity**	**EBITDA**	**Operating income**	**Interest expense**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**
Reported	129.1	649.2	734.3	694.8	4.3	737.0	571.9
S&P Global Ratings' adjustments							
Cash taxes paid	--	--	--	--	--	(110.1)	--
Cash taxes paid: Other	--	--	--	--	--	--	--
Cash interest paid	--	--	--	--	--	(3.2)	--
Operating leases	8.6	--	2.0	0.6	0.6	(0.6)	1.4
Postretirement benefit obligations/deferred compensation	6.7	--	0.6	0.6	0.6	--	--
Asset retirement obligations	7.0	--	--	--	--	--	--
Nonoperating income (expense)	--	--	--	5.2	--	--	--
Reclassification of interest and dividend cash flows	--	--	--	--	--	--	3.3
Noncontrolling interest/minority interest	--	28.9	--	--	--	--	--
Total adjustments	22.3	28.9	2.6	6.4	1.2	(113.8)	4.8
S&P Global Ratings' adjusted amounts							
	Debt	**Equity**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from operations**	**Cash flow from operations**
Adjusted	151.4	678.1	737.0	701.2	5.5	623.2	576.7

Ratings Score Snapshot

Issuer Credit Rating

B+/Stable/--

Business risk: Vulnerable

- **Country risk:** Moderately high
- **Industry risk:** Moderately high
- **Competitive position:** Vulnerable

Financial risk: Modest

- **Cash flow/leverage:** Minimal

Anchor: bb-

Modifiers

- **Diversification/portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Fair (no impact)
- **Comparable rating analysis:** Negative (-1 notch)

Stand-alone credit profile : b+

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Metals And Mining Upstream Industry, Dec. 20, 2013
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Business And Financial Risk Matrix

Business Risk Profile	Financial Risk Profile					
	Minimal	**Modest**	Intermediate	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	**bb-**	bb-/b+	b+	b	b-

Ratings Detail (As Of February 10, 2020)*

PT Bayan Resources Tbk.	
Issuer Credit Rating	B+/Stable/--
Issuer Credit Ratings History	
12-Sep-2018	B+/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.