

## PT Merdeka Copper Gold Tbk

### Credit Rating(s)

General Obligation (GO)	idA+/Stable
SR Bond II	idA+
SR Bond III	idA+
SR Bond IV	idA+

### Rating Period

September 12, 2023 – September 1, 2024

### Published Rating History

SEP 2022	idA+/Stable
AUG 2022	idA+/Stable
DEC 2021	idA/Stable
JAN 2021	idA/Stable
OCT 2020	idA/Stable

### Rating Definition

Debt security rated idA 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 plus (+) sign indicates that the rating is relatively strong within its category.

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PEFINDO has affirmed its idA+ ratings to PT Merdeka Copper Gold Tbk (MDKA) and its Shelf-Registered Bond II, Shelf-Registered Bond III, and Shelf-Registered Bond IV. Outlook for the corporate rating is stable. The corporate rating reflects MDKA's vertically integrated operations, well diversify business, and sizeable reserves and resources. The rating is constrained by its moderate financial policy and capital structure and exposure to fluctuating commodity prices.

The rating may be raised if MDKA successfully operates its new projects and generates higher revenue or EBITDA than projected which will positively impact its financial figures and further improve its capital structure ratios. The rating may be lowered if MDKA generates lower revenue or profit margins than projected due to underperformed new projects and aggressively finances its capital expenditure with substantial debt without compensated by a higher revenue or EBITDA, which may trigger a more aggressive capital structure. A significant deterioration of the commodity prices, particularly gold, copper, and nickel may also trigger a rating downgrade, as this will adversely affect its financial profile.

MDKA was established in 2012 and is engaged in mining activities. It has several projects located in Tujuh Bukit at Banyuwangi and Pani at Gorontalo for gold mining, Wetar Island, Maluku, for copper mining, Konawe at Southeast Sulawesi for nickel mining, and Acid Iron Metal (AIM) project, RKEF smelters, and nickel matte smelter at Indonesia Morowali Industrial Park, Central Sulawesi. As of June 30, 2023, its shareholders consisted of PT Saratoga Investama Sedaya Tbk (18.569%), PT Mitra Daya Mustika (12.058%), Garibaldi Thohir (7.358%), PT Suwarna Arta Mandiri (5.588%), ISV SA Hongkong Brunp & CATL Co., Limited (5.000%), and others, including the public and MDKA's treasury shares (51.427%).

## Financial Highlights

As of/for the year ended	Mar-2023 (Limited Review)	Dec-2022 (Audited)	Dec-2021 (Audited)	Dec-2020 (Audited)
Total adjusted assets [USD mn]	3,684.3	3,551.7	1,278.6	929.6
Total adjusted debt [USD mn]	1,480.9	1,434.0	377.8	269.2
Total adjusted equity [USD mn]	1,720.0	1,699.9	779.4	563.6
Total sales [USD mn]	214.2	869.9	381.0	321.9
EBITDA [USD mn]	46.6	247.9	213.5	151.8
Net income after MI [USD mn]	3.1	58.4	36.1	36.2
EBITDA margin [%]	21.7	28.5	56.0	47.2
Adjusted debt/EBITDA [X]	*8.0	5.8	1.8	1.8
Adjusted debt/adjusted equity [X]	0.9	0.8	0.5	0.5
FFO/adjusted debt [%]	*6.2	11.1	47.1	36.3
EBITDA/IFCCI [X]	1.9	4.7	11.7	6.6
USD exchange rate [IDR/USD]	15,062	15,731	14,278	14,105

FFO = EBITDA – IFCCI + Interest Income – Current Tax Expense

EBITDA = Operating Profit + Depreciation Expense + Amortization Expense

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.

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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.