PEFINDO
CREDIT RATING AGENCY

Press Release
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Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk.

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CREDIT PROFILE

Corporate Rating *idBBB+/Stable*

Rated Issues
Shelf-Registration Bonds I/2011 *idBBB+*

Rating Period
September 14, 2016 – September 1, 2017

Rating History

SEP 2015	*idA-/Negative*
SEP 2014	*idA/Negative*
APR 2014	*idA/Negative*
JAN 2014	*idAA-/C.W. Negative*
SEP 2013	*idAA-/Negative*
SEP 2012	*idAA/Negative*
SEP 2011	*idAA/Stable*
SEP 2002	*idAA-/Stable*
SEP 2000	*idAA-/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	Jun-2016 (Limited Review)	Dec-2015 (Audited)	Dec-2014 (Audited)	Dec-2013 (Audited)
Total adjusted assets [IDR bn]	28,752.2	29,461.3	21,144.0	21,102.1
Total adjusted debt [IDR bn]	10,032.6	10,110.3	8,015.2	6,785.5
Total adjusted equity [IDR bn]	17,376.8	17,421.1	11,189.8	11,362.4
Total sales [IDR bn]	4,162.7	10,531.5	9,420.6	11,298.3
EBITDA [IDR bn]	86.4	62.9	661.9	1,383.7
Net income after MI [IDR bn]	11.0	(1,440.9)	(743.5)	532.8
EBITDA margin [%]	2.1	0.6	7.0	12.2
Adjusted debt/EBITDA [X]	*58.0	160.7	12.1	4.9
Adjusted debt/adjusted equity [X]	0.6	0.6	0.7	0.6
FFO/adjusted debt [%]	*0.1	(3.8)	3.7	14.6
EBITDA/IFCCI [X]	0.3	0.1	1.6	4.3
USD exchange rate [IDR/USD]	13,180	13,795	12,440	12,189

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.

PEFINDO lowers the ratings of Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk and its bond to "idBBB+", outlook revised to stable

PEFINDO has lowered the ratings for Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk (ANTM) and its Shelf-Registration Bond I/2011 to **"idBBB+"** from **"idA-"**. The lower ratings were mainly driven by a persistent lower than expected nickel price despite having lower production costs, pressuring its already weakened profitability following the ban on exports of unprocessed mineral ores amid having high debt to finance the construction of its downstream processing plants. The condition has resulted in its key credit metrics no longer commensurate to that of an "A" rating category. The outlook for the corporate rating has also been revised to **"stable"** from **"negative"** as the rating downgrade has already factored in ANTM's improved net gearing ratio as per June 30, 2016 following proceeds from rights issue and increase on land value due to asset revaluation, as well as our expectation that ANTM will be able to improve its profitability in the upcoming quarters, but not to the level prior to the nickel ore export ban, driven from a lower cash cost on its nickel segment after the completion of Pomalaa ferronickel expansion project (P3FP) and reduced pressure on its cash flow coming from resumed sales of nickel ore to the domestic market. We also anticipate the possibility of ANTM to be able to export its low grade nickel ore, which can not be processed by domestic smelters, following the government's proposed relaxation on export ban of unprocessed mineral ore. If imposed, this should improve ANTM's cash flow and profitability given the fact that export market provides higher margin than the ones being sold domestically.

An obligor rated idBBB has an adequate capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

The Plus (+) sign in a particular rating indicates that the rating is relatively strong within the respective rating category.

The ratings reflect ANTM's sizable amount of resources and reserves of its major products, its vertically integrated mining operation, and its diverse mining products. The ratings, however, are constrained by its aggressive financial leverage, very weak cash flow protection measures, and its exposure to fluctuating commodity prices.

PEFINDO could raise the ratings if ANTM could significantly improve its cash flow protection measures and capital structure on a sustained basis, supported by its continuous efficiency measures and higher cash flow generation from nickel ore sales, as well as a significant recovery in nickel price. On the other hand, we could lower the ratings if the Company's financial profiles, both capital structure and cash flow protection, deteriorate as a result of lower-than-expected commodity prices, particularly nickel, rise in oil price, which may further erode its cash cost position, and if it fails to meet the targeted sales volume of its products. The rating could also be under pressure if ANTM incurs higher-than-projected debt and fails to complete its expansion projects as scheduled.

Founded in July 1968, ANTM is a state-owned mining company in Indonesia producing nickel ores and ferronickel, gold, bauxite, and coal. As of June 30, 2016, ANTM was 65% owned by the Government of Indonesia, and the rest was held by the public (35%).