PEFINDO
CREDIT RATING AGENCY

Press Release
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PT Aneka Tambang Tbk

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CREDIT PROFILE

Corporate Rating *idA/Stable*

Rated Issues
Shelf-Registration Bonds I/2011 *idA*

Rating Period
September 10, 2020 – September 1, 2021

Rating History

MAY 2020	*idA/Negative*
SEP 2019	*idA/Stable*
SEP 2018	*idA-/Stable*
SEP 2017	*idBBB+/Stable*
SEP 2016	*idBBB+/Stable*
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-2020** (Unaudited)	**Dec-2019** (Audited)	**Dec-2018** (Audited)	**Dec-2017** (Audited)
Total adjusted assets [IDR bn]	^29,920.8	^30,083.6	^32,042.7	^28,671.4
Total adjusted debt [IDR bn]	8,242.0	8,557.5	9,921.2	9,398.9
Total adjusted equity [IDR bn]	^17,991.2	^18,022.1	^18,295.7	^17,035.9
Total sales [IDR bn]	9,226.1	32,718.5	25,275.2	12,653.6
EBITDA [IDR bn]	937.3	2,074.8	2,408.1	1,374.4
Net income after MI [IDR bn]	84.8	193.9	1,636.0	136.5
EBITDA Margin [%]	10.2	6.3	9.5	10.9
Adjusted debt to EBITDA [X]	4.4	4.1	4.1	6.8
Adjusted debt to adjusted equity [X]	0.5	0.5	0.5	0.6
FFO to adjusted debt [%]	17.8	13.8	17.9	10.1
EBITDA to IFCCI [X]	4.2	3.6	4.1	2.2
USD exchange rate [IDR/USD]	14,302	13,901	14,481	13,548

FFO = EBITDA – IFCCI + gross 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; ^ Includes exploration and evaluation assets*
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 Aneka Tambang Tbk's rating affirmed at "idA", outlook revised to stable

PEFINDO has affirmed its **"idA"** ratings for PT Aneka Tambang Tbk (ANTM) and its Shelf Registered Bond I Year 2011. At the same time, the outlook of ANTM's corporate rating has been revised to **"stable"** from **"negative"** in light of expected stable financial performance. ANTM has reduced its gold export sales and is focusing on the high-margin domestic retail market, and we expect that the gold segment continues to generate higher profit on the back of increasing gold price. By focusing on the sales of lower ticket size of gold ANTM could tap wider customer base as it is considered to be more affordable. The unfavorable circumstances particularly during coronavirus disease (COVID-19) pandemic has triggered increasing demand for gold as a safe haven investment. In terms of nickel, we expect that ANTM's initiatives of strategic partnership with other smelters in Indonesia could somewhat compensate declining sales of nickel ore with the ban of nickel ore export from Indonesia on top of better nickel price that started to rebound. In addition, we expect that ANTM's other initiatives in maintaining its low cost position could mitigate lower EBITDA in the near term through cost efficiency and synergy with its Parent.

An obligor rated idA has a strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors.

The corporate rating reflects ANTM's sizeable reserves and resources, strong position within the industry backed by diversified mining products, and vertically integrated mining operations. The rating is constrained by high financial leverage and exposure to fluctuating commodity prices.

We may raise the rating if ANTM improves its business profile substantially, as reflected by higher than projected revenue and EBITDA on a sustained basis, and its financial leverage to a conservative level. The rating could also be raised if it receives strong support from INALUM such as in the form of capital injections, shareholder loans, and/or business synergy, which substantially increases ANTM's operating performance. We could lower the rating if the prolonged pandemic results in slower than expected global economic recovery and a negative impact on commodity prices and demand, which could weaken ANTM's business operations and financial profile. The rating could also be under pressure if it incurs higher than projected debt and/or fails to complete its expansion projects as scheduled.

We view that COVID-19 pandemic has a moderate impact to ANTM's overall credit profile, triggered by lower demand and commodity price, particularly nickel. However, nickel price has started to improve in line with the rebound of economic activities in China as the largest market for nickel. Moreover, ANTM should also benefitted by the high trend of gold price. We will closely monitor the effect of the pandemic on the Company's business operations and/or financial profile in the near to medium term, such as any significant disruption on its cash flow generation.

Founded in July 1968, ANTM is a mining company in Indonesia producing nickel ore and ferronickel, gold, bauxite, alumina and coal. As of June 30, 2020, it was 65% owned by PT Indonesia Asahan Aluminium (Persero), which is wholly owned by the Indonesian government. the Government of Indonesia also owns class A share of ANTM at below than 0.1%, while the remaining ownership were held by the directors, Mr Aprilandi Hidayat Setia and Hartono (less than 0.1%), as well as the public (35%).