

PT Semen Indonesia (Persero) Tbk

Credit Ratings

General Obligation (GO)	idAAA/Stable
SR Bond I/2019	idAAA
SR Bond II/2022 Phase I	idAAA

Rating Period

August 12, 2024 – August 1, 2025

Published Rating History

AUG 2023	idAA+/Positive
AUG 2022	idAA+/Stable
MAR 2022	idAA+/Stable
MAR 2021	idAA+/Stable
SEP 2020	idAA/Stable

PEFINDO has raised the ratings for PT Semen Indonesia (Persero) Tbk (SMGR) to **idAAA with stable outlook from idAA+ with positive outlook**. PEFINDO has also raised SMGR's Shelf-Registration (SR) Bond I and SR Bond II to **idAAA** from **idAA+**. The rating actions reflect our expectation that SMGR will maintain its financial discipline, with credit metrics commensurate with the AAA rating category. The rating reflects SMGR's important role to the government, the Company's very strong market position, well-diversified production and logistic facilities, and its conservative financial profile. The rating is constrained by the intense market competition.

We may lower the rating if SMGR's credit metrics weaken from incurring debt higher than projected without being compensated by higher revenue prospects or if the Company suffers from weaker-than-expected profitability due to a significant increase in input costs or weaker pricing power. The rating may also be under pressure if there is evidence of weaker support from the government reflected by substantial divestment, a lower span of control, or a lack of indication of extraordinary support from the government when SMGR is in financial distress.

Established in 1957, SMGR is the largest cement producer in Indonesia, with 54.2 million tons of domestic installed capacity as of June 30, 2024, with a domestic market share of 49%. The Company's business activities are supported by nine integrated cement plants in Indonesia through its principal subsidiaries, located in Java, West Sumatra, Aceh, South Sumatra, and South Sulawesi. SMGR offers a wide range of cement products, such as ordinary Portland (OPC), Portland composite (PCC), Portland Pozolan (PPC), special blended (SBC), super masonry (SMC), oil well (OWC), Portland mixed, and white cement. SMGR also manufactures cement bags and ready-mix concrete. As of June 30, 2024, the government of Indonesia held a 51.2% stake, with the rest held by the public.

Rating Definition

A debt security rated **idAAA** has the highest rating assigned by PEFINDO. The issuer's capacity to meet its long-term financial commitments on the debt security, relative to other Indonesian issuers, is superior.

Financial Highlights

As of/for the year ended	Jun-2024 (Unaudited)	Dec-2023 (Audited)	Dec-2022 (Audited)	Dec-2021 (Audited)
Total adjusted assets [IDR bn]	74,380.9	78,130.4	79,106.5	72,686.9
Total adjusted debt [IDR bn]	13,564.4	15,817.9	16,801.4	18,630.1
Total adjusted equity [IDR bn]	44,115.2	44,110.8	43,385.9	35,965.6
Total sales [IDR bn]	16,411.3	38,651.4	36,378.6	34,957.9
EBITDA [IDR bn]	2,894.3	7,596.0	7,898.7	8,269.6
Net income after MI [IDR bn]	501.5	2,170.5	2,364.8	2,021.2
EBITDA margin [%]	17.6	19.7	21.7%	23.7
Adjusted debt/EBITDA [X]	*2.3	2.1	2.1	2.3
Adjusted debt/adjusted equity [X]	0.3	0.4	0.4	0.5
FFO/adjusted debt [%]	*32.5	36.2	33.4%	32.5
EBITDA/IFCCI [X]	4.4	5.5	5.5	5.1
USD exchange rate [IDR/USD]	16,421	15,416	15,731	14,269

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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