

## PT Semen Indonesia (Persero) Tbk

### Credit Ratings

General Obligation (GO)	<sup>id</sup> AA+/Positive
SR Bond I/2019	<sup>id</sup> AA+
SR Bond II/2022 Phase I	<sup>id</sup> AA+

### Rating Period

August 10, 2023 – August 1, 2024

### Published Rating History

AUG 2022	<sup>id</sup> AA+/Stable
MAR 2022	<sup>id</sup> AA+/Stable
MAR 2021	<sup>id</sup> AA+/Stable
SEP 2020	<sup>id</sup> AA/Stable
SEP 2019	<sup>id</sup> AA/Stable
MAR 2019	<sup>id</sup> AA+/Negative
NOV 2018	<sup>id</sup> AA+/C.W. Negative
MAR 2018	<sup>id</sup> AA+/Stable
MAR 2017	<sup>id</sup> AA+/Stable

PEFINDO has affirmed the ratings for PT Semen Indonesia (Persero) Tbk (SMGR), its Shelf-Registration (SR) Bond I, and SR Bond II at <sup>id</sup>AA+. We revised the outlook for the corporate rating to positive from stable, to reflect trends that have been evident over the past three years, mainly its prudent financial policy which translates into improving leverage, and our expectation of continued momentum over the near term. The rating reflects SMGR's very strong market position, its well-diversified production and logistic facilities, and its conservative financial profile. The rating is constrained by the intense market competition.

The rating may be raised if SMGR's financial profile improves as reflected in lower leverage on a sustained basis. However, we may revise the outlook to stable if leverage remains at a level commensurate with the current rating category due to SMGR incurring debt higher than projected without being compensated by higher revenue prospects or weaker-than-expected profitability due to a significant increase in input costs or weaker pricing power.

Established in 1953, SMGR is the largest cement producer in Indonesia, with 52.7 million tons of domestic installed capacity as of June 30, 2022, with a domestic market share of 48%. It has eight integrated cement plants in Indonesia via principal subsidiaries, located in Java, West Sumatra, Aceh, 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. It also manufactures cement bags and ready-mix concrete. As of June 30, 2023, the government of Indonesia held a 51.2% stake, with the rest held by the public.

### Rating Definition

A debt security rated <sup>id</sup>AA differs from the highest rated debt only to a small degree. The obligor's capacity to meet its long-term financial commitments on the debt security, relative to other Indonesian obligors, is very strong. The Plus (+) sign indicates that the rating is relatively strong within the respective rating category

### Financial Highlights

As of/for the year ended	Jun-2023 (Unaudited)	Dec-2022 (Audited)	Dec-2021 (Audited)	Dec-2020 (Audited)
Total adjusted assets [IDR bn]	75,635.0	79,106.5	72,686.9	74,044.5
Total adjusted debt [IDR bn]	16,282.9	16,801.4	18,630.1	25,735.6
Total adjusted equity [IDR bn]	42,480.9	43,385.9	35,965.6	31,691.6
Total sales [IDR bn]	17,031.8	36,378.6	34,957.9	35,171.7
EBITDA [IDR bn]	3,481.1	7,898.7	8,269.6	9,076.9
Net income after MI [IDR bn]	866.2	2,364.8	2,021.2	2,792.3
EBITDA margin [%]	20.4%	21.7%	23.7	25.8
Adjusted debt/EBITDA [X]	*2.3	2.1	2.3	2.8
Adjusted debt/adjusted equity [X]	0.4	0.4	0.5	0.8
FFO/adjusted debt [%]	*32.1%	33.4%	32.5	23.1
EBITDA/IFCCI [X]	5.1	5.5	5.1	3.9
USD exchange rate [IDR/USD]	15,026	15,731	14,269	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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