PEFINDO

CREDIT RATING AGENCY

Press Release

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PT Aneka Tambang Tbk.

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CREDIT PROFILE

Corporate Rating *$_{id}$A/Stable*

Rated Issues

Shelf-Registration Bonds I/2011 *$_{id}$A*

Rating Period

September 10, 2019 – September 1, 2020

Rating History

SEP 2018	*$_{id}$A-/Stable*
SEP 2017	*$_{id}$BBB+/Stable*
SEP 2016	*$_{id}$BBB+/Stable*
SEP 2015	*$_{id}$A-/Negative*
SEP 2014	*$_{id}$A/Negative*
APR 2014	*$_{id}$A/Negative*
JAN 2014	*$_{id}$AA-/C.W. Negative*
SEP 2013	*$_{id}$AA-/Negative*
SEP 2012	*$_{id}$AA/Negative*
SEP 2011	*$_{id}$AA/Stable*
SEP 2002	*$_{id}$AA-/Stable*
SEP 2000	*$_{id}$AA-/Stable*

FINANCIAL HIGHLIGHTS

As of / for the year ended	**Mar-2019**	**Dec-2018**	**Dec-2017**	**Dec-2016**
	(Unaudited)	(Audited)	(Audited)	(Audited)
Total adjusted assets [IDR bn]	32,725.1	32,434.4	29,221.7	29,062.2
Total adjusted debt [IDR bn]	10,377.0	9,921.2	9,398.9	9,904.6
Total adjusted equity [IDR bn]	19,036.1	18,867.2	17,697.9	17,489.4
Total sales [IDR bn]	6,219.1	25,241.3	12,653.6	9,106.3
EBITDA [IDR bn]	587.3	2,861.3	1,443.9	678.4
Net income after MI [IDR bn]	171.7	874.4	136.5	64.8
EBITDA Margin [%]	9.4	11.3	11.4	7.4
Adjusted debt to EBITDA [X]	*4.4	3.5	6.5	14.6
Adjusted debt to adjusted equity [X]	0.5	0.5	0.5	0.6
FFO to adjusted debt [%]	*16.3	21.8	10.9	5.1
EBITDA to IFCCI [X]	5.4	5.1	2.3	1.3
USD exchange rate [IDR/USD]	14,244	14,481	13,548	13,436

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*
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 raises the ratings for PT Aneka Tambang Tbk and its bond to "$_{id}$A"

PEFINDO has raised the ratings for PT Aneka Tambang Tbk (ANTM) and its Shelf-Registration Bond I/2011 to **"$_{id}$A"** from **"$_{id}$A-"**. Upgrade in ratings were due to our expectation that ANTM's credit profile, particularly its cash flow coverage ratios, will improve to levels that we believe are commensurate with an A rating category following increased nickel production capacity from its Pomalaa and Halmahera plants, the latter of which is nearing completion and is expected to commence plant operation phase in 2020, as well as ANTM benefitting from having a relatively low cash costs position. We are also of the view that the acceleration on nickel ore export ban by 2020, two year earlier than initially indicated, will improve nickel prices given the fact that Indonesia is the world's largest nickel ore producer, accounting for about 25% of global nickel ore supply in 2018, hence, compensating for the loss in revenue from ANTM's nickel ore exports which accounted for about 7% of revenue. In early September 2019, nickel price rose to USD17,685 per ton, its highest since 2015. ANTM however, is still allowed to export bauxite ore, from which it has secured around 3.3 million metric tons of export quota in 2019, an increased from 850,000 metric tons in 2018. Such an increase in export quota arises from its plan to add a smelter grade alumina refinery plant in Mempawah, West Kalimantan, which will be jointly developed with its parent, PT Indonesia Asahan Aluminium (Persero) (Inalum). The outlook for the corporate rating is **"stable"**.

An obligor rated $_{id}$A has a strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, the obligor 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 diverse mining products backed by a sizable amount of resources and reserves, its vertically integrated mining operation, and improved cash flows. However, the rating is constrained by its relatively high financial leverage for the rating category, although the number has been improving over the past years, as well as its exposure to fluctuating commodity prices.

We could raise the rating if ANTM improves its business profile, reflected by increase in revenue and EBITDA, while maintaining a conservative financial leverage level on a sustained basis. The rating could also be raised if there is evident of stronger support from Inalum, such as in the form of capital injection, shareholder loan, and/or business synergy. We may lower the rating if ANTM's capital structure and cash flow protection measures deteriorate as a result of lower-than-expected commodity prices, particularly nickel, rise in fuel price, which may increase 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, 2019, ANTM was 65% owned by Inalum, which is wholly owned by the Government of Indonesia, and the rest was held by the public (35%).