

PT Aneka Tambang Tbk.

Analysts: Yogie Surya Perdana / Niken Indriarsih

Phone/Fax/E-mail: (62-21) 72782380 / 72782370 / yogie.perdana@pefindo.co.id / niken.indriarsih@pefindo.co.id

CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Mar-2019	Dec-2018	Dec-2017	Dec-2016
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idA/Stable</i>	Total adjusted assets [IDR bn]	32,725.1	32,434.4	29,221.7	29,062.2
Rated Issues		Total adjusted debt [IDR bn]	10,377.0	9,921.2	9,398.9	9,904.6
<i>Shelf-Registration Bonds I/2011</i>	<i>idA</i>	Total adjusted equity [IDR bn]	19,036.1	18,867.2	17,697.9	17,489.4
Rating Period		Total sales [IDR bn]	6,219.1	25,241.3	12,653.6	9,106.3
<i>September 10, 2019 – September 1, 2020</i>		EBITDA [IDR bn]	587.3	2,861.3	1,443.9	678.4
Rating History		Net income after MI [IDR bn]	171.7	874.4	136.5	64.8
<i>SEP 2018</i>	<i>idA-/Stable</i>	EBITDA Margin [%]	9.4	11.3	11.4	7.4
<i>SEP 2017</i>	<i>idBBB+/Stable</i>	Adjusted debt to EBITDA [X]	*4.4	3.5	6.5	14.6
<i>SEP 2016</i>	<i>idBBB+/Stable</i>	Adjusted debt to adjusted equity [X]	0.5	0.5	0.5	0.6
<i>SEP 2015</i>	<i>idA-/Negative</i>	FFO to adjusted debt [%]	*16.3	21.8	10.9	5.1
<i>SEP 2014</i>	<i>idA/Negative</i>	EBITDA to IFCCI [X]	5.4	5.1	2.3	1.3
<i>APR 2014</i>	<i>idA/Negative</i>	USD exchange rate [IDR/USD]	14,244	14,481	13,548	13,436
<i>JAN 2014</i>	<i>idAA-/C.W. Negative</i>	<i>FFO = EBITDA – IFCCI + gross interest income – current tax expense</i>				
<i>SEP 2013</i>	<i>idAA-/Negative</i>	<i>EBITDA = operating profit + depreciation expense + amortization expense</i>				
<i>SEP 2012</i>	<i>idAA-/Negative</i>	<i>IFCCI = gross interest expense + other financial charges + capitalized interest; FX loss not included;</i>				
<i>SEP 2011</i>	<i>idAA/Stable</i>	<i>MI = minority interest; * = Annualized</i>				
<i>SEP 2002</i>	<i>idAA-/Stable</i>	<i>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.</i>				
<i>SEP 2000</i>	<i>idAA-/Stable</i>					

PEFINDO raises the ratings for PT Aneka Tambang Tbk and its bond to “idA”

PEFINDO has raised the ratings for PT Aneka Tambang Tbk (ANTM) and its Shelf-Registration Bond I/2011 to “idA” from “idA-”. 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 idA 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%).

DISCLAIMER

PT Pemeringkat Efek Indonesia (PEFINDO) does not guarantee the accuracy, completeness, timeliness or availability of the contents of this report or publication. PEFINDO cannot be held liable for its use, its partial use, or its lack of use, in combination with other products or used solely, nor can it be held responsible for the result of its use or lack of its use in any investment or other kind of financial decision making on which this report or publication is based. In no event shall PEFINDO be held liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses including but not limited to lost profits and opportunity costs in connection with any use of the contents of this report or publication. Credit analyses, including ratings, and statements in this report or publication are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities or to make any investment decision. The contents cannot be a substitute for the skill, judgment and experience of its users, its management employees and/or clients in making investment or other business decisions. PEFINDO also assumes no obligation to update the content following publication in any form. PEFINDO does not act as fiduciary or an investment advisor. While PEFINDO has obtained information from sources it believes to be reliable, PEFINDO does not perform an audit and does not undertake due diligence or independent verification of any information used as the basis of and presented in this report or publication. PEFINDO keeps the activities of its analytical units separate from its business units to preserve independence and objectivity of its analytical processes and products. As a result, certain units of PEFINDO may have information that is not available to other units. PEFINDO has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. PEFINDO may receive compensation for its ratings and other analytical work, normally from issuers of securities. PEFINDO reserves the right to disseminate its opinions and analyses. PEFINDO's public ratings and analyses are made available on its website, <http://www.pefindo.com> (free of charge) and through other subscription-based services, and may be distributed through other means, including via PEFINDO publications and third party redistributors. Information in PEFINDO's website and its use fall under the restrictions and disclaimer stated above. Reproduction of the content of this report, in full or in part, is subject to written approval from PEFINDO.