

## PT Semen Indonesia (Persero) Tbk

Analysts: Yogie Surya Perdana / Aishantya

Phone/Fax/E-mail: (62-21) 7278 2380 / 7278 2370 / [yogie.perdana@pefindo.co.id](mailto:yogie.perdana@pefindo.co.id) / [aishantya@pefindo.co.id](mailto:aishantya@pefindo.co.id)

<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
		As of/for the year ended	Sep-2019 (Unaudited)	Dec-2018 (Audited)	Dec-2017 (Audited)	Dec-2016 (Audited)
<b>Corporate Rating</b>	<i>idAA/Stable</i>	Total Adjusted Assets [IDR Bn]	76,129.3	49,829.6	47,683.1	42,754.2
<b>Rated Issues</b>		Total Adjusted Debt [IDR Bn]	32,961.2	9,864.1	10,019.3	6,260.4
Shelf-Registered Bond I/2017	<i>idAA</i>	Total Adjusted Equity [IDR Bn]	28,493.5	31,410.0	28,660.5	29,101.7
Shelf-Registered Bond I/2019	<i>idAA</i>	Total Sales [IDR Bn]	28,123.0	30,687.6	27,813.7	26,134.3
<b>Rating Period</b>		EBITDA [IDR Bn]	5,586.6	6,413.7	4,601.0	6,625.8
March 9, 2020 – March 1, 2021		Net Income after MI [IDR Bn]	1,278.0	3,079.1	1,621.0	4,521.6
<b>Rating History</b>		EBITDA Margin [%]	19.9	20.9	16.5	25.4
SEP 2019	<i>idAA/Stable</i>	Adjusted Debt/EBITDA [X]	*4.4	1.5	2.2	0.9
MAR 2019	<i>idAA+/Negative</i>	Adjusted Debt/Adjusted Equity [X]	1.2	0.3	0.3	0.2
NOV 2018	<i>idAA+/C.W Negative</i>	FFO/Adjusted Debt [%]	*11.6	49.8	33.9	83.5
MAR 2018	<i>idAA+/Stable</i>	EBITDA/IFCCI [X]	2.3	6.7	5.2	15.1
MAR 2017	<i>idAA+/Stable</i>	USD Exchange Rate [IDR/USD]	14,174	14,481	13,548	13,436

*FFO = EBITDA – IFCCI + interest income – current tax expense*  
*EBITDA = (operating profit + depreciation exp. + amortization exp.)*  
*IFCCI = (gross interest expense + other financial charges + capitalized interest); foreign exchange 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 affirms “idAA” ratings for PT Semen Indonesia (Persero) Tbk and its bond

PEFINDO has affirmed the ratings for Semen Indonesia (Persero) Tbk (SMGR) and its Shelf-Registered Bond I Year 2017 and 2019 at “idAA”. The outlook for the corporate rating is “stable”.

An obligor rated *idAA* differs from the highest rated obligors only to a small degree, and has a very strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors.

The rating reflects SMGR’s very strong market position in the cement industry, its well diversified production and logistic facilities, and more conservative financial leverage. However, tight competition in the cement industry and exposure to the volatility of the property and construction end markets constrain its rating, in our view.

The rating could be raised if SMGR materially realizes its synergies with PT Solusi Bangun Indonesia Tbk (SBI). This should be accompanied by improving its credit profile on a sustained basis. The rating could be lowered if there is an indication of sustained loss in shares, and a material deterioration in profitability due to weaker pricing power as a result of a severe cement oversupply. The rating could also be under pressure if it incurs higher debt than expected without being accompanied by higher revenue.

Established in 1953, SMGR is the largest cement producer in Indonesia. Its total installed capacity of 51.0 million tons as of December 31, 2019 with domestic market share of 53.4%. It has eight integrated cement plants in Indonesia via principal subsidiaries, located in Java, West Sumatra, Aceh, and South Sulawesi. In the beginning of 2019, it completed the acquisition of SBI, the third largest cement producer in Indonesia. As of September 30, 2019, it owned 98.3% of SBI’s shares. It offers a wide range of cement products, including 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 September 30, 2019, the government of Indonesia held a 51% stake, while the public held the rest.

**DISCLAIMER**

*The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.*