Press Release
March 11, 2020

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 / aishantya@pefindo.co.id*

CREDIT PROFILE

Corporate Rating — *idAA/Stable*

Rated Issues
Shelf-Registered Bond I/2017 — *idAA*
Shelf-Registered Bond I/2019 — *idAA*

Rating Period
March 9, 2020 – March 1, 2021

Rating History

SEP 2019	*idAA/Stable*
MAR 2019	*idAA+/Negative*
NOV 2018	*idAA+/C.W Negative*
MAR 2018	*idAA+/Stable*
MAR 2017	*idAA+/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	Sep-2019 (Unaudited)	Dec-2018 (Audited)	Dec-2017 (Audited)	Dec-2016 (Audited)
Total Adjusted Assets [IDR Bn]	76,129.3	49,829.6	47,683.1	42,754.2
Total Adjusted Debt [IDR Bn]	32,961.2	9,864.1	10,019.3	6,260.4
Total Adjusted Equity [IDR Bn]	28,493.5	31,410.0	28,660.5	29,101.7
Total Sales [IDR Bn]	28,123.0	30,687.6	27,813.7	26,134.3
EBITDA [IDR Bn]	5,586.6	6,413.7	4,601.0	6,625.8
Net Income after MI [IDR Bn]	1,278.0	3,079.1	1,621.0	4,521.6
EBITDA Margin [%]	19.9	20.9	16.5	25.4
Adjusted Debt/EBITDA [X]	*4.4	1.5	2.2	0.9
Adjusted Debt/Adjusted Equity [X]	1.2	0.3	0.3	0.2
FFO/Adjusted Debt [%]	*11.6	49.8	33.9	83.5
EBITDA/IFCCI [X]	2.3	6.7	5.2	15.1
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 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.