

## PT Semen Indonesia (Persero) Tbk

### Credit Rating(s)

General Obligation (GO) idAA+/Stable  
SR Bond I/2019 idAA+

### Rating Period

August 18, 2022 – August 1, 2023

### Published Rating History

MAR 2022	idAA+/Stable
MAR 2021	idAA+/Stable
SEP 2020	idAA/Stable
SEP 2019	idAA/Stable
MAR 2019	idAA+/Negative
NOV 2018	idAA+/C.W. Negative
MAR 2018	idAA+/Stable
MAR 2017	idAA+/Stable

### Rating Definition

A debt security rated idAA 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

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PEFINDO has affirmed the ratings for PT Semen Indonesia (Persero) Tbk (SMGR) and its Shelf-Registration (SR) Bond I at idAA+. The outlook for the corporate rating is stable.

The rating reflects SMGR's very strong market position in the cement industry, its well-diversified production and logistic facilities, and conservative financial profile. However, the intense market competition and risk related to higher input costs constrain its rating, in our view.

The rating may be raised if SMGR materially improves its business profile as reflected in a higher-than-projected revenue and EBITDA on a sustained basis, while maintaining its conservative financial profile. However, the rating may be lowered if there is an indication of a sustained loss in market shares and a material deterioration in profitability due to significant increase in input costs and/or weaker pricing power. We may also lower the rating if SMGR incurs debt higher-than-projected without being compensated by higher revenue prospects, thus, making us no longer view SMGR as having a conservative financial profile.

Established in 1953, SMGR is the largest cement producer in Indonesia, with 52.7 million tons of domestic installed capacity as of March 31, 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. At the beginning of 2019, it completed the acquisition of PT Holcim Indonesia Tbk (SMCB), the third-largest cement producer in Indonesia. SMCB was subsequently renamed to PT Solusi Bangun Indonesia Tbk (SBI) and SMGR owned 83.5% of its shares at end-March 2022. 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 March 31, 2022, the government of Indonesia held a 51% stake, with the rest held by the public.

**Financial Highlights**

As of/for the year ended	Mar-2022 (Audited)	Dec-2021 (Audited)	Dec-2020 (Audited)	Dec-2019 (Audited)
Total adjusted assets [IDR bn]	72,645.6	72,686.9	74,044.5	75,547.0
Total adjusted debt [IDR bn]	18,502.4	18,630.1	25,735.6	30,041.9
Total adjusted equity [IDR bn]	35,513.4	35,965.6	31,691.6	29,631.9
Total sales [IDR bn]	8,136.7	34,957.9	35,171.7	40,368.1
EBITDA [IDR bn]	1,799.3	8,269.6	9,076.9	8,606.6
Net income after MI [IDR bn]	498.6	2,021.2	2,792.3	2,392.2
EBITDA margin [%]	22.1	23.7	25.8	21.3
Adjusted debt/EBITDA [X]	*2.6	2.3	2.8	3.5
Adjusted debt/adjusted equity [X]	0.5	0.5	0.8	1.0
FFO/adjusted debt [%]	*29.5	32.5	23.1	15.2
EBITDA/IFCCI [X]	5.5	5.1	3.9	2.7
USD exchange rate [IDR/USD]	14,349	14,269	14,105	13,901

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.

**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.