PEFINDO
CREDIT RATING AGENCY

Press Release

August 22, 2022

PT Semen Indonesia (Persero) Tbk

Credit Rating(s)

General Obligation (GO)	$_{id}$AA+/Stable
SR Bond I/2019	$_{id}$AA+

Rating Period

August 18, 2022 – August 1, 2023

Published Rating History

MAR 2022	$_{id}$AA+/Stable
MAR 2021	$_{id}$AA+/Stable
SEP 2020	$_{id}$AA/Stable
SEP 2019	$_{id}$AA/Stable
MAR 2019	$_{id}$AA+/Negative
NOV 2018	$_{id}$AA+/C.W. Negative
MAR 2018	$_{id}$AA+/Stable
MAR 2017	$_{id}$AA+/Stable

Rating Definition

A debt security rated $_{id}$AA 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 $_{id}$AA+. 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.