



PEFINDO CREDIT RATING INDONESIA

PRESS RELEASE
April 22, 2014

ANTM's Ratings Lowered to “_{id}A” ; Outlook Negative

PEFINDO has lowered the ratings for Perusahaan Perseroan (Persero) PT Aneka Tambang Tbk. (ANTM or the Company) and its Shelf-Registered Bond 1/2011 amounting to IDR3 trillion to “_{id}A” from “_{id}AA-”. The downgrade was due to potential lower profitability and cash flow amid rising leverage position to finance its expansion project of Ferronickel (FeNi) processing plants. The lower profitability and cash flow are mainly due to the implementation of mineral ore export ban as stipulated in the Government Regulation No. 1/2014 effective on January 12, 2014, considering that nickel and bauxite ores sales accounted for 27% of the Company's total revenue in 2013. We removed the status of “**Credit watch with Negative Implication**” on the rating and replaced it with a “**Negative**” outlook. The negative outlook is to anticipate further deterioration in the Company's cash flow protection measures and capital structure as a result of lower than expected commodities prices and its failure to meet the targeted sales volume of FeNi and gold. The rating could also be under pressure if the Company increases the debt higher than projected and fails to complete its expansion projects as scheduled. The outlook could be revised to stable if the Company could improve its cash flow protection measures and capital structure from its 2013 figures supported by its ongoing efficiency efforts and strategy to have a more conservative approach in capital spending, and increasing commodities prices.

Founded in July 1968, ANTM is a state-owned mining company in Indonesia, producing nickel ores and FeNi, gold, bauxite, and coal. As of December 31, 2013, ANTM's shareholders were the GOI with 65% of ownership and the public (35%).

Rating Period: April 17, 2014 – September 1, 2014
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