

PT Perkebunan Nusantara X

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CREDIT PROFILE

Corporate Rating	<i>id</i> BBB/Stable
Rated Issues	
MTN 2018	<i>id</i> BBB
Rating Period	
February 8, 2019 – February 1, 2020	
Rating History	
FEB 2018	<i>id</i> BBB/Stable
FEB 2017	<i>id</i> BBB/Stable
APR 2016	<i>id</i> BBB+/Stable
APR 2015	<i>id</i> BBB+/Stable
DEC 2014	<i>id</i> BBB+/Negative
AUG 2014	<i>id</i> A/Negative
APR 2014	<i>id</i> A+/Stable
APR 2013	<i>id</i> A+/Stable

FINANCIAL HIGHLIGHTS

As of/for the year ended	Dec-2018 (Un-audited)	Dec-2017 (Audited)	Dec-2016 (Audited)	Dec-2015 (Audited)
Total Adjusted Assets [IDR Bn]	13,139.6	12,993.0	12,976.4	12,251.1
Total Adjusted Debt [IDR Bn]	2,273.5	2,350.3	2,319.4	1,709.4
Total Adjusted Equity [IDR Bn]	9,194.7	8,973.5	8,963.6	9,209.6
Total Sales [IDR Bn]	2,726.5	2,593.9	2,260.4	2,531.6
EBITDA [IDR Bn]	533.8	427.7	163.9	540.0
Net Income after MI [IDR Bn]	96.6	56.3	(158.1)	119.1
EBITDA Margin [%]	19.6	16.5	7.2	21.3
Adjusted Debt/EBITDA [X]	4.3	5.5	14.2	3.2
Adjusted Debt/Adjusted Equity [X]	0.2	0.3	0.3	0.2
FFO/Adjusted Debt [%]	12.3	6.4	(3.0)	18.6
EBITDA/IFCCI [X]	2.3	1.8	0.8	3.5
USD Exchange Rate [IDR/USD]	14,481	13,548	13,436	13,795

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

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 PT Perkebunan Nusantara X (PPNX)'s rating at "idBBB"

PEFINDO has affirmed its "idBBB" ratings to PT Perkebunan Nusantara X (PPNX) and the Company's Medium-Term Notes (MTN) year 2018. The outlook for the corporate rating is "stable".

An obligor rated *id*BBB has an adequate capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, adverse economic conditions or changing circumstances are more likely to weaken its capacity to meet its financial commitments.

The rating reflects PPNX's stable productivity from its sugar-cane plantation and vertically integrated operations with expected more diversified products. The rating is constrained by the Company's aggressive capital structure, high dependency on farmers' sugar-cane supply, and exposure to the fluctuations of product prices and unfavorable weather.

The rating may be raised if PPNX's sugar unit consistently improves, resulting in a meaningful improvement in its revenue and/or EBITDA that exceeds projections on a sustained basis. This could be achieved if the Company meet its projected productivity supported with sugar price above IDR9,100/kg as well as manageable production costs. This should also be accompanied by improving capital structure and cash flow protection measures. The rating may be lowered if it incurs greater debt than projected and/or its financial profile deteriorates due to weaker-than-expected cash flow and/or profitability stemming from a major slowdown in its core businesses – sugar, tobacco, and bio-ethanol – and a decline in commodity prices.

Located in East Java, PPNX is a plantation company engaged in the sugar and tobacco industry. It processes sugar-cane, largely from farmers' plantations, in its nine sugar-cane mills. It also has a bio-ethanol plant. At the end of 2018, it had a total plantation area of 57,858 hectares (ha) (including those owned by farmers), consisting of 57,156 ha of sugar-cane plantations and 702 ha of tobacco plantation. As of December 31, 2018, it was 90.0% owned by PT Perkebunan Nusantara III (Persero) (*id*A/stable outlook) and 10.0% by the Indonesian government.

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