

PT Perkebunan Nusantara X

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CREDIT PROFILE

Corporate Rating	<i>idBBB/Stable</i>
Rated Issues	
<i>Bond I/2013</i>	<i>idBBB</i>
Rating Period	
<i>February 12, 2018 – February 1, 2019</i>	
Rating History	
FEB 2017	<i>idBBB/Stable</i>
APR 2016	<i>idBBB+/Stable</i>
APR 2015	<i>idBBB+/Stable</i>
DEC 2014	<i>idBBB+/Negative</i>
AUG 2014	<i>idA/Negative</i>
APR 2014	<i>idA+/Stable</i>
APR 2013	<i>idA+/Stable</i>

FINANCIAL HIGHLIGHTS

As of/for the year ended	Dec-2017	Dec-2016	Dec-2015	Dec-2014
	(Un-audited)	(Audited)	(Audited)	(Audited)
Total Adjusted Assets [IDR Bn]	13,006.5	12,973.5	12,246.9	4,485.9
Total Adjusted Debt [IDR Bn]	2,365.6	2,319.4	1,709.4	1,991.4
Total Adjusted Equity [IDR Bn]	9,125.5	8,955.6	9,190.4	1,018.5
Total Sales [IDR Bn]	2,596.3	2,260.4	2,531.6	1,902.4
EBITDA [IDR Bn]	398.8	154.6	540.0	228.9
Net Income after MI [IDR Bn]	39.7	(161.4)	119.1	(33.0)
EBITDA Margin [%]	15.4	6.8	21.3	12.0
Adjusted Debt/EBITDA [X]	5.9	15.0	3.2	8.7
Adjusted Debt/Adjusted Equity [X]	0.3	0.3	0.2	2.0
FFO/Adjusted Debt [%]	9.1	(0.5)	18.6	3.3
EBITDA/IFCCI [X]	1.7	0.8	3.5	1.3
USD Exchange Rate [IDR/USD]	13,548	13,436	13,785	12,440

*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 "idBBB" ratings on PT Perkebunan Nusantara X and its Bond I/2013

PEFINDO has affirmed its "idBBB" ratings for PT Perkebunan Nusantara X (PPNX) and its Bond I/2013. The corporate rating outlook is "stable".

An obligor rated idBBB 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 lead to a weakened capacity of the obligor to meet its financial commitments.

The ratings reflect PPNX's stable productivity from the sugar cane plantation and its vertically integrated operations. The ratings are constrained by its aggressive capital structure, high dependency on farmers' sugar cane supply, and exposure to the fluctuations of product prices and unfavorable weather.

The ratings may be raised if PPNX's sugar unit consistently and significantly recovers, resulting in a meaningful improvement in its capital structure. This could be achieved if it maintains production sharing of sugar at the normal level in addition to a stable sugar price and manageable production costs. The ratings may be lowered if it generates weak cash flows as a result of weaker-than-expected performance 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 sugar cane mills. It operates 10 sugar cane mills and one bio-ethanol plant. At the end of 2017, it had a total area of 58,440 hectares (ha) (including farmers), consisting of 57,561 ha of sugar cane plantations and 879 ha of a tobacco plantation. As of December 31, 2017, it was 90.0% owned by PT Perkebunan Nusantara III (Persero) (idA/stable outlook) and 10.0% by the Indonesian government.

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