PEFINDO
CREDIT RATING AGENCY

Press Release
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PT PUPUK SRIWIDJAJA PALEMBANG

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CREDIT PROFILE

Corporate Rating *idAA-/Stable*

Rated Issues
N.A.

Rating Period
May 24, 2017 – May 1, 2018

Rating History

APR 2016	*idAA-/Stable*
MAR 2015	*idAA/Stable*
FEB 2014	*idAA+/Stable*
JAN 2013	*idAA+/Stable*
DEC 2011	*idAA/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	**Mar-2017**	**Dec-2016**	**Dec-2015**	**Dec-2014**
	(Unaudited)	(Audited)	(Audited)	(Audited)
Total Adjusted Assets [IDR Bn]	29,481.4	29,296.4	18,120.4	14,918.6
Total Adjusted Debt [IDR Bn]	13,222.0	12,709.6	9,126.9	5,404.8
Total Adjusted Equity [IDR Bn]	14,022.7	13,935.0	6,041.5	5,615.1
Total Sales [IDR Bn]	2,110.3	8,415.7	8,568.7	8,486.1
EBITDA [IDR Bn]	254.6	1,208.1	945.9	1,013.6
Net Income after MI [IDR Bn]	82.1	591.9	500.2	701.0
EBITDA Margin [%]	12.1	14.4	11.0	11.9
Adjusted Debt to EBITDA [X]	*13.0	10.5	9.6	5.3
Adjusted Debt to Adjusted Equity [X]	0.9	0.9	1.5	1.0
FFO to Adjusted Debt [%]	*(1.4)	(0.1)	2.5	12.3
EBITDA to IFCCI [X]	0.9	1.1	1.5	3.6
USD Exchange Rate [IDR/USD]	13,321	13,436	13,795	12,440

FFO= EBITDA – IFCCI + gross interest income – current tax expense
EBITDA = (operating profit + depreciation exp. + amortization exp.)
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.

PEFINDO assigns "idAA-" rating to PT Pupuk Sriwidjaja Palembang

PEFINDO has assigned its **"idAA-"** rating to PT Pupuk Sriwidjaja Palembang (PPSR). The outlook for the corporate rating is **"stable"**.

An obligor rated idAA differs from the highest-rated obligors only to a small degree, and has a very strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors.

The minus (-) sign in a particular rating indicates that it is relatively weak within the respective rating category.

The rating reflects PPSR's strong support from the government given the strategic importance of the fertilizer industry to the country, its strong market position in the domestic fertilizer industry, and potential for improved profitability in the near term. However, the rating is constrained by its aggressive capital structure and weak cash flow protection measures, and its high gas consumption ratio.

The rating could be raised if PPSR substantially reduces its debts, resulting in a conservative capital structure and strong cash flow protection measures. At the same time, its capital spending programs should be successfully and prudently executed, resulting in an improving business performance, particularly in non-subsidized sectors. On the other hand, we could lower the rating if its financial profiles continue to deteriorate on a sustained basis due to prolonged delays in subsidy payments and weaker-than-expected profitability margins due to the unfavorable business environment in the non-subsidized sector. Any unfavorable change to the subsidy scheme and the distribution area for subsidized fertilizer will also add pressure to the rating.

PPSR is considered one of the largest urea producers in the country with significant production capacities and sufficient supporting facilities. Located in Palembang, South Sumatra, it has four urea plants with a total annual capacity of 2.0 million tons, which will increase to 2.6 million tons after the operation of its Pusri IIB plant, and four ammonia plants with a total annual capacity of 1.8 million tons. It also manages ports and warehouses to support its production and distribution processes. In December 2010, it was spun off from PT Pupuk Indonesia (Persero), currently known as Pupuk Indonesia Holding Company (PIHC), the state-owned holding company for the fertilizer sector. As of March 31, 2017, it was 99.9% owned by PT Pupuk Indonesia (Persero).