

PT Perkebunan Nusantara X

Analysts: Ayuningtyas Nur Paramitasari / Niken Indriarsih

Phone/Fax/E-mail: (62-21) 50968469 / 50968468 / ayuningtyas.nur@pefindo.co.id / niken.indriarsih@pefindo.co.id

CREDIT PROFILE		FINANCIAL HIGHLIGHTS			
		As of/for the year ended			
		Jun-2021	Dec-2020	Dec-2019	Dec-2018
		(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idBBB/Stable</i>	12,837.9	12,431.0	12,142.7	12,418.4
Rated Issues		2,011.7	1,816.6	1,992.4	2,279.4
MTN 2018	<i>idBBB</i>	9,067.1	9,054.3	8,563.1	8,405.9
Rating Period		407.6	2,487.9	2,619.1	2,597.5
July 29, 2021 – February 1, 2022		56.9	244.1	529.9	536.7
Rating History					
FEB 2021	<i>idBBB+/Negative</i>				
AUG 2020	<i>idBBB+/Stable</i>				
FEB 2020	<i>idBBB+/Stable</i>				
2017 - 2019	<i>idBBB+/Stable</i>				
2015 - 2016	<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>				
		Total adjusted assets [in IDR Bn]			
		Total adjusted debt [in IDR Bn]			
		Total adjusted equity [in IDR Bn]			
		Total adjusted sales [in IDR Bn]			
		EBITDA [in IDR Bn]			
		Net income after MI [in IDR Bn]			
		EBITDA margin [%]			
		Adjusted debt to EBITDA [X]			
		Adjusted debt to adjusted equity [X]			
		FFO to adjusted debt [%]			
		EBITDA to IFCCI [X]			
		USD Exchange Rate in IDR			
		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.			

PT Perkebunan Nusantara X lowered to “*idBBB*”, outlook revised to stable

PEFINDO has lowered the ratings for PT Perkebunan Nusantara X (PPNX) and its Medium-Term Notes (MTN) Year 2018 to “*idBBB*” from “*idBBB+*”. At the same time, we also revised the outlook of PPNX's corporate rating to “**stable**”. The restructuring scheme under Master Amendment Agreement (MAA) that only allows fund raising activities to be centralized at the holding level will limit PPNX to seek external funding independently to mitigate any shortfall in financing needs. The MAA has classified PPNX as part of the yellow cluster with other six plantation companies, and PPNX's excess operating cash flow may also be utilized to support other entities within the same cluster.

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 weaken its capacity to meet its financial commitments.

The rating reflects its vertically integrated operations with more product diversity expected, and stable domestic demand for white sugar. The rating is constrained by the Company's aggressive financial profile and limited financial flexibility, high dependency on farmers' sugarcane supply, and exposure to the fluctuations of product prices and unfavorable weather.

We may lower the rating if limitation to access external funding causing disruption for PPNX to finance its operational activities or repay its financial obligations. A higher debt realization and/or financial profile deterioration due to weaker-than-expected cash flow and/or profitability, stemming from a major slowdown in its core businesses – sugar, edamame, and tobacco – and a decline in commodity prices may also trigger a rating downgrade. However, we may raise the rating if PPNX shows improvement on operational and financial indicators on a sustained basis.

Located in East Java, PPNX is a vertically integrated plantation company engaged in the short-lived crops industries (sugar, edamame, and tobacco) and producing downstream products through bioethanol plant. It processes sugarcane in its nine sugarcane mills with some of the by-product, molasses, as a feedstock to its bioethanol plant. By the end of June 30, 2021, it managed a total plantation area of 48,150 hectares (ha) of sugarcane plantations (including those owned by farmers), 554 ha of edamame plantations, and 601 ha of tobacco plantations. As of June 30, 2021, it was 90.0% owned by PTPN and 10.0% by the Indonesian government.

DISCLAIMER

The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.