

### PPNX's ratings affirmed at "idBBB+", outlook "Stable"

PEFINDO has affirmed its "idBBB+" ratings for PT Perkebunan Nusantara X (PPNX), its Medium-term Notes (MTN) II/2014 Series A, MTN II/2014 Series B, and its Bond I/2013. The Company plans to internally finance its maturing MTN II/2014 Series A of IDR75 billion which will mature on April 27, 2015, and MTN II/2014 Series B of IDR50 billion which will mature on May 5, 2015. We revise the corporate rating outlook to "stable" from "negative" based on our expectation that performance of the Company's sugar business will increase following the improvement in the domestic sugar price and support from the Government in the form of capital injection of IDR975.0 billion. The ratings reflect its stable productivity from the sugar cane plantation and its vertically integrated operations. However, the ratings are constrained by its aggressive capital structure, high dependency on farmers' sugar cane supply, and exposure to the fluctuation of sugar and tobacco prices and unfavorable weather.

PPNX is a state-owned plantation company, engaging in sugar cane and tobacco plantation and processing. At the end of 2014, its total plantation area was 73,488 hectares (ha) (including plasma). It consisted of the sugar cane plantation area of 72,435 ha and the tobacco plantation area of 1,053 ha. Its production facilities include 11 sugar cane mills and one bio-ethanol plant, which are located in East Java. As of December 31, 2014, PPNX was owned by PT Perkebunan Nusantara III (Persero) (idA+/stable outlook) with 90.0% ownership and the Indonesian government with the ownership of 10.0%.

Rating period: April 10, 2015 – April 1, 2016

Rating period for MTN II/2014 Series A: April 10, 2015 - April 27, 2015

Rating period for MTN II/2014 Series B: April 10, 2015 - May 5, 2015

Contact Analyst: Mega Nugroho & Niken Indriarsih

[mega.nugroho@pefindo.co.id](mailto:mega.nugroho@pefindo.co.id) & [niken.indriarsih@pefindo.co.id](mailto:niken.indriarsih@pefindo.co.id)

#### DISCLAIMER

*PT Pemeringkat Efek Indonesia (PEFINDO) does not guarantee the accuracy, completeness, timeliness or availability of the contents in this report or publication. PEFINDO cannot be held liable for its use, its partial use, lack of use, in combination with other products or used solely, nor can it be held responsible for the result from its use or lack of its use in any investment or other kinds of financial decision making on which this report or publication is based. In no event shall PEFINDO be held liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses including but not limited to lost profits and opportunity costs in connection with any use of the contents of this report or publication. Credit analyses, including ratings, and statements in this report or publication are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities or to make any investment decision. The contents cannot be a substitute for the skill, judgment and experience of its users, its management employees and/or clients in making investment or other business decisions. PEFINDO also assumes no obligation to update the content following publication in any form. PEFINDO does not act as fiduciary or an investment advisor. While PEFINDO has obtained information from sources it believes to be reliable, PEFINDO does not perform an audit and does not undertake due diligence or independent verification of any information used as the base of and presented in this report or publication. PEFINDO keeps the activities of its analytical units separate from its business units to preserve independence and objectivity of its analytical processes and products. As a result, certain units of PEFINDO may have information that is not available to other units. PEFINDO has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. PEFINDO may receive compensation for its ratings and other analytical work, normally from issuers of securities. PEFINDO reserves the right to disseminate its opinions and analyses. PEFINDO public ratings and analyses are made available on its Website, <http://www.pefindo.com> (free of charge) and through other subscription-based services, and may be distributed through other means, including via PEFINDO publications and third party redistributors. Information in PEFINDO's website and its use fall under the restrictions and disclaimer stated above. Reproduction of the content of this report, in full or in part, is subject to written approval from PEFINDO.*