



PEFINDO CREDIT RATING INDONESIA

## PRESS RELEASE September 10, 2014

### PT Pupuk Kalimantan Timur Affirmed at “**idAA+**”

PEFINDO has affirmed its “**idAA+**” ratings for PT Pupuk Kalimantan Timur (PPKT) and its Bond II/2009, as well as its “**idAA+(sy)**” rating for PPKT’s Sukuk Ijarah I/2009 due on December 4, 2014. The Company plans to finance its maturing bond and sukuk totaling IDR791 billion using its internal cash flow generation, which is also supported by its parent’s loan facility and unused credit facility from its existing banks. The outlook of the Company’s corporate rating is “**stable**”. The ratings reflect the strategic importance of fertilizer industry for the country resulting in strong support from the government, the Company’s strong position in the fertilizer industry, and secured and stable natural gas supply leading to high utilization rate. However, the ratings are constrained by the Company’s increased financial leverage after the development of Kaltim-5 plant.

PPKT is the largest urea producer in Indonesia, representing 37% of national production. Located in Bontang, East Kalimantan, its production facilities consist of five urea fertilizer plants with 3.0 million tons of total annual capacity and five ammonia plants with 2.5 million tons of total annual capacity. The plants in Bontang are also integrated with ports and storage, which facilitate the product distribution in both domestic and export markets. PPKT also produces NPK fertilizer with a total annual capacity of 350,000 tons (150,000 tons of mechanical blending NPK and 200,000 tons of fusion NPK), as well as organic fertilizer with 45,000 tons annual capacity. As of June 30, 2014, PT Pupuk Indonesia (Persero), the state-owned holding company for the fertilizer sector, owned 99.99% of PPKT’s shares.

Rating Period: September 8, 2014 – September 1, 2015  
September 8, 2014 – December 4, 2014 (Bond II/2009 and Sukuk Ijarah I/2009)  
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)

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