

## PT Perkebunan Nusantara X

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### CREDIT PROFILE

Corporate Rating *idBBB+/Negative*

#### Rated Issues

MTN 2018 *idBBB+*

#### Rating Period

February 1, 2021 – February 1, 2022

#### Rating History

AUG 2020 *idBBB+/Stable*  
FEB 2020 *idBBB+/Stable*  
2017 - 2019 *idBBB+/Stable*  
2015 - 2016 *idBBB+/Stable*  
DEC 2014 *idBBB+/Negative*  
AUG 2014 *idA/Negative*  
APR 2014 *idA+/Stable*  
APR 2013 *idA+/Stable*

### FINANCIAL HIGHLIGHTS

As of/for the year ended	Dec-2020 (Unaudited)	Dec-2019 (Audited)	Dec-2018 (Audited)	Dec-2017 (Audited)
Total Adjusted Assets [IDR Bn]	12,501.3	12,142.7	12,418.4	11,083.2
Total Adjusted Debt [IDR Bn]	1,830.8	1,992.4	2,279.4	2,346.7
Total Adjusted Equity [IDR Bn]	9,180.0	8,563.1	8,405.9	6,997.3
Total Sales [IDR Bn]	2,488.4	2,619.1	2,597.5	2,562.8
EBITDA [IDR Bn]	257.0	529.9	536.7	422.1
Net Income after MI [IDR Bn]	41.2	107.9	104.8	52.3
EBITDA Margin [%]	10.3	20.2	20.7	16.5
Adjusted Debt/EBITDA [X]	7.1	3.8	4.2	5.6
Adjusted Debt/Adjusted Equity [X]	0.2	0.2	0.3	0.3
FFO/Adjusted Debt [%]	3.6	13.4	12.2	6.5
EBITDA/IFCCI [X]	1.3	2.4	2.2	1.8
USD Exchange Rate [IDR/USD]	14,105	13,901	14,481	13,548

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.

### Rating of PT Perkebunan Nusantara X affirmed at “*idBBB+*”, outlook revised to negative

PEFINDO has affirmed its “*idBBB+*” ratings for PT Perkebunan Nusantara X (PPNX) and its Medium-Term Notes (MTN) Year 2018. However, the outlook for the corporate rating has been revised to “**negative**” from “stable” reflecting the ongoing restructuring process of PT Perkebunan Nusantara III (Persero) (PTPN, *idBBB/Creditwatch Negative*) which may affect PPNX's overall credit profile. Should the restructuring scheme only allow fund raising activities to be centralized at the holding level, it may translate to PPNX's weakened financial policy and flexibility profiles. The outlook revision is also to anticipate potential weakening business profile if its plantation area continues to shrink without significant cost-saving initiatives that will lead to deterioration in profitability indicators.

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 plus (+) sign indicates that the rating is relatively strong within its category.

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, high dependency on farmers' sugarcane supply, and exposure to the fluctuations of product prices and unfavorable weather.

We may lower the rating if the parent's restructuring result will substantially limit PPNX's ability to seek external funding independently. 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 revise the outlook to stable if the Company can seek funding independently despite the restructuring at the holding level, and accompanied by 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. At the end of 2020, it managed a total plantation area of 45,802 hectares (ha) of sugarcane plantations (including those owned by farmers), 1,117 ha of edamame plantations, and 502 ha of tobacco plantations. As of December 31, 2020, it was 90.0% owned by PTPN and 10.0% by the Indonesian government.

**DISCLAIMER**

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