

### PEFINDO assigned its “idAA-” rating for PPSR

PEFINDO has assigned its “idAA-” rating to PT Pupuk Sriwidjaja Palembang (PPSR). The outlook for the rating is “stable”. The rating reflects its strong support from the government given the strategic importance of the fertilizer industry to the country, PPSR’s strong market position in the domestic fertilizer industry, and potential for improved profitability margin in the near term. However, the rating is constrained by its aggressive capital structure and weak cash flow protection measures, as well as high gas consumption ratio.

Supported by significant production plants and sufficient facilities, PPSR is considered as one of the largest urea producers in the country. Located in Palembang, South Sumatra, it has four urea plants with a total annual capacity of 2.3 million tons and four ammonia plants with a total annual capacity of 1.3 million tons. PPSR also manages ports and warehouses to support the production and distribution process. 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 December 31, 2015, 99.9% of the Company’s shares was owned by PT Pupuk Indonesia (Persero).

Rating period: April 4, 2016 – April 1, 2017

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