



PEFINDO CREDIT RATING INDONESIA

**PRESS RELEASE**  
**December 27, 2010**

## PT Perkebunan Nusantara VII (PERSERO)

PEFINDO revised the ratings of PT Perkebunan Nusantara VII (PERSERO), hereinafter referred to as the Company or PVII, and its MTN/2009, Bond/2004 series B, and MTN III/2010 series A and B to “**idA**” from “**idA+**”. The revision was mainly driven by PVII’s more aggressive capital structure which weakened its cash flow protection. The rating reflects the strong demand of crude palm oil (CPO), the strong demand of natural rubber, and the Company’s relatively well diversified products. Nevertheless, the rating is constrained by the Company’s aggressive capital structure, high dependence on external CPO and rubber supply, and exposure to the cyclicity of commodity price and unpredictable weather.

Meanwhile, PVII will not have any difficulty to pay its maturing Bond/2004 due on March 26, 2011 with the nominal amount of IDR10 billion of which IDR4 billion was already bought back in 2005. The Company plans to pay the maturing bonds using its internal fund. At September 30, 2010, the Company’s cash and cash equivalent amounted to IDR490.33 billion.

PVII is a state-owned company engaging in plantation and production of CPO, rubber, sugar, and tea. As of September 30, 2010, the self-owned planted area was 94,587 hectares (ha) consisting of 36,871 ha for palm oil, 35,015 ha for rubber, 21,215 ha for sugar, and 1,438 ha for tea while plasma plantation area was 30,932 ha consisting of 23,868 ha for palm oil and 7,064 ha for sugar.

Rating Period: December 22, 2010 – December 1, 2011

Rating Period (Bond/2004 series B): December 22, 2010 – March 26, 2011

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