

PEFINDO has assigned its “**idAA+**” rating for PPKT

PEFINDO has assigned its “**idAA+**” rating to PT Pupuk Kalimantan Timur (PPKT). The outlook for the corporate rating is “**stable**”. The rating reflects PPKT’s strong support from the government given the strategic importance of the fertilizer industry to the country, its strong position in the fertilizer industry, and its secured and stable natural gas supply leading to a high utilization rate. However, the rating is constrained by its increased financial leverage position.

PPKT is one of the largest fertilizer producers in the country, focusing on ammonia and urea. It operates production facilities in Bontang, East Kalimantan, consisting of five urea fertilizer plants with a total annual capacity of 3.0 million tons, five ammonia plants with 2.5 million tons of total annual capacity, and two NPK plants with a total annual capacity of 350,000 tons (150,000 tons of mechanical blending NPK and 200,000 tons of fusion NPK). The plants are integrated with ports and warehouses, which facilitate product distribution in both the domestic and export markets. It also produces organic fertilizer with 3,000 tons annual capacity. As of September 30, 2015, its major shareholder was PT Pupuk Indonesia (Persero), the state-owned holding company for the fertilizer sector, with 99.99% ownership.

Rating Period: December 28, 2015 – December 1, 2016

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