

PT Perkebunan Nusantara X

Credit Rating(s)

General Obligation (GO) ^{id}BBB/Stable
MTN /2018 ^{id}BBB

Rating Period

February 10, 2023 – February 1, 2024

Published Rating History

OCT 2023 ^{id}BBB/Stable
JUL 2021 ^{id}BBB/Stable
AUG 2020 ^{id}BBB+/Stable
FEB 2020 ^{id}BBB+/Stable
2017- 2019 ^{id}BBB/Stable

PEFINDO has affirmed its “^{id}BBB” ratings for PT Perkebunan Nusantara X (PPNX) and its MTN /2018. The outlook for the corporate rating is **stable**. PPNX plans to repay its maturing MTN/2018 of IDR500 billion due on May 25, 2023, by using funds under the yellow tranche of the plantation holding, PT Perkebunan Nusantara III (Persero) (PTPN Group). Based on unaudited financial statement, as of December 31, 2022, PTPN Group’s subsidiaries under yellow tranche had cash and cash equivalents (excluding PMN fund) of IDR2.1 trillion.

The rating reflects its synergy with PTPN Group, vertically integrated operations, in addition to relatively stable domestic demand for white sugar and bioethanol. However, the rating is constrained by the Company’s aggressive financial profile, limited financial flexibility, as well as exposure to the fluctuations of product prices and unfavorable weather.

The rating may be raised if PPNX shows improvements in its operational and financial indicators on a sustained basis. However, we may lower the rating if the limited access to external funding leads to the disruption of PPNX’s capacity to finance its operational activities or repay its financial obligations. Financial profile deterioration due to weaker-than-expected cash flow and/or profitability, stemming from a significantly worsening performance of its core businesses as well as a decline in commodity prices may also trigger a rating downgrade.

Located in East Java, PPNX is a vertically integrated plantation company engaged in the short-lived crops industries (sugarcane, edamame, and tobacco) and producing downstream products through a bioethanol plant. It processes its by-product, molasses, as a feedstock to its bioethanol plant. At the end of 2022, it managed a total plantation area of 4,980 hectares (ha) of sugarcane plantations and 665 ha of tobacco plantations. As of December 31, 2022, it was 90.0% owned by PT Perkebunan Nusantara III (Persero) (PTPN Group) and 10.0% by the Indonesian government.

Rating Definition

Debt security rated ^{id}BBB denotes adequate protection parameters relative to other Indonesian debt securities. However, adverse economic conditions or changing circumstances are more likely to weaken the issuer’s capacity to meet its long-term financial commitments on the debt security.

Financial Highlights

As of/for the year ended	Dec-2022	Dec-2021	Dec-2020	Dec-2019
Consolidated Figure	(Unaudited)	(Audited)	(Audited)	(Audited)
Total adjusted assets [IDR bn]	14,090.8	14,854.3	12,445.8	12,142.7
Total adjusted debt [IDR bn]	799.2	1,893.9	1,781.7	1,963.5
Total adjusted equity [IDR bn]	11,671.2	11,545.4	9,069.1	8,563.1
Total sales [IDR bn]	4,094.6	2,177.9	2,487.9	2,619.1
EBITDA [IDR bn]	192.5	168.2	267.2	529.9
Net income after MI [IDR bn]	75.7	48.2	45.4	107.9
EBITDA margin [%]	4.7	7.7	10.7	20.2
Adjusted debt/EBITDA [X]	4.2	11.3	6.7	3.7
Adjusted debt/adjusted equity [X]	0.1	0.2	0.2	0.2
FFO/adjusted debt [%]	3.2	2.0	6.8	16.6
EBITDA/IFCCI [X]	1.2	1.1	1.4	2.4
USD exchange rate [IDR/USD]	15,731	14,269	14,105	13,901

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.

Contact Analysts:

isabela.fitriana@pefindo.co.id

niken.indriarsih@pefindo.co.id

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