



PEFINDO affirmed its “**idA+**” ratings on PT Perkebunan Nusantara X and its Bond I/2013

PEFINDO affirmed its “**idA+**” ratings on PT Perkebunan Nusantara X (Persero) (PPNX), and its Bond I/2013 amounting to IDR700 billion. The outlook of the Company's corporate rating is “**stable**”. The ratings reflect PPNX's high productivity from the sugar cane plantation, sound operating management, and strong liquidity. However the ratings are constrained by the Company's high dependency on farmers' sugar cane supply, exposure to unfavorable weather, and risk related to the bio-ethanol business.

PPNX is a state-owned plantation company engaging in sugar cane and tobacco plantation and processing. At end of 2013, the Company's total plantation area amounted to 79,115 hectare (ha). It consisted of the plasma farmers' plantation area of 74,814 ha and self-owned plantation area of 4,300 ha. The Company's sugar cane plantation area was 77,788 ha, while tobacco plantation was 1,327 ha. The Company's production facilities include 11 sugar cane mills and one bio-ethanol plant, all of which are located in East Java. As of December 31, 2013, the Government of Indonesia fully owned the Company's shares.

Rating Period: April 10, 2014 – April 1, 2015

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