

PT Perkebunan Nusantara III (Persero)

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Sep-2018 (Un-audited)	Dec-2017 (Audited)	Dec-2016 (Audited)	Dec-2015 (Proforma)
Corporate Rating	<i>idA/Stable</i>	Total Adjusted Assets [IDR Bn]	115,909.9	112,183.4	110,385.1	107,473.5
Rated Issues		Total Adjusted Debt [IDR Bn]	38,352.0	36,577.9	35,260.5	32,237.6
-		Total Adjusted Equity [IDR Bn]	46,756.4	47,100.8	47,377.4	49,786.3
Rating Period		Total Sales [IDR Bn]	23,568.4	35,216.4	33,897.2	36,212.1
November 6, 2018 - July 1, 2019		EBITDA [IDR Bn]	4,748.8	7,201.8	5,141.7	4,750.2
Rating History		Net Income after MI [IDR Bn]	(157.5)	764.5	(1,524.9)	(530.0)
JUL 2018	<i>idA/Stable</i>	EBITDA Margin [%]	20.1	20.4	15.2	13.1
MAR 2017	<i>idA/Stable</i>	Adjusted Debt/EBITDA [X]	*6.1	5.1	6.9	6.8
MAR 2016	<i>idA/Negative</i>	Adjusted Debt/Adjusted Equity [X]	0.8	0.8	0.7	0.6
FEB 2015	<i>idA+/Stable</i>	FFO/Adjusted Debt [%]	*7.3	9.3	4.6	5.1
FEB 2014	<i>idA+/Stable</i>	EBITDA/IFCCI [X]	2.2	2.2	1.6	1.6
FEB 2013	<i>idAA-/Stable</i>	USD Exchange Rate [IDR/USD]	14,929	13,548	13,436	13,795
SEP 2011	<i>idAA-/Stable</i>					
OCT 2010	<i>idAA-/Stable</i>					
JUL 2010	<i>idAA-/Stable</i>					
AUG 2009	<i>idAA-/Stable</i>					
JAN 2009	<i>idAA-/Stable</i>					

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.

PEFINDO affirms “idA” rating to PT Perkebunan Nusantara III (Persero)

PEFINDO has affirmed its “idA” rating to PT Perkebunan Nusantara III (Persero) (PTPN). The outlook for the corporate rating is “stable”.

An obligor rated idA has a strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors.

The corporate rating reflects PTPN's very strong market position, well-diversified plantation operations, and stable domestic palm oil demand. However, the rating is constrained by its aggressive capital structure, risks from expansion in the sugar business, and exposure to the fluctuations of global commodity prices and unfavorable weather conditions.

We could raise the rating if PTPN meaningfully improves its operational performance, including production volume and productivity, and improves its business profile through successful expansion programs in the downstream sector, enabling it to increase value creation in all of the business chains. A rating upgrade has to be accompanied by the significant improvement of its capital structure and cash flow protection measures, as indicated by a debt to EBITDA ratio at less than 5.0x on a sustainable basis. We could lower the rating if we see its ability to achieve our projection is limited, indicated by weaker than expected EBITDA generation and a higher than projected debt position.

PTPN is the largest plantation company in Indonesia, given its position as the state-owned holding company for the plantation sector. Holding majority ownership of 14 plantation companies, it is engaged in oil palm, rubber, sugar, tea, coffee, and cacao plantations across the country. In the first nine months of 2018, it managed 554,447 hectares (ha) of oil palm plantation, 158,389 ha of rubber plantation, 147,425 ha of sugarcane plantation, and other plantations with insignificant area. As of September 30, 2018, it was fully owned by the Indonesian government.

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