



PEFINDO CREDIT RATING INDONESIA

PRESS RELEASE
April 11, 2014

Ratings for PT Tunas Baru Lampung Tbk and its Bond II/2012 affirmed at “**idA**”

PEFINDO affirmed its “**idA**” ratings of PT Tunas Baru Lampung Tbk (TBLA or the Company) and its Bond II/2012. However, PEFINDO revised the outlook of TBLA’s corporate rating to “**Negative**” from “**Stable**” in anticipation of weakening capital structure and cash flow protection measures if the Company fails to realize its potential growth from sugar business and if the increasing trend of CPO and related downstream products prices could not sustain throughout the year. The ratings reflect the Company’s well diversified products and areas, vertical integrated operation, and potential growth in the near term from sugar business. However, the ratings are constrained by the Company’s aggressive capital structure due to business expansion and exposure to unfavorable weather and the fluctuation of global commodity prices.

TBLA is a CPO and related downstream producer with operation mainly based in Southern Sumatra and West Kalimantan. TBLA is a member company of the Sungai Budi Group, one of the largest business groups in Lampung. As of December 31, 2013, the Company’s shareholders consisted of PT Sungai Budi (28.6%), PT Budi Delta Swakarya (30.1%), and others including public (41.2%). The Company has a vertically integrated operation with palm oil plantations and varieties of CPO derivatives products. TBLA’s planted area totaled to 58,510 hectares (ha) consisting of 56,474 ha palm oil plantation, 300 ha of pineapple, and 1,736 ha of sugar cane. It also has a sugar refinery mill and will construct a new sugar mill in Lampung.

Rating Period: April 8, 2014 – April 1, 2015

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