

## PT Pupuk Indonesia (Persero)

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<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
		<b>As of/for the year ended</b>				
		<b>Dec-2019</b>	<b>Dec-2018</b>	<b>Dec-2017</b>	<b>Dec-2016</b>	
		(Unaudited)	(Audited)	(Audited)	(Audited)	
<b>Corporate Rating</b>	<i>idAAA/Stable</i>					
<b>Rated Issues</b>	<i>N.A.</i>					
<b>Rating Period</b>	<i>March 16, 2020 – March 1, 2021</i>					
<b>Rating History</b>	<i>JAN 2019</i>					
	<i>idAAA/Stable</i>					
		Total Adjusted Assets [IDR Bn]	135,766.3	138,667.0	128,262.7	126,837.1
		Total Adjusted Debt [IDR Bn]	48,267.0	57,435.3	51,585.8	49,955.6
		Total Adjusted Equity [IDR Bn]	71,474.8	65,790.4	62,378.4	60,646.9
		Total Sales [IDR Bn]	71,252.5	69,448.1	58,942.7	64,164.0
		EBITDA [IDR Bn]	11,879.7	12,610.0	10,430.1	9,760.0
		Net Income after MI [IDR Bn]	3,605.6	4,180.5	3,021.1	3,569.6
		EBITDA Margin [%]	16.7	18.2	17.7	15.2
		Adjusted Debt/EBITDA [X]	4.1	4.6	4.9	5.1
		Adjusted Debt/Adjusted Equity [X]	0.7	0.9	0.8	0.8
		FFO/Adjusted Debt [%]	14.9	12.7	10.9	10.2
		EBITDA/IFCCI [X]	3.2	3.2	2.7	2.6
		USD Exchange Rate [IDR/USD]	13,901	14,481	13,548	13,436

*FFO = EBITDA – IFCCI + gross 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*  
*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 assigns “*idAAA*” rating to PT Pupuk Indonesia (Persero)

PEFINDO has assigned its “*idAAA*” rating to PT Pupuk Indonesia (Persero) or PIHC. The outlook for the Company’s corporate rating is “**stable**”.

An obligor rated *idAAA* has the highest rating assigned by PEFINDO. The obligor’s capacity to meet long-term financial commitment, relative to that of other Indonesian obligors, is superior.

The corporate rating reflects PIHC’s strong support from the government given its important role in providing and distributing subsidized fertilizer in the country, its very strong position in the fertilizer industry, and its integrated operations. However, the rating is constrained by the Company’s moderate capital structure, risk related to gas procurement, and exposure to the volatility of commodity prices.

The rating will be lowered if we view a material decline in support from the government, such as an unfavorable change in the subsidy scheme and/or any changes on regulation framework that unfavorably affect the Company. The rating could also be lowered if there is any unfavorable change in global fertilizer and/or ammonia prices, which would adversely affect the Company’s revenue and cash flow, and/or if the Company aggressively finances its expansion with substantially larger debt than projected, without a corresponding improvement in business performance.

The state-owned PIHC is the largest fertilizer company in the country, producing ammonia, urea, NPK, phosphat, and other fertilizers. It has five subsidiaries producing fertilizers with facilities in East Kalimantan (PT Pupuk Kalimantan Timur in Bontang), Sumatra (PT Pupuk Iskandar Muda in Aceh and PT Pupuk Sriwijaya in Palembang), and Java (PT Pupuk Kujang in Cikampek and PT Petrokimia Gresik in Gresik), and another five subsidiaries engaged in construction, trading, logistics, energy, and food. As of December 31, 2019, the Company was wholly owned by the government of Indonesia.

**DISCLAIMER**

*The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO*