

## PT Chandra Asri Petrochemical Tbk.

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### CREDIT PROFILE

**Corporate Rating** *idAA-/Stable*

**Rated Issues**

*Bond I/2016*

**Rating Period**

*October 5, 2017 – October 1, 2018*

**Rating History**

*OCT 2016*

*idA+/Stable*

### FINANCIAL HIGHLIGHTS

**As of/for the year ended**

	<b>Jun-2017</b>	<b>Dec-2016</b>	<b>Dec-2015</b>	<b>Dec-2014</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>
Total adjusted assets [USD mn]	2,151.3	2,129.3	1,862.4	1,923.5
Total adjusted debt [USD mn]	372.9	425.0	547.7	490.5
Total adjusted equity [USD mn]	1,196.9	1,141.7	886.8	865.9
Total sales [USD mn]	1,195.3	1,930.3	1,377.6	2,460.1
EBITDA [USD mn]	287.5	498.7	143.0	113.7
Net income after MI [USD mn]	174.0	300.0	26.3	18.2
EBITDA margin [%]	24.1	25.8	10.4	4.6
Adjusted debt/EBITDA [X]	*0.7	0.9	3.8	4.3
Adjusted debt/adjusted equity [X]	0.3	0.4	0.6	0.6
FFO/adjusted debt [%]	*116.0	84.7	15.4	15.9
EBITDA/IFCCI [X]	16.4	13.6	3.8	3.2
USD exchange rate [IDR/USD]	13,319	13,436	13,795	12,440

*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 raises the ratings for PT Chandra Asri Petrochemical Tbk and its bond to "idAA-"

PEFINDO has raised the ratings for PT Chandra Asri Petrochemical Tbk (TPIA) and its Bond I Year 2016 to "idAA-" from "idA+". The outlook for the corporate rating is "stable". The rating upgrade reflects improved capital structure and cash flow protection measures, which we expect to sustain in the near to medium term, driven by its sustainably better profitability margins, while maintaining its conservative debt level.

An obligor rated idAA differs from the highest rated obligors only to a small degree and has a very strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors.

The minus (-) sign in a particular rating indicates that it is relatively weak within the respective rating category.

The ratings reflect our view of the Company's leading position in the domestic petrochemical industry, vertically integrated operations with satisfactory supporting facilities, and conservative capital structure and very strong cash flow protection measures. However, its sensitivity to industry cyclicality and exposure to volatility of spread between feedstock costs and product prices, as well as risks related to the expansion of petrochemical facilities constrain its ratings, in our view.

The rating may be raised if PEFINDO views that the Company's business profile significantly strengthens and provides better product and market diversification that could mitigate the margins volatility, while maintaining its conservative capital structure. The rating could be lowered if we view that there is a persistent deterioration in the Company's financial profile due to weaker than expected profitability margins as a result of rising feedstock prices and declining product prices. This could be resulted from a weaker than anticipated demand for chemical products, especially in the domestic market where the Company focuses on or over supply condition triggered by an acceleration of the capacity expansion by the players in the industry. The rating could also be under pressure if the Company undertakes higher than projected debt-funded expansion, resulting in moderate financial profile.

TPIA is an integrated petrochemical producer, providing olefins, polyolefin, styrene monomer, and butadiene. It owns the only naphtha cracker, styrene monomer and butadiene plants in the country. Its production facilities include naphtha cracker with a production capacity of 860 kilo tons per annum (KTA), polyethylene plant with 336 KTA capacity, styrene monomer plant with 340 KTA capacity, polypropylene plant with 480 KTA capacity, and butadiene plant with 100 KTA capacity. As of June 30, 2017, it was owned by PT Barito Pacific Tbk (45.0%), SCG Chemicals Co. Ltd. (30.6%), Marigold Resources Pte. Ltd. (5.2%), Prajogo Pangestu (15.3%), and the public (3.9%). Following the rights issue in September 2017, the ownership structure has changed to PT Barito Pacific Tbk (41.5%), SCG Chemicals Co. Ltd. (30.6%), Prajogo Pangestu (14.1%), Marigold Resources Pte. Ltd. (4.8%), and the public (9.0%).

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