

## PT Chandra Asri Petrochemical Tbk

### Credit Rating(s)

|                         |              |
|-------------------------|--------------|
| General Obligation (GO) | idAA-/Stable |
| SR Bond I               | idAA-        |
| SR Bond II              | idAA-        |
| SR Bond III             | idAA-        |
| SR Bond IV (proposed)   | idAA-        |

### Rating Period

May 25, 2022 – May 1, 2023

### Published Rating History

|          |                |
|----------|----------------|
| JUN 2021 | idAA-/Stable   |
| JUN 2020 | idAA-/Negative |
| OCT 2019 | idAA-/Stable   |

### Rating Definition

A debt security rated idAA differs from the highest rated debt only to a small degree. The obligor's capacity to meet its long-term financial commitments on the debt security, relative to other Indonesian obligors, is very strong. The Minus (-) sign indicates that the rating is relatively weak within the respective rating category.

### Contact Analysts:

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PEFINDO has assigned its "idAA-" rating for TPIA's Shelf Registered Bond IV of a maximum of IDR8 trillion, including IDR2 trillion for the first phase issuance that will be used for working capital. PEFINDO has also affirmed its "idAA-" ratings for PT Chandra Asri Petrochemical Tbk (TPIA) and its Shelf Registered Bond I, Shelf Registered Bond II, and Shelf Registered Bond III. Outlook for the corporate rating is **stable**. The rating has taken into account TPIA's weakened performance in the first quarter of 2022 as a result of higher feedstock price and weaker demand of petrochemical products from China, which in our view is mitigated by the Company's strong liquidity in addition to high domestic demand and we expect that the overseas demand will improve in the near term in line with lockdown relaxation in China.

The rating reflects our view of TPIA's leading position in the domestic petrochemical industry that is supported by synergies with its strategic partners, vertically integrated operations with satisfactory supporting facilities, and strong liquidity with very strong financial flexibility. However, its sensitivity to industry cyclicity and risks related to the expansion of petrochemical facilities constrain its rating, in our view.

The rating may be raised if we view that TPIA'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 may be lowered if we view that there is a persistent deterioration in its financial profile due to weaker than expected profit margins because of rising feedstock prices and/or declining product prices. This may be resulted from a weaker than anticipated demand for petrochemical products, especially in the domestic market where it focuses on, and/or an acceleration of the capacity expansion by the players in the industry, and/or higher than expected feedstock price. The rating may also be under pressure if TPIA undertakes higher than projected debt-funded expansion, resulting in a moderate financial profile. Our rating has not incorporated TPIA's plan for additional debt-funded capital expenditure (capex) for the construction of its second naphtha cracker as its final investment decision has not been disclosed yet.

TPIA is an integrated petrochemical producer, providing olefins, polyolefin, styrene monomer, butadiene, methyl-tertiary-butyl-ether (MTBE), and butene-1. It owns the only naphtha cracker, styrene monomer, butadiene, MTBE, and butene-1 plants in the country. Its production facilities include a naphtha cracker with a total production capacity of 2,138 kilo tons per annum (KTA), a polyethylene plant with 736 KTA capacity, a styrene monomer plant with 340 KTA capacity, a polypropylene plant with 590 KTA capacity, a butadiene plant with 137 KTA capacity, a MTBE plant with 128 KTA capacity, and a butene-1 plant with 43 KTA capacity. As of March 31, 2022, it was owned by PT Barito Pacific Tbk (34.6%), SCG Chemicals Co Ltd (30.6%), PT Top Investment Indonesia (15.0%), Prajogo Pangestu (7.8%), Marigold Resources Pte Ltd (3.9%), and the public (8.1%).

## Financial Highlights

| As of/for the year ended          | Mar-2022    | Dec-2021  | Dec-2020  | Dec-2019  |
|-----------------------------------|-------------|-----------|-----------|-----------|
| Consolidated Figure               | (Unaudited) | (Audited) | (Audited) | (Audited) |
| Total adjusted assets [USD mn]    | 4,968.4     | 4,993.1   | 3,593.7   | 3,451.2   |
| Total adjusted debt [USD mn]      | 1,510.8     | 1,076.4   | 844.3     | 787.9     |
| Total adjusted equity [USD mn]    | 2,915.9     | 2,927.7   | 1,811.4   | 1,761.0   |
| Total sales [USD mn]              | 677.7       | 2,580.4   | 1,806.4   | 1,881.0   |
| EBITDA [USD mn]                   | 21.9        | 353.0     | 183.1     | 174.2     |
| Net income after MI [USD mn]      | (11.2)      | 152.1     | 51.4      | 22.9      |
| EBITDA margin [%]                 | 3.2         | 13.7      | 10.1      | 9.3       |
| Adjusted debt/EBITDA [X]          | *17.2       | 3.0       | 4.6       | 4.5       |
| Adjusted debt/adjusted equity [X] | 0.5         | 0.4       | 0.5       | 0.4       |
| FFO/adjusted debt [%]             | *1.4        | 22.7      | 14.0      | 13.3      |
| EBITDA/IFCCI [X]                  | 1.3         | 5.4       | 2.8       | 3.1       |
| USD exchange rate [IDR/USD]       | 14,349      | 14,269    | 14,105    | 13,901    |

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.

### 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.