

PT Chandra Asri Petrochemical Tbk.

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended				
		Jun-2018	Dec-2017	Dec-2016	Dec-2015	
		(audited)	(audited)	(audited)	(audited)	
Corporate Rating	<i>idAA-/Stable</i>	Total adjusted assets [USD mn]	2,997.0	2,987.3	2,129.3	1,862.4
Rated Issues		Total adjusted debt [USD mn]	607.0	630.9	425.0	547.7
<i>Bond I/2016</i>	<i>idAA-</i>	Total adjusted equity [USD mn]	1,734.2	1,668.8	1,141.7	886.8
<i>Shelf Reg. Bond I/2017-2018</i>	<i>idAA-</i>	Total sales [USD mn]	1,286.1	2,418.5	1,930.3	1,377.6
<i>Proposed Shelf Reg. Bond I/2018</i>	<i>idAA-</i>	EBITDA [USD mn]	233.2	543.7	498.7	143.0
Rating Period		Net income after MI [USD mn]	115.2	318.6	300.0	26.3
<i>October 10, 2018 – October 1, 2019</i>		EBITDA margin [%]	18.1	22.5	25.8	10.4
Rating History		Adjusted debt/EBITDA [X]	*1.3	1.2	0.9	3.8
<i>OCT 2017</i>	<i>idAA-/Stable</i>	Adjusted debt/adjusted equity [X]	0.4	0.4	0.4	0.6
<i>OCT 2016</i>	<i>idA+/Stable</i>	FFO/adjusted debt [%]	*54.2	64.4	84.7	15.4
		EBITDA/IFCCI [X]	9.0	15.1	13.6	3.8
		USD exchange rate [IDR/USD]	14,404	13,548	13,436	13,795

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 assigns "idAA-" rating to PT Chandra Asri Petrochemical Tbk's proposed Bond

PEFINDO has affirmed its "idAA-" ratings for PT Chandra Asri Petrochemical Tbk (TPIA), Bond I/2016, and Shelf Registered Bond I/2017. PEFINDO has also assigned its "idAA-" rating to TPIA's proposed Shelf Registered Bond Year 2018 with a maximum amount of IDR2 trillion, the first phase of which will be a maximum of IDR500 billion. The bond proceeds will be used to repay its debt and also to finance its capital expenditures. The outlook for the corporate rating is "stable".

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 corporate rating reflects 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 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 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 could be lowered if we view that there is a persistent deterioration in its financial profile due to weaker than expected profitability margins as a result of rising feedstock prices and/or declining product prices. This could be resulted from a weaker than anticipated demand for chemical 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 price of oil. The rating could also be under pressure if TPIA 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 137 KTA capacity. As of June 30, 2018, it was owned by PT Barito Pacific Tbk (41.5%), SCG Chemicals Co. Ltd. (30.6%), Marigold Resources Pte. Ltd. (4.8%), Prajogo Pangestu (14.8%), Erwin Ciputra (0.1%), and the public (8.3%).

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