Press Release
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PT Tridomain Performance Materials Tbk

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CREDIT PROFILE

Corporate Rating	*idA-/Stable*
Rated Issues	
Bond II/2019	*idA-*
Bond I/2018	*idA-*
MTN III/2018	*idA-*
MTN II/2018	*idA-*
MTN I/2017	*idA-*
Rating Period	
June 8, 2020 – June 1, 2021	
Rating History	
FEB 2020	*idA-/Stable*
OCT 2019	*idA-/Stable*
APR 2019	*idA-/Stable*
NOV 2018	*idA-/Stable*
JUN 2018	*idA-/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	Dec-2019 (Audited)	Dec-2018 (Audited)	Dec-2017 (Audited)	Dec-2016 (Audited)
Total Adjusted Assets [USD Mn]	355.4	303.0	211.3	200.9
Total Adjusted Debt [USD Mn]	145.5	121.2	70.1	51.4
Total Adjusted Equity [USD Mn]	157.5	141.8	98.7	92.7
Total Sales [USD Mn]	309.2	267.7	159.4	115.9
EBITDA [USD Mn]	38.4	33.2	20.3	11.8
Net Income after MI [USD Mn]	15.6	12.3	6.7	4.1
EBITDA Margin [%]	12.4	12.4	12.7	10.2
Adjusted Debt to EBITDA [X]	3.8	3.6	3.5	4.3
Adjusted Debt to Adjusted Equity [X]	0.9	0.9	0.7	0.6
FFO to Adjusted Debt [%]	14.1	15.6	17.1	11.7
EBITDA to IFCCI [X]	2.8	3.1	3.2	2.3
USD Exchange Rate [IDR/USD]	13,901	14,481	13,548	13,436

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
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 affirms "idA-" rating to PT Tridomain Performance Materials Tbk

PEFINDO has affirmed its **"idA-"** ratings for PT Tridomain Performance Materials Tbk (TDPM), its Medium-Term Notes (MTN) I Year 2017, MTN II Year 2018, MTN III Year 2018, Bond I Year 2018, and Bond II Year 2019. The outlook for the corporate rating is **"stable"**.

An obligor rated idA has a strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors. The Minus (-) sign indicates that the rating is relatively weak within the respective rating category.

The corporate rating reflects TDPM's strong position in its market segments, integrated operations, and stable profitability margins. The rating is constrained by its high working capital requirements, moderate capital structure, and sensitivity to changes in macroeconomic conditions.

The rating could be raised if TDPM demonstrates a sustained improvement in its capital structure and cash flow protection measures, as indicated by a debt to EBITDA ratio below 2.5x, accompanied by a stable debt to equity ratio (DER) of less than 1x, and a funds from operations (FFO) to debt ratio above 25%. This could be realized if its earnings before interest, depreciation and amortization (EBITDA) materially improves without incurring significant additional debt. The rating could be lowered if the Coronavirus disease (COVID-19) pandemic still continue longer-than our anticipation, resulting in a slowdown in global economic recovery, lower demand, and lower selling price. The rating could also be under pressure if its cash flow generation weakens as a result of lower-than-expected business performance, a longer-than-anticipated operating cash cycle that results in higher working capital needs funded by debt, and if it incurs more debt than initially projected without being compensated by an improved business profile.

We are of the view that COVID-19 pandemic will have moderate impact to the Company's business, considering that TDPM is a downstream chemical manufacturer which has a relative stable margin compared to upstream players. However, a slowdown in the economy, both national and global will negatively affect TDPM's product demand. Most of the Company's products serve to consumer, property, construction, and transportation industries. We view those sectors, except consumer, has high exposure to the pandemic. We expect its sales volume will decline at above 12% in 2020 and to gradually improve following economy recovery in the medium term. We also view that a prolonged outbreak will bring a negative sentiment to commodity prices, particularly crude oil which also affects TDPM's selling price. We will closely monitor the effects of the COVID-19 pandemic on its business operations and/or financial profile in the near to medium term.

TDPM is one of the major companies in the chemical industry's downstream sector. Aside from trading, it produces a wide range of products in the specialty resin, plasticizer, and acrylamide segments. It operates plants in Cikupa, Banten (specialty resins); Gresik, East Java (specialty resins and plasticizers); and Merak, Banten (acrylamide). It has a total annual production capacity of 106,000 tons of special resins, 78,000 tons of plasticizers, and 14,000 tons of acrylamide. In 2016, it acquired PT Petronika, a plasticizer manufacturer in Gresik. Following its initial public offering (IPO) in April 2018, its shareholders were DH Corporation Limited (72.51%), previously known as Royal Chemie Corporation Limited, and the public (27.49%) as of December 31, 2019.