

PT Tridomain Performance Materials Tbk

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Dec-2018	Dec-2017	Dec-2016	Dec-2015
			(Audited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idA-/Stable</i>	Total Adjusted Assets [USD Mn]	303.0	211.3	200.9	176.2
Rated Issues		Total Adjusted Debt [USD Mn]	121.2	70.1	51.4	44.1
<i>Proposed Bond II/2019</i>	<i>idA-</i>	Total Adjusted Equity [USD Mn]	141.8	98.7	92.7	88.7
<i>Bond I/2018</i>	<i>idA-</i>	Total Sales [USD Mn]	267.7	159.4	115.9	126.4
<i>MTN III/2018</i>	<i>idA-</i>	EBITDA [USD Mn]	33.2	20.3	11.8	14.4
<i>MTN II/2018</i>	<i>idA-</i>	Net Income after MI [USD Mn]	12.3	6.7	4.1	3.2
<i>MTN I/2017</i>	<i>idA-</i>	EBITDA Margin [%]	12.4	12.7	10.2	11.4
Rating Period		Adjusted Debt to EBITDA [X]	3.6	3.5	4.3	3.1
<i>April 8, 2019 – April 1, 2020</i>		Adjusted Debt to Adjusted Equity [X]	0.9	0.7	0.6	0.5
Rating History		FFO to Adjusted Debt [%]	15.6	17.1	11.7	18.8
<i>NOV 2018</i>	<i>idA-/Stable</i>	EBITDA to IFCCI [X]	3.1	3.2	2.3	2.8
<i>JUN 2018</i>	<i>idA-/Stable</i>	USD Exchange Rate [IDR/USD]	14,481	13,584	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
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 "idA-" rating to PT Tridomain Performance Materials Tbk's proposed Bond

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, and Bond I Year 2018. PEFINDO has also assigned its "idA-" rating for TDPM's proposed Bond II Year 2019 of IDR400.0 billion, the proceeds of which will be used to refinance its outstanding bank loans and to finance its working capital needs. 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 in a particular rating indicates that it 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. However, the rating is constrained by the Company's high working capital requirements, moderate capital structure, and exposure to the volatility of commodity prices and economic growth.

The rating could be raised if the Company 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 revenue and profitability margins materially improve without incurring significant additional debt. The rating could be lowered if the Company's cash flow generation weakens as a result of lower-than-expected business performance, and if it incurs more debt than our initial projection without being compensated by an improved business profile.

TDPM is one of the major companies in the downstream sector of the chemical industry. Aside from trading, it produces a wide range of products in the specialty resins, plasticizers, 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 94,000 tons of special resins, 72,000 tons of plasticizers, and 12,000 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, PT Kedung Sari Pratama (0.00%), and the public (27.49%).

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