

PT Chandra Asri Petrochemical Tbk.

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended				
		Mar-2021	Dec-2020	Dec-2019	Dec-2018	
		(Unaudited)	(Audited)	(Audited)	(Audited)	
Corporate Rating	<i>idAA-/Stable</i>					
Rated Issues						
<i>Bond I/2016</i>	<i>idAA-</i>					
<i>Shelf Reg. Bond I/2017</i>	<i>idAA-</i>					
<i>Shelf Reg. Bond II/2018</i>	<i>idAA-</i>					
<i>Shelf Reg. Bond III/2020</i>	<i>idAA-</i>					
Rating Period						
<i>June 2, 2021 – June 1, 2022</i>						
Rating History						
<i>JUN 2020</i>	<i>idAA-/Negative</i>					
<i>OCT 2019</i>	<i>idAA-/Stable</i>					
<i>OCT 2018</i>	<i>idAA-/Stable</i>					
<i>OCT 2017</i>	<i>idAA-/Stable</i>					
<i>OCT 2016</i>	<i>idA+/Stable</i>					
		Total adjusted assets [USD mn]	3,464.0	3,593.7	3,451.2	3,173.5
		Total adjusted debt [USD mn]	825.1	844.3	787.9	608.1
		Total adjusted equity [USD mn]	1,895.3	1,811.4	1,761.0	1,770.1
		Total sales [USD mn]	598.4	1,806.4	1,881.0	2,543.2
		EBITDA [USD mn]	147.6	183.0	174.2	396.6
		Net income after MI [USD mn]	84.4	51.4	22.9	181.7
		EBITDA margin [%]	24.7	10.1	9.3	15.6
		Adjusted debt/EBITDA [X]	*1.4	4.6	4.5	1.5
		Adjusted debt/adjusted equity [X]	0.4	0.5	0.4	0.3
		FFO/adjusted debt [%]	*50.3	14.0	13.3	44.7
		EBITDA/IFCCI [X]	7.6	2.8	3.1	7.7
		USD exchange rate [IDR/USD]	14,572	14,105	13,901	14,481
		<i>FFO = EBITDA – IFCCI + interest income – current tax expense</i>				
		<i>EBITDA = operating profit + depreciation expense + amortization expense</i>				
		<i>IFCCI = gross interest expense + other financial charges + capitalized interest; (FX loss not included)</i>				
		<i>MI= Minority Interest *annualized</i>				
		<i>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.</i>				

PT Chandra Asri Petrochemical Tbk's rating affirmed at *idAA-*, outlook revised to "stable"

PEFINDO has affirmed its "*idAA-*" ratings for PT Chandra Asri Petrochemical Tbk (TPIA), Bond I/2016, Shelf Registered Bond I/2017, Shelf Registered Bond II/2018, and Shelf Registered Bond III/2020. The rating outlook has been revised to "**stable**" from "**negative**", reflecting our view of the better-than-expected petrochemical industry condition following the economic recovery after severely affected by global trade war and the concern of the Covid-19 pandemic in the early 2020. This situation has led to a wider margin between the feedstock and petrochemical products price with TPIA's EBITDA margin recorded consistent growth over the last four quarters. TPIA experienced a negative EBITDA margin in the first quarter of 2020, however, the margin has returned and is relatively stronger compared to the pre-pandemic level to 24.7% in the first quarter of 2021.

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 indicates that the rating is relatively weak within the respective rating category.

The corporate 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 and financial flexibility. However, its sensitivity to industry cyclicality, 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 could be lowered if we view that there is a persistent deterioration in its financial profile due to weaker than expected profitability margins because 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. Our rating has not incorporated the plan for additional debt-funded capital expenditure (capex) for the construction of its second naphtha cracker as its final investment decision is not 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 and butadiene 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, 2021, it was owned by PT Barito Pacific Tbk (41.9%), SCG Chemicals Co Ltd (30.6%), Prajogo Pangestu (15.1%), Marigold Resources Pte Ltd (4.8%), and the public (7.8%).

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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.