

PT IMPACK PRATAMA INDUSTRI Tbk

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended				
		Jun-2019	Dec-2018	Dec-2017	Dec-2016	
		(Unaudited)	(Audited)	(Audited)	(Audited)	
Corporate Rating	<i>idA-/Stable</i>	Total Adjusted Assets [IDR Bn]	2,225.0	2,216.0	2,156.2	2,163.1
Rated Issues		Total Adjusted Debt [IDR Bn]	737.0	727.6	724.2	776.9
Bond I/2016	<i>idA-</i>	Total Adjusted Equity [IDR Bn]	1,176.0	1,218.0	1,150.5	1,112.7
Rating Period		Total Sales [IDR Bn]	676.2	1,395.3	1,193.1	1,135.3
<i>September 2, 2019 – September 1, 2020</i>		EBITDA [IDR Bn]	116.7	216.4	212.9	266.9
Rating History		Net Income after MI [IDR Bn]	32.5	86.4	87.3	102.5
<i>SEPT 2018</i>	<i>idA-/Negative</i>	EBITDA Margin [%]	17.3	15.5	17.8	23.5
<i>SEPT 2017</i>	<i>idA-/Stable</i>	Adjusted Debt/EBITDA [X]	*3.2	3.4	3.4	2.9
<i>SEPT 2016</i>	<i>idA-/Stable</i>	Adjusted Debt/Adjusted Equity [X]	0.6	0.6	0.6	0.7
		FFO/Adjusted Debt [%]	*17.8	18.2	18.3	23.3
		EBITDA/IFCCI [X]	3.3	3.0	2.8	5.9
		USD Exchange Rate [IDR/USD]	14,141	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 *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 affirms “idA-” rating on IMPC, outlook revised to “stable”

PEFINDO has affirmed its “idA-” ratings for PT Impack Pratama Industry (IMPC) and its Bond I/2016. The outlook for the corporate rating is revised to “stable” from “negative”, based on our expectation that the Company will improve its profitability in the near term along with expected stable raw material price. IMPC's profitability had recovered gradually for the past four quarters with EBITDA margin improved to 17.3% in the first half of 2019 (1H2019) from 13.1% in the first half of 2018 (1H2018) as a result of stable raw material supply and raw material price had already been back to normal condition. Improving EBITDA margin and a stable debt growth for the last four quarters led IMPC to reduce its leverage level, as reflected by debt to EBITDA ratio of 3.2x in 1H2019 from 4.6x in 1H2018. We expect the Company's leverage level will continue to improve in the near term with 3-year average debt to EBITDA ratio of 3x.

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 IMPC's strong market position in the polycarbonate roofing products industry, its extensive distribution network, and favorable diversification profile. However, the rating is constrained by the Company's high dependency on the property sector, high real estate inventory, and exposure to raw material price and Rupiah depreciation.

The rating will be raised if IMPC could improve its business position on a sustained basis. The rating could also be raised if the Company could adequately reduce its exposure to depreciating Indonesian Rupiah, which can be done through successful natural hedge strategy, and improve performance from real estate business, and thus improving its income generation and profitability margin. The rating will be lowered if IMPC experiences a significant lower profitability margin caused by depreciation of Rupiah, increasing of raw material price, and/or price competition and thus causing its credit profile to weaken. The rating will also be under pressure if it incurs higher debt than expected, which is not accompanied by adequate income generation.

Starting commercial operations in 1982, IMPC manufactures and distributes plastic building materials in Indonesia and abroad. It provides various roofing products: polycarbonate, vinyl, and fiber reinforced polyester products; aluminum composite panels; sealants; packaging products comprising corrugated plastic boards; PVC Compound, and polymer resins. It also distributes roofing sheets of plastic, adhesives, carpets, and toilet cubicle and is involved in the development of properties. Its property projects include office tower (Altira Office Tower) and office park (Altira Office Park) which are located in North Jakarta area. IMPC performed an initial public offering in December 2014. As of June 30, 2019, its shareholders were PT Harimas Tunggal Perkasa (44.2%), PT Tunggal Jaya Investama (45.6%), Hariyanto Tjiptodihardjo (1.7%), and others including public (8.5%).

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