

PT Tridomain Performance Materials Tbk

Analysts: Martin Pandiangan / Gifar Indra Sakti

Phone/Fax/E-mail: (62-21) 72782380 / 72782370 / martin.pandiangan@pefindo.co.id / gifar.sakti@pefindo.co.id

CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Mar-2018	Dec-2017	Dec-2016	Dec-2015
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idA-/Stable</i>	Total Adjusted Assets [USD Mn]	216.1	211.3	200.9	176.2
Rated Issues		Total Adjusted Debt [USD Mn]	69.0	70.1	51.4	44.1
<i>Proposed MTN III/2018</i>	<i>idA-</i>	Total Adjusted Equity [USD Mn]	102.7	98.7	92.7	88.7
<i>MTN II/2018</i>	<i>idA-</i>	Total Sales [USD Mn]	52.3	159.4	115.9	126.4
<i>MTN I/2017</i>	<i>idA-</i>	EBITDA [USD Mn]	7.6	20.3	11.8	14.4
		Net Income after MI [USD Mn]	3.9	6.7	4.1	3.2
Rating Period		EBITDA Margin [%]	14.6	12.7	10.2	11.4
<i>June 6, 2018 – June 1, 2019</i>		Adjusted Debt to EBITDA [X]	*2.3	3.5	4.3	3.1
		Adjusted Debt to Adjusted Equity [X]	0.7	0.7	0.6	0.5
Rating History		FFO to Adjusted Debt [%]	*29.7	17.1	11.7	18.8
<i>N/A</i>		EBITDA to IFCCI [X]	4.4	3.2	2.3	2.8
		USD Exchange Rate [IDR/USD]	13,756	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 *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-" ratings for PT Tridomain Performance Materials Tbk and its Medium Term Notes (MTN), and assigns "idA-" rating for its proposed MTN

PEFINDO has affirmed its "idA-" ratings for PT Tridomain Performance Materials Tbk (TDPM), previously known as PT Royal Chemie Indonesia, its Medium-Term Notes (MTN) I Year 2017, and its MTN II Year 2018. PEFINDO has also assigned its "idA-" rating to TDPM's proposed MTN III Year 2018 of a maximum of IDR500.0 billion, the proceeds of which will be mostly used to refinance its outstanding bank loans. 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 the Company's strong market 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 TDPM'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 mid-to-downstream sector of the chemical industry. In addition to its trading activities, it produces a wide range of products in the specialty resins, plasticizers, and acrylamide segments. It operates several plants in Cikupa (specialty resins), Gresik (specialty resins and plasticizers), and Merak (acrylamide), with 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. It performed an initial public offering (IPO) in April 2018. Post IPO, its shareholders were DH Corporation Limited (72.51%), previously known as Royal Chemie Corporation Limited, and the public (27.49%).

DISCLAIMER

PT Pemeringkat Efek Indonesia (PEFINDO) does not guarantee the accuracy, completeness, timeliness or availability of the contents of this report or publication. PEFINDO cannot be held liable for its use, its partial use, or its lack of use, in combination with other products or used solely, nor can it be held responsible for the result of its use or lack of its use in any investment or other kind of financial decision making on which this report or publication is based. In no event shall PEFINDO be held liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses including but not limited to lost profits and opportunity costs in connection with any use of the contents of this report or publication. Credit analyses, including ratings, and statements in this report or publication are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities or to make any investment decision. The contents cannot be a substitute for the skill, judgment and experience of its users, its management employees and/or clients in making investment or other business decisions. PEFINDO also assumes no obligation to update the content following publication in any form. PEFINDO does not act as fiduciary or an investment advisor. While PEFINDO has obtained information from sources it believes to be reliable, PEFINDO does not perform an audit and does not undertake due diligence or independent verification of any information used as the basis of and presented in this report or publication. PEFINDO keeps the activities of its analytical units separate from its business units to preserve independence and objectivity of its analytical processes and products. As a result, certain units of PEFINDO may have information that is not available to other units. PEFINDO has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. PEFINDO may receive compensation for its ratings and other analytical work, normally from issuers of securities. PEFINDO reserves the right to disseminate its opinions and analyses. PEFINDO's public ratings and analyses are made available on its website, <http://www.pefindo.com> (free of charge) and through other subscription-based services, and may be distributed through other means, including via PEFINDO publications and third party redistributors. Information in PEFINDO's website and its use fall under the restrictions and disclaimer stated above. Reproduction of the content of this report, in full or in part, is subject to written approval from PEFINDO.