PEFINDO
CREDIT RATING AGENCY

Press Release
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PT PHAPROS Tbk

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CREDIT PROFILE

Corporate Rating *idA-/Stable*

Rated Issues
MTN I/2017 *idA-*

Rating Period
February 13, 2018 – February 1, 2019

Rating History
FEB 2017 *idA-/Stable*
AUG 2016 *idBBB+/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	**Dec-2017** (Un-audited)	**Dec-2016** (Audited)	**Dec-2015** (Audited)	**Dec-2014** (Audited)
Total Adjusted Assets [IDR Bn]	1,172.8	881.0	678.5	637.1
Total Adjusted Debt [IDR Bn]	232.9	108.6	114.0	120.5
Total Adjusted Equity [IDR Bn]	697.8	618.5	447.6	406.6
Total Sales [IDR Bn]	1,002.1	816.1	691.3	578.1
EBITDA [IDR Bn]	205.2	143.0	106.5	83.1
Net Income after MI [IDR Bn]	125.4	87.0	63.0	44.9
EBITDA Margin [%]	20.5	17.5	15.4	14.4
Adjusted Debt/EBITDA [X]	1.1	0.8	1.1	1.5
Adjusted Debt/Adjusted Equity [X]	0.3	0.2	0.3	0.3
FFO/Adjusted Debt [%]	60.4	77.3	57.9	42.7
EBITDA/IFCCI [X]	12.1	6.7	6.5	5.6
USD Exchange Rate [IDR/USD]	13,548	13,436	13,795	12,440

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-" ratings for PT Phapros Tbk and its MTN

PEFINDO has affimed its **"idA-"** ratings for PT Phapros Tbk (PHAP) and its Medium Term Notes I/2017. 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 a rating is relatively weak within its respective rating category.

The ratings reflect PHAP's well-diversified product portfolio, higher profitability margins compared to the average of several listed pharmaceutical companies, and strong cash flow protection measures. The ratings are constrained by its low market competitiveness compared to its peers, the risks related to e-catalogue project, and the risk of raw material price fluctuations.

The rating could be raised if PHAP consistently achieves more than its revenue and/or EBITDA growth targets and improves its market share in the pharmaceutical industry. We could also consider upgrade the rating if the right issue plan runs smoothly and PHAP consistently maintains its conservative capital structure and strong cash flow protection measures. The rating could be lowered if revenue and/or EBITDA are significantly lower than targeted and/or it incurs substantially more debt than projected. The rating will also be under pressure if it is unable to manage its costs in line with the fluctuations of the rupiah against the US dollar.

PHAP is a pharmaceutical company engaged in the production of over-the-counter (OTC), ethical, and generic medicine, as well as in toll manufacturing. As of December 31, 2017, it was 56.6% owned by PT Rajawali Nusantara Indonesia (Persero) and 43.4% by members of the public, including medical doctors, pharmacists, and other healthcare professionals. Despite its status as a public company, as it is owned by more than 300 shareholders, it is not listed on the Indonesia Stock Exchange.