

**PT IMPACK PRATAMA INDUSTRI Tbk**

*Analysts: Wilson Soegianto / Martin Pandiangan*

*Phone/Fax/E-mail: (62-21) 72782380 / 72782370 / [wilson.soegianto@pefindo.co.id](mailto:wilson.soegianto@pefindo.co.id) / [martin.pandiangan@pefindo.co.id](mailto:martin.pandiangan@pefindo.co.id)*

<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
		<b>As of/for the year ended</b>				
		<b>Jun-2018</b>	<b>Dec-2017</b>	<b>Dec-2016</b>	<b>Dec-2015</b>	
		(Unaudited)	(Audited)	(Audited)	(Audited)	
<b>Corporate Rating</b>	<i>idA-/Negative</i>	Total Adjusted Assets [IDR Bn]	2,252.5	2,156.2	2,163.1	1,557.8
<b>Rated Issues</b>		Total Adjusted Debt [IDR Bn]	755.5	724.2	776.9	354.6
<i>Bond I/2016</i>	<i>idA-</i>	Total Adjusted Equity [IDR Bn]	1,139.4	1,150.5	1,112.7	979.4
<b>Rating Period</b>		Total Sales [IDR Bn]	621.5	1,193.1	1,135.3	1,147.8
<i>September 12, 2018 – September 1, 2019</i>		EBITDA [IDR Bn]	81.6	212.9	266.9	259.1
<b>Rating History</b>		Net Income after MI [IDR Bn]	32.6	87.3	102.5	76.8
<i>SEPT 2017</i>	<i>idA-/Stable</i>	EBITDA Margin [%]	13.1	17.8	23.5	22.6
<i>SEPT 2016</i>	<i>idA-/Stable</i>	Adjusted Debt/EBITDA [X]	*4.6	3.4	2.9	1.4
		Adjusted Debt/Adjusted Equity [X]	0.7	0.6	0.7	0.4
		FFO/Adjusted Debt [%]	*11.7	18.3	23.3	54.4
		EBITDA/IFCCI [X]	2.3	2.8	5.9	6.1
		USD Exchange Rate [IDR/USD]	14,404	13,548	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-” rating on IMPC, outlook revised to negative**

PEFINDO has affirmed its “idA-” ratings for PT Impack Pratama Industry (IMPC) and its Bond I/2016. However, the outlook for the corporate rating is revised to “**negative**” from “**stable**” to anticipate further weakening in its credit profile due to continuous depression on its profitability margin, in account of weakened Indonesian Rupiah (IDR) against US Dollars (USD) and higher purchase price for raw materials, while its ability to pass through price hike is viewed to be limited due to unfavorable purchasing power. Despite being able to purchase its raw materials, namely polycarbonate, at a more advantageous price during the third quarter of 2018, we expect that IMPC might not be able to purchase it at competitive price as it used to be due to higher expected price of oil, while we estimate that the global utilization rate for polycarbonate, its main raw material, to be high. In addition, we anticipate that its real estate segment might not be able to contribute much to its income generation in the near to medium term, due to the weak property market.

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 weakening financial profile, its high dependency on the property sector, and pressure on its profitability margin with exposure to USD.

The rating will be lowered if IMPC is unable to successfully improve its income generation, such as through continuous pressure on its profitability margin, and thus causing its credit profile to further weaken. The rating will also be under pressure if it incurs higher debt than expected which is not accompanied by adequate income generation, and/or if there is unfavorable outcome from the bondholders general meeting (RUPO) following breach of financial covenant, and/or it fails to generate a favorable strategy to pay its maturing bond at the end of 2019. The outlook of the Company's rating could be revised to stable if IMPC could adequately improve its income generation and profitability margin, which can be done through successful natural hedge strategy by enlarging export sales.

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; and polymer resins. It also distributes roofing sheets of plastic and adhesives, 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, 2018, its shareholders were PT Harimas Tunggal Perkasa (43.7%), PT Tunggal Jaya Investama (45.6%), Hariyanto Tjiptodihardjo (1.7%), and others including public (9.0%).

**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.*