

PT Tridomain Performance Materials Tbk

Analysts: Martin Pandiangan / Aishantya

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

CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Sep-2019	Dec-2018	Dec-2017	Dec-2016
			(Audited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idA-/Stable</i>	Total Adjusted Assets [USD Mn]	345.4	303.0	211.3	200.9
Rated Issues		Total Adjusted Debt [USD Mn]	137.6	121.2	70.1	51.4
<i>Bond II/2019</i>	<i>idA-</i>	Total Adjusted Equity [USD Mn]	153.0	141.8	98.7	92.7
<i>Bond I/2018</i>	<i>idA-</i>	Total Sales [USD Mn]	229.7	267.7	159.4	115.9
<i>MTN III/2018</i>	<i>idA-</i>	EBITDA [USD Mn]	27.8	33.2	20.3	11.8
<i>MTN II/2018</i>	<i>idA-</i>	Net Income after MI [USD Mn]	11.2	12.3	6.7	4.1
<i>MTN I/2017</i>	<i>idA-</i>	EBITDA Margin [%]	12.1	12.4	12.7	10.2
Rating Period		Adjusted Debt to EBITDA [X]	*3.7	3.6	3.5	4.3
<i>February 6, 2020 – October 1, 2020</i>		Adjusted Debt to Adjusted Equity [X]	0.9	0.9	0.7	0.6
Rating History		FFO to Adjusted Debt [%]	*14.2	15.6	17.1	11.7
<i>OCT 2019</i>	<i>idA-/Stable</i>	EBITDA to IFCCI [X]	2.9	3.1	3.2	2.3
<i>APR 2019</i>	<i>idA-/Stable</i>	USD Exchange Rate [IDR/USD]	14,174	14,481	13,584	13,436
<i>NOV 2018</i>	<i>idA-/Stable</i>					
<i>JUN 2018</i>	<i>idA-/Stable</i>					

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 to PT Tridomain Performance Materials Tbk

PEFINDO has affirmed its "idA-" ratings for PT Tridomain Performance Materials Tbk (TDPM), its Medium-Term Notes (MTN) I Year 2017, MTN II Year 2018, MTN III Year 2018, Bond I Year 2018, and Bond II Year 2019. 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 the rating is relatively weak within the respective rating category.

The corporate rating reflects TDPM's strong position in its market segments, integrated operations, and stable profitability margins. The rating is constrained by its high working capital requirements, moderate capital structure, and exposure to the volatility of commodity prices and economic growth.

The rating could be raised if TDPM demonstrates a sustained improvement in its capital structure and cash flow protection measures, as indicated by debt to EBITDA ratio below 2.5x, accompanied by debt to equity ratio (DER) of less than 1x and 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 the Company's cash flow generation weakens as a result of lower than expected business performance, longer-than-anticipated operating cash cycle impacts to higher needs of working capital funded by debt, and if it incurs more debt than our initial projection without being compensated by an improved business profile. The rating could also be lowered if the Company fails to mitigate the refinancing risk of its debts due in 2021 and 2022.

TDPM is one of the major companies in the downstream sector of the chemical industry. Aside from trading, it produces a wide range of products in the specialty resin, plasticizer, and acrylamide segments. It operates plants in Cikupa, Banten (specialty resins); Gresik, East Java (specialty resins and plasticizers); and Merak, Banten (acrylamide). It has a total annual production capacity of 106,000 tons of special resins, 78,000 tons of plasticizers, and 14,000 tons of acrylamide. In 2016, it acquired PT Petronika, a plasticizer manufacturer in Gresik. Following its initial public offering (IPO) in April 2018, its shareholders were DH Corporation Limited (72.51%), previously known as Royal Chemie Corporation Limited, and the public (27.49%) as of September 30, 2019.

DISCLAIMER

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.