PEFINDO
CREDIT RATING AGENCY

Press Release
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PT Chandra Asri Petrochemical Tbk.

Analysts: *Mega Nugroho / Niken Indriarsih*

Phone/Fax/E-mail: *(62-21) 7278 2380 / 7278 2370 / mega.nugroho@pefindo.co.id / niken.indriarsih@pefindo.co.id*

CREDIT PROFILE

Corporate Rating *idA+/Stable*

Rated Issues
Proposed Bond 2016 *idA+*

Rating Period
October 3, 2016 – October 1, 2017

Rating History
N/A

FINANCIAL HIGHLIGHTS

As of/for the year ended	Jun-2016 (audited)	Dec-2015 (audited)	Dec-2014 (audited)	Dec-2013 (audited)
Total adjusted assets [USD mn]	1,974.7	1,862.4	1,923.5	1,907.4
Total adjusted debt [USD mn]	463.4	547.7	490.5	357.3
Total adjusted equity [USD mn]	1,005.9	886.8	865.9	853.7
Total sales [USD mn]	882.1	1,377.6	2,460.1	2,506.4
EBITDA [USD mn]	215.5	143.0	113.7	94.4
Net income after MI [USD mn]	131.7	26.3	18.2	10.6
EBITDA margin [%]	24.4	10.4	4.6	3.8
Adjusted debt/EBITDA [X]	*1.1	3.8	4.3	3.8
Adjusted debt/adjusted equity [X]	0.5	0.6	0.6	0.4
FFO/adjusted debt [%]	*64.3	15.4	15.9	15.8
EBITDA/IFCCI [X]	11.3	3.8	3.2	3.2
USD exchange rate [IDR/USD]	13,180	13,795	12,440	12,189

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 assigns "$_{id}$A+" ratings to PT Chandra Asri Petrochemical Tbk and its proposed bond

PEFINDO has assigned its **"$_{id}$A+"** ratings to PT Chandra Asri Petrochemical Tbk (TPIA) and its proposed bond with a maximum amount of IDR500 billion. The Company plans to use the bond proceeds to refinance its existing bank loans. The outlook for the corporate rating is **"stable"**.

An obligor rated $_{id}$A 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 plus (+) sign in a particular rating indicates that the rating is relatively strong within the respective rating category.

The ratings reflect our view of the Company's leading position in the domestic petrochemical industry, vertically integrated operations with satisfactory supporting facilities, and conservative capital structure and strong cash flow protection measures. However, its sensitivity to industry cyclicality and exposure to the volatility of spread between feedstock costs and product prices constrain its ratings, in our view.

The rating may be raised if we view that the Company's business profile is strengthening and provides better product and market diversification, in a way that could mitigate margin volatility, while maintaining its conservative capital structure. The rating could be lowered if we view that there is a persistent deterioration in the Company's financial metrics due to weaker-than-expected operating profit margins as a result of rising feedstock prices and declining product prices. This could result from a weaker-than-anticipated demand for chemical products, especially in the domestic market, which the Company focuses on. This could also be triggered by an acceleration in capacity expansion by industry players. The rating could also be under pressure if the Company undertakes higher-than-projected debt-funded expansion, resulting in moderate financial metrics.

The Company is an integrated petrochemical producer, providing olefins, polyolefins, styrene monomer, and butadiene. It owns the only naphtha cracker, styrene monomer, and butadiene plants in the country. Its naphtha cracker has a production capacity of 860 kilo tons per annum (KTA), its polyethylene plant 336 KTA, styrene monomer plant 340 KTA, polyprophylene plant 480 KTA, and butadiene plant 100 KTA. As of June 30, 2016, it was owned by PT Barito Pacific Tbk (45.0%), SCG Chemicals Co., Ltd. (30.6%), Magna Resources Pte Ltd (15.0%), Marigold Resources Pte Ltd. (5.2%), and others including the public (4.2%).