

PT Pyridam Farma Tbk

Corporate rating *irA*/Stable

Rated Issues

Proposed Obligasi Pyridam Farma I
Tahun 2020 Amounting to
IDR300 Billion

irA

"Debt Securities with *irA* rating has a high level of certainty to honor its financial obligations, but it can be affected by adverse changes in business and economic conditions, relative to debt securities with a higher rating."

Rating Period

October 21, 2020 – November 1, 2021

Kredit Rating Indonesia assigns '*irA*' rating to Proposed Obligasi Pyridam Farma I Tahun 2020 totaling IDR300 billion

Kredit Rating Indonesia (KRI) assigns a Corporate Rating of '*irA*' for PT Pyridam Farma Tbk (PYFA or the Company) with a 'Stable' outlook. At the same time, KRI has also assigned '*irA*' to PYFA's Proposed Obligasi Pyridam Farma I Tahun 2020 amounting to IDR300 billion, in which 50% of its total outstanding debt and interest amounting to IDR225 billion is guaranteed by PT Asuransi Sinar Mas. The Company plans to use the bond proceeds for funding capital expenditure and working capital. The ratings reflect PYFA's small market share in the national pharmaceutical industry, high percentage of marketing and promotion expenses to sales, and the Company plans to finance its expansion by issuing new bond which may deteriorate its capital structure. The rating however, is supported by PYFA's high profit margin due to its focus on ethical and over-the-counter (OTC) medicines.

In general, PYFA only had 1% of market share from the total national pharmaceutical industry, as its revenue only hovered around IDR241 billion – IDR250.4 billion during 2015 – 2019 periods. Furthermore, PYFA has an average of 21.5% from its revenue for marketing and promotion, the highest among peers, but has yet to push its revenue. The Company has an average of 0.20x of debt-to-equity ratio (DER) during 2015 – 1H2020 periods, the most conservative capital structure among peers. However, such ratio may worsen as the Company plans to issue fixed income securities to finance its expansion.

The Company's strategy to focus on ethical and OTC medicines has led to an average EBIT and EBITDA margins of 5.0% and 8.6%, respectively, during 2015 – 1H2020 periods, highest among peers.

PYFA Financial Results Highlights

As of/For the year ended	June 2020 (Audited)	Dec 2019 (Audited)	Dec 2018 (Audited)	Dec 2017 (Audited)
Total Assets (IDR, bn)	194.1	190.6	186.9	159.5
Total Adjusted Debt (IDR, bn)	20.2	19.4	24.5	10.3
Total Adjusted Equity (IDR, bn)	125.0	124.6	118.8	108.8
Total Sales (IDR, bn)	121.6	247.1	250.5	223.0
Net Income After MI (IDR, bn)	3.3	9.3	8.5	7.1
EBIT Margin (%)	5.0	4.4	5.3	5.3
Return on Permanent Capital (%)	8.4	7.6	10.0	9.4
Adjusted Debt /Adj. Equity (x)	0.2	0.2	0.2	0.1
EBITDA/Total Adjusted Debt (x)	1.0	0.9	0.8	2.0
EBITDA/IFCCI (x)	9.6	6.6	6.4	8.3
FFO/Total Adjusted Debt (x)	69.9	86.4	64.2	153.3
USD Exchange Rate (IDR/USD)	13,901	14,481	13,548	13,436

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