

MIRA INFORM REPORT

Report No. :	525156
Report Date :	17.08.2018

IDENTIFICATION DETAILS

Name :	P.T. PHILIPS INDUSTRIES BATAM
Registered Office :	Panbil Industrial Estate B1 Lot 1-6, B2A Lot 12-17, Jalan Ahmad Yani Muka Kuning, Batam, Batam 29433, Kepulauan Riau Province
Country :	Indonesia
Date of Incorporation :	15.07.1991
Com. Reg. No.:	AHU-AH.01.03-0231057
Legal Form :	Limited Liability Company
Line of Business :	Manufacturing of Flatirons.
No. of Employees :	1,000

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	No Complaints
Litigation :	Clear

NOTES:

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Any query related to this report can be made on e-mail: infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Indonesia	A2	A2

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

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INDONESIA - ECONOMIC OVERVIEW

Indonesia, the largest economy in Southeast Asia, has seen a slowdown in growth since 2012, mostly due to the end of the commodities export boom. During the global financial crisis, Indonesia outperformed its regional neighbors and joined China and India as the only G20 members posting growth. Indonesia's annual budget deficit is capped at 3% of GDP, and the Government of Indonesia lowered its debt-to-GDP ratio from a peak of 100% shortly after the Asian financial crisis in 1999 to 34% today. In May 2017 Standard & Poor's became the last major ratings agency to upgrade Indonesia's sovereign credit rating to investment grade.

Indonesia still struggles with poverty and unemployment, inadequate infrastructure, corruption, a complex regulatory environment, and unequal resource distribution among its regions. President Joko WIDODO - elected in July 2014 – seeks to develop Indonesia's maritime resources and pursue other infrastructure development, including significantly increasing its electrical power generation capacity. Fuel subsidies were significantly reduced in early 2015, a move which has helped the government redirect its spending to development priorities. Indonesia, with the nine other ASEAN members, will continue to move towards participation in the ASEAN Economic Community, though full implementation of economic integration has not yet materialized.

Source : CIA

COMPANY NAME

P.T. PHILIPS INDUSTRIES BATAM

BASIC SEARCH

Name of Company:

P.T. PHILIPS INDUSTRIES BATAM

Address :

Head Office & Factory

Panbil Industrial Estate B1 Lot 1-6, B2A Lot 12-17

Jalan Ahmad Yani

Muka Kuning, Batam

Batam 29433

Kepulauan Riau Province

Indonesia

Phones - (62-778) 371130 (Hunting)

Fax - (62-778) 371129

E-mail - batam.hrd@philips.com

Land Area - 26,000 sq. meters

Building Space - 20,000 sq. meters

Region - Industrial Estate

Status - Rent

Date of Incorporation :

15 July 1991

Legal Form :

P.T. (Perseroan Terbatas) or Limited Liability Company

Company Reg. No. :

The Ministry of Law and Human Rights

- No. C2-3048.HT.01.01.TH.92

Dated 21 April 1992

- No. AHU-82803.AH.01.02.TH.2008

Dated 6 November 2008

- No. AHU-47324.AH.01.02.TH.2012

Dated 5 September 2012

- No. AHU-AH.01.10-37675

Dated 22 October 2012

- No. AHU-AH.01.03-0008053

Dated 6 February 2015

- No. AHU-AH.01.03-0231057

Dated 9 August 2018

Company Status :

Foreign Investment (PMA) Company

Permit by the Government Department :

The Department of Finance

NPWP No. 01.080.794.9-217.000

The President of the Republic of Indonesia

No. B-200/Pres/6/1991

Dated 15 June 1991

The Capital Investment Coordinating Board

-No. 187/I/PMA/1991

Dated 19 June 1991

-No. 72/II/PMA/1993

Dated 15 July 1993

-No. 1038/III/PMA/2000

Dated 28 July 2000

Related Company :

P.T. PHILIPS INDONESIA (Electric Lighting Manufacturing)

CAPITAL AND OWNERSHIP

Capital Structure :

Authorized Capital : US\$ 1,500,000.-

Issued Capital : US\$ 1,500,000.-

Paid up Capital : US\$ 1,500,000.-

Shareholders/Owners :

a. PHILIPS ELECTRONICS SINGAPORE PTE LTD. - US\$ 1,499,900.-

Address : 620 A Lorong I Toa Payoh

Singapore

b. KONINKLIJKE ELECTRONICS N.V. - US\$ 100.-

Address : Groenewoudseweg Eindhoven

Netherlands

BUSINESS ACTIVITIES

Lines of Business :

Flatiron Manufacturing

Production Capacity :

Flatirons - 5,000,000 pieces p.a.

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Total Investment :

- a. Equity Capital - US\$ 1.5 million
- b. Loan Capital - US\$ 2.0 million
- c. Total Investment - US\$ 3.5 million

Started Operation :

1992

Brand Name :

Philips Industries Batam

Technical Assistance :

Philips Electronics Singapore Pte, Ltd., Singapore

Number of Employee :

1,000 persons

Marketing Area :

Export - 100%

Main Customer :

Buyers in Singapore, Europe, America, etc

Market Situation :

Very Competitive

Main Competitors :

- a. P.T. INLOGAM JAYA
- b. P.T. KENCANA GEMILANG
- c. P.T. MASPION ELECTRIC
- d. P.T. STAR COSMOS
- e. Etc.

Business Trend :

Growing

BANKER, AUDITOR & LITIGATION

Bankers :

- a. P.T. Bank CENTRAL ASIA Tbk
Jala Rasamala 1
Muka Kuning, Batam
Keppulauan Riau Province
Indonesia
- b. P.T. Bank MANDIRI Tbk
Jalan R.E. Martadinata

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Muka Kuning, Batam
Kepulauan Riau Province
Indonesia

Auditor :
Internal Auditor

Litigation :
No litigation record in our database

FINANCIAL FIGURE

Annual Sales (estimated) :

2015 – Rp. 255.0 billion
2016 – Rp. 278.0 billion
2017 – Rp. 296.0 billion

Net Profit (estimated) :

2015 – Rp. 17.8 billion
2017 – Rp. 19.5 billion
2018 – Rp. 21.0 billion

Payment Manner :
No Complaints

Financial Comments :
Fairly strong

KEY EXECUTIVES

Board of Management :

Director - Mr. Lee Chee Tiong
General Manager - Mr. Benjamin Tay

Board of Commissioners :

Commissioner - Mr. Lee Keng Guan

Signatories :

Director (Mr. Lee Chee Tiong) which must be approved by Board of Commissioner

CAPABILITIES

Management Capability:

Good

Business Morality:

Good

OVERALL PERFORMANCE

P.T. PHILIPS INDUSTRIES BATAM (P.T. PIB) was established in Batam, Kepulauan Riau Province on 15 July 1991 with the authorized capital of US\$ 250,000 wholly issued and paid up. The founding and shareholders of the company are PHILIPS SINGAPORE PTE LTD., and Mr. Andreas Harjanto Lunardhi of Indonesia. The company notary deed had been changed a couple of times. Then according to the notary documents of Mrs. Maria Anastasia Halim, SH., on 68 dated 16 August 2008 the company authorized capital was increased to US\$ 1,500,000 or equivalent to Indonesian Rupiah (IDR) Rp. 2,926,500,000 wholly issued and paid up. On the same occasion the whole share had been taken over by PHILIPS ELECTRONICS SINGAPORE (99.99%) and KONINKLIJKE PHILIPS ELECTRONICS N.V., of Netherlands (0.01%) as new shareholders. Then according to the latest revision of notary documents of Mr. Yudo Diharjo Lantanea, SH., No. 09 dated 13 July 2018 the company board of director and the board of commissioner had been changed to lead and runs of the company's operation. The deed of amendments was approved by the Ministry of Law and Human Rights in its decision letter No. AHU-AH.01.03-0231057 dated August 09, 2018.

P.T. PIB has obtained a Foreign Investment (PMA) facility company to deal with electronic household appliance manufacturing. The plants is located at Panbil Industrial Estate B1 Lot 1-6 and B2A Lot 12-17, Jalan Ahmad Yani, Muka Kuning, Batam, Kepulauan Riau Province standing on 26,000 sq. meters. The plant has been in operating since 1992 by produces of flatiron (iron) of 5,000,000 pieces per annum. Previously the company also produces of channel selectors, travel /dry iron, hair dryer and wire wound components. However at present the company produces of flatiron (iron) with capacity 5,000,000 pieces wholly uses PHILIPS brand the most and worldwide famous brand. The construction of the plant has absorbed an investment of US\$ 3.5 million come from owned capital of US\$ 1.5 million while the rest is loans. Most of raw materials is imported from Singapore, and other countries through PHILIPS Group. According information the whole products (flatiron) wholly exported to meet the demand of flatiron products in the overseas markets. The whole product is exported through PHILIPS Group in Singapore, Middle East, Africa, Asian countries, Europe and America and other countries. The operation of P.T. PIB has been growing and developing well in the last five years and tended to increase.

Economic growth in 2018 as projected by the World Bank still gives us optimism. The global economy is expected to grow about 3.1% or stronger than 2017, while the Indonesian economy is estimated to grow around 5.3%. However, we also need to be cautious that 2018 is also a political year that may affect the economic sector. The World Bank, in their report on Global Economic Prospect released in January 2018, estimated global economic growth would increase to 3.1% in 2018, much stronger than expected, due to the ongoing recovery in investment, manufacturing and trade sectors in some countries. While the Indonesian economy according to the World Bank, will grow in the range of 5.3% in 2018, expected to increase from 2017. This is supported by the conduciveness of global economy and strong domestic conditions as the results of continuing economic reforms which gradually start to deliver results.

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Meanwhile, household consumption will recover after experiencing a slowing down in 2017. The increase is attributed to low inflation, stable rupiah, strong labor market and a decline in borrowing costs. Although some political turbulence may lie ahead due to the 2019 elections, Indonesia's long term economic potential is highly promising as the working-age population is projected to increase sharply up to 2030, which we expect will be accompanied by improvements in skill, attitude and education to create a productive and prosperous society.

Until this time P.T. PIB has not been registered with Indonesian Stock Exchange, so that they had not obliged to announce their financial statement. The management of the company is very reclusive towards outsiders and rejected to disclose its financial condition. We observed that total sales turnover of the company in 2015 amounted to Rp. 255.0 billion rose to Rp. 278.0 billion in 2016 increased to Rp. 296.0 billion in 2016 and projected to go on rising by at least 5% in 2017. The operation in 2017 yielded an estimated net profit of at least Rp. 21.0 billion and the company has an estimated total networth of at least Rp. 60.0 billion. We observe that P.T. PIB is supported by foreign partner with has financially strong and sound behind it. So far, we did not heard that the company having been black listed by the Central Bank (Bank Indonesia). The company usually pays its debts punctually to suppliers.

The management of P.T. PIB is led by Mr. Lee Chee Tiong (48) a professional manager of Singapore with experience in electronic and electric household appliance manufacturing. The company's management is handled by professional staff in the above business. They have wide relations with private businessmen within and outside the country. So far, we did not hear that the management of the company being filed to the district court for detrimental cases or involved in any business malpractices. The company's litigation record is clean and it has not registered with the black list of Bank of Indonesia. P.T. PHILIPS INDUSTRIES BATAM is sufficiently fairly good for business transaction.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.23
UK Pound	1	INR 89.37
Euro	1	INR 79.97
IDR	1	INR 0.0048

Note: Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	NIT

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)