

PT Pindo Deli Pulp and Paper Mills

Company rating *irAA-/Stable*

Rated Issues

*Obligasi III Pindo Deli
Pulp and Paper Mills Tahun 2023* *irAA-
Sukuk Mudharabah
II Pindo Deli Pulp and Paper
Mills Tahun 2023* *irAA-
MTN Pindo Deli Pulp and Paper
Mills I Tahun 2023* *irAA-
Medium Term Notes IV Tahun 2019* *irAA-*

“Debt Securities with *irAA* rating is only slightly lower than the highest rating. The Obligor has a very high capability in fulfilling its financial obligations”.

The minus sign (-) indicates that the rating is still higher than the rating category below, although it is closer to the lower rating than it is to the higher rating category.

Rating Period

October 3, 2023 – April 1, 2024

Rating History

April, 2023 *irAA-/Stable*
January, 2023 *irAA-/Stable*
December, 2022 *irAA-/Stable*
November, 2021 *irAA-/Stable*
November, 2020 *irAA-/Stable*
December, 2019 *irAA-/Stable*

Kredit Rating Indonesia assigns ‘*irAA-*’ rating to Proposed Obligasi III Pindo Deli Pulp and Paper Mills Tahun 2023 amounting to IDR3,000,000,000,000,- and Sukuk Mudharabah II Pindo Deli Pulp and Paper Mills Tahun 2023 amounting to IDR1,000,000,000,000,- and affirms ‘*irAA-*’ rating to MTN Pindo Deli Pulp and Paper Mills I Tahun 2023 amounting to USD50,000,000 and ‘*irAA-*’ rating to Medium Term Notes IV Tahun 2019 totaling IDR1,800,500,000,000,-

Kredit Rating Indonesia (KRI) affirms a Company Rating of ‘*irAA-*’ for PT Pindo Deli Pulp and Paper Mills (PIDL or the Company) with a ‘Stable’ outlook, and assigns ‘*irAA-*’ ratings to both Obligasi III Pindo Deli Pulp and Paper Mills Tahun 2023 amounting to IDR3,000,000,000,000,- and Sukuk Mudharabah II Pindo Deli Pulp and Paper Mills Tahun 2023 amounting to IDR1,000,000,000,000,-. At the same time, KRI affirms a rating of ‘*irAA-*’ for the Company’s Medium Term Notes IV Tahun 2019 amounting to IDR1,800,500,000,000,- and MTN Pindo Deli Pulp and Paper Mills I Tahun 2023 amounting to USD50,000,000.

The above ratings still reflect PIDL’s favorable business and better market position, and a good vertically integrated operation. The ratings are still limited by the Company’s mid-to-low profitability margin, and product price volatility. The Company maintains its status as one of the most complete pulp and paper producers in Indonesia by producing pulp, writing paper, packaging paper, and tissue. The result is seen by the increase revenue in FY22 to USD2.3 billion (vs USD1.9 billion in FY21) and in 6M2023 of USD1.15 billion (vs USD1.13 billion in 6M2022), supported by the increasing sales to overseas markets. However, PIDL’s profitability, particularly EBITDA margin, continued to be the main ratings boundary for the Company, with EBITDA margins of 24.6% (FY22) and 35.6% (6M2023), one of the lowest in the industry.

As of June 30, 2023, the Company’s shares were owned by PT Purinusa Ekapersada (99.24%), PT Mega Kleenindo (0.32%), PT Marimba Nugratama (0.22%), and PT Unitama Sartindo (0.22%).

PIDL Financial Results Highlights (Consolidated)

As of/For the year ended	June 2023 (Audited)	Dec 2022 (Audited)	Dec 2021 (Audited)	Dec 2020 (Audited)
Total Assets (USD, Mn)	7,102.5	6,965.9	6,084.7	5,934.3
Total Adjusted Debt (USD, Mn)	2,356.3	2,419.5	2,523.2	2,696.3
Total Adjusted Equity (USD, Mn)	3,896.6	3,842.0	3,072.8	2,655.6
Total Sales (USD, Mn)	1,145.8	2,314.4	1,877.3	1,783.9
EBIT (USD, Mn)	189.2	410.7	271.7	234.4
Net Income (USD, Mn)	138.4	765.7	415.7	168.7
EBIT Margin (%)	16.5	17.8	14.5	13.1
Return of Permanent Capital (%)	6.0	6.9	5.0	4.4
EBITDA/Total Adjusted Debt (x)	0.6	0.6	0.8	1.0
Adjusted Debt /Adj. Equity (x)	0.2	0.2	0.2	0.1
EBITDA/IFCCI (x)	4.2	4.9	4.1	3.0
FFO/Total Adjusted Debt (x)	11.5	22.0	14.1	6.5
USD Exchange Rate (IDR/USD)	15,026	15,731	14,054	14,105

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