

PT Pindo Deli Pulp & Paper Mills

Credit Rating(s)

General Obligation (GO)	idA/Stable
Bond II	idA
Sukuk Mudharabah I	idA(sy)

Rating Period

April 7, 2022 – April 1, 2023

Published Rating History

OCT 2020	idA/Stable
OCT 2019	idA/Stable
OCT 2018	idA/Stable
OCT 2017	idA/Stable
FEB 2016	idA-/Stable

PEFINDO has assigned its “idA” rating for PT Pindo Deli Pulp and Paper Mills (PIDL). The outlook for the corporate rating is “stable”. PEFINDO has also assigned its “idA” rating for PIDL’s Bond II Year 2022 with a maximum amount of IDR2 trillion and its “idA(sy)” rating for its Sukuk Mudharabah I Year 2022 of up to IDR1 trillion. 60% of the bond proceeds will be used to refinance its maturing loans while 60% of proceeds from Sukuk Mudharabah will be used to finance the Company’s activity which previously financed by loans. The rest proceeds from both debt securities will be used to finance its working capital needs.

The corporate rating reflects PIDL’s very strong market position in pulp and paper industry, vertically integrated operations, as well as diversified revenue stream and customer base. The corporate rating is constrained by its moderate financial leverage, exposure to the fluctuations of raw material and product prices, and exposure to declining paper demand.

The rating may be raised if PIDL exceeds its revenue growth projection alongside stronger and sustainable profit margins, and significantly improves its financial leverage on a sustained basis. The rating may be lowered if there is a sustained deterioration of its financial profile as a result of lower revenue realization and/or profit margin, or if it incurs higher debt than anticipated. The rating may be under pressure should the price of pulp decline significantly which may affect the Company’s financial profiles.

As a member of the Asia Pulp and Paper (APP) group, a leading pulp and paper products manufacturer in the global market, PIDL holds a significant role in the production of pulp, paper, and tissue in Indonesia. Its production facilities are in Jambi, Karawang, West Java, and Perawang, Riau. As of December 31, 2021, it was 98.56% owned by PT Purinusa Ekapersada, which is a part of the APP group.

Rating Definition

Debt security rated idA indicates that the issuer’s capacity to meet its long-term financial commitments on the debt security, relative to those of other Indonesian issuers, is strong. However, the issuer’s capacity is somewhat more susceptible to adverse effects of changes in circumstances and economic conditions than higher-rated issuers.

Suffix (sy) means the rating indicates Islamic principles compliant.

Financial Highlights

As of/for the year ended	Dec-2021	Dec-2020	Dec-2019	Dec-2018
Consolidated Figure	(Audited)	(Audited)	(Audited)	(Audited)
Total adjusted assets [USD mn]	6,084.7	5,934.3	6,064.1	5,796.0
Total adjusted debt [USD mn]	2,523.2	2,696.3	2,859.0	2,853.9
Total adjusted equity [USD mn]	3,074.2	2,656.9	2,482.1	2,074.4
Total sales [USD mn]	1,877.3	1,783.9	2,091.9	2,086.6
EBITDA [USD mn]	436.5	391.3	433.4	420.8
Net income after MI [USD mn]	415.7	168.7	383.3	354.4
EBITDA margin [%]	23.3	21.9	20.7	20.2
Adjusted debt/EBITDA [X]	5.8	6.9	6.6	6.8
Adjusted debt/adjusted equity [X]	0.8	1.0	1.2	1.4
FFO/adjusted debt [%]	11.7	9.1	9.7	9.1
EBITDA/IFCCI [X]	3.9	2.9	3.4	3.2
USD exchange rate [IDR/USD]	14,269	14,105	13,901	14,481

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.

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