

PT LONTAR PAPYRUS PULP & PAPER INDUSTRY

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Jun-2021	Dec-2020	Dec-2019	Dec-2018
			(Audited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idA/Stable</i>	Total Adjusted Assets [USD Mn]	2,066.9	2,009.8	2,204.6	1,997.5
Rated Issues		Total Adjusted Debt [USD Mn]	820.0	835.4	993.8	935.6
<i>Sukuk Mudharabah I/2018 Seri A</i>	<i>idA(sy)</i>	Total Adjusted Equity [USD Mn]	1,110.5	1,035.8	1,063.9	924.3
<i>Sukuk Mudharabah I/2018 Seri B</i>	<i>idA(sy)</i>	Total Sales [USD Mn]	257.6	526.9	637.2	643.0
<i>Proposed Shelf Reg Bond I</i>	<i>idA</i>	EBITDA [USD Mn]	102.3	184.0	239.7	281.3
Rating Period		Net Income after MI [USD Mn]	74.7	20.2	163.0	120.8
<i>September 22, 2021 – September 1, 2022</i>		EBITDA Margin [%]	39.7	34.9	37.6	43.7
Rating History		Adjusted Debt/EBITDA [X]	*4.0	4.5	4.1	3.3
<i>JUL 2021</i>	<i>idA/Stable</i>	Adjusted Debt/Adjusted Equity [X]	0.7	0.8	0.9	1.0
<i>JUL 2020</i>	<i>idA/Stable</i>	FFO/Adjusted Debt [%]	*16.9	13.7	17.2	22.2
<i>JUL 2019</i>	<i>idA+/Negative</i>	EBITDA/IFCCI [X]	4.3	3.3	6.2	6.7
<i>JUL 2018</i>	<i>idA+/Stable</i>	USD Exchange Rate [IDR/USD]	14,496	14,105	13,901	14,481
<i>APR 2018</i>	<i>idA/Stable</i>					
<i>OCT 2017</i>	<i>idA/Stable</i>					

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.

PT Lontar Papyrus Pulp & Paper Industry's proposed Shelf Registered Bond rated "idA"

PEFINDO has assigned its "idA" rating for PT Lontar Papyrus Pulp & Paper Industry (LPPI)'s Shelf Registered Bond I of maximum IDR6 trillion. Around 37.9% of the Bond proceed will be used to repay its maturing loans and the remainder will be used its working capital. LPPI plans to issue its Shelf Registered Bond I Phase I Year 2021 Series A, Series B, and Series C totaling of IDR1.5 trillion. At the same time, PEFINDO has also affirmed the "idA" rating for its corporate rating and "idA(sy)" ratings for LPPI's Sukuk Mudharabah I/2018 Series A and Series B. The outlook for corporate rating is "stable".

An obligor rated idA has a strong capacity to meet its long-term financial commitments relative to those of other Indonesian obligors. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors.

The suffix (sy) indicates the rating mandates Islamic principles compliance.

The corporate rating reflects LPPI's strong business position in the pulp and tissue industry, good vertically integrated operations and geographically diversified customer base, as well as relatively strong operating management. The rating is constrained by the Company's moderate financial leverage and exposure to price volatility.

The rating may be raised if LPPI manages to improve its profit margin resulting from improvement in operating management or a rise in pulp price, leading to strengthening its capital structure and cash flow protection figures on a sustained basis. However, the rating may be lowered if its profit margins significantly drop from current levels due to the deterioration of the pulp price, and/or if it incurs significantly new debt which triggers the deterioration of its financial figures.

LPPI is a pulp and tissue manufacturer, a member of the Asia Pulp and Paper (APP) group, a leading pulp and paper product manufacturer in the global market. Commencing operating in 1976, LPPI is a subsidiary of PT Pindo Deli Pulp and Paper Mills, which holds a significant role in the production of paper and tissue in Indonesia. It has a production facility in Tebing Tinggi in Jambi. As of September 30, 2021, it was 99.92% owned by PT Pindo Deli Pulp and Paper Mills, which is also a part of the Sinar Mas Group.

DISCLAIMER

The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO