

## PT LONTAR PAPYRUS PULP & PAPER INDUSTRY

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### CREDIT PROFILE

**Corporate Rating** *idA/Stable*

#### Rated Issues

*Sukuk Mudharabah I/2018 Seri A idA(sy)*  
*Sukuk Mudharabah I/2018 Seri B idA(sy)*

#### Rating Period

*July 9, 2021 – July 1, 2022*

#### Rating History

*JUL 2020 idA/Stable*  
*JUL 2019 idA+/Negative*  
*JUL 2018 idA+/Stable*  
*APR 2018 idA/Stable*  
*OCT 2017 idA/Stable*

### FINANCIAL HIGHLIGHTS

#### As of/for the year ended

	Mar-2021 (Un-audited)	Dec-2020 (Audited)	Dec-2019 (Audited)	Dec-2018 (Audited)
Total Adjusted Assets [USD Mn]	2,043.1	2,009.8	2,204.6	1,997.5
Total Adjusted Debt [USD Mn]	815.2	835.4	993.8	935.6
Total Adjusted Equity [USD Mn]	1,083.6	1,035.8	1,063.9	924.3
Total Sales [USD Mn]	124.9	526.9	637.2	643.0
EBITDA [USD Mn]	42.6	183.9	239.7	281.3
Net Income after MI [USD Mn]	47.8	20.2	163.0	120.8
EBITDA Margin [%]	34.1	34.9	37.6	43.7
Adjusted Debt/EBITDA [X]	4.8	4.5	4.1	3.3
Adjusted Debt/Adjusted Equity [X]	0.8	0.8	0.9	1.0
FFO/Adjusted Debt [%]	13.8	13.7	17.2	22.2
EBITDA/IFCCI [X]	3.8	3.3	6.2	6.7
USD Exchange Rate [IDR/USD]	14,572	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.*

## PT Lontar Papyrus Pulp & Paper Industry rated "idA" with stable outlook

PEFINDO has affirmed the "idA" rating of PT Lontar Papyrus Pulp & Paper Industry (LPPI). At the same time, PEFINDO has also affirmed the "idA(sy)" ratings of LPPI's Sukuk Mudharabah I/2018 Seri A and Seri 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 that 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 industry, good vertically integrated operations, geographically-diversified customer base, and 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 could improve its profit margin as a result of better operating management or higher pulp price which leads to improvement in its capital structure and cash flow protection figures on a sustained basis. The rating may be lowered if its profit margins significantly drop from current levels triggered by lower pulp price, and/or if it incurs significant new debt.

LPPI is a pulp and tissue manufacturer that is a member of Asian Pulp and Paper (APP) group, a leading pulp and paper product manufacturer in the global market. Operating since 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, Sumatra. As of March 31, 2021, it was 99.9% 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*