Aldira | Bond Teaser Report

Pindo Deli Pulp & Paper · PDPP | 16 September 2026

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Bond Instrument	
Issuer	PT Pindo Deli Pulp And Paper Mills
Instrument	Obligasi & Sukuk Mudharabah Berkelanjutan II Pindo Deli Tahap II Tahun 2026
Rating	idA+ (Pefindo) / irAA- (KRI)
PUB II Plafond	Bonds IDR 10.5tn; Sukuk IDR 2.0tn (remaining IDR 11.6tn)
Issuance Size	Bonds: up to IDR 2.5tn Sukuk: up to IDR 500bn
Tranches and Coupon Range	Series A (3Y): 9.50%-10.00% Series B (5Y): 10.00%-10.50%
Collateral	Clean basis (unsecured)
Listing	Indonesia Stock Exchange (IDX)
Rating Agencies	Pefindo; Kredit Rating Indonesia

Key Credit Statistics (1H2026)	
Revenue	USD 1,084.2mn
EBITDA Margin	21.4%
Net Profit	USD 455.6mn
Total Assets	USD 9,564.8mn
Net Debt / EBITDA	4.26x
Net Gearing	0.34x
Interest Coverage	2.49x
DSCR (x)	0.31x
EBITDA	USD 232.4mn
ROE	13.1%

Financial figures in USD; bond terms in IDR

Operating Resilience Holds, but Leverage and Liquidity Bear Watching

PT Pindo Deli Pulp And Paper Mills is one of Indonesia's largest integrated pulp and paper producers, running three mills in Karawang, West Java and one in Perawang, Riau, with subsidiaries Lontar Papyrus in Jambi and MSS Holdings in South Korea. Installed capacity covers 1.1mn tonnes of pulp, 1.0mn tonnes of cultural paper, 1.2mn tonnes of tissue and 0.4mn tonnes of industrial paper. Held 99.24% by PT APP Purinusa Ekapersada, it sits inside the Asia Pulp & Paper platform of the Sinar Mas group.

Investment Highlights

Integrated platform, balanced between domestic and export

Four mills and two operating subsidiaries span pulp, cultural paper, tissue and industrial paper, with brands including Bola Dunia, Paseo, Golden Coin and Mirage. The revenue base is geographically diversified, with Indonesia contributing 35.0% of 1H2026 net sales, Asia ex-Indonesia 33.8%, the Americas 11.3% and Europe 6.8%. This broad market exposure limits reliance on any single geography, although earnings remain more concentrated in the higher-margin pulp and cultural paper segment.

Margins stabilised in 1H2026, despite softer revenue

Net sales declined 1.3% yoy to USD1,084.2mn, but gross margin improved from 26.3% to 27.0% as COGS fell faster than revenue. EBITDA increased 1.2% yoy to USD232.4mn, with EBITDA margin improving 53bp to 21.4%, marking a meaningful reversal from FY2025, when EBITDA declined 3.8% and margin contracted 284bp. Operating profit still fell 1.9% as selling expenses increased 9.6%, but the modest increase in operating expenses overall points to better cost discipline.

Earnings growth masks balance-sheet pressure

Net profit surged 210% yoy to USD455.6mn, but was largely driven by non-operating gains. Net debt rose to USD1,884.9mn, lifting net debt/LTM EBITDA to 4.26x from 4.18x. Liquidity also tightened, with cash coverage falling to 1.05x from 1.17x at FY2025. Headline earnings improved sharply, but deleveraging and liquidity headroom weakened.

SUBSCRIBE · selectively, on the 3-year tranche

An idA+/irAA- credit with a genuinely integrated asset base, margins stabilising in 1H2026 and every covenant intact, on a clean refinancing-oriented structure. Against that, net leverage of 4.26x, coverage of 2.49x, cash cover of near-term maturities down to 1.05x and a profit three-quarters non-operating argue for the front end. Series A guidance of 9.50%-10.00% prices inside Tahap I at the tight end: we take the 3-year at the wide end of the range and would step back below 9.75%.

Instrument Summary

Exhibit: Obligasi and Sukuk Mudharabah Berkelanjutan II Pindo Deli Tahap II Tahun 2026 — Term Sheet

Issuer	PT Pindo Deli Pulp And Paper Mills ("Perseroan"), 99.24% held by PT APP Purinusa Ekapersada (Asia Pulp & Paper, Sinar Mas group)
Programme	Second phase (Tahap II) of the Sustainable Public Offering Programme II (PUB II), covering both conventional bonds and sukuk mudharabah
Bonds Tranche	Senior bonds, clean basis. Two series (3Y; 5Y). Quarterly coupon; bullet at maturity. PUB II target: IDR 10.5tn (remaining IDR 10,044.0bn); issuance size up to IDR 2.5tn
Sukuk Tranche	Sukuk mudharabah, two series (3Y; 5Y). PUB II target: IDR 2.0tn (remaining IDR 1,512.5bn); issuance size up to IDR 500bn
Rating	idA+ (Pefindo) and irAA- (Kredit Rating Indonesia); idA+(sy) and irAA-(sy) for the sukuk
Coupons Range	Bookbuilding guidance (16 Sep 2026): Series A (3Y) 9.50%-10.00%; Series B (5Y) 10.00%-10.50%, for the bonds and, as equivalent returns, the sukuk. Final coupons set 2 Oct 2026; Tahap I priced 10.00% / 10.50%
Coupon Payment	Quarterly (every 3 months)
Collateral	Issued on a clean basis; secured by all assets of the Company (paripassu), not by specific collateral, under Articles 1131 and 1132 of the Civil Code
Use of Proceeds	Bonds: repayment of principal and/or interest on Company borrowings, and/or working capital. Sukuk: refinancing and/or working capital
Financial Statements	Unaudited interim consolidated accounts for the six months to 30 June 2026, provided in draft for discussion. Latest audited accounts are FY2025 (KAP Y. Santosa dan rekan, unqualified opinion, 17 June 2026)
Listing	Indonesia Stock Exchange (IDX)
Trustee	KB Bank, as appointed for Tahap I

Source: Indikasi Struktur Tahap II; Prospektus Penawaran Umum Berkelanjutan Obligasi Berkelanjutan II dan Sukuk Mudharabah Berkelanjutan II Pindo Deli Tahap I Tahun 2026; Aldiracita Research.

Exhibit: Indicative Timetable

Milestone	Dates (Tentative)
Bookbuilding Period	16 – 2 Oct 2026
OJK Verbal Approval	6 October 2026
Public Offering Period	19 - 22 Oct 2026
Allotment Date	23 Oct 2026
Distribution Date	27 Oct 2026
Refund Date	27 Oct 2026
IDX Listing Date	28 Oct 2026

Source: Indicative offering structure & schedule 16 September 2026.

Exhibit: Tahap I Outcome Against the PUB II Plafond (IDR bn)

Instrument	PUB II target	Placed in Tahap I	Remaining plafond	Take-up
Obligasi	10,500.0	456.0	10,044.0	4.3%
Sukuk Mudharabah	2,000.0	487.5	1,512.5	24.4%
Total	**12,500.0**	**943.4**	**11,556.6**	**7.5%**

Source: Prospektus

Company Overview

PT Pindo Deli Pulp And Paper Mills was established in 1975 and is one of Indonesia's largest integrated producers of pulp, cultural paper, tissue and industrial paper. The company operates three mills in Karawang, West Java and one mill in Perawang, Riau, while its subsidiaries, PT Lontar Papyrus Pulp & Paper Industry in Jambi and MSS Holdings Co., Ltd. in South Korea, add pulp and tissue capacity. Pindo Deli is 99.24% owned by PT APP Purinusa Ekapersada and forms part of the Asia Pulp & Paper platform within Sinar Mas alongside Indah Kiat, Tjiwi Kimia and OKI Pulp & Paper.

Four – mills platform with broad product coverages

Installed capacity remained unchanged through 1H2026 at 1.1mn tonnes of pulp, 1.0mn tonnes of cultural paper, 1.2mn tonnes of tissue and 0.4mn tonnes of industrial paper. Its portfolio spans commodity and specialty grades, including copier paper, carbonless, cast-coated and art paper, under brands such as Bola Dunia, Golden Coin, Golden Star, Lucky Boss, Mirage, Impression, Anchor and Paseo. Based on RISI's 2025 estimates of global demand, Pindo Deli's capacity represents roughly 0.6% of global pulp, 1.4% of cultural paper, 0.1% of industrial paper and 2.4% of tissue capacity, providing scale across multiple paper categories.

Margin expansion, despite of softer revenue

1H2026 net sales declined 1.3% yoy to USD1,084.2mn, but gross margin improved to 27.0% from 26.3% as COGS declined 2.2%. EBITDA increased 1.2% yoy to USD232.4mn, with EBITDA margin expanding 53bp to 21.4%, marking the first margin improvement since FY2025. The recovery was supported by tighter cost control, with operating expenses rising only 4.4% and G&A expenses declining 4.5%, partly offset by a 9.6% increase in selling expenses. Operating profit nevertheless declined 1.9% to USD154.1mn. Reported net profit more than tripled to USD455.6mn, although this was driven primarily by non-operating items, including USD212.5mn of associate equity income and USD140.2mn of net FX gains, rather than underlying operating performance.

Cost and Mix, Rather Than Volume, Drove the 1H26 Improvement

The interim accounts do not disclose production tonnage, leaving FY2025 as the latest available volume reference. In FY2025, output increased 7.9% yoy to a record 3.24mn tonnes, with tissue production rising 24.0% to 986k tonnes. However, against a 1.3% yoy decline in 1H2026 revenue, the improvement in EBITDA margin therefore appears to have been driven primarily by cost discipline and product mix rather than volume growth. This provides an encouraging starting point for earnings recovery, although sustained margin expansion will depend on maintaining cost control while improving utilization and mix

1H2026 Results Summary

1H2026 Results	1H2025	1H2026	Δ	% YoY
Financial (USD mn)				
Net sales	1,099.0	1,084.2	−14.7S	−1.3%
Gross profit	289.5	292.3	+2.8	+1.0%
Operating profit	157.1	154.1	−3.0	−1.9%
EBITDA	229.8	232.4	+2.7	+1.2%
Profit before tax	164.4	474.6	+310.2	+188.7%
Net profit	146.8	455.6	+308.8	+210.3%
Margins (%)				
Gross margin	26.3%	27.0%	+61bp	–
EBITDA margin	20.9%	21.4%	+53bp	–
Operating margin	14.3%	14.2%	−9bp	–
Net margin	13.4%	42.0%	+2,866bp	–
Net sales by segment (USD mn)				
Pulp and cultural paper	497.0	471.0	−26.0	−5.2%
Industrial paper, tissue and others	602.0	613.3	+11.3	+1.9%
Total net sales	**1,099.0**	**1,084.2**	**−14.7**	**−1.3%**

Source: unaudited interim consolidated financial statements for the six months to 30 June 2026 (draft, for discussion purposes) and the comparative six months to 30 June 2025; Aldiracita Research.

Backed by an established sponsor

The Asia Pulp & Paper platform is among the largest fibre groups in Asia and has been a continuous issuer in the Rupiah bond market across Indah Kiat, Tjiwi Kimia and Pindo Deli. Pindo Deli itself is mid-way through its second sustainable public offering programme, having issued IDR456.0bn of bonds and IDR487.5bn of sukuk in Tahap I in July 2026.

Business Model & Segments

Pindo Deli reports two business segments, pulp and cultural paper, and industrial paper, tissue and others, spanning pulping, papermaking, tissue converting and specialty grades. The latter overtook the former in FY2025 and accounted for 56.6% of 1H2026 revenue. Profitability, however, remains concentrated in pulp and cultural paper. The revenue base is also geographically diversified, with Indonesia contributing 35.0% of 1H2026 net sales and no export market accounting for more than 33.8%. In our view, concentration risk therefore lies more in the product mix than in geographic exposure.

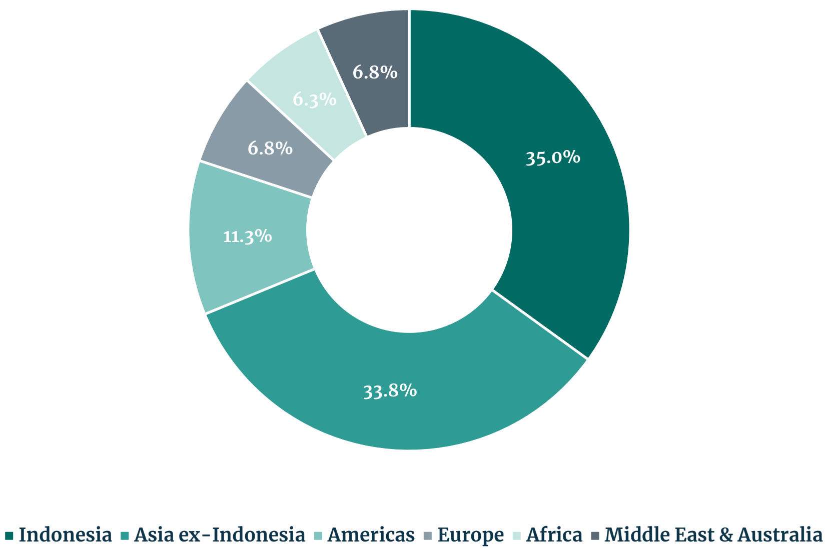
Pulp and cultural paper remain as the margin engine

Pulp and cultural paper generated USD1,000.7mn of 1H2026 revenue, down 1.3% yoy, but remained the group's key profit contributor. Gross margin reached 32.4%, well above the 20.8% recorded by industrial paper and tissue, while operating profit stood at USD194.8mn, representing 67.3% of group operating profit despite contributing only 45.3% of revenue. This translated into a 19.5% operating margin, highlighting the segment's disproportionate contribution to group profitabilit.

Industrial paper and tissue drives the growth, but at lower returns

Industrial paper and tissue revenue increased 1.9% yoy to USD613.3mn in 1H2026, with gross margin improving modestly to 21.6% from 21.3%. However, operating expenses rose 7.8%, more than offsetting the gross-margin improvement. As a result, operating profit declined 2.6% yoy and operating margin narrowed to 8.9% from 9.3%. With this segment now accounting for the majority of revenue but generating less than half the operating margin of pulp and cultural paper, the ongoing shift in mix could constrain consolidated margin expansion unless growth is accompanied by stronger operating leverage.

1H2026 Revenue by Region (share of net sales)



Source: Interim segment disclosure, Aldiracita Research.

Exhibit: Segment Performance (USD mn)

Segment	1H2025 Pulp & cultural paper	1H2025 Industrial, tissue & others	1H2026 Pulp & cultural paper	1H2026 Industrial, tissue & others
Net sales	**497.0**	**602.0**	**471.0**	**613.3**
Cost of sales	335.9	473.5	311.3	480.6
Gross profit	161.1	128.4	159.7	132.6
Operating expenses	59.9	72.5	60.1	78.2
Operating profit	**101.2**	**55.9**	**99.6**	**54.4**
Gross margin	32.4%	21.3%	33.9%	21.6%
Operating margin	20.4%	9.3%	21.2%	8.9%
Share of group revenue	45.2%	54.8%	43.4%	56.6%
Share of group operating profit	64.4%	35.6%	64.7%	35.3%

Source: Interim Segment Dsclosure, (unaudited draft); Aldiracita Research.

Industry Outlook

Packaging and tissue are the demand engines; graphic paper is not

The global paper products market grew 6.2% to USD1,071bn in 2025 and is projected to compound at 6.7% to 2029, with paper-based **packaging** alone forecast to reach USD535.6bn by 2032 on a 2.4% CAGR. Cartonboard demand rose 2.7% to 190mn tonnes in 2024 and paper and board now account for 33% of global packaging consumption, the largest single category. **Asia-Pacific takes over 40% of world paper packaging demand**, and substitution away from single-use plastic plus e-commerce growth continue to pull corrugated volumes higher.

Pulp: slow volume growth, accelerating late in the decade

Asian pulp market volume was 148.8mn tonnes in 2025, with year-on-year growth projected to rise from 1.20% in 2025 to 3.60% by 2032 as regional capacity and supply-chain efficiency improve. Growth is concentrated in corrugated packaging and **tissue**; conventional printing and writing grades are no longer a driver, having contracted 5.7% between 2018 and 2020. **That mix shift favours Pindo Deli's tissue and industrial paper lines and works against its cultural paper book** — which is, currently, the higher-margin half.

SWOT Analysis

STRENGTHS	WEAKNESSES
Integrated pulp-to-tissue platform, four mills EBITDA margin up 53bp to 21.4% in 1H2026 Indonesia 35.0% of sales; no export market >34% APP / Sinar Mas sponsorship, 99.24% held All credit-facility covenants met at FY2025 Gross margin improved 26.3% to 27.0% in 1H2026	Net debt/EBITDA rising, 4.18x to 4.26x (LTM) LTM interest coverage of only 2.49x on an idA+ 74.3% of 1H2026 pre-tax profit non-operating Associate paid no cash dividend again in 1H2026 Cash cover of current debt down 1.17x to 1.05x Other current assets now 18.6% of total assets
OPPORTUNITIES	**THREATS**
Paper packaging market to USD535.6bn by 2032 Asia-Pacific takes over 40% of world demand Plastic-to-paper substitution in packaging Free cash flow of USD209.8mn in 1H2026 alone Operating cash flow 115% of 1H2026 EBITDA Large unused PUB II plafond, IDR11.6tn	Pulp and paper price volatility, the key risk New global capacity pressuring realised prices Structural decline in printing and writing grades Selling expenses up 9.6% in 1H2026 FX gains of USD140.2mn are unrealised Weak Tahap I bond take-up, 4.3% of plafond

Source: FY2025 audited accounts, the Prospektus industry and risk chapters, and the Tahap II Indikasi Struktur; Aldiracita Research.

Competition is global and capacity keeps arriving

In Indonesia the company competes with RAPP in cultural paper, with OKI, Lontar, Indah Kiat, RAPP and Tanjungenim in pulp, with Indah Kiat, Tjiwi Kimia, Fajar Surya Wisesa and Suparma in industrial paper, and with Indah Kiat, The Univenus and Suparma in tissue, several of them fellow APP entities. Internationally it faces Suzano, CMPC, UPM, Arauco and Bracell in pulp, Nine Dragons, Lee & Man and SCG Packaging in industrial paper, and Essity, Kimberly-Clark and Hengan in tissue. Rising global demand continues to attract new capacity, which is the structural pressure on realised prices.

Bond Market Overview

Global: a softening pulp cycle meets a hawkish, hiking Fed

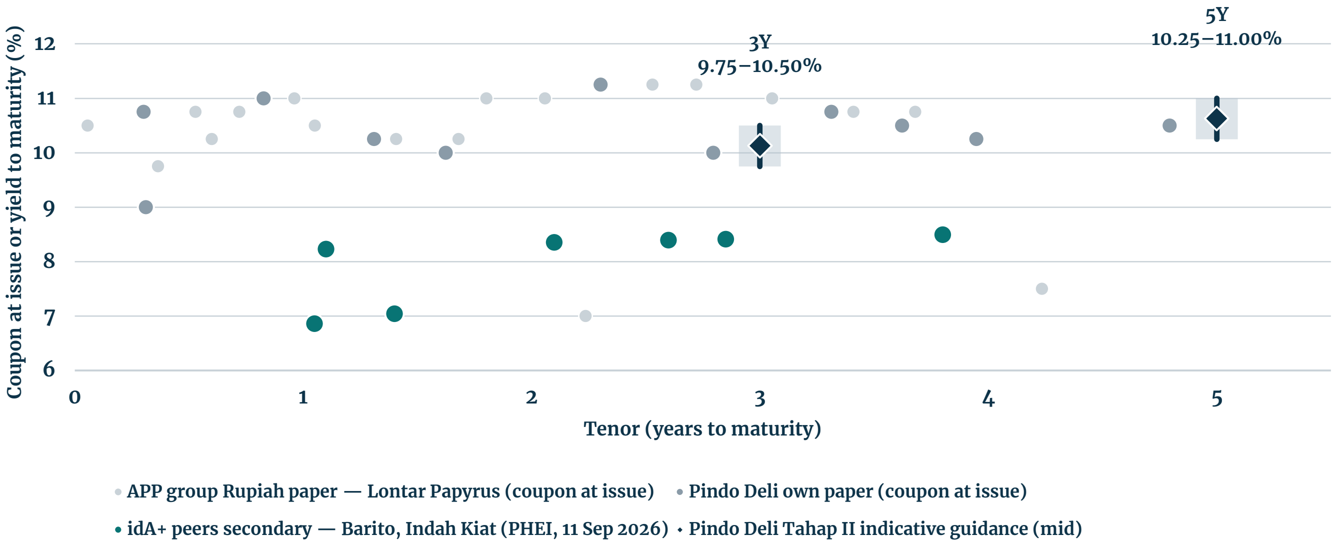
US inflation is re-accelerating on energy: August headline CPI held at 3.4% YoY (core 2.4%) while producer prices jumped to +5.4% YoY, and Brent has climbed toward USD110/bbl. With the Fed funds target at 3.50-3.75%, futures (CME FedWatch, 11 Sep) price roughly an 87% probability of a further +25bp hike to 3.75-4.00% at the 16 September meeting, with the implied path skewed higher into 2027. This higher-for-longer backdrop keeps US Treasury yields and EM funding costs elevated - the key reason new-issue Rupiah coupons are pricing wide of where this credit issued in July. **For a paper producer the commodity channel runs the opposite way from a miner's**: firmer oil and energy raise the cost of production rather than the value of output, while pulp and paper prices face a market that keeps absorbing new global capacity.

Indonesia: BI defends carry as global rates rise

Bank Indonesia is holding the BI-Rate at 5.75% to preserve the Rupiah carry over a hiking Fed and to guard against imported inflation from firmer oil. The government bond curve has backed up alongside global rates (SBN 10Y ~7.15%, 3Y ~7.16% in early September), and it is this sovereign move - rather than any widening in credit spread - that is the primary driver of higher new-issue corporate coupons. **For a USD-reporting issuer the currency runs in its favour**: the books are kept in dollars while these coupons are paid in Rupiah, so Rupiah weakness lowers the dollar cost of servicing the debt and produces translation gains - USD90.5mn of them in FY2025, as the rate moved from 16,162 to 16,782.

Corporate: idA+ pricing & where Pindo Deli clears

In the idA+ band, secondary paper from peers such as Barito Pacific and Indah Kiat currently clears around 6.9%-8.5% YTM depending on tenor, with the ~3-year part of the curve concentrated near 8.35%-8.49%. Pindo Deli does not clear there.



Source: Prospektus PUB II Tahap I 2026 (outstanding securities schedule) for the Pindo Deli and Lontar Papyrus points; PHEI and Aldiracita Fixed Income Research

Its own outstanding Rupiah paper carries coupons of 9.00%-11.25%, and Tahap I in July 2026 priced the 3-year at 10.00% and the 5-year at 10.50% - roughly 110bp and 130bp above the idA+ reference curve, and some 160bp wide of where Indah Kiat, on the same idA+ rating and inside the same Asia Pulp & Paper group, trades in secondary. The rating band understates what this credit pays, and a Tahap II range anchored on the idA+ curve rather than on the issuer's own prints would not clear. Tahap I makes the point through placement as well as price: the sukuk filled 97.5% of its maximum while the conventional bond filled 18.2% of its own. Tahap II guidance, released with the 16 September kick-off, is 9.50%-10.00% for Series A and 10.00%-10.50% for Series B — up to 50bp inside Tahap I on both tenors, at a point when net leverage has risen to 4.26x and cash cover of twelve-month maturities has fallen to 1.05x. Against the idA+ 3-year reference of 8.35%-8.49%, the wide end of Series A still pays roughly 155bp; the tight end pays about 105bp, and that is where the compensation stops matching the trend in the credit.

Exhibit: idA+ Yield Reference by Tenor (%, indicative)

Date	A+ 1Y	A+ 3Y	A+ 5Y	5Y-1Y	Key Event	Implication
6 Aug 2026	7.90	9.05	9.30	+140bps	idA+ band wide; pre-rally	Entry wide
21 Aug 2026	7.60	8.80	9.10	+150bps	INDOGB relief	Curve rallies
4 Sep 2026	7.75	8.90	9.20	+145bps	Govt curve backs up	Backs up
11 Sep 2026	7.75	8.90	9.20	+145bps	Last clean band read	Reference
Pindo Deli Tahap I, 2 Jul 2026	n.a.	10.00	10.50	+50bps	Issuer's own last print	c.110-130bp wide

Source: PHEI idA+ corporate benchmark curve; Aldiracita Fixed Income Research

Exhibit: Comparable Bonds - idA+ ~3-Year (peers, secondary)

Issuer	Bond Code	Rating	Tenor	Coupon	Outstanding	Listed
Indah Kiat P&P	INKP05ACN5	idA+	2.1Y	9.00%	n.a.	8.35%
Indah Kiat P&P	INKP04CCN4	idA+	2.6Y	10.75%	n.a.	8.39%
Barito Pacific	BRPT03BCN3	idA+	2.8Y	9.00%	n.a.	8.41%
Barito Pacific	BRPT04ACN1	idA+	3.8Y	8.75%	n.a.	8.49%
Pindo Deli — PUB II Tahap I	issued 2 Jul 2026	idA+	3Y	10.00%	IDR456.0bn	n.a.
Pindo Deli — this issuance ★	PDPP Tahap II (3Y)	idA+	3Y	9.50-10.00%	part of IDR2.5tn	guidance

Source: PHEI idA+ band constituents (11 Sep 2026); Prospektus PUB II Tahap I 2026; Aldiracita Research

Exhibit: Comparable Bonds - idA+ ~1-Year and ~5-Year (peers, secondary)

Issuer	Bond Code	Rating	Tenor	Coupon	Outstanding	Listed
Indah Kiat P&P	INKP05ACN1	idA+	1.1Y	10.25%	n.a.	6.86%
Indah Kiat P&P	INKP03CCN2	idA+	1.1Y	10.25%	n.a.	8.23%
Barito Pacific	BRPT03BCN1	idA+	1.4Y	9.25%	n.a.	7.04%
Pindo Deli — PUB I Tahap III	issued 27 Aug 2025	idA+	5Y	10.25%	IDR1,295.3bn	n.a.
Pindo Deli — PUB II Tahap I	issued 2 Jul 2026	idA+	5Y	10.50%	part of IDR456.0bn	n.a.
Pindo Deli — this issuance ★	PDPP Tahap II (5Y)	idA+	5Y	10.00-10.50%	part of IDR2.5tn	guidance

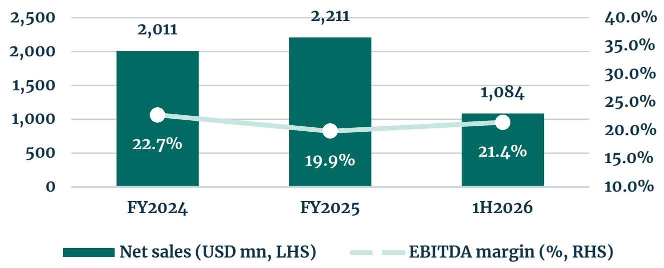
Source: PHEI idA+ band constituents (11 Sep 2026); Prospektus PUB II Tahap I 2026; Aldiracita Research

Financial Overview

Margin Recovery Emerged in 1H2026

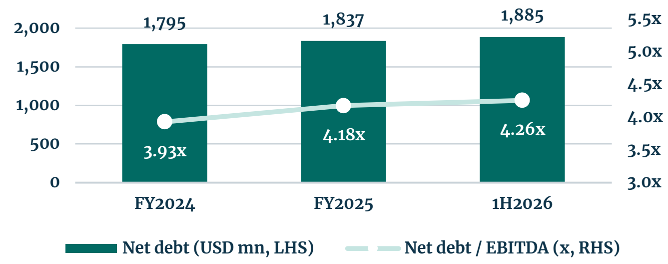
FY2025 was a volume-led year with limited earnings conversion. Net sales grew 9.9%, but operating expenses increased 19.4%, resulting in a 3.8% decline in EBITDA and a 284bp contraction in EBITDA margin to 19.9%. This trend reversed in 1H2026. Net sales eased 1.3% to USD1,084.2mn, but cost of goods sold declined faster at 2.2%, lifting gross margin from 26.3% to 27.0%. EBITDA subsequently increased 1.2% to USD232.4mn, with margin improving 53bp yoy to 21.4%. The improvement suggests that lower revenue was more than offset by better cost absorption, marking an early recovery in operating profitability.

Net Sales & EBITDA Margin (USD mn, %)



Source: FY accounts and 1H2026 interim; Aldiracita. 1H2026 is a six-month figure.

Leverage: Net Debt & Net Debt/EBITDA



Source: FY accounts and 1H2026 interim; Aldiracita. 1H2026 leverage on an LTM basis.

Reported Profit Is Not Reflective of Operating Performance

1H2026 pre-tax profit reached USD474.6mn, well above operating profit of USD154.1mn, reflecting substantial contributions below the operating line. Associate equity income of USD212.5mn and net FX gains of USD140.2mn together accounted for 74.3% of pre-tax profit. Importantly, the USD212.4mn increase in the carrying value of associates was almost exactly in line with the equity income recognised during the period, indicating that the gain was largely non-cash, with no corresponding cash dividend received. For credit analysis, we therefore place greater weight on EBITDA and operating cash generation than on the sharp increase in reported net profit..

Exhibit: Financial Summary (USD mn)

USD mn (unless stated)	FY2024	FY2025	1H2025	1H2026
Revenue	**2,011.2**	**2,210.5**	**1,099.0**	**1,084.2**
EBITDA	**457.2**	**439.9**	**229.8**	**232.4**
EBITDA Margin	22.7%	19.9%	20.9%	21.4%
Net Profit (total)	**457.2**	**409.9**	**146.8**	**455.6**
Total Equity	4,643.3	5,039.0	–	5,485.9
Net Cash from Operations	**94.7**	**352.3**	**145.3**	**268.0**
Capital Expenditure	210.3	132.1	74.2	58.2
Free Cash Flow	(115.7)	220.2	71.1	209.8

Source: Audited Financial Statement and the unaudited 1H2026 interim; Aldiracita Research.

Leverage Rises as Near-Term Liquidity Headroom Narrows

Interest-bearing debt stood at USD3,194.2mn at 30 June 2026, against cash of USD1,309.2mn. Net debt increased to USD1,884.9mn, lifting net debt/LTM EBITDA to 4.26x from 4.18x at FY2025, while LTM interest coverage remained relatively thin at 2.49x. Net gearing improved to 0.34x, but this was largely a function of higher equity from non-cash earnings rather than a meaningful reduction in debt risk. More importantly, near-term liquidity headroom narrowed, with cash covering USD1,243.3mn of debt due within twelve months by only 1.05x, down from 1.17x at FY2025. With Tahap I distributed after the balance-sheet date, the tighter cash buffer warrants closer monitoring of refinancing and liquidity risk..

USD mn (unless stated)	FY2024	FY2025	1H2026
Total Debt	3,034.8	3,218.0	3,194.2
Net Debt	**1,795.0**	**1,836.7**	**1,884.9**
Net Debt / EBITDA (x)	3.93x	4.18x	4.26x
Net Gearing (x)	0.39x	0.36x	0.34x
Interest Coverage (x)	2.46x	2.35x	2.49x
Cash / debt due in 12 months	1.05x	1.17x	1.05x

Source: Audited Financial Statement and the unaudited 1H2026 interim; Aldiracita Research.

Management Structure

Board of Commissioners

Name	Position	Background
Suhendra Wiriadinata	President Commissioner	Vice President Director of Indah Kiat Pulp & Paper since 2019; President Commissioner of OKI Pulp & Paper since 2022. With Pindo Deli in board roles since 2006.
Agustian Rachmansjah Partawidjaja	Commissioner	With the Sinar Mas group since 2000; Director of Indah Kiat since 2002 and of Tjiwi Kimia since 2003. Director of Pindo Deli 2011-2022.
Suryamin Halim	Independent Commissioner	Finance and accounting at Asia Pulp and Paper 1996-2013. Independent Commissioner of Uni-Charm Indonesia; chairs the Audit and Nomination & Remuneration Committees.

Board of Directors

Name	Position	Background
Hendri	President Director	Joined Pindo Deli in 1991; Mill Head from 2015 and President Director since August 2015. Also President Director of Lontar Papyrus since 2018.
Kosim Sutiono	Director	Chief Financial Officer of Pindo Deli since 2006 and Director since 2011. Commissioner of Indah Kiat since 2017 and Director of Lontar Papyrus since 2018.
Arman Dwiartono	Director	Head of Global MBOS at APP since 2018; Director of APP Purinusa Ekapersada and of OKI Pulp & Paper; President Commissioner of Lontar Papyrus.
Megawaty Tjendra	Director	With Sinar Mas since 1993; Director of APP Purinusa Ekapersada since 2022 and of Tjiwi Kimia since 2023. Former auditor at Prasetio, Utomo & Co.
Andrie Setiawan Yapsir	Director	PhD Physics, Rensselaer; MBA, Wharton. Formerly IBM and McKinsey. President Director of APP Purinusa Ekapersada and Commissioner of Indah Kiat and Tjiwi Kimia; Director since 2023.

Source: Prospektus

Key Risks

Pulp and Paper Price Risk. The prospectus names price volatility as the single principal risk to the business. Selling prices follow international markets and are outside the company's control, while raw material costs - wood and waste paper above all - move on their own cycle. FY2025 shows the mechanism: 7.9% more volume and 9.9% more revenue produced 3.8% less EBITDA.

Leverage & Refinancing. Net debt/LTM EBITDA of 4.26x and LTM coverage of 2.49x leave limited room if EBITDA turns down again. USD1,243.3mn of debt matures within twelve months and cash cover of that stack has fallen to 1.05x from 1.17x, so the refinancing depends on continued market access — and the Tahap I bond tranche placed only IDR456.0bn of a IDR2.5tn maximum.

Earnings Quality & FX. 74.3% of 1H2026 pre-tax profit came from equity-method associate income and unrealised foreign exchange gains, up from 70% in FY2025. The associate carrying value rose by almost exactly the equity income booked, so no cash was received; bondholders have no claim on that income and it funds no debt service. The books are kept in US dollars while these instruments pay Rupiah coupons, so the USD140.2mn of FY-to-date FX gain reverses if the Rupiah strengthens.

Working Capital Absorption. Other current assets rose USD447.8mn in six months to USD1,777.8mn, now 18.6% of total assets against 14.7% at FY2025, and the cash flow shows USD394.8mn moving into other current and non-current assets over the half. Operating cash flow was nonetheless strong at USD268.0mn, 115% of EBITDA, helped by trade receivables falling from USD197.2mn to USD111.7mn. The composition of that other-asset balance is the single item we would want explained before the accounts are finalised.

Appendix: Consolidated Financial Statements (USD mn)

Exhibit A: Consolidated Income Statement (USD mn)

Item	FY2024	FY2025	1H2025	1H2026
Revenue	**2,011.2**	**2,210.5**	**1,099.0**	**1,084.2**
Cost of Revenue	(1,459.4)	(1,634.4)	(809.5)	(791.9)
Gross Profit	**551.7**	**576.1**	**289.5**	**292.3**
Gross Margin	27.4%	26.1%	26.3%	27.0%
EBITDA	**457.2**	**439.9**	**229.8**	**232.4**
EBITDA Margin	22.7%	19.9%	20.9%	21.4%
Operating Expenses	(240.0)	(286.7)	(132.4)	(138.3)
EBIT (Operating Profit)	**311.7**	**289.4**	**157.1**	**154.1**
Operating Margin	15.5%	13.1%	14.3%	14.2%
Share of Profit of Associate	240.2	221.6	76.0	212.5
Net Foreign Exchange Gain	80.8	90.5	5.3	140.2
Finance Income	42.0	52.4	27.7	18.2
Interest & Profit-Share Expense	(204.9)	(225.4)	(116.5)	(111.1)
Other Income - Net	178.9	156.1	7.3	320.5
Profit Before Income Tax	**490.6**	**445.5**	**164.4**	**474.6**
Income Tax Expense	(33.4)	(35.5)	(17.6)	(18.9)
Net Profit (total)	**457.2**	**409.9**	**146.8**	**455.6**
Net Margin	22.7%	18.5%	13.4%	42.0%

Source: Audited Financial Statements and Unaudited 1H2026 interim, Aldiracita Estimates

Exhibit B: Key Financial Ratios

Ratio	FY2024	FY2025	1H2025	1H2026
PROFITABILITY				
Revenue Growth (YoY)	-5.2%	+9.9%	–	-1.3%
Net Profit Growth (YoY)	+47.1%	-10.3%	–	+210.3%
Gross Margin	27.4%	26.1%	26.3%	27.0%
EBITDA Margin	22.7%	19.9%	20.9%	21.4%
Operating Margin	15.5%	13.1%	14.3%	14.2%
Net Margin	22.7%	18.5%	13.4%	42.0%
Return on Assets (LTM)	5.4%	4.5%	–	7.5%
Return on Equity (LTM)	9.9%	8.1%	–	13.1%
Leverage & Coverage				
Total Debt / EBITDA	6.64x	7.32x	–	7.22x
Net Debt / EBITDA	3.93x	4.18x	–	4.26x
Net Gearing (Net Debt/Equity)	0.39x	0.36x	–	0.34x
Interest Coverage (EBITDA/Int)	2.46x	2.35x	2.33x	2.61x
DSCR (EBITDA / int + curr. debt)	0.33x	0.32x	–	0.31x
LIQUIDITY				
Current Ratio	1.73x	1.93x	–	1.96x
Cash / Debt due within 12 months	1.05x	1.17x	–	1.05x
Operating Cash Flow / EBITDA	20.7%	80.1%	63.3%	115.3%

Source: Audited Financial Statements and Unaudited 1H2026 interim, Aldiracita Estimates

Exhibit C: Consolidated Statement of Financial Position (USD mn)

Item	FY2024	FY2025	1H2026
ASSETS			
Cash and cash equivalents	1,239.8	1,381.4	1,309.2
Trade and other receivables	291.1	200.7	112.8
Inventories	373.0	342.9	346.7
Advances and prepaid expenses	269.6	248.2	269.2
Other current assets	989.4	1,330.0	1,777.8
Total Current Assets	**3,162.9**	**3,503.1**	**3,815.8**
Investment in an associate	2,223.6	2,445.9	2,658.4
Fixed assets - net	2,516.3	2,609.0	2,580.8
Right-of-use assets and goodwill	77.4	83.0	76.7
Due from related parties	233.3	216.9	213.7
Other non-current assets	296.3	217.7	219.5
Total Non-Current Assets	**5,347.0**	**5,572.4**	**5,749.0**
Total Assets	**8,509.9**	**9,075.5**	**9,564.8**
LIABILITIES & EQUITY			
Trade and other payables	576.4	543.8	624.3
Current borrowings	1,181.6	1,181.3	1,243.3
Other current liabilities	70.5	88.9	77.4
Total Current Liabilities	**1,828.5**	**1,814.0**	**1,945.0**
Non-current borrowings	1,853.2	2,036.7	1,950.9
Other non-current liabilities	184.9	185.8	183.1
Total Non-Current Liabilities	**2,038.2**	**2,222.5**	**2,134.0**
Total Liabilities	**3,866.6**	**4,036.5**	**4,078.9**
Equity attributable to owners	4,616.1	5,011.8	5,459.3
Non-controlling interests	27.1	27.2	26.6
Total Equity	**4,643.3**	**5,039.0**	**5,485.9**

Source: audited FY accounts and the interim statements at 30 June 2026.

Exhibit D: Consolidated Cash Flow (USD mn)

Item	FY2024	FY2025	1H2025	1H2026
Cash generated from operations	329.9	553.1	212.4	408.1
Interest income received	41.3	52.7	27.5	20.3
Income tax received / (paid)	(79.6)	(16.9)	20.8	(40.7)
Interest and finance charges paid	(196.8)	(236.6)	(115.4)	(119.7)
Net Cash from Operating Activities	**94.7**	**352.3**	**145.3**	**268.0**
Capital expenditure	(210.3)	(132.1)	(74.2)	(58.2)
Other investing activities	(139.5)	(324.1)	16.3	(391.2)
Net Cash Used in Investing Activities	**(349.8)**	**(456.1)**	**(57.9)**	**(449.4)**
Proceeds from bonds and sukuk	447.6	757.6	571.9	213.4
Proceeds from bank loans	294.1	170.3	112.8	129.0
Net short-term bank movement	(84.5)	(26.4)	(30.7)	71.0
Repayments of debt	(342.8)	(652.3)	(376.9)	(297.4)
Other financing activities	(1.2)	(3.4)	(1.2)	(2.7)
Net Cash from Financing Activities	**313.3**	**245.7**	**275.9**	**113.4**
Net Increase / (Decrease) in Cash	**58.1**	**141.8**	**363.3**	**(68.1)**

Effect of FX on Cash	(4.3)	(0.3)	0.5	(4.1)
Cash at Beginning of Period	1,186.0	1,239.8	1,239.8	1,381.4
Cash at End of Period	**1,239.8**	**1,381.4**	**1,603.6**	**1,309.2**

Source: audited FY accounts and the interim statements for the six months to 30 June 2026 (draft).

Exhibit E: Debt Composition (USD mn)

Instrument	FY2024	FY2025	1H2026	% of 1H2026
Bank loans	1,459.5	1,383.1	1,428.4	44.7%
Bonds payable	925.3	1,031.4	984.3	30.8%
Sukuk Mudharabah	175.5	398.1	424.7	13.3%
Long-term loans	359.0	303.9	274.5	8.6%
Murabahah / Musyarakah	78.5	60.6	53.0	1.7%
Medium-term notes	17.9	17.9	9.9	0.3%
Notes payable	12.5	12.1	12.0	0.4%
Lease liabilities	6.6	10.9	7.4	0.2%
Total interest-bearing debt	**3,034.8**	**3,218.0**	**3,194.2**	**100.0%**
Less: cash and cash equivalents	(1,239.8)	(1,381.4)	(1,309.2)	(41.0%)
Net debt	**1,795.0**	**1,836.7**	**1,884.9**	**59.0%**
Due within 12 months	1,181.6	1,181.3	1,243.3	38.9%

Source: audited FY accounts and the interim statements at 30 June 2026 (draft); Aldiracita Research.

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Rating Definitions (Pefindo)

Rating	Definition
idAAA	Highest rating; superior capacity to meet financial commitments relative to other Indonesian obligors.
idAA	Very strong capacity to meet financial commitments.
idA	High quality; low default risk. Pindo Deli is rated idA+, the top notch of this category.
idBBB	Good quality; adequate protection — investment grade floor.

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