

PT OKI PULP AND PAPER MILLS

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended				
		Dec-2020	Dec-2019	Dec-2018	Dec-2017	
		(Audited)	(Audited)	(Audited)	(Audited)	
Corporate Rating	<i>idA+/Stable</i>	Total Adjusted Assets [USD Mn]	5,203.2	5,061.4	4,660.5	4,342.1
Rated Issues		Total Adjusted Debt [USD Mn]	2,395.4	2,403.7	2,192.4	2,285.3
<i>Proposed Bond I/2021</i>	<i>idA+</i>	Total Adjusted Equity [USD Mn]	2,528.8	2,399.3	2,169.1	1,679.1
<i>Proposed Sukuk I/2021</i>	<i>idA+(sy)</i>	Total Sales [USD Mn]	1,398.1	1,573.9	1,301.3	790.7
Rating Period		EBITDA [USD Mn]	626.8	836.1	814.5	395.6
<i>March 18, 2021 - March 1, 2022</i>		Net Income after MI [USD Mn]	297.7	449.5	469.2	100.8
Rating History		EBITDA Margin [%]	44.8	53.1	62.6	50.0
-		Adjusted Debt/EBITDA [X]	3.8	2.9	2.7	5.8
		Adjusted Debt/Adjusted Equity [X]	0.9	1.0	1.0	1.4
		FFO/Adjusted Debt [%]	19.0	27.4	29.4	10.7
		EBITDA/IFCCI [X]	3.6	4.7	4.8	2.9
		USD Exchange Rate [IDR/USD]	14,105	13,901	14,481	13,548

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

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 Oki Pulp and Paper Mills rated "idA+" with stable outlook

PEFINDO has assigned its "idA+" ratings for PT OKI Pulp and Paper Mills (OPPM) and its proposed Bond Oki Pulp & Paper Mills I Year 2021 of IDR3.0 trillion, and "idA+(sy)" rating for its proposed Sukuk Mudharabah Oki Pulp & Paper Mills I Year 2021 of IDR1.0 trillion. The proceeds of the Bond issuance will be used to refinance its matured debt instalment and/or interest (around 40%), finance capital expenditure (around 15%), and finance working capital (around 45%), while the proceeds of the Sukuk issuance will be used to replace funds originating from the Company's debt (around 40%), finance capital expenditure (around 15%), and finance working capital (around 45%). The outlook for the 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 plus (+) sign indicates that the rating is relatively strong within its category.

Suffix (sy) indicates the rating mandates Islamic principles compliance.

The corporate rating reflects OPPM's very strong market position in the pulp and tissue industry, good vertically integrated operations, and strong profitability margins. The rating is constrained by its exposure to price volatility of products and raw materials, and high working capital needs.

The rating may be raised if OPPM exceeds its projected revenue growth and strengthens its profit margins while improving its financial profile to a conservative level. The rating may be lowered if its financial profile deteriorates as a result of weaker revenue and/or profitability, or if it incurs higher debt than anticipated due to significant capital expenditure (capex). We will also closely monitor the effect of Coronavirus Disease (COVID-19) pandemic on its business operations and/or financial profile over the near to medium term, particularly for any significant disruption in cash flow generation, which may lower the rating.

OPPM is a member of the Asia Pulp and Paper (APP) group, a leading pulp and paper products manufacturer in the global market. Its mills are located in Ogan Komering Ilir (South Sumatera). As of December 31, 2020, its shareholders consisted of PT Pindo Deli Pulp and Paper Mills (49.08%), PT Pabrik Kertas Tjiwi Kimia Tbk (49.08%), and PT Muba Green Indonesia (1.84%).

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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.