

PT Indah Kiat Pulp and Paper Tbk

Credit Rating(s)

General Obligation (GO)	idA+/Positive
Shelf Registered Bond I/2020	idA+
Shelf Registered Bond II/2021	idA+
Shelf Registered Sukuk Mudharabah I/2021	idA+

Rating Period

July 28, 2022 – October 10, 2022

Published Rating History

APR 2022	idA+/Positive
JUN 2021	idA+/Stable
MAR 2021	idA+/Stable
MAR 2020	idA+/Stable

PEFINDO has affirmed its “idA+” ratings for PT. Indah Kiat Pulp and Paper Tbk (INKP)’s Shelf Registered Bond II/2021 Phase I Serie A of IDR1.5 trillion and Shelf Registered Sukuk Mudharabah I/2021 Phase I Serie A of IDR500 billion due on October 10, 2022. The Company will repay the maturing bond and sukuk using Its internal cash. As of March 31, 2022, INKP reported cash and cash equivalents of USD1.28 billion or equivalent to IDR18.4 trillion.

INKP is the leading pulp and paper manufacturer, not just in Indonesia but across the world. Operating since 1976, it produces pulp, cultural and industrial paper, packaging, and tissue products. It has mills in Tangerang and Serang in West Java, and in Perawang, Riau, in Sumatra. As of March 31, 2022, it was majority owned by PT Purinusa Ekapersada (53.25% ownership), part of the Sinarmas group of companies. The remaining shares were held by the public (46.75%).

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 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. The plus (+) sign indicates that the rating is relatively strong within its category.

Financial Highlights

As of/for the year ended	Mar-2022 (Unaudited)	Dec-2021 (Audited)	Dec-2020 (Audited)	Dec-2019 (Audited)
Total adjusted assets [USD mn]	9,343.3	8,978.4	8,496.3	8,502.1
Total adjusted debt [USD mn]	3,702.5	3,568.7	3,660.4	3,942.1
Total adjusted equity [USD mn]	4,935.4	4,758.7	4,249.6	4,005.7
Total sales [USD mn]	995.7	3,516.6	2,986.0	3,223.2
EBITDA [USD mn]	326.7	1,139.2	813.8	863.5
Net income after MI [USD mn]	176.5	527.1	294.1	274.4
EBITDA margin [%]	32.8	32.4	27.3	26.8
Adjusted debt/EBITDA [X]	*2.8	3.1	4.5	4.6
Adjusted debt/adjusted equity [X]	0.8	0.7	0.9	1.0
FFO/adjusted debt [%]	*24.5	21.6	15.0	14.8
EBITDA/IFCCI [X]	5.4	4.5	3.9	4.3
USD exchange rate [IDR/USD]	14,349	14,269	14,105	13,901

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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