

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 Bond III/2022 | idA+ |
| SR Sukuk Mudharabah I/2021 | idA+(sy) |
| SR Sukuk Mudharabah II/2022 | idA+(sy) |

Rating Period

October 17, 2022 – December 18, 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 II Serie A of IDR769.8 billion and Shelf Registered Sukuk Mudharabah I/2021 Phase II Serie A of IDR187.2 billion that will mature on December 18, 2022. The Company will repay the maturing bond and sukuk using its internal cash. As of June 30, 2022, INKP reported cash and cash equivalents of USD990.7 million or equivalent to IDR14.7 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 June 30, 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. Suffix (sy) means the rating indicates Islamic principles compliant.

Financial Highlights

| As of/for the year ended | Jun-2022 (Unaudited) | Dec-2021 (Audited) | Dec-2020 (Audited) | Dec-2019 (Audited) |
|-----------------------------------|-------------------------|-----------------------|-----------------------|-----------------------|
| Total adjusted assets [USD mn] | 9,262.7 | 8,978.4 | 8,496.3 | 8,502.1 |
| Total adjusted debt [USD mn] | 3,428.7 | 3,568.7 | 3,660.4 | 3,942.1 |
| Total adjusted equity [USD mn] | 5,135.6 | 4,758.7 | 4,249.6 | 4,005.7 |
| Total sales [USD mn] | 1,941.1 | 3,516.6 | 2,986.0 | 3,223.2 |
| EBITDA [USD mn] | 664.7 | 1,139.2 | 813.8 | 863.5 |
| Net income after MI [USD mn] | 395.3 | 527.1 | 294.1 | 274.4 |
| EBITDA margin [%] | 34.2 | 32.4 | 27.3 | 26.8 |
| Adjusted debt/EBITDA [X] | *2.6 | 3.1 | 4.5 | 4.6 |
| Adjusted debt/adjusted equity [X] | 0.7 | 0.7 | 0.9 | 1.0 |
| FFO/adjusted debt [%] | *26.9 | 21.6 | 15.0 | 14.8 |
| EBITDA/IFCCI [X] | 5.4 | 4.5 | 3.9 | 4.3 |
| USD exchange rate [IDR/USD] | 14,848 | 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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