

PT Indah Kiat Pulp and Paper Tbk

Credit Rating(s)

| | |
|--------------------------------|-------------------------|
| General Obligation (GO) | ^{id} A+/Stable |
| SR Bond I Phase III Series B | ^{id} A+ |
| SR Bond III Phase III Series A | ^{id} A+ |
| SR Sukuk II Phase III Series A | ^{id} A+(sy) |

Rating Period

| |
|--------------------------------------|
| October 10, 2023 – December 11, 2023 |
| October 10, 2023 – December 26, 2023 |
| October 10, 2023 – December 26, 2023 |

Published Rating History

| | |
|----------|---------------------------|
| JUL 2023 | ^{id} A+/Stable |
| MAR 2023 | ^{id} A+/Stable |
| JUL 2022 | ^{id} A+/Positive |
| APR 2022 | ^{id} A+/Positive |
| JUN 2021 | ^{id} A+/Stable |

PEFINDO has affirmed its “^{id}A+” ratings to PT Indah Kiat Pulp and Paper Tbk (INKP)’s maturing Shelf Registered Bond I Phase III Year 2020 Series B of IDR2.47 trillion due on December 11, 2023, Shelf Registered Bond III Phase III Year 2022 Series A of IDR398.8 billion due on December 26, 2023, and “^{id}A+(sy)” rating to INKP’s Shelf Registered Sukuk Mudharabah II Phase III Year 2022 Series A of IDR186.2 billion due on December 26, 2023. The Company plans to repay its maturing Bond and Sukuk using internal funds. As of June 30, 2023, it had cash and equivalents of USD1.2 billion.

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, 2023, it was majority owned by PT Purinusa Ekapersada (53.25%), part of the Sinarmas group of companies. The remaining shares were held by the public (46.75%).

Rating Definition

Debt security rated ^{id}A 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-2023 (Unaudited) | Dec-2022 (Audited) | Dec-2021 (Audited) | Dec-2020 (Audited) |
|-----------------------------------|-------------------------|-----------------------|-----------------------|-----------------------|
| Total adjusted assets [USD mn] | 9,687.2 | 9,640.7 | 8,978.4 | 8,496.3 |
| Total adjusted debt [USD mn] | 3,275.6 | 3,356.4 | 3,568.7 | 3,660.4 |
| Total adjusted equity [USD mn] | 5,856.0 | 5,605.2 | 4,764.9 | 4,256.7 |
| Total sales [USD mn] | 1,931.0 | 4,002.6 | 3,516.6 | 2,986.0 |
| EBITDA [USD mn] | 624.1 | 1,395.4 | 1,139.2 | 813.8 |
| Net income after MI [USD mn] | 268.5 | 857.5 | 527.1 | 294.1 |
| EBITDA margin [%] | 32.3 | 34.9 | 32.4 | 27.3 |
| Adjusted debt/EBITDA [X] | *2.6 | 2.4 | 3.1 | 4.5 |
| Adjusted debt/adjusted equity [X] | 0.6 | 0.6 | 0.7 | 0.9 |
| FFO/adjusted debt [%] | *26.1 | 28.4 | 21.6 | 15.0 |
| EBITDA/IFCCI [X] | 4.2 | 5.5 | 4.5 | 3.9 |
| USD exchange rate [IDR/USD] | 15,026 | 15,731 | 14,269 | 14,105 |

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

Contact Analysts:

isabela.fitriana@pefindo.co.id

kresna.wiryawan@pefindo.co.id

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.