

PT OKI Pulp & Paper Mills

Credit Rating(s)

General Obligation (GO)	idA+/Stable
Bond I / 2021	idA+
Sukuk I / 2021	idA+(sy)
Bond II / 2022	idA+
Bond III / 2022	idA+
Sukuk II / 2022	idA+(sy)

Rating Period

August 18, 2022 – August 1, 2023

Published Rating History

DEC 2021	idA+/Stable
MAR 2021	idA+/Stable

PEFINDO has assigned its idA+ rating to PT OKI Pulp & Paper Mills (OPPM)'s proposed Bond III Year 2022 of maximum IDR3 trillion and idA+(sy) rating to OPPM's proposed Sukuk Mudharabah II Year 2022 of maximum IDR1 trillion. At the same time, PEFINDO has affirmed its "idA+" ratings to OPPM, Bond I Year 2021 and Bond II Year 2022, as well as its "idA+(sy)" rating for its Sukuk Mudharabah I Year 2021. The outlook for the corporate rating is "stable".

The corporate rating reflects OPPM's very strong market position in the pulp and tissue industry, vertically well-integrated operations, and strong profit margins. The rating is constrained by its moderate capital structure amid its capital expenditure plan and exposure to price volatility of products and raw materials.

The rating may be raised if OPPM successfully exceeds its projected revenue growth as well as maintain its strong profit margins which will improve its financial profile. The rating may be lowered if the Company's financial profile deteriorates as a result of weaker revenue and/or profit margins, or if it incurs higher debt than anticipated due to OPPM's capital expenditure (capex) plan.

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 June 30, 2022, 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%).

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) indicates the rating mandates comply with the Islamic principles.

Financial Highlights

As of/for the year ended	Mar-2022 (Audited)	Dec-2021 (Audited)	Dec-2020 (Audited)	Dec-2019 (Audited)
Total adjusted assets [USD bn]	5,914.2	5,717.2	5,203.2	5,061.4
Total adjusted debt [USD bn]	2,664.4	2,510.3	2,395.4	2,403.7
Total adjusted equity [USD bn]	2,969.2	2,835.7	2,528.8	2,399.3
Total sales [USD bn]	403.9	1,536.7	1,398.1	1,573.9
EBITDA [USD bn]	205.0	776.7	627.0	836.1
Net income after MI [USD bn]	133.6	449.7	297.7	449.5
EBITDA margin [%]	50.7	50.5	44.8	53.1
Adjusted debt/EBITDA [X]	*3.2	3.2	3.8	2.9
Adjusted debt/adjusted equity [X]	0.9	0.9	0.9	1.0
FFO/adjusted debt [%]	*24.6	24.2	19.0	27.4
EBITDA/IFCCI [X]	4.9	4.5	3.6	4.7
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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