

PT OKI Pulp & Paper Mills

Credit Rating(s)

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

Rating Period

June 27, 2023 – June 1, 2024

Published Rating History

AUG 2022	idA+/Stable
DEC 2021	idA+/Stable
MAR 2021	idA+/Stable
MAR 2019	idA+/Stable
MAR 2018	idA/Stable

PEFINDO has assigned its "idA+" ratings for PT OKI Pulp and Paper Mills (OPPM)'s Shelf-Registered Bond I Year 2023 with maximum amount of IDR 9 trillion, Shelf-Registered USD Bond I Year 2023 of up to USD200 million, and Shelf-Registered Sustainable Bond I Year 2023 of up to IDR2 trillion. PEFINDO also has assigned its "idA+(sy)" rating for its Shelf-Registered Sukuk Mudharabah I Year 2023 with maximum amount of IDR1 trillion. The Company plans to use the proceed of the bonds and sukuk issuance to refinance its maturing debt, working capital, and capital expenditure. We have also affirmed the ratings of OPPM and its outstanding bonds at "idA+" and its outstanding Sukuk at "idA+(sy)". 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 financial Policy 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 March 31, 2023, 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.

Financial Highlights

As of/for the year ended	Mar-2023 (Audited)	Dec-2022 (Audited)	Dec-2021 (Audited)	Dec-2020 (Audited)
Total adjusted assets [USD bn]	6,667.1	6,497.4	5,717.2	5,203.2
Total adjusted debt [USD bn]	2,744.2	2,649.9	2,510.3	2,395.4
Total adjusted equity [USD bn]	3,681.4	3,623.7	2,835.7	2,385.9
Total sales [USD bn]	463.0	1,815.3	1,536.7	1,398.1
EBITDA [USD bn]	251.0	990.5	776.7	627.0
Net income after MI [USD bn]	56.8	789.7	449.7	297.7
EBITDA margin [%]	54.2	54.6	50.5	44.8
Adjusted debt/EBITDA [X]	2.7	2.7	3.2	3.8
Adjusted debt/adjusted equity [X]	0.7	0.7	0.9	1.0
FFO/adjusted debt [%]	27.3	29.9	24.2	19.0
EBITDA/IFCCI [X]	3.8	4.9	4.5	3.6
USD exchange rate [IDR/USD]	15,062	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 been reclassified according to PEFINDO's definitions.

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