

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

November 28, 2022 – March 6, 2023

Published Rating History

OCT 2022	idA+/Positive
AUG 2022	idA+/Positive
JUL 2022	idA+/Positive
APR 2022	idA+/Positive
JUN 2021	idA+/Stable

PEFINDO has affirmed its "idA+" rating for PT Indah Kiat Pulp and Paper Tbk (INKP)'s Shelf Registered Bond II/2022 Phase III Serie A of IDR707.9 billion and its "idA+(sy)" rating for its Shelf Registered Sukuk Mudharabah I/2022 Phase III Serie A of IDR701.9 billion that will mature on March 06, 2023. The Company will repay the maturing debt instruments using its internal funds and/or from the proceeds of its corporate action plans. As of September 30, 2022, INKP reported cash and cash equivalents of USD1.13 billion or equivalent to IDR17.2 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 September 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	Sep-2022 (Unaudited)	Dec-2021 (Audited)	Dec-2020 (Audited)	Dec-2019 (Audited)
Total adjusted assets [USD mn]	9,461.9	8,978.4	8,496.3	8,502.1
Total adjusted debt [USD mn]	3,434.3	3,568.7	3,660.4	3,942.1
Total adjusted equity [USD mn]	5,387.7	4,758.7	4,249.6	4,005.7
Total sales [USD mn]	2,998.1	3,516.6	2,986.0	3,223.2
EBITDA [USD mn]	1,070.1	1,139.2	813.8	863.5
Net income after MI [USD mn]	647.2	527.1	294.1	274.4
EBITDA margin [%]	35.7	32.4	27.3	26.8
Adjusted debt/EBITDA [X]	*2.4	3.1	4.5	4.6
Adjusted debt/adjusted equity [X]	0.6	0.7	0.9	1.0
FFO/adjusted debt [%]	*28.7	21.6	15.0	14.8
EBITDA/IFCCI [X]	5.5	4.5	3.9	4.3
USD exchange rate [IDR/USD]	15,247	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.

Contact Analysts:

isabela.fitriana@pefindo.co.id

kresna.wiryawan@pefindo.co.id

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