

PT OKI Pulp & Paper Mills

Company rating *ir*AA-/Stable

Rated Issues

Obligasi Berkelanjutan I OKI Pulp & Paper Mills Tahun 2023 *ir*AA-
Sukuk Mudharabah Berkelanjutan I OKI Pulp & Paper Mills Tahun 2023 *ir*AA-
Obligasi Berkelanjutan USD I OKI Pulp & Paper Mills Tahun 2023 *ir*AA-
Obligasi Berwawasan Lingkungan Berkelanjutan I OKI Pulp & Paper Mills Tahun 2023 *ir*AA-

“Debt Securities with *ir*AA rating only slightly lower than the highest rating. The Obligor has a very high capability in fulfilling its financial obligations”.

The minus sign (-) indicates that the rating is still higher than the rating category below, although it is closer to the lower rating than it is to the higher rating category.

Rating Period

June 24, 2024 – July 1, 2025

Rating History

July, 2023 *ir*AA-/Stable
 September, 2020 *ir*AA-/Stable
 September, 2019 *ir*AA-/Stable

Kredit Rating Indonesia affirms ‘*ir*AA-’ ratings to Obligasi Berkelanjutan I OKI Pulp & Paper Mills Tahun 2023 amounting to IDR9,000,000,000,000, Sukuk Mudharabah Berkelanjutan I OKI Pulp & Paper Mills Tahun 2023 amounting to IDR1,000,000,000,000, Obligasi Berkelanjutan USD I OKI Pulp & Paper Mills Tahun 2023 amounting to USD200,000,000, and Obligasi Berwawasan Lingkungan Berkelanjutan I OKI Pulp & Paper Mills Tahun 2023 amounting to IDR2,000,000,000,000.

Kredit Rating Indonesia (KRI) affirms a Company Rating of ‘*ir*AA-’ for PT OKI Pulp & Paper Mills (OPPM or the Company) with a ‘Stable’ outlook, and at the same time affirms ‘*ir*AA-’ ratings to the Obligasi Berkelanjutan I OKI Pulp & Paper Mills Tahun 2023 amounting to IDR9,000,000,000,000, Sukuk Mudharabah Berkelanjutan I OKI Pulp & Paper Mills Tahun 2023 amounting to IDR1,000,000,000,000, Obligasi Berkelanjutan USD I OKI Pulp & Paper Mills Tahun 2023 amounting to USD200,000,000, and Obligasi Berwawasan Lingkungan Berkelanjutan I OKI Pulp & Paper Mills Tahun 2023 amounting to IDR2,000,000,000,000. The ratings still reflect OPPM’s strong business profile, but limited by the Company’s aggressive capital structure going forward.

The Company is still one of the largest pulp and tissue producers in Indonesia with total pulp production capacity of 3 million tons per year, and 500,000 tons of tissue per year, respectively. Such production capacity, especially for pulp, is expected to increase to 6 million tons per year by mid-2025. Else, OPPM still has a strong support from APP Sinar Mas, the biggest pulp and paper producer in Indonesia. OPPM also remains as the pulp and tissue producer that uses the latest technology in producing pulp and tissue, which can trim down OPPM’s expenses. Given this, OPPM’s gross profit margin and EBITDA margin were at 48.1% and 46.3% in FY23, the highest among its rated peers.

However, as the Company currently is still in the process of increasing its production capacity, we see that the Company’s capital structure to become more aggressive, particularly until FY2024F. The Company’s debt-to-equity ratio (DER) as of December 31, 2023 was 0.8x, and expected to slightly increase to 0.9x in FY2024F.

As of December 31, 2023, the Company’s shares were owned by PT Muba Green Indonesia (1.84%), PT Pindo Deli Pulp and Paper Mills (49.08%), and PT Pabrik Kertas Tjiwi Kimia Tbk (49.08%).

OPPM Financial Results Highlights (Consolidated)

For the years ended	Dec 2023 (Audited)	Dec 2022 (Audited)	Dec 2021 (Audited)	Dec 2020 (Audited)
Total Assets (USD, Mn)	7,291.1	6,497.4	5,717.2	5,203.2
Total Adjusted Debt (USD, Mn)	3,329.6	2,649.9	2,510.3	2,395.4
Total Adjusted Equity (USD, Mn)	3,961.6	3,623.8	2,835.6	2,385.9
Total Sales (USD, Mn)	1,645.4	1,815.3	1,536.7	1,398.1
EBIT (USD, Mn)	585.0	821.9	616.0	467.3
Net Income (USD, Mn)	353.5	789.6	449.7	297.7
EBIT Margin (%)	35.6	45.3	40.1	33.4
Return of Permanent Capital (%)	8.8	14.2	12.2	9.8
EBITDA/Total Adjusted Debt (x)	0.8	0.7	0.9	1.0
Adjusted Debt /Adj. Equity (x)	0.3	0.4	0.3	0.3
EBITDA/IFCCI (x)	3.2	5.1	4.5	3.6
FFO/Total Adjusted Debt (x)	16.7	36.2	24.3	19.1
USD Exchange Rate (IDR/USD)	15,397	15,731	14,054	14,105

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