

PT Indah Kiat Pulp & Paper Tbk

Company Rating

irAA/Stable

Rated Issues

Obligasi USD Berkelanjutan I
Indah Kiat Pulp & Paper Tahun 2023 *irAA*

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

Rating Period

July 1, 2024 – July 1, 2025

Rating History

July, 2023	<i>irAA</i>
November, 2021	<i>irAA</i>
November, 2020	<i>irAA</i>
November, 2019	<i>irAA</i>

Kredit Rating Indonesia affirms ‘*irAA*’ rating to Obligasi USD Berkelanjutan I Indah Kiat Pulp & Paper Tahun 2023 amounting to USD300 Mn

Kredit Rating Indonesia (KRI) affirms a Company Rating of ‘*irAA*’ with ‘Stable’ outlook for PT Indah Kiat Pulp & Paper Tbk (“INKP” or “the Company”). At the same time, KRI affirms ‘*irAA*’ rating to INKP’s Obligasi USD Berkelanjutan I Indah Kiat Pulp & Paper Tahun 2023 amounting to USD300 Mn. The ratings still reflect INKP’s vertically integrated operations and diversified products. However, the ratings are constrained by weakening sales price resulting lower revenue.

INKP was established in 1967 as a joint venture company and later in 1986, the Sinar Mas Group acquired 67% of the Company’s shares and in the mid-1990s. The Company is one of the largest pulp, paper and tissue producers in Indonesia with total production capacity up to 7 mn tons in 2023. The company has a fully integrated pulp and paper mill in three locations; Perawang-Riau, Tangerang, and Serang-Banten. INKP owns vertically integrated operations as the Company is supported by Asia Pulp & Paper that provides not only woods as raw materials but also marketing offices throughout 24 countries to market INKP’s products. From wood, the Company produces pulp, cultural paper, industrial paper and tissue. The Company’s revenue was divided relatively equal into three products with the highest contributor is cultural paper around 37% in 2023.

INKP booked the highest revenue among its peers, yet the revenue decreased to USD3,479 Mn in 2023, 13% lower than INKP’s revenue in 2022 (USD4,002.9 Mn) due to weakening sales price. The lower revenue resulted lower EBITDA as well as capability in interest repayment. As a result, INKP’s EBITDA to interest ratio of 3.4x in 2023 (2022: 5.5x), yet expected to increase to 4.1x in 2024F. Despite the lower revenue, the Company still managed to generate higher operating cash flow as the raw material cost is lower.

The Company’s shareholder ownership composition as of December 31, 2023, was PT APP Purinusa Ekapersada (55.54%) and public (44.46%).

INKP Financial Results Highlights (Consolidated)

For the year ended	Dec 2023 (Audited)	Dec 2022 (Audited)	Dec 2021 (Audited)	Dec 2020 (Audited)
Total Adjusted Assets (USD, Mn)	10,125.1	9,640.7	8,978.5	8,496.3
Total Adjusted Debt (USD, Mn)	3,456.1	3,356.4	3,568.7	3,660.3
Total Adjusted Equity (USD, Mn)	5,999.6	5,604.7	4,764.4	4,249.1
Total Sales (USD, Mn)	3,479.0	4,002.6	3,516.6	2,986.0
Net Income (USD, Mn)	411.4	857,5	526,4	422,9
EBITDA Margin (%)	29.1	34.8	32.1	31.1
EBIT Margin (%)	22.6	28.4	24.4	22.1
EBITDA/Adjusted Debt (x)	0.3	0.4	0.3	0.3
Adjusted Debt/Adjusted Equity (x)	0.6	0.6	0.8	0.9
FFO/Adjusted Debt (%)	0.3	0.3	0.2	0.2
EBITDA/IFCCI (x)	3.4	5.4	4.5	4.5
USD Exchange Rate (IDR/USD)	15,416	15,731	14,269	14,105

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