

PT Indah Kiat Pulp & Paper Tbk

Company Rating

irAA/Stable

Rated Issue

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

June 10, 2025 – June 1, 2026

Rating History

| | |
|----------------|---------------------|
| July, 2024 | <i>irAA</i> /Stable |
| July, 2023 | <i>irAA</i> /Stable |
| November, 2021 | <i>irAA</i> /Stable |
| November, 2020 | <i>irAA</i> /Stable |
| November, 2019 | <i>irAA</i> /Stable |

Kredit Rating Indonesia affirms "*irAA*" rating to Obligasi USD Berkelanjutan I Indah Kiat Pulp & Paper Tahun 2023 amounting to USD 300 million

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 USD 300 million. The ratings still reflect INKP's vertically integrated operations and diversified products. However, the ratings are constrained by high exposure to volatility of global products and raw material prices resulting lower revenue as well as lower margins.

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 in the mid-1990s. The Company is one of the largest pulp, paper and tissue producers in Indonesia. The Company has a fully integrated pulp and paper mill in three locations: (i) Perawang, Riau; (ii) Tangerang; and (iii) 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 36.45% in 2024.

INKP booked the highest revenue among its peers, yet the revenue decreased to USD 3,195 million in 2024 from USD 3,479 million in 2023 due to weakening sales price. The Company also booked lower gross profit margin of 31.87% in 2024 and 29.86% in 1Q2025 as well as EBITDA margin of 26.88% in 2024 and 24.88% in 1Q2025. The Company will continue to expand the supply chain of raw materials to increase its efficiency and it is expected its margins are increasing with gross profit margin of 31.57% and EBITDA margin of 27.92% in 2025F.

The Company's shareholder ownership composition as of March 31, 2025, was PT APP Purinusa Ekapersada (57.46%) and public (42.54%).

INKP Financial Result Highlights (Consolidated)

| As of/For the years ended | Mar 2025 (Unaudited) | Dec 2024 (Audited) | Des 2023 (Audited) | Dec 2022 (Audited) |
|-----------------------------------|-------------------------|-----------------------|-----------------------|-----------------------|
| Total Adjusted Assets (USD, Mn) | 12,047.2 | 11,777.0 | 10,125.1 | 9,640.7 |
| Total Adjusted Debt (USD, Mn) | 4,790.1 | 4,637.4 | 3,456.1 | 3,356.4 |
| Total Adjusted Equity (USD, Mn) | 6,548.1 | 6,407.8 | 5,999.6 | 5,604.7 |
| Total Sales (USD, Mn) | 782.7 | 3,195.7 | 3,479.0 | 4,002.6 |
| Net Income (USD, Mn) | 140.1 | 424.3 | 411.4 | 857.5 |
| EBITDA Margin (%) | 24.5 | 26.9 | 29.1 | 34.8 |
| EBIT Margin (%) | 17.7 | 20.4 | 22.6 | 28.4 |
| EBITDA/Adjusted Debt (x) | 0.2 | 0.2 | 0.3 | 0.4 |
| Adjusted Debt/Adjusted Equity (x) | 0.7 | 0.7 | 0.6 | 0.6 |
| FFO/Adjusted Debt (%) | 0.1 | 0.1 | 0.3 | 0.3 |
| EBITDA/IFCCI (x) | 2.4 | 2.7 | 3.4 | 5.5 |
| USD Exchange Rate (IDR/USD) | 16,588 | 16,162 | 15,416 | 15,731 |

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