

Karawang turns on, earnings step up

12 June 2026



Indah Kiat Pulp & Paper (INKP) is Indonesia’s largest integrated pulp and paper producer, with nearly five decades of operating history and a production platform spanning pulp, cultural paper, industrial paper, and tissue. In FY26F, we believe INKP is entering a pivotal phase of its growth cycle, with the Karawang production facility — scheduled to commence production activities in 1Q26 — transitioning from construction into commercial ramp-up and setting the stage for a meaningful step-up in earnings. On the back of the additional production volumes, as well as a more favorable pricing and downstream environment, we forecast FY26F revenue of USD3.51 bn (+10.7% YoY), EBITDA of USD968 mn (+9.1% YoY), and net profit of USD521 mn (+15.0% YoY). We initiate coverage with BUY rating and a DCF-based TP of IDR 11,200, implying 48.3% upside.

INKP IJ	BUY
Sector	Pulp & Paper
Price at 11 June 2026 (IDR)	7,550
Price target (IDR)	11,200
Upside/Downside (%)	48.3

Stock Information

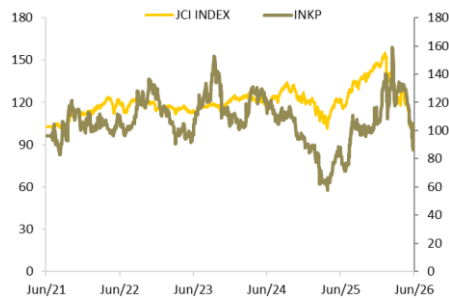
Established in '76, INKP is one of Indonesia’s largest pulp and paper players, a production platform spanning pulp, cultural paper, industrial paper, and tissue.

Market cap (IDR bn)	43,557
Shares outstanding (mn)	5,470
52-week range (IDR)	5,325–12,750
3M average daily vol. ('000)	7,370
3M average daily val. (IDR mn)	64,634

Shareholders (%)

PT APP Purinus Ekapersada	58.3
Public	41.6

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance (%)	(15.4)	(17.7)	16.1

Analyst

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Karawang: A capacity addition that transforms the production mix

Phase 1 of the Karawang industrial paper complex adds 2.4 mn MT of new capacity in a single stroke — nearly equivalent in scale to INKP’s entire legacy industrial paper platform. Even under conservative ramp-up assumptions, we project Karawang to deliver ~1,200k MT of incremental industrial paper output in FY26F alone, lifting total industrial paper production to 3,329k MT (+56.4% YoY), cementing industrial paper as INKP’s dominant segment. As the facility scales up in the upcoming years, we expect industrial paper production to rise further to 3,809k MT (+14.4% YoY), with the earnings contribution widening materially.

Stars align: Supply shocks and demand resilience converge

The timing of Karawang’s ramp-up could not be more fortuitous, coinciding with a market that is turning more supportive. On the supply side, a confluence of unplanned disruptions and deliberate curtailments has materially tightened near-term BHK pulp availability: the APP OKI II expansion delay has removed approximately 500k MT of expected FY26F BHK supply; Suzano has committed to operating at 3.5% below nominal capacity for FY26F, representing ~450–500k MT of economic downtime, and APRIL’s Kerinci mill incurred ~150k MT of temporary downtime in 1Q26 following the Indonesian forestry permit revocations (both are two of the world’s largest BHK pulp producers). Collectively, these supply-side developments have removed substantial portion of expected BHK supply from the market, providing price support; China’s BHK prices, which had softened to USD510–540/t through 3Q25, have since recovered above USD600/t as of Mar '26. On the demand side, while cultural paper faces structural decline from digital substitution, packaging and tissue demand remain resilient, underpinned by the continued expansion of online shopping and food delivery logistics, as well as increased public awareness towards hygiene and urbanization.

A step-change in earnings as Karawang scales

Going forward, we expect the combination of new volumes from the Karawang plant, more favorable pulp pricing environment, and supportive downstream market to translate into a sustained earnings acceleration over FY26F–27F. On the top line, we forecast revenues of USD3.51 bn in FY26F (+10.7% YoY) and USD3.81 bn in FY27F (+8.4% YoY), with gross margins broadly stable at 31.9% and 33.1% respectively. EBITDA is forecast at USD968 mn in FY26F (+9.1% YoY, margin 27.6%) and USD1.09 bn in FY27F (+12.8% YoY, margin 28.7%), while on the bottom line, net profit is forecast at USD521 mn in FY26F (+15.0% YoY) and USD570 mn in FY27F (+9.4% YoY), translating into EPS of IDR 1,620 and IDR 1,773 per share respectively.

BUY with DCF-based TP of IDR11,200/share

We initiate coverage on INKP with a BUY rating and a DCF-based TP of IDR 11,200/share, implying 48.3% upside from the current share price of IDR 7,550. Our valuation is based on an 11.0% WACC and a 2.0% terminal growth rate. At the current price, INKP trades at only 4.7x FY26F P/E and 6.7x FY26F EV/EBITDA, well below the peer averages of 16.0x and 8.6x, respectively. Even at our target price, the stock would still trade at just 6.9x FY26F P/E and 7.9x FY26F EV/EBITDA, suggesting the valuation remains undemanding despite the expected earnings uplift from Karawang’s ramp-up. Key risks to our call include slower-than-expected utilization ramp-up at Karawang, weaker pulp prices, and adverse regulatory changes.

Exhibit 1: Key Statistics

Year end Dec	2024A	2025A	2026F	2027F	2028F
Revenue (USD mn)	3,196	3,171	3,512	3,806	4,102
EBITDA (USD mn)	880	887	968	1,092	1,241
Net profit (USD mn)	424	453	521	570	698
EPS (IDR)	1,318	1,409	1,620	1,773	2,170
ROE (%)	6.6	6.6	7.1	7.2	8.2
ROA (%)	3.6	3.7	4.2	4.4	5.1
PER (x)	6.1	7.2	4.7	4.5	3.7
EV/EBITDA (x)	7.7	8.1	6.7	5.9	5.0
Net gearing (x)	0.4	0.5	0.6	0.5	0.4

Source: Company, KBVS Research

Company Overview

Established on 7 Dec '76 as a joint venture between CV Berkat (an Indonesian company), Chung Hwa Pulp Corporation, and Yuen Foong Yu Paper Manufacturing Company, PT Indah Kiat Pulp & Paper (INKP) began commercial production in 1978 and has since grown into one of the world's largest integrated pulp and paper producers. In Jan '86, Sinar Mas Group acquired 67% of INKP's shares, and the group's affiliation with Asia Pulp & Paper (APP) has been the defining feature of INKP's commercial positioning and operational philosophy ever since. INKP listed its shares on the Jakarta and Surabaya Stock Exchanges on 16 Jul '90 — one of the earliest large-scale capital market listings in the Indonesian pulp and paper sector.

INKP operates as a fully integrated pulp and paper manufacturer, converting wood fiber into a broad slate of finished products serving both domestic and export markets. Its four core product segments are: (i) pulp — bleached and unbleached chemical pulp; (ii) cultural paper — coated and uncoated freesheet, photocopy paper, and printing and writing paper; (iii) industrial paper — containerboard comprising linerboard and corrugated medium, corrugated shipping containers, boxboard, and food packaging; and (iv) tissue — consumer and institutional hygiene products.

Following the commencement of Karawang Phase 1 production in February 2026, INKP now operates production facilities across four strategic locations: Perawang (Riau), Serang (Banten), Tangerang (Banten), and Karawang (West Java). Across these facilities, INKP's total annual production capacity stands at approximately 3.1 mn MT of pulp, 1.6 mn MT of cultural paper, 4.7 mn MT of industrial paper — reflecting the addition of Karawang's 2.4 mn MT Phase 1 capacity— and 108,000 MT of tissue, making INKP one of the largest integrated pulp and paper producers in Asia.

Exhibit 1. INKP's Production Facility (Tangerang, Serang, Perawang)



Source: Various, KBVS Research

In FY25, INKP's revenue mix was broadly balanced across three segments: pulp was the largest contributor at USD1.07 bn (33.9% of revenue), followed by cultural paper at USD1.06 bn (33.6%), and industrial paper, tissue, and others at USD1.03 bn (32.4%). This mix is expected to shift materially from FY26F onward as Karawang's industrial paper output scales up, reducing the relative weight of pulp and cultural paper in total revenue. The company's revenue is denominated primarily in USD, reflecting INKP's significant export orientation: in FY25, approximately 55% of revenue came from exports (USD1.74 bn), with Asia as the largest destination (USD1.28 bn), followed by the Americas (USD139.7 mn) and Europe (USD136.7 mn). This export-heavy mix creates a natural hedge against IDR depreciation, making INKP a structural beneficiary of a weak IDR environment, while simultaneously exposing margins to global pulp and paper pricing cycles. Domestically, INKP's cultural paper products are sold to office, education, and printing end markets under established brands including SiDU, IK Copy, Mirage, and Paperline.

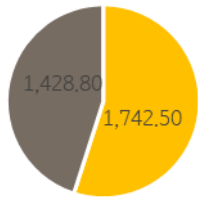
Exhibit 2. INKP's Products



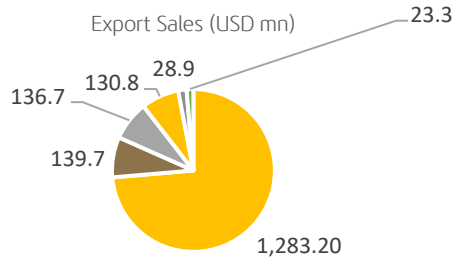
Source: Company, KBVS Research

Exhibit 3. INKP's Revenue Mix (Destination-Based)

Export vs. Domestic (USD mn)



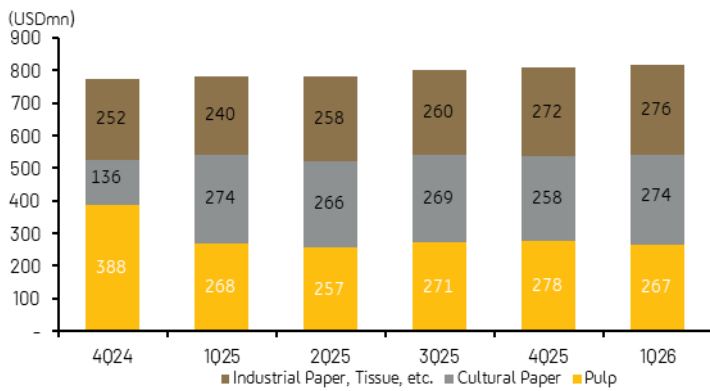
■ Export ■ Domestic



■ Asia ■ Americas ■ Europe ■ Middle East ■ Australia ■ Africa

Source: Company, KBVS Research

Exhibit 4. INKP's Revenue Mix (Product Based)



Source: Company, KBVS Research

INKP's production process begins with wood fiber sourced from pulpwood plantations — primarily acacia and eucalyptus — managed by affiliated entities and independent suppliers under Hutan Tanaman Industri (HTI) concessions in Sumatra. The Perawang mill employs chemical pulp kraft processing to convert plantation wood chips into bleached chemical pulp (LBKP and NBKP grades) using an Elemental Chlorine Free (ECF) process, which serves as the primary raw material for cultural paper and tissue. Industrial paper production at the Serang mill utilizes a combination of virgin kraft pulp and recycled fiber, with waste paper used extensively across its major brown grades. At the Karawang facility, industrial paper production — specifically testliner — is based primarily on OCC recycled fiber, processed through a dedicated 2,000-tonne-per-day OCC line that handles a mix of domestic OCC and mixed waste paper. Chemical inputs including sodium hydroxide, chlorine dioxide, and hydrogen peroxide are produced partially in-house at Perawang, reducing input cost volatility. Energy self-sufficiency is substantial: the Perawang and Serang mills operate biomass and coal-fired cogeneration plants, reducing dependence on PLN grid power. The overall supply chain is therefore backward-integrated from fiber sourcing through to finished product distribution — a key source of cost competitiveness and margin resilience.

Exhibit 5. Plants used by INKP (Acacia mangium, Acacia crassicarpa, Eucalyptus urophylla)



Source: Various, KBVS Research

INKP sits within the Sinar Mas conglomerate through the APP (Asia Pulp & Paper) sub-group, which is one of the world's largest pulp and paper companies by production capacity. The immediate controlling shareholder is PT APP Purinusa Ekapersada, which holds 58.31% of INKP's issued shares as of 31 Dec '25. Public investors (each holding below 5%) collectively account for the remaining 41.69%. PT APP Purinusa Ekapersada is itself ultimately controlled by Mr. Jackson Wijaya Limantara (UBO, effective 13 Jan '25), via a chain of offshore holding entities including Capital Holding Strategic Limited, APP Golden Ltd, Great Divine Investment Limited, Enterprise International Holding Investment Limited, and Scotsdale Holding Ltd / Austin Premium Group Ltd / Titan (MY) Sdn Bhd / Sinclair Ventures Pte Ltd.

Exhibit 6. INKP's shareholder composition

Shareholder	Shares Held	Ownership (%)
PT APP Purinusa Ekapersada	3,189,804,127	58.31%
Public (each <5%)	2,281,178,814	41.69%
Total Issued Shares	5,470,982,941	100.00%

Source: Company, KBVS Research

INKP is governed under a two-tier board structure mandated by Indonesian corporate law, comprising a Board of Commissioners that exercises supervisory and advisory functions, and a Board of Directors responsible for day-to-day management. The Board of Commissioners consists of seven members — four commissioners and three independent commissioners — while the Board of Directors comprises seven directors, including the President Director and a Director serving concurrently as Corporate Secretary. Collectively, the management team brings extensive experience in pulp and paper manufacturing, finance, corporate governance, and government relations — providing INKP with both the operational depth to navigate a complex, capital-intensive industry and the institutional credibility to engage with regulators, capital markets, and international trade counterparties.

Exhibit 7. Board of Commissioners and Directors

Board of Commissioner		
	Position	About
Dr. Saleh Husin	President Commissioner	Saleh holds a Bachelor of Economics from Krisnadipayana University and a Doctorate in Strategic Studies from Universitas Indonesia (2024). He served as a Member of the House of Representatives (2009–2014) before being appointed Indonesia's Minister of Industry (2014–2016), and currently serves as Managing Director of Sinarmas Group. He also holds the position of President Commissioner at TKIM, and has served as President Commissioner of INKP since 2017.
Andrie Setiawan Yapsir	Vice President Commissioner	Andrie holds a BSc in Physics cum laude from ITB, a PhD in Physics from Rensselaer Polytechnic Institute, and an MBA from Wharton (1996). A former McKinsey & Company consultant, he spent much of his career within the APP Group, including roles as Head of Uncoated Paper at INKP and Deputy CEO of the Forestry Division. He currently serves as President Director of PT APP Purinusa Ekapersada — INKP's controlling shareholder — and Chief of Chairman's Office at APP Indonesia Group, and also sits on the boards of TKIM, PT Pindo Deli, and PT OKI Pulp & Paper Mills.
Sukirta Mangku Djaja	Commissioner	Sukirta holds a Bachelor of Management from Tarumanagara University (1984) and spent nearly four decades leading the Tax Division at INKP and within the broader APP Group (1983–2022). He currently serves as Commissioner of both TKIM and PT OKI Pulp & Paper Mills, and has been a Commissioner of INKP since 2014.
Kosim Sutiono	Commissioner	Kosim holds a Bachelor of Economics from STIE Perbanas (1993) and built his career in pulp and paper finance, serving as CFO and later Director of PT Pindo Deli Pulp and Paper Mills. He also serves as Director of PT Lontar Papyrus Pulp & Paper Industry, and has been a Commissioner of INKP since 2017.
Dr. Ir. Rizal Affandi Lukman, M.A.	Independent Commissioner	Rizal holds a Bachelor of Industrial Engineering from ITB and a PhD in International Development from Nagoya University (2000). He served as Deputy Minister for International Economic Cooperation (2010–2021) and as Indonesia's Sherpa to the G20 (2016–2021), and most recently completed a term as Secretary-General of CPOPC (2022–2025). At INKP, he chairs both the Audit Committee and the Nomination & Remuneration Committee, and also serves as Independent Commissioner of TKIM. He has been an Independent Commissioner of INKP since 2021.

Prof. Widyo Pramono	Independent Commissioner	Widyo holds a Doctorate in Law from UNPAD (2012) and is a Professor of Criminal Law at UNDIP. He built a distinguished career as a public prosecutor, rising to Deputy Attorney General at the Indonesian Attorney General's Office, and subsequently served as Commissioner of Bank Mandiri (2017–2020) and Independent Commissioner of Bank BRI (2020–2022). He was appointed Independent Commissioner of both INKP and TKIM following the AGMS in June 2025.
Baharudin	Independent Commissioner	Baharudin holds a Bachelor of Accounting from UKRIDA (1990) and spent the early part of his career within INKP and the APP Group, including as CFO and Director of INKP (1994–2011). He subsequently served as Independent Director of TKIM (2014–2019), and currently chairs the Audit Committees at PT Lontar Papyrus Pulp & Paper Industry and PT OKI Pulp & Paper Mills. He was appointed Independent Commissioner of INKP in June 2025.
Board of Directors		
	Position	About
Hendra Jaya Kosasih	President Director	Hendra holds a Bachelor of Economics from Trisakti University (1985) and is the only member of INKP's board with disclosed share ownership, holding 226,800 shares. A long-serving APP Group executive, he previously served as President Director of PT Lontar Papyrus Pulp & Paper Industry (1994–2001) and VP Director of INKP (1997–2017). He currently also serves as President Director of PT OKI Pulp & Paper Mills and Commissioner of TKIM, and has been President Director of INKP since 2017.
Suhendra Wiradinata	Vice President Director	Suhendra holds a Bachelor of Accounting from Trisakti University and a Master of Accounting from Universitas Indonesia (2011). He previously served as President Director of PT OKI Pulp & Paper Mills (2017–2021) and PT The Univenus (2012–2024), and currently also serves as President Director of TKIM. He has overseen Finance as VP Director of INKP since 2019.
Didi Harsa Tanaja	Director	Didi holds a Bachelor of Engineering from the Christian University of Indonesia (1970) and joined INKP in 1989, making him one of the longest-serving members of the current board. He has served as Director overseeing General Affairs & Administration since 2003.
Agustian R. Partawidjaja	Director	Agustian holds a Bachelor of Economics from Universitas Indonesia (1982) and has led Corporate Communications & PR for Sinar Mas Group since 2000. He previously served as Director and Corporate Secretary of TKIM (2003–2015) and also holds a commissioner role at PT Pindo Deli. He has been Director overseeing HRD at INKP since 2003.
Kurniawan Yuwono	Director	Kurniawan holds a Bachelor of Management from Atmajaya University and an MBA from Cleveland State University (1996), and joined the APP Group in 1997. He also serves as Director of PT Uni-Charm Indonesia Tbk, and has been Director overseeing Accounting & Supply Chain at INKP since 2011.
Djohan Gunawan	Director	Djohan holds a B.Sc. in Finance from Indiana State University (1992) and joined Sinar Mas Group's Marketing Export division directly upon graduation, building his career entirely within the group. He has served as Director overseeing Production and Sales & Marketing at INKP since 2010.
Heri Santoso	Director & Corporate Secretary	Heri holds a Bachelor of Accounting from UGM (1993) and previously served as Director and Corporate Secretary of TKIM (2015–2017). He has served as Director and Corporate Secretary of INKP since 2017.

Source: Company, KBVS Research

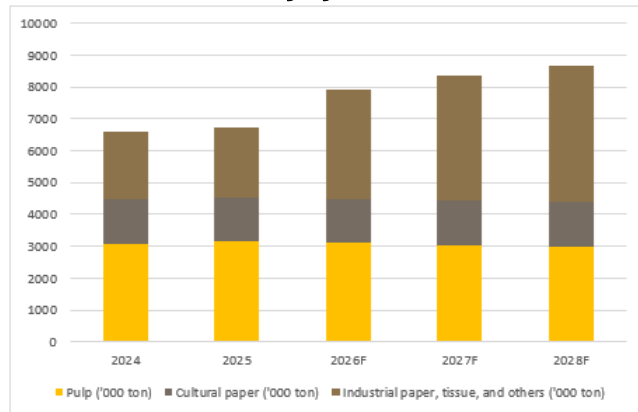
Operational Overview

INKP delivered a resilient operational performance in FY25, maintaining production discipline across its three established mills while navigating a year of subdued global pulp and paper pricing. Total output reached 6,740k MT (+2.0% YoY). Pulp production reached 3,140k MT (+2.2% YoY), reflecting stable fiber feed and high utilization rates across the Perawang, Serang, and Tangerang facilities. Cultural paper production came in at 1,393k MT (-2.6% YoY), likely reflecting a deliberate shift in product mix toward higher-margin grades as INKP responded to softer demand in the standard printing and writing segment. Industrial paper output strengthened to 2,129k MT (+4.6% YoY), while tissue production grew to 78k MT (+4.0% YoY).

On the sales side, total volume reached 5,424k MT (+7.2% YoY). Pulp sales reached 2,038k MT (+8.1% YoY), though it is worth noting that pulp sales as a proportion of production remained structurally low at approximately 65% — consistent with FY24 (61.4%) — as INKP directs a material portion of pulp output to its own integrated downstream paper operations rather than to third-party markets. Industrial paper sales strengthened to 1,917k MT (+10.5% YoY), while cultural paper and tissue held broadly stable at 1,394k and 75k MT respectively.

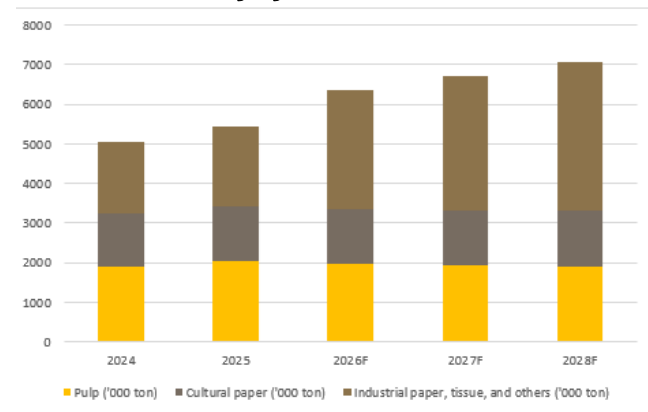
Looking ahead, we expect INKP's near-term operational trajectory to be driven by a single overriding variable: the ramp-up of the Karawang facility. The Karawang plant is scheduled to commence production activities in 1Q26, after approximately a three-quarter delay relative to the original May–August 2025 target. Phase 1 has a total installed capacity of 2.4 mn tpa (total planned capacity: 3.9 mn MT), comprising both white and brown industrial paper lines. We project Karawang's utilization rate at ~50% in FY26F, reflecting partial-year operation following the 1Q26 commissioning, before ramping up from FY27F onwards. At the legacy mill level, production capacity is expected to remain broadly stable: pulp capacity held at 3,100k tpa, cultural paper at 1,600k tpa, and tissue at 108k tpa, with no material capacity additions outside of Karawang. Thus, we project INKP's industrial paper production to reach 3,329k MT (+56.4% YoY) in FY26F and 3,809k MT (+14.4% YoY) in FY27F, with sales volume at 2,999k MT (+50.6% YoY) and 3,416k MT (+13.9% YoY), putting the sector ahead of pulp as INKP's most dominant production and revenue driver.

Exhibit 8. Production volume by segment (MT)



Source: Company, KBVS Research

Exhibit 9. Sales volume by segment (MT)



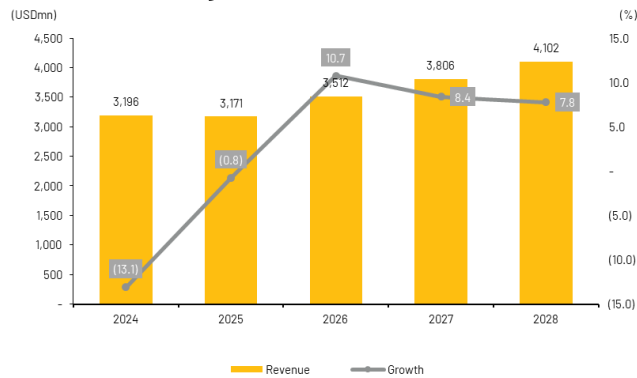
Source: Company, KBVS Research

Financial Overview

INKP closed FY25 with revenue of USD3.17 bn, edging down -0.8% YoY as continued softness in pulp and cultural paper ASPs weighed on the top line throughout most of the year, partly offset by stable volumes and cost discipline. Despite the subdued top line, cost of revenue declined in tandem to USD2.15 bn, supporting a gross profit of USD1.02 bn and a gross margin of 32.2% — a modest improvement from FY24's 31.9% as lower fiber input costs partially offset the revenue pressure. EBITDA reached USD887 mn (EBITDA margin: 28.0%) and operating profit USD668 mn (OPM: 21.1%). Below the operating line, forex gain of USD106mn helped shape a pre-tax result of USD548 mn. Net profit came in at USD453 mn (NPM: 14.3%), with ROE and ROA at 6.6% and 3.9% respectively.

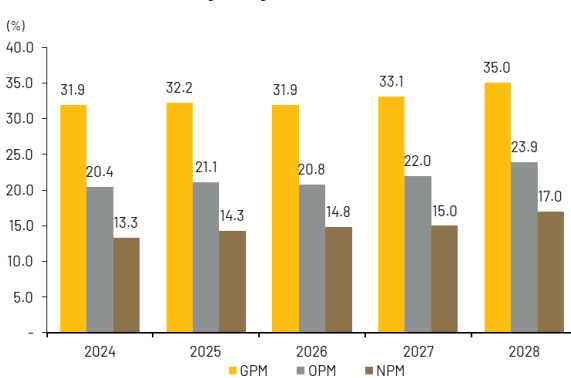
Looking ahead, we expect INKP's financial profile to improve materially over FY26–27F, underpinned by two converging forces: the ramp-up of Karawang's industrial paper capacity and a gradual recovery in pulp and paper pricing as the global supply–demand balance tightens. On volume, industrial paper output from Karawang's Phase 1 contribution is expected to be the dominant driver of top-line growth. Together, these forces lift revenue to USD3.51 bn in FY26F (+10.7% YoY) and USD3.81 bn in FY27F (+8.4% YoY). On costs, COGS is expected at USD2.39 bn and USD2.54 bn in FY26–27F, keeping gross margins broadly stable at 31.9% and 33.1% respectively. EBITDA is projected at USD968 mn in FY26F (margin: 27.6%) and USD1.09 bn in FY27F (28.7%), while on the bottom line, net profit is forecast at USD521 mn in FY26F (+15.0% YoY) and USD570 mn in FY27F (+9.4% YoY), sustaining net margins in the 14–15% range and translating into EPS of IDR 1,359 and IDR 1,620 per share respectively. Return ratios improve alongside earnings, with ROE and ROA reaching 7.1% and 4.2% in FY26F and 7.2% and 4.4% in FY27F, on a clear upward trajectory as Karawang ramps toward full utilization. Furthermore, after several years of elevated Karawang capex, spending is expected to normalize to USD839 mn in FY26F and fall to USD289 mn in FY27F (construction of the Phase 2 of the Karawang project has been postponed indefinitely pending improvement in global economic conditions and geopolitical stability), allowing free cash flow to turn positive and supporting a gradual reduction in leverage from FY27F onward and improving interest coverage from 2.7x in FY25 to 3.1x in FY27F.

Exhibit 10. Revenue & growth (FY24–FY28F)



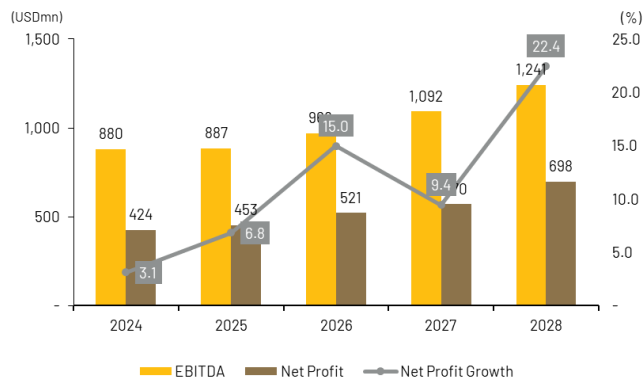
Source: Company, KBVS Research

Exhibit 11. Profitability margins (FY24–FY28F)



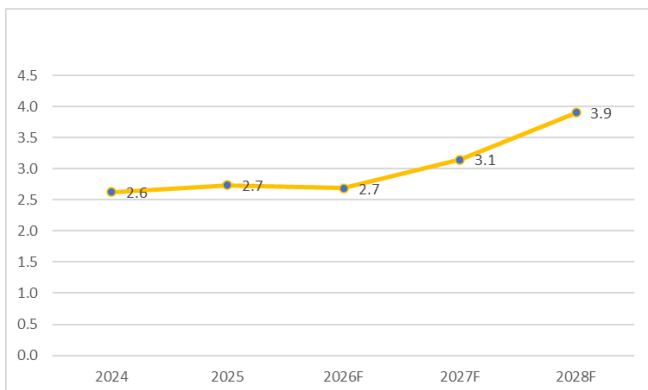
Source: Company, KBVS Research

Exhibit 12. EBITDA, net profit, and growth (FY24–FY28F)



Source: Company, KBVS Research

Exhibit 13. Interest coverage ratio (x) (FY24–FY28F)



Source: Company, KBVS Research

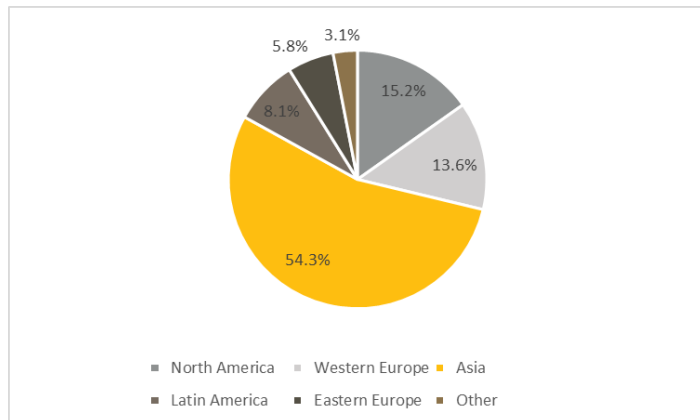
Industry Overview

The global pulp and paper industry is emerging from a weak cycle into a more balanced, but still selective, recovery. Supply discipline is tightening the pulp market, packaging and tissue continue to provide the most reliable demand growth, and graphic paper remains in structural decline.

Global market pulp operating rates averaged approximately 88–90% over the twelve months to April 2026, briefly touching 93% in February–March — a level associated with meaningful pricing power — before easing to 84% in April as shipments moderated to 4,350k MT. BHK accounts for approximately 57–62% of global shipments, averaging approximately 2.8 mn MT per month over the period; China absorbs roughly 1.6 mn MT of BHK per month, making it the dominant price-setter. Persistent paper and board overcapacity in China caps price upside, meaning supply-side discipline is a more important near-term pricing catalyst than demand recovery. Meanwhile, a cluster of disruptions has tightened BHK availability materially in FY26F. The APP OKI II expansion delay has removed approximately 500k MT of expected BHK supply, as APP pushed mill start-up to end of year — deferring the only new BHK capacity into FY27F. Also, Suzano confirmed that it will operate approximately 3.5% below nominal capacity for the full year, representing approximately 450–500k MT of economic downtime. APRIL’s Kerinci mill incurred approximately 150k MT of temporary downtime in 1Q26 following Indonesia’s forestry license revocations, simultaneously raising BHK production costs in China by approximately USD50/t as alternative chip prices firmed. Together, these developments have removed well over 1 mn MT of expected 2026 BHK supply, lifting BHK prices from a prolonged slump in the USD510–540/t range through 3Q25 to above USD600/t in March ‘26. North American pulp mill stocks have also declined to approximately 103k MT as of April 2026, down from a peak of 135k MT in May ‘25, confirming inventory normalization.

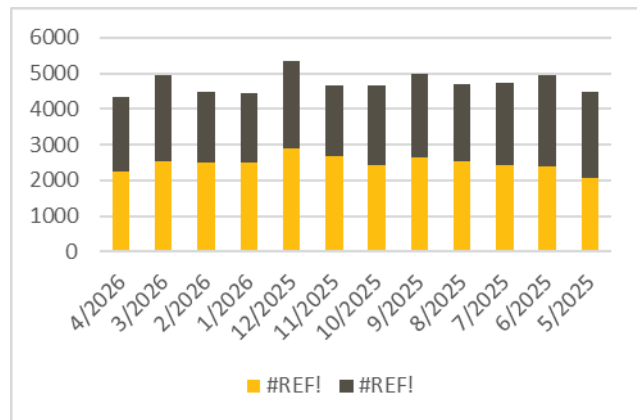
Downstream, packaging and tissue represent the two clearest structural demand growth engines. In packaging, the global containerboard market is forecast to expand at a low-to-mid single-digit CAGR through the end of the decade, underpinned by online shopping, food and beverage logistics, and ongoing fiber-based plastic substitution. Asia-Pacific is the dominant demand center, consistently representing approximately 54% of global containerboard consumption — averaging approximately 8.6 mn MT per month between May ‘25 and Feb ‘26. Meanwhile, for tissue, the global market is estimated at approximately USD23 bn in 2026 and is projected to grow at a CAGR of approximately 5.3% through 2031, with Asia-Pacific the fastest-growing region at approximately 7.7% CAGR, driven by rising hygiene awareness, urbanization, and increasing disposable incomes across China, India, and Southeast Asia. By contrast, graphic paper remains the main structural drag. Global printing and writing paper demand has averaged approximately 5.7 mn MT per month over the ten months to March 2026 (PPPC), with Asia ex-Japan accounting for roughly 3.1 mn MT and a declining share as digital substitution accelerates — prompting continued machine closures and conversions across Europe and North America.

Exhibit 14. Global containerboard demand by region



Source: Bloomberg, KBVS Research

Exhibit 15. China vs rest of world market pulp demand



Source: Bloomberg, KBVS Research

Valuation

We initiate coverage on INKP with a BUY rating and a DCF-based target price of IDR 11,200/share, implying 48.3% upside from the current share price of IDR 7,550. Our valuation is based on an 11.0% WACC and a 2.0% terminal growth rate. At the current price, INKP trades at only 4.7x FY26F P/E and 6.7x FY26F EV/EBITDA, well below the regional peer averages of 16.0x and 8.6x, respectively. Even at our target price, the stock would still trade at just 6.9x FY26F P/E and 7.9x FY26F EV/EBITDA, suggesting the valuation remains undemanding despite the expected earnings uplift from Karawang's ramp-up. Key risks to our call include slower-than-expected utilization at Karawang, weaker pulp prices, and adverse regulatory changes.

Exhibit 16. DCF summary

Assumptions						
Risk free				6.7%		
Equity risk premium				8.8%		
Beta				0.9		
Cost of equity				14.6%		
Cost of debt				5.7%		
WACC				11.0%		
Terminal growth rate				2.0%		

DCF SUMMARY	2026F	2027F	2028F	2029F	2030F	2031F
Year Frac.	0	1	2	3	4	5
EBIT	729	837	980	1,079	1,163	1,261
Add (+) Depreciation	239	255	261	267	274	280
Less (-) Tax	(114)	(130)	(153)	(168)	(181)	(196)
Less (-) Capex	(833)	(282)	(305)	(318)	(327)	(338)
Change in WC	(537)	(433)	(401)	(247)	(161)	(172)
Unlevered FCFF	(515)	247	382	613	767	835
Discount Factor	1	1.1	1.2	1.4	1.5	1.7
Present Value	(515)	271	459	858	1,151	1,419
Terminal value	9,443	EV		3,619		
PV of terminal value	5,599	# shares outstanding		5,471		
NPV	7,064	USD/IDR		17,000		
Cash	1,224	Target price		11,200		
Debt	4,669					

Exhibit 17. Peers comparison

	Market cap (USD bn)	P/E		P/BV		EV/EBITDA		ROE	
		26F	27F	26F	27F	26F	27F	26F	27F
INKP	2.01	6.9	6.4	0.5	0.5	7.9	7.0	7.1	7.2
SUZB3 BZ (Suzano)	9.97	6.1	6.8	1.0	0.9	5.4	4.8	18.3	15.7
2689 HK (Nine Dragons Paper)	3.87	6.9	6.0	0.5	0.4	8.9	8.3	7.3	7.9
3861 JP (Oji Holdings)	4.16	13.6	10.4	0.6	0.6	10.1	9.1	4.6	6.1
UPM-Kymmene (UPM FH)	15.42	15.8	12.5	1.3	1.3	10.1	8.6	8.3	10.8
International Paper (IP US)	17.8	24.4	13.8	1.2	1.2	8.6	6.6	9.1	10.7
Sector/W eighted avg.		16.0	11.2	1.1	1.1	8.6	7.2	10.1	11.1

Source: KBVS Research

Exhibit 18: Profit & loss summary

Year End Dec (USD mn)	2024A	2025A	2026F	2027F	2028F
Revenue	3,198	3,171	3,512	3,806	4,102
COGS	(2,177)	(2,150)	(2,391)	(2,545)	(2,665)
Gross profit	1,019	1,022	1,121	1,261	1,437
Operating expenses	(366)	(354)	(392)	(424)	(457)
EBIT	653	729	837	980	668
EBITDA	880	968	1,092	1,241	887
Pre-tax profit	527	548	623	677	830
Net profit	424	453	521	570	698
EPS	1,210	1,359	1,620	1,773	2,170
EPS growth (%)	85.4	12.3	19.2	8.2	22.4

Source: Company, KBVS Research

Exhibit 19: Balance sheet

Year End Dec (USD mn)	2024A	2025A	2026F	2027F	2028F
Cash and cash equivalent	1,769	1,224	229	305	469
Receivables	1,844	1,530	1,695	1,837	1,979
Inventories	416	415	431	459	481
Others	2,212	2,964	3,294	3,580	3,836
Total current assets	6,240	6,134	5,649	6,181	6,765
Fixed asset	4,306	5,470	6,065	6,092	6,136
Others	1,231	743	797	839	880
Total assets	11,777	12,347	12,511	13,112	13,781
Trade payables	312	354	331	352	369
Other current liabilities	144	166	184	199	213
Total current liabilities	456	520	515	551	582
LT. Debt	4,570	4,669	4,304	4,291	4,229
Other non current liabilities	343	314	348	377	406
Total liabilities	5,369	5,504	5,167	5,219	5,217
Minority interest	0	0	0	0	0
Total Equity	6,408	6,843	7,343	7,892	8,563

Source: Company, KBVS Research

Exhibit 20: Cash flow

Year End Dec (USD mn)	2024A	2025A	2026F	2027F	2028F
Net profit	424	453	521	570	698
Depreciation and amortization	227	219	239	255	261
Change in working capital	(199)	108	(537)	(433)	(401)
Operating cash flow	452	780	223	393	558
Capex	(1,233)	(1,383)	(833)	(282)	(305)
Others	(0)	(24)	(0)	(0)	(0)
Investing cash flow	(1,234)	(1,407)	(833)	(282)	(305)
Changes in debt	1,167	99	(365)	(13)	(63)
Dividends paid	(17)	(17)	(21)	(23)	(28)
Others	(0)	(0)	(0)	(0)	(0)
Financing cash flow	1,151	81	(386)	(35)	(90)
Net cash flow	369	(545)	(996)	76	164
Cash at beginning	1,400	1,769	1,224	229	305
Cash at ending	1,769	1,224	229	305	469

Source: Company, KBVS Research

Exhibit 21: Ratio analysis

Year End Dec	2024A	2025A	2026F	2027F	2028F
Revenue growth	(8.1)	(0.8)	10.7	8.4	7.8
EBIT growth	(17.1)	2.3	9.2	14.8	17.1
EBITDA growth	(14.0)	0.8	9.1%	12.8%	13.6%
Net profit growth	3.1	6.8	15.0	9.4	22.4
Gross margin	31.9	32.2	31.9	33.1	35.0
EBIT margin	20.4	21.1	20.8	22.0	23.9
EBITDA margin	27.5	28.0	27.6	28.7	30.3
Net margin	13.3	14.3	14.8	15.0	17.0
ROE	6.6	6.6	7.1	7.2	8.2
ROA	3.6	3.7	4.2	4.4	5.1
Interest coverage	2.6	2.7	2.7	3.1	3.9
Net gearing	0.4	0.5	0.6	0.5	0.4

Source: Company, KBVS Research

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