



PEFINDO CREDIT RATING INDONESIA

PRESS RELEASE
July 11, 2014

PEFINDO downgraded INAF's ratings to "idBBB-" with "Negative" Outlook

PEFINDO lowered its ratings for PT Indofarma (Persero) Tbk. (INAF or the Company) and its Medium Term Notes (MTN) 1/2012 to "idBBB-" from "idBBB+". PEFINDO still put a "Negative" outlook to INAF's corporate rating. The rating action is triggered by its continuing weakened profitability performance and the raising refinancing risk for the MTN, which will fall due on December 20, 2014. The rating will be further downgraded if PEFINDO views there is no uncertainty on the Company's refinancing plan in the next few months. PEFINDO may revise the outlook to "Stable" if the Company could mitigate its tight liquidity issue and also improve its profitability and cash flow protection.

The ratings reflect potential growth in the generic medicine segment and INAF's strong market position. The ratings are constrained by declining profitability margins that leads to weak cash flow protection, tight liquidity and the risk of raw material price fluctuation. INAF is a state-owned company, which is engaged in the pharmaceutical and healthcare products, with the focus on generic medicine. Having been publicly listed since April 2001, INAF's shareholders as of March 31, 2014 were GOI with 80.7% ownership and public (19.3%).

Rating Period: July 10, 2014 – July 1, 2015

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