

PT Equity Finance Indonesia

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CREDIT PROFILE

Corporate Rating *idBBB/Negative*

Rated Issues

MTN III/2014 *idBBB*
MTN III/2015 *idBBB*
MTN IV/2015 *idBBB*
MTN V/2016 *idBBB*

Rating Period

November 7, 2016 – November 1, 2017
November 7, 2016 – November 21, 2016
for MTN IV/2015 No.004 B
November 7, 2016 – November 22, 2016
for MTN IV/2015 No.005 A
November 7, 2016 – November 23, 2016
for MTN IV/2015 No.005 D

Rating History

DEC 2015 *idBBB*

FINANCIAL HIGHLIGHTS

As of/for the year ended

	Aug-2016 (Unaudited)	Dec-2015 (Audited)	Dec-2014 (Audited)	Dec-2013 (Audited)
Total assets [IDR bn]	961.3	1,006.0	1,057.7	863.0
Net receivables [IDR bn]	823.8	939.9	1,005.1	812.2
Net service assets [IDR bn]	840.9	958.0	1,023.5	830.7
Total equity [IDR bn]	319.9	309.9	294.6	276.4
Net interest revenue [IDR bn]	33.5	72.8	77.3	64.5
Net income [IDR bn]	12.8	18.7	23.9	18.5
Cost to income [%]	69.4	66.8	56.0	57.5
Operating profit margin [%]	13.8	14.2	19.1	20.4
ROAA [%]	*2.0	1.8	2.5	2.6
NPR-balance/NSA [%]	16.5	6.8	4.1	2.6
Reserves/NSA [%]	2.0	1.9	1.8	2.2
Equity/NSA [%]	38.0	32.4	28.8	33.3
Total debt/equity [x]	1.9	2.2	2.5	2.0
Short-term liquidity ratio [%]	210.2	233.2	154.1	282.1
USD exchange rate [USD/IDR]	13,300	13,795	12,385	12,170

*Annualized

The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.

PEFINDO affirms "idBBB" rating for PT Equity Finance Indonesia

PEFINDO has affirmed its "idBBB" ratings to PT Equity Finance Indonesia (EQFI) and its outstanding Medium-Term Notes (MTN) III/2014, MTN III/2015, MTN IV/2015, and MTN V/2016. The outlook for the corporate rating is revised to "negative" from "stable". The outlook revision was mainly driven by the Company's declining business position and its persistently high non-performing receivable (NPR) during the past two years. EQFI's MTN IV/2015 No.004 B, No.005 A, and No.005 D with the total amount of IDR15.5 billion will mature on November 2016 dated 21, 22, and 23, respectively. The Company's readiness to repay its maturing MTNs is supported by its cash and cash equivalent balance, which at end of August 2016 amounted to IDR38.0 billion, and the collection from its installment of financing receivables of around IDR46 billion per month.

An obligor rated idBBB has an adequate capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

The ratings reflect the Company's strong capitalization and adequate liquidity position. However, the ratings are constrained by its very weak asset quality, below average profitability, and weak market position.

The rating could be lowered if we were to see any further deterioration in the Company's business position and asset quality indicators. PEFINDO may revise the outlook into "stable" if it improves its business position and its NPR performance.

EQFI was established in December 1982 as PT Pamor Cipta Inti, and changed its name to PT Equity Finance Indonesia on May 24, 2006. It is primarily classified as a multifinance company, providing financing for new and used commercial vehicles, leasing for heavy equipment and machinery, and factoring. It has 151 employees operating through its head office and 12 branches managing 1,395 accounts. As of August 31, 2016, 59.1% of its shares were owned by PT Equity Development Investment Tbk (Parent), a holding company for all Equity Group Companies (a total of eight companies); and 40.9% were held by its Parent's subsidiaries, consisting of PT Ventura Investasi Utama (13.9%), PT Equity Life Indonesia (6.9%), and PT Datindo Entrycom (20.1%).

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