



RATING NEWS

Jakarta, June 15th 2015

ICRA Indonesia affirms Equity Finance and assigns the same [Idr]BBB rating to the new MTN

PT ICRA Indonesia (ICRA Indonesia) has affirmed its [Idr]BBB (pronounced triple B) ratings of Rp 450.9bn outstanding Medium Term Notes (MTN) of PT Equity Finance Indonesia (EFI) and assigned the same rating to the proposed Rp 300bn new MTN. The outlook for all ratings is stable. The ratings indicate moderate credit quality relative to other domestic issuers, and the rated instruments carry higher-than-average credit risk.

The ratings factor in EFI's maintained level of growth --in asset size, financings and also income profile-- and its relatively low leverage. These strengths are however offset by the uptick in its non performing financings/loans (NPL) and lack of tie-ins with major suppliers, dealers or any prominent bank or financial institution (which could provide the crucial growth support).

EFI's ratings could move upwards if it can further expand its operations and strengthen its income profile, while maintaining acceptable levels of gearing and asset quality. However, if EFI were to grow aggressively by diluting its lending norms or employing such other strategies which ultimately can impair its profitability and/or asset quality, the ratings would come under downward pressure. Adverse changes in operating environment could also impact EFI's ratings.

The principal methodology used in rating EFI is ICRA Indonesia's rating methodology for Non-Bank Financial Companies. Please refer www.icraindonesia.com for detailed information on the methodology, along with other methodologies.

Company Profile

PT Equity Finance Indonesia, established on 16 December 1982, obtained its license and started its operations as a finance company in 1996. EFI has its main office in Jakarta, and branch offices in 10 major cities in the country. Currently, the shareholders of EFI are PT Equity Development Investment Tbk (51.1%), PT Ventura Investasi Utama (13.8%), PT Equity Life Indonesia (10.2%), Global Link Equity Limited (HK) (18.6%) and PT Datindo Entrycom (6.3%).

EFI reported total assets (with provisions for non performing loans being added back) of Rp 1,111.8bn and a profit after tax of Rp 4.9bn as on March 31, 2014. Out of Rp 1,061.8bn total financing, net financing lease accounted for 59.8%, followed by consumer finance 34.7%, factoring 5.4% and operating lease for the rest 0.1% during the same period.



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Disclaimer: ICRA Indonesia ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. These ratings represent local credit quality ranking of rated entities in the Indonesian market.

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- (i) Statistical analysis on public information,
 - (ii) Statistical analysis on public information, confirmed through discussions between ICRA Indonesia and the party being rated, and/or,
 - (iii) Analysis on public and non-public information, acquired during discussions between ICRA Indonesia and the party being rated.
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