

# Investor Newsletter

Agustus 2021

## Shareholding Composition

	July-20
Bank Danamon Indonesia	92.1%
Public (≤ 5%)	7.9%

## Credit Ratings (PEFINDO)

	Rating/Outlook
Corporate	idAAA/Stable
Bonds	idAAA
Mudharabah Bonds	idAAA <sub>(sy)</sub>

## Credit International Ratings

	Rating/Outlook
Moody's	Baa2
Fitch	BBB

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## Adira Finance

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## 1H21 Results

- In the first Semester of 2021, the Company has recorded a new financing growth by 17.3% y/y to **Rp11.8 trillion**. The motorcycle new financing grew by 11% y/y to Rp 5.2 trillion, while total cars financing segment grew by 28% to 4.5 trillion. Furthermore, the non-automotive segment was recorded at Rp 2.0 trillion.
- In 1H21, market shares of new motorcycles and new cars were **8.9% and 3.9%, respectively**. New motorcycle financing was recorded at 217 thousand units and new car was at 15 thousand units.
- Our total managed receivables in 1H21 was recorded at **Rp 41.3 trillion**. The composition between external borrowing and joint financing portion was 57%:43%, respectively.
- The external borrowing amounted to **Rp 13.3 trillion in 1H21**. The external borrowing consisted of 53% of bank loans and 47% was derived from bonds and sukuk.
- As of June 2021, our net profit amounted to **Rp473,5 billion or declined by 21% compared to the previous year**. Return on asset (ROAA) was at 3.3% in 1H21.
- Our total equity increased by **6% to Rp 8.0 trillion in 1H21**. Return on equity stood at 12.1%.
- As at end of June 2021, **the number of customers whose loans had been restructured were 831 thousand contracts or around Rp19 trillion** representing around 35% of managed receivables as of February 2020.

## Highlights

Rp billion, %	1H20	1H21	ΔY-o-Y	2Q20	3Q20	4Q20
Total New Financing	10,072	11,811	17%	1,678	3,199	5,351
Total Managed Assets	50,368	41,253	-18%	50,368	46,130	44,020
Financing Receivables <sup>1</sup>	28,213	23,503	-17%	28,213	25,559	24,776
Total Asset	31,960	25,494	-20%	31,960	32,199	29,231
Total Borrowings	20,589	13,308	-35%	20,589	20,478	16,766
Total Equity	7,521	7,978	6%	7,521	7,662	7,925
Net Profit after Tax	597	474	-21%	77	217	211
ROAA <sup>2</sup>	3.5%	3.3%	-0.3%	0.9%	2.6%	2.8%
ROAE	16.0%	12.1%	-3.9%	4.1%	11.4%	13.3%
NPL <sup>3</sup>	3.1%	2.8%	-0.3%	3.1%	1.8%	1.9%

Note:

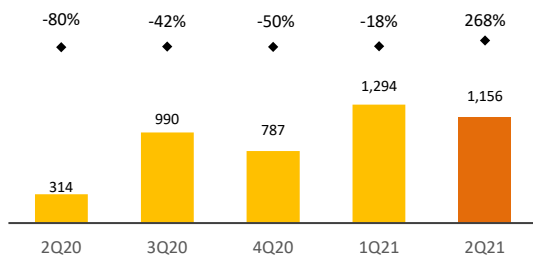
- Including transaction costs of Rp475 billion and Rp964 billion in June 2021 and 2020, respectively.
- As percentage of Reported Assets.
- Gross Consolidation.

## Focus Charts

### New Motorcycle Domestic Wholesales

Thousand units and %

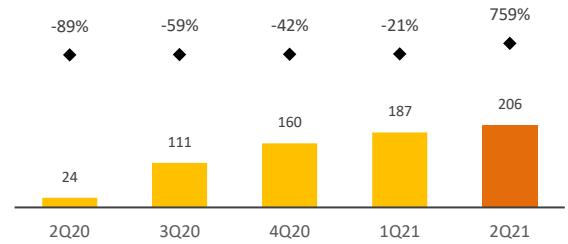
Motorcycle YoY Growth



### New Car Domestic Wholesales

Thousand units and %

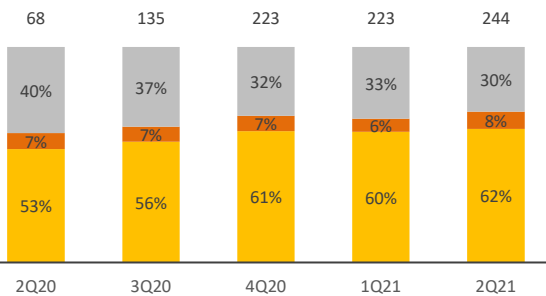
Cars YoY Growth



### New Financing

Thousand units and %

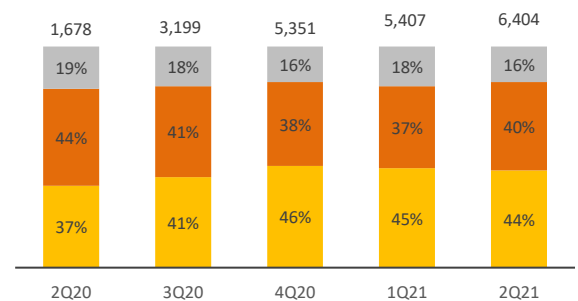
Mcy Car Non-Automotive



### New Financing

Rp billion and %

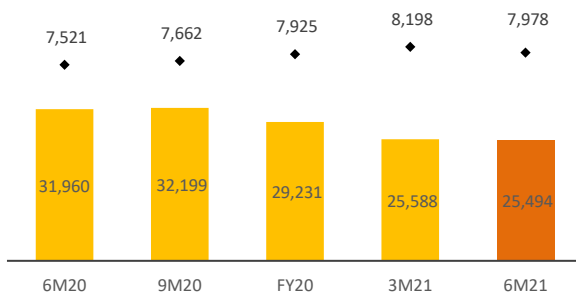
Mcy Car Non-automotive



### Total Assets & Total Equity

Rp billion

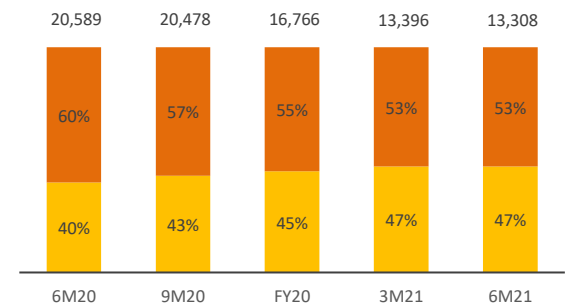
Asset Equity



### Total External Borrowings

Rp billion and %

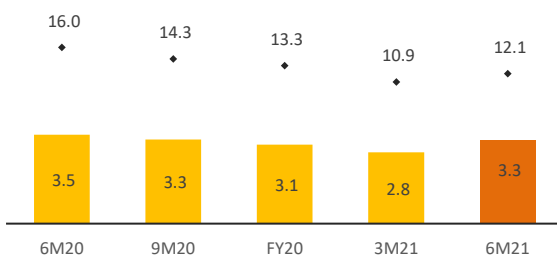
Bonds & Sukuk Bank Loans



### Returns on Assets and Equity

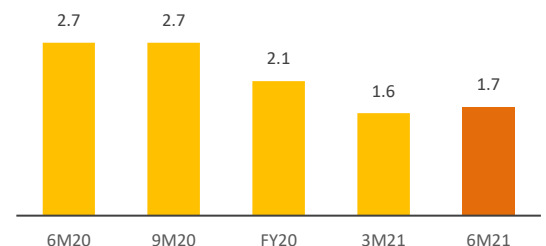
% of Reported Assets and Equity

ROAA ROAE



### Gearing Ratio

Times

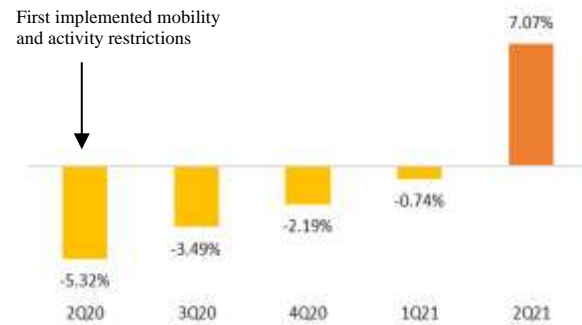


**Note:** Non-automotive product including durables and multipurpose loan (MPL)

Industry data sources from Indonesian Motorcycles Industry Association (AISI) and Association of Indonesian Automotive Industries (Gaikindo).

## Indonesian Macro Economy and Automotive Sector Updates

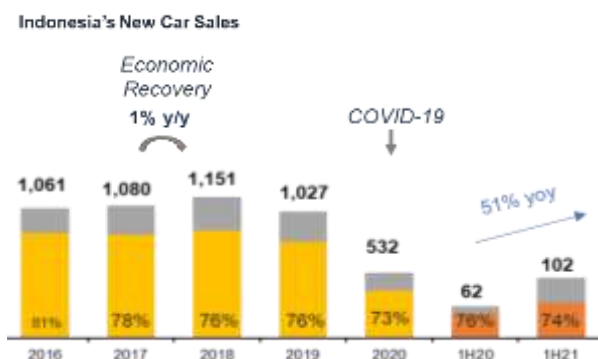
### GDP Growth of Indonesia (sources: Badan Pusat Statistik)



### The development of domestic new motorcycle sales from 2016 to 1H21, as follows:



### The development of domestic new cars sales from 2016 to 1H21, as follows:



In the first Semester of 2021, the domestic economy has improved compared to the first quarter as the economic activities has gradually recovered on the back of the decline in the number of daily Covid-19 cases and the start of vaccine distribution from the beginning of 2021. Indonesia's economy expanded by 7.07% y/y in the second quarter of 2021, rebounding sharply from a marginally revised 0.71% y/y contraction in the previous quarter. While inflation remains at its lowest level of 1.33%.

However, in the mid of June 2021; the Government re-implemented mobility and activity restrictions (PPKM) in Java and Bali due to the increasing number of covid-19 cases. This has become a new challenge for industry and business players entering in the third quarter of 2021.

During 1H21, Bank Indonesia had cut the BI7DRR by 1 time by 25bps to 3.50%. The Deposit Facility rate at 2.75%, and the Lending Facility rate at 4.25%. Meanwhile, several economic indicators exhibiting a positive trend include the retail sales index in March and April 2021 that grew by 9.8% y/y, and Indonesia's manufacturing PMI which rose from 54.6 to 55.3 in May 2021.

The automotive sales industry grew in Semester I/2021 in part supported by the tax (PPnBM) incentive stimulus for new passenger car purchase, economic activity that had improved gradually, and the sales effect of the Ramadan season.

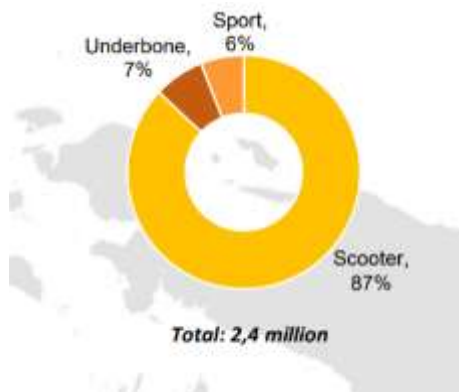
## 2W Indonesia Automotive Sector

Domestic *wholesales* new motorcycle sales increased by 30% y/y to 2.4 million units in the first Semester of 2021, meanwhile retail sales also increased by 22.5% y/y. Overall, new motorcycle sales by type were dominated by the scooter segment standing at 87% of the total new domestic motorcycles sales, followed by the underbone and sport motorcycle segments, at 7% and 6% respectively in 1H21.

### New Motorcycle Sales by Type

As of June 2021

#### % Total Sales

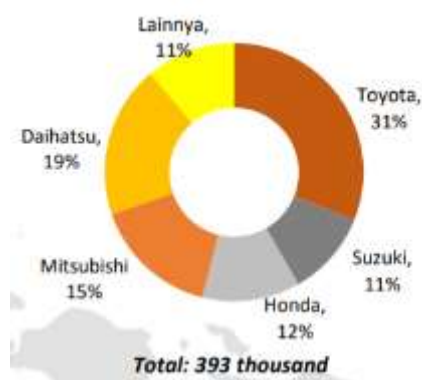


Source: Aisi, domestic wholesales (excluding export)

### New Car Sales by Brand

As of June 2021

#### % Total Sales



Source: Gaikindo, domestic wholesales (excluding export)

AISI projected that the sales of new motorcycle would grow to the range of 4.3 million to 4.6 million, given the estimated economic recovery in 2021 as the vaccines has started to be distributed in beginning of year 2021 and also some improvement of the economic activity.

### 4W Indonesia Automotive Sector

In the first half of 2021, the new domestic cars wholesale were recorded at 393 thousand unit, increased significantly by 51% y/y compared to the same period last year. This increase was supported by improving sales in the Automotive Industry in line with the PPnBM incentive program. The 100% PPnBM incentive will end in August 2021 and in September to December 2021 the incentive will decline to 25%. The effects of the Ramadan period and improvement of consumer's purchasing power also affected the sales in the automotive industry. Meanwhile the new retail car sales industry had increased by 33% y/y to 388 thousand units throughout 1H21.

Toyota still dominated the market with the contribution of 31% from total industry of new cars sales, followed by Daihatsu, Mitsubishi, and Honda that contributed by 19%, 16%, and 12% respectively.

Meanwhile, the passenger segment had increased by 46% y/y to 291 thousand units, while commercial segment increased by 66% y/y to 102 thousand units. The passenger segment and commercial segments composition was at 74% to 26%, respectively, of the total industry new cars sales.

Gaikindo projected the new car sales in 2021 would reach around 750 thousand unit, taking into account the improving economic activities and PPnBM incentive program that can help foster the sales of the automotive industry.

## New Financing

In line with increasing sales in the automotive industry, ADMF's booked new financing amounting to Rp11.8 trillion or increased by 17.3% y/y in 1H21. Nearly all financing segments products exhibited growth, which mainly contributed by the new car financing segment of 30.1% y/y, followed by the used car and new motorcycle segments of 23.4% y/y and 13.3% y/y, respectively.

Overall, ADMF had distributed motorcycle financing amounting to Rp 5.2 trillion, consisting of Rp 4.4 trillion new motorcycle financing and Rp 883 billion of used motorcycles financing with a composition of 37% and 7%, respectively. Honda still contributed the most with the composition of 63%. Meanwhile, Yamaha's contribution was 30%, followed by Kawasaki that contributed by 3%.

Meanwhile, our car financing disbursement amounted to Rp4.5 trillion, consisting of new car financing of Rp 2.8 trillion and Rp 1.7 trillion for used car financing. In 1H21, the commercial cars segment increased by 37% y/y to Rp 1.8 trillion, while passenger cars grew by 22% y/y to Rp 2.7 trillion.

In term of unit booking, ADMF recorded new motorcycle reaching 217 thousand unit, meanwhile new cars recorded 15 thousand unit in 1H2021.

Our market shares in car and motorcycle segments was at 3.9% and 8.9%, respectively in 1H21.

## Balance Sheet

The Company's total managed receivables as of June 2021 were recorded at Rp41.2 trillion, where joint financing represented 43% of managed receivable. Overall, the ADMF's managed receivables had decreased by around 18% y/y mainly driven by on the back of higher rundown portfolio than the growth of new financing.

The Company's total assets declined by 20% y/y to Rp25.5 trillion in 1H21. The decline was dominated by the decrease in total financing receivables by 17% y/y to Rp21.9 trillion.

As of 1H21, our total liabilities declined by 28% y/y to Rp17.5 trillion due to the decrease in bank borrowings and bonds by 43% y/y and 23% y/y, respectively due to

lower funding requirement needs. Meanwhile, our total shareholder's equity increased by 6% y/y to Rp 8.0 trillion driven by an increase in retained earnings by 6% y/y to Rp8.0 trillion in 1H21.

In 1H21, the Company's NPL has started to improve to 2.8% compared to 3.1% the previous year in line with the improvement of the economic condition in 1H21.

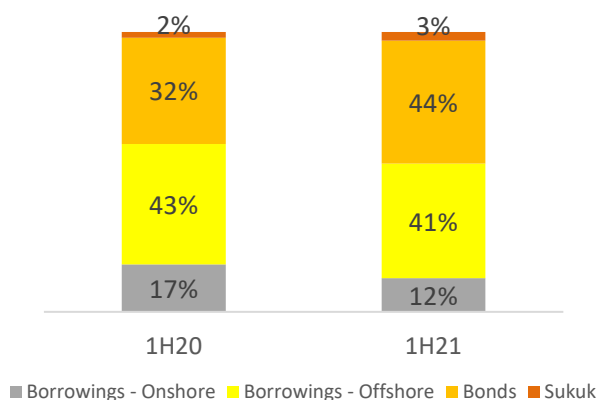
## Funding

The Company has continued to diversify its funding sources through the support from joint financing with its parent company, Bank Danamon and obtaining external borrowings consisting of bank loans and bonds.

The Company's total external borrowings as of June 2021 were recorded at IDR 13.3 trillion, down by 35.4% y/y. Thus, the Gearing Ratio dropped from 2.7x to 1.7x. The composition of our external borrowings consisting of 53% bank loans, both onshore and offshore and 47% from bonds and sukuk. Amid the Covid-19 pandemic, the Company had successfully issued PUB V Bonds Phase II and Sukuk Mudharabah IV Phase II 2021 amounting to Rp 1.5 trillion, with a 4.8x oversubscription.

In addition, we managed to sustain our domestic credit ratings and international credit ratings; idAAA, BBB and Baa2/Stable (equivalent to the sovereign rating of the Republic of Indonesia) from PEFINDO, Fitch Ratings and Moody's. This rating strengthens the Company's ability to access more competitive funding sources both domestically and abroad

Funding Activity (Composition) 1H20 & 1H21



## Income Statement

Financially, the Company posted interest income amounted to Rp4.4 trillion or decreased by 25% y/y compared to the same period last year, mainly due to the decline in managed receivables stemming from the decrease in financing receivables. Meanwhile, interest expense decreased by 27.6% y/y to Rp1.7 trillion in line with the decline of total borrowings and lower cost of funds. As a result, net interest income was recorded at Rp2.7 trillion, down by 23.3% y/y and net interest margin was recorded at 12.3%. The Company's operating expenses decreased slightly by 1.1% y/y to Rp1.8 trillion, while the cost of credit declined by 15.7% y/y to Rp819 billion. Thus, the Company's net profit after tax was recorded at Rp 473.5 billion or decreased by 20.7% y/y.

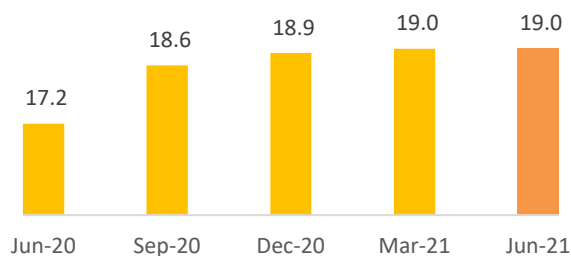
In terms of profitability, the Company's Return on Assets (ROA) and Return on Equity (ROE) were recorded at 3.3% and 12.1% in 1H21, respectively.

## Strategic Initiatives

During the implementation of PPKM since early July 2021, the Company have focused more on segmented and selective disbursement of new financing. In addition, the Company will also balance between new financing growth and maintaining asset quality during this challenging operating environment to sustain the performance of the Company.

To strengthen the business, the company also provides various attractive marketing programs such as "Sahabat Flash Deal" and Adira Expo to boost the company's new financing. Meanwhile, The Company's also has consistently continued to innovate in developing digitalization through its online platforms such as momobil.id, momotor.id, and dicicilaja.com as well as the Adiraku mobile platform to reach its online customers.

**Total Restructured Loan**  
(In Rp Trillion)



## Restructuring Program

The Company has continued to offer restructuring to customers affected by Covid-19. As of June 2021, the number of customers whose loans have been restructured is 831 thousand contracts or around Rp 19 trillion, representing around 36% of receivables managed as of February 2020. Currently, more than 85% of restructured customer loans have started paying their instalment obligations.

## Corporate Updates 2020, & 2021

### ■ Domestic Rating From Pefindo

In January 2021, Adira Finance's credit rating of idAAA (stable) was reaffirmed by the domestic rating agency, Pefindo, amid unfavorable economic conditions. This rating strengthens the Company's ability to access more competitive sources of funding.

### ■ International Ratings from Moody's and Fitch.

We have sustained our international ratings of "BBB" and "Baa2" (investment grade for both ratings) from Fitch and Moody's International Agency, which are equivalent to Indonesia's sovereign rating. The ratings reflected our solid market presence, and strong support from our direct shareholder of Bank Danamon Indonesia as well as MUFG Group of Japan.

### ■ The Company Issue Bonds and Sukuk in 2021

In July 2021, the Company had successfully issued PUB V Bonds Phase II and Sukuk Mudharabah IV Phase II 2021 amounting to Rp 1.5 trillion, with a 4.8x oversubscription. The new bonds issuance in 2021 with the followings details:

Issuance	Bonds	Series	Principal (Rp bn)	Coupon Rate/ Sharing Revenue Ratio	Tenor
Jul 2021	Continuous Bonds V Phase II	A	559	4.25%	370 days
		B	741	5.50%	36 month
	<b>Total</b>		<b>1.300</b>		
Jul 2021	Continuous Sukuk Mudharabah IV Phase II	A	134	35.42% (Equivalent to 4.25%)	370 days
		B	66	45.83% (Equivalent to 5.50%)	36 month
	<b>Total</b>		<b>200</b>		

The Company still has a remaining for Conventional Bonds V of Rp 6.4 trillion and Sukuk Mudharabah of Rp 600 billion.



## Financial Highlights

<i>In Billion Rupiah</i>	1H20	1H21	ΔY-o-Y	9M20	FY20	1H21
<b>Statements Of Financial Position</b>						
<b>Assets</b>						
Cash and cash equivalents	3.548	1.882	-47%	6.202	4.227	1.882
Financing receivables-net of allowance of impairment	26.345	21.859	-17%	23.861	22.852	21.859
Fixed assets-net of accumulated depreciation	267	227	-15%	257	245	227
Intangible assets-net	211	189	-10%	200	187	189
Others	1.590	1.337	-16%	1.678	1.720	1.337
<b>Total Assets</b>	<b>31.960</b>	<b>25.494</b>	<b>-20%</b>	<b>32.199</b>	<b>29.231</b>	<b>25.494</b>
<b>Liabilities</b>						
Borrowings	12.367	6.987	-43%	11.607	9.140	6.987
Debt securities issued-net	8.222	6.320	-23%	8.871	7.626	6.320
Others	3.850	4.209	9%	4.059	4.539	4.209
<b>Total liabilities</b>	<b>24.439</b>	<b>17.516</b>	<b>-28%</b>	<b>24.537</b>	<b>21.305</b>	<b>17.516</b>
<b>Total equity</b>	<b>7.521</b>	<b>7.978</b>	<b>6%</b>	<b>7.662</b>	<b>7.925</b>	<b>7.978</b>
<b>Total liabilities and equity</b>	<b>31.960</b>	<b>25.494</b>	<b>-20%</b>	<b>32.199</b>	<b>29.231</b>	<b>25.494</b>

<i>In Billion Rupiah</i>	1H20	1H21	ΔY-o-Y	3Q20	4Q20	1Q21
<b>Income Statement-Stand Alone</b>						
Interest income	5.839	4.382	-25,0%	2.624	1.853	2.155
Interest expense	(2.279)	(1.650)	-27,6%	(1.111)	(938)	(848)
<b>Net interest income</b>	<b>3.560</b>	<b>2.732</b>	<b>-23,3%</b>	<b>1.513</b>	<b>915</b>	<b>1.307</b>
Fee income	378	514	36,0%	104	492	277
<b>Operating income</b>	<b>3.938</b>	<b>3.246</b>	<b>-17,6%</b>	<b>1.617</b>	<b>1.406</b>	<b>1.584</b>
Operating expense	(1.823)	(1.803)	-1,1%	(829)	(836)	(879)
<b>Net operating income</b>	<b>2.115</b>	<b>1.443</b>	<b>-31,8%</b>	<b>788</b>	<b>571</b>	<b>706</b>
Cost of credit	(972)	(819)	-15,7%	(397)	(603)	(425)
Other income/(expense)	(315)	(2)	-99%	(87)	377	(1)
<b>Income before income tax</b>	<b>827</b>	<b>621</b>	<b>-24,9%</b>	<b>304</b>	<b>345</b>	<b>280</b>
<b>Net income for the period</b>	<b>597</b>	<b>473,5</b>	<b>-20,7%</b>	<b>217</b>	<b>211</b>	<b>211</b>
<b>DuPont – Stand Alone</b>						
Net Yield	22%	20%	-2,4%	20%	15%	18%
Cost of Fund	-9%	-7%	1,2%	-9%	-7%	-7%
<b>Net Interest Margin</b>	<b>13,5%</b>	<b>12,3%</b>	<b>-1,2%</b>	<b>11,7%</b>	<b>7,3%</b>	<b>11,1%</b>
Fee income	1%	2%	0,9%	1%	4%	2%
<b>Operating income</b>	<b>15%</b>	<b>15%</b>	<b>-0,3%</b>	<b>13%</b>	<b>11%</b>	<b>13%</b>
Operating expense	-7%	-8%	-1,2%	-6%	-7%	-7%
<b>Net operating income</b>	<b>8%</b>	<b>6%</b>	<b>-1,5%</b>	<b>6%</b>	<b>5%</b>	<b>6%</b>
Cost of credit	-3,7%	-3,7%	0,0%	-3,1%	-4,8%	-3,6%
Other income/(expense)	-1%	0%	1,2%	-1%	3%	0%
<b>ROAA-Before Tax</b>	<b>3%</b>	<b>3%</b>	<b>-0,3%</b>	<b>2%</b>	<b>3%</b>	<b>2%</b>
<b>ROAA-After Tax</b>	<b>2%</b>	<b>2%</b>	<b>-0,1%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>

## Financial Highlights

<i>KEY RATIOS (Stand Alone)</i>	1H20	1H21	ΔY-o-Y	3Q20	FY20	1Q21
Return to average total assets	3,5%	3,3%	-0,3%	2,6%	3,1%	2,8%
Return to average equity	16,0%	12,1%	-3,9%	11,4%	13,3%	10,9%
Net income to total income	11,4%	11,4%	-0,1%	9,3%	10,9%	10,3%
Cost to income	46,3%	55,5%	9,3%	51,3%	50,1%	55,4%
<b>Leverage and Liquidity (X)</b>						
Total assets to total liabilities	1,3	1,2	(0,1)	1,3	1,4	1,2
Total equity to total liabilities	0,3	0,4	0,1	0,3	0,4	0,4
Gearing ratio (running equity)	2,7	1,7	(1,1)	2,7	2,1	1,6

<i>New Financing</i>	2Q20	2Q21	ΔY-o-Y	3Q20	FY20	1Q21
<b><i>In Thousand Units</i></b>						
Motorcycle	36	153	324%	75	474	135
Car	5	17	246%	10	49	15
Durables	27	74	171%	50	268	74
<b>Total Financed Unit</b>	<b>68</b>	<b>244</b>	<b>257%</b>	<b>135</b>	<b>790</b>	<b>223</b>
<b><i>In Billion Rupiah</i></b>						
Motorcycle	621	2.816	354%	1.323	8.494	2.424
Car	736	2.544	246%	1.294	6.883	1.986
Durables	321	1.044	225%	582	3.244	997
<b>Total Financed Amount</b>	<b>1.678</b>	<b>6.404</b>	<b>282%</b>	<b>3.199</b>	<b>18.622</b>	<b>5.407</b>

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