

Shareholding Composition

Dec-17

Bank Danamon Indonesia	92.1%
Public (≤ 5%)	7.9%

Credit Ratings (PEFINDO)

Rating/Outlook

Corporate	idAAA/Stable
Bonds	idAAA
Mudharabah Bonds	idAAA(sy)

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Highlights

FY17 Results

- At the end of 2017, Adira Finance underwrote new disbursement of Rp32.7 trillion, a 6% rise y-o-y as compared to Rp30.9 trillion in FY16. The main contributor to our financing was motorcycle financing amounted Rp18.1 trillion or 55%, car financing reached Rp13.8 trillion and contributed 43%, and non-automotive financing stood at Rp834 billion that provided 3% contribution.
- Market share for new motorcycle stood at 11.3%, whereby new car at 4.4% for 2017. We continued to strengthen our presence in new car financing while maintaining the market share of new motorcycle while the motor vehicle markets in Indonesia is still under pressure.
- Managed receivables stood at Rp45.2 trillion at the end of 2017. The composition between self-financing and joint-financing portion is 40%:60%.
- Self-funding, which consists of bank borrowings and bonds issued amounted to Rp21.0 trillion, went up 4% to meet the needs of financing activities.
- Net income (after tax) reached at Rp1.4 trillion, rose 40% from Rp1.0 trillion in 2016. As such, return on reported assets stood at 5.0% in FY17.
- Equity stood at Rp5.7 trillion as of 31 December 2017, rose by 15% from last year. This brought the return on equity to reach 26.5% in FY17.

Rp billion; %	FY16	FY17	Δ%	1Q17	2Q17	3Q17	4Q17
Total New Financing	30,885	32,744	6%	7,273	8,406	8,099	8,966
Total Managed Assets ¹	44,448	45,232	2%	43,769	44,550	44,382	45,232
Financing Receivables ²	26,557	27,485	3%	26,308	27,158	27,111	27,485
Total Asset	27,643	29,493	7%	27,832	28,447	28,256	29,493
Total Borrowings	20,243	21,006	4%	20,518	20,999	20,518	21,006
Total Equity	4,977	5,745	15%	5,269	5,078	5,488	5,745
Net Profit after Tax	1,009	1,409	40%	328	354	410	317
ROAA ³	3.7%	5.0%	1.3%	4.8%	5.1%	5.8%	4.4%
ROAE	21.6%	26.5%	5.0%	27.1%	28.7%	31.7%	23.7%
NPL ⁴	1.5%	1.6%	0.1%	1.5%	1.9%	1.9%	1.6%

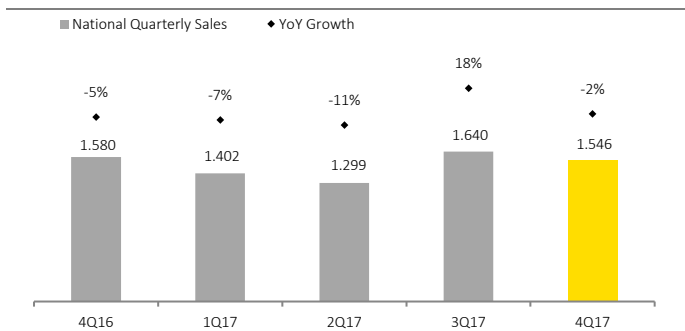
Note:

- Including transaction costs of Rp411 billion and Rp1,138 billion in December 2017 and 2016, respectively;
- Financing receivables from Adira Finance's self-funding before provision for losses;
- As percentage of Reported Assets;
- Including Joint-Financing Portion.

Focus Charts

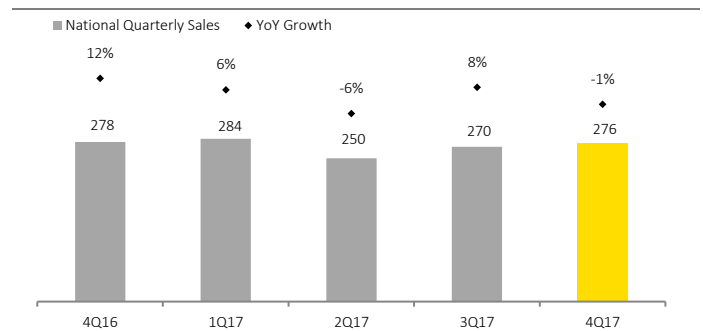
Domestic New Motorcycle Sales

Thousand Units and %



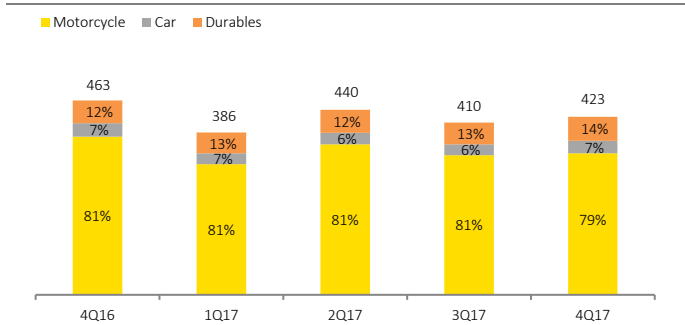
Domestic New Car Sales

Thousand Units and %



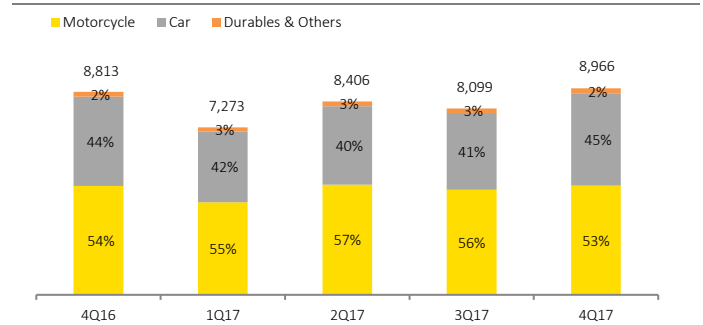
New Financing

Thousand Units



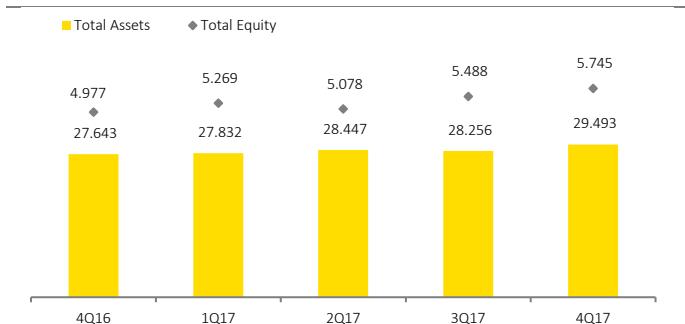
New Financing

Rp billion



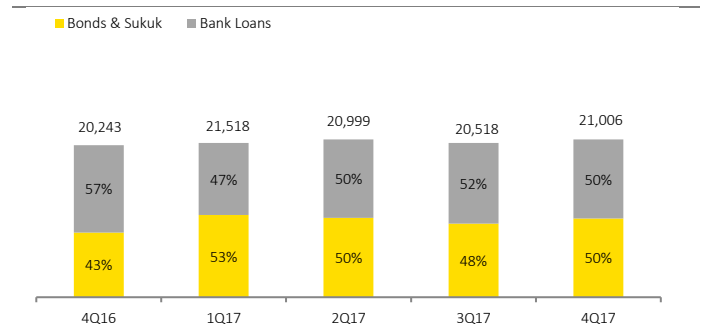
Total Assets & Total Equity

Rp billion



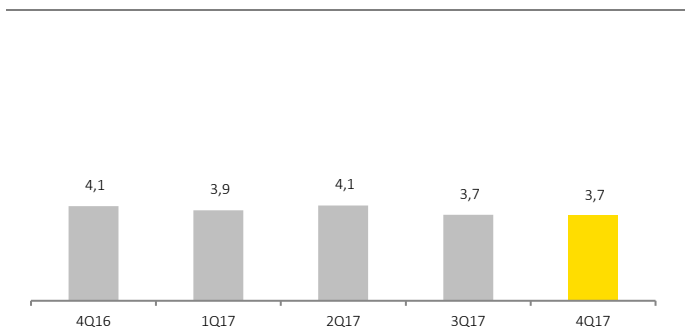
Total Borrowings

Rp billion



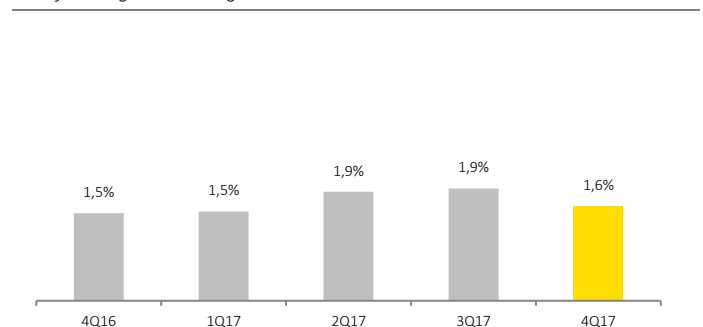
Gearing Ratio

Times



Consolidated Non-Performing Loan

% of Managed Financing Receivables

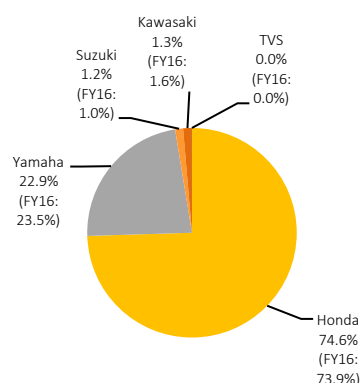


Note: Industry data sources from Indonesian Motorcycles Industry Association (AISI) and Association of Indonesian Automotive Industries (Gaikindo).

Indonesian Automotive Sector Update

New Motorcycle Sales by Brand

FY2017



Indonesia's economic growth hit 5.07% for full year 2017. This was the highest growth since 2013, with the growth in 4Q17 reaching 5.19% which was commendable. Although household consumption remained low, nevertheless it was off-set by the investment performance. Additionally, the other macroeconomic indicators were at encouraging level: inflation below 4% since 2015 and rupiah exchange rate remained stable. The central bank lower 7-day reverse repo rate by 50 bps in 2017 to 4.25%. Albeit it has not been successful to expand the credit growth, it has helped to provide a favourable cost of funds environment in Indonesia.

With the lower than expected household consumption, the motor vehicle sales in 2017 remained flattish. The domestic new motorcycle sales were slightly contracted by 1%; hence ended at 5.89 million units at the end of 2017 when compared to 5.93 million units in 2016.

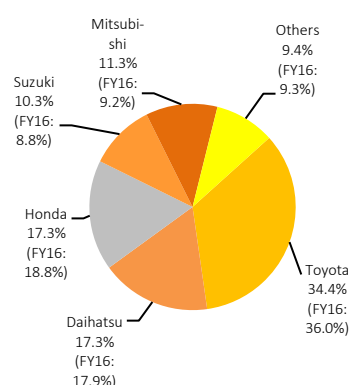
Honda sold 4.4 million units nationwide, an unchanged level as in 2016. With that, Honda's market share went up from 73.9% in 2016 to 74.5% in 2017. Yamaha's domestic sales were slightly down by 3% to 1.35 million units, ended with 22.9% market share. Kawasaki was in the 3rd place for the national market share at 1.3% level, although wholesales contracted significantly by 19% y-o-y to 79 thousand units. However, Suzuki could slowly gain its share back, from 1.0% in 2016 to 1.2% in 2017. The brand recorded the strongest growth when compared to all the other AISI's manufacturers with 27% y-o-y increase, bringing Suzuki to accumulate 72 thousand units of sales in 2017.

Based on the motorcycle types, automatic scooters were sold for 4.8 million units, which was already 82.4% of the Indonesian domestic market. Following behind was the sport motorcycle with 9.2% market share, which has shrunk for the past few years consecutively. Underbone motorcycle was in a similar situation and ended with 8.4% market share.

The domestic motorcycle wholesales has been contracted for the last 3 years, yet it showed sign of recovery in 2017 with an almost flat result. Although sales growth might not happen like the 1990's and 2000's, at the time when sales could easily grow double digits, nevertheless, motorcycle will always be important in the Indonesians daily life as it provides higher mobility. Manufacturers estimated a moderate growth in 2018 of around 3-5% increase.

New Car Sales by Brand

FY2017



In FY17, domestic new car wholesales volume closed at 1.08 million units; which was a slight increase of 1.7% from 2016. There was a shift in the contributor for sales growth. Since 2014, commercial segment experienced contraction mainly because of softened commodity prices. The contraction in the segment sales continued on for the next 3 years and only recovered in 2017, driven by trucks sales. The manufacturer association observed that the sales increase of 17% was backed by the mining and infrastructure sectors. On the other hand, the passenger segment that has enjoyed strong sales growth for many years was curbed by 2% in 2017.

The competition between car manufacturers is becoming more intense as well, particularly in the passenger segments as evidenced by many new variant and facelift releases. Nevertheless, Toyota sustained its market leadership with 34.4% share, while Honda and Daihatsu were at par with 17.3% market share.

While these 3 brands lost some shares, Mitsubishi and Suzuki grew stronger with 11.3% and 10.3% market share, respectively. While Suzuki was supported by Ertiga, Carry PU and Ignis, Mitsubishi gained larger shares with its light commercial vehicles like Triton, Colt L300 and Colt T120SS and the newcomer, Expander.

Currently, Indonesia contributed for almost a third of ASEAN countries car sales, which total up to 3.3 million units, yet car ownership remains below 10%. Such prospect has attracted manufacturers to compete in the market as the growth potential remained strong with many room to grow in regions that is less congested outside Java island. The manufacturer association expected mild growth to 1.1 million units in 2018 amid many uncertainties, both globally and domestically.

New Financing

In 2017, Adira Finance disbursed new financing for almost 1.7 million new contracts, with total amount of Rp32.7 trillion from Rp30.9 trillion in the previous year and grew by 6% year-on-year (y-o-y). All of the financing portfolios recorded growth.

Adira Finance disbursed financing for 665 thousand units of new motorcycle, and 48 thousand units of new cars. This gave a market share of 11.3% and 4.4% of the domestic new motorcycle and new car wholesales in 2017. The remaining contracts was for used vehicle financing (734 thousand units), as well as durables and others (213 thousand units).

Motorcycle financing grew at 5% y-o-y, reached Rp18.1 trillion for FY17. New motorcycle disbursement reached Rp11.7 trillion, contributed 65% of the total motorcycle financing, and the remaining Rp6.4 trillion was used motorcycle. Car financing increased by 6% y-o-y to Rp13.8 trillion. The main driver for car financing was new car portfolio, whereby it grew by 8% to Rp7.9 trillion as Adira Finance has been focusing in growing new car financing in view of the robust growth prospect of the industry in Indonesia. Used car financing amounted to Rp5.9 trillion in FY17, rose by 5% year-on-year. Durables and others recorded a significant growth of 18% y-o-y to Rp834 billion.

Geographical wise, Greater Jakarta contributed around 23% of total financing disbursement, and Java island (excluding Greater Jakarta) contributed 29%. As such, 52% of the new financing was disbursed to Java island, reflecting the country's economic contribution.

Balance Sheet

At the end of 2017, total managed financing receivables stood at Rp45.2 trillion; with joint-financing portion at 40% or equivalent to Rp18.0 trillion. Hence, stand-alone financing receivables before provision for losses, stood at Rp27.1 trillion. In line with one of the Company's strategy to expand in car financing business, car portfolio grew to Rp22.7 trillion at the end of 3Q17 from around Rp20.0 trillion in 2012. This represents 51% of the entire managed financing receivables. Motorcycle financing contributed 48% or equivalent to Rp21.2 trillion, while durables and others amounted to Rp490 billion at the end of the year.

Reported total assets increased by 5% to Rp28.3 trillion for the period, mainly contributed by growing stand-alone financing receivables, which made up 91% of total assets at Rp25.8 trillion. Stand-alone financing receivables went up by 2% year-on-year as the Company's financing disbursement grew stronger in 2017.

At the end of 2017, Adira Finance's external funding amounted to Rp21.0 trillion, rose 4% from 2016 at Rp20.2 trillion. 50% of the Company's external funding was bank borrowings, of which foreign currency loans amounted to almost half of the borrowings. Adira Finance implemented a policy to fully-hedged its borrowings in foreign currency with floating rates. Another half of the external funding was from domestic capital market through bonds and sukuk mudharabah issuance, which in total amounted to Rp10.5 trillion.

Reported equity for the year stood at Rp5.7 trillion, rose by 15% from last year at Rp5.0 trillion, driven by the strong growth in net income, which rose by 40%. As such, at the end of 2017, the gearing ratio stood at 3.4 times, much lower than the regulated limit of 10 times.

Income Statement

In 2017, interest income rose by 6% to Rp9.7 trillion, with driver growth mainly contributed by changes in the portfolio mix, whereby used vehicles recorded stronger growth compared to the new vehicles. Currently, used vehicles portfolio comprised 32% of the managed financing receivables of Adira Finance.

The favorable cost of funds environment, together with the sources of funds diversification, enabled savings of 11% for the total interest expenses ended Rp4.1 trillion. As such, net interest income grew by 23% to Rp5.6 trillion in FY17, leading net interest margin to rise to 12.9%.

Operating expenses rose 7% to Rp3.0 trillion, mainly came from increase in manpower cost of 9% to Rp1.9 trillion due to minimum wages increase and annual salary adjustment which take place every year. While stand alone cost of credit rose slightly by 2% to Rp1.47 trillion due to higher new disbursement in this year. As such, net income recorded growth of 40% to Rp1.4 trillion.

With this result, ROAA (as percentage of average total assets) in FY17 increased to 5.0% from 3.7% in FY16 and ROAE (as percentage of average equity) increased to 26.5% in FY17 from 21.6% a year earlier.

Corporate Updates

Issuance of Bonds and Mudharabah Bonds

In December 2017, the Company issued Adira Finance Continuing Bonds VI Phase I and Continuing Mudharabah Bonds III Phase I, with total amount of Rp1.5 trillion. This is a part of the public offering consisting of Continuing Bonds VI amounted Rp9 trillion and Continuing Mudharabah Bonds III amounted Rp1 trillion. The details of the phase I issuance is as follows:

Description	Serials	Nominal Value	Coupon Rate p.a./Sharing Revenue Ratio	Maturity Date
Adira Finance Continuing Bonds VI Phase I	A	Rp316 bn	6.15%	22 December 2018
	B	Rp893 bn	7.45%	12 December 2020
	C	Rp91 bn	7.55%	12 December 2022
Total		Rp1,300 bn		
Adira Finance Continuing Mudharabah Bonds III Phase I	A	Rp90 bn	51.25% (equivalent to 6.15%)	22 December 2018
	B	Rp55 bn	62.08% (equivalent to 7.45%)	12 December 2020
	C	Rp55 bn	62.92% (equivalent to 7.55%)	12 December 2022
Total		Rp200 bn		

Financial Highlights

<i>In Billion Rupiah</i>	Dec-16	Dec-17	Δ%	Mar-17	Jun-17	Sep-17	Dec-17
STATEMENTS OF FINANCIAL POSITION							
Assets							
Cash and cash equivalents	941	2,222	136%	1,563	1,240	1,176	2,222
Financing receivables - net of allowance for impairment	25,321	25,899	2%	25,048	25,853	25,792	25,899
Fixed assets - net of accumulated depreciation	225	208	-7%	221	217	208	208
Intangible assets - net	80	106	32%	82	93	96	106
Others	1,076	1,058	-2%	919	1,044	984	1,058
Total assets	27,643	29,493	7%	27,832	28,447	28,256	29,493
Liabilities							
Borrowings	11,620	10,544	-9%	9,572	10,413	10,701	10,544
Bonds payables - net & mudharabah bonds	8,623	10,462	21%	10,946	10,586	9,817	10,462
Others	2,423	2,741	13%	2,045	2,369	2,250	2,741
Total liabilities	22,666	23,748	5%	22,562	23,369	22,768	23,748
Equity	4,977	5,745	15%	5,269	5,078	5,488	5,745
Total liabilities and equity	27,643	29,493	7%	27,832	28,447	28,256	29,493

<i>In Billion Rupiah</i>	FY16	FY17	Δ%	1Q17	2Q17	3Q17	4Q17
INCOME STATEMENT							
Interest income	9,136	9,667	6%	2,335	2,373	2,453	2,505
Interest expense	(4,595)	(4,088)	-11%	(1,064)	(1,019)	(1,006)	(999)
Net interest income	4,541	5,579	23%	1,271	1,354	1,447	1,506
Fee income	1,360	1,088	-20%	247	284	311	246
Operating income	5,901	6,667	13%	1,518	1,638	1,758	1,752
Operating expense	(2,792)	(2,999)	7%	(735)	(753)	(754)	(756)
Net operating expense	3,109	3,668	18%	783	885	1,004	996
Cost of credit	(1,448)	(1,475)	2%	(317)	(335)	(394)	(429)
Other income/(expense)	57	(71)	-223%	16	(20)	6	(73)
Income before income tax	1,718	2,122	24%	482	530	616	494
Net income for the period	1,009	1,409	40%	328	355	410	317

Note: Several accounts have been reclassified to follow the presentation in the financial statements as of 31 December 2017.

Financial Highlights

KEY RATIOS	FY16	9M17	Δ%	1Q17	2Q17	3Q17	4Q17
Profitability and Efficiency (%)							
Return to average total assets	3.7%	5.0%	1.3%	4.8%	5.1%	5.8%	4.4%
Return to average equity	21.6%	26.5%	5.0%	27.1%	28.7%	31.7%	23.7%
Net income to total income	12.0%	15.4%	3.4%	15.2%	16.0%	17.4%	13.2%
Cost to income	47.3%	45.0%	-2.4%	48.4%	47.2%	42.9%	43.1%
Leverage and Liquidity (X)							
Total assets to total liabilities	1.2	1.2	0.0	1.2	1.2	1.2	1.2
Total equity to total liabilities	0.2	0.2	0.0	0.2	0.2	0.2	0.2
Gearing ratio	4.1	3.7	-0.4	3.9	4.1	3.7	3.7
Assets Quality (%)							
Non-performing loan to managed receivables ¹	1.5%	1.6%	0.1%	1.5%	1.9%	1.9%	1.6%

NEW FINANCING	FY16	FY17	Δ%	1Q17	2Q17	3Q17	4Q17
In Thousand Units							
Motorcycle	1,410	1,338	-5%	311	358	332	337
Car	109	109	-1%	26	27	26	30
Durables	183	213	16%	50	55	51	57
Total Financed Unit	1,703	1,659	-3%	386	440	410	423
In Billion Rupiah							
Motorcycle	17,196	18,106	5%	4,027	4,781	4,558	4,740
Car	12,985	13,804	6%	3,060	3,406	3,340	3,998
Durables	705	834	18%	185	219	202	228
Total Financed Amount	30,885	32,744	6%	7,273	8,406	8,099	8,966

Note: Including Joint-Financing Portion.

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