

Maret 2020

## Shareholding Composition

	Dec-19
Bank Danamon Indonesia	92.1%
Public (≤ 5%)	7.9%

## Credit Ratings (PEFINDO)

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

## Credit International Ratings

	Rating/Outlook
Moody's	Baa2
Fitch	BBB

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## Highlights

### FY19 Results

- **ADMF recorded new financing has slightly decreased by 0.9% to Rp 37.86 trillion in FY19** compared FY18 at Rp38.20 trillion. Motorcycle financing grew by 6% y/y to Rp20.18 trillion, while car financing shrunk by 7% y/y to Rp15.70 trillion. The remaining was non-automotive amounted to Rp1.98 trillion.
- **New motorcycle financed amounted to 765 thousand units and new car financed reached 45 thousand units, market shares for new motorcycle and car were 11.8% and 4.4%, respectively at the end of 31 December 2019.**
- **Along with the growth in new disbursement, managed receivables grew by 7% y/y to Rp54.8 trillion.** Most of the managed receivables growth in 2019 was driven by new motorcycle and used car, each by 11% y/y and 12% y/y.
- **Other sources of funding, bank borrowings and bonds issued, amounted to Rp22.9trillion,** increased 4% y/y in supporting the growth in new disbursement.
- **Net income (after tax) in the end of 2019 reached at Rp2.1 trillion,** increased by 16% from Rp 1.8 trillion in 2018. ROAA stood at 6.3% for the 2019.
- **Equity stood at Rp8.1 trillion as of December 31, 2019,** rose by 11% from the same period last year with an increase in net income net-off dividend distribution from FY18 net income. As such, return on equity was 29.2% in 2019.

Rp billion, %	FY18	FY19	ΔY-o-Y	1Q19	2Q19	3Q19	4Q19
Total New Financing	38,205	37,861	-1%	9,456	9,624	8,892	9,889
Total Managed Assets	51,296	54,756	7%	52,581	53,925	53,865	54,756
Financing Receivables <sup>1</sup>	29,315	31,489	7%	30,196	31,161	31,085	31,489
Total Asset	31,496	35,117	11%	33,196	33,680	33,249	35,117
Total Borrowings	21,968	22,886	4%	22,974	23,736	22,853	22,886
Total Equity	7,028	8,079	15%	6,570	6,984	7,431	8,079
Net Profit after Tax	1,815	2,109	16%	462	487	469	690
ROAA <sup>2</sup>	6.0%	6.3%	0.3%	6.0%	6.1%	5.8%	8.3%
ROAE	29.0%	29.2%	0.2%	28.8%	29.6%	27.3%	38.4%
NPL <sup>3</sup>	1.7%	1.6%	-0.1%	1.7%	1.9%	0.0%	0.0%

### Note:

1. Including transaction costs of Rp600 billion and Rp366 billion in FY2019 and FY2018, respectively;

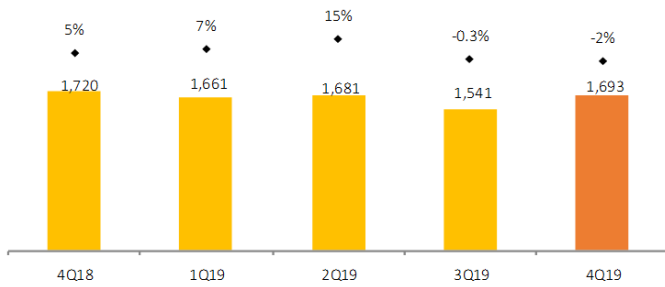
2. Financing receivables from Adira Finance's self-funding before provision for losses;

3. As percentage of Reported Assets.

## Focus Charts

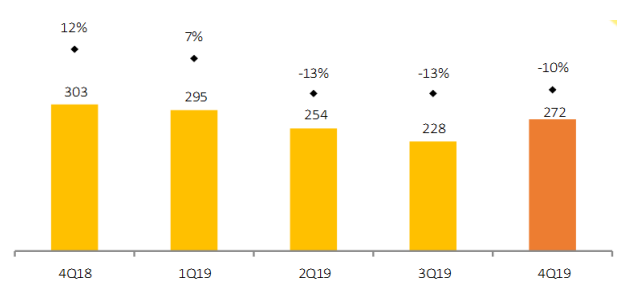
### Domestic New Motorcycle Sales

Thousand units and %



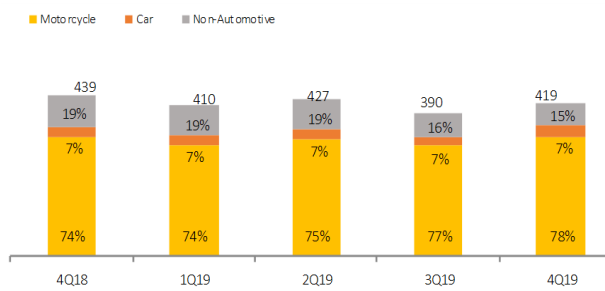
### Domestic New Car Sales

Thousand units and %



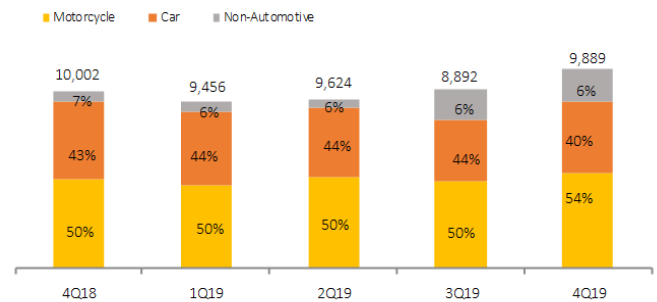
### New Financing

Thousand units and %



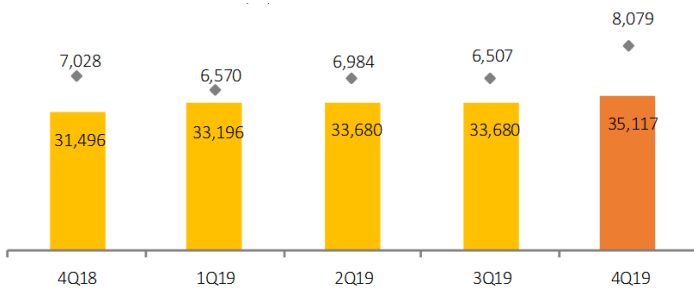
### New Financing

Rp billion and %



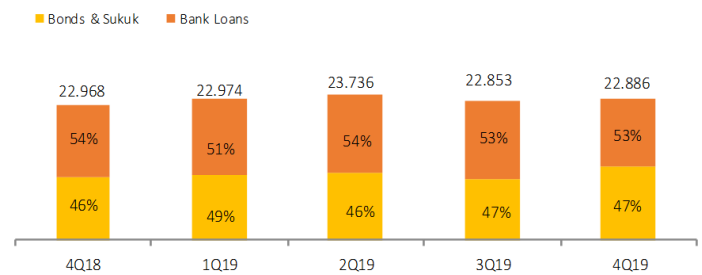
### Total Assets & Total Equity

Rp billion



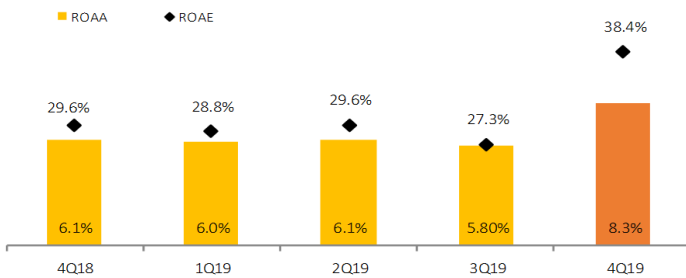
### Total External Borrowings

Rp billion and %



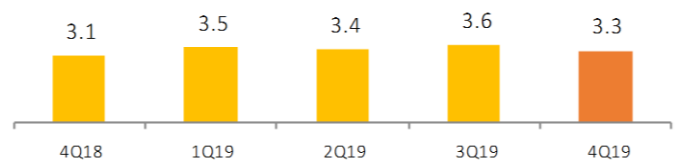
### Returns on Assets and Equity

% of Reported Assets and Equity



### Gearing Ratio

Times

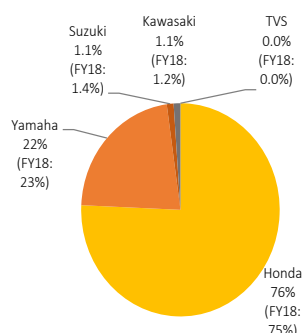


Note: Industry data sources from Indonesian Motorcycles Industry Association (AISI) and Association of Indonesian Automotive Industries (Gaikindo).

## Indonesian Automotive Sector Update

### New Motorcycle Sales by Brand

FY2019



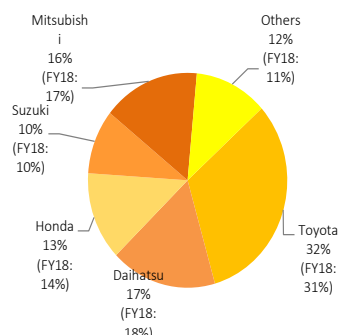
Indonesia's annual economic growth in 2019 eased slightly to 5.02% y/y from 5.17% y/y in 2018. The weakening in economy growth was affected by lower commodity price in palm and coal, a weakening manufacturing industry, and the lower export due to global trade tensions. Consequently, this has affected the multi finance business in Indonesia. In 2019, Central Bank cut BI rate 7-DRR four times from 6% to 5.00%, with the deposit facility rate to 4.25% and lending facility rate to 5.75%.

The growth in motorcycles in 2019 has been sluggish compared to last year's growth. The new 2W wholesales was recorded at 6,487 thousand unit, slightly increased by 1.6% y/y. The weakening national sales growth was attributable to the relatively weak consumption and stagnant economic growth.

Per brand, Honda still dominated the market share by 75.7% with exhibiting growth sales of 3% y/y to 4,911 thousand unit. TVS dominated sales growth by 171%. Yamaha, Suzuki and Kawasaki sales decreased by 2%, 20% and 12% y/y respectively.

### New Car Sales by Brand

FY2019



Overall 4W sales went down by 11% y/y in 2019 compared to 2018 to 1,030 thousand units, due to weak commodity price (CPO and coal) and presidential elections in the mid years 2019. In addition, the global conditions that are still not conducive and the economic downturn in several countries such as Asia, Europe and America also have an indirect impact on the domestic economy. In term of car segment, commercial segment declined by 12% y/y, while passenger segment decreased by 10%, keeping the commercial to passenger cars composition to be at 24% to 76%.

Toyota still occupies the largest market share position of 32.2%, followed by Daihatsu at 17.2% and Mitsubishi at 15.7%. All the brands in 2019 was declined, with the biggest decline occurring in Mitsubishi, followed by Suzuki and Honda at 17%, 15% and 15% respectively.

## New Financing

In 2019, Adira Finance recorded at 1,646 thousand unit, down by 5% compared 2018. The decline occurred mainly due to lower commodity prices (especially in Sumatera and Kalimantan) and slowing domestic economic growth. In term of unit, cars segment experienced decreased by 7% y/y in FY19 compared to the same period last year. However, total motorcycle was slightly up by 1% y/y compared to last year, where new motorcycle segment edged up by 1% y/y to 765 thousand units and used motorcycle segment was flat (0%) at 482 thousand units.

In terms of Rupiah amount, Adira Finance booked new financing that slightly decreased by 1% to Rp 37,861 billion in 2019 compared to the previous year. Cars segment decreased by 7% y/y to Rp 15.7 Tn, that was offset by the increased of motorcycle segment by 6% y/y to Rp 20.2 Tn and non-automotive segment reached to Rp 2.0 trillion.

New motorcycle financing segment in 2019, Honda and Yamaha contributed the most with overall growth of 8% and 5% to Rp 9.27 trillion and Rp 4.78 trillion respectively. In used motorcycle segment, Honda grew the most with overall 12% growth to Rp 2.88 trillion while Yamaha slightly declined by 1% overall to Rp 1.70 trillion. Suzuki went down by 30% to Rp 170 billion.

In the overall car segment, commercial car segment shrunk by 20% to Rp 5.67 trillion while passenger cars grew by 3% to Rp 10.03 trillion. Commercial cars decline correlates with decline in the government infrastructure spending and decreased demand from the mining sector.

To date, Jabodetabekser has been growing by 9% of total new financing disbursement, Java (excluding Jabo) at 3%, BNT at 10% and Sulawesi 9%. Sumatera and Kalimantan's growth decreased at 17% and 18%, respectively due to decreased CPO and coal prices.

## Balance Sheet

Managed receivables grew by 7% to Rp 54.8 trillion, compared to 2018 at Rp 51.3 tn. Most of the managed receivables growth in 2019 was driven by new motorcycles, new car and used car segment, each by 11%, 2% and 12% y/y respectively.

Total assets increased by 1% y/y to Rp 35.1 Tn, mainly driven by growth in financing receivables 7% y/y to Rp 29.9 tn in 2019. Fixed assets increased by 9% y/y and intangible assets grew by 34% y/y. Our liabilities grew by 11% from Rp 24.5 tn to Rp 27.0 tn in 2019. Total debt grew by 4% y/y, while other liabilities grew by 66%. y/y. Meanwhile total equity grew by 15% y/y as growth in total asset outpaced the growth in total liabilities.

Consolidated NPL (before allowance) in 2019 was recorded at 1.6%, decreased 10 bps from last year. Our leverage (gearing ratio) based on running equity went down from 3.1x to 2.8x in 2019, The Company intends to maintain its gearing ratio around 6.0 times as part of the group's capital management initiative. However, this level of leverage is deemed moderate in view of the regulatory stipulated level at 10 times.

In supporting our receivable growth, we have continued to diversify our funding sources to attain optimal and competitive borrowing. As of 31 December 2019, total external borrowing comprised of 52% bank loans (on-shore and off-shore) and 48% of bonds.

## Income Statement

In the end of 31 December 2019, Interest income rose by 10% y/y to Rp 12 tn. Growth drivers are increasing consumer financing by 22% y/y. Interest expense rose by 13% y/y to Rp 4.8 tn mainly driven higher interest rate environment in line with the increased of BI 7-DRR rate throughout 2019. As a result, net interest income grew by 8% y/y to Rp 7.2 tn compared to 2018. In addition, fee income increased by 34% y/y. Subsequently, operating income grew by 11% y/y to Rp 8.3 tn while operating expense rose by 8 y/y% to Rp 3.7 tn. Consequently, net operating income rose to Rp 4.6 tn, growing by 14% compared to 2018. Cost of credit went up by 12% y/y to Rp 1.7 tn. As a result, our net income grew by 16% y/y to Rp2.1 trillion.

In terms of profitability, ROE edged up to 29.2% compared to 29.0% at 2018 and ROA slightly increased by 30bps to 6.3% compared to 2018. Our leverage (gearing ratio) based on running equity went down from 3.1x to 2.8x in 2019

## Corporate Updates 2019

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

In early year 2019, we obtained international ratings of “BBB” and “Baa2” (investment grade) from Fitch and Moody's International Agency, which are equivalent to Indonesia's sovereign rating. This rating reflects our strong market presence, robust financial performance and strong support from our direct shareholder of Bank Danamon Indonesia as well as MUFG Group of Japan.

### ■ Issuance of Bonds IV Phase IV/2019.

In January 2019, the Company issued Adira Finance Continuing Bonds IV Phase IV with a total amount of Rp 832 billion. This is part of the public offering consisting of Continuing Bonds IV amounted Rp9 trillion and Continuing Mudharabah Bonds III amounted Rp1 trillion. The details of the bonds phase IV and sukuk phase III issuance are as follows:

Description	Serials	Nominal Value (Rp Bn)	Coupon Rate p.a./Sharing Revenue Ratio	Maturity Date
Adira Finance Continuing Bonds IV Phase IV	A	232	8.05%	3-Feb-20
	B	58	9.00%	23-Jan-22
	C	328	9.50%	23-Jan-24
<b>Total</b>		<b>Rp 618 bio</b>		
Continuous Sukuk Mudharabah III Phase III	A	127	8.05%	3-Feb-20
	B	55	9.00%	23-Jan-22
	C	32	9.50%	23-Jan-24
<b>Total</b>		<b>Rp 214 bio</b>		

### ■ Issuance of Bonds IV Phase V/2019.

In April 2019, the Company issued Adira Finance Continuing Bonds IV Phase V with a total amount of Rp 2.0 trillion. This is part of the public offering consisting of Continuing Bonds IV amounted Rp9 trillion and Continuing Mudharabah Bonds III amounted Rp1 trillion. The details of the bonds phase V and sukuk phase IV issuance are as follows:

Description	Serials	Nominal Value (Rp Bn)	Coupon Rate p.a./Sharing Revenue Ratio	Maturity Date
Adira Finance Continuing Bonds IV Phase V	A	1,105	7.75%	26-Apr-20
	B	287	8.60%	16-Apr-22
	C	608	9.15%	16-Apr-24
<b>Total</b>		<b>Rp 2.0 tn</b>		
Continuous Sukuk Mudharabah III Phase IV	A	72	7.75%	26-Apr-20
	B	10	8.60%	16-Apr-22
	C	14	9.15%	16-Apr-24
<b>Total</b>		<b>Rp 96 bio</b>		

■ Issuance of Bonds IV Phase VI/2019.

In early October 2019, we had issued bonds amounting to Rp 1.19 trillion from our Continuous Bonds Program IV Phase VI. Hence, we have **Completed and fully utilized** our Continuous Bonds Program IV. The details of the phase VI issuance is as follows:

Description	Serials	Nominal Value (Rp Bn)	Coupon Rate p.a./Sharing Revenue Ratio	Maturity Date
Adira Finance Continuing Bonds IV Phase VI	A	299	7.50%	14-Oct-20
	B	703	8.00%	04-Oct-22
	C	190	8.50%	04-Oct-24
<b>Total</b>		<b>Rp 1.19 tn</b>		

## Financial Highlights

IN BILLION RUPIAH	FY18	FY19	ΔY-o-Y	1Q19	1H19	9M19	12M19
<b>STATEMENTS OF FINANCIAL POSITION</b>							
<b>Assets</b>							
Cash and cash equivalents	1,689	3,122	85%	1,352	2,165	1,867	3,122
Financing receivables-net of allowance of impairment	27,872	29,915	7%	28,686	29,637	29,536	29,915
Fixed assets-net of accumulated depreciation	245	266	9%	243	240	239	266
Intangible assets-net	120	160	34%	121	129	135	160
Others	1,570	1,653	5%	2,794	1,509	1,473	1,653
<b>Total Assets</b>	<b>31,496</b>	<b>35,117</b>	<b>11%</b>	<b>33,196</b>	<b>33,680</b>	<b>33,249</b>	<b>35,117</b>
<b>Liabilities</b>							
Borrowings	11,778	11,850	1%	12,282	12,637	12,921	11,850
Debt securities issued-net	10,190	11,036	8%	10,692	11,099	9,932	11,036
Others	2,500	4,152	66%	3,652	2,961	2,964	4,152
<b>Total liabilities</b>	<b>24,468</b>	<b>27,038</b>	<b>11%</b>	<b>26,626</b>	<b>26,697</b>	<b>25,818</b>	<b>27,038</b>
<b>Total equity</b>	<b>7,028</b>	<b>8,079</b>	<b>15%</b>	<b>6,570</b>	<b>6,984</b>	<b>7,431</b>	<b>8,079</b>
<b>Total liabilities and equity</b>	<b>31,496</b>	<b>35,117</b>	<b>11%</b>	<b>33,196</b>	<b>33,681</b>	<b>33,249</b>	<b>35,117</b>

IN BILLION RUPIAH	FY18	FY19	ΔY-o-Y	1Q19	2Q19	3Q19	4Q19
<b>INCOME STATEMENT- STAND ALONE</b>							
Interest income	10,867	11,992	10%	2,914	2,973	3,041	3,063
Interest expense	(4,208)	(4,767)	13%	(1,143)	(1,189)	(1,221)	(1,215)
<b>Net interest income</b>	<b>6,659</b>	<b>7,224</b>	<b>8%</b>	<b>1,772</b>	<b>1,784</b>	<b>1,820</b>	<b>1,849</b>
Fee income	793	1,060	34%	176	156	204	524
<b>Operating income</b>	<b>7,452</b>	<b>8,284</b>	<b>11%</b>	<b>1,948</b>	<b>1,939</b>	<b>2,024</b>	<b>2,373</b>
Operating expense	(3,394)	(3,661)	8%	(906)	(882)	(894)	(979)
<b>Net operating income</b>	<b>4,058</b>	<b>4,623</b>	<b>14%</b>	<b>1,042</b>	<b>1,057</b>	<b>1,130</b>	<b>1,393</b>
Cost of credit	(1,556)	(1,738)	12%	(409)	(385)	(486)	(458)
Other income/ (expense)	(18)	(5)	-70%	(2)	(1)	(2)	(1)
<b>Income before income tax</b>	<b>2,485</b>	<b>2,879</b>	<b>16%</b>	<b>632</b>	<b>672</b>	<b>642</b>	<b>934</b>
<b>Net income for the period</b>	<b>1,815</b>	<b>2,109</b>	<b>16%</b>	<b>462</b>	<b>487</b>	<b>469</b>	<b>690</b>



## Financial Highlights

KEY RATIOS (STAND ALONE)	FY18	FY19	ΔY-o-Y	1Q19	2Q19	3Q19	4Q19
Return to average total assets	6.0%	6.3%	0.3%	6.0%	6.1%	5.8%	8.3%
Return to average equity	29.0%	29.2%	0.2%	28.8%	29.6%	27.3%	38.4%
Net income to total income	17.8%	18.6%	0.8%	17.2%	17.9%	16.7%	22.2%
Cost to income	45.5%	44.2%	-1.3%	46.5%	45.5%	44.2%	41.3%
<b>LEVERAGE AND LIQUIDITY (X)</b>							
Total assets to total liabilities	1.3	1.3	0.0	1.2	1.3	1.3	1.3
Total equity to total liabilities	0.3	0.3	0.0	0.2	0.3	0.3	0.3
Gearing ratio (running equity)	3.1	2.8	(0.3)	3.5	3.8	3.6	3.3

NEW FINANCING	FY18	FY19	ΔY-o-Y	1Q19	2Q19	3Q19	4Q19
<b>IN THOUSAND UNITS</b>							
Motorcycle	1,238	1,248	1%	302	319	301	326
Car	122	114	-7%	30	29	26	29
Durables	363	284	-22%	78	79	63	64
<b>Total Financed Unit</b>	<b>1,724</b>	<b>1,646</b>	<b>-5%</b>	<b>410</b>	<b>427</b>	<b>390</b>	<b>419</b>
<b>IN BILLION RUPIAH</b>							
Motorcycle	19,000	20,177	6%	4,720	5,172	4,911	5,374
Car	16,816	15,702	-7%	4,182	3,890	3,541	4,089
Durables	2,389	1,983	-17%	554	561	440	427
<b>Total Financed Amount</b>	<b>38,205</b>	<b>37,861</b>	<b>-1%</b>	<b>9,456</b>	<b>9,624</b>	<b>8,892</b>	<b>9,889</b>

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