

Shareholding Composition

	Mar-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

1H19 Results

- **Financing disbursement rose 4% to Rp 19.08 trillion in 1H19** from Rp18.36 trillion in 1H18. Motorcycle financing grew 9% to Rp 9.89 trillion, while car financing was flat at Rp 8.07 trillion. The remaining was non-automotive amounted to Rp 1.12 trillion.
- With new motorcycle financed amounted to 375 thousand units and new car financed reached 24 thousand units, **market shares for new motorcycle and car were 11.6% and 4.9%, respectively at the end of 1H19.**
- Along with the growth in new disbursement, **managed receivables registered at Rp53.9 trillion as of end of June 2019, an increase of 12% year-on-year.** The composition between external-borrowing and joint financing portion was 58%:42%.
- **External borrowings including offshore and onshore banks borrowings bonds issued, amounted to Rp23.7 trillion, rose 11% year-on-year** in supporting the growth in new disbursement.
- **Net income (after tax) in June 2019 reached at Rp 949 billion, increased by 9% from Rp 874 billion in 1H18.** ROAA stood at 6.0% for the 1H19.
- **Equity stood at Rp 6.98 trillion as of June 30, 2019, rose by 17% 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 28.8% in 1Q19.

Rp billion; %	1H18	1H19	Δ%	2Q18	3Q18	4Q18	1Q19
Total New Financing	18,361	19,080	4%	9,671	9,842	10,002	9,456
Total Managed Assets	48,071	53,925	12%	48,071	49,653	51,296	52,581
Financing Receivables ¹	28,023	31,161	11%	28,023	28,511	29,315	30,196
Total Asset	29,754	33,680	13%	29,754	30,741	31,496	33,196
Total Borrowings	21,324	23,736	11%	21,324	21,661	21,968	22,974
Total Equity	5,980	6,984	17%	5,980	6,451	7,028	6,570
Net Profit after Tax	874	949	9%	431	478	463	462
ROAA ²	6.0%	6.0%	0%	5.9%	6.5%	6.1%	6.0%
ROAE	30.8%	28.8%	-1.9%	30.3%	32.1%	29.6%	28.8%
NPL ³	1.85%	1.91%	0.6%	1.9%	1.8%	1.7%	1.7%

Note:

1. Including transaction costs of Rp499 billion and Rp312 billion in June 2019 and June 2018, respectively;

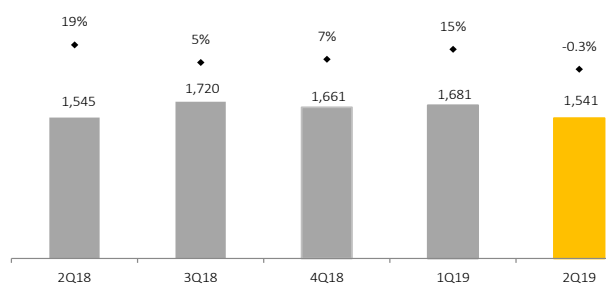
2. Financing receivables from Adira Finance's self-funding before provision for losses;

3. As percentage of Reported Assets.

FOCUS CHARTS

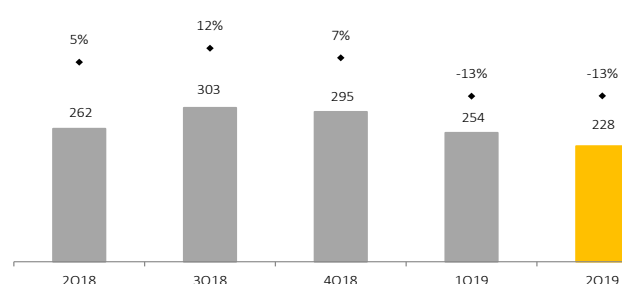
Domestic New Motorcycle Sales

Thousand units and %



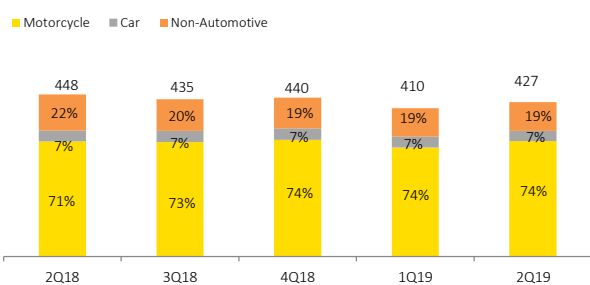
Domestic New Car Sales

Thousand units and %



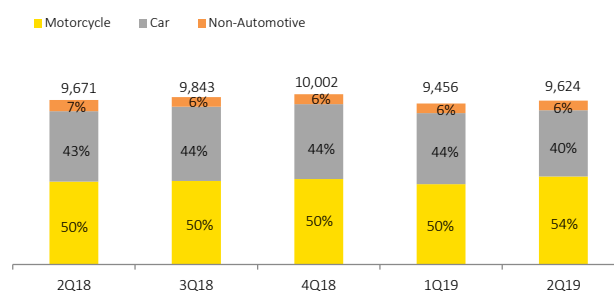
New Financing

Thousand units and %



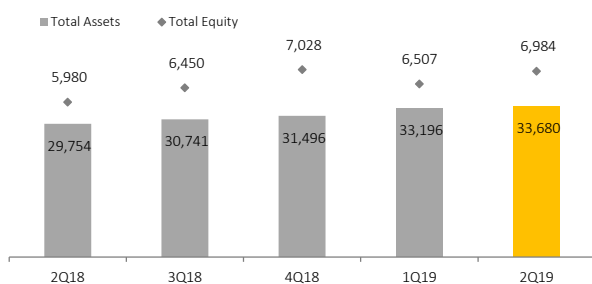
New Financing

Rp billion and %



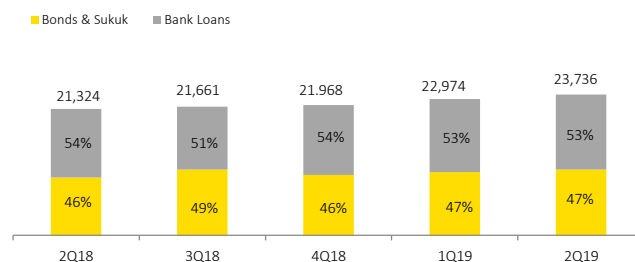
Total Assets & Total Equity

Rp billion



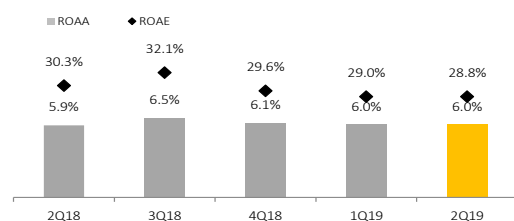
Total External Borrowings

Rp billion and %



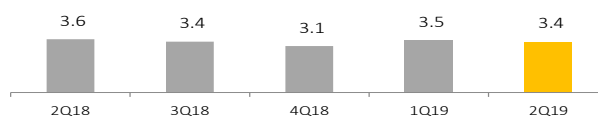
Returns on Assets and Equity

% of Reported Assets and Equity



Gearing Ratio

Times

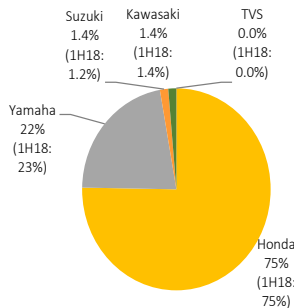


Note: Industry data sources from Indonesian Motorcycles Industry Association (AISI) and Association of Indonesian Automotive Industries (Gaikindo).

Indonesian Automotive Sector Update

New Motorcycle Sales by Brand

1H 2019



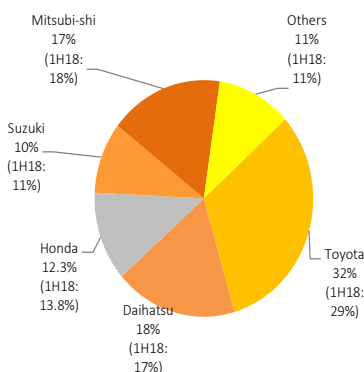
The IMF again reduced the projected global economic growth by 0.1% for 2019 and 2020 to 3.2-3.5 percent in this second quarters that take into account the tariff wars between As-China that is still looming and the no-deal Brexit. Meanwhile, the Ministry of Finance recorded economic growth in the second quarters of this year at 5.05%, lower than the expectation at 5.07%. Bank Indonesia's Board of Governors meeting was concluded on 18 July 2019. The central bank decided to cut BI rate by 25 bps from 6.0% to 5.75% with deposit facility rate to 5.0% and lending facility 6.5%. This similar policy has been carried out by Federal Reserve, which cut the fed rate by 25 bps to 2.25% at the end of July 2019. Global economic instability, along with muted inflation rate have been the deciding factor for BI to cut rate.

The growth in motorcycles has been relatively consistent with last year's growth. The new 2W wholesales was recorded at 3,222 thousand unit in 1H 2019, increased by 7.3% year on year compared to 1H2018. The growth of national sales was driven by Eid Al-Fitr seasons in the second quarter.

Per brand, Honda still dominated the market share by 75% with exhibiting growth sales of 8% y-o-y to 2,425 thousand unit. Suzuki had dominated the growth sales rate by is dominated growth of sales by 33%, followed by Kawasaki and Yamaha growth by 7% and 2% respectively.

New Car Sales by Brand

1H 2019



In 1H19, domestic new car wholesales volume closed at 482 thousand units, decrease by 13% from 1H18. Toyota is still leading the industry sales with 155 thousand units sold in 1H19 and thus controlling 32.1% of market share. In the 2nd place, Daihatsu trails Toyota in sales reaching 87 thousand units with market share of 18.1% and Mitsubishi occupies a market share of 16.8%.

Passenger cars segment declined by 15% y/y, while commercial cars segment decreased by 12%, keeping the commercial to passenger cars composition to be at 23% to 72%. This decrease was attributable among others to the Presidential election, while commercial cars went down partly because volatility in commodity markets.

New Financing

In 1H2019, Adira Finance recorded 837 thousand units in new booking, slightly declined by 2% from 1H2018. In new motorcycle segment, ADMF booked 375 thousand unit, up by 4% compared same period last year, hence our market share reached to 11.6%. Meanwhile, Adira Finance recorded 24 thousand unit in new cars segment. Consequently, we gained our market share to 4.9% in 1H2019.

In terms of Rupiah amount, ADMF booked 4% in term financing amount Rp 19,080 billion. New motorcycle grew by 11% to Ro 7.28 trillion and used motorcycle grew by 5% to Rp 2.62 trillion. Meanwhile, new car segment decreased by 8% to Rp 4.39 trillion and used car segment grew by 13% to Rp 3.69 trillion.

New motorcycle financing segment grew by 11% to Rp 7.3 tn. Honda and Yamaha contributed the most with the overall growth of 7% and 18% to Rp 4.38 tn and Rp 2.45 tn respectively. In used motorcycle segment, Honda grew the most with posting overall 13% growth to Rp 1.43 tn while Yamaha grew modestly with overall 1% growth to Rp 865 bn and Suzuki went down by 25% to Rp 96 bn.

In the overall car segment, commercial car segment declined by 10% to Rp 2.88 tn while passenger cars grew by 7% to Rp 5.2 tn. Government infrastructure spending, one of large catalyst in commercial segment car, was sluggish due to impending Presidential election. We hope that after the instalment of the new cabinet members the reinstatement of infrastructure spending would resume overall growth in commercial segment.

To date, Jabodetabekser has been growing by 17% of total new financing disbursement, Java (excluding Jabo) at 5%, BNT at 11% and Sulawesi 4%. Sumatera and Kalimantan's growth decreased at 8% and 13%, respectively.

Balance Sheet

Overall managed receivables grew by 12% y-o-y to Rp 53.9 tn in 1H2019. New motorcycle grew by 15% to Rp 18.8 tn and used motorcycle rose by 8% to Rp 5.4 tn. New car went up by 10% to Rp 17.4 tn and used car increased by 17% to Rp 10.5 tn.

Total assets increased by 13% to Rp 33.7 Tn, mainly driven by growth in financing receivables (11%) from Rp 26.6 tn in 1H2018 to Rp 29.6 tn in 1H2019. Our liabilities grew by 12% from Rp 23.8 tn to Rp 26.7 tn. In addition, total equity grew by 17% as growth in total asset outpaces growth in total liabilities.

In addition, total equity rose by 17% from the previous year with an increase in net income net-off dividend distribution from FY18 net income.

Our gearing ratio based on running equity stood at 3.4x in 1H2019, far below the regulatory requirement of 10x.

We have maintained our consolidated NPL (before allowance) at 1.9% in June 2019. Our prudent underwriting process is an essential part of our risk management practice.

In supporting our receivable growth, we have continued to diversify our funding sources to attain optimal and competitive borrowing. As of June 2019, total external borrowing comprised of 53% bank loans (on-shore and off-shore) and 47% of bonds.

Income Statement

In 1H2019, Adira Finance booked net income of Rp 949 bn, grew 9% from 1H2018. In 1H2019, interest income rose by 12% to Rp 5.89 tn, while interest expense grew by 15% to Rp 2.33 tn, mainly driven higher interest rate. As the result, in 1H2019 net interest income grew by 10% to Rp 3.56 tn compared to first half in 2018. Furthermore, operating income grew by 7% to Rp 3.89 tn, and operating expense rose by 5% to Rp 1.79 tn, driven by increasing salaries and administrative expenses. Consequently, net operating income rose to Rp 2.1 tn, growing by 8% compared to 1H 2018. Cost of credit went up by 8% to Rp 794 bn. As a result our net income grew by 9%.

In terms of profitability, ROE was posted at 28.8% compare to 30.8% at 1H2018 and ROA remained stable at 6.0%.

Corporate Updates

■ International Ratings from Moody's and Fitch.

In early 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 VI amounted Rp9 trillion and Continuing Mudharabah Bonds III amounted Rp1 trillion. The details of the phase IV 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 IV	A	232	8.05%	3-Feb-20
	B	58	9.00%	23-Jan-22
	C	328	9.50%	23-Jan-24
Total		Rp 618 bio		
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
Total		Rp 214 bio		

■ 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 2.1 trillion. This is 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 V 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 V	A	1,105	7.75%	26-Apr-20
	B	287	8.60%	16-Apr-22
	C	608	9.15%	16-Apr-24
Total		Rp 2 tn		
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
Total		Rp 96 bio		

Financial Highlights

<i>In Billion Rupiah</i>	Jun-18	Jun-19	Δ%	Jun-18	Sep-18	Dec-18	Mar-19
STATEMENTS OF FINANCIAL POSITION							
Assets							
Cash and cash equivalents	1,536	2,165	41%	1,536	1,480	1,689	1,352
Financing receivables – net of allowance of impairment	26,605	29,637	11%	26,605	27,087	27,872	28,686
Fixed assets – net of accumulated depreciation	228	240	5%	228	248	245	243
Intangible assets - net	112	129	15%	112	121	120	121
Others	1,273	1,509	19%	1,273	1,806	1,570	2,794
Total assets	29,754	33,680	13%	29,754	30,741	31,496	33,196
Liabilities							
Borrowings	11,579	12,637	9%	11,579	10,579	11,778	12,282
Debt securities issued – net & sukuk mudharabah	9,745	11,099	14%	9,745	11,082	10,190	10,692
Others	2,450	2,961	21%	2,450	2,629	2,500	3,652
Total liabilities	23,774	26,697	12%	23,774	24,290	24,468	26,626
Equity	5,980	6,984	17%	5,980	6,451	7,028	6,570
Total liabilities and equity	29,754	33,680	13%	29,754	30,741	31,496	33,196

<i>In Billion Rupiah</i>	2Q18	2Q19	Δ%	2Q18	3Q18	4Q18	1Q19
INCOME STATEMENT							
Interest income	2,658	2,973	12%	2,658	2,760	2,854	2,914
Interest expense	(1,007)	(1,189)	18%	(1,007)	(1,061)	(1,126)	(1,143)
Net interest income	1,651	1,784	8%	1,651	1,699	1,728	1,772
Fee income	194	156	-20%	194	195	188	176
Operating income	1,845	1,939	5%	1,845	1,894	1,916	1,948
Operating expense	(870)	(882)	1%	(870)	(825)	(862)	(906)
Net operating expense	975	1,057	8%	975	1,069	1,054	1,042
Cost of credit	(379)	(385)	2%	(379)	(397)	(424)	(409)
Other income / (expense)	(1)	(1)	-29%	(1)	(10)	(6)	(2)
Income before income tax	595	672	13%	595	661	624	632
Net income for the period	431	487	13%	431	478	463	462

Financial Highlights

KEY RATIOS	2Q18	2Q19	Δ%	2Q18	3Q18	4Q18	1Q19
Profitability and Efficiency (%)							
Return to average total assets	5.9%	6.1%	0.2%	5.9%	6.5%	6.1%	6.0%
Return to average equity	30.3%	29.6%	-0.7%	30.3%	32.1%	29.6%	28.8%
Net income to total income	17.4%	17.9%	0.5%	17.4%	18.5%	17.4%	17.2%
Cost to income	47.2%	45.5%	-1.7%	47.2%	43.6%	45.0%	46.5%
Leverage and Liquidity (X)							
Total assets to total liabilities	1.3	1.3	0.0	1.3	1.3	1.3	1.2
Total equity to total liabilities	0.3	0.3	0.0	0.3	0.3	0.3	0.2
Gearing ratio	3.6	3.4	0.2	3.6	3.4	3.1	3.5

NEW FINANCING	2Q18	2Q19	Δ%	2Q18	3Q18	4Q18	1Q19
In Thousand Units							
Motorcycle	318	319	0%	318	317	323	303
Car	31	29	-6%	31	31	32	31
Durables	100	79	-21%	100	87	85	78
Total Financed Unit	448	427	-5%	448	435	440	412
In Billion Rupiah							
Motorcycle	4,871	5,172	6%	4,871	4,908	5,023	4,720
Car	4,143	3,890	-6%	4,143	4,364	4,406	4,182
Durables	658	561	-15%	658	571	573	554
Total Financed Amount	9,672	9,624	-0.5%	9,672	9,842	10,002	9,456

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