

## Shareholding Composition

	Sep-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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## Adira Finance

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## Highlights

### 9M19 Results

- **New financing disbursement was relatively flat or slightly decreased by 1% to Rp 27.97 trillion in 9M19** from Rp28.20 trillion in 9M18. Motorcycle financing grew 6% to Rp 14.80 trillion, while off set by the decrease of car financing by 6% to Rp 11.61 trillion. The remaining was non-automotive amounted to Rp 1.56 trillion.
- With the new motorcycle financed amounted to 564 thousand units and new car financed reached 33 thousand units, **market shares for new motorcycle and car were 11.5% and 4.4%, respectively at the end of 9M19.**
- **Managed receivables was posted Rp53.9 trillion at the end of September 2019, an increase of 8% year-on-year.** The composition between external borrowing and joint financing portion was 58%:42%.
- **External borrowing including bank borrowings and bonds issued, amounted to Rp22.9trillion, rose 9% year-on-year.**
- **Net income (after tax) in September 2019 reached at Rp 1.4 trillion, increased by 5% from Rp 1.35 trillion in 9M18.** ROAA stood at 5.8% for the 9M19.
- **Equity registered at Rp 7.4 trillion as of September 31, 2019, rose by 15% 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 27.5% in 9M19.

Rp billion; %	9M18	9M19	Δ%	3Q18	4Q18	1Q19	2Q19
Total New Financing	28,203	27,972	-1%	9,842	10,002	9,456	9,624
Total Managed Assets	49,653	53,865	8%	49,653	51,296	52,581	53,925
Financing Receivables <sup>1</sup>	28,511	31,085	9%	28,511	29,315	30,196	31,161
Total Asset	30,741	33,249	8%	30,741	31,496	33,196	33,680
Total Borrowings	21,661	22,853	6%	21,661	21,968	22,974	23,736
Total Equity	6,451	7,431	15%	6,451	7,028	6,570	6,984
Net Profit after Tax	1,352	1,418	5%	478	463	462	487
ROAA <sup>2</sup>	6.1%	5.8%	-0.3%	6.5%	6.1%	6.0%	6.1%
ROAE	30.3%	27.5%	-2.8%	32.1%	29.6%	28.8%	29.6%
NPL <sup>3</sup>	1.80%	1.80%	0.00%	1.8%	1.7%	1.7%	1.9%

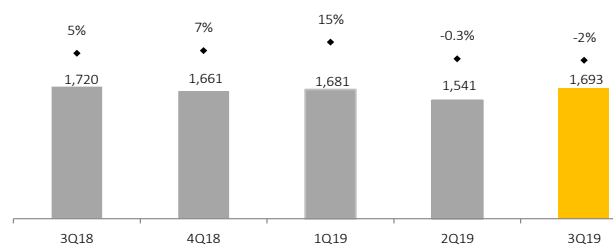
#### Note:

1. Including transaction costs of Rp551 billion and Rp367 billion in September 2019 and September 2018, respectively;
2. Financing receivables from Adira Finance's self-funding before provision for losses;
3. As percentage of Reported Assets.

## Focus Charts

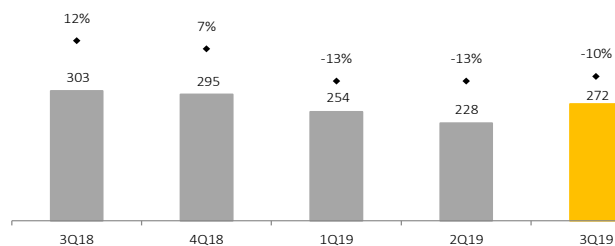
### Domestic New Motorcycle Sales

Thousand units and %



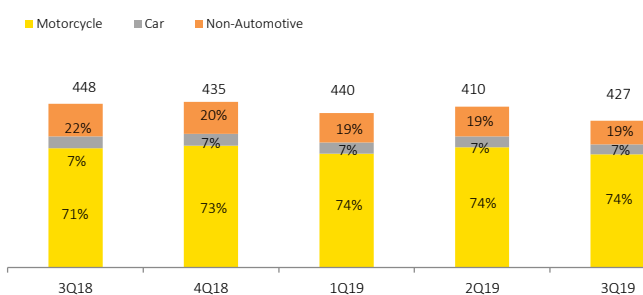
### Domestic New Car Sales

Thousand units and %



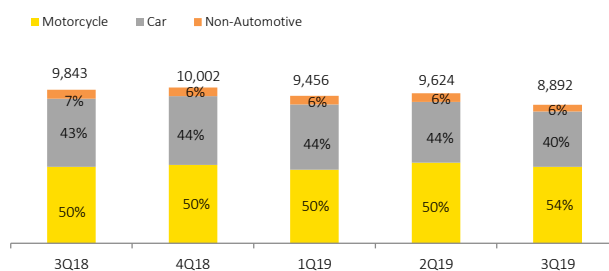
### New Financing

Thousand units and %



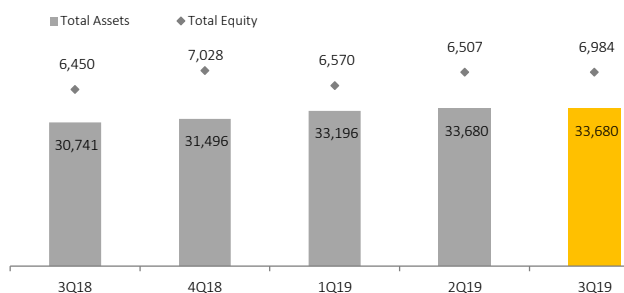
### New Financing

Rp billion and %



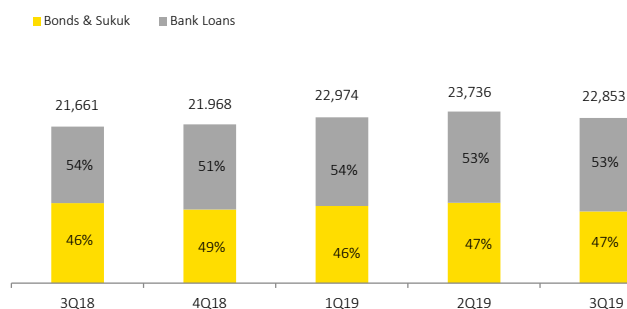
### Total Assets & Total Equity

Rp billion



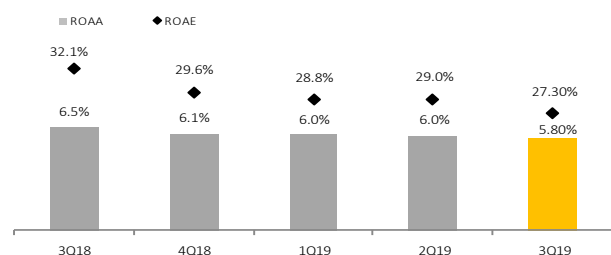
### Total External Borrowings

Rp billion and %



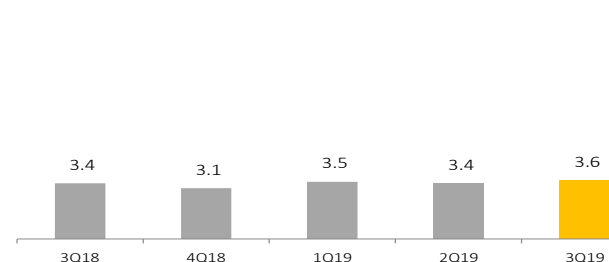
### Returns on Assets and Equity

% of Reported Assets and Equity



### Gearing Ratio

Times

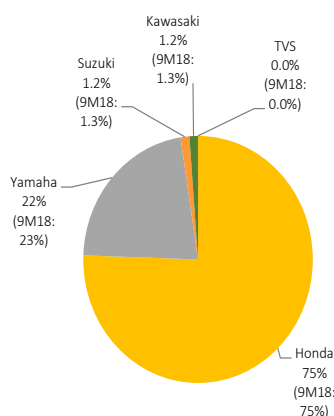


Note: Industry data sources from Indonesian Motorcycles Industry Association (AISI) and Association of Indonesian Automotive Industries (Gaikindo).

## Indonesian Automotive Sector Update

### New Motorcycle Sales by Brand

9M 2019



*Bank Indonesia recorded economic growth in the third quarter of 2019 to reach 5.02%, lower than the achievement in the previous quarters. However, the economy growth is still driven by the consumption sector and BI's policy of cutting interest rates by three times in the third quarter of 2019 from 6% to 5.25%, with deposit facility rate to 4.50% and lending facility rate to 6.0%. The commodity prices (coal, and crude oil) have decreased and the impact of the US-China trade war still overshadows the economic growth that is still stagnant in level 5%. Consequently, the stagnant overall economic growth has also has affected the financing business in Indonesia.*

The growth in motorcycle in 9M19 has been sluggish compared to last year's growth. The new motorcycles wholesales were recorded at 4,915 thousand unit in 9M19, increased by 4.1% yoy compared to 9M18. The Weakening national sales growth was attributable to relatively weak consumption and stagnant economic.

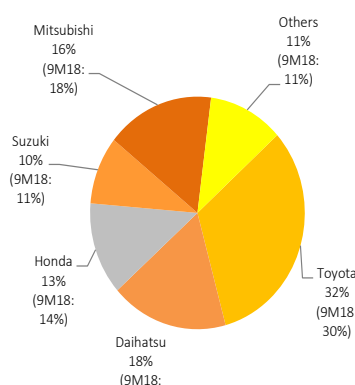
Per Brand, Honda still dominated the market share by 75% showing sales growth of 5% yoy to 3,713 thousand unit. Yamaha still posted 2% growth yoy. 2% yoy. Meanwhile, Suzuki and Kawasaki sales decreased by 1% and 8% yoy respectively.

Overall 4W sales went down by 12% y/y in 9M 2019 compared to 9M 2018 to 754 thousand units. Commercial cars segment declined by 15% y/y, while passenger cars segment decreased by 11%, keeping the commercial to passenger cars composition to be at 23% to 77%. On quarter basis, the industry's sales in the third quarter were better than the second quarter of 2019 with booked decrease growth by 12% y-y in 9M19. Meanwhile, this decrease is due to stagnant economic growth in the area of 5% and lower commodity prices, which has impacted 4W sales.

Toyota still occupies the largest market share position of 32.4%, followed by Daihatsu at 17.6% and Mitsubishi at 16.2%. All the brands growth in 9M19 had declined, with the biggest decline occurring in Suzuki, followed by Mitsubishi and Honda at 22%, 20% and 17% respectively.

### New Car Sales by Brand

9M 2019



## New Financing

In 9M2019, Adira Finance recorded 1,227 thousand units in new booking, decreased by 5% from 9M2018. In new motorcycle segment, ADMF booked 564 thousand unit, slightly up by 1% compared same period last year. Meanwhile, Adira recorded 33 thousand unit in new cars segment.

In terms of Rupiah amount, Adira Finance booked Rp 28.0 tn of new financing disbursement, relatively flat or slightly decreased by 1% compared to 9M2018. New motorcycle grew by 7% to Ro 10.98 trillion and used motorcycle grew by 3% to Rp 3.82 trillion. Meanwhile, car segment decreased by 6% to Rp 11.6 Tn in 9M 2019 compared to the previous year.

In term of new motorcycle financing, Honda and Yamaha contributed the most to our motorcycle portfolio supported by the overall growth of 6% and 9% to Rp 6.69 tn and Rp 3.60 tn respectively. In used motorcycle segment, Honda posted higher overall growth of 10% yoy to Rp 2.11 tn while Yamaha slightly decreased by 2% to Rp 1.25 tn and Suzuki declined by 28% to Rp 133 bn.

In the overall car segment, commercial car segment decreased by 19% to Rp 4.17 tn while passenger cars slightly grew by 2% to Rp 7.4 tn. The current stagnant economic environment that is impacted by the commodity prices and the National Election had affected the automotive sector.

To date, Jabodetabekser has been growing by 9% of the total new financing disbursement, Java (excluding Jabodetabek) at 3%, BNT at 10% and Sulawesi 5%. Sumatera and Kalimantan's growth decreased at 16% and 19%, respectively.

## Balance Sheet

Overall managed receivables grew by 8% y-o-y to Rp 53.9 tn in 9M2019. New motorcycle grew by 12% to Rp 19.12 tn and used motorcycle rose by 7% to Rp 5.3 tn. New car went up by 4% to Rp 17.16 tn and used car increased by 14% to Rp 10.58 tn. Consequently, the composition between motorcycles and cars were 45% vs 52%. Meanwhile, non-automotive amounted to Rp 1.7 tn in 9M2019.

Total assets increased by 8% to Rp 33.2 Tn, mainly driven by growth in financing receivables (9%) from Rp 27.1 tn in 9M2018 to Rp 29.5 tn in 9M2019. Our liabilities grew by 6% from Rp 24.3 tn to Rp 25.8 tn. Meanwhile, total equity grew by 15% from the same period last year with an increase in net income net-off dividend distribution from FY18 net income.

Our NPL stood at 1.8% of managed receivables in 9M2019, unchanged from the previous year. Our gearing ratio stood at 3.1x, which is also far lower than regulated OJK level at 10x. Our prudence in underwriting financing disbursement has continued to support our prudent risk management practices.

In supporting our business growth, we have continued to diversify our funding sources to attain optimal and competitive borrowing. As of September 2019, total external borrowing comprised of 57% bank loans (on-shore and off-shore) and 43% of bonds.

## Income Statement

In 9M2019, Adira Finance booked net income that grew by 5% from same period last year from Rp 1.35 tn to Rp 1.42 tn. In 9M2019, Interest income rose by 11% to Rp 8.9 tn, while Interest expense rose by 15% to Rp 3.6 tn, mainly driven by an increase in total debt of 6% in 9M19. As the result, in 9M2019 net interest income grew by 9% to Rp 5.4 tn compared to third quarter in 2018. Furthermore, operating income grew by 7% to Rp 5.9 tn, and operating expense rose by 6% to Rp 2.68 tn. Consequently, net operating income rose to Rp 3.2 tn, growing by 8% compared to 9M 2018. Cost of credit went up by 13% to Rp 1.28 tn. As a result, our net income grew by 5%.

In terms of profitability, ROE and ROA were posted at 27.5% and 5.8%, respectively in the midst of challenges in the automotive sector.

## 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 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
<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 2.1 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
<b>Total</b>		<b>Rp 2 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 1.192 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	9M18	9M19	ΔY-o-Y	9M18	12M18	FY18	1Q19	1H19
<b>STATEMENTS OF FINANCIAL POSITION</b>								
<b>Assets</b>								
Cash and cash equivalents	1,480	1,867	26%	1,480	1,689	1,689	1,352	2,165
Financing receivables-net of allowance of impairment	27,087	29,536	9%	27,087	27,872	27,872	28,686	29,637
Fixed assets-net of accumulated depreciation	248	239	-4%	248	245	245	243	240
Intangible assets-net	121	135	12%	121	120	120	121	129
Others	1,806	1,473	-18%	1,806	1,570	1,570	2,794	1,509
<b>Total Assets</b>	<b>30,741</b>	<b>33,249</b>	<b>8%</b>	<b>30,741</b>	<b>31,496</b>	<b>31,496</b>	<b>33,196</b>	<b>33,680</b>
<b>Liabilities</b>								
Borrowings	10,579	12,921	22%	10,579	11,778	11,778	12,282	12,637
Debt securities issued-net	11,082	9,932	-10%	11,082	10,190	10,190	10,692	11,099
Others	2,629	2,964	13%	2,629	2,500	2,500	3,652	2,961
<b>Total liabilities</b>	<b>24,290</b>	<b>25,818</b>	<b>6%</b>	<b>24,290</b>	<b>24,468</b>	<b>24,468</b>	<b>26,626</b>	<b>26,697</b>
<b>Total equity</b>	<b>6,451</b>	<b>7,431</b>	<b>15%</b>	<b>6,451</b>	<b>7,028</b>	<b>7,028</b>	<b>6,570</b>	<b>6,984</b>
<b>Total liabilities and equity</b>	<b>30,741</b>	<b>33,249</b>	<b>8%</b>	<b>30,741</b>	<b>31,496</b>	<b>31,496</b>	<b>33,196</b>	<b>33,681</b>

IN BILLION RUPIAH	9M18	9M19	ΔY-o-Y	3Q18	4Q18	FY18	1Q19	2Q19
<b>INCOME STATEMENT- STAND ALONE</b>								
Interest income	8,013	8,929	11%	2,760	2,854	10,867	2,914	2,973
Interest expense	(3,082)	(3,553)	15%	(1,061)	(1,126)	(4,208)	(1,143)	(1,189)
<b>Net interest income</b>	<b>4,930</b>	<b>5,376</b>	<b>9%</b>	<b>1,699</b>	<b>1,729</b>	<b>6,659</b>	<b>1,772</b>	<b>1,784</b>
Fee income	605	536	-11%	195	188	793	176	156
<b>Operating income</b>	<b>5,536</b>	<b>5,912</b>	<b>7%</b>	<b>1,894</b>	<b>1,916</b>	<b>7,452</b>	<b>1,948</b>	<b>1,939</b>
Operating expense	(2,532)	(2,682)	6%	(825)	(862)	(3,394)	(906)	(882)
<b>Net operating income</b>	<b>3,004</b>	<b>3,230</b>	<b>8%</b>	<b>1,068</b>	<b>1,055</b>	<b>4,058</b>	<b>1,042</b>	<b>1,057</b>
Cost of credit	(1,131)	(1,280)	13%	(397)	(424)	(1,556)	(409)	(385)
Other income/ (expense)	(12)	(5)	-62%	(10)	(6)	(18)	(2)	(1)
<b>Income before income tax</b>	<b>1,860</b>	<b>1,945</b>	<b>5%</b>	<b>661</b>	<b>624</b>	<b>2,485</b>	<b>632</b>	<b>672</b>
<b>Net income for the period</b>	<b>1,352</b>	<b>1,418</b>	<b>5%</b>	<b>478</b>	<b>463</b>	<b>1,815</b>	<b>462</b>	<b>487</b>

## Financial Highlights

KEY RATIOS (Stand Alone)	9M18	9M19	ΔY-o-Y	3Q18	4Q18	FY18	1Q19	2Q19
Return to average total assets	6.1%	5.8%	-0.3%	6.5%	6.1%	6.0%	6.0%	6.1%
Return to average equity	30.3%	27.5%	-2.8%	32.1%	29.6%	29.0%	28.8%	29.6%
Net income to total income	18.0%	17.2%	-0.7%	18.5%	17.4%	17.8%	17.2%	17.9%
Cost to income	45.7%	45.4%	-0.4%	45.7%	45.0%	45.5%	46.5%	45.5%
<b>LEVERAGE AND LIQUIDITY (X)</b>								
Total assets to total liabilities	1.3	1.3	0.0	1.3	1.3	1.3	1.2	1.3
Total equity to total liabilities	0.3	0.3	0.0	0.3	0.3	0.3	0.2	0.3
Gearing ratio (running equity)	3.4	3.1	(0.3)	3.4	3.1	3.1	3.5	3.8

New Financing	9M18	9M19	ΔY-o-Y	3Q18	4Q18	FY18	1Q19	2Q19
<b>In Thousand Units</b>								
Motorcycle	916	922	1%	317	323	1,238	302	319
Car	91	85	-6%	31	32	122	30	29
Durables	278	220	-21%	87	85	363	78	79
<b>Total Financed Unit</b>	<b>1,285</b>	<b>1,227</b>	<b>-5%</b>	<b>435</b>	<b>439</b>	<b>1,724</b>	<b>410</b>	<b>427</b>
<b>In Billion Rupiah</b>								
Motorcycle	13,977	14,803	6%	4,908	5,023	19,000	4,720	5,172
Car	12,410	11,613	-6%	4,364	4,406	16,816	4,182	3,890
Durables	1,817	1,556	-14%	571	573	2,389	554	561
<b>Total Financed Amount</b>	<b>28,203</b>	<b>27,972</b>	<b>-1%</b>	<b>9,842</b>	<b>10,002</b>	<b>38,205</b>	<b>9,456</b>	<b>9,624</b>

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