LEAPING THROUGH DIGITAL AND
CUSTOMER CENTRIC TRANSFORMATION

COMPANY PROFILE

As Of June 2020

ADIRA FINANCE

1. COMPANY PROFILE

ADIRA IN GLANCE

Established in 1990 and has been operating in the automotive financing business for over 31 years

Serve various types and brands of vehicle financing, both new or used ones

One of the largest and profitable multi finance companies in the country

Conducted IPO in 2004 and Bank Danamon (Baa2/BBB) became the majority shareholder with 75% ownership

Bank Danamon currently owns 92.07% of Adira Finance's shares through some corporate actions

Operates 452 business network throughout Indonesia and **supported by around 20 thousand employees**, to serve 2.65 million customers with more than Rp48.6 trillion of managed receivables

Credit Ratings

Pefindo : idAAA (Stable)

Fitch Rating : BBB (Stable)

Moody's : Baa2 (Stable)

(IDR bn)	2017	2018	2019	1H20
Total Assets	29,493	31,496	35,117	31,960
Total Income	9,137	10,184	11,337	5,234
Expenses	7,015	7,699	8,459	4,407
Net Income	1,409	1,815	2,109	597
Key Ratios (%)				
ROAA	5.0%	6.0%	6.3%	3.5%
ROAE	26.5%	29.0%	29.2%	16.0%
NIM	12.9%	14.2%	13.7%	13.5%
NPL Ratio	1.6%	1.7%	1.6%	3.1%
Debt / Equity Ratio	3.7x	3.1x	2.8x	2.7x

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KEY MILESTONE AND TRACK RECORD

1990

ADMF was founded and commenced its operations in 1991

2002

ADMF obtained its first corporate rating of idBBB+ from PEFINDO

2003

Issued inaugural bonds of Rp500 billion

2004

- IPO of ADMF on JSX and SSX (now IDX)
- Bank Danamon became the majority shareholder by acquiring 75% share ownership

2009

- Bank Danamon increased its ownership share to 95%.
- Managed receivables reached Rp18.98 trillion

2013

- ADMF raised its first syndicated loan of US$200 million
- Managed receivables reached Rp45.79 trillion

2014

- Issued local bonds and sukuk of Rp3.1 trillion
- Pefindo raised ADMF rating to idAAA (stable outlook)

2017

- ADMF has established Momobil Platform
- Net income grew by 40% y-y

2018

- ADMF has established Momotor platform.
- Managed receivables reached to Rp 51.3 trilion

2019

ADMF obtained international credit rating “Baa2 and BBB” (Investment grade) from Moody’s and Fitch Rating

2020

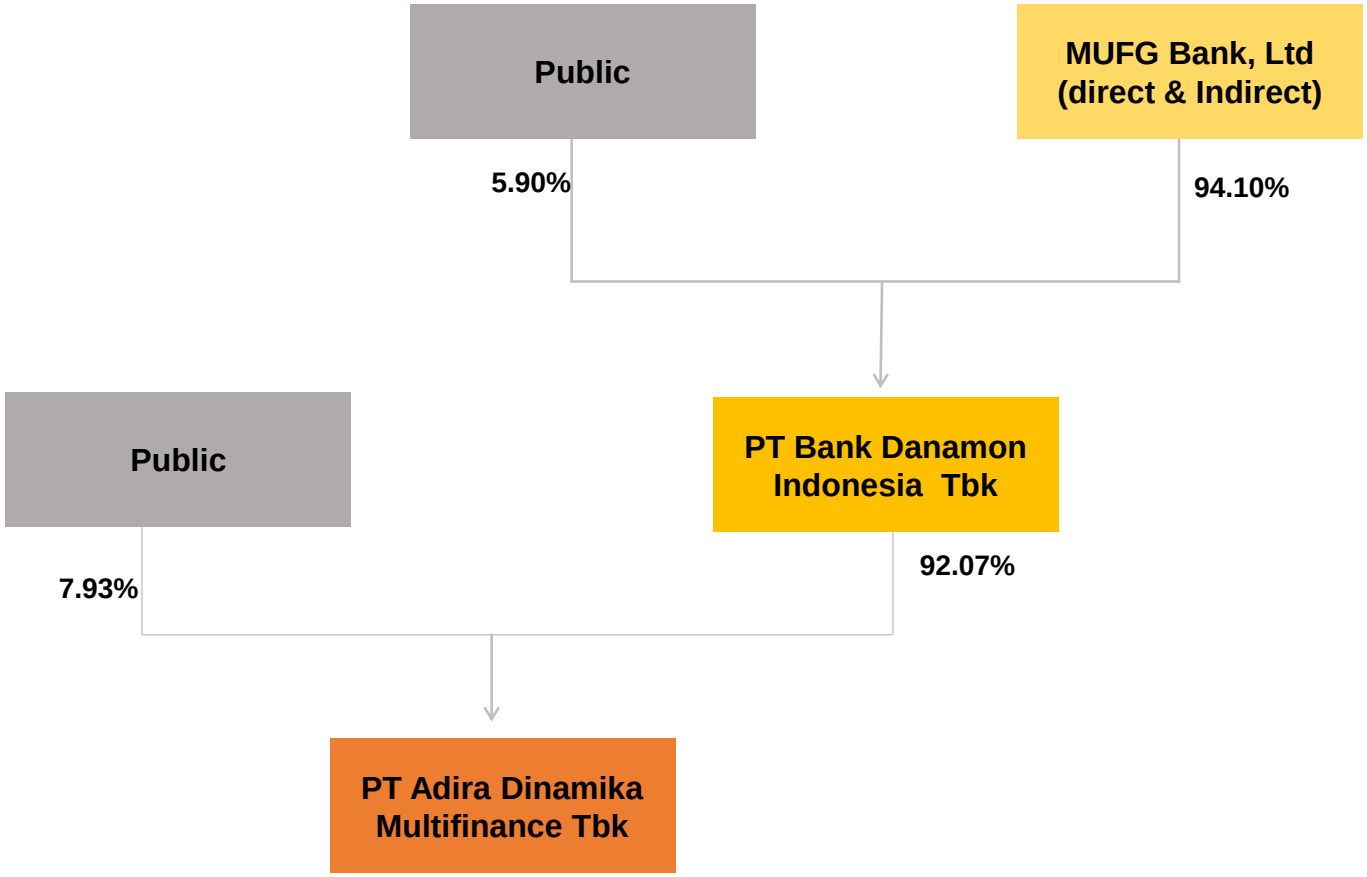
- ADMF has launched Adiraku Platform
- ADMF raised syndication loan of US$ 300 million.

OWNERSHIP COMPOSITION AND GROUP STRUCTURE

Adira Finance has strong support from the group, including MUFG and Danamon Bank

- MUFG is one of the world's leading financial groups
- MUFG Bank is rated A from S&P, A1 from Moody's and A from Fitch

- One of the largest banks in Indonesia
- Total Assets amounted to IDR194.4 trillion as of 1H20
- Bank Danamon is rated Baa2 from Moody's and BBB from Fitch



VISION, MISSION, AND PHILOSOPHY

OUR VISION

Creating shared values for the company sustainability and prosperity of Indonesian society

PHILOSOPHY

ADIRA TOP has become a consistent part of personal values of each employee at Adira Finance, as well as the culture that drives the Company's business activities

OUR MISSION

Provide a **variety of products and services** to serve every step in customer's life cycle

Provide **beneficial and friendly experiences** for stakeholders

Enable **communities to reach prosperity**

WE OFFER A VARIETY OF PRODUCTS TO BE CUSTOMER CENTRIC

Key Business Overview

Motorcycle

- Motorcycle market is much bigger as compared to car market due to affordable pricing for all levels of society, particularly for low-mid income segment. In addition, inadequate local road infrastructure and traffic congestions have triggered most population using motorcycle for their daily activities.
- As of 30 June 2020, motorcycles financing contributed 46% of our managed receivables.

Car

- Adira Finance continues to focus on growing passenger car financing on the back of low penetration and high growth prospect.
- In terms of the commercial segment, we will optimize to tap certain types of commercial car to manage asset quality, mainly small pick ups.
- As of 30 June 2020, cars financing accounted for 54% of our managed receivables.

Durables

- Adira Finance started durable financing disbursement in Mid 2015.
- Currently durable financing portfolio covers mainly computer/gadgets, furniture, household appliances and others.

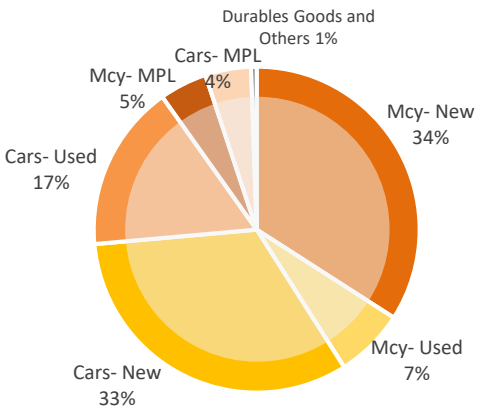
MPL

- ADMF offers multi-purpose loans for services since 2016. These type of financings are typically used by customers for health, education, house renovation and travelling purposes. Currently these loans are secured by the respective vehicles.
- We view that this segment offers future potential due to large numbers of consumers owning vehicles that also need financing cash loan.

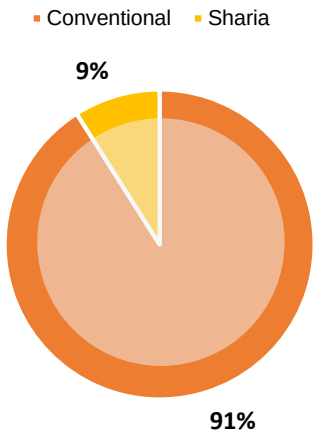
Sharia

- Our Islamic financing (sharia) covers financing for 4W and 2W, and also umroh's religious pilgrimage.
- Currently, our sharia portfolio accounts for 9% of our managed receivables.

Managed Receivable



Total
Rp48.6Tn



Total
Rp48.6 Tn

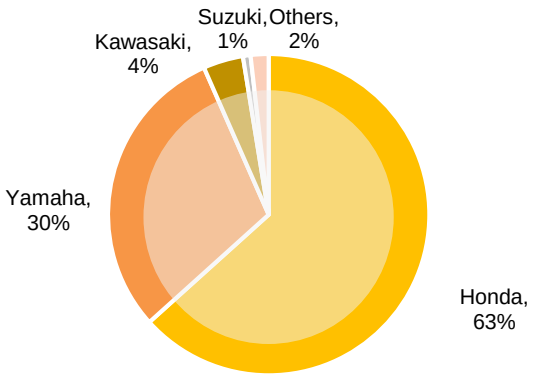
Note : Data As of 1H20

Our financing receivables are well diversified across car and motorcycle financing as well as multi-purpose loans

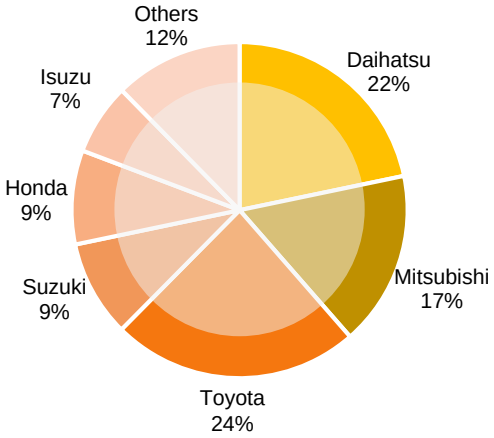
NEW FINANCING DISBURSEMENT

Diversify New Financing Business Beyond Automotive to Durable and Sharia Financing

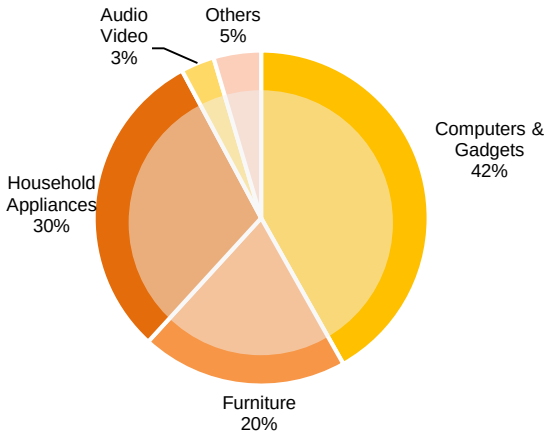
Motorcycle Financing by Brands



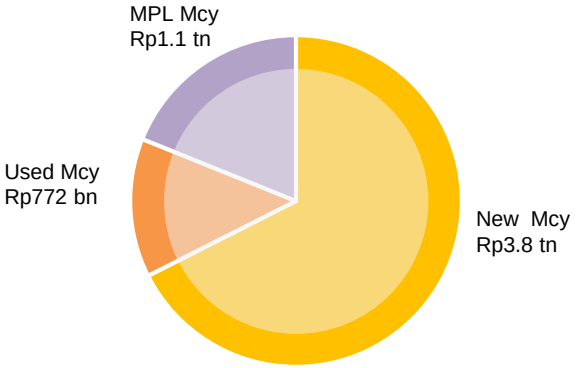
Car Financing by Brands



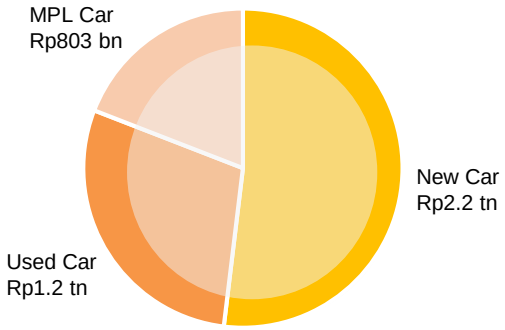
Durables Financing by Type of Products



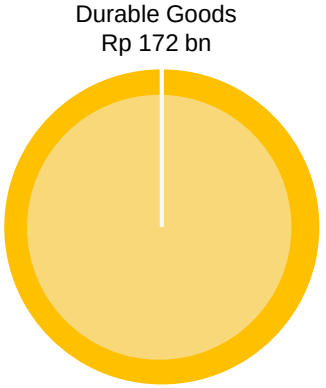
Motorcycle Financing by Segment



Car Financing by Segment



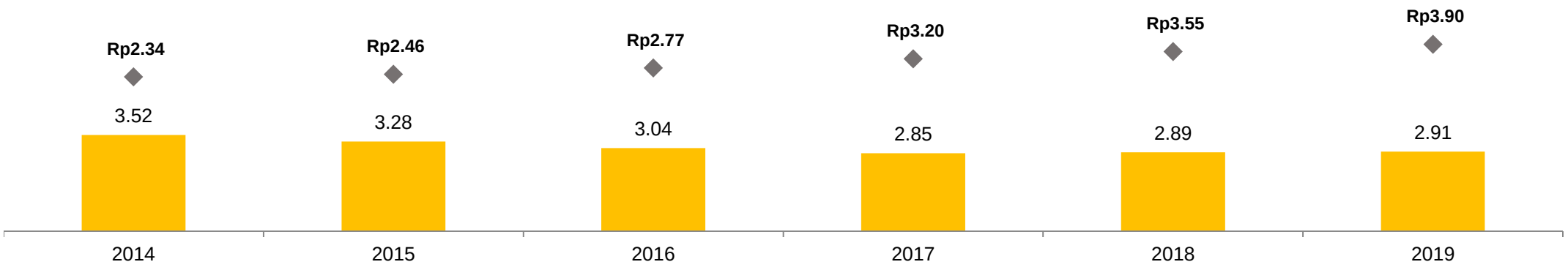
Durables Financing



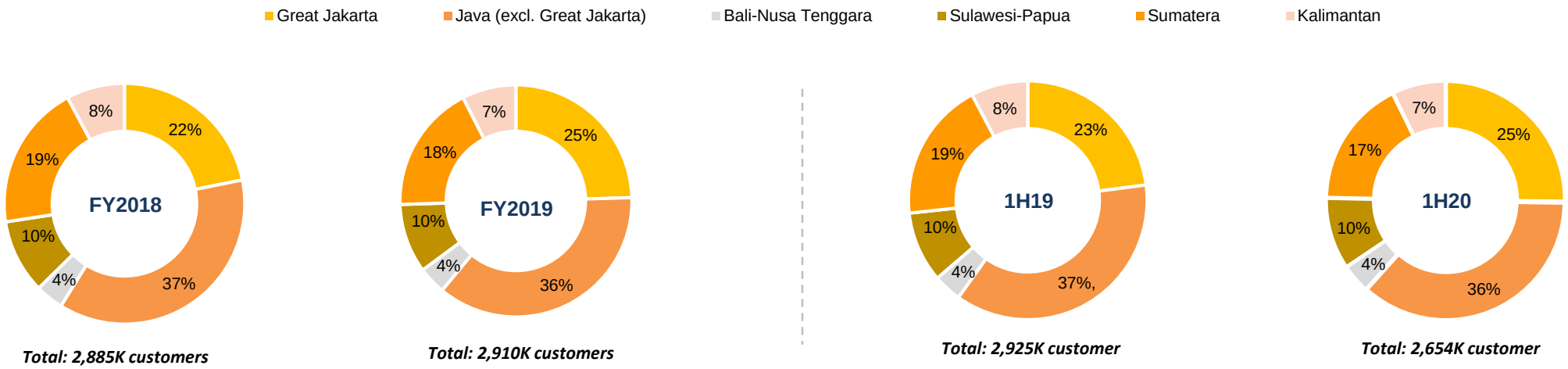
Note : Data As of 1H20

CUSTOMER AND BANKING RELATIONSHIP

Active Customers (in million)/ Revenue per Active Customer (in Rp million)



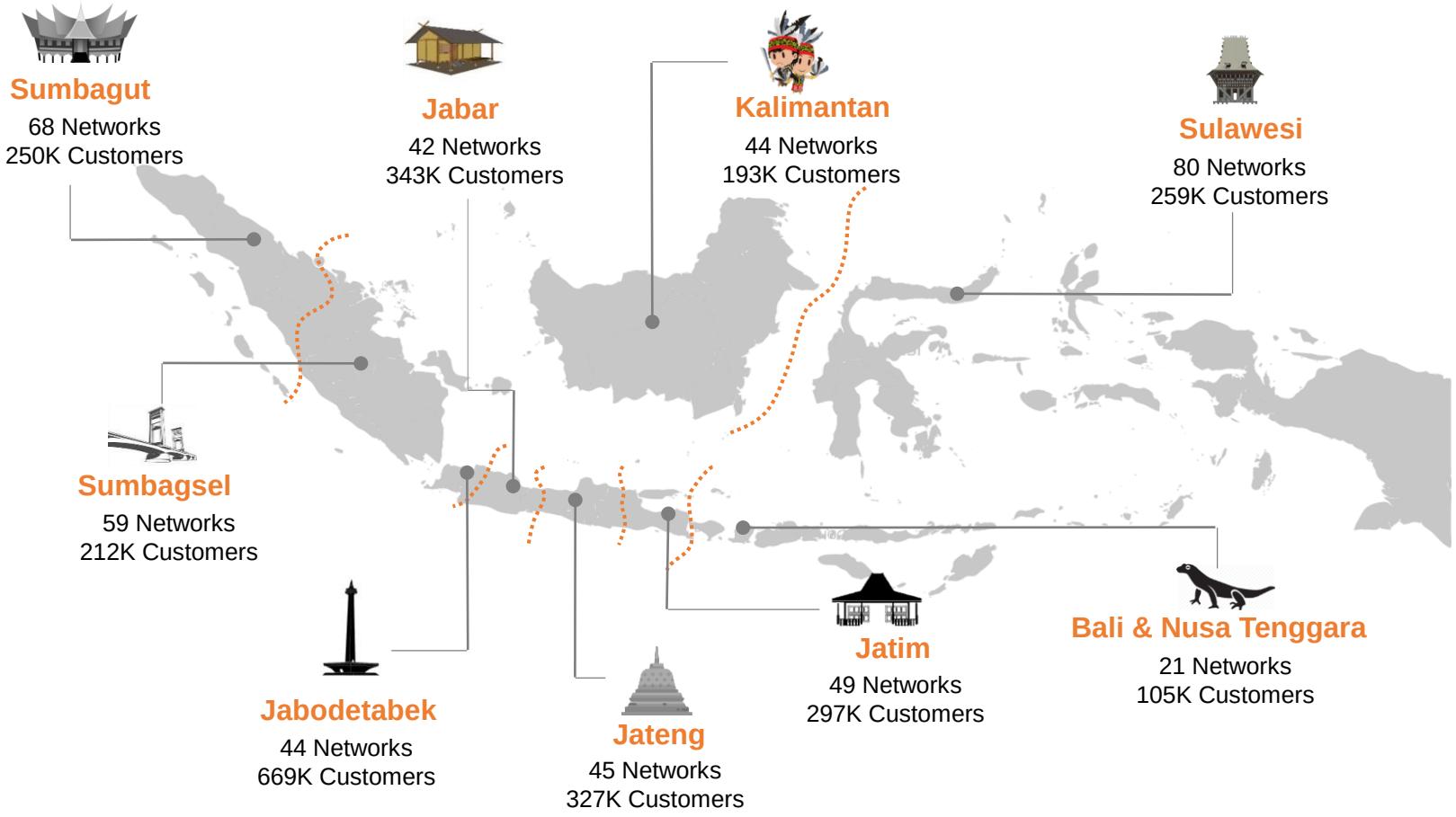
Active Customers by Region



NETWORK AND FRANCHISES

Adira Finance's business network spreads throughout Indonesia, serving 2.7 million consumers

452 Adira Finance's business network spreads throughout Indonesia in 1H20. The number consumer reached 2.65 million in 1H20, slightly decreased by 9% y/y compared 1H19.



Branch

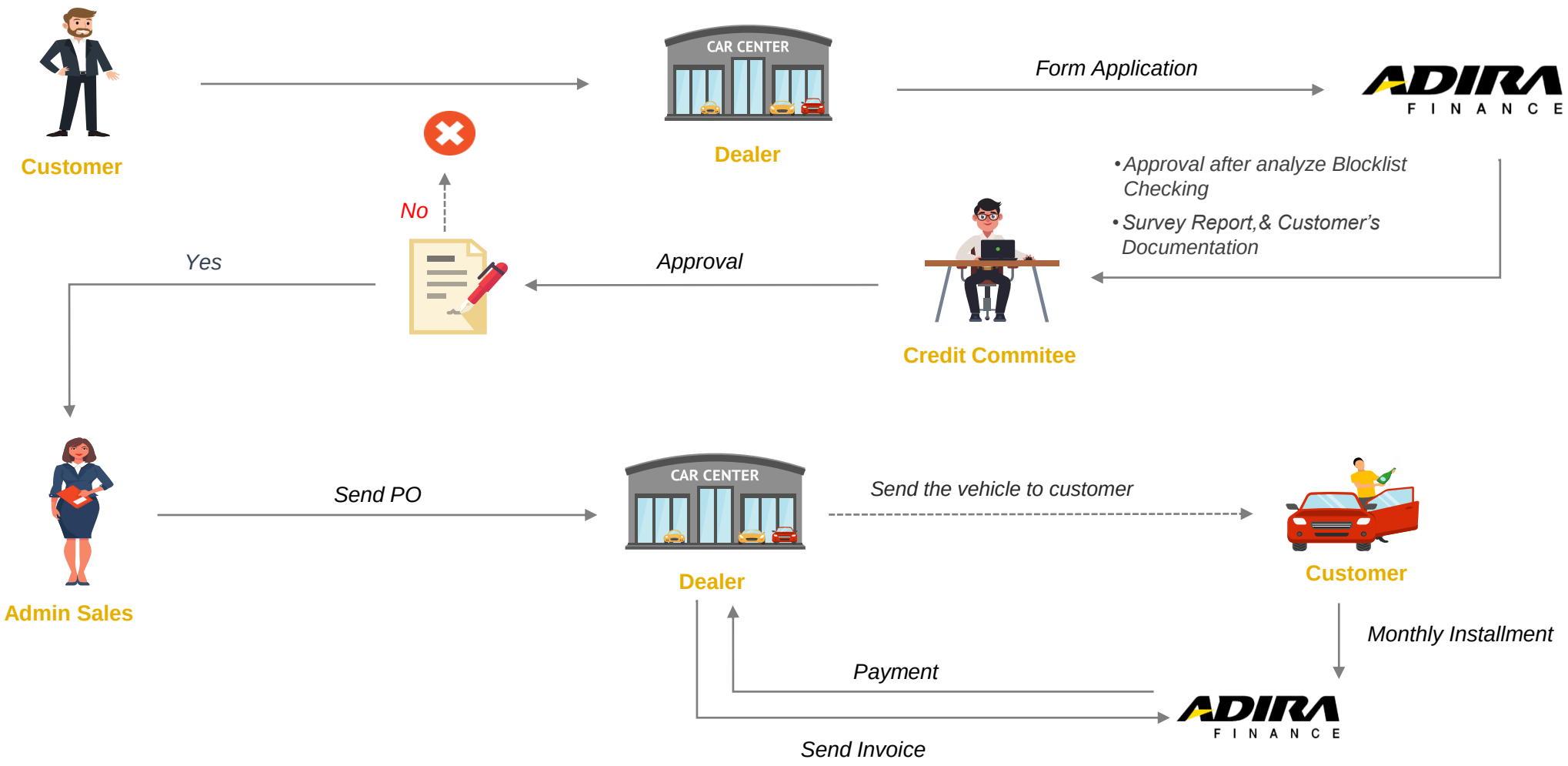
Keday

Area	Java	Non-Java	Total
Network	180	272	452
Customer	1.6million	1.0 million	2.6 million

Note:- Data as of 30 June 2020.
- Total customers are the same as active contracts

BUSSINESS PROCESS DEALERS REFERRALS

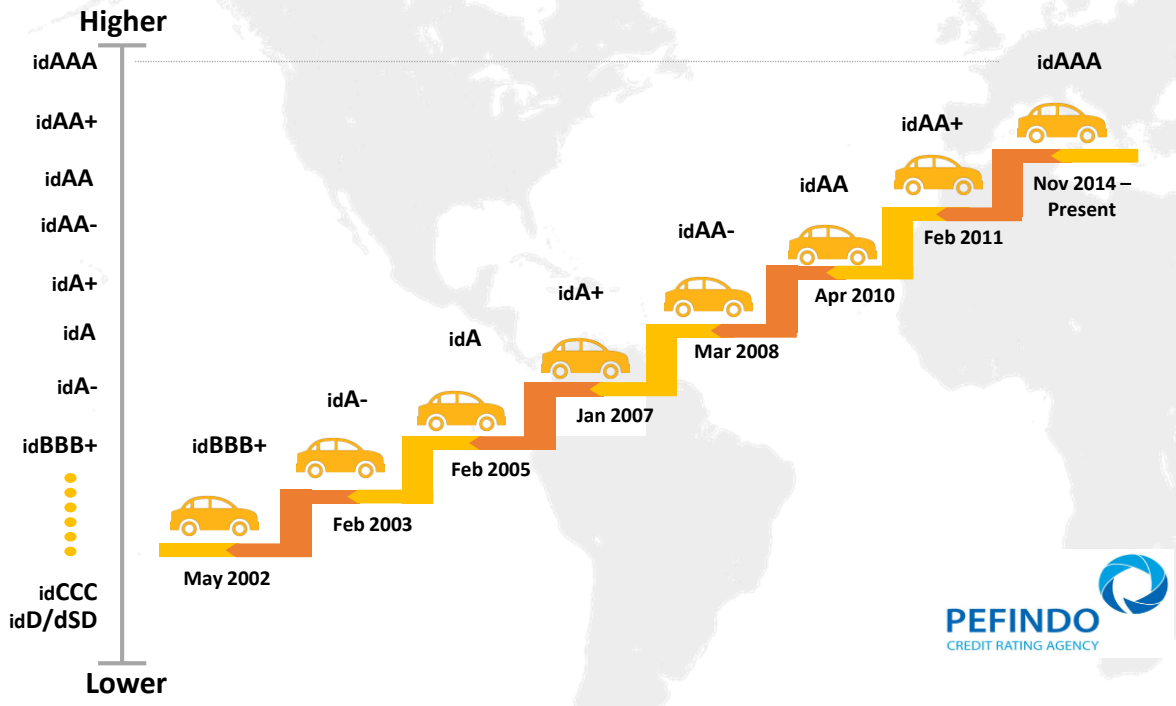
Adira Finance has a simple and fast acquisition process



RATINGS 2020

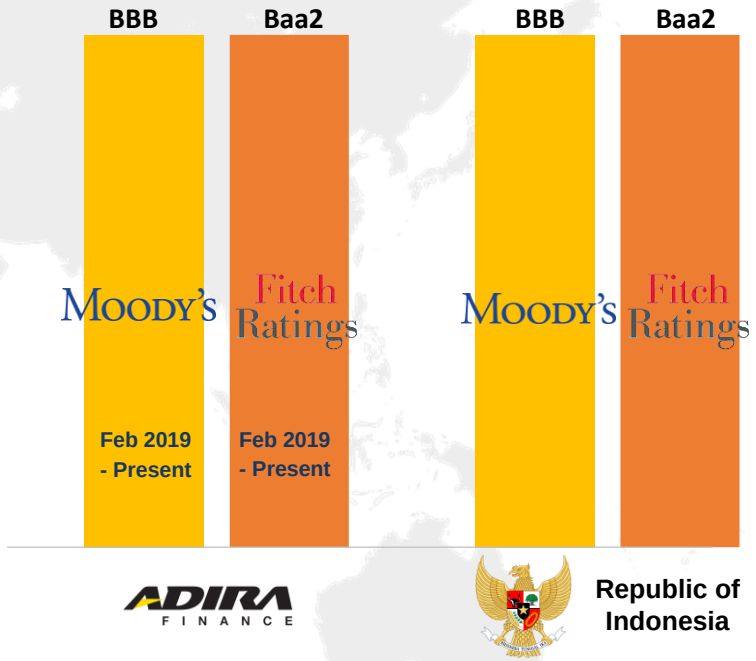
ADMF has highest national rating & international investment grade ratings

National Credit Rating



PEFINDO
CREDIT RATING AGENCY

International Credit Rating



Adira Finance	As of 30 June 2020
Corporate Rating	idAAA
Instrument Rating	idAAA
Outlook	Stable

	Adira Finance		Republic of Indonesia		
Ratings	Fitch	Moody's	Fitch	Moody's	S&P
Long Term Rating	BBB	Baa2	BBB	Baa2	BBB
Outlook	Stable	Stable	Stable	Stable	Stable

2. BUSINESS STRATEGY

THE ROADMAP ADMF BUSINESS TRANSFORMATIONS

Adira Finance has undertaken strategic business transformations initiatives to leap through customer centric

1 | 2 | 3 | 4 | 5

2016 → 2020

1 TRANSFORMATION OF BRANCH

- Focus on sales and distribution (S&D organization)
- Streamline collection
- Centralized support function and branch operation

2 EXPAND PRODUCT OFFERING

- Venture into non-auto loans
- Increase product penetration (product-holding)

3 EXPAND DISTRIBUTION CHANNELS

- Expand distribution channels to non-auto dealers
- Leverage bank Danamon as sales Build digital channel (momobil.id)

4 INVEST IN INFORMATION TECHNOLOGY

- Customer [Adiraku]
- Collection [Mobile system, GPS & printer]
- Dealers [Front-end sales/PO tracking]

5 HUMAN CAPITAL & PRODUCTIVITY

- Introduce meritocracy
- Roll-out systematic trainings
- Change management for transformation projects

ENVISION OF ADIRA 2020

ADIRA FINANCE 2020 VISION

To be **the leader in auto financing**

To be **a venture beyond auto**

To be **#1 digital multifinance company**

To **leverage ecosystem partnership**

To **operate profitably**

THE THREE PILLAR STRATEGY

Continuously **fixing the basic** of business and operations

Applying the mindset of **customer centrism**

Digitalization of Business

OVERVIEW OF BUSINESS STRATEGIES

THE THREE PILLAR STRATEGY

Continuously **fixing the basics** of business and operations	Applying the mindset of **customer-centrism**	**Digitalization of** Business

"The What"

"The How"

PROJECTS & INITIATIVES (ONGOING & IN THE PIPELINE)

Reorganization (SSD, Operation, Collection)	Momobil.id (Direct to Consumer Outreach)	CATS (Collection Productivity Tracking)
CLAR (Collection and Recovery System)	Akses Adira (Customer Application)	Octopus DOP (Digitized Credit Application & Assessment)
AMAN (Core System, Customer Management)	CX Project (Customer Segmentation & Profiling)	CRMNext (Repeat Purchase, Cross & Up Sell)
ACCTION (Customer Acquisition)	Data & Customer Analytic (Big Data & Predictive Modelling)	Digital Signature (Piloting on Durable Goods)
Enterprise Content Mgt (Data and Document Management)	Customer Relationship (Relationship-Driven Organization)	API and Services (E-Commerce and 3rd Party Connectivity)

MISSION STATEMENT

To be the most innovative
and convenient financing partner
(for dealership)

→

To be the most innovative
and comprehensive financial solution partner
(for customer)

3. HIGHLIGHT OF ADIRA STRENGTHS

KEY CREDIT HIGHLIGHTS

1. Well-Diversified Business Portfolio Across Products, Region and Segments to balance business growth and manage our margin

2. Prudent Risk Management Approach Leading to Healthy Asset Quality

3. Experienced Management Team and Excellent Industry Track Record

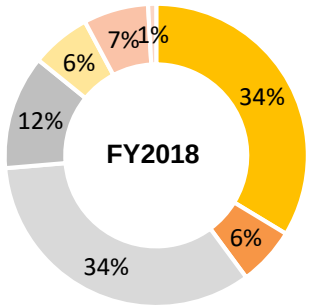
4. Diversified Funding Sources and Business Synergy with BDI Group

5. Strong Market Presence - One of the Largest Auto Financing Companies in Indonesia

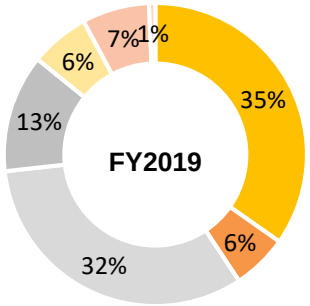
WELL-DIVERSIFIED BUSINESS PORTFOLIO ACROSS PRODUCTS, REGIONS AND SEGMENTS

Net Managed Financing Receivables by Product

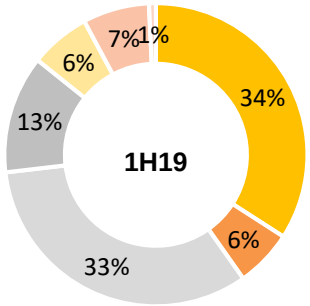
New Motorcycle | Used Motorcycle | New Car | Used Car | Durables & Others | MPL Motorcycles | MPL Cars



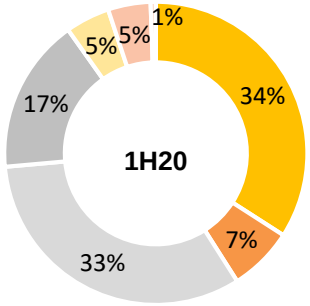
Total: Rp50.2 Trillion (+14% yoy)



Total: Rp53.4 Trillion (+6% yoy)



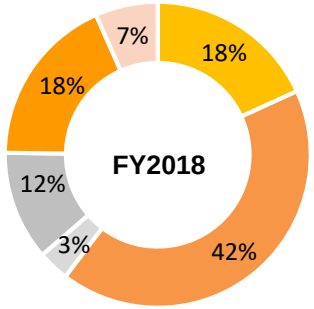
Total: Rp52.5 Trillion (+12% yoy)



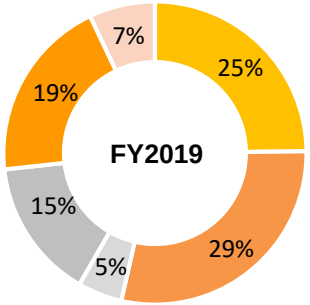
Total: Rp 48.6Trillion (-7% yoy)

Net Managed Financing Receivables by Region

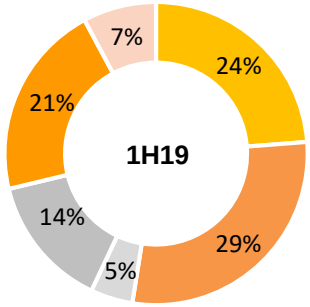
Great Jakarta | Java (excl. Great Jakarta) | Bali-Nusa Tenggara | Sulawesi-Papua | Sumatera | Kalimantan



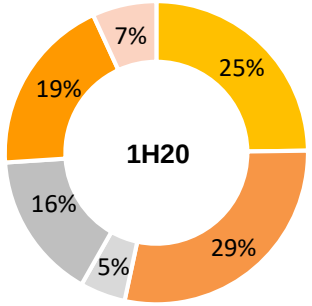
Total: Rp50.2 Trillion



Total: Rp53.4 Trillion



Total: Rp52.5 Trillion

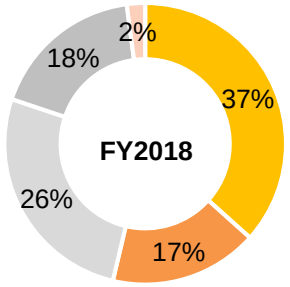


Total: Rp 48.6Trillion

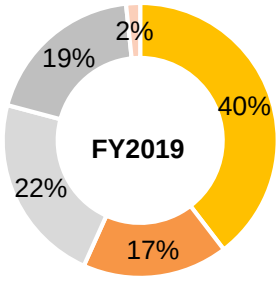
WELL-DIVERSIFIED BUSINESS PORTFOLIO ACROSS PRODUCTS, REGIONS AND SEGMENTS

New Financing Volume

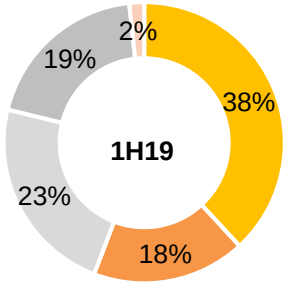
New Motorcycle | Used Motorcycle | New Car | Used Car | Durables & Others



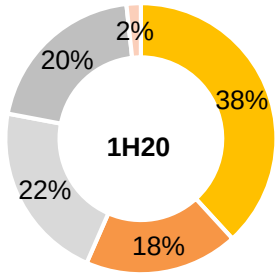
Total: Rp38.2 Trillion (+17% yoy)



Total: Rp37.9 Trillion (-1% yoy)



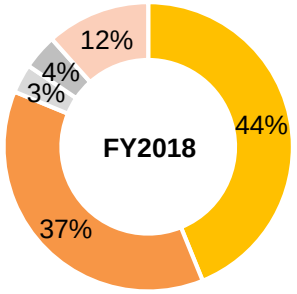
Total: Rp19.1Trillion (+4% yoy)



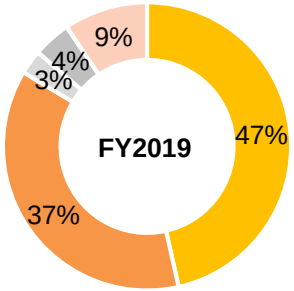
Total: Rp10.1Trillion (-47% yoy)

New Financing Units

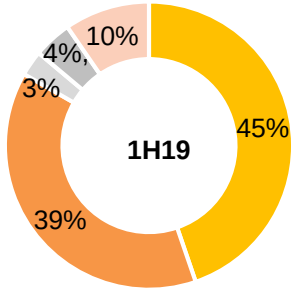
New Motorcycle | Used Motorcycle | New Car | Used Car | Durables & Others



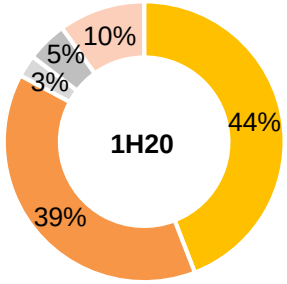
Total: 1.72 Million Units (+4% yoy)



Total: 1.65 Million Units (-5% yoy)



Total: 837 Thousand Units (-2% yoy)



Total: 432 Thousand Units (-48% yoy)

Note: *MPL Segment is classified under used 2W and 4W*

EXPERIENCED MANAGEMENT TEAM – BOARD OF COMMISSIONERS

Yasushi Itagaki

President Commissioner

- *President Director of PT Bank Danamon Indonesia Tbk*
- *Managing Executive Officer and Deputy Chief Executive of the Global Commercial Banking Business Unit of MUFG Bank and Executive Officer of MUFG*

Krisna Wijaya

Commissioner/Independent Commissioner

- *The President Commissioner/Independent Commissioner of PT BNI Life Insurance*
- *Former Director of Micro and Small Business at PT Bank Rakyat Indonesia*
- *Over 30 years of experience in financial sector*

Djoko Sudyatmiko

Commissioner / Independent Commissioner

- *The Commissioner of ASCO Group*
- *Former Commissioner at PT Asuransi Adira Dinamika and PT Astra Graphia Tbk*
- *Former member of Member of Indonesia's Parliament and House of Representatives*

Muliadi Rahardja

Commissioner

- *Former Director at PT Bank Danamon Indonesia Tbk for 18 years, last designation as the Vice President Director*
- *Over 30 years of experience in financial sector*

EXPERIENCED MANAGEMENT TEAM – BOARD OF COMMISSIONERS

Eng Heng Nee Philip

Commissioner

- *Director at Ezra Holdings Ltd, Non Executive Director & Chairman of Audit Committee at Singapore Health Services Pte. Ltd., Independent Non Executive Director concurrently as Chairman of Audit Committee at NTUC Income, Singapore*
- *Former Non-Executive Director at Hup Soon Global Corp. Ltd., Non Executive Director at OpenNet Pte. Ltd*

Congsin Congcar*

Commissioner

- *Head of Krungsri Auto Finance and Strategy Division in Krungsri Auto-Group Bank of Ayudhya PCL and Director of in Ayudhya Capital Service Co., Ltd.*
- *Over 20 years of experience in financial sector*

** Shall be effective since the date of passing the Fit and Proper test from OJK*

EXPERIENCED MANAGEMENT TEAM – BOARD OF DIRECTORS

Hafid Hadeli

President Director

- *Joined as director (Finance Director, Sales and Distribution Director) in ADMF since 2006*
- *Former Director of at PT Broadband Multimedia Tbk, Vice President Director at PT Bank Lippo Tbk, & various senior positions at Citibank, N.A., Jakarta*

Niko Kurniawan Bonggowarsito

Director

- *Sales and Service Distribution Director since 2018*
- *Various senior positions at ADMF, PT Mandiri Pakar Sakti and PT Sinar Galesong Pratama*

Ho Lioeng Min

Director

- *Risk Management and Legal Director since 2009*
- *Various senior positions at ADMF, PT Adira Quantum Multifinance and PT Bank Prima Express*

I Dewa Made Susila

Director

- *Finance Director since 2010 and Director of Transformation & Business Strategy since 2016*
- *Various senior positions in Bank Danamon, Indonesian Bank Restructuring Agency and Pefindo Credit Rating*

EXPERIENCED MANAGEMENT TEAM – BOARD OF DIRECTORS

Swandajani Gunadi

Director, concurrently / Independent Director

- *Human Resources Director since 2013*
- *Over 20 years of experience in multi national companies such as the Astra Group and Orang Tua Group*

Harry Latif*

Director

- *Join in ADMF since 2015, latest position as Deputy Director*
- *Over 20 years of experience in multi national companies such as the Astra Group*

Jin Yoshida*

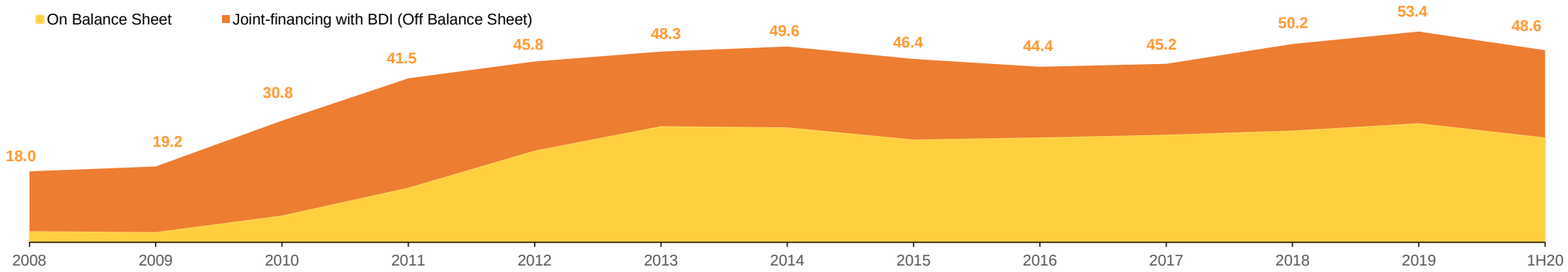
Director

- *Currently serves as Managing Director in MUFG – Union Bank, New York*
- *Over 19 years of experience in banking industry*

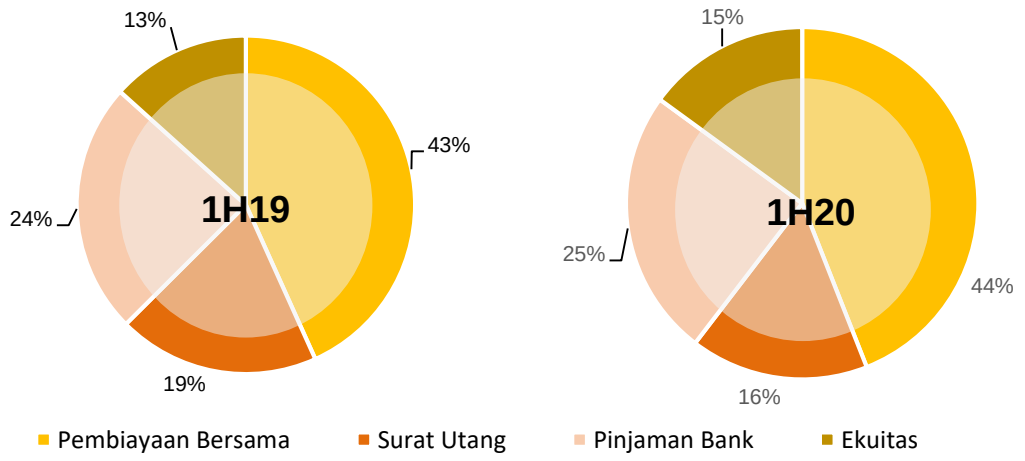
** Shall be effective since the date of passing the Fit and Proper test from OJK*

DIVERSIFIED FUNDING SOURCES AND SUSTAINABLE FUNDING SUPPORT

Managed Receivables by Sources



Managed Receivables by Sources



Funding Highlights

Joint Financing
44% of managed receivables is booked under joint financing scheme with the parent bank, Bank Danamon.

On Shore Borrowings
We have over Rp4,2 trillion facilities with more than 10 reputable local banks.

Off-Shore Borrowings
Adira Finance has been in the syndicated offshore loan market since 2013 with continued support from various banks in Asia (Singapore, Taiwan, Japan, etc)

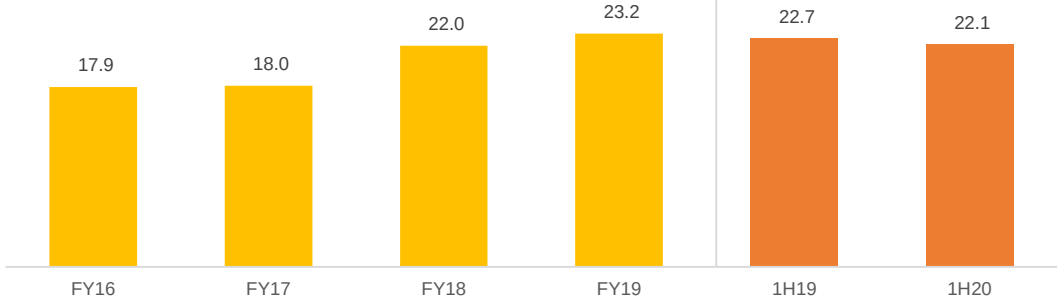
Local Bonds
Adira Finance is one of the largest corporate bond issuers in Indonesia with market share of 1.9% of total outstanding corporate bonds as of June 2020.

BUSINESS SYNERGY OF ADIRA FINANCE AND BDI GROUP

Joint Financing with Danamon

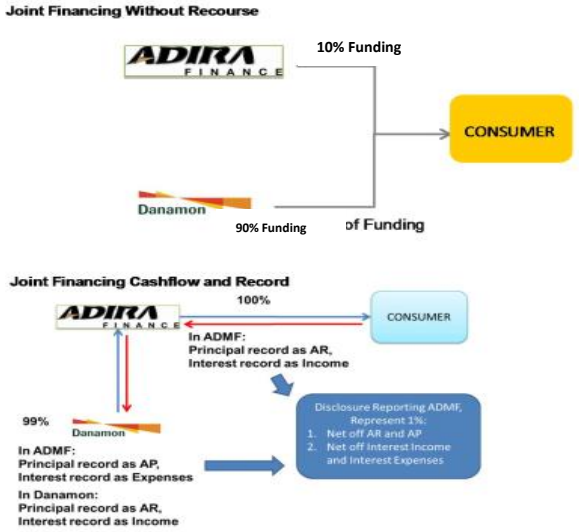
Danamon → **92.07% Ownership** / **Funding Support** → ADIRA FINANCE

44% of total managed receivables.



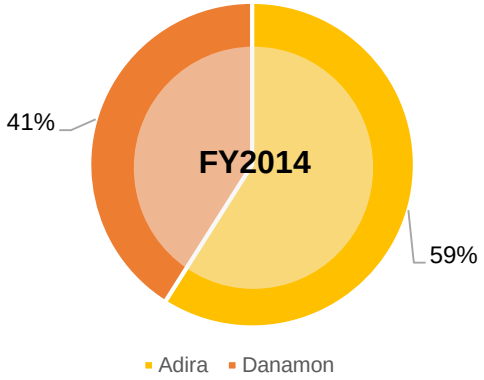
Note : Joint financing scheme

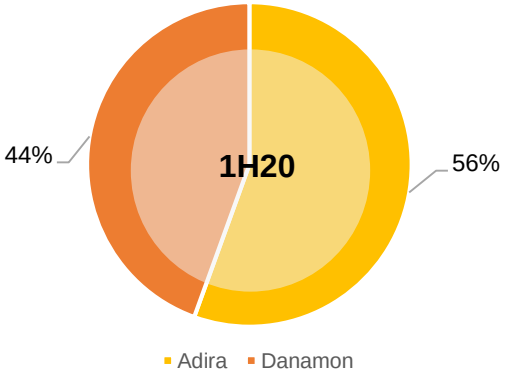
Remarkable Business Integration and Synergy



- Under the joint financing agreement with Bank Danamon, for every loan that ADMF provides which comes under this funding option, 90% will be funded by Bank Danamon while the remaining 10% will be funded by the Company.
- ADMF is responsible for managing and administering the receivables, safekeeping of documents and providing administrative services to each customer.

Managed Receivables by Sources of Funding





Cross-sell Adira Insurances Products

- Working together with Adira Insurance to offer a vehicle insurance product bundled with customer financing loans.
- Continue to cross sell various insurance products to existing customers (i.e. Personal Accident)

4. FINANCIAL SUMMARY

KEY FINANCING POLICIES/TARGETS

SPECIFIC FINANCIAL TARGETS

1 Credit Metrics

By regulation, a finance company is allowed to have a gearing ratio maximum of 10x. Adira has historically maintained gearing ratio (debt / equity) in the range of 4x-6x

2 Dividend Policy

Dividend policy as disclosed in the prospectus of the Company's Public Offering on 31 March 2004 is at least 20% of net profit. For the last 3 years dividend payment, Adira paid out dividend at 50% of net profit

ASSET MANAGEMENT

1 NPL

NPL targeted to be maintained around 3%

2 Funding Diversification Strategy & Liquidity

- Diversify sources of funding
- Strong relationship with Bank Danamon (parent) acts as a strong source of liquidity as and when required

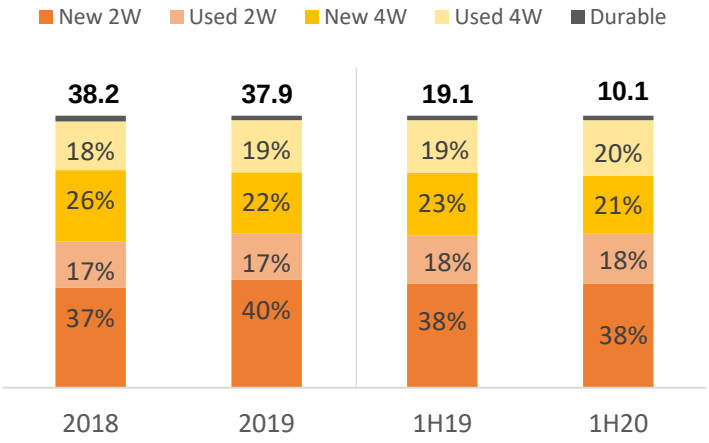
3 Financial Risk Management Strategy

- Prudent selection of clients
- Extensive prescreening / survey
- Good underwriting practice
- Strong collection team

BALANCE SHEET

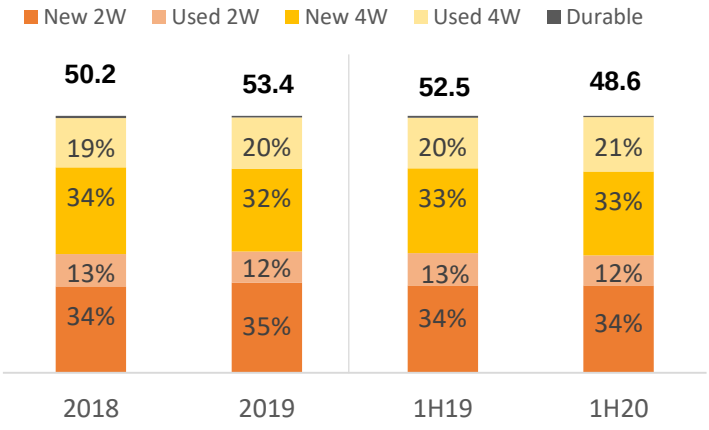
New Financing

Rp. trillion, and %, as of June 2020



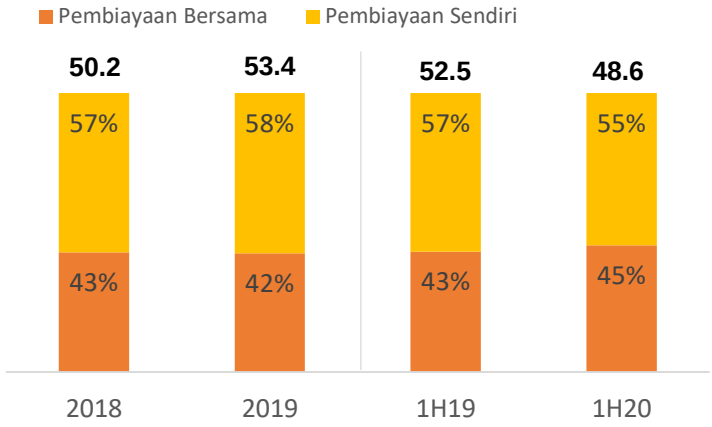
Managed Receivables

Rp. trillion, and %, as of June 2020



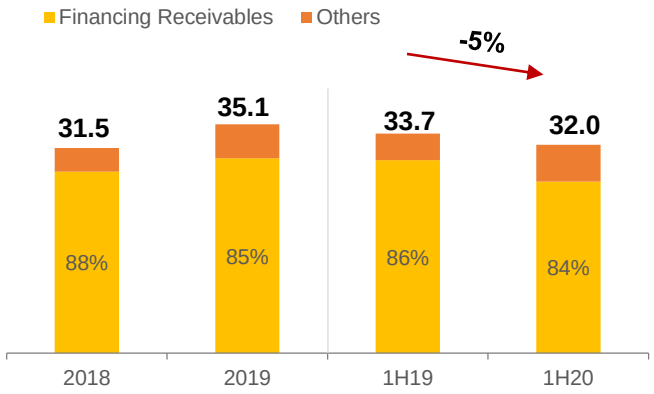
Managed Receivables

Rp. trillion, and %, as of June 2020



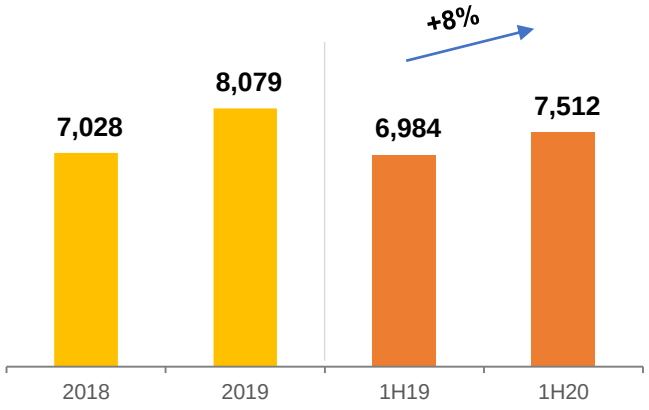
Total Asset (Stand Alone)

Rp. trillion, and %, as of June 2020



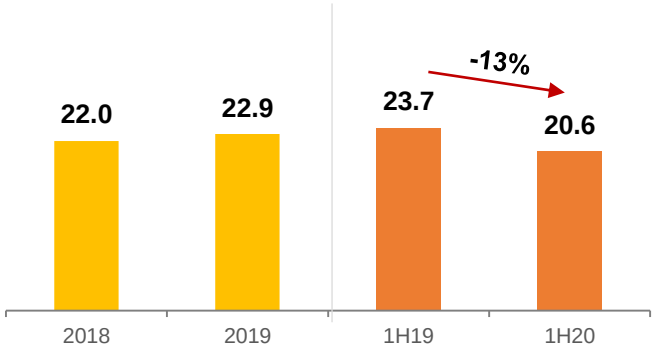
Total Equity

Rp. billion, as of June 2020



Total Outstanding Borrowing

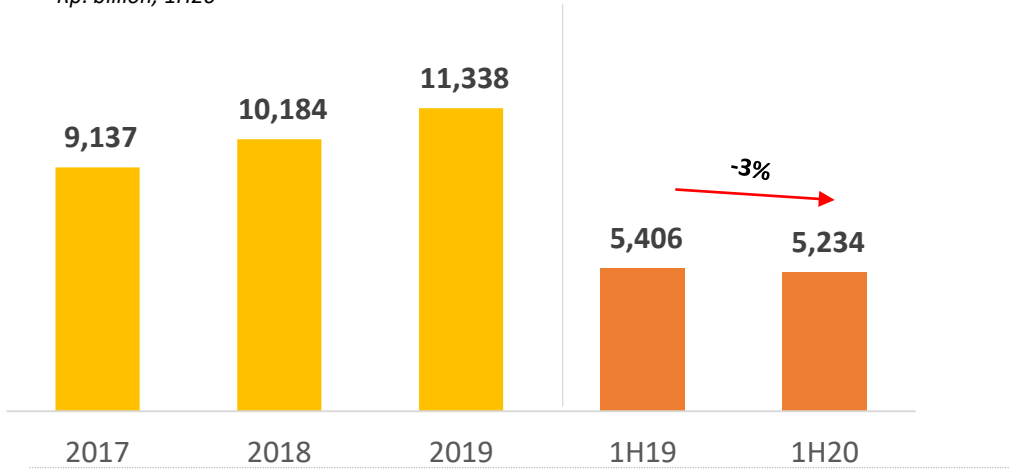
Rp. trillion, as of June 2020



INCOME STATEMENT

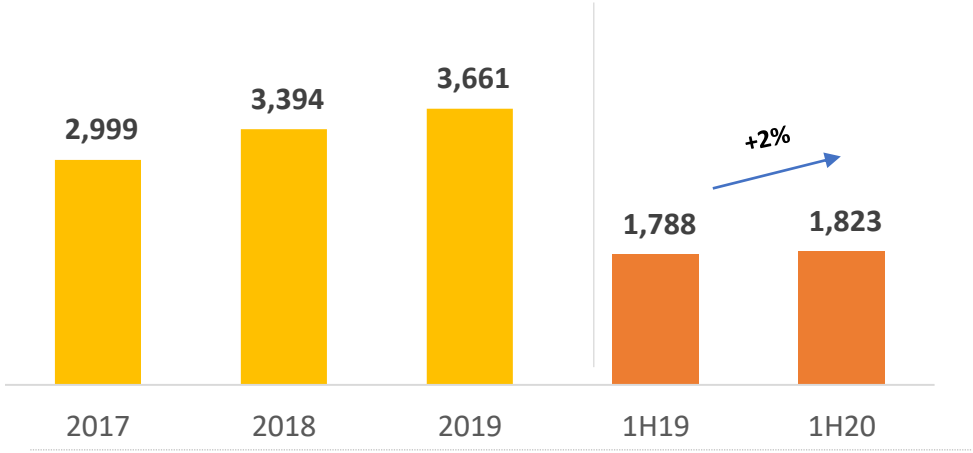
Total Income

Rp. billion, 1H20



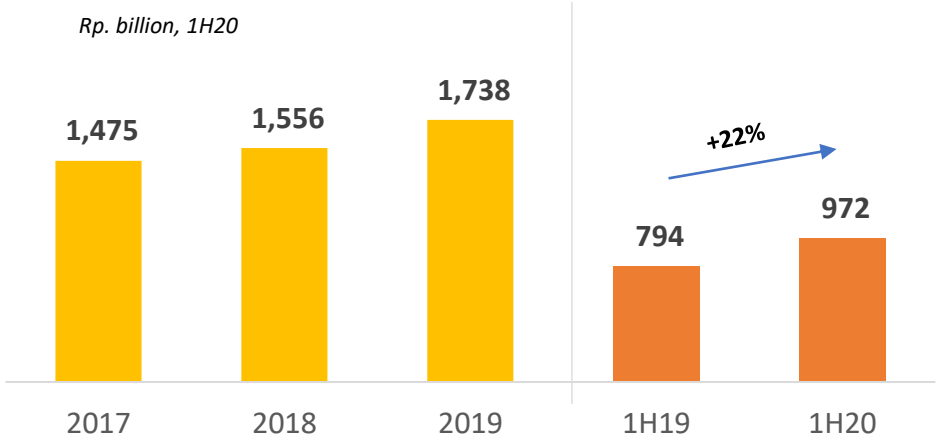
Operating Expenses

Rp. billion, 1H20



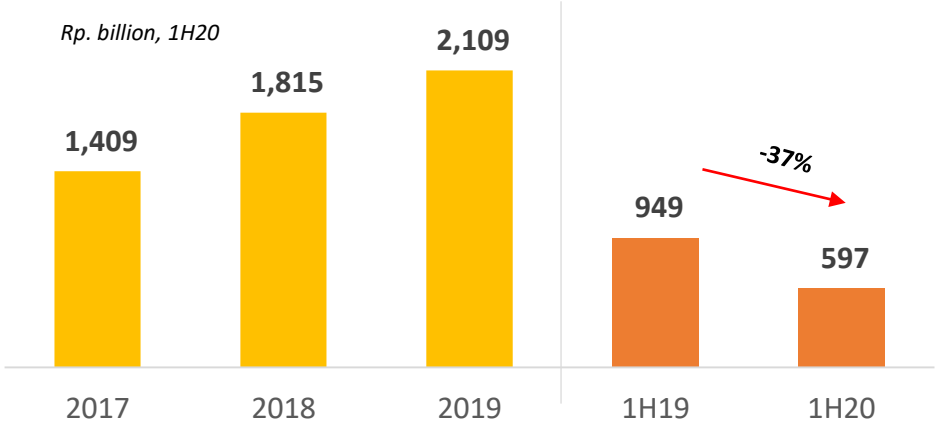
Cost of Credit

Rp. billion, 1H20



NPAT

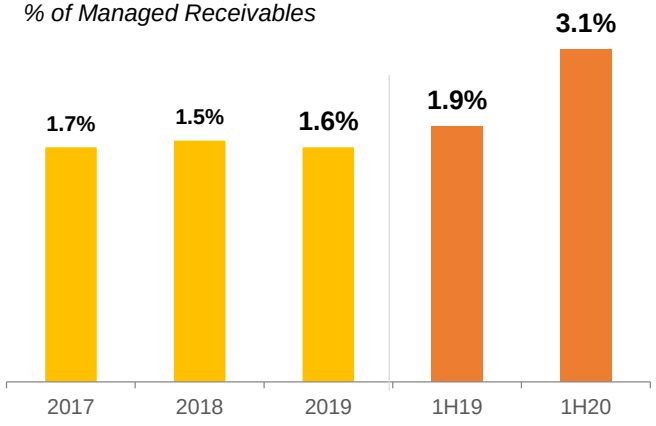
Rp. billion, 1H20



FINANCIAL RATIO

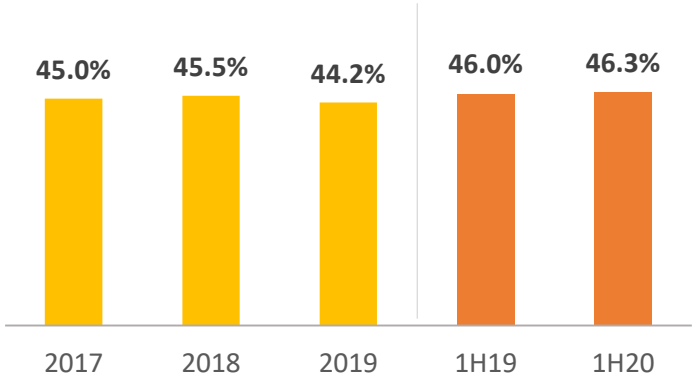
Non Performing Loan

% of Managed Receivables



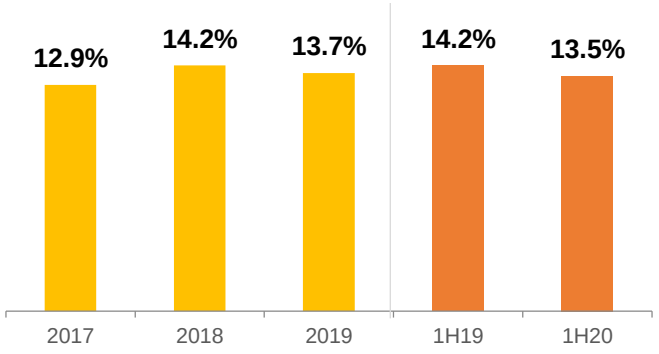
Cost to Income

%



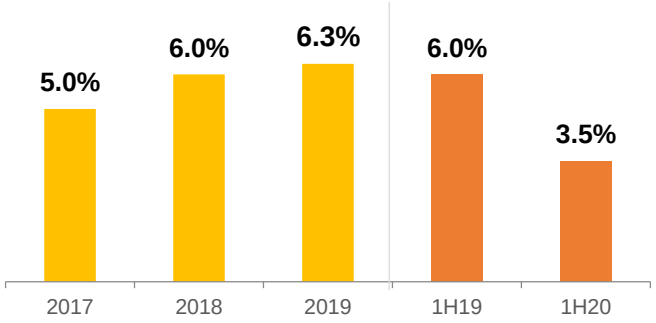
Net Interest Margin

% of Managed Receivables, annualized



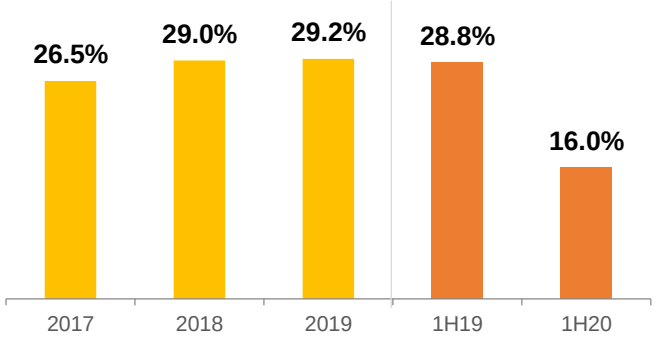
ROAA

% of Reported Asset, annualized



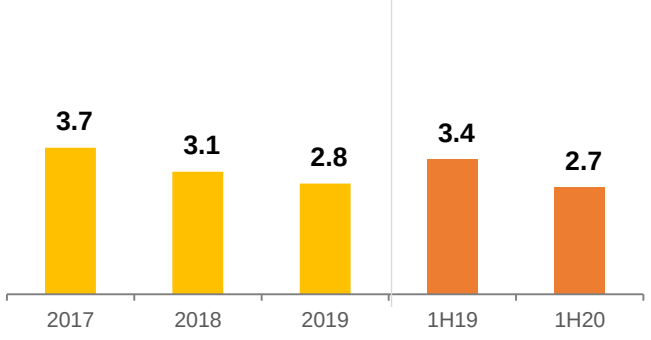
ROAE

% of Reported Equity, annualized



Debt to Equity Ratio

In (x), as of June 2020



FINANCIAL SUMMARY

Rp billion, *Unless Otherwise Stated*	**2017 (Audited)**	**2018 (Audited)**	**2019 (Audited)**	**1H19 (Unaudited)**	**1H20 (Unaudited)**
Total Income	9,317	10,184	11,337	5,406	5,234
Operating Expenses	2,999	3,394	3,661	1,788	1,823
Cost of Credit	1,475	1,556	1,738	794	972
Net Profit After Tax	**1,409**	**1,815**	**2,109**	**949**	**597**
Net Receivables(2)	25,899	27,872	29,915	29,637	26,345
Total Assets	29,493	31,496	35,117	33,680	31,960
Total Debts	21,006	21,968	22,886	23,736	20,589
Total Equity	**5,745**	**7,028**	**8,079**	**6,984**	**7,521**
Net Interest Margin	12.9%	14.2%	13.7%	14.2%	13.5%
ROAA(3)	5.0%	6.0%	6.3%	6.0%	3.5%
ROAE(3)	26.5%	29.0%	29.2%	28.8%	16.0%
Debt-to-Equity	**3.7x**	**3.1x**	**2.8x**	**3.4x**	**2.7x**

Source :
(1) ADMF financial statement for the year ended 30 June 2020
(2) Financing Receivables after provision for losses
(3) As percentage of reported assets and equity

5. ADIRA AWARDS

ADIRA FINANCE WON MULTIPLE AWARDS IN 2018 & 2019

iCIO Awards 2019

The Most Inspiring CEO Category

The Best Disclosure Transparency 2019- Indonesia Institute for Corporate Directorship (IICD)

Indonesia GCG Award 2019- Economic Review

The 1st Category Multifinance

Investor Award 2018

The Best Multifinance Assets Above 10 Trillion

SwaNetwork Indonesia

Original Brand Award 2018

Indonesia Best Brand Awards 2018

Best Car and Durable Category

ADIRA FINANCE WON MULTIPLE AWARDS IN 2018 & 2019

Investor Magazine Best Sharia 2018

Best Multifinance & Best Sukuk Mudharabah

Business News
Top Multifinance Award 2018

Best Multifinance Car Leasing Category

In
WOW Brand Award 2018

Best Motorcycle Leasing Category

Investor Award 2018

Top 100 Listed Companies

Infobank Digital Brand Award 2018

Best Digital Btand

Marketing Magazine
Tp Brand Award 2018

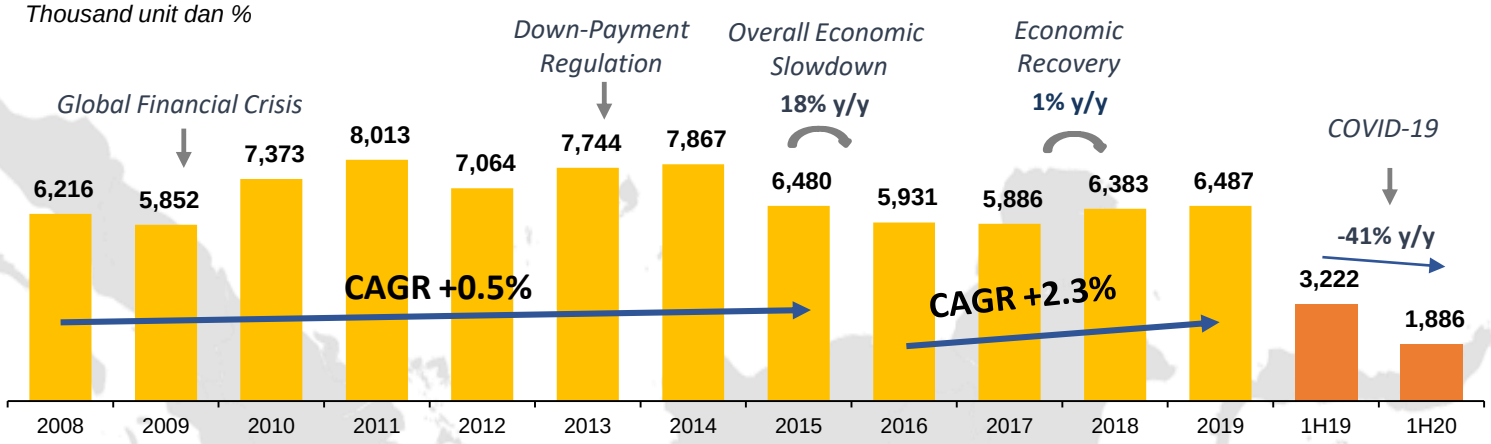
Best Car Category

6. INDONESIA AUTOMOTIVE MULTIFINANCE INDUSTRY

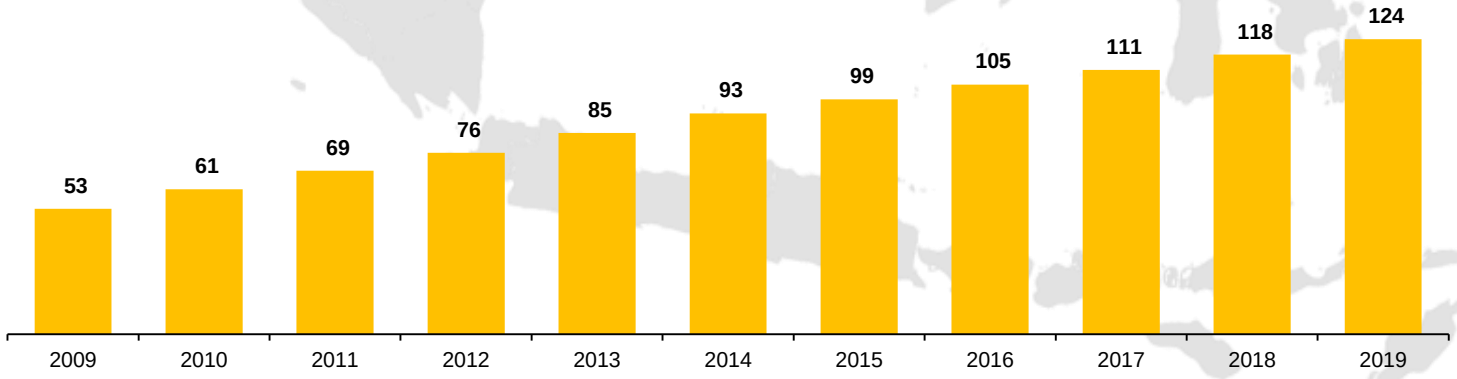
MOTORCYCLE INDUSTRY SALES

Indonesia's New Motorcycle Sales

Thousand unit dan %



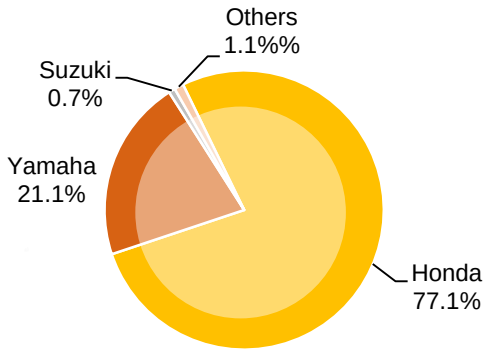
Indonesia's Motorcycle Populations (millions units)



Sources: Asosiasi Industri Sepeda Motor Indonesia (AISI), Indonesia Central Bureau of Statistics (BPS).

Motorcycle Sales by Brand in 1H2020

% Total Sales

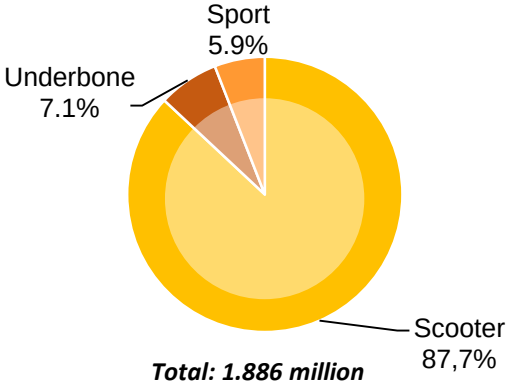


Total: 1.886 million

Percentage as of June 2020

Motorcycle Sales by Type in 1H2020

% Total Sales



Total: 1.886 million

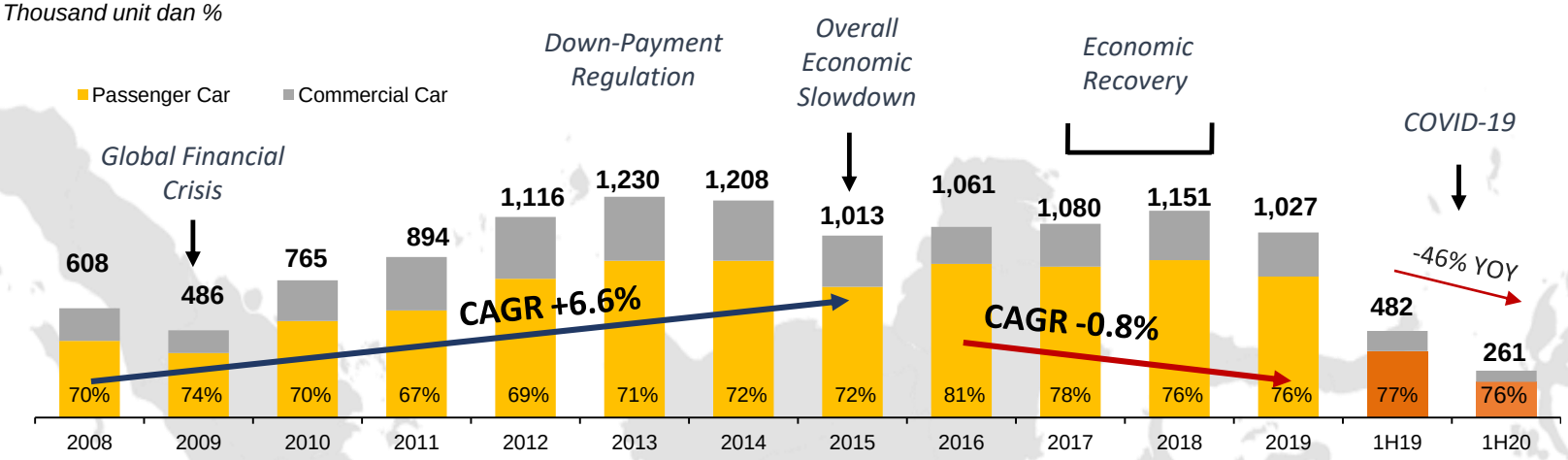
Percentage as of June 2020

Note : Data As of 1H20

CAR INDUSTRY SALES

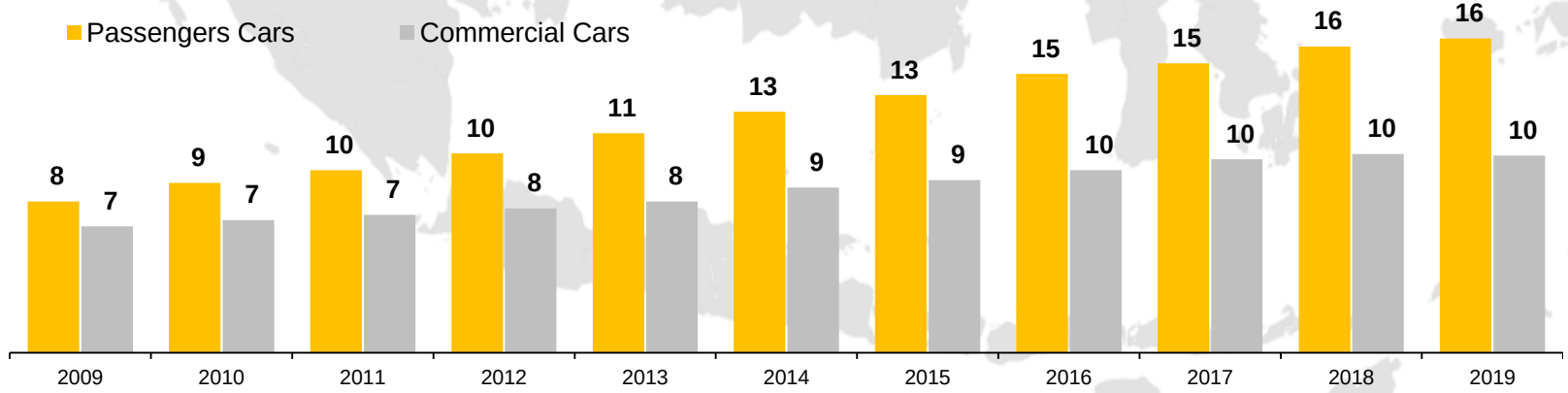
Indonesia's New Car Sales

Thousand unit dan %



Indonesia's Car Populations

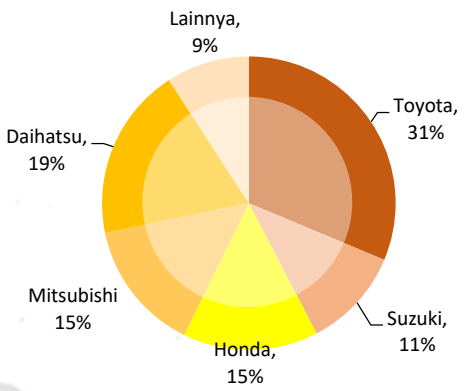
Million unit dan %



Sources: Gabungan Industri Kendaraan Bermotor Indonesia (Gaikindo), Indonesia Central Bureau of Statistics (BPS).

Car Sales by Brand in 1H20

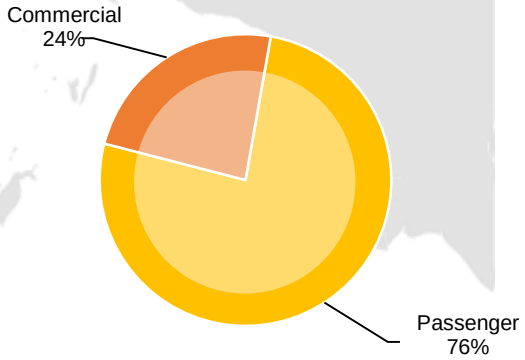
% Total Sales



Total: 261 ribu

Car Sales by Type in 1H20

% Total Sales



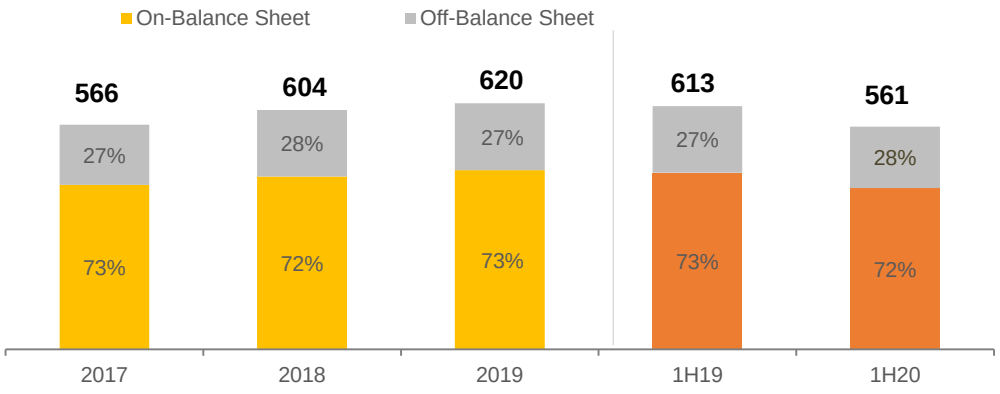
Total: 261 ribu

Note : Data As of 1H20

MULTIFINANCE INDUSTRY

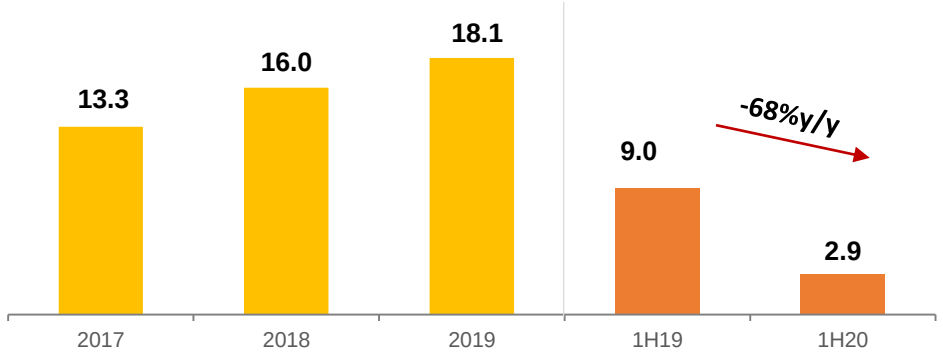
Financial Receivables

Rp trilion



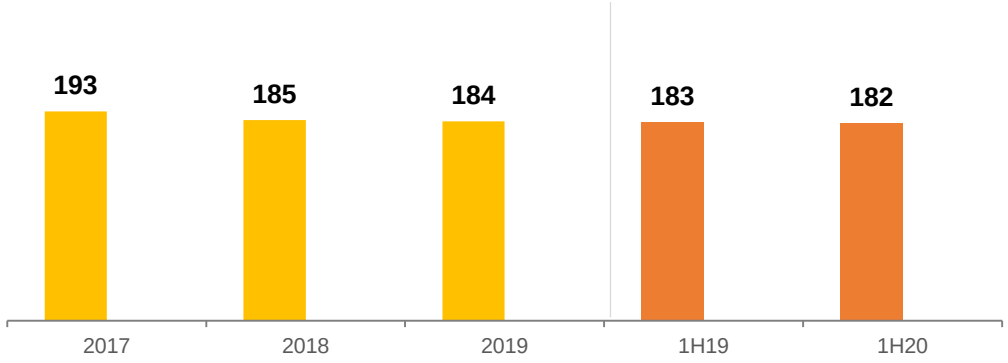
Net Profit After Tax

Rp trilion



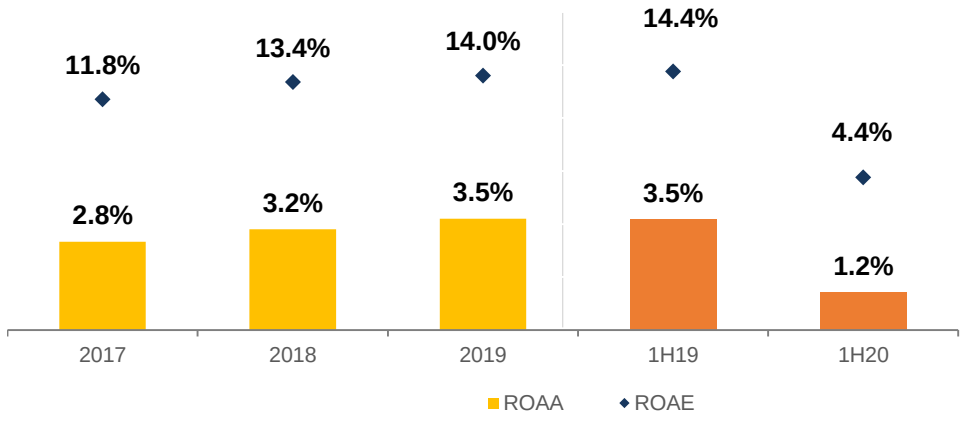
Number of Finance Companies

Licensed by OJK



ROAA and ROAE

% Reported Asset & Equity, annualized



GROWTH DRIVERS AND BUSINESS PROSPECTS

1 **LARGE MARKET AND MIDDLE GROWING CLASS POPULATIONS**

Indonesia is the country with 4th largest population in the world with around 260 million people.

2 **LOW PENETRATION RATE OF 4W VEHICLE**

The penetration rate is 9% (1 car for 11 people), providing room for financing business growth.

3 **AVAILABILITY OF CREDIT**

Around 65%–70% of vehicle purchases in Indonesia are still done through credit.

4 **INADEQUATE PUBLIC TRANSPORTATION INFRASTRUCTURE**

Indonesia's geographic condition, which consists of over 17,000 archipelagos, has been a challenge for public transportation infrastructure development.

5 **NEW BUSINESS OPPORTUNITY**

OJK allowed multi finance companies to engage in various businesses such as working capital investment, multi purpose and others

DISTINCT VEHICLE USAGE IN INDONESIA

For Daily Transportation

Personal vehicles are still essential for daily activities given weak public transportation

Productive Usage

Motorcycles provide efficiency for transportation as well as a means for earnings

For Small Business

Cars have gone through much changes in their function as well to suit the needs of Indonesians

For Inter-state Transportation

Road infrastructure is one of the government's main priorities

TRAFFIC FLOWS IN VARIOUS CITIES IN INDONESIA

SUMATERA

Sumatera's economy is based on commodity and plantation

Populations : **57.8 Mn**

GDP Per Capita: **USD 2,871**

Penetration 2W : **52.4%**

Penetration 4W: **10.6%**

JAKARTA

Jakarta is the center of business activities in Indonesia

Populations : **10.5 Mn**

GDP Per Capita: **USD 12,559**

Penetration 2W : **153.6%**

Penetration 4W: **54.3%**

JAWA

Java is the largest economic contribution in the country

Populations : **139.2 Mn**

GDP Per Capita: **USD 3,120**

Penetration 2W : **34.4%**

Penetration 4W: **5.7%**

Bali & NT

The famous place for tourist attraction

Populations : **14.7 Mn**

GDP Per Capita: **USD 1,583**

Penetration 2W : **50.6%**

Penetration 4W: **13.5%**

Note : The Populations and Data Penetration as of 2018, GDP Per Capita as of 2019 *Source: Badan Pusat Statistik (BPS)*

THANK YOU

ADIRA FINANCE