

Adira Dinamika Multi Finance (ADMF)

Company rating

Pefindo idAAA/Stable

Shareholders

PT Bank Danamon Indonesia Tbk 92.07%
Public 7.93%

Trading Summary (in the last three months)

Bond ID	Last Trade	Last Price	Yield (%)
ADMF04CCN3	20-May-20	100.9	7.7
ADMF04BCN5	20-May-20	102.7	7.1
ADMF04ECN3	19-May-20	98.9	9.6
ADMF04CCN4	19-May-20	99.2	9.8
ADMF04BCN6	19-May-20	99.0	8.3
ADMF04DCN2	15-May-20	99.1	7.9
ADMF03BCN1	14-May-20	100.3	7.5
ADMF04CCN5	14-May-20	94.9	10.8
ADMF04ACN6	13-May-20	100.7	5.0
ADMF04BCN1	6-May-20	100.9	5.8

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New Issuance of Shelf Registered Bond V Phase 1 and Sukuk IV Phase 1

Currently, ADMF plans to issue two new bond series with 1-yr and 3-yr tenors, targeting Rp1.3tn, and two new sukuk series with 1-yr and 3-yr tenors, targeting Rp200bn to finance its lending disbursement (new financing). Book building period is 03-16 June 2020, with offering coupon range of 6.50-07.50% for the 1-yr tenor and 7.50-08.50% for the for the 3-yr tenor, implying 110-210 bps and 115-215 bps risk premiums above the current risk-free rate, respectively.

Looking at the fair risk premium of ADMF bonds, which we estimate at 137 bps, and at the average AAA rated category that is trading at an average risk premium of 116 bps, thus the new offering bonds look attractive in our view.

Key Credit Considerations:

Solid market position. ADMF's position in the domestic consumer finance industry remains solid, as it recorded Rp37.9tn new-financing (-0.9% yoy) in 2019, the second largest in our coverage. We expect ADMF's position will remain strong as one of the largest multi-finance players in Indonesia, since the company has strong relationship with major sole agents of motorcycles and cars throughout the country.

Very wide product segments. ADMF serves the market by providing financing for new cars, used cars, new and used motorcycles, and multipurpose financing with no limit to certain brands, thus the company can easily follow market trends. Amid weak 4W market in 2019, its new-car segment dropped significantly by -19% yoy to 45,188units, while its used-car increased by +3% yoy to 69,915, therefore the used-car portion in car booking continued rising to 61% from 55% in 2015. Looking at the market condition in May 2015, ADMF has expanded its business in the financing of durable goods, such as smart-phones, computers, gadgets, etc. In 2019, ADMF has proven strong growth in this segment by recording Rp626bn (+23% CAGR 2015-2019), which contributed 2% to total new-financing. ADMF has active customers of around 3mn accounts in its database as a potential source for this segment.

Strong capital structure and liquidity profile. ADMF's total equity is the largest among finance companies under our coverage at Rp8.1tn, making its capital structure quite strong with gearing ratio (GR) at 2.8x as of Dec-19, compared to 3.2x average GR in our coverage. With strong capital, ADMF has ample room to support business expansion in the future. Meanwhile, regarding its liquidity profile, ADMF has an excess of around Rp9tn in financing receivables over its debt, which will mature within one year, and its cash balance was at Rp3.1tn as of Dec-19.

Key risks: Adverse economic condition due to the COVID-19 outbreak that would lead to weak demand for automotive financing, while on the other side giving pressure to the collection of receivables.

Company Profile

The company was founded in 1990 with its business of financing various automotive types and brands in Indonesia. In March 2004, ADMF went public, followed by 75% ownership transfer from existing shareholders through private placement to PT Bank Danamon Indonesia Tbk. Subsequently, in July 2009, PT Bank Danamon Indonesia Tbk executed a call option to buy a 20 % stake in the company and became the majority with a share of 95%. PT Bank Danamon Indonesia Tbk is one of the largest private national banks owned by MUFG Bank Ltd, which is one of the world's leading financial groups. With support from Bank Danamon, the company has continued to expand its business by creating competitive advantage that can produce high value, both for consumers and shareholders. Currently, its new-booking consists of 22% for new cars, 19% for used cars, 40% for new motorcycles, 17% for used motorcycles, and 2% for durables. In 2019, ADMF's new-financing was the second largest among finance companies under Mandiri Sekuritas coverage with Rp37.9tn (-0.9% yoy).

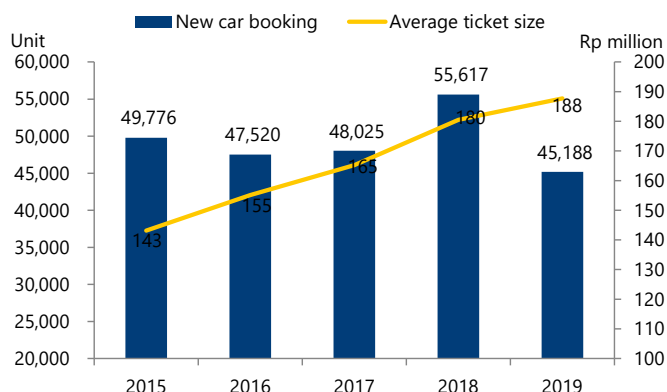
Recent Update: New-Financing Is Still Solid, Supported by Rising Ticket Size

ADMF's 2019 new-booking was slightly down by -4.6% yoy to 1.6mn contract numbers from previously 1.7mn in 2019. The new-car segment dropped significantly by -19% to 45,188 units, while the used-car still grew by +3% yoy to 69,915, hence the used-car portion in the car financing continued rising to 61% from 55% in 2018. In motorcycle financing, the new segment was relatively flat at 765,456 units (+1.3% yoy) and the used segments decreased by -5.2% yoy to 611,029 units. Meanwhile, the durables financing segment dropped significantly by -22.8% yoy to 154,672 units.

Even though the new-booking of new-car dropped, as described above, ADMF's market position remains solid, with its total new-car booking percentage to domestic car sales maintained stable at 4.4% (vs. 4-5% in 2015-2019) and its total new-motorcycle booking percentage to domestic motorcycle sales also maintained stable at 11.8% (vs. 11-12% in 2015-2019).

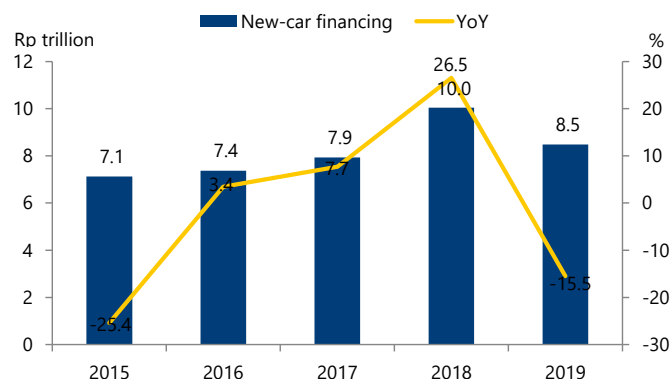
In terms of amount financed, the decline was flatter than the new-booking in units (contract numbers) due to a rise in average ticket size. The new-car segment decreased by -15.5% yoy to Rp8.5tn as the average ticket size increased by +4% yoy to Rp188mn. The used-car segment has become the backbone of ADMF's financing growth, as this segment grew by +6.2% yoy to Rp7.3tn with average ticket size having increased by +2.8% yoy to Rp104mn. The new-motorcycle segment also increased by +7.1% yoy to Rp15tn and was supported by a rise in average ticket size by +5.8% yoy to Rp19.6mn. The used-motorcycle segment was relatively flat at Rp6.5tn (-0.4% yoy) with average ticket size having increased by +5% yoy to Rp10.6mn. Meanwhile, the durables financing segment was down by -22.1% yoy to Rp626bn with average ticket size relatively stable around Rp4mn (+0.9% yoy). In total, the new-financing was relatively flat at Rp37.9tn (-0.8% yoy), still in-line with our expectation, representing 106% of our FY19 forecast.

FIGURE 1. NEW-CAR BOOKING DROPPED BY -19% YOY; ITS AVERAGE TICKET SIZE INCREASED BY +4% YOY IN 2019



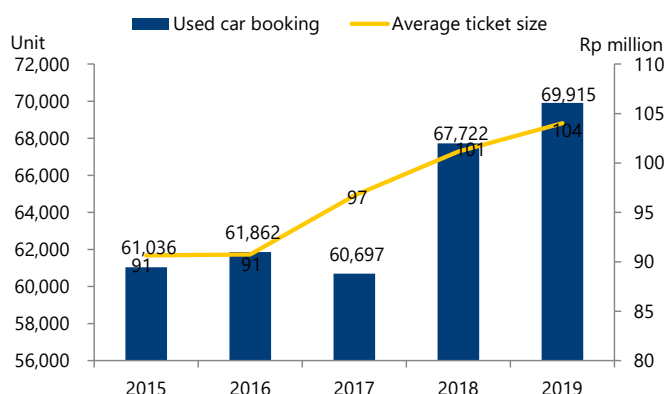
Source: Company

FIGURE 2. NEW-CAR FINANCING DECREASED BY -15.5% YOY IN 2019



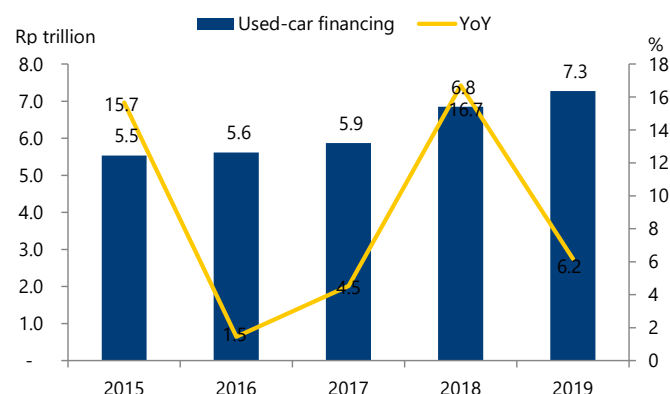
Source: Company

FIGURE 3. USED-CAR BOOKING INCREASED BY +3% YOY IN 2019



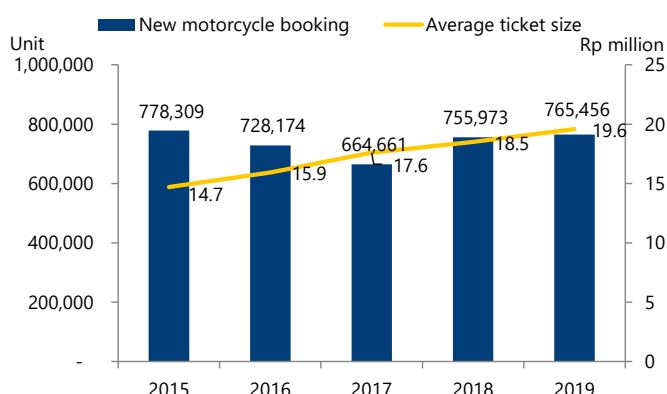
Source: Company

FIGURE 4. USED-CAR FINANCING GREW BY +6.2% YOY IN 2019



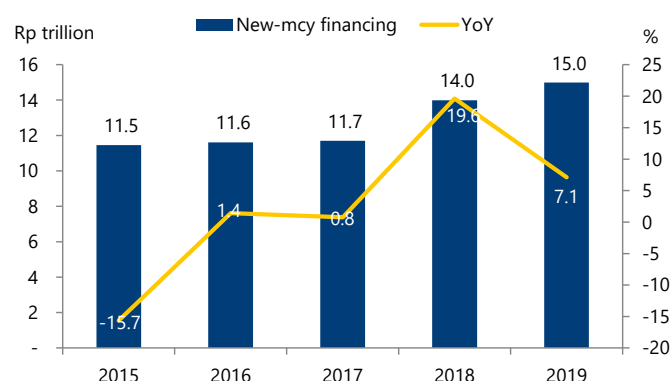
Source: Company

FIGURE 5. NEW-MCY BOOKING RELATIVELY FLAT; AVERAGE TICKET SIZE INCREASED BY +5.8% YOY IN 2019



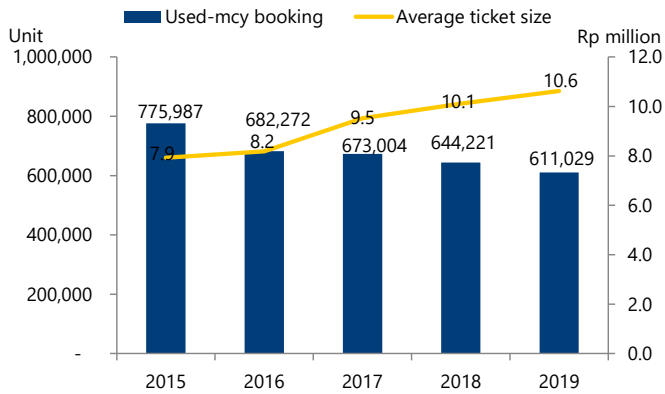
Source: Company

FIGURE 6. NEW-MCY FINANCING GREW BY +7.1% YOY IN 2019



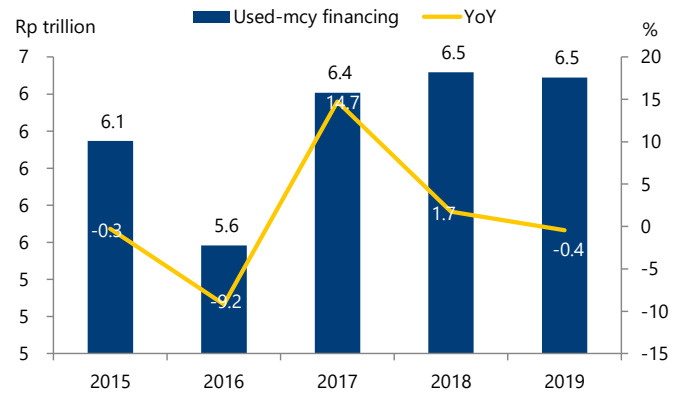
Source: Company

FIGURE 7. USED-MCY BOOKING DECREASED; AVERAGE TICKET SIZE INCREASED BY +5% YOY IN 2019



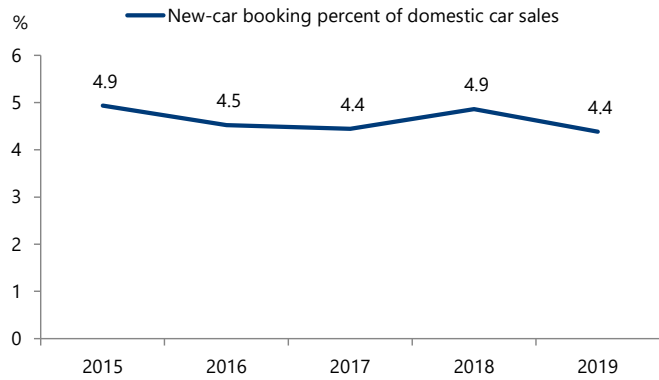
Source: Company

FIGURE 8. USED-MCY FINANCING FLAT AT RP6.5TN IN 2019



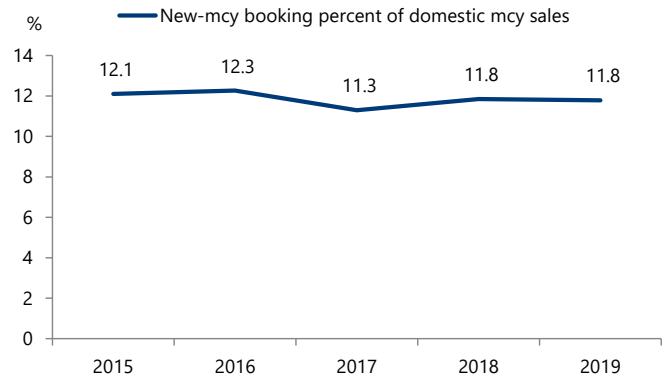
Source: Company

FIGURE 9. ADMF MARKET SHARE IN THE NEW-CAR SEGMENT MAINTAINED STABLE AROUND 4%



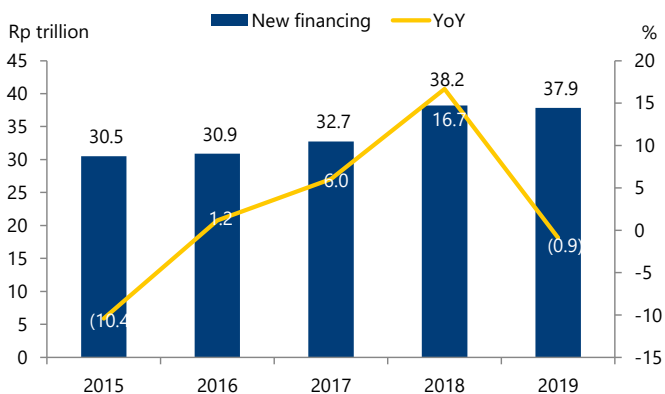
Source: Mandiri Sekuritas database

FIGURE 10. ADMF MARKET SHARE IN NEW-MOTORCYCLE MAINTAINED STABLE AROUND 11%



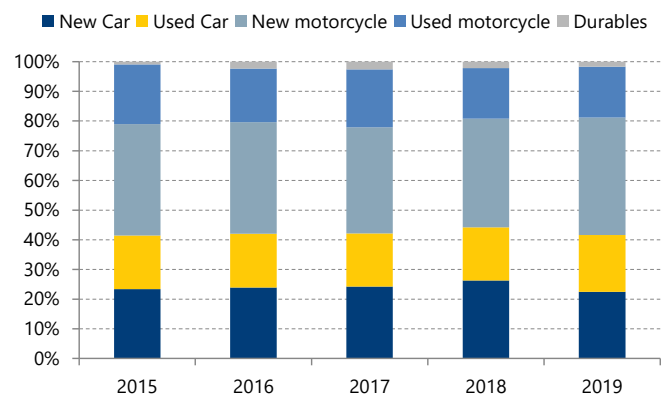
Source: Mandiri Sekuritas database

FIGURE 11. TOTAL NEW FINANCING STILL SOLID AROUND RP38TN IN 2019



Source: Company

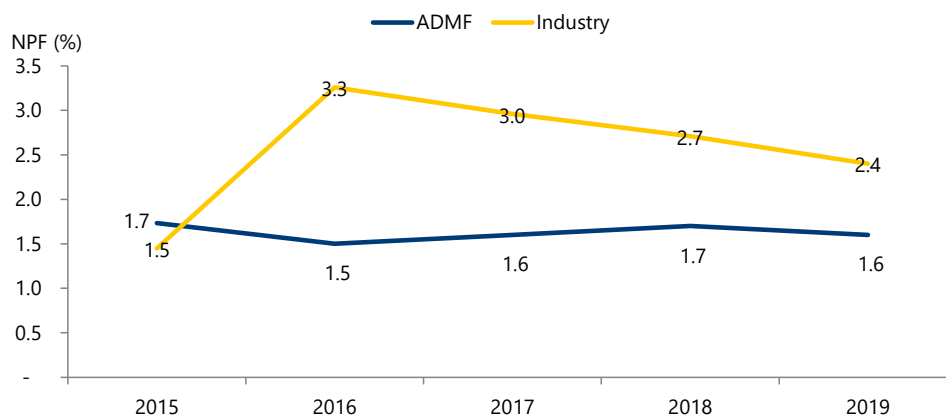
FIGURE 12. NEW FINANCING MIX: INCREASE IN USED-CAR AND MCY-FINANCING PORTIONS



Source: Company

Non-performing financing (NPF) was maintained stable at 1.6% (vs. 1.7% in 2018), still below the industry average of 2.4%. We expect ADMF's NPF will stay low, as the company is utilizing its large customer database, which has provided a strong record of historical payments for each and every type of customer. Thus, the company has a strong capability to pick good quality customers. However, we remain cautious regarding the pressure to NPF, considering the COVID-19 outbreak.

FIGURE 13. ADMF'S NPF MAINTAINED BELOW THE INDUSTRY AVERAGE



Source: Company, OJK

Financial Summary and Outlook: FY2019 Result still In-Line with Our Forecast

Total income was still solid and reported growth of +11.3% yoy to Rp11,338bn, accounting for 105% of our FY19 forecast; it was also supported by the used-car and motorcycle financing, which were the high margin segments that still grew solidly. The company's total income mainly comes from consumer financing (including murabahah margin or Syariah financing) and others income (administration, late charges, penalty, etc.), each contributing around 81.3% and 18.3%, while the rest are from financing lease. Consumer financing income increased by +9.6% yoy to Rp9,223bn and others income increased significantly by +20.4% yoy to Rp2,079bn. Meanwhile, the interest expense (including revenue sharing for mudharabah bonds) was still manageable, as it increased by +13.1% yoy to Rp2,034bn. At this level, the net interest income (financing income minus interest expense) was still solid and grew by +8.5% yoy to Rp7,224bn.

On the cost side, the operating expense was up by +7.6% yoy to Rp4,430bn (102% of our forecast) and still manageable, as the cost to income ratio (CIR) decreased to 47.6%. Meanwhile, the provision expense increased by +12.7% yoy to Rp1,987bn. Overall, total expense grew flatter than the total income growth by +9.9% yoy to Rp8,459bn, hence the net profit was still growing solidly by +16.2% yoy to Rp2,109bn and still in-line with our expectation, as it represented 111% of our FY19 forecast.

For 2020, based on market expectation, the automotive market will drop by around 40-50% both in 4W and 2W markets due to COVID-19 outbreak, hence in 2020, the domestic car and mcy sales will fall to around 600k and 3.2mn units, respectively. At this current condition in the automotive market, our model shows that new-financing for ADMF will significantly fall in 2020. On another front, following the rule from the authority, POJK no. 11/POJK.03/2020 concerning the National Economic Stimulus as a Countercyclical Policy on the Impact of Coronavirus Disease 2019, the company as of Apr-20 has already restructured its debtor, amounting to Rp7.2tn or around 13% of its managed receivables. Hence, this will affect the company's cash inflow and revenue. Based on these conditions, we revised down our forecast for FY20. However, the bottom line is still positively solid and the credit metrics remain sound with lower gearing ratio at 2.4x.

In addition, the company's ability to raise funds in bad times is unquestionable. Being the subsidiary of Bank Danamon, and also from MUFG Bank Ltd, has provided the company with easy access to funding. Furthermore, ADMF is a listed company and can easily raise funds from the stock exchange. ADMF routinely raises funds through bond issuances with an average of Rp4tn-5tn per year.

EXHIBIT 1. FY2019 RESULTS STILL IN-LINE WITH OUR FORECAST

Income Statement (Rp bn)	2018	2019	YoY	2Q19	3Q19	4Q19	%QoQ	FY19F	2019 % to FY19F
Financing income	8,457	9,259	9.5	2,294	2,351	2,366	0.6		
Others	1,727	2,079	20.4	429	466	748	60.8		
Total income	10,184	11,338	11.3	2,724	2,817	3,115	10.6	10,793	105
Interest & Financing	(1,798)	(2,034)	13.1	(511)	(531)	(518)	-2.5	(1,992)	102
<i>Net interest income</i>	<i>6,659</i>	<i>7,224</i>	<i>8.5</i>	<i>1,784</i>	<i>1,820</i>	<i>1,849</i>	<i>1.6</i>	<i>7,034</i>	<i>103</i>
Operating expense	(4,117)	(4,430)	7.6	(1,099)	(1,088)	(1,136)	4.3	(4,339)	102
Allowance expense	(1,764)	(1,987)	12.7	(443)	(553)	(526)	-4.9	(1,847)	108
Others	(20)	(7)	-66.3	(1)	(2)	(1)	-46.1	(5)	127
Income before tax	2,485	2,879	15.9	671	642	934	45.5	2,609	110
Net profit	1,815	2,109	16.2	486	469	690	47.1	1,905	111

Key ratio	2018	2019	2019F
NIM (%)	13.5	13.5	14.4
CIR (%)	49.1	47.6	49.3
NPF (%)	1.8	1.7	1.9
GR (X)	3.1	2.8	2.8

Source: Mandiri Sekuritas estimates

ADMF Bonds' Valuation: 1.1-yr ADMF04CCN3 Offered the Widest Risk Premium

As of 26 May 2020, the total outstanding ADMF bonds (sukuk and bond) in the secondary market were at Rp8,470bn, consisting of 32 series. The shortest tenor is for ADMF04ACN6 (issued in Oct-2019), which will mature on Oct-20 with a size of Rp299bn. Meanwhile, the longest tenor is for ADMF04CCN4 at 3.0 years (issued in Jan-2017) with a size of Rp328bn.

From the total series of ADMF's bonds, 10 (with maturities above one year) have been traded in the secondary market during Feb-May-20. The bonds offered an average risk premium of 137 bps above government bond yields with the same tenors; this looks fair compared with our risk premium calculation for the AAA bond category of 116 bps.

We have five overweight, three neutral, and two underweight recommendations for ADMF's bonds. ADMF04CCN3 (ytm: 7.73%, mature on 16-Aug-21) offered the widest risk premium of 214 bps, based on its last transaction compared with AAA rated bonds' 116 bps in the secondary market, followed by ADMF03CCN5 and ADMF04BCN6, which gave 192 bps and 186 bps risk premiums, respectively. ADMF04BCN6 (ytm: 8.27%, mature on 4-Oct-22) traded at a higher yield vs. ADMF04CCN6 (ytm: 7.58%, mature on 4-Oct-24;), which has the longest duration.

Currently ADMF plans to issue two new bond series with 1-yr and 3-yr tenors, targeting Rp1.3tn, and two new sukuk series with 1-yr and 3-yr tenors, targeting Rp200bn to finance its lending disbursement (new financing). Book building period is 03-16 June 2020, with offering coupon range of 6.50-07.50% for the 1-yr tenor and 7.50-08.50% for the for the 3-yr tenor, implying 110-210 bps and 115-215 bps risk premiums above the current risk-free rate, respectively.

Looking at the fair risk premium of ADMF bonds, which we estimate at 137 bps, and at the average AAA rated category that is trading at an average risk premium of 116 bps, thus the new offering bonds look attractive in our view.

FIGURE 14. ADMF'S OUTSTANDING BONDS AS OF MAY 2020

Bonds ID	Bonds name	Par (Rp bn)	Coupon (%)	Maturity Date
ADMF03BCN1	Shelf Registered Bond III Adira Finance Phase I Year 2015 Series B	238	10.25	30-Jun-20
ADMF03BCN6	Shelf Registered Bond III Adira Finance Phase VI Year 2017 Series B	450	8.1	14-Jul-20
ADMF04BCN3	Shelf Registered Bond IV Adira Finance Phase III Year 2018 Series B	119	8	16-Aug-20
ADMF03CCN2	Shelf Registered Bond III Adira Finance Phase II Year 2015 Series C	277	10.25	25-Aug-20
ADMF04ACN6	Shelf Registered Bond IV Adira Finance Phase VI Year 2019 Series A	299	6.75	14-Oct-20
ADMF04BCN1	Shelf Registered Bond IV Adira Finance Phase I Year 2017 Series B	893	7.45	12-Dec-20
SMADMF03BCN1	Shelf Registered Sukuk Mudharabah III Adira Finance Phase I Year 2017 Series B	55	1	12-Dec-20
ADMF03CCN3	Shelf Registered Bond III Adira Finance Phase III Year 2016 Series C	698	10.25	2-Mar-21
ADMF04CCN2	Shelf Registered Bond IV Adira Finance Phase II Year 2018 Series C	552	7.4	21-Mar-21
SMADMF03BCN2	Shelf Registered Sukuk Mudharabah III Adira Finance Phase II Year 2018 Series B	62	1	21-Mar-21
SMADMF02CCN2	Shelf Registered Sukuk Mudharabah II Adira Finance Phase II Year 2016 Series C	14	1	26-Jul-21
ADMF03CCN4	Shelf Registered Bond III Adira Finance Phase IV Year 2016 Series C	431	9.25	26-Jul-21
ADMF04CCN3	Shelf Registered Bond IV Adira Finance Phase III Year 2018 Series C	716	8.5	16-Aug-21
ADMF04BCN4	Shelf Registered Bond IV Adira Finance Phase IV Year 2019 Series B	58	9	23-Jan-22
SMADMF03BCN3	Shelf Registered Sukuk Mudharabah III Adira Finance Phase III Year 2019 Series B	55	1	23-Jan-22
ADMF03CCN5	Shelf Registered Bond III Adira Finance Phase V Year 2017 Series C	241	8.9	22-Mar-22
SMADMF02CCN3	Shelf Registered Sukuk Mudharabah II Adira Finance Phase III Year 2017 Series C	7	1	22-Mar-22
ADMF04BCN5	Shelf Registered Bond IV Adira Finance Phase V Year 2019 Series B	287	8.6	16-Apr-22
SMADMF03BCN4	Shelf Registered Bond IV Adira Finance Phase IV Year 2019 Series A	10	0	16-Apr-22
ADMF03CCN6	Shelf Registered Bond III Adira Finance Phase VI Year 2017 Series C	68	8.4	14-Jul-22
ADMF04DCN3	Shelf Registered Bond IV Adira Finance Phase III Year 2018 Series D	269	9	16-Aug-22
ADMF04BCN6	Shelf Registered Bond IV Adira Finance Phase VI Year 2019 Series B	703	7.8	4-Oct-22
ADMF04CCN1	Shelf Registered Bond IV Adira Finance Phase I Year 2017 Series C	91	7.55	12-Dec-22
SMADMF03CCN1	Shelf Registered Sukuk Mudharabah III Adira Finance Phase I Year 2017 Series C	55	1	12-Dec-22
ADMF04DCN2	Shelf Registered Bond IV Adira Finance Phase II Year 2018 Series D	162	7.5	21-Mar-23
SMADMF03CCN2	Shelf Registered Sukuk Mudharabah III Adira Finance Phase II Year 2018 Series C	29	1	21-Mar-23
ADMF04ECN3	Shelf Registered Bond IV Adira Finance Phase III Year 2018 Series E	461	9.25	16-Aug-23
ADMF04CCN4	Shelf Registered Bond IV Adira Finance Phase IV Year 2019 Series C	328	9.5	23-Jan-24
SMADMF03CCN3	Shelf Registered Sukuk Mudharabah III Adira Finance Phase III Year 2019 Series C	32	floating	23-Jan-24
ADMF04CCN5	Shelf Registered Bond IV Adira Finance Phase V Year 2019 Series C	608	9.15	16-Apr-24
SMADMF03CCN4	Shelf Registered Sukuk Mudharabah III Adira Finance Phase IV Year 2019 Series C	14	floating	16-Apr-24
ADMF04CCN6	Shelf Registered Bond IV Adira Finance Phase VI Year 2019 Series C	190	8.1	4-Oct-24
Total		8,470		

Source: KSEI

FIGURE 15. ADMF'S BOND VALUATION: ADMF04CCN3 OFFERED THE WIDEST RISK PREMIUM

Bond ID	Maturity	Coupon (%)	Last Trade	Last price	Yield (%)	Risk premium (bps)	Average risk premium AAA rated bond	Recommendation	Duration
ADMF04CCN3	16-Aug-21	8.50	20-May-20	100.90	7.24	214	116	overweight	1.1
ADMF03CCN5	22-Mar-22	8.90	26-Feb-20	103.20	8.20	192	116	overweight	1.6
ADMF04BCN6	4-Oct-22	7.80	19-May-20	99.00	7.35	186	116	overweight	2.1
ADMF04CCN6	4-Oct-24	8.10	26-Feb-20	102.02	7.93	182	116	overweight	3.6
ADMF03CCN6	14-Jul-22	8.40	10-Feb-20	102.63	7.84	160	116	overweight	1.9
ADMF03CCN3	2-Mar-21	10.25	21-Feb-20	104.35	7.22	135	116	neutral	0.7
ADMF04DCN2	21-Mar-23	7.50	15-May-20	99.10	6.68	110	116	neutral	2.5
ADMF04BCN5	16-Apr-22	8.60	20-May-20	102.71	7.42	99	116	neutral	1.7
ADMF04CCN1	12-Dec-22	7.55	9-Apr-20	100.50	7.56	50	116	underweight	2.3
ADMF04BCN4	23-Jan-22	9.00	13-Mar-20	105.50	7.60	41	116	underweight	1.5
Average risk premium						137			

* Risk premium: spread between company's bond yield in the secondary market and theoretical yield curve of government bonds with the same tenor (based on last transaction)

** Average risk premium based on rating: average spread between company's bond yield in the secondary market on each rating category and theoretical yield curve of government bonds with the same tenor

Source: IDX, Mandiri Sekuritas estimate

FIGURE 16. AAA RATED BONDS IN THE SECONDARY MARKET GAVE 116 BPS RISK PREMIUM

ID	Bonds	Size (Rp bn)	Coupon (%)	Maturity Date	Last Trade	Price	YTM (%)	Risk premium (Bps)
SMFP05BCN1	PUB V SMF Tahap I Tahun 2019 Seri B	640	8.50	4-Jul-22	7-Apr-20	100.2	8.4	183
BEXI04CCN8	PUB Indonesia Eximbank IV Tahap VIII Tahun 2019 Seri C	23	8.20	6-Dec-26	24-Apr-20	95.2	9.2	170
SMII01CCN2	PUB I SMI Tahap II Tahun 2017 Seri C	1,345	7.60	15-Nov-22	12-Mar-20	100.7	7.3	167
BMRI01CCN1	PUB I Bank Mandiri Tahap I Tahun 2016 Seri C	2,400	8.65	30-Sep-26	8-May-20	98.5	9.0	162
ISAT02DCN3	PUB II Indosat Tahap III Tahun 2018 Seri D	266	8.20	3-May-25	18-Mar-20	99.5	8.3	152
MLJK01E	Obligasi I Marga Lingkar Jakarta Tahun 2017 Seri E	464	8.85	8-Nov-29	5-Mar-20	105.3	8.1	147
BMRI01ACN1	PUB I Bank Mandiri Tahap I Tahun 2016 Seri A	1,100	7.95	30-Sep-21	24-Apr-20	100.8	7.4	143
MLJK01C	Obligasi I Marga Lingkar Jakarta Tahun 2017 Seri C	299	8.30	8-Nov-24	20-May-20	99.7	8.4	140
SMII01CCN1	PUB I SMI Tahap I Tahun 2016 Seri C	700	8.65	18-Nov-26	4-Mar-20	104.4	7.8	135
ASDF04CCN2	PUB IV Astra Sedaya Finance Tahap II Tahun 2019 Seri C	623	9.20	13-Feb-24	19-May-20	103.0	8.2	129
APIA01BCN1	PUB I Angkasa Pura II Tahap I Tahun 2018 Seri B	550	8.95	12-Dec-23	20-May-20	102.8	8.1	124
PTHK01ACN3	PUB I Utama Karya Tahap III Tahun 2017 Seri A	1,165	7.80	26-Sep-22	26-Mar-20	99.8	7.9	121
BEXI03BCN5	PUB Indonesia Eximbank III Tahap V Tahun 2017 Seri B	436	7.90	15-Aug-22	4-Mar-20	103.3	6.4	118
SMFP04BCN8	PUB IV SMF Tahap VIII Tahun 2019 Seri B	1,989	8.45	22-Mar-22	15-Apr-20	101.9	7.4	115
BEXI04DCN7	PUB Indonesia Eximbank IV Tahap VII Tahun 2019 Seri D	112	8.50	29-Oct-26	16-Mar-20	102.3	8.0	113
GNSMII01ACN1	Obligasi Infrastruktur Green Bond Bkljtn I SMI Tahap I Thn 2018 Seri A	252	7.55	6-Jul-21	4-Mar-20	102.2	5.9	112
TLKM01ACN1	PUB I Telkom Tahap I Tahun 2015 Seri A	2,200	9.93	23-Jun-22	6-May-20	104.5	7.60	107
SMFP04BCN7	PUB IV SMF Tahap VII Tahun 2019 Seri B	749	8.80	12-Feb-22	13-May-20	102.5	7.2	104
SMFP05BCN3	PUB V SMF Tahap III Tahun 2020 Seri B	2,541	7.50	18-Feb-25	20-May-20	98.0	8.0	102
ADMF04BCN5	PUB IV Adira Finance Tahap V Tahun 2019 Seri B	287	8.60	16-Apr-22	20-May-20	102.7	7.1	99

ID	Bonds	Size (Rp bn)	Coupon (%)	Maturity Date	Last Trade	Price	YTM (%)	Risk premium (Bps)
FIFA03BCN4	PUB III Federal International Finance Tahap IV Tahun 2018 Seri B	661	8.75	25-Sep-21	19-May-20	102.6	6.7	94
ASDF04BCN1	PUB IV Astra Sedaya Finance Tahap I Tahun 2018 Seri B	550	7.50	25-May-21	14-May-20	101.1	6.4	82
SMII02CCN1	PUB II SMI Tahap I Tahun 2019 Seri C	1,552	8.75	25-Jun-24	27-Apr-20	101.7	8.3	77
PPLN03BCN6	PUB III PLN Tahap VI Tahun 2020 Seri B	673	7.70	18-Feb-27	13-May-20	96.9	8.3	75
ISAT02CCN2	PUB II Indosat Tahap II Tahun 2017 Seri C	498	7.65	9-Nov-22	13-May-20	100.6	7.4	71
ISAT03CCN2	PUB III Indosat Tahap II Tahun 2019 Seri C	67	9.25	23-Jul-24	5-May-20	103.7	8.2	70
BMRI01BCN2	PUB I Bank Mandiri Tahap II Tahun 2017 Seri B	3,000	8.50	15-Jun-24	2-Apr-20	100.7	8.3	67
PPLN01BCN1	PUB I PLN Tahap I Tahun 2013 Seri B	697	8.25	5-Jul-23	18-May-20	102.3	7.4	63
Average risk premium								116

Source: IDX, Mandiri Sekuritas estimate

Financial Projection

Profit and loss								
YE Dec (Rp bn)	2016	2017	2018	2019	2020F	2021F	2022F	2023F
Financing Income	6,515	7,415	8,457	9,259	7,690	5,650	6,783	8,039
others	1,898	1,721	1,727	2,079	1,440	1,415	1,641	1,754
Total income	8,413	9,137	10,184	11,338	9,130	7,065	8,424	9,793
Interest & Financing	(1,975)	(1,836)	(1,798)	(2,034)	(1,600)	(1,177)	(1,048)	(1,206)
Net interest income	4,541	5,579	6,659	7,224	6,090	4,473	5,735	6,833
Operating	(3,064)	(3,437)	(4,117)	(4,430)	(3,664)	(3,493)	(3,864)	(4,039)
Allowance	(1,652)	(1,661)	(1,764)	(1,987)	(1,484)	(1,502)	(1,520)	(1,779)
Others	(4)	(80)	(20)	(7)	(5)	(4)	(4)	(5)
Income before tax	1,718	2,122	2,485	2,879	2,378	889	1,988	2,763
Tax	(708)	(713)	(669)	(770)	(642)	(240)	(537)	(746)
Net income	1,009	1,409	1,815	2,109	1,736	649	1,451	2,017

Balance sheet								
YE Dec (Rp bn)	2016	2017	2018	2019	2020F	2021F	2022F	2023F
Cash	941	2,222	1,689	3,122	2,013	2,511	1,669	1,130
Financing receivable-net	25,321	25,899	27,872	29,915	26,107	17,829	23,386	26,756
Fixed assets - net	225	208	245	266	267	287	316	348
Others	1,156	1,164	1,690	1,813	1,518	1,352	1,337	1,310
Total assets	27,643	29,493	31,496	35,117	29,904	21,979	26,707	29,545
Borrowings & Securities issued	20,243	21,006	21,968	22,886	19,121	9,868	14,192	14,555
Other liabilities	2,423	2,741	2,500	4,152	1,911	3,458	2,736	3,920
Total liabilities	22,666	23,748	24,468	27,038	21,032	13,326	16,928	18,474
Shareholder's equity	4,977	5,745	7,028	8,079	8,601	10,361	10,527	11,795
Total liabilities and equity	27,643	29,493	31,496	35,117	30,422	23,501	26,375	30,202

Key ratios								
YE Dec	2016	2017	2018	2019	2020F	2021F	2022F	2023F
Profitability								
ROAA (%)	3.6	4.9	6.0	6.3	5.5	2.5	6.0	7.2
ROAE (%)	21.6	26.3	28.4	27.9	20.8	7.4	15.7	19.4
NIM (%)	10.3	12.4	13.5	13.5	11.7	10.9	14.7	14.6
Interest spread (%)	5.3	7.6	8.8	8.2	7.2	5.6	8.6	8.7
Avg interest yield	14.8	16.5	17.2	17.3	14.8	13.7	17.4	17.1
Avg cost of funds	9.5	8.9	8.4	9.1	7.6	8.1	8.7	8.4
Capitalization								
Total equity/total asset (%)	18.0	19.5	22.3	23.0	29.7	39.4	36.6	37.5
Total Debt/total asset (%)	73	71	70	65	64	45	53	49
Gearing ratio (x)	4.1	3.7	3.1	2.8	2.2	1.1	1.5	1.3
Efficiency								
Cost to income Ratio (%)	47.6	47.1	49.1	47.6	48.7	59.3	52.4	47.0
Cost to asset ratio (%)	11.1	11.7	13.1	12.6	12.3	15.9	14.5	13.7
Asset quality (%)								
NPF – managed receivables	1.5	1.6	1.7	1.6	2.0	2.3	1.9	1.8
Provision bal./Net Service Asset	4.7	5.0	5.0	5.0	5.3	9.5	7.4	6.7
Write off/ Net Service Asset	6.5	6.6	6.6	6.9	6.7	6.7	6.7	6.7

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