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RESULTS

9M 2012 Highlights

- **Stable new financing growth:** new financing volume was maintained at the same level of Rp24.4 trillion for 9M 2012, whereby there is a slight shift from motorcycle to car financing, i.e. 61%:39% as compared to 63%:37% composition a year earlier.
- **Manageable market share:** market shares of both portfolios could be maintained in the midst of uncertain industry condition. The Company's motorcycle and car market shares stood at 16.0% and 5.7%, respectively, as compared to 15.4% and 6.3% a year earlier.
- **Growing income generating assets:** managed receivables rose from Rp39.0 trillion at the end of September 2011 to Rp44.9 trillion in 2012, or equivalent to a 15% growth. As Company implements a funding diversification strategy to optimize capital market funding, its stand alone financing receivables grew to Rp20.3 trillion by the end of September 2012, which reflects 47% of total managed receivables.
- **Well diversified portfolio:** managed receivables have experienced a shift between motorcycle and car portfolio, from 63%:37% last year to 58%:42% this year following the shift in new financing.
- **Stable assets quality:** non-performing loans (NPL) was managed at 1.4% by the end of 9M 2012 as the Company is dedicated in maintaining sound productive assets.
- **Low gearing:** although the Company was more active in acquiring third-party funding than in previous years, nevertheless up to September 2012, its gearing only stood at 3.5 times. This gearing allows an ample room for growth for the Company.

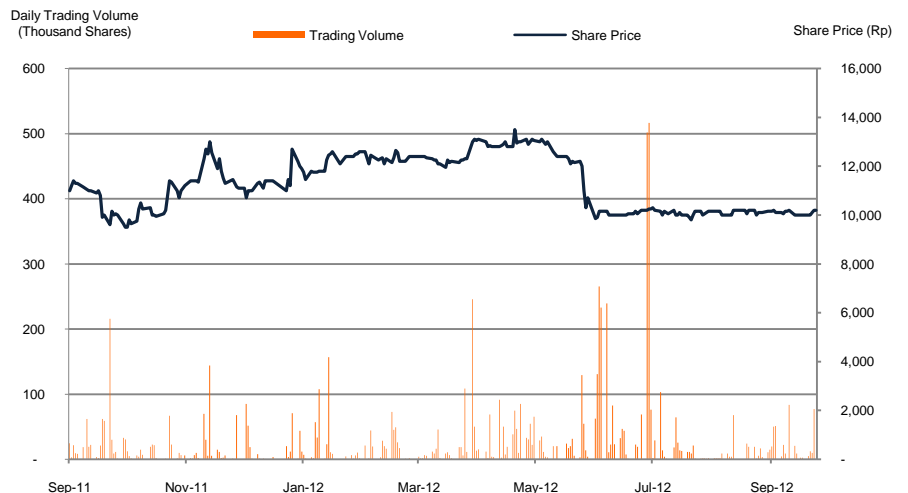
Shareholding Composition

	9M 2011	9M 2012
PT Bank Danamon Indonesia Tbk	95.0%	95.0%
Public (≤ 5%)	5.0%	5.0%

Credit Ratings (Pefindo)

	Rating/Outlook
Corporate	idAA+/Positive
Bonds	idAA+

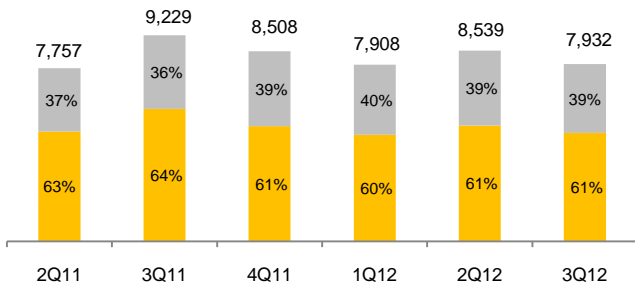
Share Performance (ADMF.JK)



Focus Charts

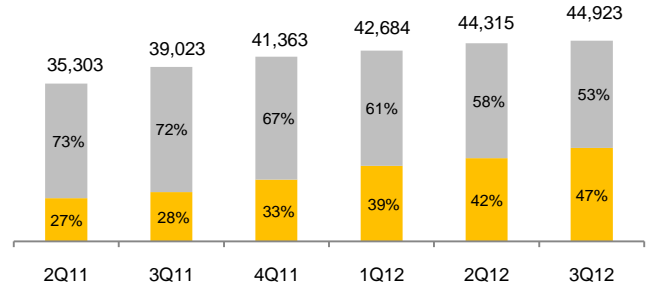
New Financing (Rp Billion)

Motorcycle Car



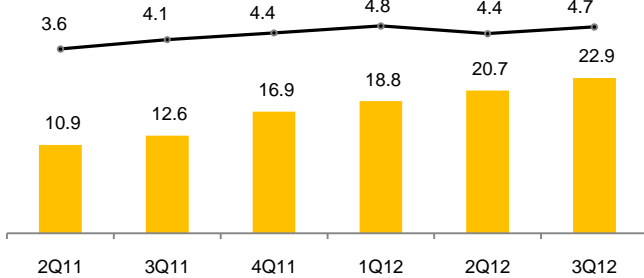
Managed Receivables (Rp Billion)

Self Financing Joint Financing



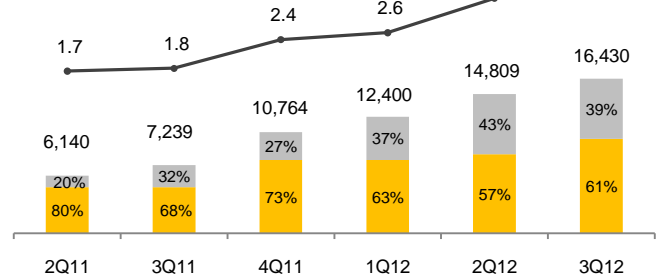
Total Assets & Total Equity (Rp Trillion)

Total Assets Total Equity



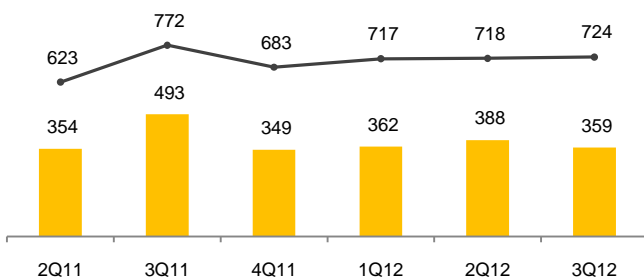
Total Borrowings & Debt to Equity Ratio (Rp Billion and Times)

MTN & Bonds Bank Loan DER



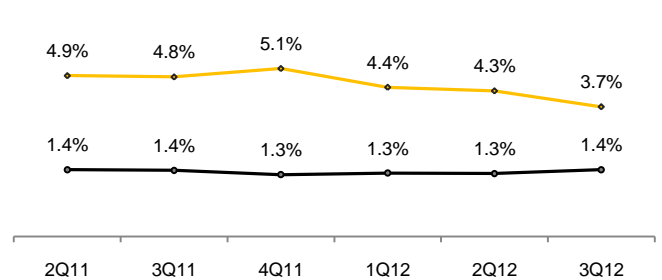
Operating Income & NPAT (Rp Billion)

NPAT Operating Income



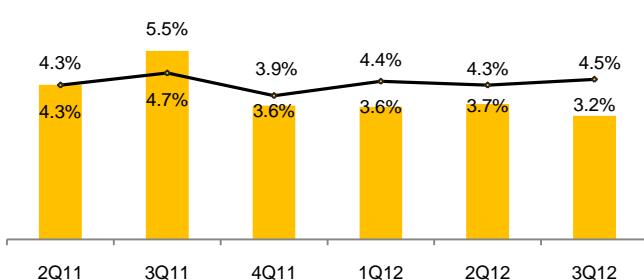
Cost of Credit & Net-Performing Loan % of Managed Receivables

Consolidated CoC Consolidated NPL

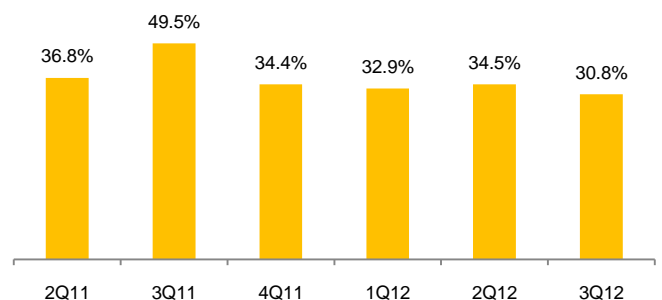


ROAA Stand Alone & Consolidated (%)

Stand Alone ROAA Consolidated ROAA



ROAE (%)



Manageable Growth In The Midst of Uncertain Condition

The Company's managed receivables continued to increase from Rp39.0 trillion¹ in 9M 2011 to Rp44.9 trillion² in the same period this year, i.e. an increase of 15%. This growth has led to an increase in the interest income of the Company by 22% or equivalent to Rp1,020 billion from Rp4,736 billion in 9M 2011 to Rp5,756 billion in 9M 2012 as lending rate applied to customers remains stable.

As the Company is diversifying on external funding to optimize funds available in the capital market and banks, bank borrowings and debt securities issued increased significantly in order to support business growth while self-funded financing receivables was recorded at the level of 47% of total financing receivables by the end of September 2012 as compared to 28% a year earlier. The result was an addition of Rp734 billion of interest expense from Rp2,844 billion in 9M 2011 to Rp3,578 for the same period this year. In terms of composition, debt securities issued remains the majority source of fund, stood at the level of 61% by the end of 9M 2012.

Operating income rose 15% to Rp3,881 billion in 9M 2012 from Rp3,379 billion in 9M 2011, mainly driven by the growth in 4-wheelers financing receivables, which managed to grow by 32% to Rp19.0 trillion during 9M 2012.

Operating expenses amounted to Rp1,722 billion, an increase of 23% from Rp1,405 billion last year, whereby the increase was contributed by salaries and benefits expenses as well as general and administrative, which respectively grew by 21% and 25%. Rising number of accounts managed by the Company to 3.8 million in 9M 2012 as well as network expansion have become the main driver of expenses increase. By the end of 9M 2012, the Company has 699 networks across the country.

The Company's consolidated cost of credit (CoC) improved significantly at the level of 4.1% throughout 9M 2012 as compared to one year earlier at 4.8%. in the midst of stiffer competition, the Company continues to hold on prudence credit control policy. While stand alone CoC which recorded the credit risk of self-financing receivables stood at Rp643 billion in line with the growth of self financing receivables.

Overall, Adira Finance recorded net income after tax of Rp1,110 billion in 9M 2012, corrected by 10% as compared the same period one year earlier of Rp1,234 billion. The increase in income was compensated by the increase in expenses as the Company continues to invest for the future growth.

In terms of ratio, consolidated ROAA and ROAE stood at 4.5% and 30.0% throughout 9M 2012 were slightly corrected when compared with the same period one year earlier at 4.6% and 30.7% as the increase in managed receivables were higher than of returns due to stiffer competition and portfolio shift to 4-wheelers. While stand alone ROAA and ROAE were at the level of 3.4% and 32.0% throughout 9M 2012 as the Company recorded growth in self-funded financing receivables from initial contribution of 28% of managed receivables in as of September 2011 to 47% at the current level.

Note:

¹ Managed receivables consist of financing receivables and transaction costs directly attributable to the origination of consumer financing accounts amounted to Rp1,829 billion.

² Managed receivables consist of financing receivables and transaction costs directly attributable to the origination of consumer financing accounts amounted to Rp1,832 billion

Growing Assets Supported by Strong Funding

Although Adira Finance accommodates for both 2-wheelers and 4-wheelers, prudent underwriting strategy has caused the Company's new financing growth not to follow the dramatic movement of the industry sales of new vehicles.

Adira Finance could still record a thin correction in the growth of 2-wheelers financing in terms of units. A combined portfolio between new and used motorcycles caused the Company to book 2% lower in motorcycle financing unit as compared to the same period last year, whereby in terms of amount, 3% lower from Rp15.3 trillion to Rp14.8 trillion for 9M 2012.

On the other hand, car financing units increased 7% to around 78 thousand units in 9M 2012 or equivalent 9% increase to Rp9.6 trillion in terms of amount. Until September 2012, the market share of new motorcycle recorded a growth to 16.0% from initially 15.4% in 9M 2011, while the market share of new car could be maintained at the level of 5.7%.

As the Company explored more in external funding, net receivables (excluding receivables managed under joint-financing scheme) almost doubled to Rp20,3 trillion in 9M 2012 from Rp10,7 trillion in 9M 2011 or grew by 51% from its position at end of 2011 of Rp13,7 trillion. Hence, currently the Company's self-financing receivables has contributed to 47% of the total managed receivables, an almost double growth as compared 28% by the end of September 2011. Total assets expanded of 36% to Rp22,9 trillion in 9M 2012 from Rp16,889 billion at the end of 2011.

In the midst of many uncertainties, the Company was consistent in implementing its prudent underwriting policy. As a result, the quality of managed financing receivables (including joint-financing receivables) remained stable and even improving. Indicated by its consolidated non-performing loan (NPL) ratio, the Company's consolidated NPL ratio was well maintained at 1.4% of managed receivables as of 9M 2012, which maintained at the same level when compared with its position one year earlier.

Diversification of funding sources has led the Company in being active in obtaining external funding. As of September 2012, the Company's interest-bearing liabilities grew at the level of 53% from Rp10,8 trillion at the end of 2011 to Rp16,4 trillion, whereby the increase was largely contributed by the growth in bank borrowing facilities obtained by the Company from Rp2,957 billion at the end of 2011 to Rp6,394 billion at the end of September 2012 or increased by 116%.

Total equity stood at Rp4,734 billion after recorded 9M 2012 income after tax income of Rp1,110 billion was compensated by dividend payment to shareholders amounting to Rp791.5 billion (65% of 2011 income). Hence, our debt-to-equity ratio (DER) stood at a manageable 3.5 times in 9M 2012, whereby it is far below the regulated level stated by the Ministry of Finance of 10 times.

Financial Highlights

<i>(In Billion Rupiah, unless otherwise stated)</i>	9M 2011	9M 2012	Δ%	1Q 2012	2Q 2012	3Q 2012
STATEMENTS OF FINANCIAL POSITION						
Assets						
Cash and cash equivalents	1,206	1,649	37%	1,657	1,913	1,649
Financing receivables - net of allowance of impairment	10,749	20,281	89%	16,240	18,064	20,281
Fixed assets - net of accumulated depreciation	238	277	16%	267	279	277
Intangible assets - net	28	32	15%	30	33	32
Others	368	709	93%	592	408	709
Total Assets	12,588	22,948	82%	18,787	20,698	22,948
Liabilities						
Borrowings	2,347	6,394	172%	4,590	6,394	6,394
Debt securities issued - net	4,890	10,037	105%	7,808	8,411	10,037
Others	1,279	1,783	39%	1,607	1,512	1,783
Total liabilities	8,517	18,213	114%	14,005	16,317	18,213
Total equity	4,072	4,734	16%	4,782	4,380	4,734
Total liabilities and equity	12,588	22,948	82%	18,787	20,698	22,948
INCOME STATEMENT						
Interest income	4,736	5,756	22%	1,859	1,925	1,972
Interest expense	(2,844)	(3,578)	26%	(1,160)	(1,196)	(1,221)
Net interest income	1,892	2,179	15%	698	729	751
Fee income	1,487	1,702	14%	550	580	572
Operating income	3,379	3,881	15%	1,248	1,310	1,323
Operating expense	(1,405)	(1,722)	23%	(532)	(591)	(599)
Net operating expense	1,974	2,159	9%	717	718	724
Cost of credit ¹	(309)	(643)	108%	(229)	(181)	(232)
Other income/(expense)	(19)	(34)	79%	(4)	(19)	(12)
Income before income tax	1,646	1,482	-10%	484	518	480
Net income for the period	1,234	1,110	-10%	362	388	359
KEY RATIOS (stand alone, unless otherwise stated)						
Profitability and efficiency (%)						
Return to average managed receivables	4.6%	3.4%	-1.2%	3.6%	3.7%	3.2%
Return to average equity	41.8%	32.0%	-9.7%	32.9%	34.5%	30.8%
Net income to total income	31.8%	22.6%	-9.2%	23.6%	23.4%	20.9%
Cost to income	41.6%	44.4%	2.7%	42.6%	45.1%	45.3%
Leverage and liquidity (X)						
Total assets to total liabilities	1.5	1.3	-0.2	1.4	1.3	1.3
Total equity to total liabilities	0.5	0.3	-0.2	0.4	0.3	0.3
Gearing ratio	1.8	3.5	1.7	2.4	2.6	3.4
Assets quality (%)						
Non-performing loan (>90 days overdue) - consolidated	1.4%	1.4%	0.0%	1.3%	1.3%	1.4%
Provision of impairment losses to managed receivables	1.0%	1.5%	0.6%	1.8%	1.2%	1.7%
NEW FINANCING						
(In Thousand Units)						
Motorcycle	1,440	1,408	-2%	449	491	468
Car	73	78	7%	25	27	25
Total Units Financed	1,513	1,485	-2%	474	518	493
(In Billion Rupiah)						
Motorcycle	15,251	14,807	-3%	4,765	5,186	4,856
Car	8,804	9,572	9%	3,142	3,353	3,077
Total Amount Financed	24,055	24,379	1%	7,908	8,539	7,932

Note:

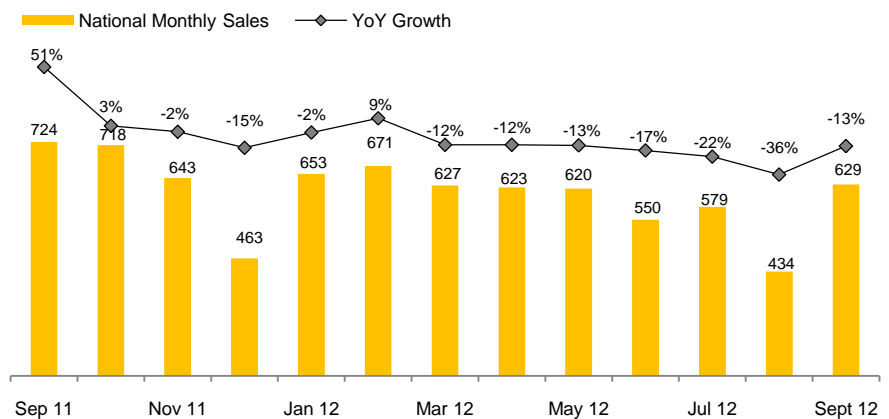
¹ Detailed explanation on page 3.

Industry Updates

Industry wise, domestic new 2-wheelers sales recorded a 13% negative growth y-o-y, a fall from 6.2 million units in 9M 2011 to 5.4 million units in the same period this year. Apart from the weather condition that is unpredictable caused the farming and agricultural sectors hit, leading to weakening purchasing power outside Java, hence decreased motorcycle sales outside Java in 1H 2012, LTV regulation seemed to hit this industry fairly hard. 2-wheelers buyers turn out to be more sensitive towards the regulation. Hence, after correcting 2012 estimated sales a few times, the association finally settled at 7.1 million units sales estimation until end of 2012. Nevertheless, industry players still possess the optimism that the industry will only reach its maturity by 10 million annual sales, meaning Indonesia's 2-wheelers market still has some room to expand.

National 2-Wheelers Sales

In Thousand units, except for %

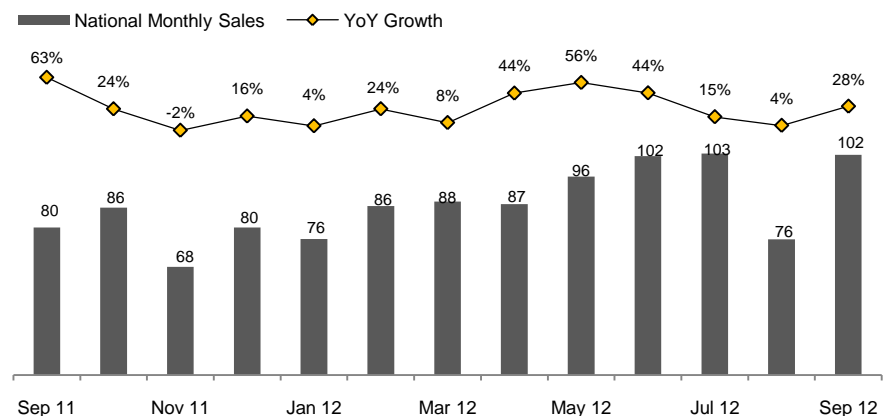


Source: Indonesian Motorcycles Industry Association (AISII)

The domestic new car sales did not really seem to be affected by the various conditions, both happening in the global and domestic economic environment. In fact, it is becoming more resilient. In contrary, domestic new 4-wheelers continues to gain its momentum at the rate of 24% y-o-y growth, recorded an increase to 816 thousand units until September 2012 as compared to 660 thousand units in the same period one year earlier. Stronger purchasing power of buyers in this segment has allowed the market continues to grow. The atmosphere is even more positive as the Indonesian Government has finally concluded the low cost green car regulation.

National 4-Wheelers Sales

In Thousand units, except for %



Source: Association of Indonesian Automotive Industries (GAIKINDO)

Corporate Updates

■ Pefindo affirmed Adira Finance's rating at “_{id}AA+” with positive outlook

On 1 November 2012, Pefindo affirmed Adira Finance's corporate rating at “_{id}AA+”, as well as its outstanding bonds. Outlook for the corporate credit rating remains “positive”.

The affirmation was given as the Company continues to have a very strong synergy and mutual relationship with its Parent Company, PT Bank Danamon Indonesia Tbk, as well as strong market presence, well diversified portfolio and sound capitalization. Constraints to the ratings are tight competition and more challenging regulatory within the industry.

■ ADMF Sustainable Bonds II and Sustainable Sukuk Mudharabah I Issuance

After completing its Sustainable Bond I issuance last September 2012 (total sustainable public offering amounting to Rp6.0 trillion), Adira Finance plans to issue its second sustainable bonds and first sustainable sukuk mudharabah in order to tap into the fund availability in the capital market. As the Company sees that automotive sales still have potential of growth in 2013, with expectation that 2-wheelers national sales will recover next year, Adira Finance is preparing itself with strong funding to support 2013 business growth.

For the bonds issuance purpose, the Company has appointed PT Standard Chartered Securities Indonesia, PT Danareksa Sekuritas, PT Indo Premier Securities and PT HSBC Securities Indonesia as the joint lead underwriters, as well as PT Bank Negara Indonesia (Persero) Tbk as the trustee. The targeted amount of Sustainable Bonds II and Sustainable Sukuk Mudharabah I issuance are Rp8 trillion and Rp1 trillion, respectively.

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