

Shareholding Composition

	Mar-16	Mar-17
Bank Danamon Indonesia	92.1%	92.1%
Public (≤ 5%)	7.9%	7.9%

Credit Ratings (PEFINDO)

	Rating/Outlook
Corporate	idAAA/Stable
Bonds	idAAA
Mudharabah Bonds	idAAA _(sy)

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Highlights

1Q17 Results

- **Adira Finance disbursed Rp7.3 trillion of new financing in 1Q17, rose by 5% from the same period last year.** Motorcycle contributed 55% of total financing disbursement, equivalent to Rp4.0 trillion, while car was 42% or equivalent to Rp3.1 trillion. The remaining was durables with 3% contribution, equivalent to Rp185 billion.
- **Sharia-based new disbursement recorded strong growth of 32% y-o-y, reached Rp2.1 trillion.** Motorcycles remained as the leading contributor, providing 84% contribution, while the remaining 16% derived from cars.
- **Managed receivables, including joint-financing, closed at Rp43.8 trillion at the end of March 2017.** Our self-funded portion stood at 60%, while the remaining was joint-financing with our parent company. The contribution between motorcycle and car financing receivables stood at 47%:52%, respectively, and the remaining 1% was contributed by durables.
- **Net income (after tax) recorded at Rp328 billion in 1Q17, a 15% increase from Rp286 billion in 1Q16.**
- **Equity was closed at Rp5.3 trillion as of 31 March 2017, rose by 15% as compared to the same period last year.** External funding amounted to Rp20.5 trillion. As such, gearing ratio stood at only 3.9 times, well below the regulated level of 10 times.

Rp billion; %	1Q16	1Q17	Δ%	2Q16	3Q16	4Q16	FY16
Total New Financing	6,950	7,273	5%	7,925	7,198	8,813	30,885
Total Managed Assets ¹	45,039	43,769	-3%	44,601	43,761	44,448	44,448
Financing Receivables ²	25,064	26,308	5%	25,999	25,697	26,557	26,557
Total Asset	26,458	27,832	5%	27,426	27,012	27,643	27,643
Total Borrowings	20,024	20,518	2%	20,904	20,210	20,243	20,243
Total Equity	4,598	5,269	15%	4,579	4,878	4,977	4,977
Net Profit after Tax ⁵	286	328	15%	307	311	106	1,009
ROAA ^{3,5}	4.0%	4.8%	0.8%	4.4%	4.5%	1.5%	3.7%
ROAE ⁵	27.1%	27.1%	0.0%	28.5%	27.4%	9.0%	21.6%
NPL ⁴	1.77%	1.57%	-0.20%	1.86%	1.77%	1.56%	1.56%

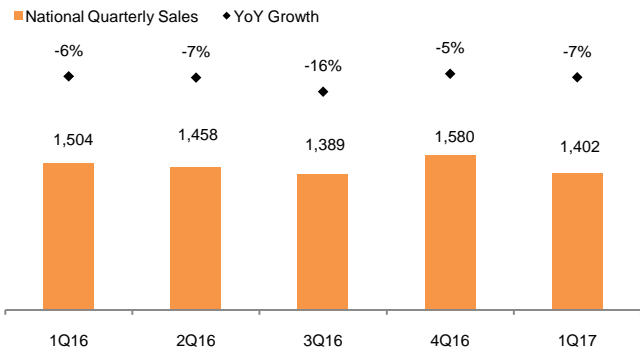
Note:

1. Including transaction costs of Rp925 billion and Rp1,460 billion in March 2017 and 2016, respectively;
2. Financing receivables from Adira Finance's self-funding before provision for losses;
3. As percentage of Reported Assets;
4. Including Joint-Financing Portion; and
5. 4Q16: Including one-time tax expense adjustment.

Focus Charts

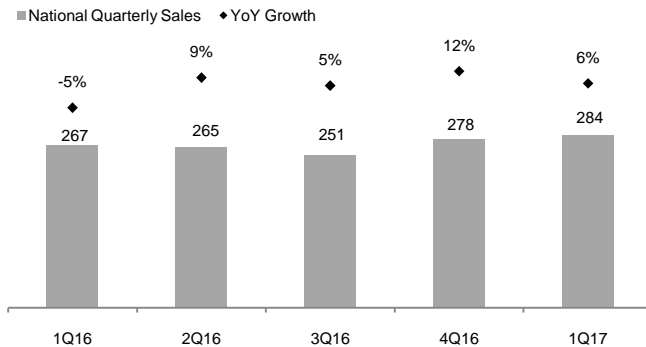
Domestic New Motorcycle Sales

Thousand Units and %



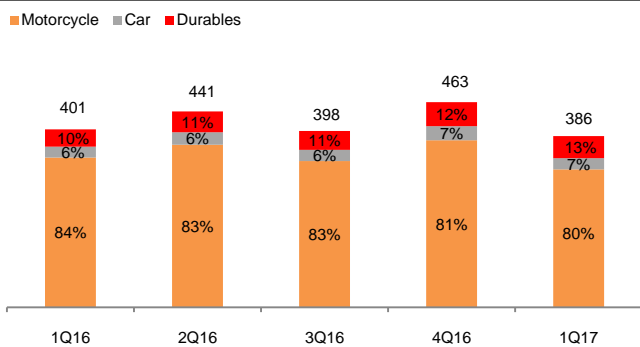
Domestic New Car Sales

Thousand Units and %



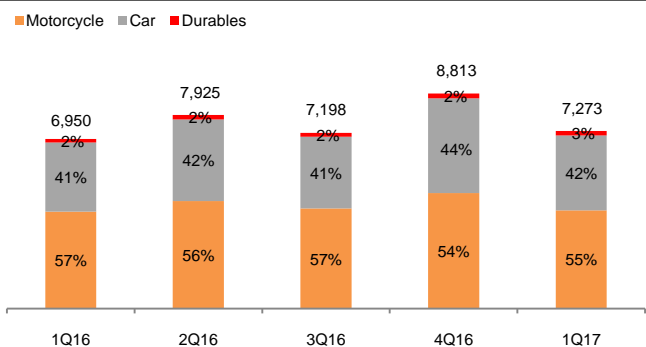
New Financing

Thousand Units



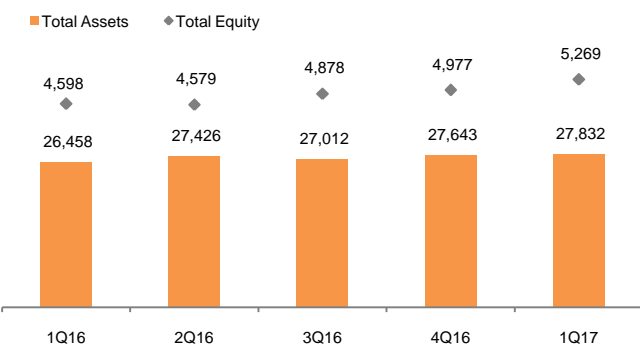
New Financing

Rp billion



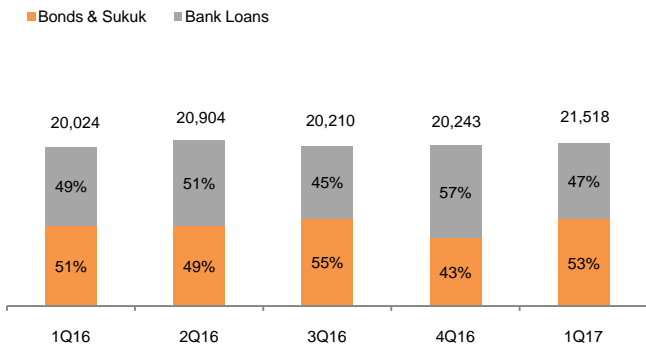
Total Assets & Total Equity

Rp billion



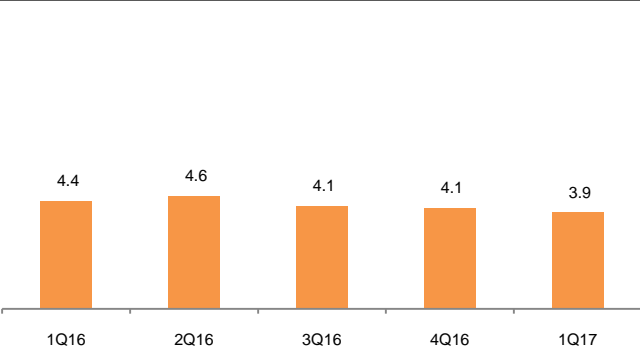
Total Borrowings

Rp billion; and Times



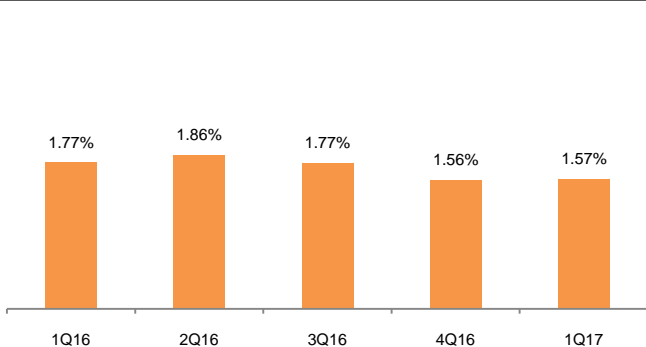
Gearing Ratio

Times



Consolidated Non-Performing Loan

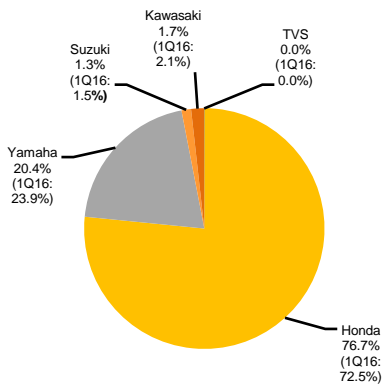
% of Receivables



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 1Q 2017



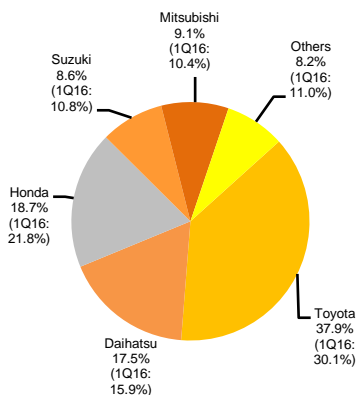
In 1Q17, GDP growth was recorded at 5.01%, a slight increase from 4.92% in 1Q16. Inflation went down to 3.61% in the first three months of 2017 from 4.45% in 1Q16 as a result of the Government's disciplined efforts in managing it. Bank Indonesia decided to keep its benchmark rate unchanged at 4.75%, which has stayed at the level since October 2016, with an objective to create a better environment for credit disbursement. Albeit still sluggish in 1Q17, however, it is expected to pick up in 2Q17.

As the Indonesian real sector is still under pressure, domestic motorcycle sales remained weak in 1Q17. The wholesales data showed that the industry sales for new motorcycle were contracted by 7% y-o-y in 1Q17, to 1.4 million units. Sales in Java island went down by 14% y-o-y, in contrast, sales in outside Java, especially in Sumatera and Kalimantan, had shown an uptick mainly driven by the recovery in commodity prices, i.e. rubber and CPO. Nevertheless, over 60% new motorcycles sales remained in Java.

Until March 2017, Honda controlled almost 77% of the new motorcycle wholesales market in Indonesia, despite experienced a 2% sales drop from 1.09 million units in 1Q16 to 1.07 million units. Honda has reached this market share level since 4Q16. Meanwhile, other AISI major brands i.e. Yamaha, Suzuki and Kawasaki, experienced deeper contraction of around 20%. Hence, Yamaha's market share settled at 20.4%, Suzuki at 1.3% and Kawasaki at 1.7%, the remaining was TVS.

The popularity of auto-scooters has consistently grown over the past years. For the first three months in 2017, this segment has reached sales of 1.2 million units nationwide or equivalent to 82.6% of the total new motorcycle sales. The driver for growth lies in practicality in operating the vehicle and the major brand for this segment is Honda, the most popular motorcycle brand in Indonesia. The increase was at the expense of underbone segment of which its market shrunk to 8.2%, while sport stood at 9.3%.

New Car Sales by Brand 1Q 2017



Domestic new car wholesales volume for 1Q17 reached 284 thousand units, or an increase of 6% y-o-y. The growth driver was passenger cars, which recorded 8% y-o-y growth to 225 thousand units, or equivalent to 79% of the national market. When further observing the market, LCGC was the growth factor for passenger segment. Around 64 thousand units of LCGC were sold, rose by 56% when compared to the same period last year at 41 thousand units.

In the first 3 months in 2017, the commercial segment sales has for the first time shown stabilization since its downturn in 2014. Its wholesales were only down by 2% in 1Q17, stood at 59 thousand units vs 1Q16 at 60 thousand units. The Indonesian car manufacturers association, Gaikindo, expected the segment to rebound in 2017. Trucks contributed mostly for the recovery, driven by stronger commodity prices and increased demand of consumer goods for the upcoming Lebaran. As a result, the composition between passenger and commercial segment stood at 79%:21% in 1Q17.

Gaikindo also observed that there was a shifting of car sales to the eastern Indonesia. The future potential in eastern regions is a result of the government's project in expanding road infrastructure, like the toll roads and new roads. Other government's initiative that is predicted to further encourage a more balanced spread of car sales is one-fuel price policy.

Toyota sold 108 thousand units or equivalent to 37.9% market share nationwide. The brand recorded sales growth of 34% y-o-y. Daihatsu sold 50 thousand units and thus holding 17.5% market share. When combined, the two brands contributed 55.4% market share for the Astra Group.

Honda's sales reached 53 thousand units, hence acquired 18.7% market share. Mitsubishi sold 26 thousand units with 9.1% market share and Suzuki's sales amounted to 24 thousand units, thus its market share stood at 8.6%.

Until end of 2017, Gaikindo remained confident that the Indonesian new car sales could grow by 5% to 1.1 million units. LCGC is expected to increase further in its market share, which has reached 22.6% nationally in 1Q17, rose substantially from the same period last year at 15.5%.

New Financing

In the first quarter of 2017, Adira Finance underwrote 386 thousand new contracts. 81% of total new contracts were contributed by motorcycles portfolio, 7% from cars and 13% from durables. The overall financing for motorcycle was still under pressure, down to 311 thousand contracts. It was a reflection of the economic state for the quarter. It affirmed the slowdown in retail as well as domestic motorcycle sales. In contrary, car financing recorded growth of 5% y-o-y to 26 thousand contracts as it rode on the growth of domestic new car sales.

As such, total financing disbursement for the quarter reached Rp7.3 trillion, up by 5% y-o-y from Rp6.9 trillion a year earlier. Overall motorcycle financing disbursement amounted to Rp4.0 trillion, still the major contributor for Adira Finance financing disbursement. Followed as the second largest business contributor was car financing with total new disbursement of Rp3.1 trillion, grew 8% y-o-y from Rp2.8 trillion in 1Q16. Lastly was durables financing which recorded substantial growth by 22% to Rp185 billion in 1Q17.

In the car financing activity, the strategy was to focus on segment with stronger growth, i.e. passenger segment has sustained the growth of the portfolio. Until 1Q17, passenger cars comprised 60% of car financing in Adira Finance. The contribution increased from 52% in the same period last year, and also in line with the current market's segment composition, where passenger cars have been exhibiting a positive trend.

With commodity prices recovering since the previous quarter, it helps to drive vehicles sales outside Java, particularly Sumatera and Kalimantan. As a result, we recorded stronger growth in our financing outside Java, grew by 11% to Rp3.6 trillion and contributed 50% of national new financing. The contribution outside Java increased by 3% from the same period last year.

Sharia financing grew significantly in 1Q17, registering 32% y-o-y growth to Rp2.1 trillion from Rp1.6 trillion in 1Q16. Motorcycle financing became the growth driver as we financed Rp1.7 trillion for 1Q17, rose 60% from the same period last year at Rp1.1 trillion. As such, the portfolio contribution also increased to 84% in sharia new financing for 1Q17. Meanwhile, last year in the same period, the portfolio contributed 69% to the sharia financing. The remaining was derived from car financing.

Balance Sheet

As of 31 March 2017, our total managed financing receivables stood at Rp43.8 trillion, whereby the joint-financing portion was 40% or equivalent to Rp17.5 trillion. The stand-alone financing receivables before provision for losses, stood at Rp25.0 trillion at the end of March 2017, rose by 4% from 1Q16 at Rp24.0 trillion. Motorcycle portfolio now contributed 47% of the Company's managed receivables, while car portfolio contributed around 52% and the remaining was durables.

Total assets recorded at Rp27.8 trillion at the end of March 2017. Stand alone financing receivables contributed 90% to our total assets, thus, more than twice than the regulated financing to assets ratio at 40%.

At the end of March 2017, the external funding amounted to Rp20.5 trillion, increased by 2% from last year of Rp20.0 trillion. The movement of external funding was primarily based on the financing activities and funding needs. Bank borrowings amounted to Rp9.6 trillion, whereby Rp5.6 trillion was on-shore borrowings and the remaining off-shore. Furthermore, there were bonds and *mudharabah* bonds amounted to Rp10.9 trillion. The composition between bank borrowings and bonds stood at 47% and 53%, respectively.

Reported equity for the period stood at Rp5.3 trillion, rose by 15% from the same period last year at Rp4.6 trillion, driven by the increase in net income, net off with dividend payment after the resolution to distribute 50% of 2015 net income. We have distributed the dividend in June 2016, amounted to Rp332.5 billion. As such, at the end of March 2017, the gearing ratio stood at 3.9 times, far below from the regulated level of 10 times.

Income Statement

In 1Q17, Adira Finance recorded interest income of Rp2.3 trillion, rose by 2% y-o-y as compared to the same period in 2016. Interest expenses were reduced by 13% to Rp1.1 trillion, mainly driven by favorable interest environment and our diversified sources of funding with the purpose to obtain the most optimal cost of funds. Subsequently, the average cost of fund stood at 10.1%, down from last year at 11.0%.

After taking into account the cost of funds, net interest income was posted at Rp1.3 trillion in 1Q17, or equivalent to net interest margin of 12.0%. Given the fee income of Rp246 billion, the recorded operating income stood at Rp1.5 trillion in 1Q17. The operating expenses went up to Rp735 billion in 1Q17, mainly contributed by the increase in salaries and benefits due to higher regulated regional minimum wages. However, cost-to-income ratio improved slightly to 48.4% in 1Q17 from 50.1% from the same period last year as operating income improved.

Stand-alone cost of credit was stable at Rp317 billion in 1Q17. The Company has continued be prudent in its financing disbursement in midst of uncertain economy growth, and it has undertaken effective initiatives in maintaining asset quality. Net income after tax rose by 15% to Rp328 billion in 1Q17 from Rp286 billion in 1Q16. As a result, ROAA (as percentage of average total assets) fin 1Q17 increased to 4.8% from 4.0% in 1Q16. While ROAE (as percentage of average equity) was well maintained at 27.1%.

Corporate Updates

Issuance of Bonds and *Mudharabah* Bonds

In 1Q17, we issued Adira Finance Continuing Bonds III Phase V and *Mudharabah* Bonds II Phase III, with total amount of Rp2.4 trillion, with the following details:

Description	Serials	Nominal Value	Coupon Rate p.a./Sharing Revenue Ratio	Maturity Date
Adira Finance Continuing Bonds III Phase V	A	Rp913 bn	7.50%	2 April 2018
	B	Rp860 bn	8.60%	22 March 2020
	C	Rp241 bn	8.90%	22 March 2022
Total		Rp2,014 bn		
Adira Finance <i>Mudharabah</i> Bonds II Phase III	A	Rp274 bn	62,50% (equivalent to 7.50% per year)	2 April 2018
	B	Rp105 bn	71,67% (equivalent to 8.60% per year)	22 March 2020
	C	Rp7 bn	74,17% (equivalent to 8.90% per year)	22 March 2022
Total		Rp386 bn		

Financial Highlights

<i>In Billion Rupiah</i>	Mar-16	Mar-17	Δ%	Mar-16	Jun-16	Sep-16	Dec-16
STATEMENTS OF FINANCIAL POSITION							
Assets							
Cash and cash equivalents	931	1,563	68%	931	1,100	1,055	941
Financing receivables - net of allowance of impairment	23,988	25,048	4%	23,988	24,885	24,549	25,321
Fixed assets - net of accumulated depreciation	235	221	-6%	235	229	229	225
Intangible assets - net	75	82	11%	75	71	70	80
Others	1,229	919	-25%	1,229	1,141	1,109	1,076
Total assets	26,458	27,832	5%	26,458	27,426	27,012	27,643
Liabilities							
Borrowings	9,844	9,572	-3%	9,844	10,722	9,177	11,620
Bonds payables - net & <i>mudharabah</i> bonds	10,180	10,946	8%	10,180	10,182	11,033	8,623
Others	1,837	2,045	11%	1,837	1,943	1,924	2,423
Total liabilities	21,860	22,562	3%	21,860	22,847	22,134	22,666
Equity	4,598	5,269	15%	4,598	4,579	4,878	4,977
Total liabilities and equity	26,458	27,832	5%	26,458	27,426	27,012	27,643

<i>In Billion Rupiah</i>	1Q16	1Q17	Δ%	2Q16	3Q16	4Q16	FY16
INCOME STATEMENT							
Interest income	2,284	2,335	2%	2,258	2,279	2,315	9,136
Interest expense	(1,223)	(1,064)	-13%	(1,147)	(1,127)	(1,100)	(4,595)
Net interest income	1,062	1,271	20%	1,112	1,152	1,215	4,541
Fee income	316	246	-22%	354	327	363	1,360
Operating income	1,378	1,518	10%	1,466	1,479	1,578	5,901
Operating expense	(690)	(735)	6%	(691)	(696)	(714)	(2,792)
Net operating expense	687	783	14%	774	783	864	3,109
Cost of credit	(318)	(317)	0%	(381)	(369)	(381)	(1,448)
Other income/(expense)	16	16	2%	11	14	17	57
Income before income tax	386	482	25%	405	428	499	1,718
Net income for the period	286	328	15%	307	311	106	1,009

Note: Several accounts have been reclassified to follow the presentation in the financial statements as of 31 March 2017.

Financial Highlights

KEY RATIOS	1Q16	1Q17	Δ%	2Q16	3Q16	4Q16	FY16
Profitability and Efficiency (%)							
Return to average total assets ²	4.0%	4.8%	0.8%	4.4%	4.5%	1.5%	3.7%
Return to average equity ²	27.1%	27.1%	0.0%	28.5%	27.4%	9.0%	21.6%
Net income to total income ²	14.1%	15.2%	1.1%	14.7%	14.7%	4.8%	12.0%
Cost to income	50.1%	48.4%	-1.7%	47.2%	47.1%	45.3%	47.3%
Leverage and Liquidity (X)							
Total assets to total liabilities	1.2	1.2	0.0	1.2	1.2	1.2	1.2
Total equity to total liabilities	0.2	0.2	0.0	0.2	0.2	0.2	0.2
Gearing ratio	4.4	3.9	-0.5	4.6	4.1	4.1	4.1
Assets Quality (%)							
Non-performing loan to managed receivables ¹	1.77%	1.57%	-0.20%	1.86%	1.77%	1.56%	1.56%

NEW FINANCING	1Q16	1Q17	Δ%	2Q16	3Q16	4Q16	FY16
<i>In Thousand Units</i>							
Motorcycle	338	311	-8%	366	330	377	1,410
Car	24	26	5%	29	25	32	109
Durables	39	50	27%	47	43	55	183
Total Financed Unit	401	386	-4%	441	398	463	1,703
<i>In Billion Rupiah</i>							
Motorcycle	3,969	4,027	1%	4,400	4,101	4,726	17,196
Car	2,829	3,060	8%	3,342	2,932	3,882	12,985
Durables	152	185	22%	183	165	205	705
Total Financed Amount	6,950	7,273	5%	7,925	7,198	8,813	30,885

Note:

1. Including Joint-Financing Portion; and
2. 4Q16: Including one-time tax expense adjustment.

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