

Shareholding Composition

	Sep-16	Sep-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

9M17 Results

- **Adira Finance recorded disbursement growth of 8% to Rp23.8 trillion in 9M17 from previously Rp22.1 trillion in 9M16.** Motorcycle financing contribution remained stable at 56% of total disbursement reaching Rp14.0 trillion, car financing of 41% or Rp9.1 trillion, and the remaining 3% was durables of Rp606 billion.
- **Market share for new motorcycle stood at 11.2%, whereby new car at 4.2% for nine months of 2017.** We continued to strengthen our presence in new car financing while maintaining the market share of new motorcycle while the motor vehicle markets in Indonesia is still under pressure.
- **Managed receivables reached Rp44.4 trillion as of 30 September 2017.** Car portfolio currently provided 51% of the receivables, and 48% was motorcycle. This is in line with our strategy to grow car disbursement as the prospect is considered favorable.
- **The composition between self-financing and joint-financing portion is 39%:61%.** Apart from joint-financing as a source of funding, our self-funding currently amounted to Rp20.5 trillion. As such, gearing ratio stood at only 3.7 times.
- **In 9M17, net income (after tax) reached at Rp1.1 trillion,** rose 21% from Rp904 billion in the same period last year. Therefore, return on reported assets stood at 5.2% for the period.
- **Equity was closed at Rp5.1 trillion as of 30 September 2017,** rose by 11% as compared to the same period last year. As such, return on equity was currently at 28.3% in 9M17.

Rp billion; %	9M16	9M17	Δ%	FY16	1Q17	2Q17	3Q17
Total New Financing	22,073	23,778	8%	30,885	7,273	8,406	8,099
Total Managed Assets ¹	43,761	44,382	1%	44,448	43,769	44,550	44,382
Financing Receivables ²	25,697	27,111	6%	26,557	26,308	27,158	27,111
Total Asset	27,012	28,256	5%	27,643	27,832	28,447	28,256
Total Borrowings	20,210	20,518	2%	20,243	20,518	20,999	20,518
Total Equity	4,878	5,488	12%	4,977	5,269	5,078	5,488
Net Profit after Tax	904	1,092	21%	1,009	328	355	410
ROAA ³	4.4%	5.2%	0.8%	3.7%	4.8%	5.1%	5.8%
ROAE	26.7%	28.3%	1.6%	21.6%	27.1%	28.7%	31.7%
NPL ⁴	1.7%	1.9%	0.2%	1.5%	1.5%	1.9%	1.9%

Note:

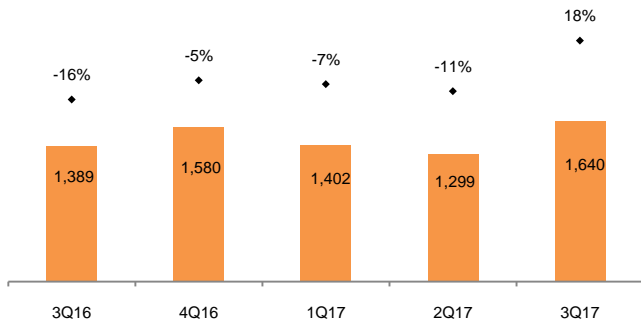
1. Including transaction costs of Rp545billion and Rp1,209billion in September 2017 and 2016, respectively;
2. Financing receivables from Adira Finance's self-funding before provision for losses;
3. As percentage of Reported Assets;
4. Including Joint-Financing Portion; and

Focus Charts

Domestic New Motorcycle Sales

Thousand Units and %

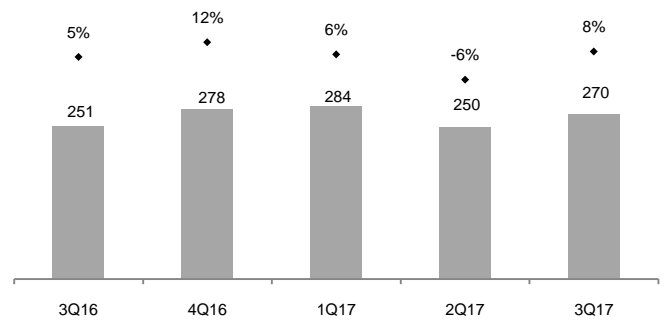
■ National Quarterly Sales ◆ YoY Growth



Domestic New Car Sales

Thousand Units and %

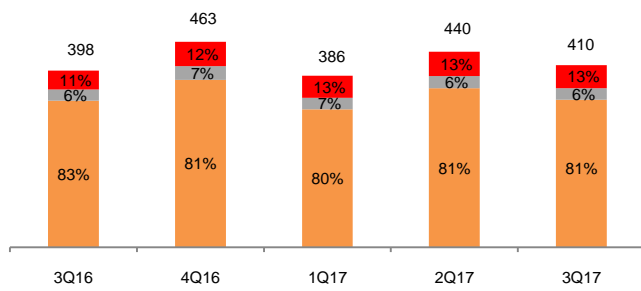
■ National Quarterly Sales ◆ YoY Growth



New Financing

Thousand Units

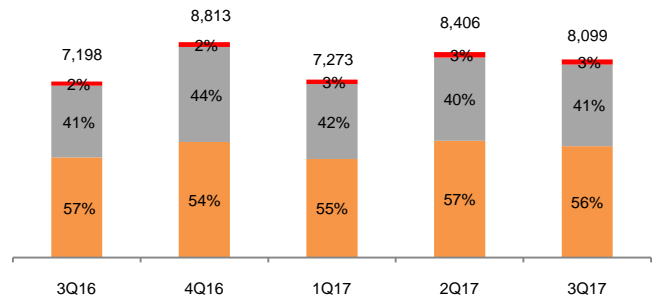
■ Motorcycle ■ Car ■ Durables



New Financing

Rp billion

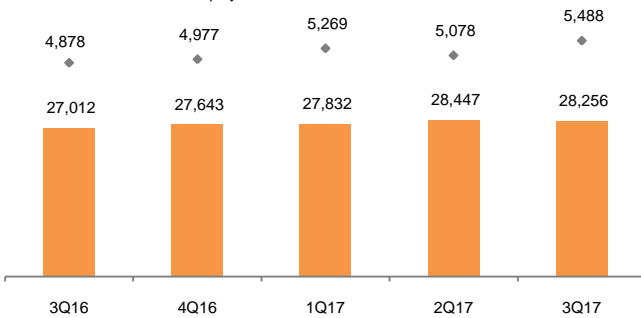
■ Motorcycle ■ Car ■ Durables & Others



Total Assets & Total Equity

Rp billion

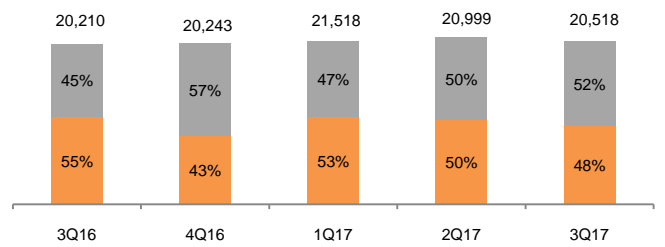
■ Total Assets ◆ Total Equity



Total Borrowings

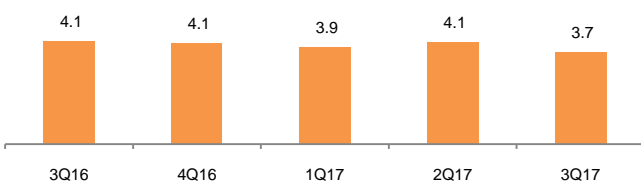
Rp billion

■ Bonds & Sukuk ■ Bank Loans



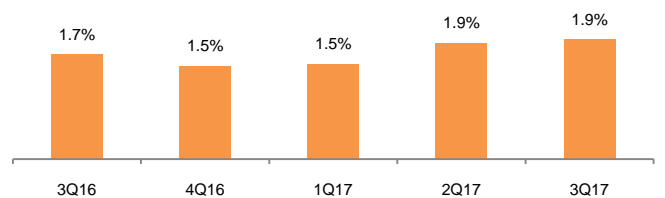
Gearing Ratio

Times



Consolidated Non-Performing Loan

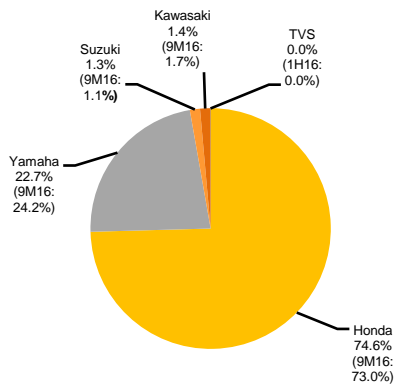
% of Receivables



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 9M2017



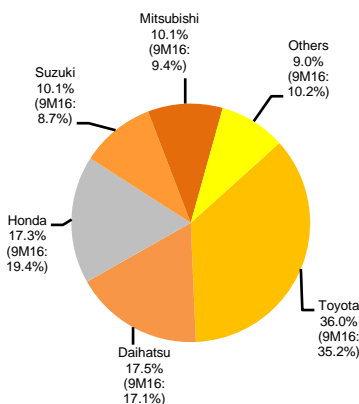
Until 3Q17, the Indonesian economy has not peaked up as expected. It was only slightly higher than in 2Q17 at 5.06%. The significant growth in export did not help to stir the economy as we still rely a lot in commodity export, instead of manufacturing that could bring t more multiplier effect in the economy. Thus, lower household consumption still took place. Nevertheless, there was a stronger government spending as compared to previous quarter, as well as investment, evidenced by the World Bank's decision to raise Indonesia's Ease of Doing Business rating from 91 to 72. At the monetary side, Bank Indonesia has again decreased the 7-day reverse repo rate by 25 bps, hence currently stood at 4.25%. This made the benchmark rate to go down by 125 bps since September last year.

In 9M17 Indonesia's domestic new motorcycle wholesales was flat as compared to the same period last year, however, it was no longer a negative growth. Until September 2017, the industry's wholesales reached 4.34 million of new motorcycles.

Of the five AISI's members, only Honda and Suzuki recorded sales growth. Honda's wholesales were up by 2% to 3.2 million units, which helped Honda to secure 74.6% market share. This position went up from 9M16 which stood at 72.9%. Meanwhile, Suzuki recorded a strong growth of 29% year-on-year to 59 thousand units, driven by the launching of new variants for sport segment, the GSX-150 series. Thus, Suzuki could increase its market share from 1.1% a year ago to 1.4% in 9M17. Yamaha remained as the 2nd largest player in Indonesia, by securing 22.7% market share with 983 thousand units motorcycles sold.

Currently, automatic scooters continued the domination of the market, whereby with 3.5 million units sold, the motorcycle contributed 81.6% of the domestic market. In this segment, Honda is the dominant player with 79% market share, and the remaining 21% of the market share is taken by Yamaha.

New Car Sales by Brand 9M2017



Until the 3Q17, the domestic new car wholesales volume has reached 804 thousand units; rose 3% year-on-year as compared to 9M16 that stood at 783 thousand units. Sales were stronger in 3Q17 as compared to 2Q17, which amounted to 270 thousand units as compared to 250 thousand units in the previous quarter.

Toyota maintained its market share at the level of 35.9% as of 9M17 with the sales of 289 thousand units, up by 5% from the same period last year. By dominating the largest car type in Indonesia, i.e. low MPV, Toyota continued to be the forerunner in the industry. Its bestselling car variant, Toyota Avanza, is sold around 10 thousand units every month. Together with the other MPV variants, Toyota Innova and Calya, they contributed around 70% to the brand's sales. Brands that always have been very close in competition are Daihatsu, the sister brand of Toyota, and Honda. Honda overtook Daihatsu with Honda Mobilio in 2016. However, Daihatsu could quickly catch up again; one of the strategies was the release of the 7-seaters LCGC, Daihatsu Siga. Hence until 9M17, the market shares of Daihatsu and Honda were only different slightly at 17.5% and 17.3%, respectively.

Prior to 2012, Mitsubishi was a close rival to Daihatsu. However, its market share started to be under pressure along with the softened commodity prices as its backbone variants were commercial. Its market share slide down from 15.0% in 2011 (back then, Daihatsu's were 15.6%) to below 10% in 2016. It has started to catch up again in 2017, having 10.1% of market share until 9M17. Rather than focusing in commercial vehicles, it joins the arena of low MPV, by launching Mitsubishi Expander in September 2017.

A combination of large population, low penetration rate of cars and demographic bonus are still the main attractions for car manufacturers to gain their traction in Indonesia market. China auto-makers joined the crowd to explore the opportunity, even current market player (Mitsubishi) invested in another factory in Indonesia. Apart from being the potential largest market in South East Asia, Indonesia could compete with Thailand as the manufacturing base for export as well. These made Indonesia's auto industry remained highly attractive in the region.

New Financing

Until September 2017, the Company has underwritten 1.2 million new contracts, Rp23.8 trillion in value. It recorded a growth of 8% year-on-year, as compared to the same period last year. A good 56% of the financing was contributed by motorcycles, or equivalent to Rp13.4 trillion. 41% of financing was from cars with Rp9.8 trillion. Durables financing has a robust growth of 22% to over Rp600 billion in 9M17.

Along with the strategy to strengthen the footprint in new car financing, particularly the passenger segment; this portfolio recorded the strongest growth in units for vehicle financing of 4%. As such, Adira Finance underwrote around 34 thousand units of new cars for the 9 months which provided stable market share for the combined segments at 4.2%. There was an increase in the market share for passenger segment cars by 70 bps y-o-y to 2.8% until September 2017. As for new motorcycle, the Company's market share stood at 11.2%.

Having a wide range of products enables Adira Finance to provide a comprehensive service for consumers. Until September 2017, new vehicles financing accounted the largest portion which was Rp14.0 trillion or 59% of the entire business. It recorded a growth of 7% from the same period last year. Used vehicles accounted for 38% of the total financing, amounted to Rp9.1 trillion. The remaining 3% was durables financing. In the vehicles portfolio, the composition between motorcycles and cars were almost balance, 53%:47%, respectively.

In 9M17, sharia financing accounted 23% of the Company's new disbursement. It amounted to Rp5.5 trillion, of which the majority of the business came from motorcycle financing (almost 80%) and the remaining car financing. The origination of financing mostly came from Java and Bali around 60% and the remaining was spread in the other main islands.

Balance Sheet

As of 30 September 2017, total managed financing receivables stood at Rp44.4 trillion; with joint-financing portion at 39% or equivalent to Rp17.3 trillion. Hence, stand-alone financing receivables before provision for losses, stood at Rp27.1 trillion. In line with one of the Company's strategy to expand in car financing business, car portfolio grew to Rp22.7 trillion at the end of 3Q17 from around Rp20.0 trillion in 2012. This represents 51% of the entire managed financing receivables. Motorcycle financing contributed 48% or equivalent to Rp21.2 trillion.

Reported total assets increased by 5% to Rp28.3 trillion for the period, mainly contributed by growing stand-alone financing receivables. Stand-alone financing receivables currently stood at Rp25.8 trillion and contributed 91% for the total assets.

Another major aspect of a financing company is the funding. The Company's external funding amounted to Rp20.5 trillion. Bank borrowings amounted to Rp10.7trillion, whereby around 61% was sourced from on-shore bank borrowings. The other source of funding, namely bonds and mudharabah bonds, amounted to Rp9.8 trillion.

Reported equity for the period stood atRp5.5 trillion, rose by 12% from the same period last year at Rp4.9 trillion, mainly driven by the increase in net income for the period, which rose by 21%. As such, at the end of June2017, the gearing ratio stood at 3.7 times, which provides ample room for further leveraging when necessary.

Income Statement

Until September 2017, Adira Finance recorded a growth in interest income to Rp7.2 trillionrose5% year-on-year as compared 9M16. This increase was mainly driven by improved financing disbursement and portfolio mixed. Furthermore, we saw more improvement in the cost of funds as a result of favorable interest environment and our diversified source of fund, both for bank loans and capital market. With lower interest expense of Rp3.1 trillion or 12% lower than the same period last year, our net interest margin stood at Rp4.1 trillion, an improvement of 22% year-on-year. This was equivalent to a 12.7% net interest margin as opposed to 10.3% last year in 9M16.

Operating income went up to Rp4.9 trillion. Nevertheless, there was an increase in the operating expenses, which was almost unavoidable following the minimum wages increase. The operating expenses rose to Rp2.2 trillion in 9M17, which was 8% higher from the same period last year, but still considered manageable. Nevertheless, this still resulted in net operating income increase to Rp2.7 trillion, rose 19% year-on-year.

Stand-alone cost of credit was stable at Rp1,0 billion in 9M17. 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, among others was through close monitoring in collection activities. As such, net income after tax rose by 21% to Rp1.1trillionfor the period from Rp904 billion in 9M16. As a result, ROAA (as percentage of average total assets) in 9M17increased to 5.2% from 4.4% in 9M16. In addition, ROAE (as percentage of average equity) increased to 28.3% in 9M17 from 26.7% a year earlier.

Corporate Updates

Matured Bonds and Mudharabah Bonds

In August 2017, the Company paid off matured Continuing Bonds III Phase IV Serie A amounted Rp835 billion and Continuing Mudharabah Bonds II Phase II Serie A amounted Rp30 billion. Another matured bonds was Continuous Bonds I Phase III Serie C amounted to Rp673 billion in September 2017.

In 4Q17, Adira Finance will have maturing bonds and mudharabah bonds at a total of Rp853 billion. The Company will be using internal cash for payment of the liability.

Details of 4Q17 maturing bonds and mudharabah bonds:

Description	Serials	Nominal Value	Maturity Date
Adira Finance Continuing Bonds II Phase IV	B	Rp808 bn	12 November 2017
Adira Finance Continuing Mudharabah Bonds I Phase II	B	Rp45 bn	12 November 2017
Total		Rp853 bn	

Financial Highlights

<i>In Billion Rupiah</i>	Sep-16	Sep-17	Δ%	Dec-16	Mar-17	Jun-17	Sep-17
STATEMENTS OF FINANCIAL POSITION							
Assets							
Cash and cash equivalents	1,055	1,176	12%	941	1,563	1,240	1,176
Financing receivables - net of allowance of impairment	24,549	25,792	5%	25,321	25,048	25,853	25,792
Fixed assets - net of accumulated depreciation	229	208	-9%	225	221	217	208
Intangible assets - net	70	96	38%	80	82	93	96
Others	1,109	984	-11%	1,076	919	1,044	984
Total assets	27,012	28,256	5%	27,643	27,832	28,447	28,256
Liabilities							
Borrowings	9,177	10,701	17%	11,620	9,572	10,413	10,701
Bonds payables - net & <i>mudharabah</i> bonds	11,033	9,817	-11%	8,623	10,946	10,586	9,817
Others	1,924	2,250	17%	2,423	2,045	2,369	2,250
Total liabilities	22,134	22,768	3%	22,666	22,562	23,369	22,768
Equity	4,878	5,488	12%	4,977	5,269	5,078	5,488
Total liabilities and equity	27,012	28,256	5%	27,643	27,832	28,447	28,256

<i>In Billion Rupiah</i>	9M16	9M17	Δ%	FY16	1Q17	2Q17	3Q17
INCOME STATEMENT							
Interest income	6,821	7,162	5%	9,136	2,335	2,373	2,453
Interest expense	(3,496)	(3,089)	-12%	(4,595)	(1,064)	(1,019)	(1,006)
Net interest income	3,325	4,073	22%	4,541	1,271	1,354	1,447
Fee income	998	842	-16%	1,360	247	284	311
Operating income	4,323	4,915	14%	5,901	1,518	1,638	1,758
Operating expense	(2,078)	(2,243)	8%	(2,792)	(735)	(753)	(754)
Net operating expense	2,245	2,672	19%	3,109	783	885	1,004
Cost of credit	(1,068)	(1,046)	-2%	(1,448)	(317)	(335)	(394)
Other income/(expense)	41	2	-94%	57	16	(20)	6
Income before income tax	1,218	1,628	34%	1,718	482	530	616
Net income for the period	904	1,092	21%	1,009	328	355	410

Note: Several accounts have been reclassified to follow the presentation in the financial statements as of 30 September 2017.

Financial Highlights

KEY RATIOS	9M16	9M17	Δ%	FY16	1Q17	2Q17	3Q17
Profitability and Efficiency (%)							
Return to average total assets	4.4%	5.2%	0.8%	3.7%	4.8%	5.1%	5.8%
Return to average equity	26.7%	28.3%	1.6%	21.6%	27.1%	28.7%	31.7%
Net income to total income	14.5%	16.2%	1.7%	12.0%	15.2%	16.0%	17.4%
Cost to income	48.1%	45.6%	-2.4%	47.3%	48.4%	47.2%	42.9%
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	4.1	3.7	-0.4	4.1	3.9	4.1	3.7
Assets Quality (%)							
Non-performing loan to managed receivables [†]	1.7%	1.9%	0.2%	1.5%	1.5%	1.9%	1.9%

NEW FINANCING	9M16	9M17	Δ%	FY16	1Q17	2Q17	3Q17
In Thousand Units							
Motorcycle	1,034	1,001	-3%	1,410	311	358	332
Car	78	79	2%	109	26	27	26
Durables	129	156	21%	183	50	55	51
Total Financed Unit	1,240	1,236	0%	1,703	386	440	410
In Billion Rupiah							
Motorcycle	12,470	13,366	7%	17,196	4,027	4,781	4,558
Car	9,103	9,806	8%	12,985	3,060	3,406	3,340
Durables	500	606	21%	705	185	219	202
Total Financed Amount	22,073	23,778	8%	30,885	7,273	8,406	8,099

Note:
1. Including Joint-Financing Portion.

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