

## Shareholding Composition

	September-18
Bank Danamon Indonesia	92.1%
Public (≤ 5%)	7.9%

## Credit Ratings (PEFINDO)

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

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## Adira Finance

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## Highlights

### 9M18 Results

- **Financing disbursement rose 19% to Rp 28.2 trillion in 9M18** from Rp23.8 trillion in 9M17. Car financing grew 28% to Rp 12.4 trillion, while motorcycle financing was up by 15% to Rp 13.9 trillion. The remaining was non-automotive amounted to Rp1.8 trillion.
- With new motorcycle financed amounted to 557 thousand units and new car financed reached 41 thousand units, **market share for new motorcycle grew to 11.8%, while new car increased to 4.8% at the end of 9M18**. As such, the market share rose 60 bps and 60 bps, respectively from the same period last year.
- Along with the growth in new disbursement, **managed receivables registered at Rp49.7 trillion at the end of September 2018, an increase of 12 % year-on-year**. The composition between self-borrowing and joint financing portion was 57%:43%.
- **Other sources of funding, bank borrowings and bonds issued, amounted to Rp21.7 trillion**, increased 6% year-on-year in supporting the significant growth of new disbursement.
- **Net income (after tax) in the nine months of 2018 reached at Rp 1,352 billion**, increased by 24% from Rp 1092 billion in 9M17. Return on reported assets stood at 6.1 % for the 9M18.
- **Equity stood at Rp 6.45 trillion as of 30 September 2018**, rose by 18% from the same period last year with an increase in net income net-off dividend distribution from FY17 net income. As such, return on equity was 30.3% in 9M18.

Rp billion; %	9M17	9M18	Δ%	FY17	1Q18	2Q18	3Q18
Total New Financing	23.778	28.203	19%	32.744	8.690	9.671	9.842
Total Managed Assets	44.382	49.653	12%	45.232	46.076	48.071	49.653
Financing Receivables <sup>1</sup>	27.111	28.511	5%	27.485	27.030	28.023	28.511
Total Asset	28.256	30.741	9%	29.493	29.788	29.754	30.741
Total Borrowings	20.518	21.661	6%	21.006	21.075	21.324	21.661
Total Equity	5.488	6.451	18%	5.745	6.199	5.980	6.451
Net Profit after Tax	1.092	1.352	24%	1.409	443	431	478
ROAA <sup>2</sup>	5,2%	6,1%	0,9%	5,0%	6,2%	5,9%	6,5%
ROAE	28,3%	30,3%	2,0%	26,5%	32,0%	30,3%	32,1%

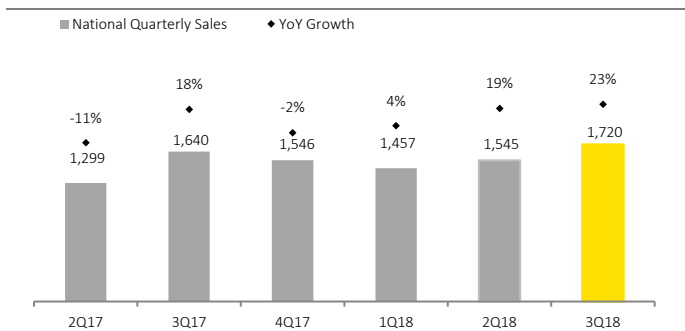
### Note:

1. Including transaction costs of Rp338billion and Rp547billion in September 2018 and 2017, respectively;
2. Financing receivables from Adira Finance's self-funding before provision for losses;
3. As percentage of Reported Assets.

# Focus Charts

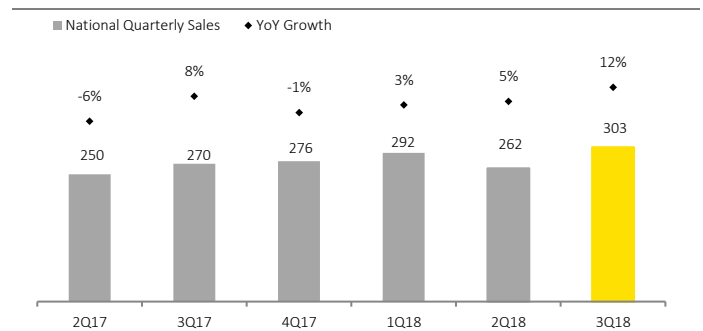
## Domestic New Motorcycle Sales

Thousand units and %



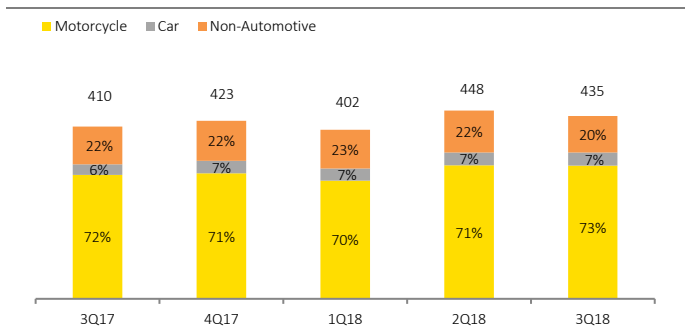
## Domestic New Car Sales

Thousand units and %



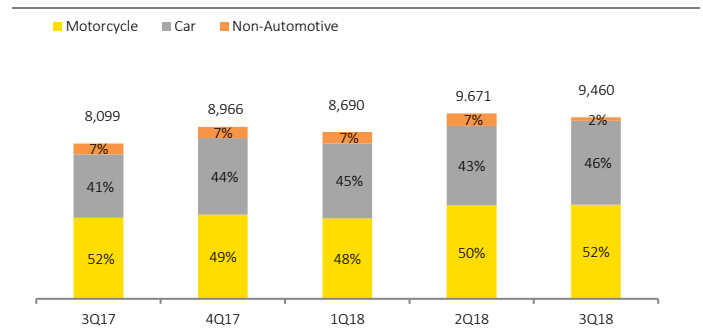
## New Financing

Thousand units and %



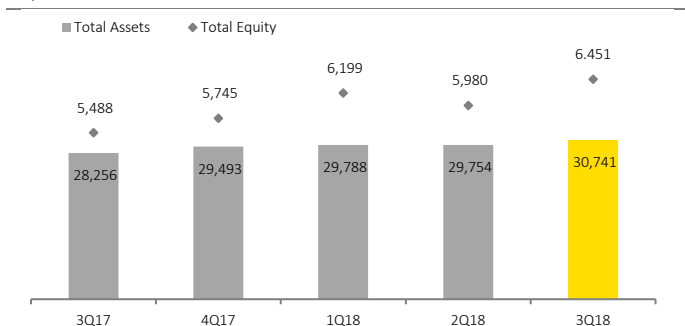
## New Financing

Rp billion and %



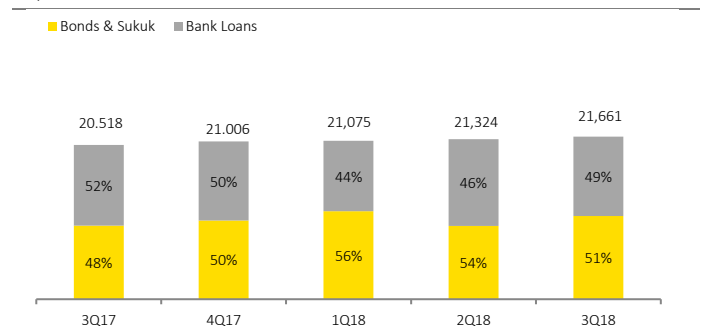
## Total Assets & Total Equity

Rp billion



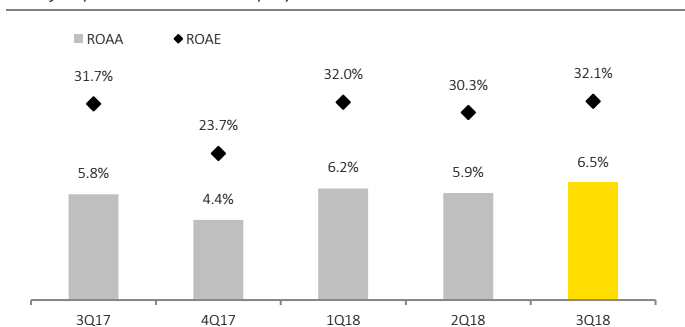
## Total Borrowings

Rp billion and %



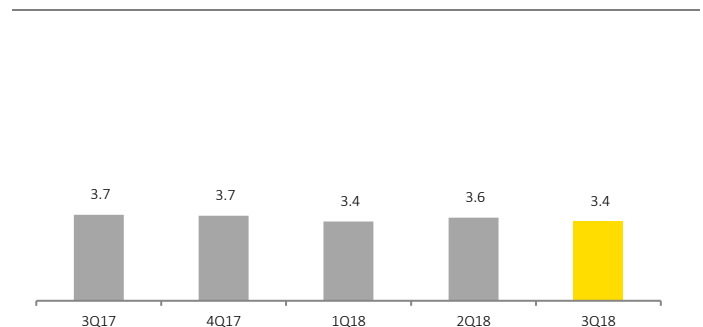
## Returns on Assets and Equity

% of Reported Assets and Equity



## Gearing Ratio

Times

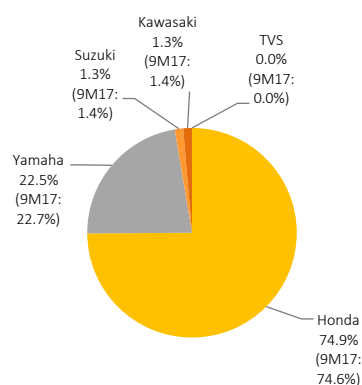


Note: Industry data sources from Indonesian Motorcycles Industry Association (AISI) and Association of Indonesian Automotive Industries (Gaikindo).

## Indonesian Automotive Sector Update

### New Motorcycle Sales by Brand

9M2018

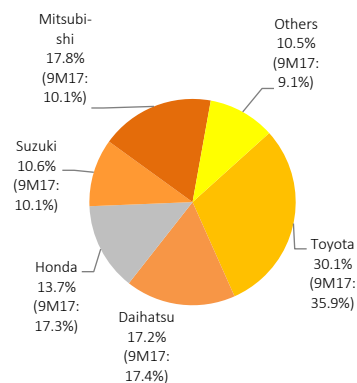


Indonesia closed 3<sup>rd</sup> quarter of 2018 at 5.17% GDP growth. There were several global events that have impacted the domestic economy, for example the recent rate hike by The Fed, trade war issue and the impact of the weakened rupiah exchange rate against USD. Central bank has done a pre-emptive rate action to anticipate a few more hikes in The Fed Rate in the remaining 2018. As it stands, BI rate 7-DRR registered at 5.75%. However, inflation remained well managed as it stood at 2.88% through 3Q18.

The domestic new motorcycle sales recorded 9% growth year-on-year in 9M18, closed at 4.7 million units, as compared to 4.3 million units in 9M17. Growth was mainly driven by increasing sales of new Honda units by 9% to 3.5 million units. Yamaha, Suzuki and Kawasaki growth were at 8%, 3% and 4% respectively and they recorded 1,061k, 61k and 62k units respectively. This supported the increase in Honda's market share by 0.3% Y/Y to 74.9% at expense of the three other brands. Yamaha's market share declined to 22.5% from 22.7% in 9M17.

### New Car Sales by Brand

9M2018



In 9M18, domestic new car wholesales volume closed at 857 thousand units; an increase of 7% from 9M17. Toyota is still leading the industry sales with 257 thousand units sold in 9M18 and thus controlling 30.1% of market share. In the 2<sup>nd</sup> place, Mitsubishi shot up in sales by almost double to 153 thousand units with market share of 17.8%. Its low MPV, "Xpander", was the ace of the brand. Mitsubishi Xpander's sales were 60 thousand units, which was also the bestselling low MPV in the third quarter of 2018. Toyota Avanza came second with almost reaching 58 thousand units of sales.

Daihatsu trails Mitsubishi in the 3<sup>rd</sup> position with 17.2% market share after selling 148 thousand units. Honda settled at the 4<sup>th</sup> position in the country with 13.7% market share and 118 thousand units of sales.

Commercial segment has continued its growth trend, recorded 20% increase to 205 thousand units, with catalyst coming from new projects in infrastructure, construction and mining projects. On the other hand, passenger cars sales were increasing by 3% to 652 thousand units. As such, the composition of passenger and commercial segments changed to 76:24 from 79:21 composition in 9M17.

## New Financing

In 9M18, Adira Finance disbursed new financing for 1,285 thousand new contracts, grew 4% from 1,236 thousand of new contracts for the same period last year. Around 70% of the new contracts was motorcycle financing, 7% was car financing and the remaining was non-automotive. The growth contributor for our financing has been the car portfolio, whereby there was an increase of 22% in new contracts, in line with Adira Finance's strategy to strengthen its footing in the 4-wheelers industry.

With new motorcycle financed amounted to 557 thousand units and new car financed amounted 41 thousand units, market share for new motorcycle reached

11.9%, whereby new car market share registered 4.8% at the end of 1H18. As such, the market share rose 40 bps and 70 bps, respectively.

In terms of amount, we have booked Rp28.2 trillion of new financing in 9M18, which was a sound growth of 19% year-on-year from the disbursement achievement in 9H17 at Rp23.8 trillion. Such strong new financing growth stems mainly from the contribution of new car, new motorcycles and used car portfolios. Motorcycle financing grew at 15% year-on-year, reaching Rp 14.0 trillion for 9M18. New motorcycle disbursement continued to be the growth driver for our 2-wheelers portfolio, reaching Rp 10.2 trillion of new disbursement (20% y/y). Used motorcycle amounted Rp 3.7 trillion of new disbursement. We view that this recovery is encouraging, especially after years of sluggish/no growth or even negative sales in overall industry.

Car financing increased by 28% year-on-year to Rp 12.4 trillion. The main driver for car financing was also new vehicle, grew by 34% to Rp 7.4 trillion. Used car financing amounted to Rp 5 trillion, rose by 18% year-on-year. The remaining was non-automotive financing, mainly consisted of durables and multi-purpose loans for services, amounted to Rp1.8 trillion for the semester. New cars segment is mostly driven by commercial cars with a 51% year-on-year growth while passenger cars drives the overall used cars segment with 26% year-on-year growth.

## Balance Sheet

Total managed receivables reached Rp 49.7 trillion at 9M18, rose by 12% year-on-year from 9M17. Joint financing portion rose by 22% to Rp 21.1 trillion from the previous year. Stand-alone financing receivables before provision for losses stood at Rp 28.5 trillion, grew 5% year-on-year. Robust growth in new financing during 9M18 supported the overall growth in managed receivables.

Car portfolio grew by 13.7% to Rp25.7 trillion at the end of 9M18 from Rp22.7 trillion in 9M17. Car segment represented 52% of the entire managed financing receivables. Motorcycle financing contributed 44% or equivalent to Rp22.0 trillion, while non-automotive amounted to Rp1.9trillion.

Reported total assets increased by 9% to Rp30.7 trillion for the period. Stand-alone financing receivables, which made up 88% of total assets, stood at Rp27.1 trillion, rose by 5% year-on-year mainly as the result of significant growth in new disbursement. The contribution of the financing receivables is much higher than the regulated minimum of 40% of total assets, which reflected the Company's strong growth.

At the end of September 2018, Adira Finance's external funding amounted to Rp21.6 trillion, rose 5.4% from 9M17 at Rp 20.5 trillion. 49% of the external funding was bank borrowings, of which off-shore borrowing amounted to 21% of the bank borrowings. Adira Finance implemented a policy to fully-hedged its borrowings in foreign currency including both its loan principal and interest rates. The remaining 51% of the external funding was derived from domestic capital market through bonds and sukuk mudharabah issuance.

Reported equity for the year stood at Rp6.4 trillion, rose by 18% from 9M2017 at Rp5.5 trillion. Our net income after tax for the period stood at Rp 1,352 billion, representing 24% increase year-on-year compared to Rp 1,092 billion. Gearing ratio stood at 3.4 times as compared to 3.7 times in the same period last year, providing us ample room for future growth.

## Income Statement

In 9M18, Adira Finance booked net income of Rp 1.35 trillion, growing 24% compared to previous period. Higher net income was mainly attributable to the strong new financing disbursement that fueled the increase in interest income to Rp 8,0 trillion, rose 12% y-o-y. Interest expense was sustained at Rp3.1 trillion, as compared to Rp 3.1 in the same period last year. As a result, net interest income rose 21% to Rp4.9trillion in 9M18. Operating expense went up by 13% to Rp 2.5 trillion, mainly driven by increase in salary and benefits expenses along with adjustment in regional minimum wages, annual salary adjustment as well as in training in an effort to enhance human resources quality.

Furthermore, stand alone cost of credit rose to Rp1,131 billion due to higher new disbursement in this period.

As a result, ROAA (as percentage of average total assets) in 9M18 increased to 6.1% from 5.2% in 9M17 and ROAE (as percentage of average equity) increased to 30.3% from 28.3% a year earlier.

## Corporate Updates

### Issuance of Bonds VI Phase III/2018.

In August 2018, the Company issued Adira Finance Continuing Bonds VI Phase III with a total amount of Rp2.26 trillion. This is part of the public offering consisting of Continuing Bonds VI amounted Rp9 trillion and Continuing Mudharabah Bonds III amounted Rp1 trillion. The details of the phase I issuance is as follows:

Description	Serials	Nominal Value (Rp Bn)	Coupon Rate p.a./Sharing Revenue Ratio	Maturity Date
Adira Finance Continuing Bonds VI Phase III	A	696.25	7.50%	26 August 2019
	B	119	8.00%	16 August 2020
	C	715.50	8.50%	16 August 2021
		268.50	9.00%	16 August 2022
	D	460.75	9.25%	16 August 2023
<b>Total</b>		<b>Rp 2.260 bn</b>		

## Financial Highlights

<i>In Billion Rupiah</i>	Sep-17	Sep-18	Δ%	Dec-17	Mar-18	Jun-18	Sep-18
<b>STATEMENTS OF FINANCIAL POSITION</b>							
<b>Assets</b>							
Cash and cash equivalents	1.176	1.480	26%	2.222	1.463	1.536	1.480
Financing receivables–net of allowance of impairment	25.792	27.087	5%	25.899	25.654	26.605	27.087
Fixed assets – net of accumulated depreciation	208	248	19%	208	219	228	248
Intangible assets - net	96	121	26%	106	109	112	121
Others	984	1.806	84%	1.058	2.343	1.273	1.806
<b>Total assets</b>	<b>28.256</b>	<b>30.741</b>	<b>9%</b>	<b>29.493</b>	<b>29.788</b>	<b>29.754</b>	<b>30.741</b>
<b>Liabilities</b>							
Borrowings	10.701	10.579	-1%	10.544	9.346	11.579	10.579
Debt securities issued – net & sukuk mudharabah	9.817	11.082	13%	10.462	11.729	9.745	11.082
Others	2.250	2.629	17%	2.741	2.514	2.450	2.629
<b>Total liabilities</b>	<b>22.768</b>	<b>24.290</b>	<b>7%</b>	<b>23.748</b>	<b>23.589</b>	<b>23.774</b>	<b>24.290</b>
<b>Equity</b>	<b>5.488</b>	<b>6.451</b>	<b>18%</b>	<b>5.745</b>	<b>6.199</b>	<b>5.980</b>	<b>6.451</b>
<b>Total liabilities and equity</b>	<b>28.256</b>	<b>30.741</b>	<b>9%</b>	<b>29.493</b>	<b>29.788</b>	<b>29.754</b>	<b>30.741</b>

<i>In Billion Rupiah</i>	9M17	9M18	Δ%	FY17	1Q18	2Q18	3Q18
<b>INCOME STATEMENT</b>							
Interest income	7.162	8.013	12%	9.667	2.595	2.658	2.760
Interest expense	(3.089)	(3.082)	0%	(4.088)	(1.014)	(1.007)	(1.061)
<b>Net interest income</b>	<b>4.073</b>	<b>4.930</b>	<b>21%</b>	<b>5.579</b>	<b>1.581</b>	<b>1.651</b>	<b>1.699</b>
Fee income	842	605	-28%	1.087	216	194	195
<b>Operating income</b>	<b>4.915</b>	<b>5.536</b>	<b>13%</b>	<b>6.666</b>	<b>1.797</b>	<b>1.845</b>	<b>1.894</b>
Operating expense	(2.243)	(2.532)	13%	(2.998)	(836)	(870)	(825)
<b>Net operating expense</b>	<b>2.671</b>	<b>3.003</b>	<b>12%</b>	<b>3.668</b>	<b>961</b>	<b>975</b>	<b>1.068</b>
Cost of credit	(1.046)	(1.131)	8%	(1.475)	(355)	(379)	(397)
Other income/(expense)	2	(12)	-578%	(71)	(1)	(1)	(10)
<b>Income before income tax</b>	<b>1.628</b>	<b>1.860</b>	<b>14%</b>	<b>2.122</b>	<b>605</b>	<b>595</b>	<b>661</b>
<b>Net income for the period</b>	<b>1.092</b>	<b>1.352</b>	<b>24%</b>	<b>1.409</b>	<b>443</b>	<b>431</b>	<b>478</b>

## Financial Highlights

KEY RATIOS	9M17	9M18	Δ%	FY17	1Q18	2Q18	3Q18
<b>Profitability and Efficiency (%)</b>							
Return to average total assets	5,2%	6,1%	0,9%	5,0%	6,2%	5,9%	6,5%
Return to average equity	28,3%	30,3%	2,0%	26,5%	32,0%	30,3%	32,1%
Net income to total income	16,2%	18,0%	1,8%	15,4%	18,1%	17,4%	18,5%
Cost to income	45,6%	45,7%	0,1%	45,0%	46,5%	47,2%	43,6%
<b>Leverage and Liquidity (X)</b>							
Total assets to total liabilities	1,2	1,3	0,0	1,2	1,3	1,3	1,3
Total equity to total liabilities	0,2	0,3	0,0	0,2	0,3	0,3	0,3
Gearing ratio	3,7	3,4	-0,4	3,7	3,4	3,6	3,4

NEW FINANCING	9M17	9M18	Δ%	FY17	1Q18	2Q18	3Q18
<b>In Thousand Units</b>							
Motorcycle	867	916	6%	1.165	281	318	317
Car	78	91	17%	107	29	31	31
Durables	292	278	-5%	387	92	100	87
<b>Total Financed Unit</b>	<b>1.236</b>	<b>1.285</b>	<b>4%</b>	<b>1.659</b>	<b>402</b>	<b>448</b>	<b>435</b>
<b>In Billion Rupiah</b>							
Motorcycle	12.166	13.977	15%	16.564	4.198	4.871	4.908
Car	9.690	12.410	28%	13.670	3.903	4.143	4.364
Durables	1.922	1.817	-5%	2.510	588	658	571
<b>Total Financed Amount</b>	<b>23.778</b>	<b>28.203</b>	<b>19%</b>	<b>32.744</b>	<b>8.690</b>	<b>9.671</b>	<b>9.842</b>

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