

Shareholding Composition

	March-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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Highlights

1Q18 Results

- **New disbursement recorded 19% growth to Rp8.7 trillion in 1Q18** from Rp7.3 trillion in the same period last year. Overall, we underwrote 402 new contracts for the first 3 months in 2018. Car financing grew 30% to Rp3.9 trillion, while motorcycle financing rose 16% to Rp4.2 trillion.
- **Market share for new motorcycle stood at 11.3%, whereby new car at 4.3% at the end of March 2018.** Both portfolios grew as we boost financing for new vehicles, tapping in the favorable condition in the first quarter of the year.
- **Managed receivables arrived at Rp46.1 trillion at the end of March 2018, an increase of 5% year-on-year.** The composition between self-financing and joint-financing portion was 59%:41%, respectively.
- **Self-funding**, which consisted of bank borrowings and bonds issued **amounted to Rp21.1 trillion**, went up 3% to meet the needs of financing activities.
- **As such, net income (after tax) reached Rp443billion**, increased by 35% from Rp328 billion in 1Q17. Return on reported assets stood at 6.2% for the period.
- **Equity stood at Rp6.2 trillion as of 31 March 2018;** rose by 18% from the same period last year. This brought forth the return on equity to reach 32.0% in 1Q18.

Rp billion; %	1Q17	1Q18	Δ%	2Q17	3Q17	4Q17	1Q18
Total New Financing	7,273	8,690	19%	8,406	8,099	8,966	8,690
Total Managed Assets ¹	43,769	46,076	5%	44,550	44,382	45,232	46,076
Financing Receivables ²	26,308	27,030	3%	27,158	27,111	27,246	27,030
Total Asset	27,832	29,788	7%	28,447	28,256	29,493	29,788
Total Borrowings	20,518	21,075	3%	20,999	20,518	21,006	21,075
Total Equity	5,269	6,199	18%	5,078	5,488	5,745	6,199
Net Profit after Tax	328	443	35%	354	410	317	443
ROAA ³	4.8%	6.2%	1.3%	5.1%	5.8%	4.4%	6.2%
ROAE	27.0%	32.0%	4.9%	28.6%	31.7%	23.7%	32.0%

Note:

- ¹ Including transaction costs of Rp349billion and Rp925billion in March 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

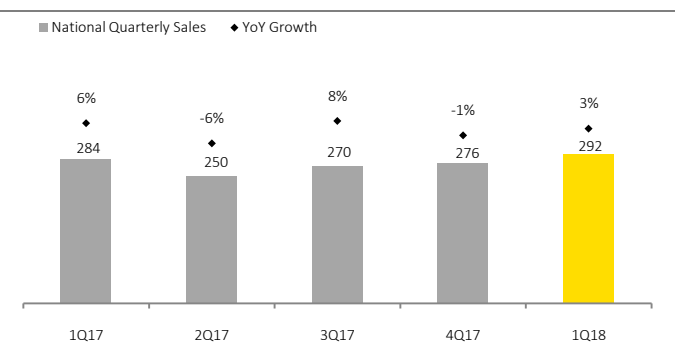
Domestic New Motorcycle Sales

Thousand units and %



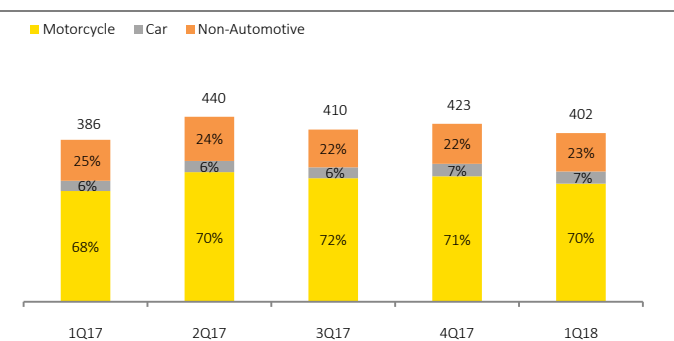
Domestic New Car Sales

Thousand units and %



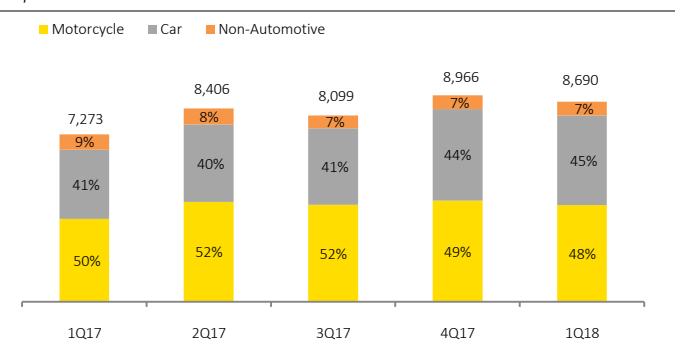
New Financing

Thousand units and %



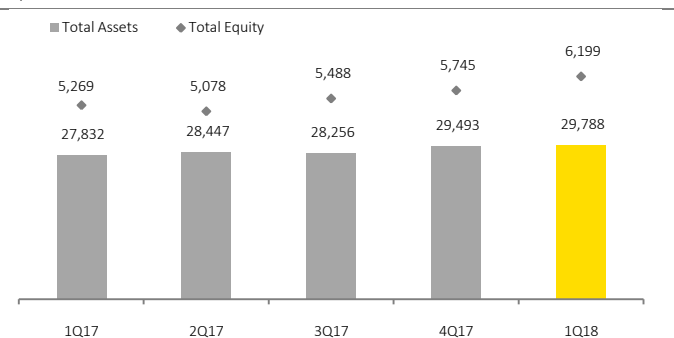
New Financing

Rp billion and %



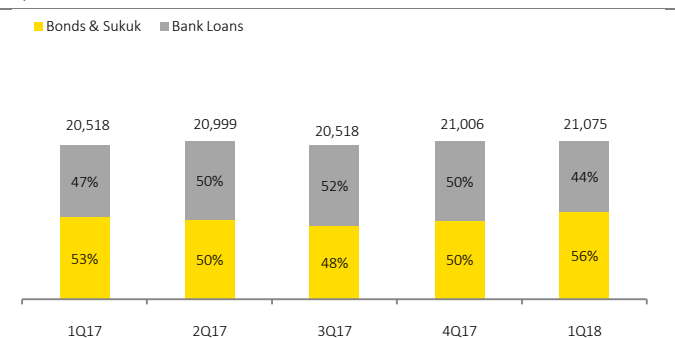
Total Assets & Total Equity

Rp billion



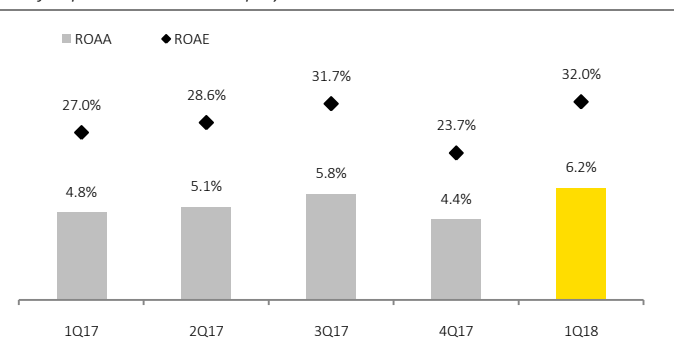
Total Borrowings

Rp billion and %



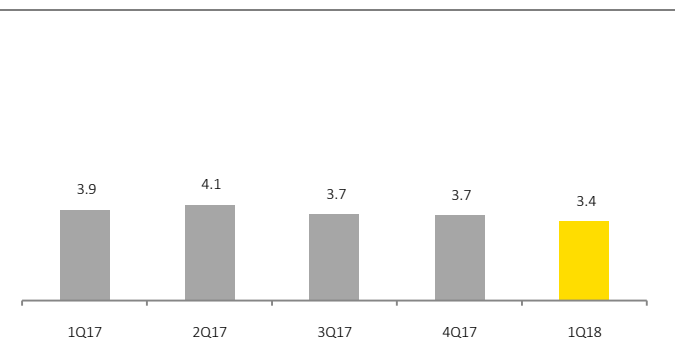
Returns on Assets and Equity

% of Reported Assets and Equity



Gearing Ratio

Times

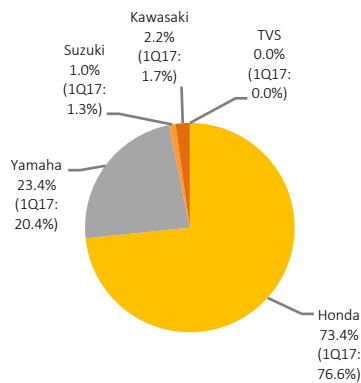


Note: Industry data sources from Indonesian Motorcycles Industry Association (AISI) and Association of Indonesian Automotive Industries (Gaikindo).

Indonesian Automotive Sector Update

New Motorcycle Sales by Brand

1Q2018



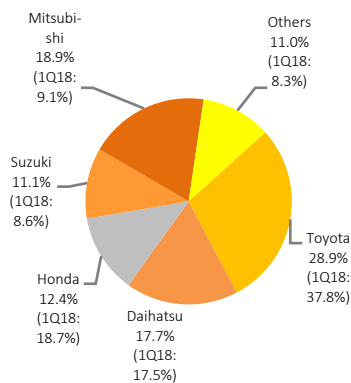
The automotive industry closed the first 3 months of 2018 with a positive outcome, albeit with growth below 5% year-on-year, nevertheless, it was considerably a good start for the year. Both new motorcycles and cars booked increases in the 1Q18 industry wholesale, an encouraging result from a low base last year.

The domestic new motorcycle sales recorded 4% higher sales in 1Q18, ended at 1.5 million units, as compared to only 1.4 million units in 1Q17. Honda sold 1.1 million units nationwide for 1Q18, although flat from the same period last year, nevertheless its market share remained above 70%. Yamaha booked stronger sales with a 20% increase to 342 thousand units; hence its market share rose to 23.4% in 1Q18 from only 20.4% in the same period last year. Kawasaki was in the 3rd place for the national market share at 2.2% level, with wholesales grew 32% to 32 thousand units. Suzuki followed with 15 thousand units of wholesale, thus settled at 1.0% market share.

Over the course of time, automatic scooters have become the most common segment of motorcycle in Indonesia. The segment contributed 83% to the total national motorcycle market, taking away more and more share from underbone segment which only has 8% of market share currently. Sport motorcycle has its own market, stable at 9% contribution to the national sales.

New Car Sales by Brand

1Q2018



In 1Q18, domestic new car wholesales volume closed at 292 thousand units; an increase of 3% from 1Q17. The shift in the contributor for sales growth from passenger to commercial segment has persisted on to 2018; hence it became the growth driver for the new car industry for the quarter.

Toyota sustained its market leadership with 28.9% share despite having contracted sales performance. Toyota wholesale decreased by 21% year-on-year to 84 thousand units in 1Q18. Mitsubishi came to the 2nd position with 18.9% market share by selling 55 thousand units in the first quarter of the year. The brand booked strong growth for both the passenger and commercial vehicles. Daihatsu settled as the 3rd best-selling brand in Indonesia, closing the quarter with 52 thousand units of sales hence managing 17.7% market share in the country. Honda sold 36 thousand units nationwide, giving the brand 12.4% market share.

Commercial cars grew by 24% year-on-year in 1Q18 to 71 thousand units from the low base in previous year, with major sales contributors from trucks and pick-ups. As such, the segment contributed 24% of national sales, instead of only 20% in the same period last year. Passenger cars, however, managed to maintain stable sales at 221 thousand units for the quarter.

New Financing

In 1Q18, Adira Finance disbursed new financing for 402 thousand new contracts, grew 4% from 386 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. Hence in terms of amount, we have booked Rp8.7 trillion of new financing in 1Q18, which was a growth of 19% year-on-year from the disbursement achievement in 1Q17 at Rp7.3 trillion.

Motorcycle financing grew at 16% year-on-year, reached Rp4.2 trillion for 1Q18. New motorcycle disbursement, being the growth driver for 2-wheelers portfolio, reached Rp3.0 trillion, contributed 71% of the total motorcycle financing, and the remaining Rp1.2 trillion was used motorcycle. Car financing increased by 30% year-on-year to Rp3.9 trillion. The main driver for car financing was also new vehicle, whereby it grew by 37% to Rp2.3 trillion as Adira Finance has been focusing in growing new car financing in view of the robust growth prospect of the industry in Indonesia. Used car financing amounted to Rp1.6 trillion in 1Q18, rose by 21% year-on-year. The remaining was non-automotive financing, mainly consist of durables and multi-purpose loans for services, which arrived at Rp588 billion for the quarter.

Geographical wise, Greater Jakarta contributed 24% of total financing disbursement, and Java island (excluding Greater Jakarta) contributed 28%. As such, 52% of the new financing was disbursed to Java island, reflecting the country's economic contribution.

Balance Sheet

At the end of March 2018, total managed financing receivables stood at Rp46.1 trillion; with joint-financing portion at 41% or equivalent to Rp19.1 trillion. Hence, stand-alone financing receivables before provision for losses, stood at Rp27.0 trillion.

In line with one of the Company's strategy to expand in car financing business, car portfolio grew to Rp23.8 trillion at the end of 1Q18 from around Rp22.5 trillion in 1Q17. This represents 52% of the entire managed financing receivables. Motorcycle financing contributed 44% or equivalent to Rp20.4 trillion, while non-automotive amounted to Rp1.8 trillion at the end of the period.

Reported total assets increased by 7% to Rp29.8 trillion for the period. Stand-alone financing receivables, which made up 86% of total assets at Rp25.6 trillion, rose by 2% year-on-year 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 exhibited the Company's strong growth.

At the end of March 2018, Adira Finance's external funding amounted to Rp21.1 trillion, rose 3% from 1Q17 at Rp20.5 trillion. 56% of the external funding was from domestic capital market through bonds and sukuk mudharabah issuance, which in total amounted to Rp11.7 trillion. The remaining 44% of the external funding was bank borrowings, of which foreign currency loans amounted to 37% of the borrowings. Adira Finance implemented a policy to fully-hedged its borrowings in foreign currency including both its loan principal and interest rates.

Reported equity for the period stood at Rp6.2 trillion, rose by 18% from March 2017 at Rp5.3 trillion with the strong contribution of our net income after tax. As such, at the end of first quarter of 2018, the gearing ratio stood at 3.4 times as compared to 3.9 times in the same period last year, providing us ample room for growth.

Income Statement

In the first 3 months of 2018, interest income increased by 11% to Rp2.6 trillion along with the strong growth recorded in financing disbursement. Furthermore, diversified sources of funds resulted in savings of 5% as total interest expenses was recorded at Rp1.0trillion. Consequently, net interest income rose 24% to Rp1.6 trillion in 1Q18.

Operating expenses rose 14% to Rp836billion, with the main driver stemmed from the increase in manpower cost of 10% to Rp507 billion due to minimum wages increase and annual salary adjustment which take place every year. In addition, Stand alone cost of credit rose to Rp355billion mainly due to higher new disbursement in this period. Thus, net income recorded sound growth of 35% to Rp443billion.

With this result, ROAA (as percentage of average total assets) in 1Q18 increased to 6.2% from 4.8% in 1Q17 and ROAE (as percentage of average equity) increased to 32.0% from 27.0% a year earlier.

Corporate Updates

Issuance of Bonds and Mudharabah Bonds

In March 2018, the Company issued Adira Finance Continuing Bonds VI Phase II and Continuing Mudharabah Bonds III Phase II, with total amount of Rp2.1 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	Coupon Rate p.a./Sharing Revenue Ratio	Maturity Date
Adira Finance Continuing Bonds VI Phase II	A	Rp836 bn	6.10%	1 April 2019
	B	Rp80 bn	6.70%	21 March 2020
	C	Rp552 bn	7.40%	21 March 2021
	D	Rp162 bn	7.50%	21 March 2023
Total		Rp1,630 bn		
Adira Finance Continuing Mudharabah Bonds III Phase II	A	Rp399 bn	50.83% (equivalent to 6.10%)	1 April 2019
	B	Rp62 bn	61.67% (equivalent to 7.40%)	21 March 2021
	C	Rp29 bn	62.50% (equivalent to 7.50%)	21 March 2023
Total		Rp490 bn		

Financial Highlights

<i>In Billion Rupiah</i>	Mar-17	Mar-18	Δ%	Jun-17	Sep-17	Dec-17	Mar-18
STATEMENTS OF FINANCIAL POSITION							
Assets							
Cash on hand and in banks	1,563	1,463	-6%	1,240	1,176	2,222	1,463
Financing receivables - net of allowance for impairment	25,048	25,654	2%	25,853	25,792	25,899	25,654
Fixed assets - net of accumulated depreciation	221	219	-1%	217	208	208	219
Intangible assets - net	82	109	32%	93	96	106	109
Others	919	2,343	155%	1,044	984	1,058	2,343
Total assets	27,832	29,788	7%	28,447	28,256	29,493	29,788
Liabilities							
Borrowings	9,572	9,346	-2%	10,413	10,701	10,544	9,346
Bonds payables - net & mudharabah bonds	10,946	11,729	7%	10,586	9,817	10,462	11,729
Others	2,045	2,514	23%	2,369	2,250	2,741	2,514
Total liabilities	22,562	23,589	5%	23,369	22,768	23,748	23,589
Equity	5,269	6,199	18%	5,078	5,488	5,745	6,199
Total liabilities and equity	27,832	29,788	7%	28,447	28,256	29,493	29,788

<i>In Billion Rupiah</i>	1Q17	1Q18	Δ%	2Q17	3Q17	4Q17	1Q18
INCOME STATEMENT							
Interest income	2,335	2,595	11%	2,373	2,454	2,505	2,595
Interest expense	(1,064)	(1,014)	-5%	(1,019)	(1,006)	(999)	(1,014)
Net interest income	1,271	1,581	24%	1,354	1,448	1,506	1,581
Fee income	264	216	-18%	266	311	245	216
Operating income	1,536	1,797	17%	1,620	1,759	1,751	1,797
Operating expense	(736)	(836)	14%	(753)	(754)	(755)	(836)
Net operating expense	800	961	20%	867	1,004	996	961
Cost of credit	(317)	(355)	12%	(335)	(394)	(429)	(355)
Other income/(expense)	(1)	(1)	-40%	(3)	6	(73)	(1)
Income before income tax	482	605	25%	530	616	494	605
Net income for the period	328	443	35%	354	410	317	443

Financial Highlights

KEY RATIOS	1Q17	1Q18	Δ%	2Q17	3Q17	4Q17	1Q18
Profitability and Efficiency (%)							
Return to average total assets	4.8%	6.2%	1.4%	5.1%	5.8%	4.4%	6.2%
Return to average equity	27.0%	32.0%	4.9%	28.6%	31.7%	23.7%	32.0%
Net income to total income	15.2%	18.1%	2.9%	15.9%	17.4%	13.2%	18.1%
Cost to income	47.9%	46.5%	-1.4%	46.5%	42.9%	43.1%	46.5%
Leverage and Liquidity (X)							
Total assets to total liabilities	1.2	1.3	0.1	1.2	1.2	1.2	1.3
Total equity to total liabilities	0.2	0.3	0.1	0.2	0.2	0.2	0.3
Gearing ratio	3.9	3.4	-0.5	4.1	3.7	3.7	3.4

NEW FINANCING	1Q17	1Q18	Δ%	2Q17	3Q17	4Q17	1Q18
In Thousand Units							
Motorcycle	263	281	7%	309	295	299	281
Car	25	29	16%	27	26	29	29
Non-Automotive	98	92	-6%	105	89	95	92
Total Financed Unit	386	402	4%	440	410	423	402
In Billion Rupiah							
Motorcycle	3,604	4,198	16%	4,343	4,220	4,397	4,198
Car	3,008	3,903	30%	3,367	3,315	3,981	3,903
Non-Automotive	661	588	-11%	696	565	588	588
Total Financed Amount	7,273	8,690	19%	8,406	8,099	8,966	8,690

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