# PT BFI FINANCE INDONESIA: *1Q16 RESULTS*

**April 2016**



* All absolute figures have been rounded to the closest Rp billion and therefore may have some discrepancies with percentage calculations

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# 1Q16 KEY UPDATES

**GROWTH**

- **Receivables and Revenue** growth, amidst economic challenges
    - Total Receivables grew 18% whilst Managed Receivables (incl off balance sheet) grew 3% driven longer tenor loans
    - Net Revenue growth of 9% driven largely by strong Consumer Financing business, higher yields and increase in Receivables book
- 3 new outlets

**PROFITABILITY**

- 1Q16 PAT 13% yoy to Rp160 billion, with ability to maintain yields, higher efficiency in operations, and strong receivables growth

**ASSET QUALITY**

- NPL is 1.56%



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# 1Q16 KEY UPDATES

**FUND RAISING UPDATES**

- Shelf issuance of Bond II Phase III 2016 (tenor 1-3 years) of Rp1 trillion in February 2016

**A/EGM UPDATES (25 April 2016)**

- Approval for final dividend from FY15 profits of Rp70/share to be paid in May 2016, giving total dividends of Rp208/share or 48.8% payout on FY15 profits (Rp138/share was paid in December 2015)
- Approval to promote Mr Sigit Gunawan to Risk Director

# BALANCE SHEET HIGHLIGHTS

| In Rp bil (unless otherwise stated) | 1Q16 | 1Q15 | YoYΔ | FY15 | FY14 | YoYΔ |
|---|---|---|---|---|---|---|
| **New Bookings** | 2,337 | 2,711 | ↓ 13.8% | 10,058 | 9,295 | ↑ 8.2% |
| **Managed Receivables^** | 12,200 | 11,801 | ↑ 3.4% | 12,229 | 11,220 | ↑ 9.0% |
| **Total Receivables** | 10,501 | 8,872 | ↑ 18.4% | 10,078 | 8,720 | ↑ 15.6% |
| **Total Assets** | 11,478 | 10,265 | ↑ 11.8% | 11,770 | 9,683 | ↑ 21.6% |
| **Total Borrowings^** | 8,669 | 9,098 | ↓ 4.7% | 9,457 | 8,039 | ↑ 17.6% |
| **Total Equity** | 4,008 | 3,746 | ↑ 7.0% | 4,019 | 3,567 | ↑ 12.7% |

- Continued slow down in New 4W and Heavy Equipment financing
- Strong Receivables growth from previous FY Bookings, and longer tenors

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^ Includes channeling and joint financing transactions

**Continued slowdown in New 4W and HE businesses resulting in slower bookings and receivables growth**



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# PROFIT & LOSS HIGHLIGHTS

| *In Rp bil (unless otherwise stated)* | 1Q16 | 1Q15 | YoY∆ | FY15 | FY14 | YoY∆ |
|---|---|---|---|---|---|---|
| **Interest Income** | 617 | 565 | ↑ 9.2% | 2,415 | 1,989 | ↑ 21.4% |
| **Financing Cost** | 262 | 239 | ↑ 9.7% | 1,063 | 822 | ↑ 29.3% |
| **Net Interest Income** | 354 | 326 | ↑ 8.8% | 1,353 | 1,167 | ↑ 15.9% |
| **Fee Based Income** | 113 | 87 | ↑ 29.7% | 383 | 326 | ↑ 17.6% |
| **Net Revenue** | 544 | 497 | ↑ 9.4% | 2,066 | 1,754 | ↑ 17.8% |
| **Operating Expenses** | 259 | 234 | ↑ 10.4% | 968 | 802 | ↑ 20.7% |
| **Operating Income** | 285 | 263 | ↑ 8.5% | 1,099 | 953 | ↑ 15.3% |
| **Cost of Credit** | 68 | 79 | ↓ 14.6% | 263 | 202 | ↑ 30.0% |
| **PBT** | 217 | 184 | ↑ 18.5% | 835 | 751 | ↑ 11.3% |
| **PAT** | 160 | 147 | ↑ 8.5% | 650 | 600 | ↑ 8.4% |

- Strong Non Dealer Financing income
- Yield improvement of 32 bps YoY

- COF increase by 21 bps
- Expect lower interest rates for new borrowings

- Higher efficiencies in operations resulted in slower Opex growth

- Includes tax provisions for tax assessment in prior FY

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**Continued improvements in portfolio yield and Net Interest Margins**



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# KEY RATIOS

| | 1Q16 | 1Q15 | YoY∆ | FY15 | FY14 | YoY∆ |
|---|---|---|---|---|---|---|
| **Net Interest Margin** | 8.40% | 8.29% | ↑ 11 bps | 8.20% | 7.85% | ↑ 35 bps |
| **Cost to Income** | 47.55% | 47.12% | ↑ 43 bps | 46.83% | 45.84% | ↑ 99 bps |
| **COC / Avg Rec.** | 2.22% | 2.76% | ↓ 54 bps | 2.17% | 1.94% | ↑ 23 bps |
| **ROAA** | 7.42% | 7.50% | ↓ 8 bps | 7.79% | 8.35% | ↓ 56 bps |
| **NPL*** | 1.56% | 1.61% | ↓ 4 bps | 1.33% | 1.48% | ↓ 15 bps |
| **Debt / Equity** | 1.64x | 1.51x | ↑ 0.13x | 1.63x | 1.48x | ↑ 0.15x |

- Diversification of products resulting in higher yields and ability to maintain NIMs

- Continue to show manageable asset quality despite challenging economic conditions

* Defined as Pastdue >90 days, Calculated from total managed receivables (included off B/S receivables)

**Maintains stable NIM and NPL despite of industry headwind**



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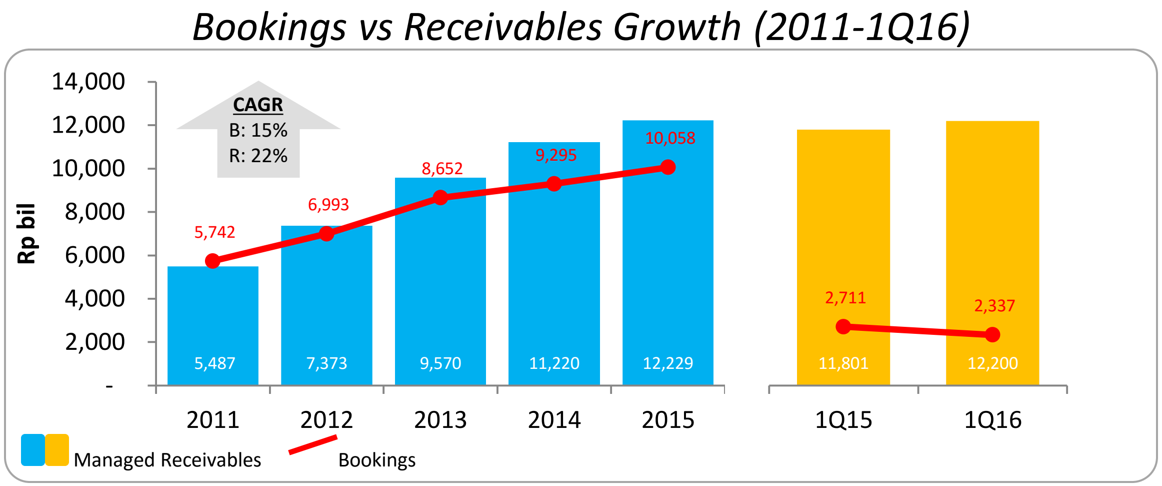
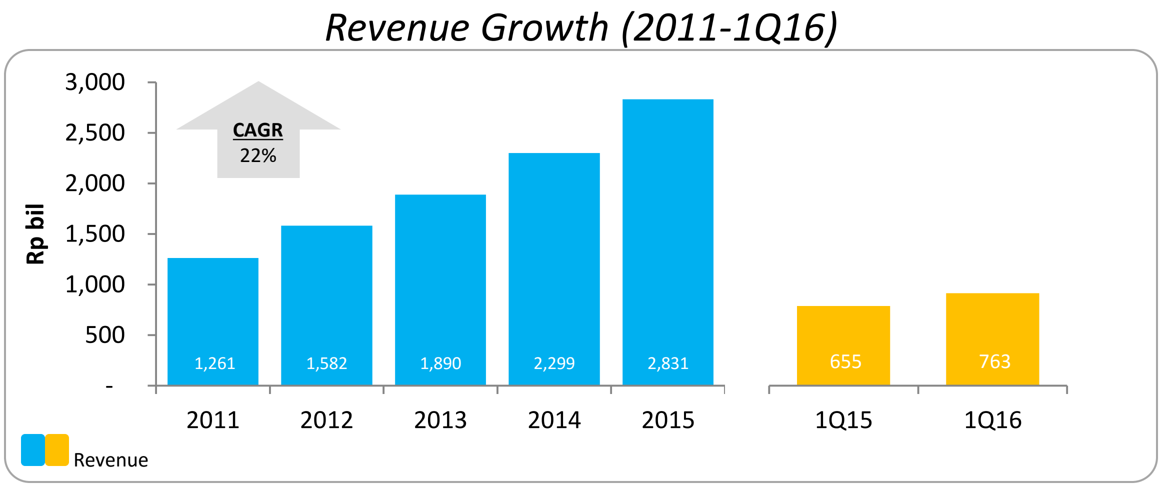
# ABILITY TO BUILD A MORE ROBUST BALANCE SHEET




- Able to improve quality and tenor of loans booked, resulting in consistently faster Receivables growth compared to Bookings
- Slower bookings in 1Q16 due to decrease in New 4W and Heavy Equipment financing




- Consistently strong growth in Revenue as a result of robust balance sheet
- Shows ability to maximise income generation from assets

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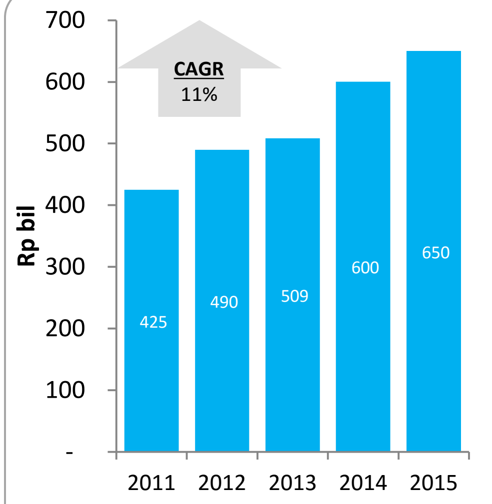
**Sustainable loan and revenue growth over the years – backed by better asset mix**

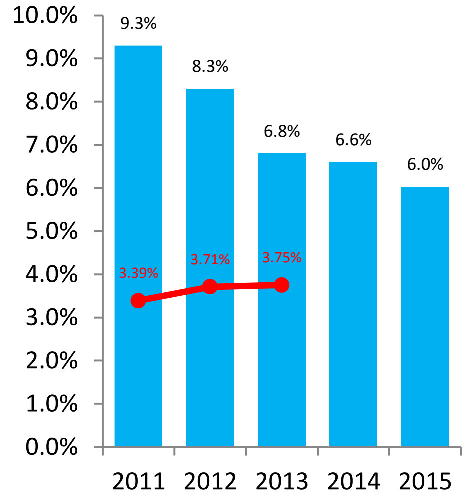
# STABLE PROFITABILITY OVER THE YEARS

## *PAT Growth*




- PAT growth in spite of slowing economy
- Continued efficient OPEX management in spite of aggressive expansion over the years

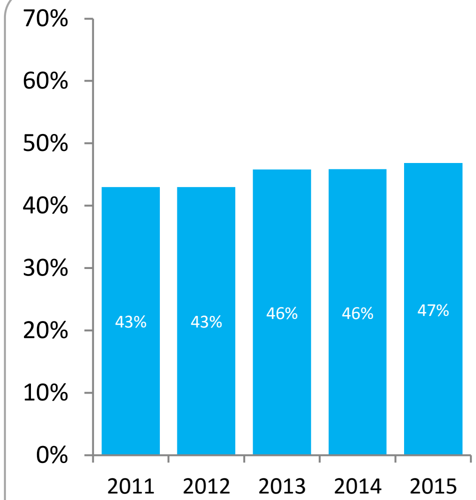
## *ROA Trend vs Industry*




* 2014 annualised based on Sep-14 results
Source: Company, Infobank

- One of the highest ROA companies in the industry
- Consistently outperformed industry

## *Cost-to-Income**




* G&A + Marketing Expense/Net Revenue

- Cost-to-income stable in spite of expansion

**Still one of the most profitable multifinance companies, with ROAs much ahead of the industry**



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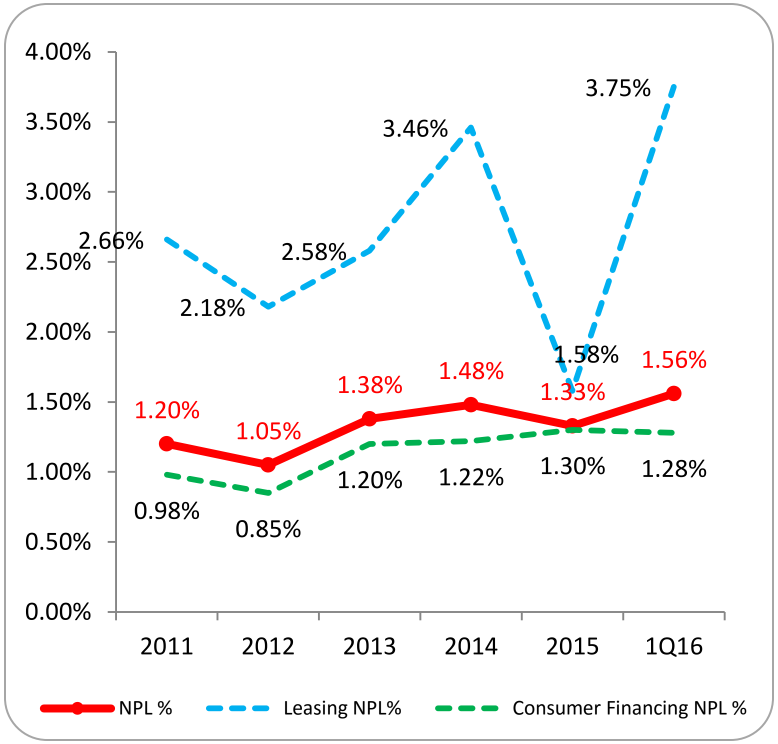
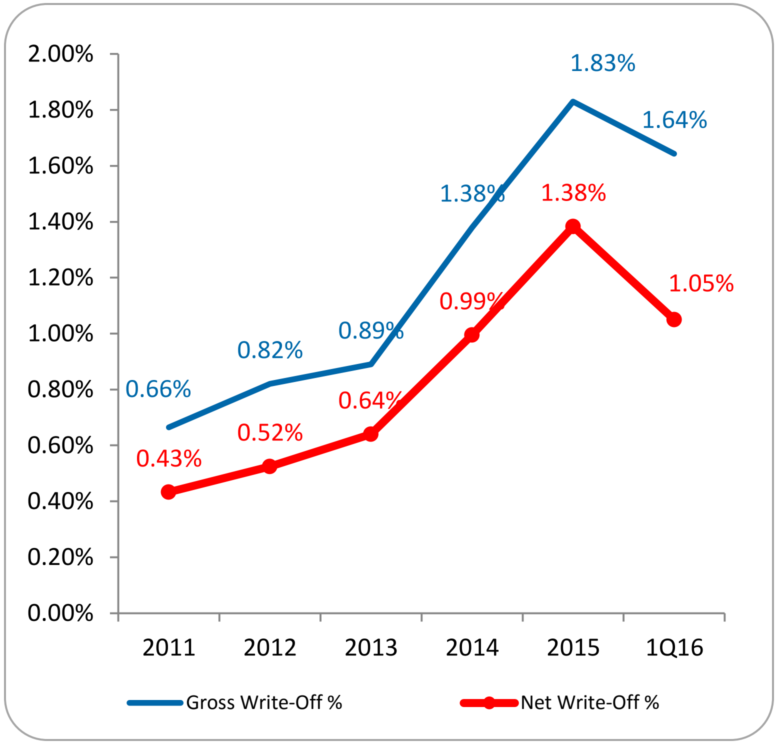
# ASSET QUALITY UNDER CONTROL

*NPL Trend (2011-1Q16)*




*Write-Offs (2011-1Q16)*



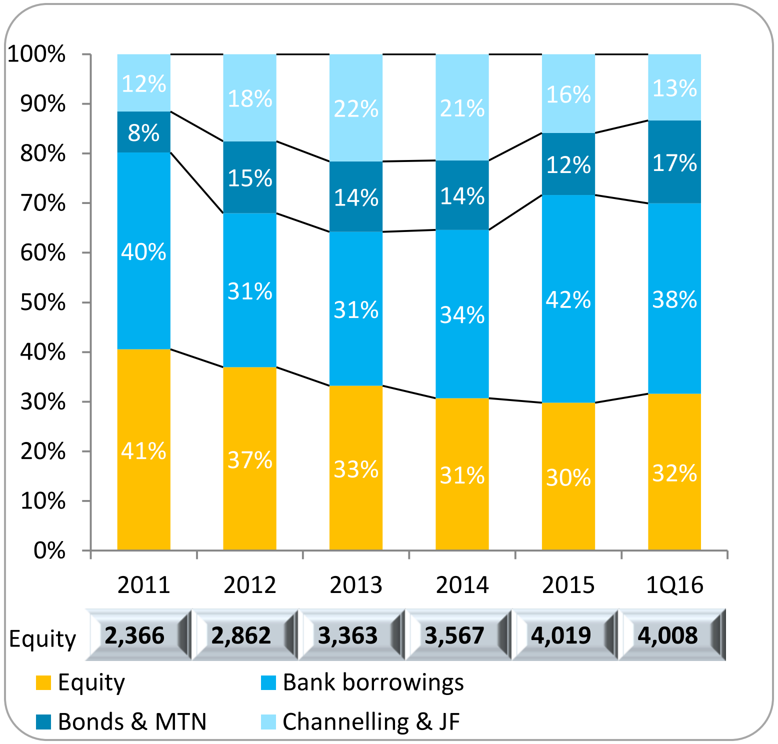

- Increase in NPL from Heavy Equipment business

- In spite of difficult economic and commodities sector conditions, managed to record lower write off than its peers

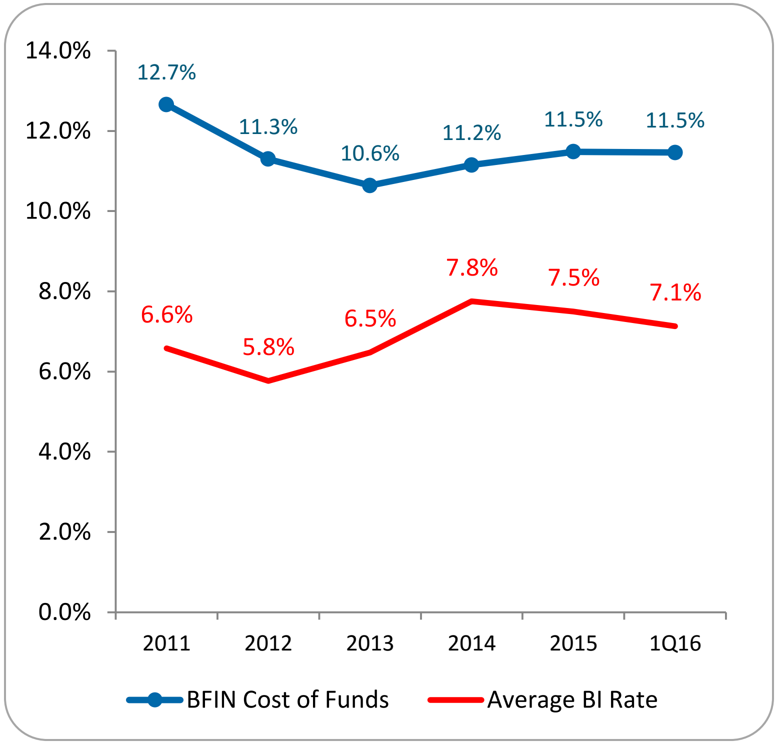
**Despite NPL has improved, Higher Write-offs occurred due to economic conditions, especially in commodity related sectors**

# STRONG CAPITAL BASE

*Source of Funding (2011-1Q16)*




*Cost of Funds (2011-1Q16)*



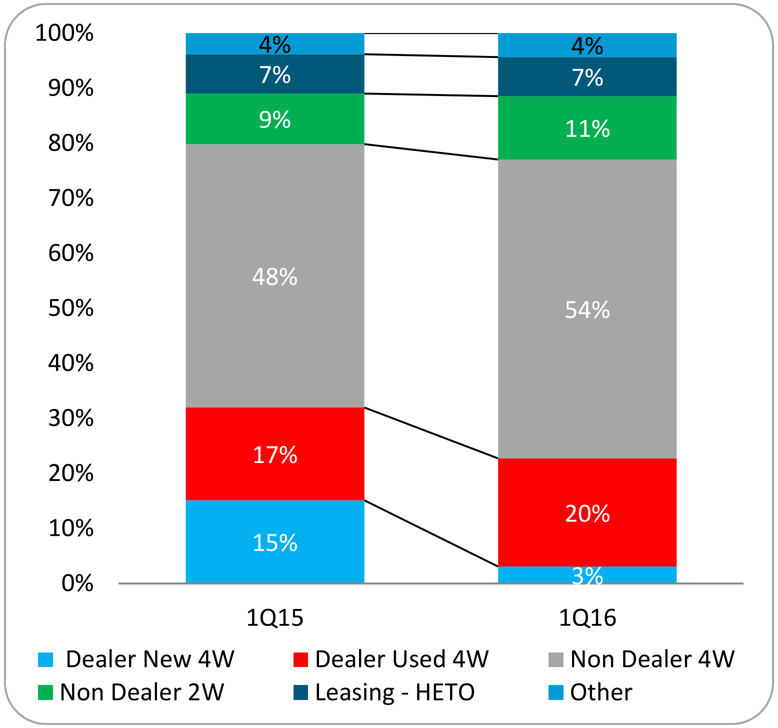

- Increasingly more diversified funding sources, which has helped especially in the last year to mitigate increasing cost of borrowings from local banks

- Cost of fund is slightly increased in 2015, yet it is pass through to the new lending, hence no margin compression is arisen

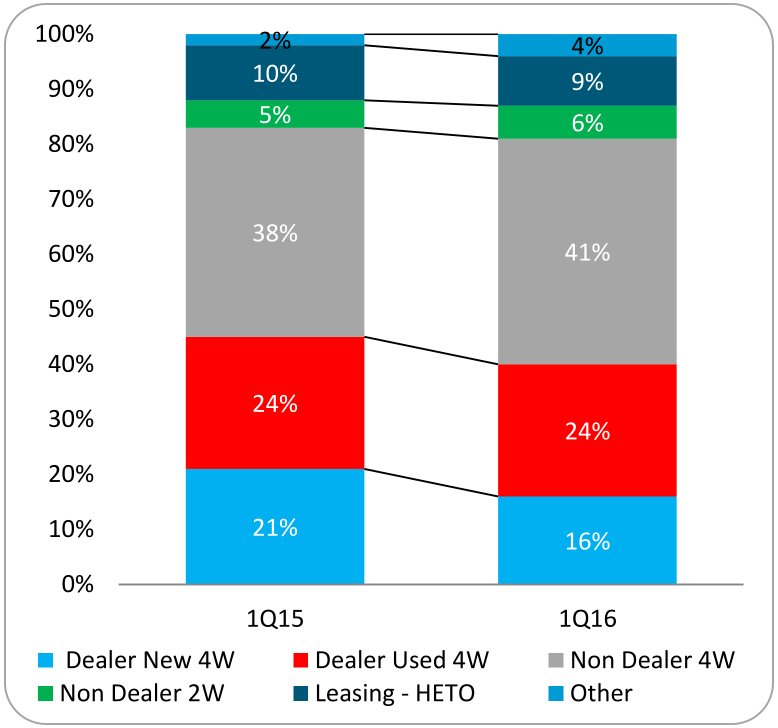
**Capital structure more diversified, resulting in better management of borrowing cost and stable NIM**

# ASSET COMPOSITION

*Booking Composition (1Q15 vs 1Q16)*



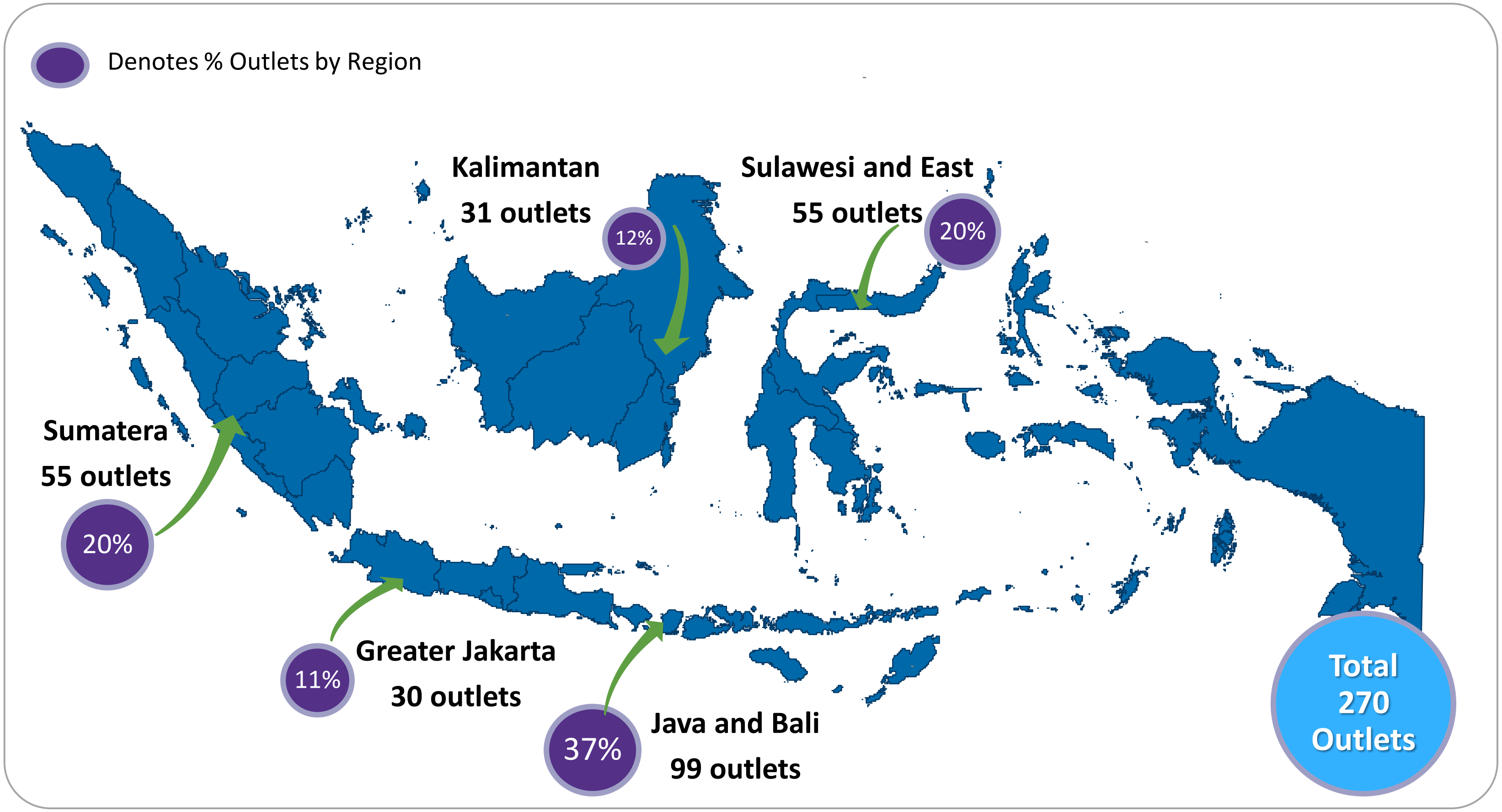

*Managed Receivables Composition (1Q15 vs 1Q16)*




**Continuous effort to shift the business towards higher yield and lower ticket segments**

# 2015 DISTRIBUTION NETWORK

*Business Distribution and Branch Network*




**Moving focus away from Kalimantan and Sumatera to other lower risk areas**



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