# PT BFI FINANCE INDONESIA: *9M16 RESULTS*

**October 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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# 9M16 KEY UPDATES

**GROWTH**

- **Receivables and Revenue** growth, amidst economic challenges
    - Total Receivables grew 13%
    - Net Revenue growth of 12% driven largely by shifting receivables composition to higher yield products
- 3 new outlets in 3Q16

**PROFITABILITY**

- 9M16 PAT 22% yoy to Rp554 billion, with ability to maintain yields, lower cost of credit and strong receivables growth

**ASSET QUALITY**

- NPL is 1.75% and Net Write-off is 1.09%

# BALANCE SHEET HIGHLIGHTS

| *In Rp bil (unless otherwise stated)* | 9M16 | 9M15 | YoYΔ | FY15 | FY14 | YoYΔ |
|---|---|---|---|---|---|---|
| **New Bookings** | 7,669 | 7,844 | ↓ 2.2% | 10,058 | 9,295 | ↑ 8.2% |
| **Managed Receivables^** | 12,639 | 12,439 | ↑ 1.6% | 12,229 | 11,220 | ↑ 9.0% |
| **Total Receivables** | 11,029 | 9,781 | ↑ 12.8% | 10,078 | 8,720 | ↑ 15.6% |
| **Total Assets** | 13,334 | 14,454 | ↓ 7.8% | 11,770 | 9,683 | ↑ 21.6% |
| **Total Borrowings^** | 8,569 | 10,122 | ↓ 15.4% | 9,457 | 8,039 | ↑ 17.6% |
| **Total Equity** | 4,197 | 3,935 | ↑ 6.7% | 4,019 | 3,567 | ↑ 12.7% |

- In line with strategy to scale down New 4W business which has shrunk by 80.5% yoy

- Mainly due to strengthening of IDR against USD which affect the amount of derivative financial assets
- No economic value impact from this adjustment

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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

NOTE: Profit & Loss Highlights includes channeling and joint financing activities

| *In Rp bil (unless otherwise stated)* | 9M16 | 9M15 | YoYΔ | FY15 | FY14 | YoYΔ |
|---|---|---|---|---|---|---|
| **Interest Income** | 1,873 | 1,786 | ↑ 4.9% | 2,415 | 1,989 | ↑ 21.4% |
| **Financing Cost** | (759) | (784) | ↓ 3.2% | 1,063 | 822 | ↑ 29.3% |
| **Net Interest Income** | 1,115 | 1,003 | ↑ 11.2% | 1,353 | 1,167 | ↑ 15.9% |
| **Fee Based & Other Income** | 598 | 524 | ↑ 14.2% | 713 | 588 | ↑ 21.3% |
| **Net Revenue** | 1,713 | 1,526 | ↑ 12.2% | 2,066 | 1,754 | ↑ 17.8% |
| **Operating Expenses** | (798) | (723) | ↑ 10.3% | 968 | 802 | ↑ 20.7% |
| **Operating Income** | 916 | 803 | ↑ 14.0% | 1,099 | 953 | ↑ 15.3% |
| **Cost of Credit** | (197) | (238) | ↓ 17.5% | 263 | 202 | ↑ 30.0% |
| **PBT** | 719 | 565 | ↑ 27.3% | 835 | 751 | ↑ 11.3% |
| **PAT** | 554 | 455 | ↑ 21.7% | 650 | 600 | ↑ 8.4% |

- Yield improvement of 42 bps YoY attributable to non-dealer financing
- Lower interest rates for new borrowings and decrease in total borrowings yoy
- In line with revenue growth
- Coming off the top of the delinquency cycle, resulting in lower write-offs
- 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

| | 9M16 | 9M15 | YoYΔ | | FY15 | FY14 | YoYΔ |
|---|---|---|---|---|---|---|---|
| **Net Interest Margin** | 8.63% | 8.16% | ↑ 47 bps | • Continue focusing on products with higher yields with ability to maintain NIMs | 8.20% | 7.85% | ↑ 35 bps |
| **Cost to Income** | 46.56% | 47.38% | ↓ 82 bps | | 46.83% | 45.84% | ↑ 99 bps |
| **COC** | 2.12% | 2.64% | ↓ 52 bps | • Continue to show manageable asset quality despite challenging economic conditions | 2.17% | 1.94% | ↑ 23 bps |
| **ROAA**** | 8.23% | 7.20% | ↑ 103 bps | | 7.79% | 8.35% | ↓ 56 bps |
| **NPL*** | 1.75% | 1.59% | ↑ 16 bps | • Mainly driven by several large Leasing accounts | 1.33% | 1.48% | ↓ 15 bps |
| **Debt / Equity** | 1.6x | 1.7x | ↑ 0.1x | | 1.6x | 1.5x | ↑ 0.1x |

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

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



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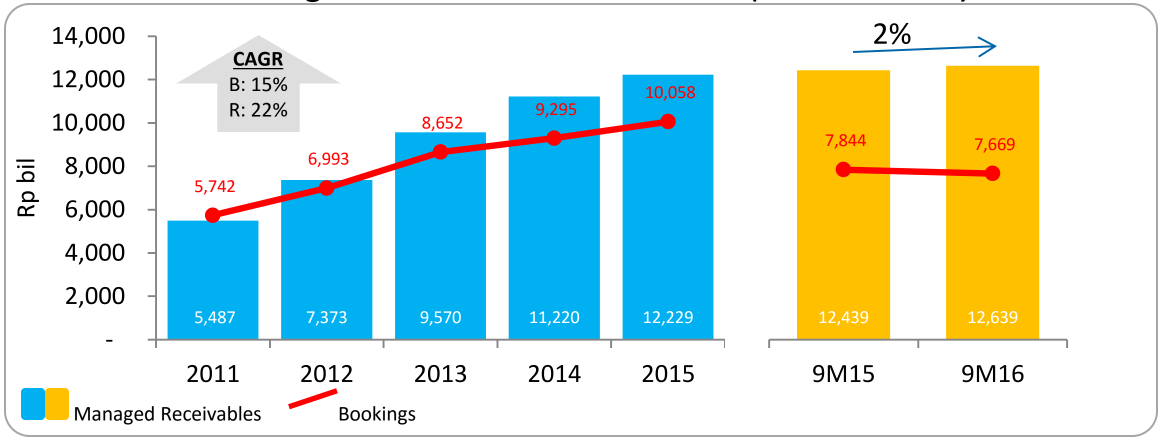
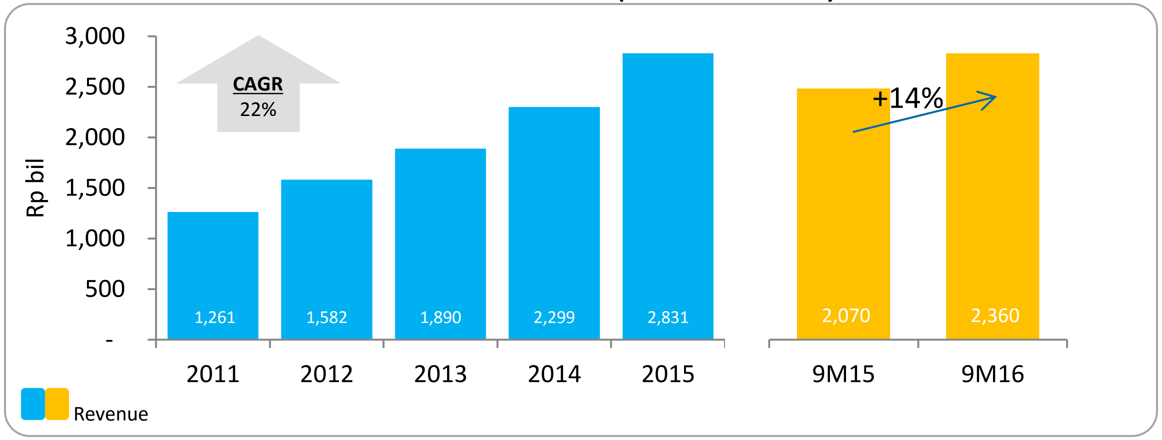
# ABILITY TO BUILD A MORE ROBUST BALANCE SHEET

## *Bookings vs Receivables Growth (2011-9M16)*




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

## *Revenue Growth (2011-9M16)*




- 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**



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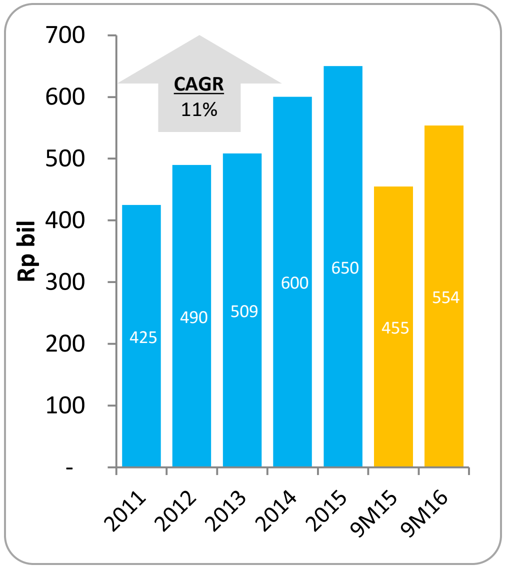
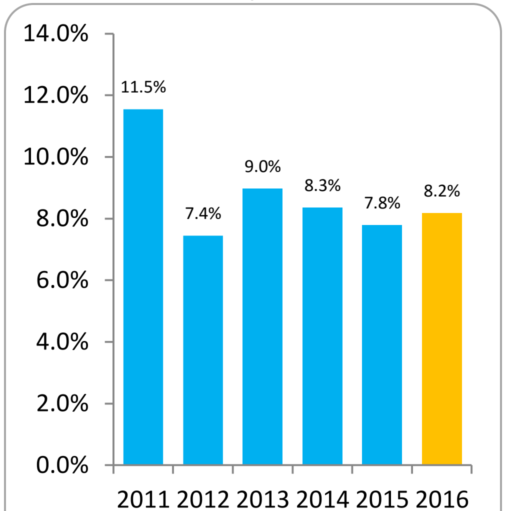
# STABLE PROFITABILITY OVER THE YEARS

*PAT Growth*



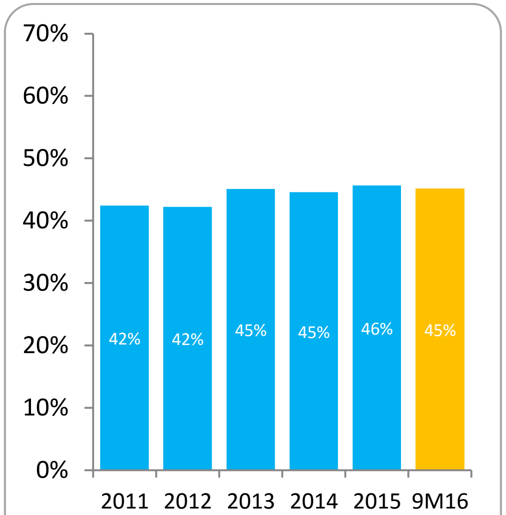

*ROAA Performance*




* 2016 annualised based on Sep-16 results

** Using PBT/Average Assets

*Cost-to-Income**




* G&A + Marketing Expense/Net Revenue

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

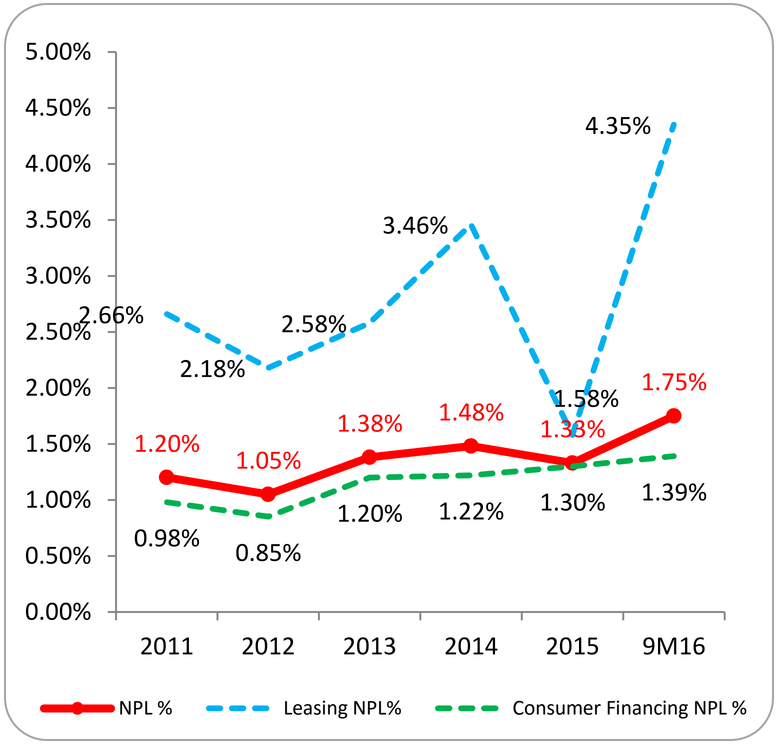
- One of the highest ROA companies in the industry
- Consistently outperformed industry

- Cost-to-income stable in spite of expansion

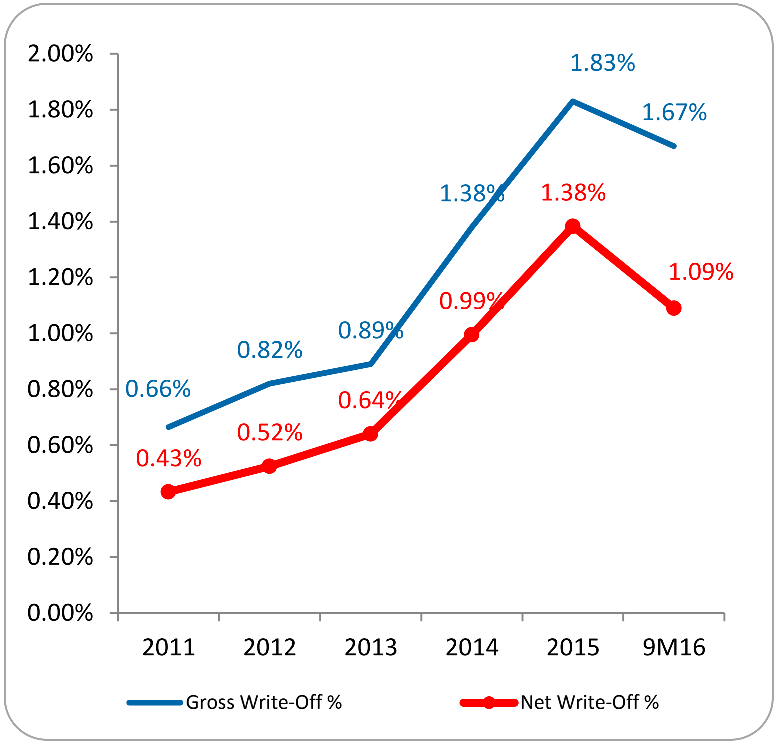
**Still one of the most profitable multifinance companies, with ROAs much ahead of the industry**

# ASSET QUALITY UNDER CONTROL

*NPL Trend (2011-1H16)*




*Write-Offs (2011-1H16)*




- 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

**Improved write-offs and manageable NPLs due to rigorous collections and balance sheet management**



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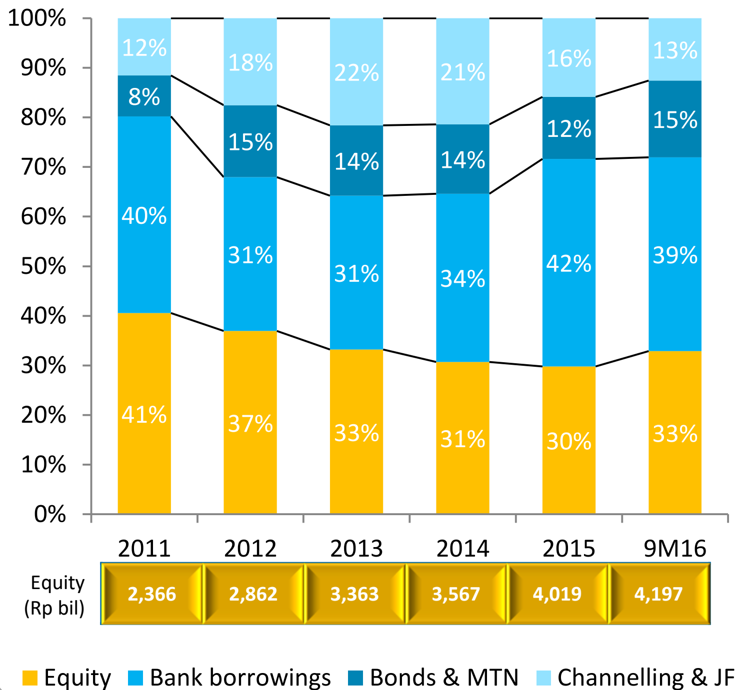
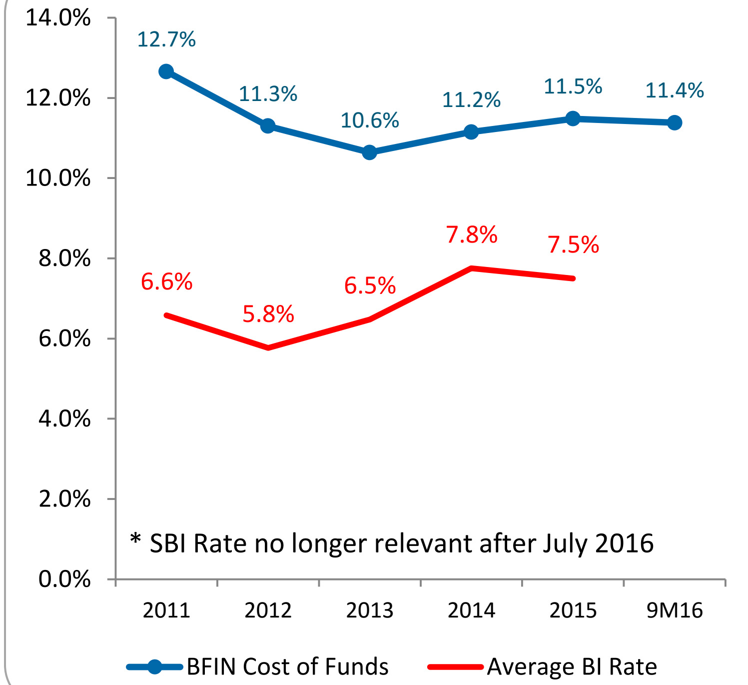
# STRONG CAPITAL BASE

*Source of Funding (2011-9M16)*




*Cost of Funds (2011-9M16)*



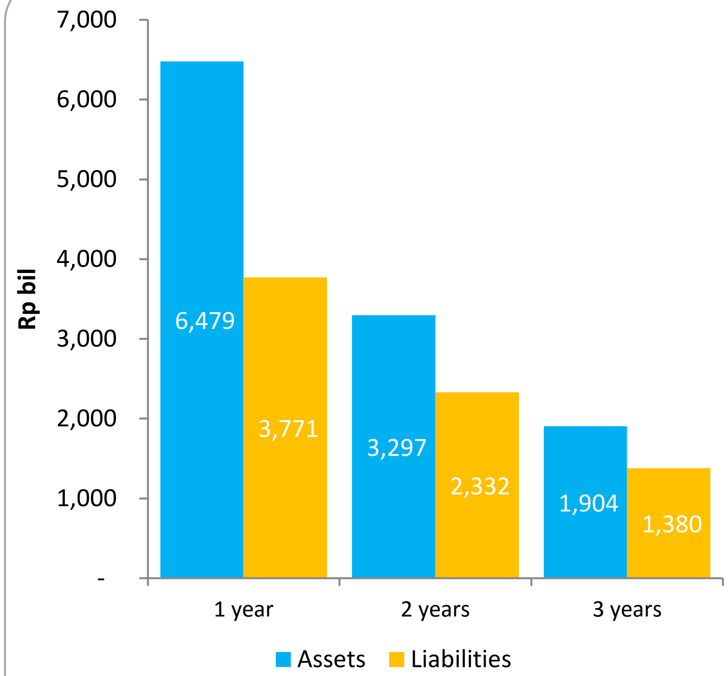

- Increasingly more diversified funding sources, which has helped especially in the last year to mitigate increasing cost of borrowings from local banks

- Cost of fund improving due to cheaper new borrowing rates

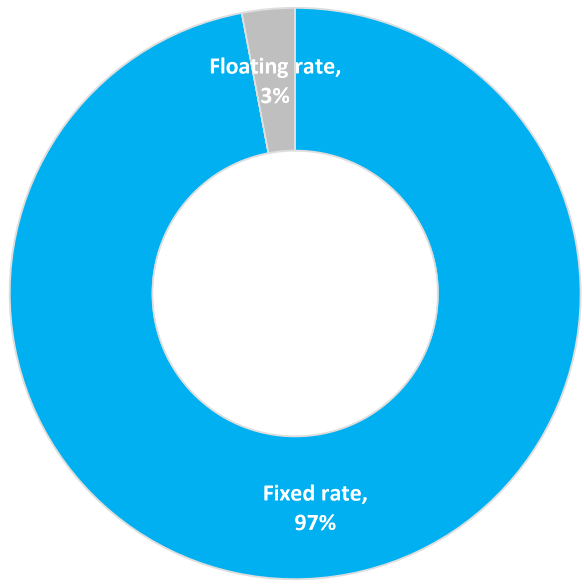
**Capital structure more diversified, resulting in better management of borrowing cost and stable NIM**

# MINIMUM MARKET RISK EXPOSURE

*Maturity mismatch (Sep-2016)*




*Interest rate mismatch (Sep-2016)*



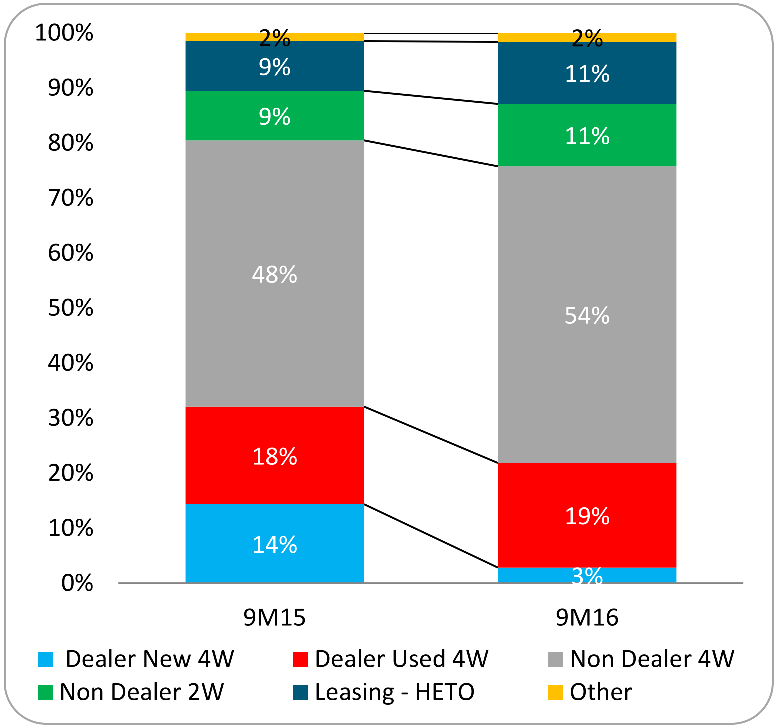

- Strong balance sheet, consistently showing positive maturity mismatch in assets and liabilities

- Minimal interest rate exposure - Receivables are in fixed rate, whilst only 3% of total debt have floating interest rate

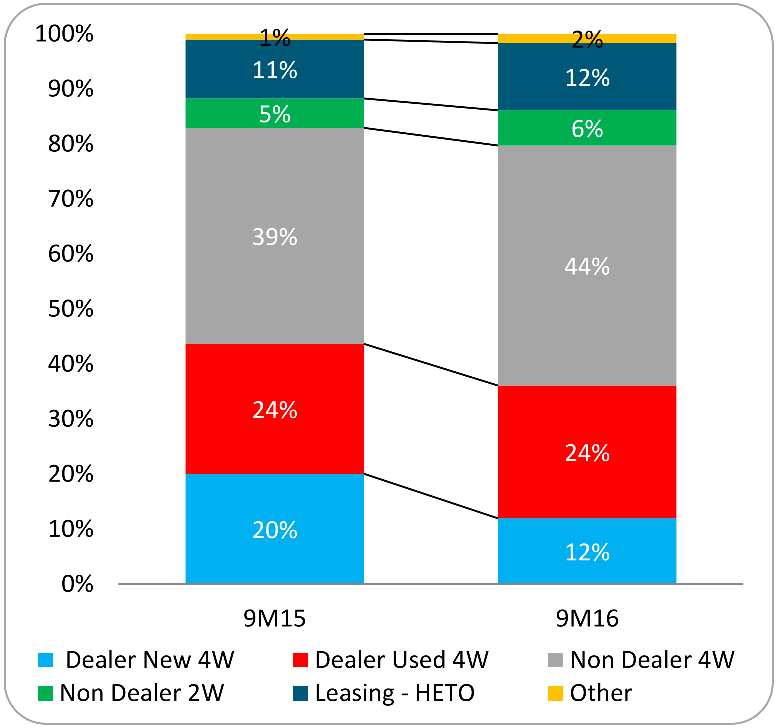
**Minimal mismatch – highly resilient to market downturns**

# ASSET COMPOSITION

*Booking Composition (9M15 vs 9M16)*



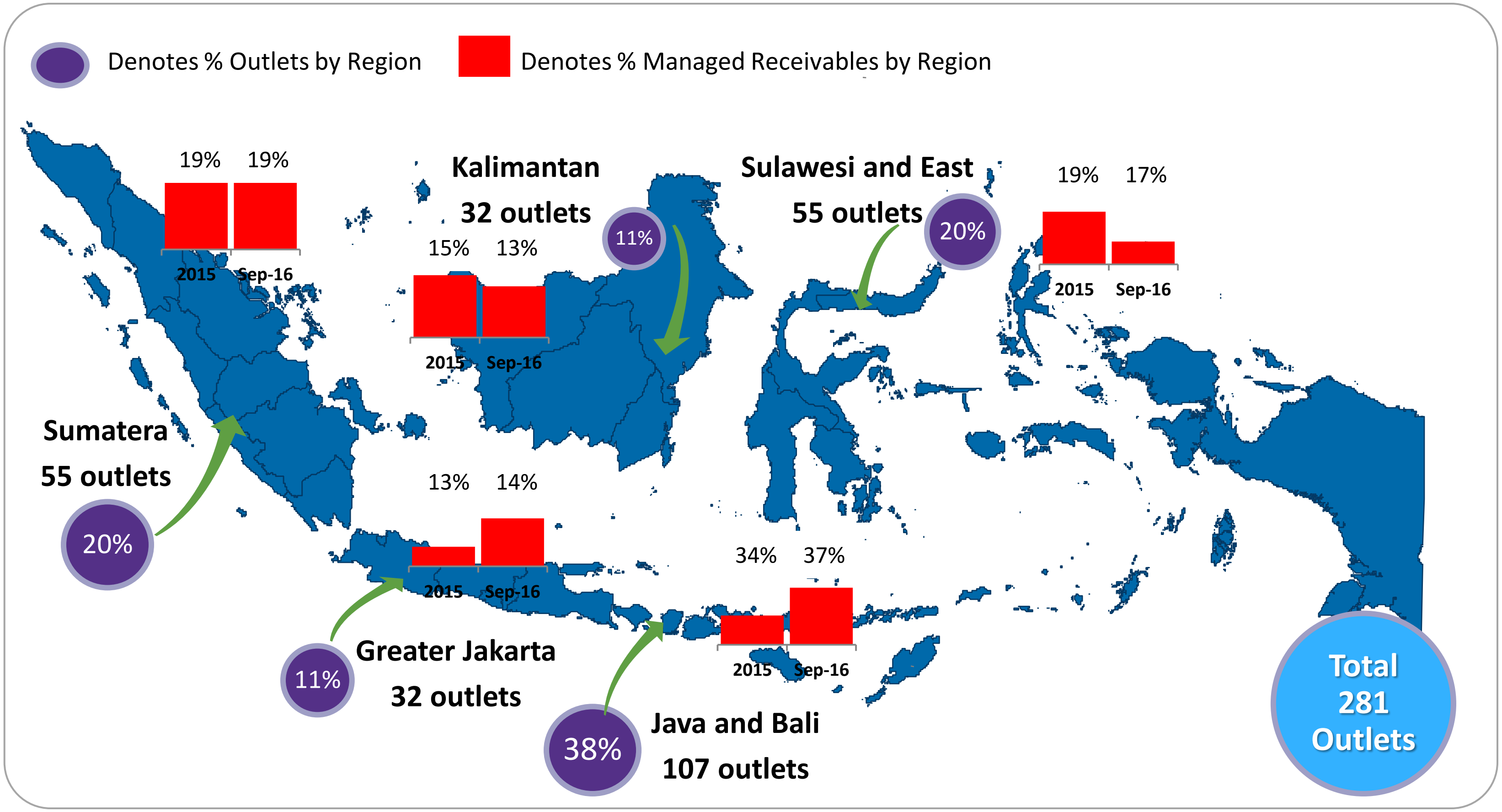

*Managed Receivables Composition (9M15 vs 9M16)*




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

# DISTRIBUTION NETWORK

*Business Distribution and Branch Network*




**Current expansion strategy continues in more highly populated and higher income areas**