PT BFI Finance Indonesia Tbk

1H18 Results

July 2018

Analyst Briefing

1H18 Key Highlights

Strong growth in new booking & income, improved net interest spread and rising COC

GROWTH

- New booking reached Rp8,566 bn, up 26.4% YoY with all products except New 4W posting strong growth
- Total managed receivables grew 24.1% YoY to Rp17,958 bn, while On B/S receivables increased by 27.3% to Rp 17,496 bn
- Portfolio Yield improved 7 bps YoY to 20.63% supported by higher yield portfolio, mainly from NDF 2W

ASSET QUALITY

- NPL ratio rose to 1.24% from 1.09% last year, mainly driven by seasonal impact of Idul Fitri and the long holiday period
- COC ratio increased to 2.57% from 2.14% YoY, in line with increase in NCL from 0.94% to 1.33%. We're working to improve COC in H2 by more stringent assessment for new booking and improve collection effort

FUNDING

- CoF decreased 152 bps YoY from 10.33% to 8.82% in spite of BI Rate increase – a lag effect due to the fixed rate nature of our borrowings
- CoF expected to increase in 2H18 due to higher cost of new borrowings driven by rising BI Rate (100 bps in the last 2 months with further increase expected in 2H18)

PROFITABILITY

- Net Interest Spread improved by 159 bps from 10.23% to 11.82% YoY mainly driven by lower CoF
- PBT reached Rp881 bn or 33.8% YoY growth, backed by Net revenue growth of 31.8% and offset by increased COC of 49.6% and of Opex 25.5%. Revenue growth outpaced Opex growth, resulting in positive Jaws ratio of 6.3%
- PAT reached Rp703 bn or 33.6% YoY growth

1H18 Key Highlights (continued)

Strong growth in new booking & income, improved net interest spread and rising COC

OTHER UPDATES

- Total outlets increase to 376 in 1H18 vs 342 in 2H17
- Bond issuance (Obligasi Berkelanjutan III BFI Finance Indonesia Tahap IV) dated 6 March 2018 amounted to Rp2,165 bn, coupon 6.40% (tenor : 370 days) to 7.60% p.a. (tenor : 3 years) → last issuance of PUB III amounting to Rp5 tn which expires in Oct-18)
- New shelf registered Bond (PUB IV) approval granted from OJK for amount of Rp8 tn valid until Jun-20, followed by 1st issuance (PUB IV BFI Tahap I) dated 26 June 2018 amounting to Rp740 bn, coupon 6.75% (tenor : 370 days) to 7.75% p.a. (tenor : 3 years)

1H18 Balance Sheet (Proforma) Highlight

Successfully sustaining business growth in Non-Dealer Financing 4W,2W and HETO

In Rp bil (unless otherwise stated)	1H18	1H17	YoYΔ	FY17	FY16	YoYΔ
New Bookings	8,566	6,775	↑ 26.4%	14,341	10,743	↑ 33.5%
Managed Receivables^	17,958	14,468	↑ 24.1%	15,936	13,026	↑ 22.3%
Total Net Receivables	17,156	13,479	↑ 27.3%	15,352	11,583	↑ 32.5%
Total Assets	19,001	14,688	↑ 29.4%	16,483	12,476	↑ 32.1%
Total Debt	12,892	9,523	↑ 35.4%	10,728	7,656	↑ 40.1%
Total Proforma Debt^	13,355	10,247	↑ 30.3%	11,252	8,915	↑ 26.2%
Total Equity	5,408	4,588	↑ 17.9%	4,904	4,255	↑ 15.3%

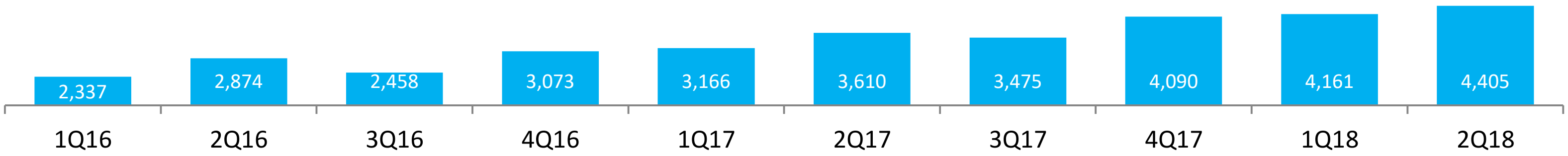
Driven by Non-Dealer 4W, 2W, HETO and DF Used bookings growth

New bank loans drawdown and issuance of new bonds

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

^ Includes channeling and joint financing transactions

Quarterly Bookings Trend (1Q16-2Q18)



Profit & Loss (Proforma) Highlights

Continued portfolio growth and Net Interest Spread enhancement (lower Cost of Fund) play a critical role for improving profitability

In Rp bil (unless otherwise stated)	1H18	1H17	YoY∆		FY17	FY16	YoY∆
Interest Income	1,753	1,401	↑ 25.2%	Strong growth in NDF income	2,967	2,532	↑ 17.2%
Financing Cost	535	483	↑ 10.7%	Higher Borrowings and Bonds to support business growth, yet, COF decreased by 1.52%	988	1,001	↓ 1.3%
Net Interest Income	1,218	918	↑ 32.7%		1,979	1,531	↑ 29.3%
Fees & Other Income	657	505	↑ 30.2%	In line with new booking growth	1,090	826	↑ 31.9%
Net Revenue	1,876	1,423	↑ 31.8%		3,069	2,358	↑ 30.2%
Operating Expenses	777	619	↑ 25.6%	Manageable increase driven largely by business vol. growth	1,350	1,108	↑ 21.9%
Operating Income	1,099	804	↑ 36.7%		1,719	1,250	↑ 37.5%
Cost of Credit	218	146	↑ 49.6%	COC (in % to ANR) increased from 2.14% to 2.57% with DF Used, NDF Car & Mcy as the highest contributors	231	225	↑ 2.8%
PBT	881	658	↑ 33.8%		1,488	1,025	↑ 45.2%
PAT	703	526	↑ 33.6%		1,188	798	↑ 48.7%

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

Key Ratios

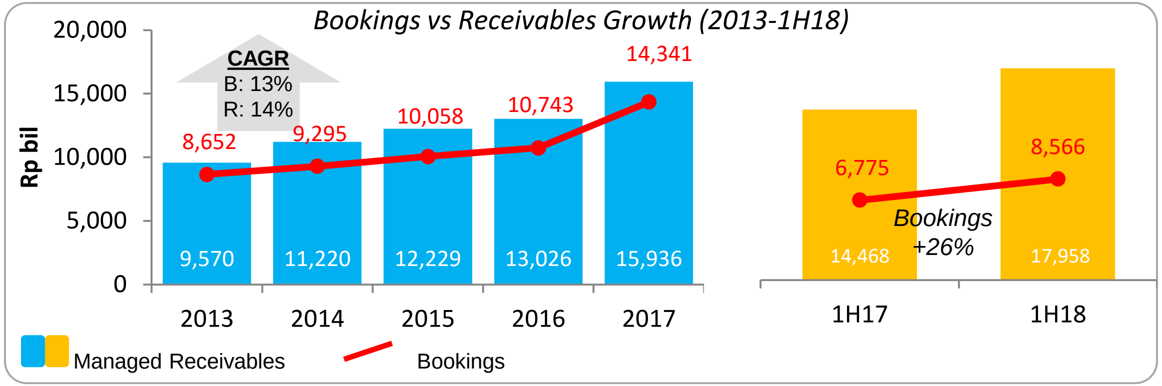
Improvement in interest spread and cost management

	1H18	1H17	YoYΔ		FY17	FY16	YoYΔ
Net Interest Spread	11.82%	10.23%	↑ 159 bps	Improvement in yield and CoF by 7 bps and 152 bps, respectively	10.64%	8.85%	↑ 178 bps
Cost to Income	41.41%	43.48%	↓ 207 bps		44.00%	47.00%	↓ 300 bps
COC / Avg. Rec.	2.57%	2.14%	↑ 43 bps		1.61%	1.80%	↓ 19 bps
JAWS	6.3%	10.6%	↓ 430 bps		8.3%	-0.4%	↑ 870 bps
ROAA (before tax)	9.96%	9.84%	↑ 12 bps		10.33%	8.68%	↑ 165 bps
ROAA (after tax)	7.94%	7.86%	↑ 8 bps	Strong growth in PAT YoY	8.24%	6.76%	↑ 148 bps
ROAE (after tax)	27.19%	23.62%	↑ 357 bps		25.61%	19.37%	↑ 624 bps
NPL*	1.24%	1.09%	↑ 15 bps	Increasing NPL, mainly due to seasonal impact of Eid al-Fitr and long holiday period	0.95%	0.91%	↑ 4 bps
Debt / Equity	2.4x	2.1x	↑ 30 bps		2.2x	1.8x	↑ 40 bps

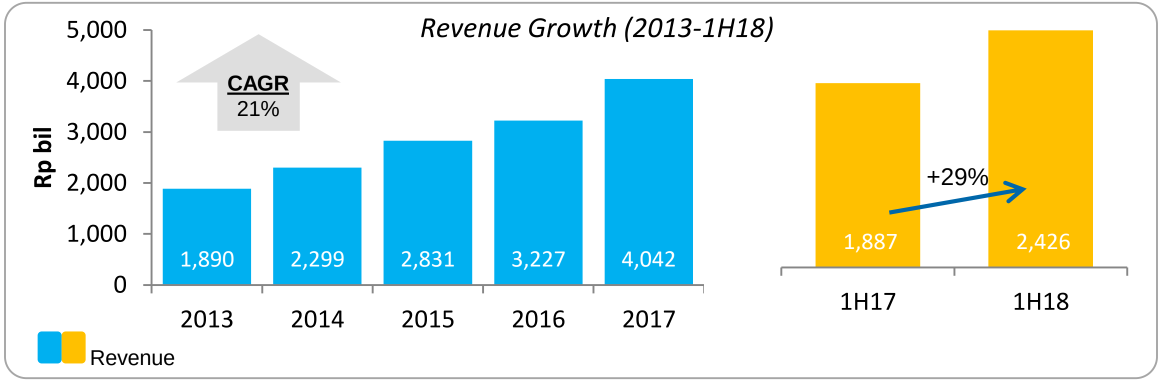
* Defined as Past Due >90 days, Calculated from total managed receivables (including Off B/S Receivables)

Ability to build a more robust balance sheet

Sustainable loan and revenue growth over the years – backed by more profitable asset mix



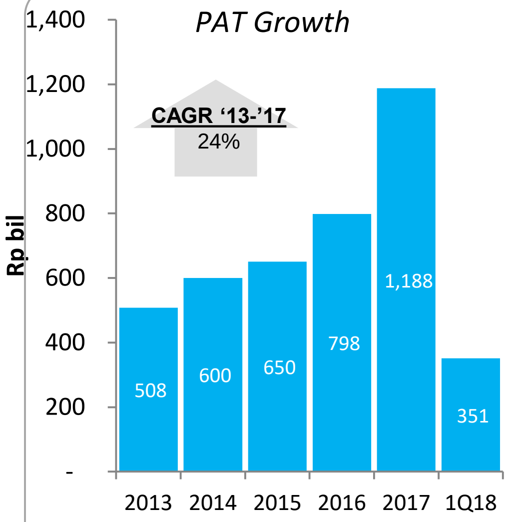
- Loan book shows improvement over the years – able to improve quality and tenor of loans booked, resulting in consistent Receivables growth compared to Bookings
- CAGR growth yoy higher than the industry

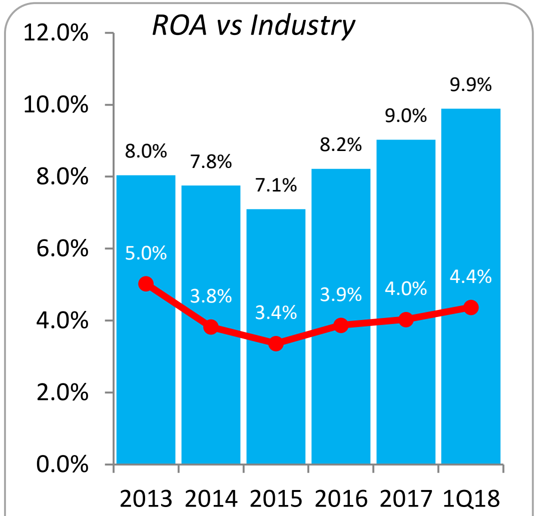


- Consistently strong growth in Revenue as a result of robust balance sheet
- Shows ability to maximise income generation from assets

Stable profitability over the years

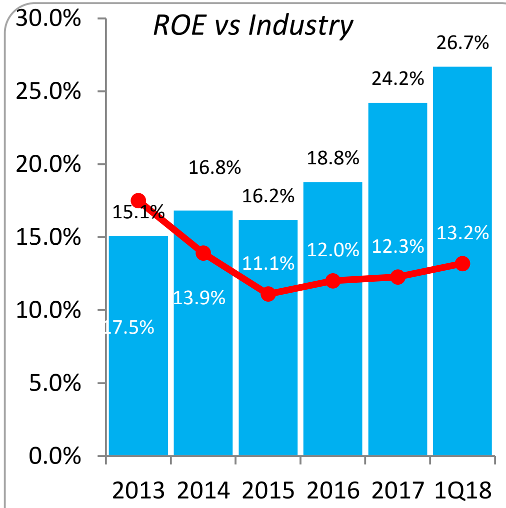
Still one of the most profitable multi-finance companies, with ROA and ROE above the industry





Source: Company, OJK

* 1Q18 ROA calculated using annualized PBT/Assets, using Mar'18 data for industry



Source: Company, OJK

* 1Q18 ROE calculated using annualized PAT/Equity, using Mar'18 data for industry

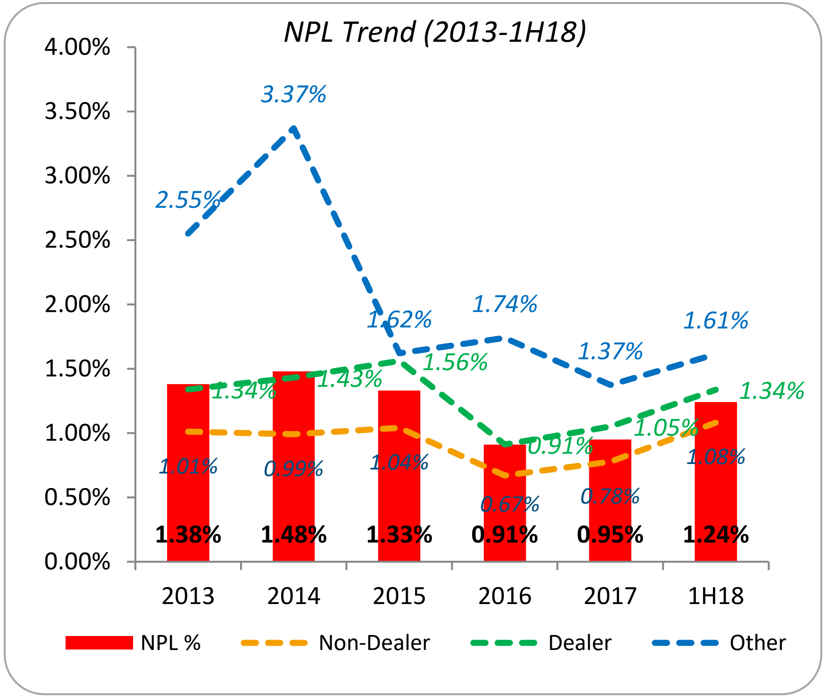
- PAT growth in spite of slowing economy
- Annualized PAT Q1 2018 shows better performance than FY17

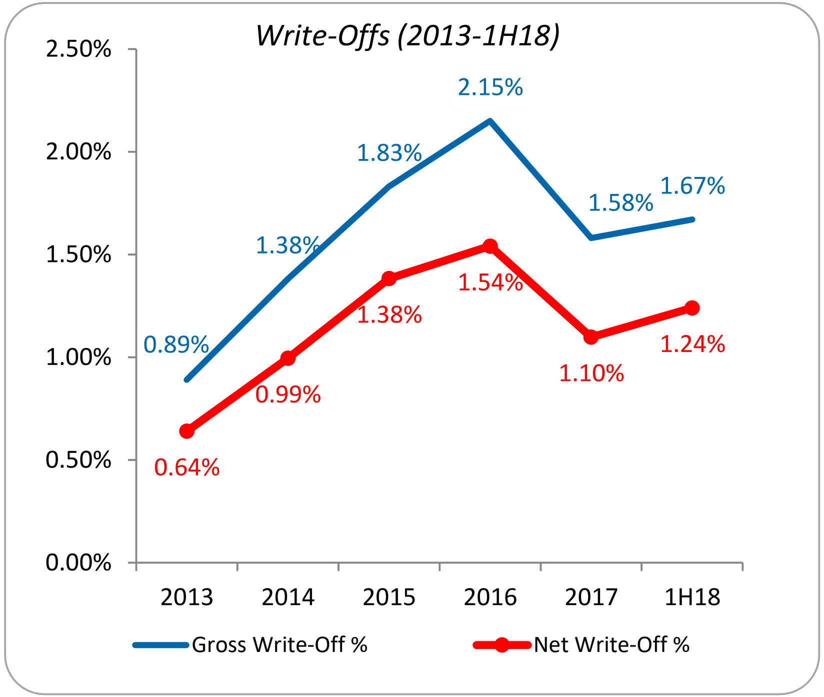
- One of the highest ROA companies in the industry
- Consistently outperformed industry

ROE improving over the years

Asset quality under control

Well managed balance sheet with low NPLs and write-off

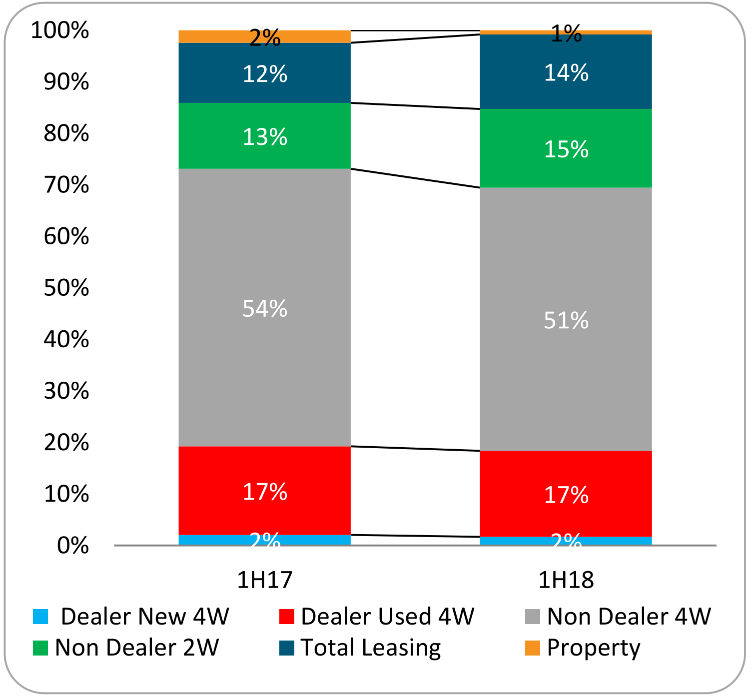




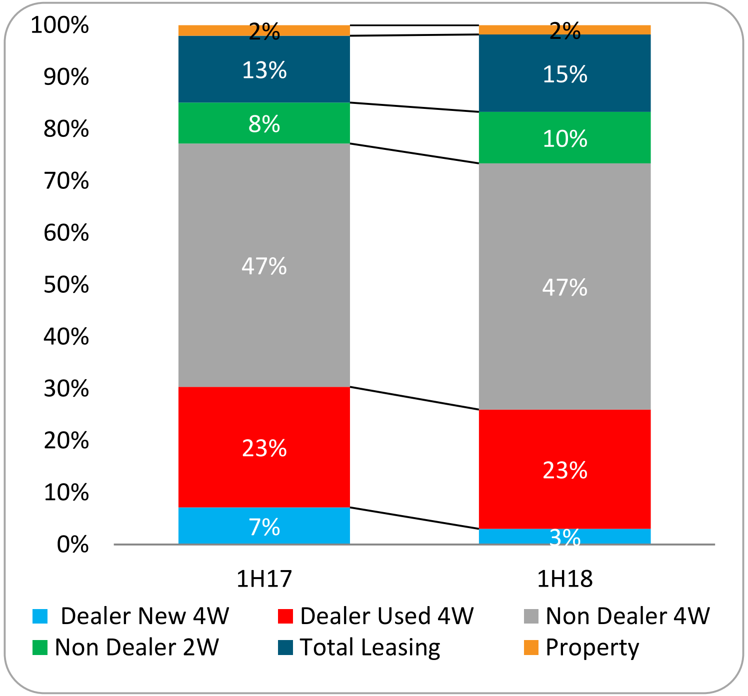
Asset Composition

Total managed NDF portfolio (4W + 2W) increased from 55% in 1H17 to 57% in 1H18, while NDF booking reached 66%

Booking Composition (1H17 vs 1H18)

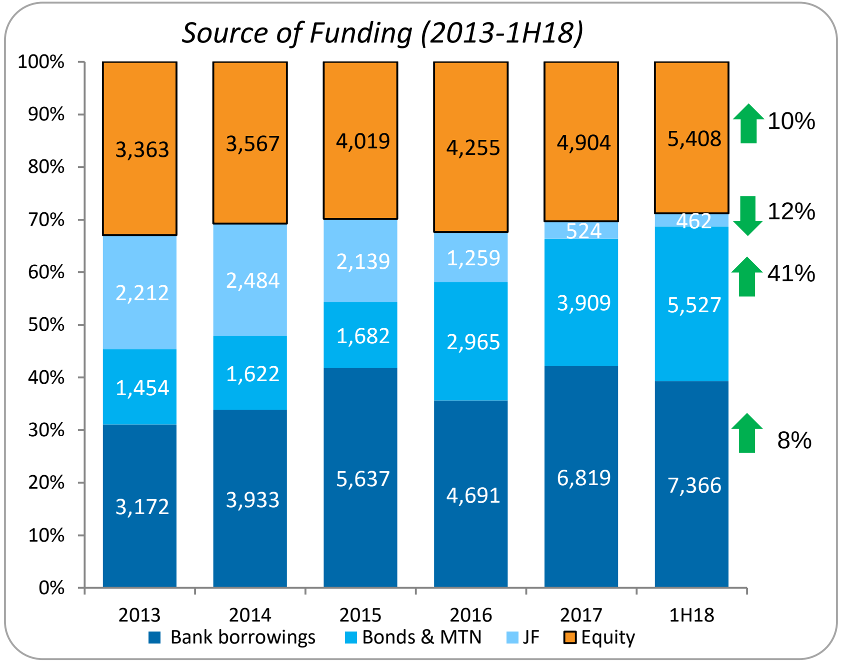


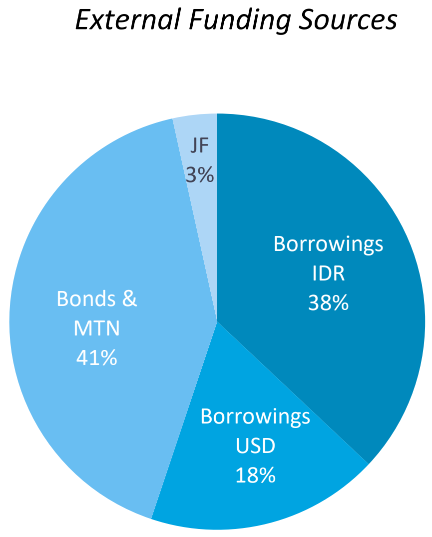
Managed Receivables Composition (1H17 vs 1H18)



Strong capital base

More diversified capital structure, resulting in better management of borrowing cost and stable NIM





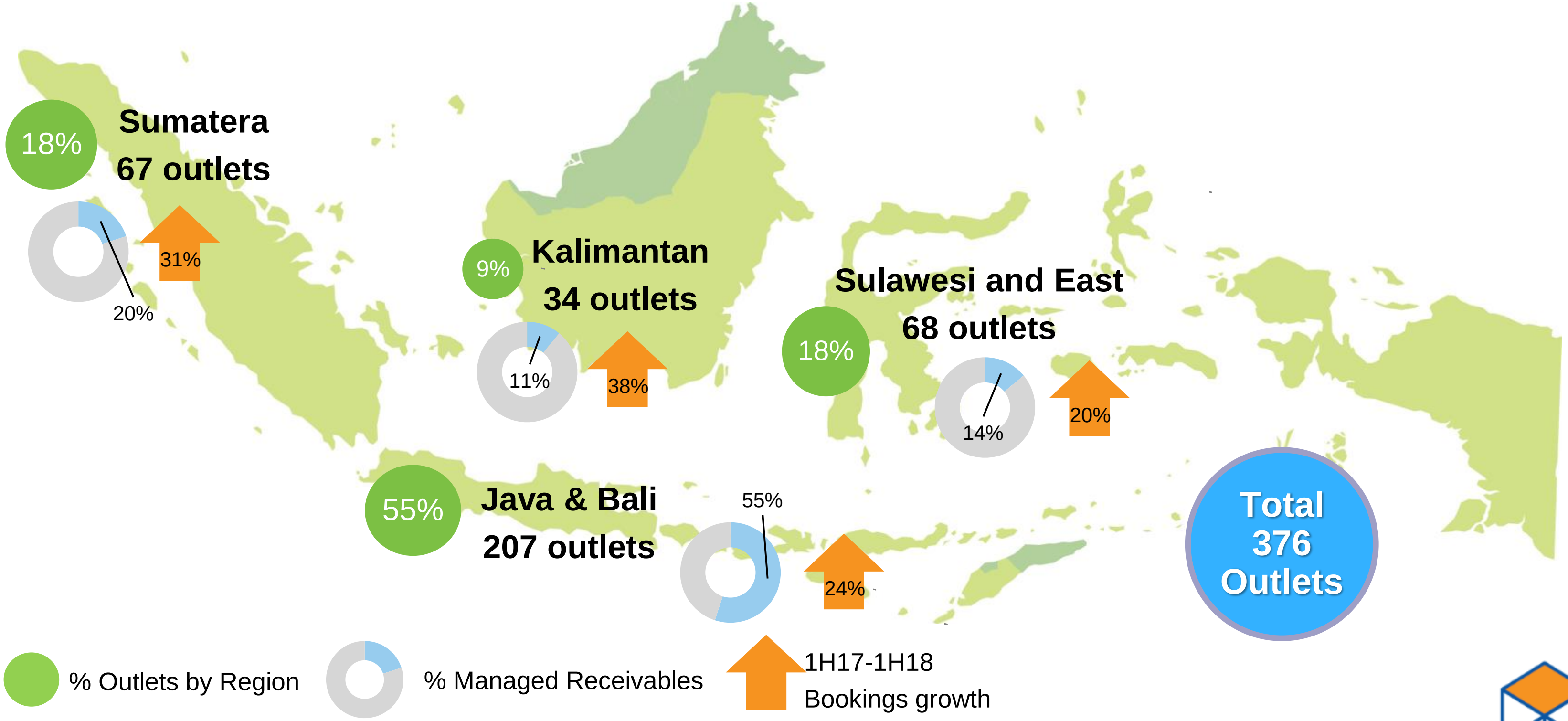
Total : Rp13,355 billion

- Increasingly larger proportion of bonds issued, taking advantage of improved pricing climate for bonds since last year
- Decline in Joint Financing contribute to better funding cost

- Corporate rating upgrade by Fitch Ratings to AA-(idn) has improved BFI credit profile and CoF
- Adequate facilities in pipeline to support further business expansion

Business Distribution and Branch Network as of Jun-18

Increased expansion in Kalimantan and Sumatera



Thank You