PT BFI Finance Indonesia Tbk

1H:19 Results

July 2019

Analyst Briefing

1H:19 Key Highlights

Product refocus underway with well-maintained asset quality and better COF

GROWTH

- New booking in 2Q19 was Rp 3,780 bn, 12.8% (Rp 430 bn) higher QoQ while 1H19 booking was Rp 7,130 bn, 16.8% lower YoY due to product shifting from Dealer to Non Dealer Financing
- Total managed remain flat at Rp 17,888 bn vs Rp17,958 bn last year, mainly contributed by declined contribution from dealer related financing

ASSET QUALITY

- NPL ratio (gross) rose to 1.43% vs 1.24% YoY, partially owing to past due accounts in Palu as the result of earthquake in late Sep'18 and declining Used Car Dealer collection
- COC, on the other hand, declined to 2.36% vs 2.57% per 1H18 as a result of sound risk management implementation and conservative growth strategy
- NPL coverage is well maintained at 1.6x

PROFITABILITY

- Net Interest Spread maintained at 11.72%, 10 bps down from 11.82% YoY. This is contributed by 28 bps decline in yield, offset by 18 bps improvement in COF
- Net Revenue increased by 4.3% YoY to Rp 1,955 bn aligned with net receivables growth
- OPEX increased by 12.2% YoY mainly due to annual salary adjustment, additional professional/ consultation fee and collection fee
- 06M:19 PBT and PAT slightly decreased by 1.2% and 1.4% YoY to Rp 870 bn and Rp 693 bn, respectively.

1H:19 Key Highlights (continued)

Product refocus underway with well-maintained asset quality and better COF

OTHER UPDATES

- Total network recorded at 399 outlets in 1H19.
- Fitch Ratings' recalibration of Indonesia Nation Scale saw ratings revision of multiple companies, including BFI whose National Long-Term Rating revised to A+(idn) from AA-(idn). Other than BFI, there were 7 other FI's impacted, such as Bank Mandiri, BRI and FIF.
- PTTUN (Pengadilan Tinggi Tata Usaha Negara) or the Administrative High Court has issued ruling in favor of BFI in the case where both BFI and Ministry of Law and Human Rights (Kemenkumham) are Defendants. This has been updated in our Information Disclosure on IDX website
- Dividend payment of Rp 49 per share was completed on 28 June 2019 to eligible shareholders.

1H:19 Balance Sheet Highlights - BFI only

Slowing down of YoY business growth mainly driven by Dealer Financing - Used Car. Nonetheless, New Booking in 2Q19 grew by 12.8% compared to 1Q19.

*In Rp bil * (unless otherwise stated)*	1H19	1H18	YoYΔ	FY18	FY17	YoYΔ
New Bookings	7,130	8,566	↓ 16.8%	16,372	14,341	↑ 14.2%
Managed Receivables^	17,888	17,958	↓ 0.4%	18,340	15,936	↑ 15.1%
Total Net Receivables	16,857	17,496	↓ 3.7%	17,283	15,175	↑ 13.9%
Total Assets	18,372	19,001	↓ 3.3%	19,118	16,483	↑ 16.0%
Total Debt	11,432	12,892	↓ 11.3%	12,096	10,728	↑ 12.7%
Total Proforma Debt^	12,470	13,355	↓ 6.6%	12,780	11,252	↑ 13.6%
Total Equity	6,112	5,408	↑ 13.0%	6,204	4,904	↑ 26.5%

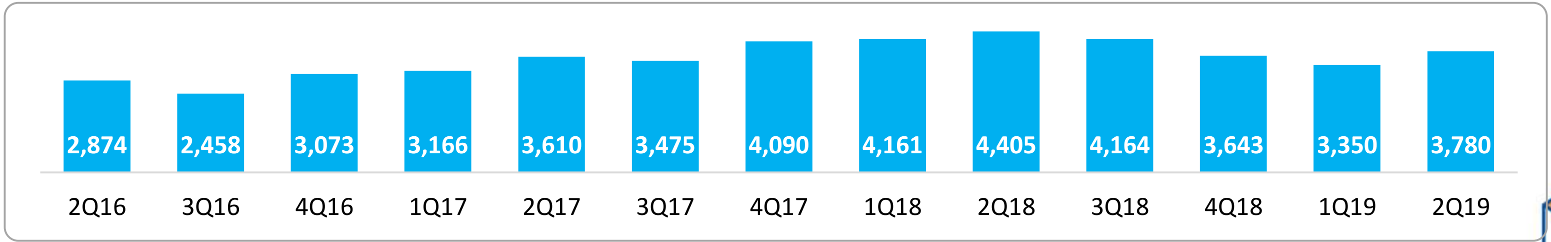
Driven mainly by product refocus from DF Used and put more focus on NDF 4W and 2W.

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 (2Q16-2Q19)



Profit & Loss (Proforma) Highlights – BFI only

Higher revenue and improved COC set-off by increasing OPEX

*In Rp bil ** *(unless otherwise stated)*	1H19	1H18	YoYΔ	FY18	FY17	YoYΔ
Interest Income	1,864	1,753	↑ 6.3%	3,637	2,967	↑ 22.6%
Financing Cost	541	535	↑ 1.1%	1,082	988	↑ 9.5%
Net Interest Income	1,323	1,218	↑ 8.6%	2,555	1,979	↑ 29.1%
Fees & Other Income	632	657	↓ 3.8%	1,333	1,090	↑ 22.3%
Net Revenue	1,955	1,876	↑ 4.2%	3,888	3,069	↑ 26.7%
Operating Expenses	872	777	↑ 12.2%	1,615	1,350	↑ 19.6%
Operating Income	1,083	1,099	↓ 1.5%	2,273	1,719	↑ 32.2%
Cost of Credit	212	218	↓ 2.8%	433	231	↑ 87.0%
PBT **	870	881	↓ 1.2%	1,840	1,488	↑ 23.7%
PAT **	693	703	↓ 1.4%	1,468	1,188	↑ 23.7%

Growth in NDF Income & Deposit Interest

Higher Borrowings and Bonds with 19 bps lower COF

Manageable increase driven largely by business vol. growth, salary adjustment and Prof Fee

COC decreased from 2.57% to 2.36% with NDF Motor, Car and Property showed positive achievement

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

** Consolidated PBT and PAT as of 30 June 2019 at Rp 867 bn and Rp 690 bn, respectively

Key Ratios

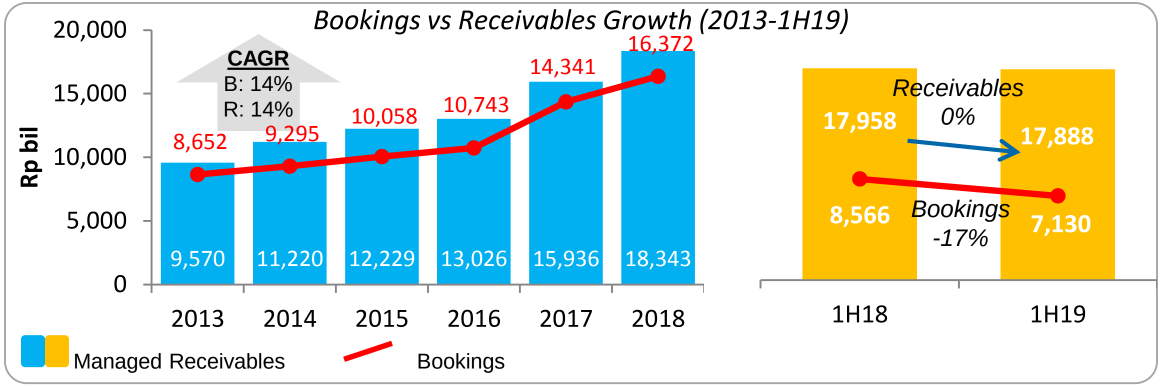
Maintained strong key ratios despite lower growth and external challenges

	1H19	1H18	YoYΔ		FY18	FY17	YoYΔ
Net Interest Spread	11.72%	11.82%	↓ 10 bps	Lower COF by 19 bps offset 28 bps dip in yield	11.91%	10.64%	↑ 127 bps
Cost to Income	44.62%	41.41%	↑ 321 bps		41.54%	44.00%	↓ 246 bps
COC / Avg. Rec.	2.36%	2.57%	↓ 21 bps		2.45%	1.61%	↑ 84 bps
ROAA (before tax)	9.19%	9.96%	↓ 77 bps		9.98%	10.33%	↓ 35 bps
ROAA (after tax)	7.32%	7.94%	↓ 62 bps	Slower growth in PAT YoY due to limited booking growth and rising OPEX	7.96%	8.24%	↓ 28 bps
ROAE (after tax)	21.91%	27.19%	↓ 528 bps		26.68%	25.61%	↑ 107 bps
NPL*	1.43%	1.24%	↑ 19 bps	Increasing NPL, most notably in DF Car (Used & New) and NDF Motor	1.21%	0.95%	↑ 26 bps
Debt / Equity	1.9x	2.3x	↓ 43 bps		1.9x	2.2x	↓ 11 bps

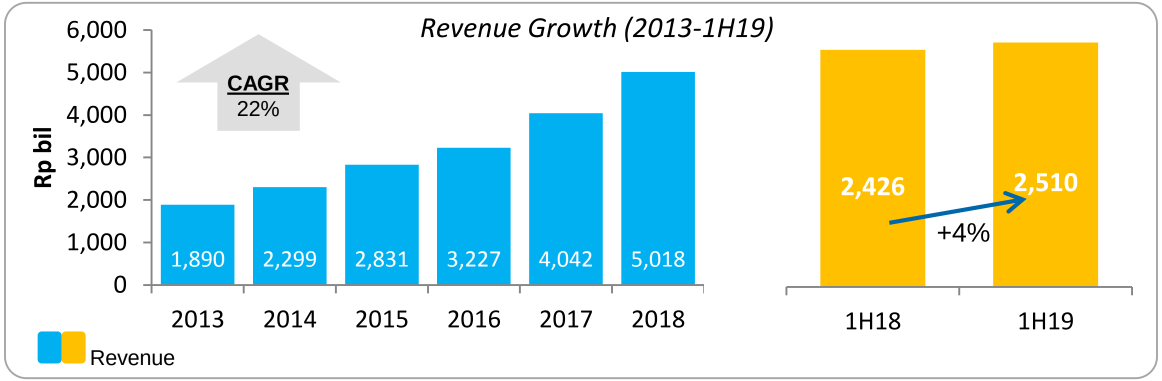
* Defined as Past Due >90 days, Calculated from total managed receivables (including Off B/S Receivables)

Ability to build a more robust balance sheet

Stable financing receivables and revenue growth over the years. Expect continued positive trend in new booking during 2H19.



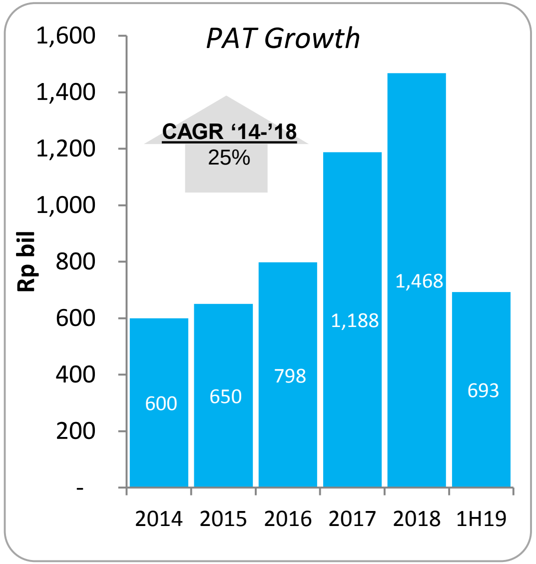
- Lower receivable in 1H19 due to slowdown of business growth
- Lower booking in 1H19 due to product refocus strategy and election in Apr'19. Expect higher growth in 2H19
- CAGR growth yoy higher than the industry

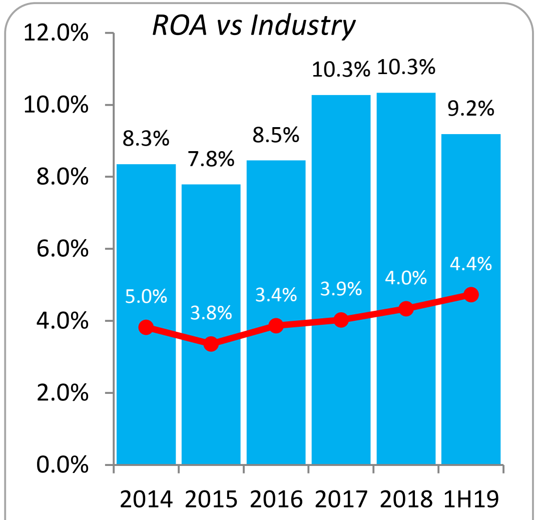


- Consistently strong growth in Revenue as a result of robust balance sheet growth and good spread management (Yield vs COF)
- Shows ability to maximise income generation from assets

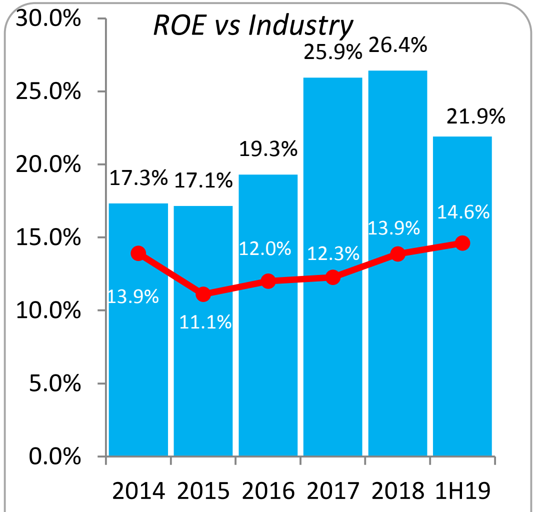
Stable profitability over the years

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





Source: Company, OJK (data industry per May'19)



Source: Company, OJK (data industry per May'19)

PAT growth in spite of slowing economy and challenging market condition

One of the highest ROA companies in the industry and consistently outperformed industry

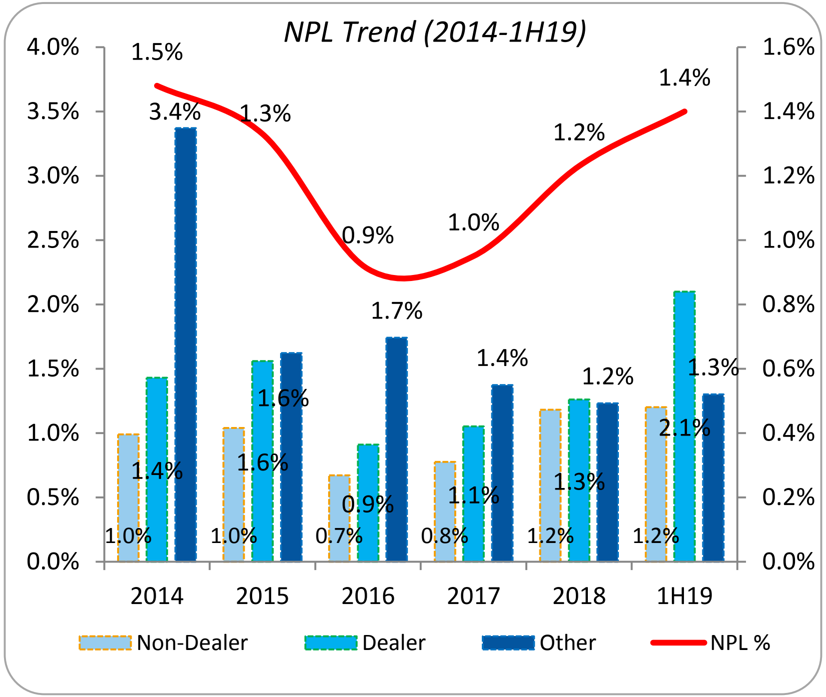
ROE remains consistently stable and high above average industry. Drop in 1H19 due to no interim dividend in 2018.

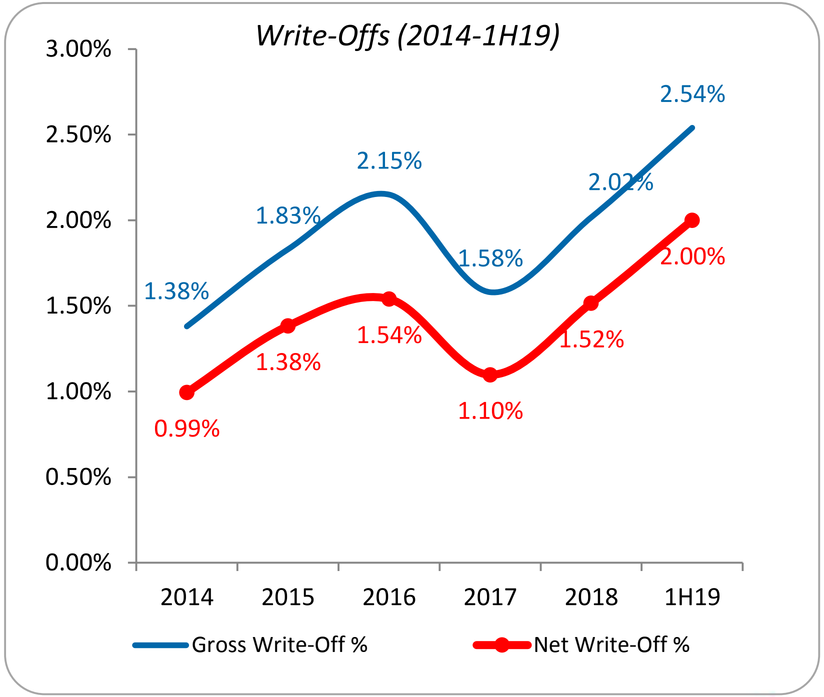
ROA Company is calculated using PBT/Average Total Assets

ROE Company is calculated using PAT/Average Total Equity

Asset quality under control

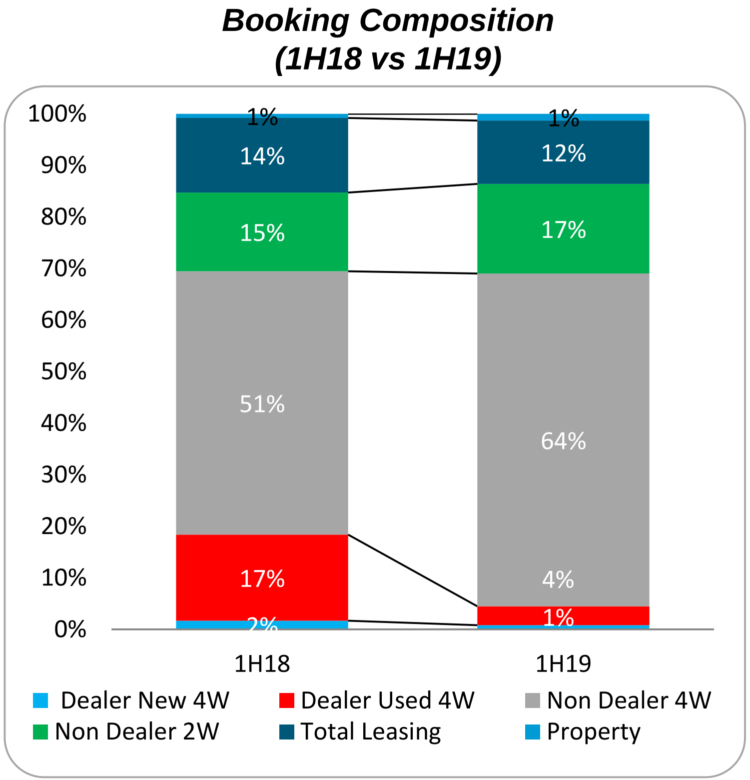
Well managed NPLs and write-off despite increasing NPL trend in Dealer's segment

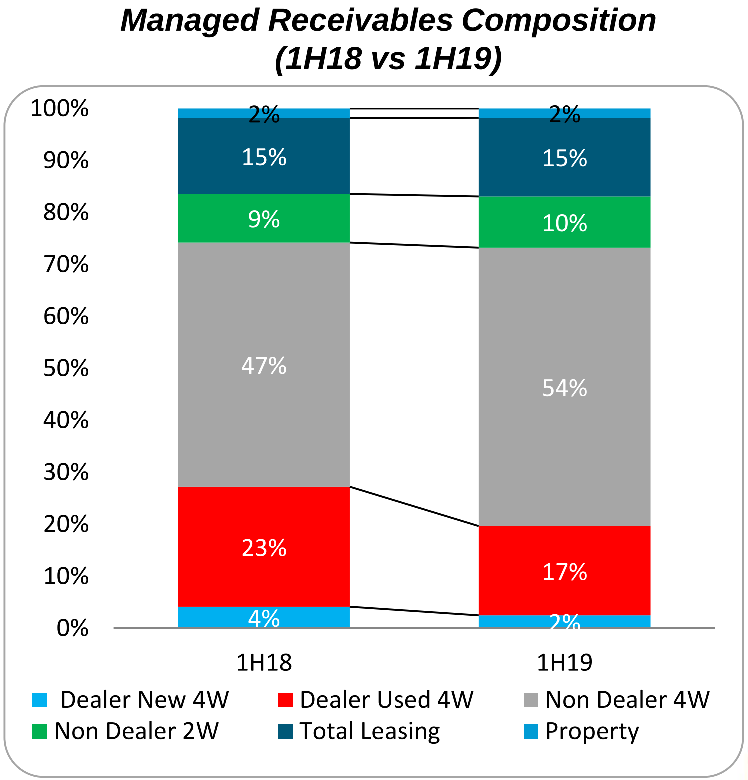




Asset Composition

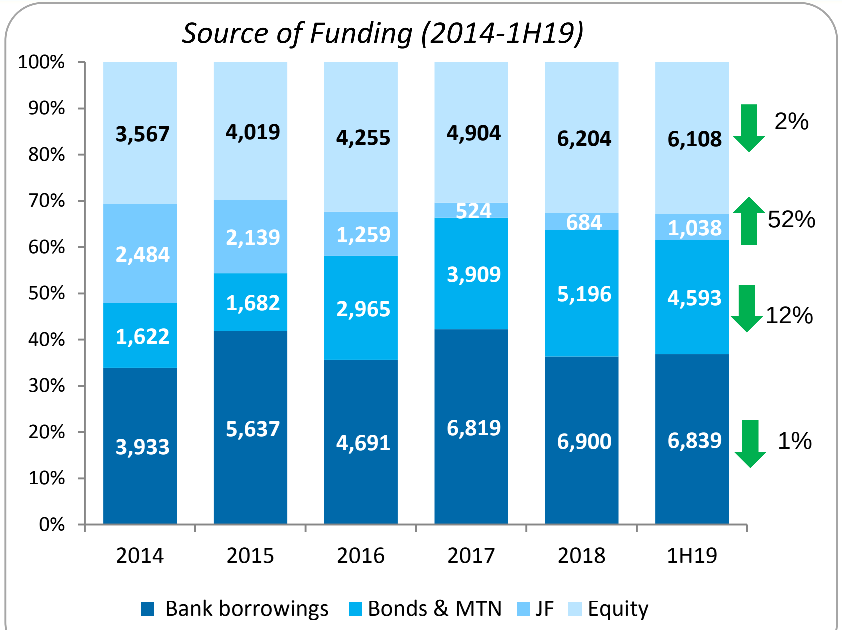
Non Dealer's booking reached 81% whilst Dealer's contribution drop as part of product refocus strategy

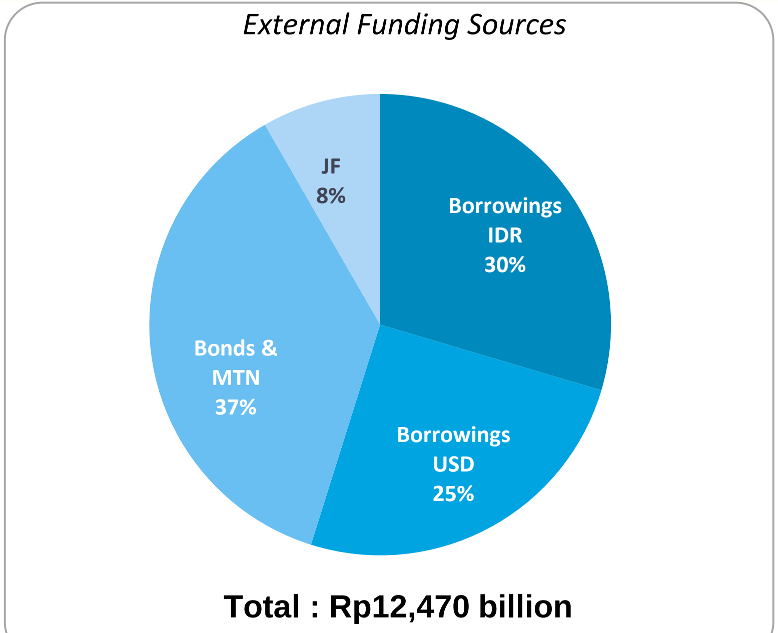




Strong capital base

Diversified capital structure and funding source, resulting in stable Net Interest Spread



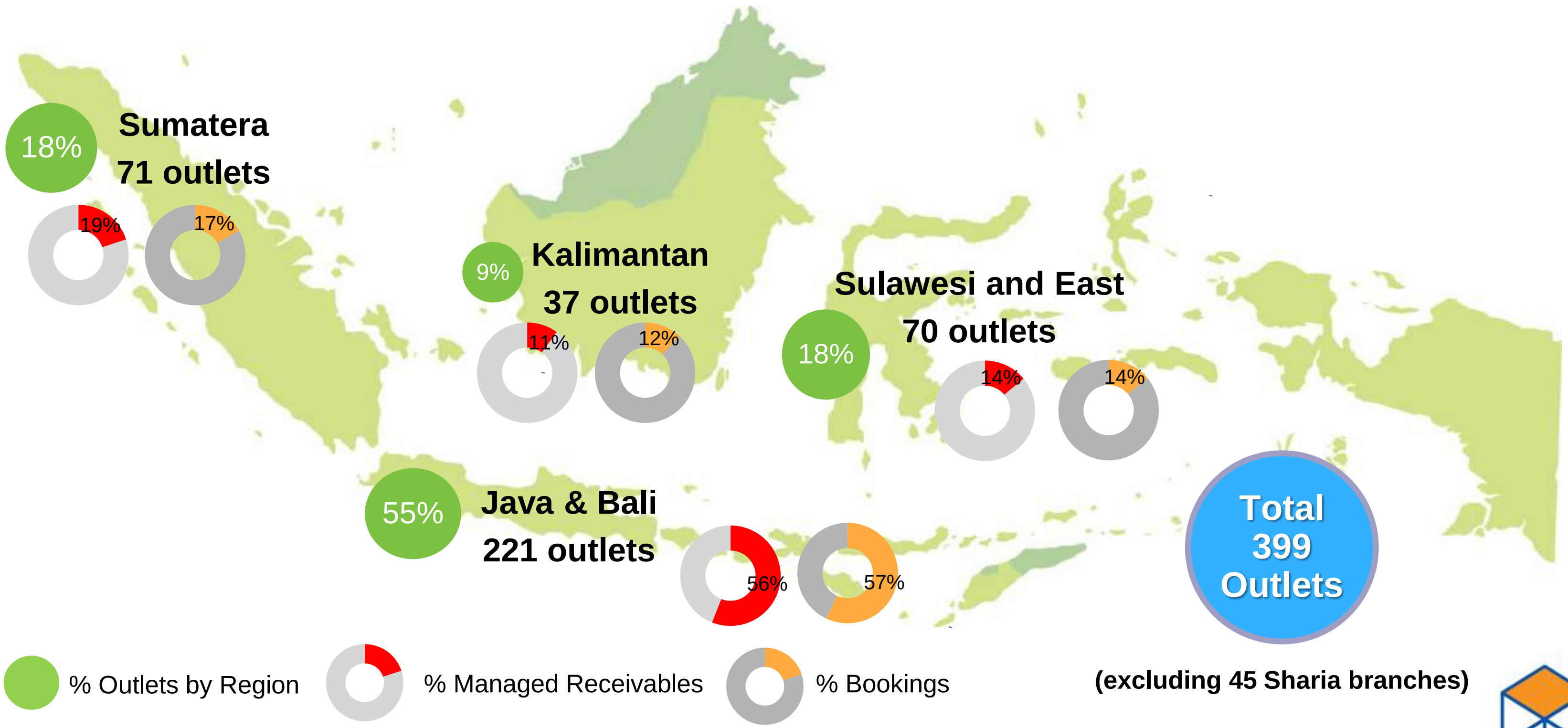


- Decline in Bonds & MTN caused by repayment of due principal
- Decline in Equity caused by dividend payment in June 2019
- Increase in Joint Financing mainly to capitalize on favorable rate offered by the banks

- Well-diversified funding sources is important to reduce dependency and risk
- Adequate facilities in pipeline to support further business expansion

Business Distribution and Branch Network as of 30 Jun-19

Strong footprint with higher growth on Java and Bali



(excluding 45 Sharia branches)

Thank You