

PT BFI Finance Indonesia Tbk

9M:19 Results



October 2019

Analyst Briefing

BFI.CO.ID

PT BFI Finance Indonesia Tbk terdaftar dan diawasi oleh OJK



9M:19 Key Highlights

Overall business climate improvement in 3Q19 – Quarterly New Booking growth and improved COC resulted in better PAT

GROWTH

- Booking in 3Q19 reached Rp 4,185 bn or 10.7% increase vs 2Q19
- YTD New Booking recorded Rp 11,315 bn or -11.1% YoY. Booking gap has narrowed as compared to 1H19 (16.8% lower). Weaker booking was contributed by product refocus strategy (DF Used scaled down) and subdued HETO growth as well as slower business in general
- Total managed receivables was Rp 18,000 bn or 2.4% lower on YoY basis, while net receivables down by 5.4% due to higher portion of Joint Financing Receivables which is booked off B/S

ASSET QUALITY

- NPL ratio improved to 1.06% from 1.43% in 1H19 and 1.23% YoY; at the same time Cost of Credit (COC) down to 1.83% vs 2.36% in 1H19 and 2.35% YoY
- Accordingly, NPL coverage increased to 1.9x as a result of improvement in NPL ratio

PROFITABILITY

- 09M:19 Net Interest Spread maintained at 11.72%, 18 bps down from 11.91% YoY. This is mainly due to declining yield of 8 bps coupled with increased COF by 10 bps
- Net Revenue increased by 3.1% YoY to Rp 2,974 bn
- OPEX increased by 12.0% YoY mainly due to professional services fee, post employment benefit and collection
- YTD PBT and PAT (BFI only) both slightly increased by 0.3% and 0.1% YoY to Rp 1,373 bn and Rp 1,095 bn, respectively while consolidated balance is slightly lower due to net loss booked by PT FIT.



9M:19 Key Highlights (continued)

Quarterly New Booking growth and improved COC resulted in better PAT

OTHER UPDATES

- Total network recorded at 401 outlets, excluding 45 sharia branches which share premises with conventional branches
- The latest update of case between PT BFI and PT APT => MA (Mahkamah Agung) or the Supreme Court has issued ruling in favor of BFI (No Register 368 K/TUN/2019) in the case where both BFI and Ministry of Law and Human Rights (Kemenkumham) are Defendants. Up until 22 October 2019, BFI has not yet received the written copy of court decree/decision
- Fintech subsidiary (PT FIT) has submitted approval for business license to OJK and up to the report is still pending for OJK approval.



9M:19 Balance Sheet Highlights - Consolidated

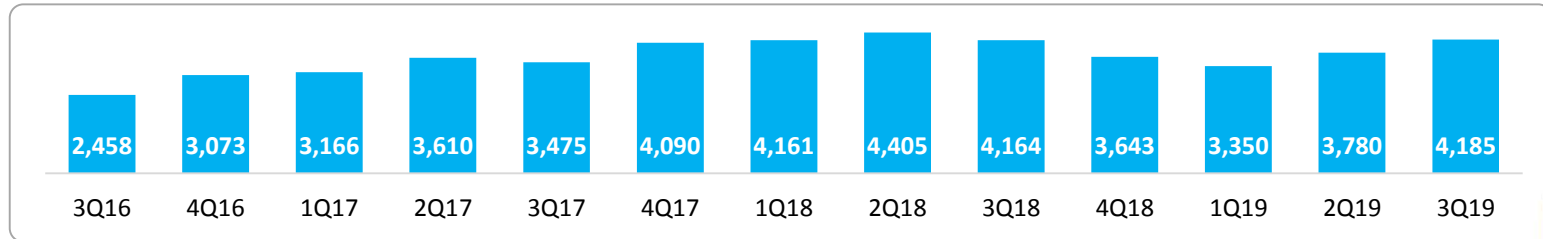
New Booking in 3Q19 grew by 10.7% compared to 2Q19 (two consecutive quarters of growth)

<i>In Rp bil *</i> <i>(unless otherwise stated)</i>	9M19	9M18	YoYΔ		FY18	FY17	YoYΔ
New Bookings	11,315	12,730	↓ 11.1%	Driven mainly by product refocus from DF Used to NDF 4W and 2W.	16,372	14,341	↑ 14.2%
Managed Receivables[^]	18,000	18,452	↓ 2.4%		18,343	15,936	↑ 15.1%
Total Net Receivables	16,774	17,738	↓ 5.4%		17,283	15,175	↑ 13.9%
Total Assets	18,694	19,440	↓ 3.8%		19,117	16,483	↑ 16.0%
Total Debt[#]	11,384	12,793	↓ 11.0%	New bank loans drawdown and issuance of new bonds	12,096	10,728	↑ 12.7%
Total Proforma Debt[^]	12,262	13,166	↓ 6.9%		12,780	11,252	↑ 13.6%
Total Equity	6,501	5,812	↑ 11.9%		6,204	4,904	↑ 26.5%

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

(#) Consists of borrowings and debt securities issued (^) Includes channeling and joint financing transactions

Quarterly Bookings Trend (3Q16-3Q19)



9M:19 Profit & Loss Highlights – Consolidated

Higher revenue and improved COC set-off by increasing OPEX

<i>In Rp bil *</i> (unless otherwise stated)	9M19	9M18	YoYΔ		FY18	FY17	YoYΔ
Interest Income	2,753	2,658	↑ 3.6%	Growth in NDF Income & Deposit Interest	3,637	2,967	↑ 22.6%
Financing Cost	760	776	↓ 2.1%	Lower Borrowings and Bonds with 10 bps higher COF	1,082	988	↑ 9.5%
Net Interest Income	1,993	1,882	↑ 5.9%		2,555	1,979	↑ 29.1%
Fees & Other Income	986	1,004	↓ 1.8%		1,333	1,090	↑ 22.3%
Net Revenue	2,979	2,886	↑ 3.2%	Manageable increase driven largely by business vol. growth, salary adjustment and Prof Fee	3,888	3,069	↑ 26.7%
Operating Expenses	1,363	1,210	↑ 12.6%		1,615	1,350	↑ 19.6%
Operating Income	1,616	1,676	↓ 3.6%		2,273	1,719	↑ 32.2%
Cost of Credit	248	307	↓ 19.2%	COC decreased from 2.35% to 1.83% with NDF Businesses, Property and Machinery showing positive achievement	433	231	↑ 87.0%
PBT **	1,368	1,369	↓ 0.1%		1,840	1,488	↑ 23.7%
PAT **	1,090	1,094	↓ 0.3%		1,468	1,188	↑ 23.7%

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

** BFI only PBT and PAT as of 30 September 2019 at Rp 1,373 bn and Rp 1,095 bn, respectively



Key Ratios

Maintained strong key ratios despite lower growth and external challenges

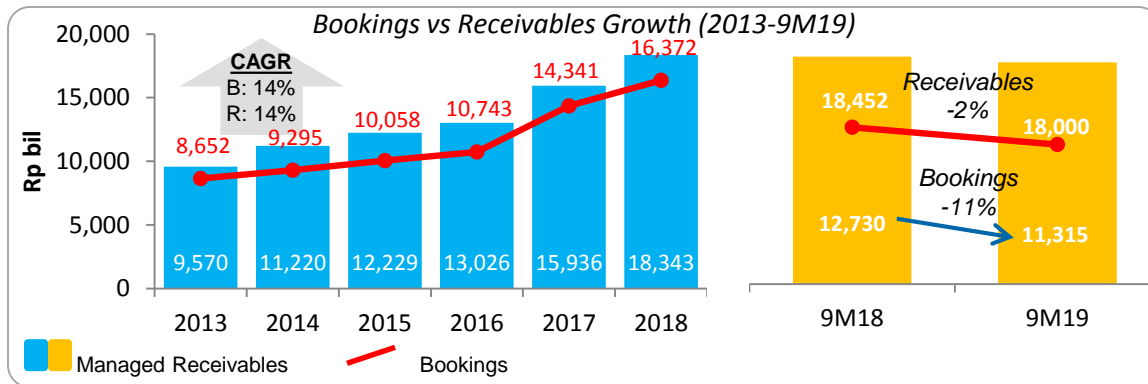
	9M19	9M18	YoYΔ		FY18	FY17	YoYΔ
Net Interest Spread	11.73%	11.91%	↓ 18 bps	Higher COF by 10 bps and 8 bps dip in yield	11.91%	10.64%	↑ 127 bps
Cost to Income	45.55%	41.94%	↑ 361 bps		41.54%	44.00%	↓ 246 bps
COC / Avg. Rec.	1.83%	2.35%	↓ 52 bps		2.45%	1.61%	↑ 84 bps
ROAA (before tax)	9.70%	10.03%	↓ 32 bps	Slower growth in PAT YoY due to limited booking growth and rising OPEX	9.98%	10.33%	↓ 35 bps
ROAA (after tax)	7.74%	8.01%	↓ 27 bps		7.96%	8.24%	↓ 28 bps
ROAE (after tax)	23.02%	27.35%	↓ 434 bps		26.68%	25.61%	↑ 107 bps
NPL*	1.06%	1.23%	↓ 17 bps	Decreasing NPL across all products except DF Used due to booking refocus	1.21%	0.95%	↑ 26 bps
Debt / Equity	1.7x	2.2x	↓ 44 bps		1.9x	2.2x	↓ 11 bps

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

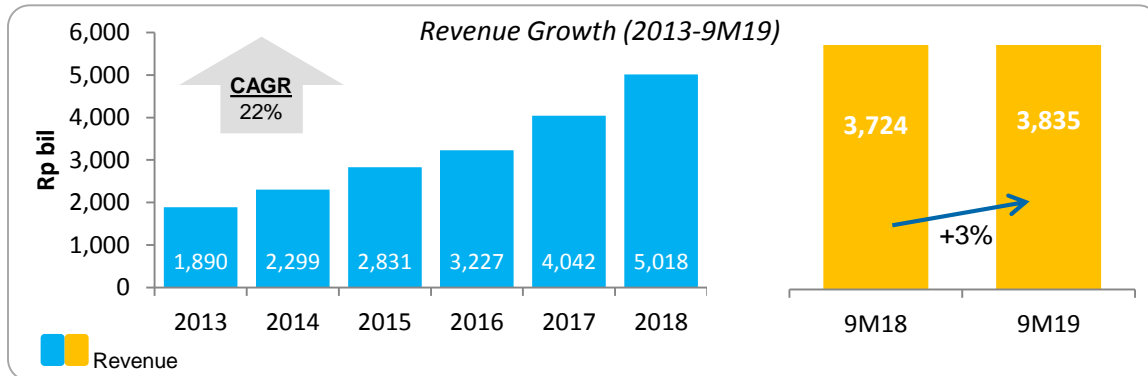


Ability to build a more robust balance sheet

Stable financing receivables and revenue growth over the years. Weaker booking on YoY basis, but upward trend on QoQ basis with expected continuation pattern in 4Q19



- Lower receivable in 9M19 due to slowdown of business growth
- Lower booking in 9M19 due to product refocus strategy and election in 2Q19. Nonetheless, positive trend could be seen as new booking in Q3>Q2>Q1
- CAGR growth yoy higher than the industry

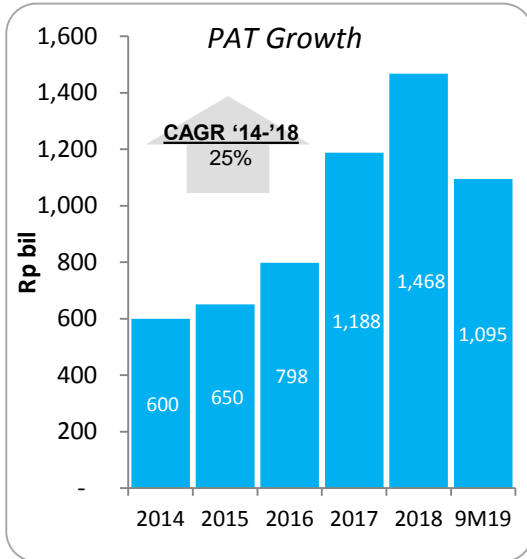


- Consistently strong growth in Revenue as a result of robust balance sheet growth and good spread management (Yield vs COF)
- Shows ability to maximise income generation from assets

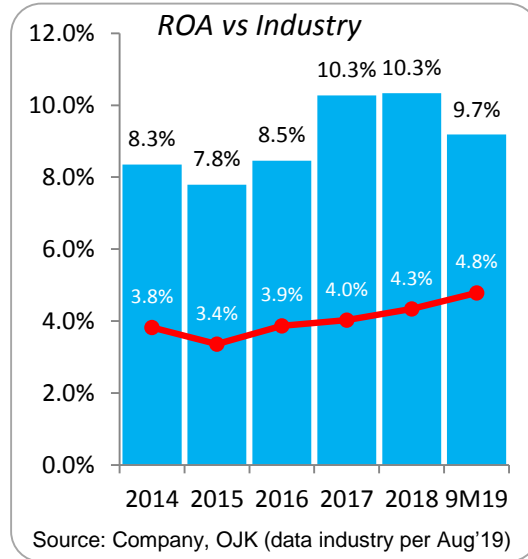


Stable profitability over the years

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

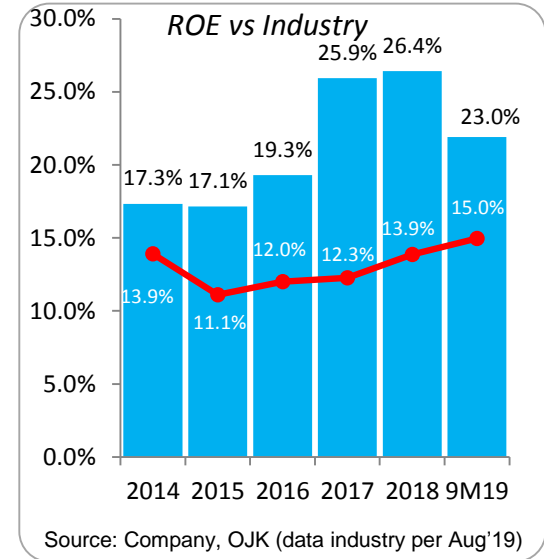


PAT growth in spite of slowing economy and challenging market condition



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

ROA Company is calculated using PBT/Average Total Assets



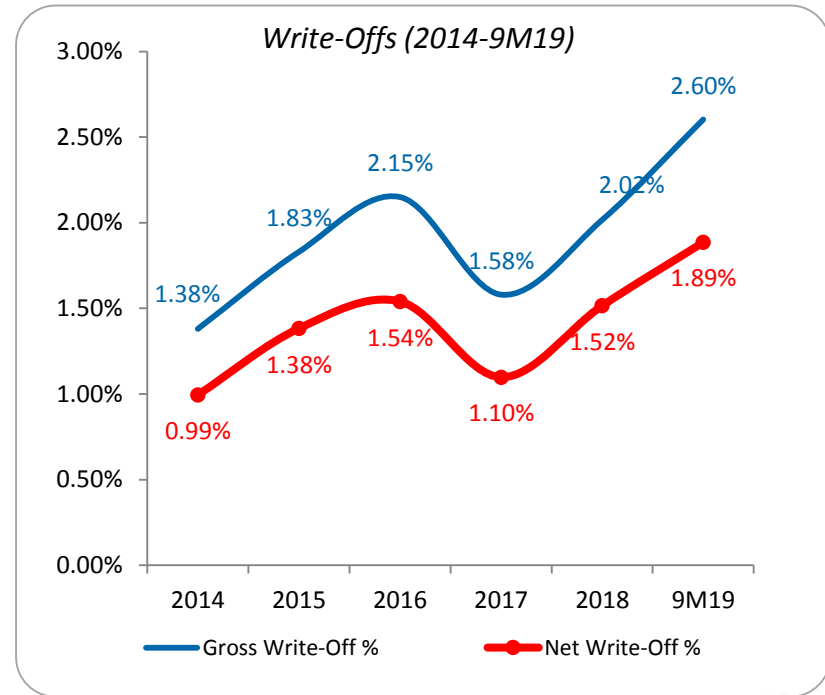
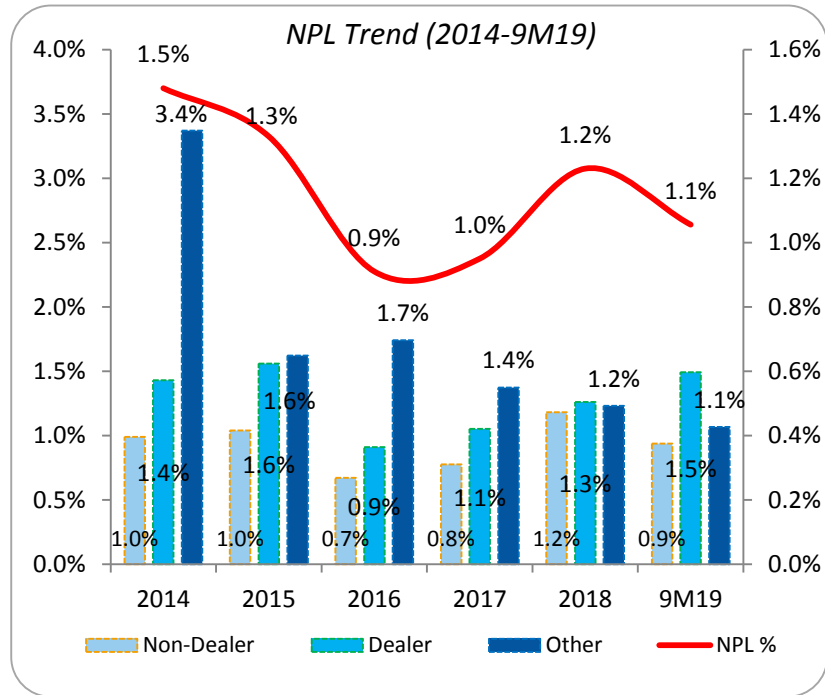
ROE remains consistently stable and high above average industry. Drop in 9M19 partly due to no interim dividend in 2018.

ROE Company is calculated using PAT/Average Total Equity



Asset quality under control

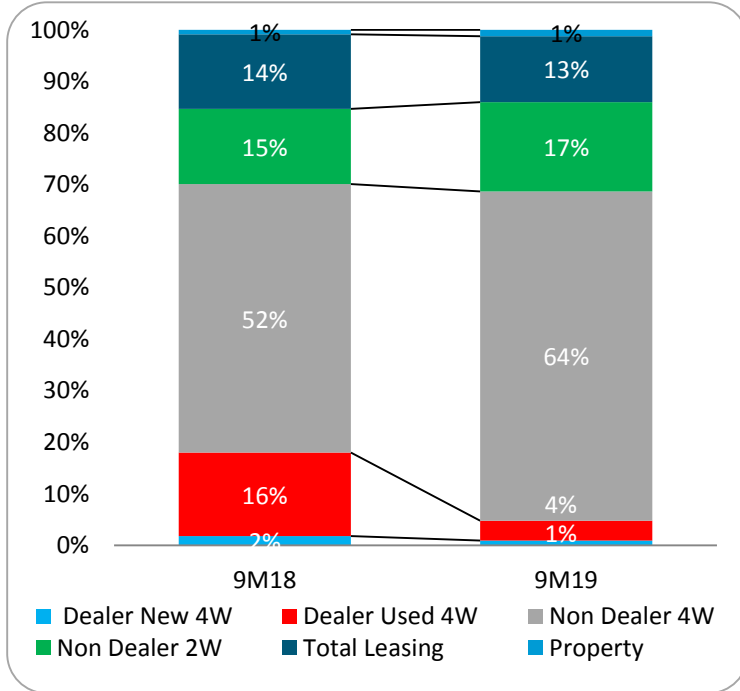
Better NPLs amidst higher write-off (wider gap between Gross and Net WO due to improved recovery) which already fully provisioned



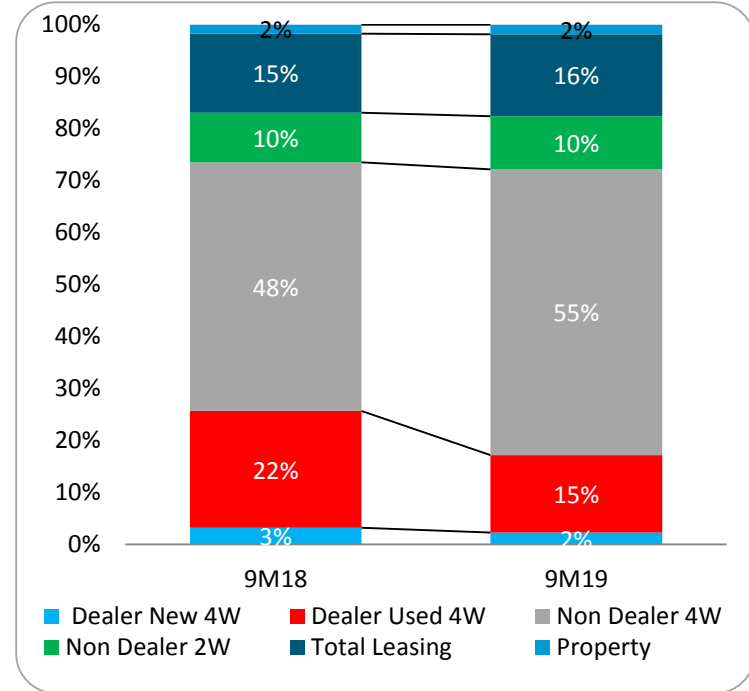
Asset Composition

Non Dealer's booking reached 81% while asset composition grew to 65%. Dealer's contribution drop as part of product refocus strategy.

Booking Composition (9M18 vs 9M19)



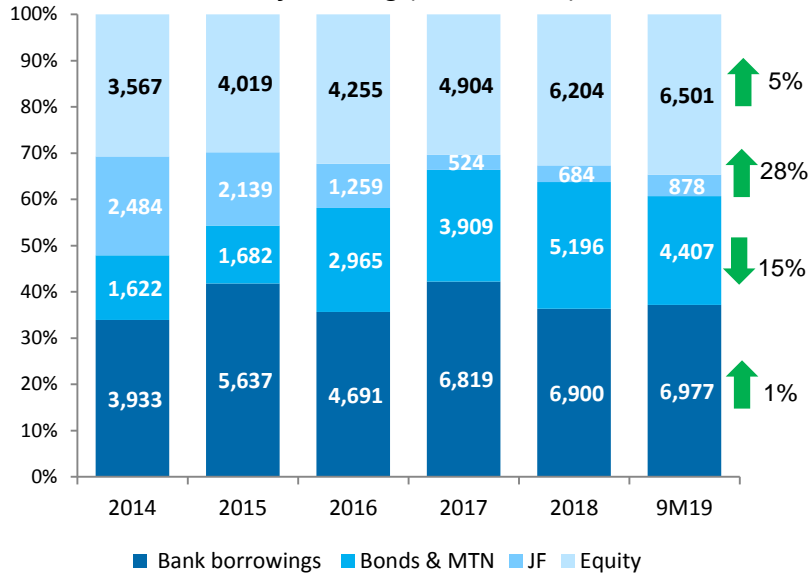
Managed Receivables Composition (9M18 vs 9M19)



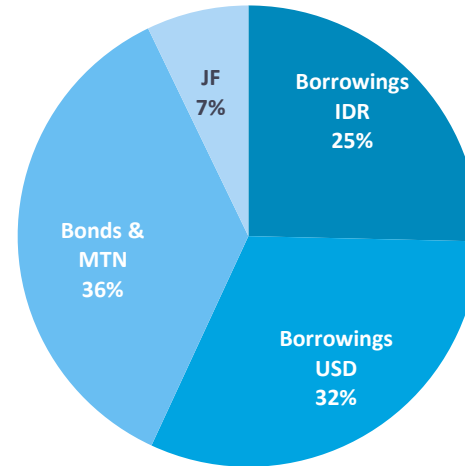
Strong capital base

Diversified capital structure and funding sources to manage risk and facilitate further business growth

Source of Funding (2014-9M19)



External Funding Sources



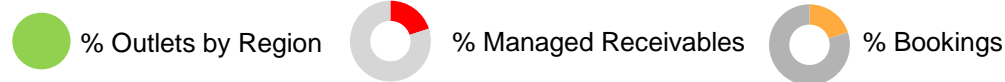
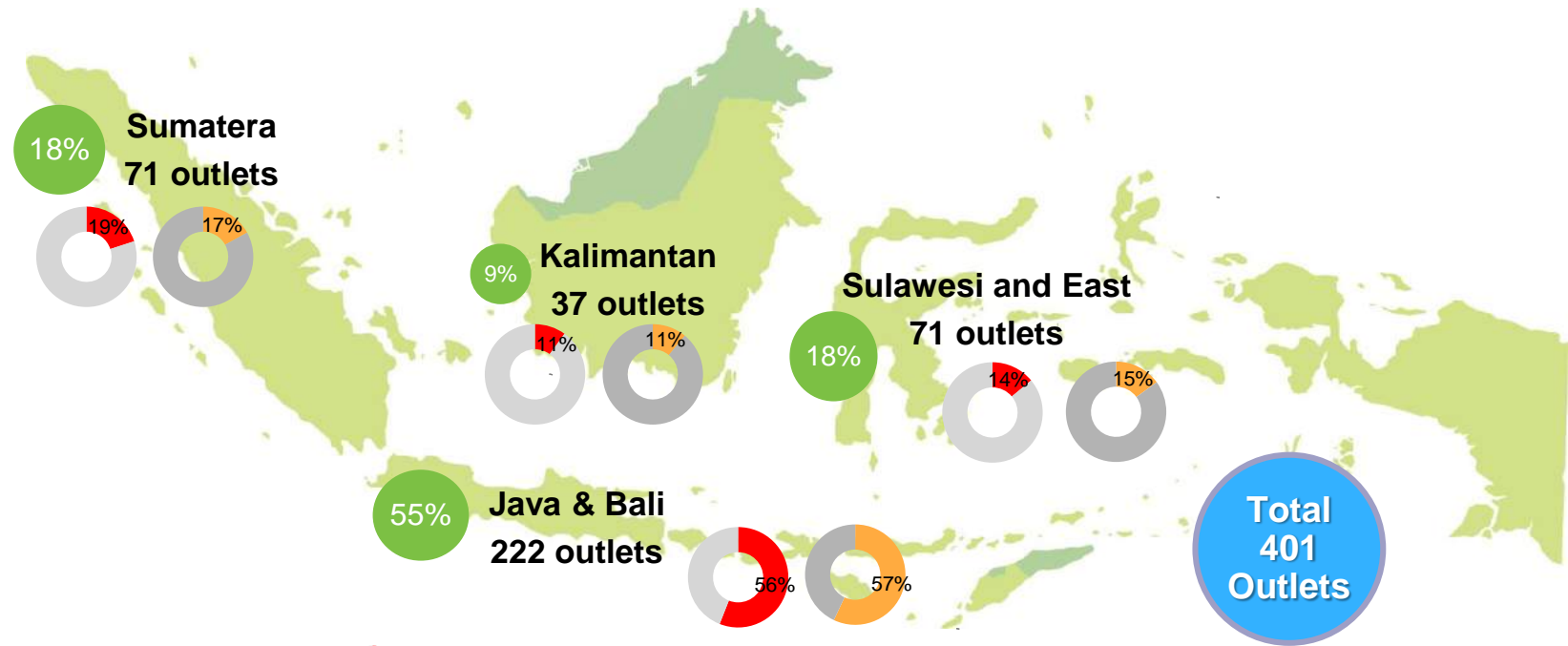
Total : Rp12,262 billion

- Decline in Bonds & MTN caused by repayment of due principal
- Increase in Joint Financing mainly to capitalize on favorable rate offered by the banks and source of fund diversification

- 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 Sept-19

Strong footprint across the country with majority of portfolio on Java and Bali



(excluding 45 Sharia branches)



Thank You

