PT BFI Finance Indonesia Tbk

FY:19 Results

February 2020

Analyst Briefing

FY19 Key Highlights

Slower growth in Assets & Profitability yet much better asset quality (↓ NPL & COC).
Maintain positive trend of booking growth with 3 consecutive quarters of growth (2Q19 - 4Q19)

GROWTH

- New booking in 4Q19 reached Rp 4,581 bn or 9.5% increase YoY, **the highest ever quarterly booking result**
- FY19 booking reached Rp 15,896 bn or 2.9% lower YoY, as we continued to refocus our business away from Dealer product
- Total managed receivables slightly grew 0.9% YoY to Rp 18,509 bn

ASSET QUALITY

- Proforma NPL ratio improved to 0.85% vs 1.21% last year
- NCL stable at 1.68% versus 1.65% last year
- COC improved to 1.53% vs 2.46% last year

PROFITABILITY

- Net Interest Spread slightly decreased by 7 bps from 11.91% to 11.84% YoY with portfolio yield at 20.64%. Reduced spread mostly driven by higher CoF by 19 bps resulting in Net Revenue increase of 4.4% YoY to Rp 4,059 bn
- Increase in OPEX by 66.3% was mainly contributed by settlement-related expenses, employee benefit, professional fee (including legal) and collection expenses as the main contributors
- FY19 PBT reached Rp 1,873 bn or 1.7% YoY growth. After extraordinary expenses of Rp 773 bn, PAT was at Rp 718 bn, down by 51.1% YoY
- As a result, ROAA and ROAE (both After Tax) was at 3.6% and 11.36% versus FY18 at 7.7% and 26.68%, respectively

NETWORK

- Total network recorded at 423 outlets, excluding 45 sharia branches which share premises with conventional branches, increased from 401 outlets in 2018.

FY19 Balance Sheet Highlights - Consolidated

Weaker New Booking YoY with continued positive trend (three consecutive quarters of growth)

*In Rp bil * (unless otherwise stated)*	FY19	FY18	YoYΔ	FY18	FY17	YoYΔ
New Bookings	15,896	16,372	↓ 2.9%	16,372	14,341	↑ 14.2%
Managed Receivables^	18,509	18,343	↑ 0.9%	18,343	15,936	↑ 15.1%
Total Net Receivables	17,439	17,283	↑ 0.9%	17,283	15,175	↑ 13.9%
Total Assets	19,090	19,117	↓ 0.1%	19,117	16,483	↑ 16.0%
Total Debt#	11,488	12,096	↓ 5.0%	12,096	10,728	↑ 12.7%
Total Proforma Debt^	12,214	12,780	↓ 4.4%	12,780	11,252	↑ 13.6%
Total Equity	6,080	6,204	↓ 2.0%	6,204	4,904	↑ 26.5%

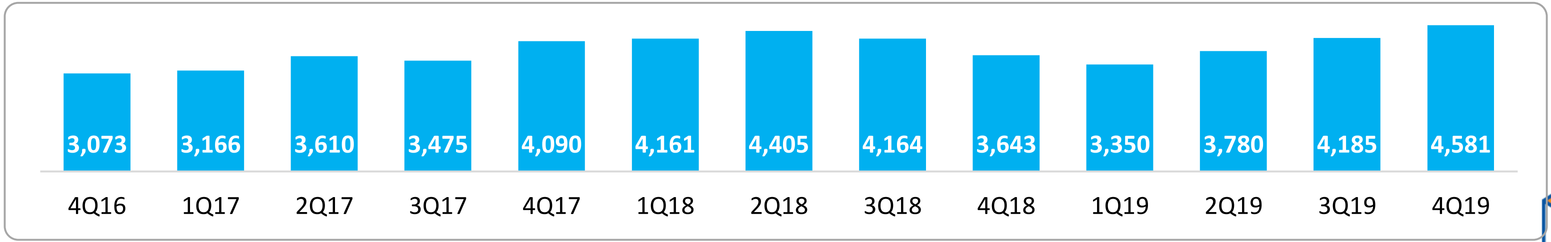
Driven mainly by product refocus from DF Used to NDF 4W and 2W.

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

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

Quarterly Bookings Trend (4Q16-4Q19)



Profit & Loss Highlights – Consolidated

Higher revenue and improved COC set-off by increasing OPEX

*In Rp bil ** *(unless otherwise stated)*	FY19	FY18	YoYΔ	FY18	FY17	YoYΔ
Interest Income	3,704	3,595	↑ 3.0%	3,595	2,967	↑ 21.2%
Financing Cost	1,008	1,035	↓ 2.7%	1,035	988	↑ 4.8%
Net Interest Income	2,696	2,559	↑ 5.4%	2,559	1,979	↑ 29.3%
Fees & Other Income	1,370	1,332	↑ 2.9%	1,332	1,090	↑ 22.2%
Net Revenue	4,066	3.891	↑ 4.5%	3.891	3,069	↑ 26.8%
Operating Expenses	2,695	1,617	↑ 66.7%	1,617	1,350	↑ 19.8%
Operating Income	1,371	2.275	↓ 39.8%	2.275	1,719	↑ 32.3%
Cost of Credit	279	435	↓ 36.1%	435	231	↑ 106.9%
PBT **	1,092	1,840	↓ 40.7%	1,840	1,488	↑ 23.7%
PAT **	712	1,468	↓ 51.5%	1,468	1,188	↑ 23.7%

Growth in NDF Income & Deposit Interest

Lower Borrowings and Bonds with 19 bps higher COF

Excluding settlement, OPEX grew by 18.3% mainly driven by employee and collection related expenses

COC decreased from 2.45% to 1.53% with NDF Businesses, Property and Machinery showing positive achievement

*   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 31 December 2019 was at Rp 1,099 bn and Rp 718 bn, respectively

Key Ratios

Maintained strong key ratios despite lower growth and external challenges

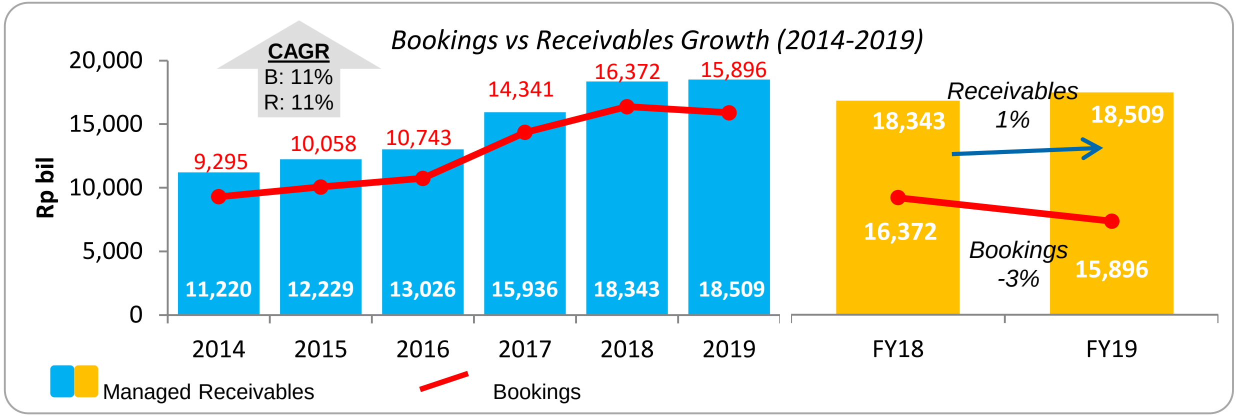
	FY19	FY18	YoYΔ		FY18	FY17	YoYΔ
Net Interest Spread	11.84%	11.91%	↓ 7 bps	Higher COF by 19 bps and 12 bps in yield	11.91%	10.64%	↑ 127 bps
Cost to Income	66.12%	41.54%	↑ 2,458 bps		41.54%	44.00%	↓ 246 bps
COC / Avg. Rec.	1.53%	2.45%	↓ 92 bps		2.45%	1.61%	↑ 84 bps
ROAA (before tax)	5.83%	9.98%	↓ 415 bps	Slower growth in PAT YoY due to limited booking growth and rising OPEX	9.98%	10.33%	↓ 35 bps
ROAA (after tax)	3.81%	7.96%	↓ 415 bps		7.96%	8.24%	↓ 28 bps
ROAE (after tax)	11.35%	26.68%	↓ 1,533 bps		26.68%	25.61%	↑ 107 bps
NPL*	0.85%	1.21%	↓ 36 bps	Decreasing NPL across all products except DF Used due to booking refocus	1.21%	0.95%	↑ 26 bps
Net Gearing Ratio #	1.7x	1.9x	↓ 25 bps		1.9x	2.2x	↓ 11 bps

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

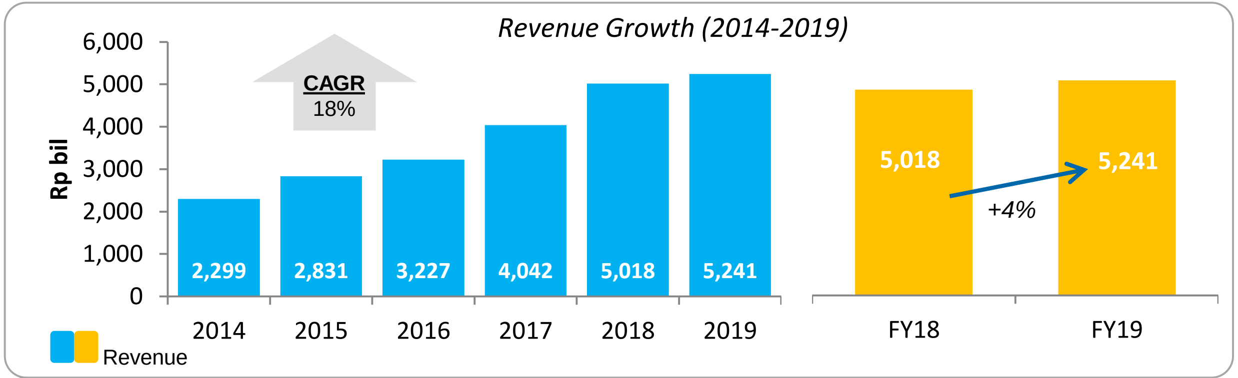
Includes channeling and joint financing transactions

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 4Q19 recorded highest quarterly booking ever and expected to continue in 2020



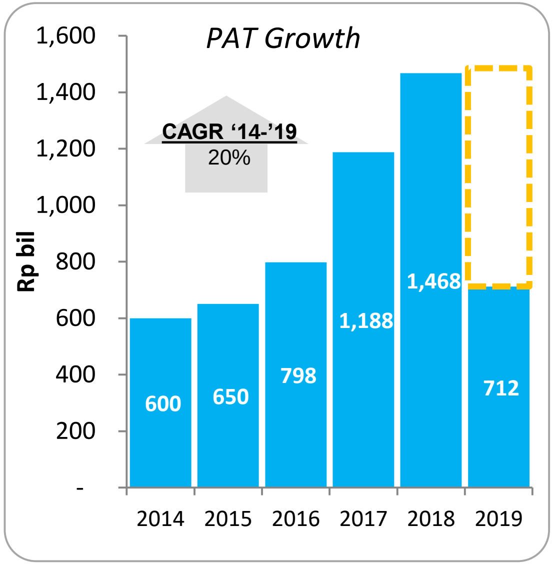
- Lower receivable in FY19 due to slowdown of business growth
- Lower booking in FY19 due to product refocus strategy and election in 2Q19. Nonetheless, positive trend could be seen as new booking in Q4>Q3>Q2>Q1
- CAGR growth yoy higher than the industry

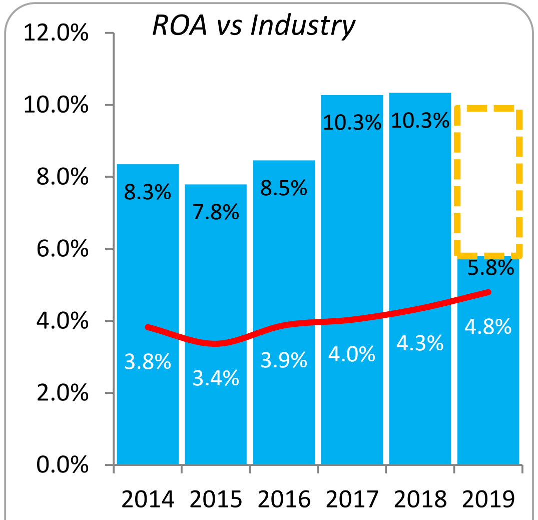


- Consistently strong growth in Revenue as a result of robust balance sheet growth and good spread management (Yield vs COF)
- Shows ability to maximise income generation from assets

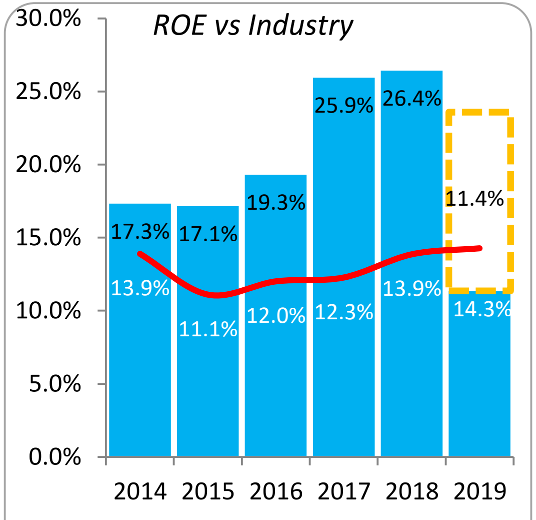
Stable profitability over the years

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





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



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

PAT slightly growth in spite of slowing economy and challenging market condition (exclude settlement-related expenses).

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

ROE remains consistently stable and high above average industry. Drop in FY19 partly due to no interim dividend in 2018.

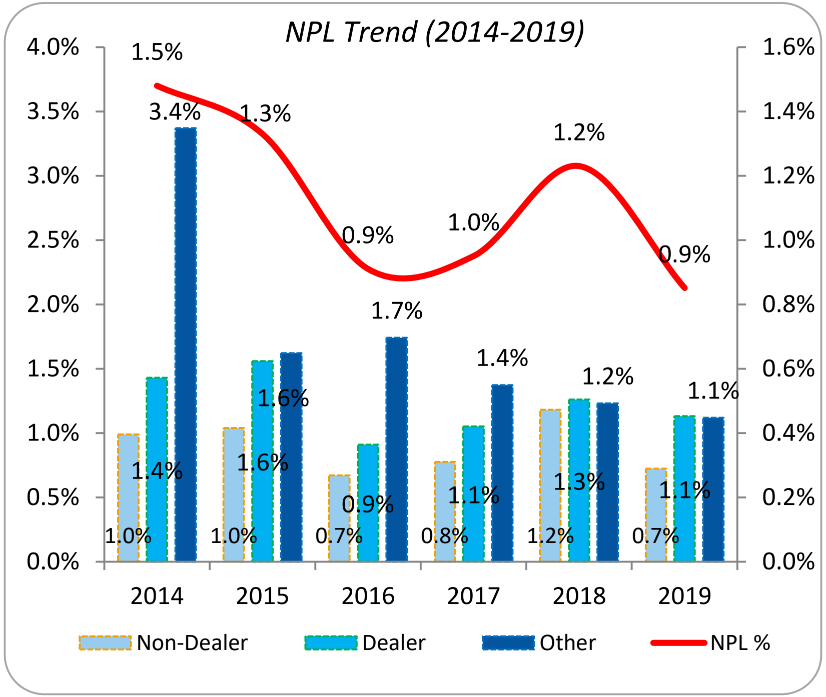
Show result w/o settlement-related expenses

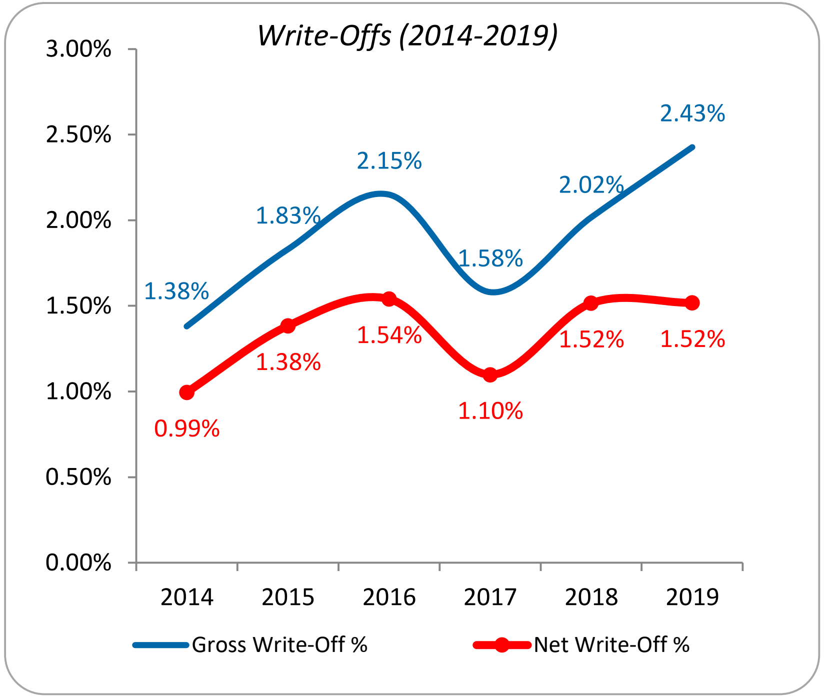
ROA Company is calculated using PBT/Average Total Assets

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). Higher WO was also partially contributed by accounts impacted by earthquake in Palu last year.

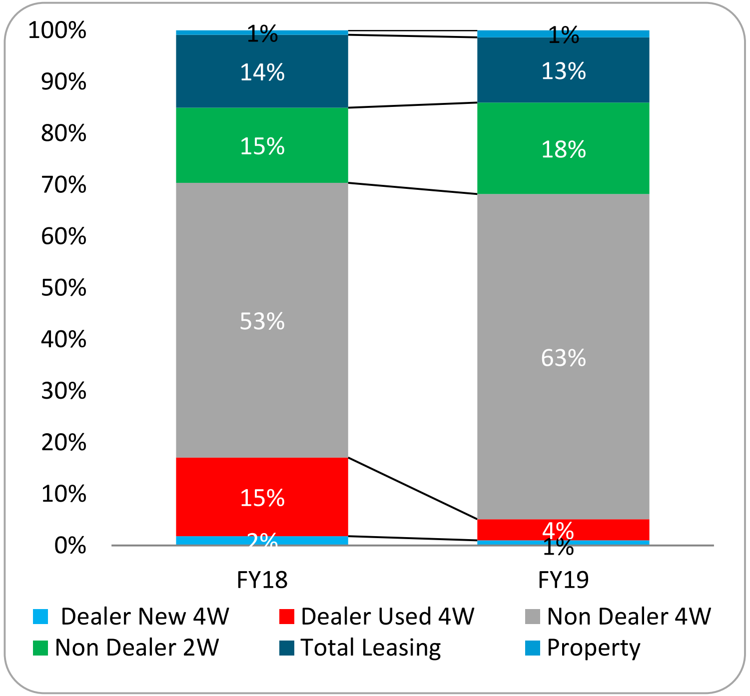




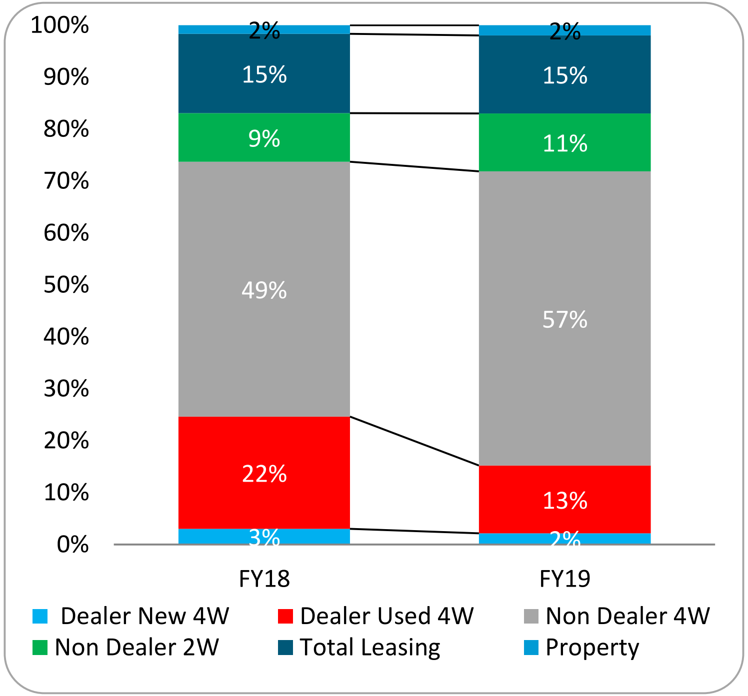
Asset Composition

Non Dealer booking reached 81% while asset composition grew to 68%. Dealer contribution drop as part of product refocus strategy.

Booking Composition (FY18 vs FY19)



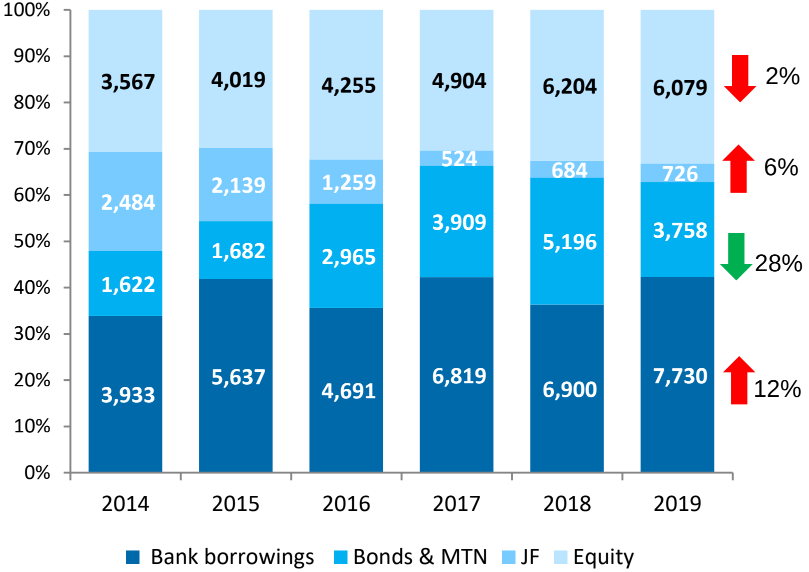
Managed Receivables Composition (FY18 vs FY19)



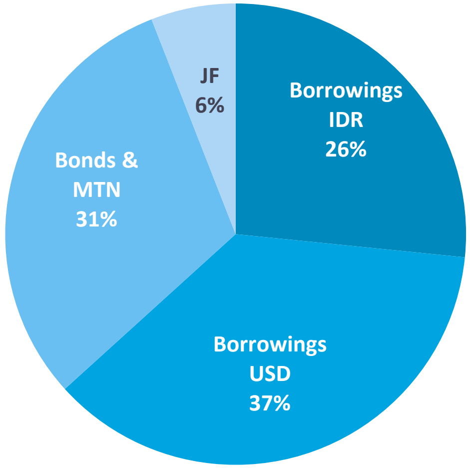
Strong capital base

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

Source of Funding (2014-2019)



External Funding Sources



Total : Rp12,214 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 31 Dec-19

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