PT Mandiri Tunas Finance

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PEFINDO affirms AA+ rating for PT Mandiri Tunas Finance (TUFI)

PEFINDO has affirmed the ratings of PT Mandiri Tunas Finance (TUFI) and its outstanding bonds at "AA+". The outlook for the corporate rating is "stable".

An obligor rated Aa differs from the highest rated obligors only to a small degree, and has a very strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. The plus (+) sign in a particular rating indicates that the rating is relatively strong within the respective rating category.

The ratings reflect its status as a core subsidiary of BMRI (rated AAA/stable), its strong business position, and its strong financial flexibility. However, the ratings are constrained by its moderate profitability.

The rating could be raised if TUFI is able to expand its business position substantially, while maintaining its strong financial profiles on a consistent basis. This must also be accompanied by a significantly greater business/earnings contribution to BMRI and steady improvement in its profitability measures. On the other hand, we could lower the rating if we no longer view TUFI as a core subsidiary of BMRI. Such downside pressure could arise if BMRI revises its strategy on a consistent basis. This must also be accompanied by a significantly greater business/earning contribution to BMRI and its balance sheet.

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TUFI is a car financing company that is 51% owned by BMRI. The remaining 49% belongs to PT Tunas Ridean, Tbk (TURI), one of the leading automotive dealers in Indonesia. As of 3Q2017, TUFI has 93 branches and 21 satellite offices across Java, Sumatra, Kalimantan, Bali, and Sulawesi.

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