

PT Buana Finance Tbk

Analysts: Kreshna Armand / Putri Amanda

Phone/Fax/E-mail: (62-21) 7278 2380 / 7278 2370 / kreshna.armand@pefindo.co.id / putri.amanda@pefindo.co.id

CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Dec-2016	Dec-2015	Dec-2014	Dec. 2013
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>id</i> BBB+/Stable	Total assets [IDR bn]	3,631.1	3,162.9	3,586.9	3,770.5
Rated Issues		Net receivables [IDR bn]	3,396.1	2,894.4	3,347.3	3,585.3
<i>MTN II/2015</i>	<i>id</i> BBB+	Net service assets [IDR bn]	3,485.0	2,971.1	3,427.9	3,677.2
Rating Period		Total equity [IDR bn]	1,099.9	1,083.4	1,104.6	1,103.2
<i>March 8, 2017 – March 1, 2018</i>		Net interest revenue [IDR bn]	242.6	275.3	293.2	318.4
Rating History		Net income [IDR bn]	52.4	62.0	110.9	135.7
<i>MAR 2016</i>	<i>id</i> BBB+/Stable	Cost to income [%]	50.4	41.4	37.8	31.4
<i>MAR 2015</i>	<i>id</i> A-/Stable	Operating profit margin [%]	13.9	15.2	24.7	28.9
<i>OCT 2014</i>	<i>id</i> A-/Stable	ROAA [%]	1.5	1.8	3.0	3.7
<i>OCT 2013</i>	<i>id</i> A-/Stable	NPR-balance/NSA [%]	5.4	7.7	9.5	7.3
<i>MAR 2013</i>	<i>id</i> A-/Stable	Reserves/NSA [%]	2.6	2.6	2.4	2.5
		Equity/NSA [%]	31.6	36.5	32.2	30.0
		Total debt/equity [x]	2.2	1.9	2.2	2.3
		Short-term liquidity ratio [%]	139.2	142.5	174.5	168.5
		USD exchange rate [USD/IDR]	13,473	13,795	12,440	12,189

The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.

PEFINDO affirms PT Buana Finance Tbk's "*id*BBB+" rating

PEFINDO has affirmed its "*id*BBB+" ratings of PT Buana Finance Tbk (BBLD) and its Medium-Term Notes II/2015. The outlook for the corporate rating is "**stable**". BBLD's Medium-Term Note II/2015 Series B of IDR100 billion will mature on April 8, 2017, and the repayment will be supported by the collections from its financing receivables of around IDR200 billion per month.

An obligor rated *id*BBB has an adequate capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, adverse economic conditions or changing circumstances are more likely to weaken its capacity to meet its financial commitments.

The plus (+) sign indicates that the rating is relatively strong within its respective rating category.

The ratings reflect BBLD's strong capitalization and adequate liquidity profile. However, the ratings are constrained by its modest asset quality profile and tight competition in the industry.

The rating may be raised if BBLD can successfully complete its transition to reduce its exposure to leasing segment, and significantly strengthen its business position in the industry on a consistent basis, while having a significant improvement in its asset quality. On the other hand, the rating may be lowered if there is a material deterioration in its asset quality, profitability, or market position.

BBLD is a finance company that was traditionally focused on leasing. Following a sustained downturn in heavy equipment industry, the Company increased its efforts to enlarge its consumer financing business, mainly in the used car segment. As of December 2016, its consumer finance business in terms of gross receivables has increased to 37.5% from 18.9% a year earlier. At the same period, its shares were 67.6% owned by PT Sari Dasa Karsa, 5.8% by Bank of Singapore Ltd., and the remaining 26.6% shares were owned by the public.

DISCLAIMER

PT Pemeringkat Efek Indonesia (PEFINDO) does not guarantee the accuracy, completeness, timeliness or availability of the contents of this report or publication. PEFINDO cannot be held liable for its use, its partial use, or its lack of use, in combination with other products or used solely, nor can it be held responsible for the result of its use or lack of its use in any investment or other kind of financial decision making on which this report or publication is based. In no event shall PEFINDO be held liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses including but not limited to lost profits and opportunity costs in connection with any use of the contents of this report or publication. Credit analyses, including ratings, and statements in this report or publication are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities or to make any investment decision. The contents cannot be a substitute for the skill, judgment and experience of its users, its management employees and/or clients in making investment or other business decisions. PEFINDO also assumes no obligation to update the content following publication in any form. PEFINDO does not act as fiduciary or an investment advisor. While PEFINDO has obtained information from sources it believes to be reliable, PEFINDO does not perform an audit and does not undertake due diligence or independent verification of any information used as the basis of and presented in this report or publication. PEFINDO keeps the activities of its analytical units separate from its business units to preserve independence and objectivity of its analytical processes and products. As a result, certain units of PEFINDO may have information that is not available to other units. PEFINDO has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. PEFINDO may receive compensation for its ratings and other analytical work, normally from issuers of securities. PEFINDO reserves the right to disseminate its opinions and analyses. PEFINDO's public ratings and analyses are made available on its website, <http://www.pefindo.com> (free of charge) and through other subscription-based services, and may be distributed through other means, including via PEFINDO publications and third party redistributors. Information in PEFINDO's website and its use fall under the restrictions and disclaimer stated above. Reproduction of the content of this report, in full or in part, is subject to written approval from PEFINDO.