

PT Adira Dinamika Multi Finance Tbk

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
Corporate Rating	<i>idAAA/Stable</i>	As of/for the year ended	Sep-2020	Dec-2019	Dec-2018	Dec-2017
Rated Issues			<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
PUB Bond V/2020	<i>idAAA</i>	Total Assets [IDR Bn]	32,198.8	35,116.9	31,496.4	29,492.9
PUB Sukuk IV/2020	<i>idAAA(sy)</i>	Net Receivables [IDR Bn]	23,860.9	29,915.0	27,871.8	25,898.6
PUB Bond IV/2017	<i>idAAA</i>	Net Service Assets [IDR Bn]	46,129.5	54,755.7	51,296.4	45,232.0
PUB Sukuk III/2017	<i>idAAA(sy)</i>	Total Equity [IDR Bn]	7,662.1	8,078.8	7,028.2	5,745.4
PUB Bond III/2015	<i>idAAA</i>	Net Interest Revenue [IDR Bn]	5,073.8	7,253.0	6,685.2	5,579.0
PUB Sukuk II/2015	<i>idAAA(sy)</i>	Net Income [IDR Bn]	814.2	2,108.7	1,815.3	1,409.2
		Cost to Income [%]	54.0	49.0	50.6	47.6
		Operating Profit Margin [%]	17.8	26.0	24.9	23.4
		ROAA (including off-balance) [%]	*2.0	3.8	3.6	3.0
		NPR-Balance/Net Service Assets [%]	4.6	3.5	3.6	3.6
		Reserves/Net Service Assets [%]	3.7	2.9	2.8	3.0
		Equity/Net Service Assets [%]	16.6	14.8	13.7	12.7
		Total Debt (on balance) /Equity [x]	2.7	2.8	3.1	3.7
		Short-Term Liquidity Ratio [%]	225.8	207.3	257.3	180.8
		USD Exchange Rate [IDR/USD]	14,880	13,883	14,380	13,568
			<i>*Annualized</i>			
			<i>ROAA=return on average assets. NPR=non-performing receivables > 30 days. NSA = net service assets</i>			
			<i>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.</i>			

PEFINDO affirms "idAAA" rating for Adira Finance

PEFINDO has affirmed its "idAAA" ratings for PT Adira Dinamika Multi Finance Tbk (Adira Finance) and its outstanding conventional bonds. PEFINDO has also affirmed its "idAAA(sy)" ratings for Adira Finance's outstanding sukuk. The outlook for the corporate credit rating is "stable".

An obligor rated "idAAA" has the highest rating assigned by PEFINDO. The obligor's capacity to meet its long-term financial commitment, relative to that of other Indonesian obligors, is superior.

The suffix "sy" means the rating mandates compliance with Islamic principles.

The rating reflects Adira Finance's very strong synergy and mutual relationship with its Parent, PT Bank Danamon Indonesia Tbk (Bank Danamon, rated *idAAA/stable*); its very strong market position in the automotive financing industry; and its well-diversified business portfolio. However, the rating is moderated by pressure on its asset quality and profitability.

The rating could be lowered if there is a material decline in support from the Parent, which may be triggered by Adira Finance's deteriorating contribution to the Parent due to a weaker business position, or significant and sustained deterioration in its asset quality and profitability profiles.

PEFINDO is of the view that the COVID-19 pandemic has significantly impacted the financing industry in terms of growth, asset quality, and profitability, particularly from economic sectors that are directly impacted such as hotels, tourism, restaurants, and transportation. Manufacturing and commodity-based trading sectors are also affected at a lesser degree, as people's access to work sites is limited. Borrowers from these sectors are significantly affected, resulting in a lower ability to repay their financial obligations, thus affecting the financial profiles of finance companies. Although the POJK 58/POJK.05/2020 allows finance companies to restructure accounts impacted by COVID-19 to maintain manageable asset quality ratios, implementation also carries a moral hazard risk as a non-affected borrower may be tempted to stop paying their installments.

We expect the COVID-19 outbreak to have a manageable impact on Adira Finance's credit profile, given the Company's strong competitive edge due to shareholding links with Bank Danamon and MUFG Bank, Ltd., which provide stable funding access. Adira Finance is also applying stronger underwriting criteria and intensifying its collection efforts, as supported by its strong IT infrastructure. This should offset concerns of a potential business downturn given the subdued growth in the automotive sales nationwide in the next 18-24 months which should affect demand for automotive purchase financing services. PEFINDO will continue to closely monitor the impact of the pandemic on its performance and overall credit profile.

Established in 1990, Adira Finance provides automotive purchase and multipurpose financing services. As of September 30, 2020, Adira Finance had 17,076 employees serving clients through 450 business networks including sharia branches located in various cities throughout the country. Adira Finance is 92.07% owned by PT Bank Danamon Indonesia Tbk and 7.93% by the public.

DISCLAIMER

The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.