

PT Mandala Multifinance Tbk

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| CREDIT PROFILE | | FINANCIAL HIGHLIGHTS | | | | |
|-------------------------------------------------|---------------------|---------------------------------|--------------------|------------------|------------------|------------------|
| | | As of/for the year ended | Sep-2017 | Dec-2016 | Dec-2015 | Dec-2014 |
| | | | (Unaudited) | (Audited) | (Audited) | (Audited) |
| Corporate Rating | <i>idA/Stable</i> | Total assets [IDR bn] | 3,171.5 | 3,562.2 | 4,595.1 | 4,799.1 |
| Rated Issues | | Net receivables [IDR bn] | 2,884.1 | 3,263.9 | 4,228.0 | 4,431.4 |
| <i>Shelf Registration Bond II/2015</i> | <i>idA</i> | Net service assets [IDR bn] | 2,916.5 | 3,311.9 | 4,522.0 | 4,804.6 |
| Rating Period | | Total equity [IDR bn] | 1,834.0 | 1,813.4 | 1,594.4 | 1,386.6 |
| <i>February 7, 2018 – February 1, 2019</i> | | Net interest revenue [IDR bn] | 891.4 | 1,183.2 | 1,287.7 | 1,212.9 |
| <i>Shelf-Reg. Bond II/2015 Phase I Series C</i> | | Net income [IDR bn] | 219.2 | 255.3 | 246.6 | 306.8 |
| <i>February 7, 2018 – May 8, 2018</i> | | Cost to income [%] | 59.8 | 64.7 | 64.3 | 58.1 |
| Rating History | | Operating profit margin [%] | 29.1 | 23.8 | 21.3 | 28.2 |
| <i>FEB 2017</i> | <i>idA/Negative</i> | ROAA [%] | *8.7 | 6.1 | 4.9 | 6.4 |
| <i>FEB 2016</i> | <i>idA/Stable</i> | NPR-balance/NSA [%] | 3.3 | 3.4 | 3.6 | 3.6 |
| <i>FEB 2015</i> | <i>idA/Stable</i> | Reserves/NSA [%] | 0.9 | 1.0 | 0.8 | 0.7 |
| <i>APR 2014</i> | <i>idA/Stable</i> | Equity/NSA [%] | 62.9 | 54.8 | 35.3 | 28.9 |
| <i>APR 2013</i> | <i>idA/Stable</i> | Total debt/equity [x] | 0.6 | 0.9 | 1.8 | 2.3 |
| <i>APR 2012</i> | <i>idA/Stable</i> | Short-term liquidity ratio [%] | 334.6 | 271.8 | 274.6 | 218.5 |
| <i>DEC 2011</i> | <i>idA/Stable</i> | USD exchange rate [USD/IDR] | 13,492 | 13,436 | 13,795 | 12,440 |

**Annualized
ROAA=return on average assets (including off balance sheet). NPR=non-performing receivables. NSA=net service assets.
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 “idA” ratings for PT Mandala Multifinance Tbk and its bonds, revises outlook to “stable”

PEFINDO has affirmed its “idA” ratings for PT Mandala Multifinance Tbk (MFIN) and its outstanding Shelf-Registration Bonds II/2015 Phase I. The outlook for the corporate rating has been revised to “stable” from “negative”, driven by the sustainability of its asset quality indicators despite its slower new financing growth and led to the falling net-serviced assets (NSA) to IDR2.9 trillion at end-September 2017 (9M2017) from IDR3.3 trillion as of FY2016. It managed to maintain the asset quality performance as indicated by a non-performing receivables (NPR) ratio at 3.3% as of 9M2017 compared to 3.4% as of FY2016. Although confronted by the challenging operating environment – due to intense competition and tight economic conditions – in growing its new financing, we do not anticipate a severe deterioration in its asset quality given the strong risk management.

MFIN’s Shelf-Registration Bonds II/2015 Phase I Series C amounting to IDR125 billion is maturing on May 8, 2018. The Company’s readiness to pay for the maturing bond is supported by its cash and cash equivalent of IDR64.5 billion as of FY2017 and its monthly receivables collection of around IDR398 billion.

An obligor rated idA has a strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors.

The ratings reflect the Company’s very strong capitalization, strong profitability performance, and established presence in the used motorcycle financing business outside Java. However, the ratings are constrained by pressure on new financing growth and tight competition in the industry.

The rating may be raised if the Company is able to consistently strengthen its business position, while maintaining its capitalization, asset quality, and profitability indicators. On the other hand, the rating may be lowered if its business profile weakens, or the Company’s asset quality and profitability figures deteriorate considerably.

MFIN focuses on new and used motorcycle financing. Its ultimate major shareholders, PT Jayamandiri Gemasejati and its affiliate, PT Lautan Teduh Interniaga, hold the Yamaha dealerships in West Java and Lampung, respectively. However, the Company’s business is not solely focused on Yamaha motorcycles, as it also provides financing for other brands, such as Honda and Suzuki. As of 9M2017, its shareholders were PT Jayamandiri Gemasejati (70.42%), Alex Hendrawan (5.06%), and the public (24.52%).

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