

PT Radana Bhaskara Finance Tbk

Analysts: Handhayu Kusumowinahyu / Danan Dito

Phone/Fax/E-mail: (62-21) 72782380/72782370/ handhayu.kusumowinahyu@pefindo.co.id / danan.dito@pefindo.co.id

CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended				
		Jun-2018	Dec-2017	Dec-2016	Dec-2015	
		<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	
Corporate Rating	<i>idBBB-/C.W. Negative</i>					
Rated Issues						
MTN II/2016 Series A, B, C	<i>idBBB-</i>	Total assets [IDR bn]	3,572.5	3,850.6	3,604.0	3,084.8
MTN I/2017 Series A, B, C	<i>idBBB-</i>	Net receivables [IDR bn]	3,174.5	3,585.3	3,382.4	2,904.7
MTN Syariah Mudharabah I/2017 Series A, B, C	<i>idBBB-(sy)</i>	Net service assets [IDR bn]	3,234.9	3,672.7	3,619.2	3,103.5
MTN II/2018	<i>idBBB-</i>	Total equity [IDR bn]	522.4	524.8	513.3	496.6
		Net interest revenue [IDR bn]	98.7	195.0	204.2	187.0
		Net income (loss) [IDR bn]	(2.3)	17.9	25.6	39.9
		Cost to income [%]	79.6	69.3	67.1	64.1
		Operating profit margin [%]	2.4	4.4	5.2	8.8
		ROAA (including off-balance) [%]	*(0.1)	0.5	0.7	1.3
Rating Period		NPR-balance/NSA [%]	15.3	8.9	6.8	5.6
October 25, 2018 – January 25, 2019		Reserves/NSA [%]	1.2	0.9	0.8	0.9
		Equity/NSA [%]	16.1	14.3	14.2	16.0
Rating History		Total debt/equity [x]	5.6	6.1	5.8	5.0
SEP 2018	<i>idBBB-/C.W. Negative</i>	Short-term liquidity ratio [%]	145.5	147.5	159.5	118.2
FEB 2018	<i>idA-/Negative</i>	USD exchange rate [USD/IDR]	14,404	13,548	13,436	13,795
OCT 2017	<i>idA-/Negative</i>					
FEB 2017	<i>idA-/Stable</i>					
OCT 2016	<i>idA-/Stable</i>					
DEC 2015	<i>idA-/Stable</i>					

ROAA=return on average assets. NPR=non-performing receivables > 30 days. 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.

PT Radana Bhaskara Finance Tbk has complied with MTN covenant, "Credit Watch with Negative Implication" reaffirmed in regards to its maturing MTN

PEFINDO has reaffirmed PT Radana Bhaskara Finance Tbk (Radana Finance)'s "*idBBB-*" corporate rating on "**Credit Watch with Negative Implication**", despite the Company's capability to comply with the additional collateral requirement for its outstanding medium-term notes (MTN) following the rating downgrade on 13 September 2018. As of October 12th, 2018, Radana Finance has pledged IDR364.8 billion deposits which represented 55.2% of the outstanding MTN, while the remaining 44.8% was covered by its financing receivables. In addition, Radana Finance has also paid off its recently matured MTN obligation (unrated) on October 25th, 2018.

PEFINDO's "Credit Watch with Negative Implication" reflects the risk of inadequate collection proceeds from financing receivables to repay its maturing MTN II/2016 Series A of IDR70 billion due on November 7, 2018, MTN II/2016 Series B of IDR60 billion due on November 14, 2018, and MTN II/2016 Series C of IDR70 billion due on November 21, 2018. Meanwhile, banks are still very selective in providing loans to Radana Finance and other independent finance companies under current situation, limiting Radana Finance's refinancing access. The MTN II/2016 Series A, B, C, MTN I/2017 Series A, B, C, and MTN II/2018 are rated "*idBBB-*" and the MTN Syariah Mudharabah I/2017 Series A, B, C is rated "*idBBB-(sy)*".

We may lower the rating further if the Company's collection of the receivables is insufficient to repay the maturing MTN as the deadline nears. We may change the outlook to stable if the funds to pay the maturing MTN in the near term have been secured or the availability of the funding facilities from banks have been normalized.

An obligor rated *idBBB* 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 minus (-) sign indicates that the rating is relatively weak within the respective rating category.

A syariah-based financing instrument rated *idBBB-(sy)* denotes the issuer's adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the capacity of the issuer to meet its long-term financial commitments under the syariah financing contract, relative to other Indonesian issuers. The minus (-) sign indicates that the rating is relatively weak within the respective rating category.

The rating reflects HDFA's status as a strategically important subsidiary of Trakindo Group and moderate leverage level. However, the rating is constrained by its weak financial flexibility and liquidity profile, affecting its business position; very weak asset quality; and weak profitability performance.

HDFA is focused on consumer financing primarily of new and used motorcycles, as well as used cars. It is also engaged in multipurpose financing, using cars and fixed assets as collaterals. As of June 30, 2018, its shares were 70.78% owned by PT Tiara Marga Trakindo (Trakindo Group or the Parent), PT Inti Investasi Prima (21.70%) which ultimately owned by the Orang Tua Group, and the public (7.52%).

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.