

PT Mandala Multifinance Tbk

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended				
		Jun-2018	Dec-2017	Dec-2016	Dec-2015	
		(Unaudited)	(Audited)	(Audited)	(Audited)	
Corporate Rating	<i>idA/Negative</i>					
Rated Issues						
Shelf Reg. Bond III/2018	<i>idA</i>					
Rating Period						
October 15, 2018 – April 1, 2019						
Rating History						
APR 2018	<i>idA/Stable</i>					
FEB 2018	<i>idA/Stable</i>					
FEB 2017	<i>idA/Negative</i>					
FEB 2016	<i>idA/Stable</i>					
FEB 2015	<i>idA/Stable</i>					
APR 2014	<i>idA/Stable</i>					
APR 2013	<i>idA/Stable</i>					
APR 2012	<i>idA/Stable</i>					
DEC 2011	<i>idA/Stable</i>					
		Total assets [IDR bn]	3,436.4	3,215.2	3,562.2	4,595.1
		Net receivables [IDR bn]	3,106.1	2,910.4	3,263.0	4,228.0
		Net service assets [IDR bn]	3,192.5	2,947.0	3,311.0	4,522.0
		Total equity [IDR bn]	1,877.9	1,934.0	1,813.4	1,594.4
		Net interest revenue [IDR bn]	603.3	1,248.2	1,183.2	1,287.7
		Net income [IDR bn]	142.7	332.9	255.3	246.6
		Cost to income [%]	59.1	57.7	64.7	64.3
		Operating profit margin [%]	29.5	31.8	23.8	21.3
		ROAA [%]	*8.5	9.8	6.1	4.9
		NPR-balance/NSA [%]	3.3	2.7	3.4	3.6
		Reserves/NSA [%]	1.1	0.8	1.0	0.8
		Equity/NSA [%]	58.8	65.6	54.8	35.3
		Total debt/equity [x]	0.7	0.6	0.9	1.8
		Short-term liquidity ratio [%]	410.0	351.5	271.3	274.6
		USD exchange rate [USD/IDR]	14,404	13,548	13,436	13,795

ROAA=return on average assets (including off balance sheet). NPR=non-performing receivables. NSA=net service assets.
*= Annualized
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 Mandala Multifinance Tbk's rating outlook revised to "negative"

PEFINDO has revised the corporate rating outlook of PT Mandala Multifinance Tbk (Mandala Finance) to "negative" from "stable". The outlook revision reflects PEFINDO's concern over the increasing liquidity risk in multifinance industry, particularly those without strong affiliation with banks as sustainable funding source or reputable brand principals as potential source of captive market. Due to increasing non-performing loans and default cases from multifinance under that category during the past few years, banks and investors are becoming very selective in providing funding. Although the Company may still have bank loan facilities available, most of them are uncommitted ones. Banks providing uncommitted credit facilities have the discretion not to disburse the loan when requested, and this is beyond the debtors' control. Lack of funding may lower the Company's new booking activities to support its revenue generation. Without substantial amount of new booking, source of incoming cash flow will come mostly from collection of its outstanding receivables which are vulnerable to asset quality deterioration. We do not project such risk to diminish in the near to medium term as we anticipate the unfavorable macroeconomic condition to continue due to the weakening IDR exchange rate and increasing interest rate. Mandala Finance's corporate rating and its outstanding Shelf Registration Bond III year 2018 is affirmed at "idA".

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 corporate rating reflects the Company's very strong capitalization, strong profitability performance, and established presence in the used motorcycle financing business outside Java. However, the rating is constrained by challenges to grow new financing and tight competition in the industry.

The rating may be lowered if the Company's new booking deteriorate significantly due to the tightening funding sources, as this could lower its market presence in the industry and lead to a weaker assessment of its business risk profile. Material decrease in its asset quality or profitability performance could also drive the rating downward. PEFINDO may revise the outlook to "stable" if the Company could show evidence of sustainable funding sources despite current situation and manage to boost its new financing growth and financial performance in line with its business projection.

Mandala Finance 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 June 30, 2018, its shareholders were PT Jayamandiri Gemasejati (70.42%), Alex Hendrawan (5.06%), and the public (24.52%).

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