

PT Finansia Multi Finance

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Sep-2019 (Unaudited)	Dec-2018 (Audited)	Dec-2017 (Audited)	Dec-2016 (Audited)
Corporate Rating	<i>idBBB+/Positive</i>	Total assets [IDR bn]	3,543.4	3,320.9	2,609.9	2,218.9
Rated Issues		Net receivables [IDR bn]	2,905.9	2,737.3	2,027.1	1,820.7
<i>MTN IV Phase I 2017</i>	<i>idBBB+</i>	Net service assets [IDR bn]	3,369.9	3,004.0	2,948.7	2,494.2
<i>MTN IV Phase II 2018</i>	<i>idBBB+</i>	Total equity [IDR bn]	581.9	550.0	522.3	423.9
Rating Period		Net interest revenue [IDR bn]	751.1	954.4	960.3	610.7
<i>January 6, 2020 – September 1, 2020</i>		Net income [IDR bn]	31.9	2.1	108.8	41.2
Rating History		Cost to income [%]	71.6	69.3	62.2	76.1
<i>SEP 2019</i>	<i>idBBB+/Stable</i>	Operating profit margin [%]	4.6	0.5	12.0	5.9
<i>SEP 2018</i>	<i>idBBB+/Stable</i>	ROAA [%]	*1.1	0.1	3.4	1.5
<i>DEC 2017</i>	<i>idBBB+/Stable</i>	NPR-balance/NSA [%]	10.2	10.2	9.0	6.5
<i>SEP 2017</i>	<i>idBBB+/Stable</i>	Reserves/NSA [%]	1.2	1.0	1.0	0.8
<i>NOV 2016</i>	<i>idBBB+/Stable</i>	Equity/NSA [%]	17.3	18.3	17.7	17.0
<i>NOV 2015</i>	<i>idBBB+/Stable</i>	Total debt/equity [x]	4.8	4.8	3.7	3.9
<i>NOV 2014</i>	<i>idBBB+/Stable</i>	Short-term liquidity ratio [%]	132.4	122.4	199.8	135.8
		USD exchange rate [USD/IDR]	14,174	14,481	13,548	13,436

** annualized*
 ROAA=return on average assets (including JF) NPR=non-performing receivables
 NPR-balance=overdue >30 days, outstanding receivables
 Short-term liquidity ratio=gross receivables <12 months / ST funding

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 revised the outlook of PT Finansia Multi Finance to "positive"

PEFINDO has revised the rating outlook of PT Finansia Multi Finance (FMFN) to **"positive"** from **"stable"**, while affirmed its **idBBB+** ratings for the Company and its Medium Term Notes (MTN) IV Phase I 2017 and MTN IV Phase II 2018. This rating action follows the plan by KB Kookmin Card Co. Ltd. (Kookmin Card) to acquire 80% of FMFN's shares, as stated by the conditional sales and purchase agreement signed on November 28, 2019. Kookmin Card is a financial institution which offers payment services, financial services, installment financing and leasing. Its total assets, total equity, and net income were recorded at KRW20.5 trillion, KRW3.9 trillion, and KRW286.6 billion or equivalent to USD18.5 billion, USD3.6 billion, USD257.9 million, respectively as of December 31, 2018. Kookmin Card is 100% owned by KB Financial Group Inc. (rated A by S&P), one of the leading financial institution in South Korea with total assets, total equity, and net income of KRW479.6 trillion, KRW35.7 trillion, and KRW3.0 trillion or equivalent to USD431.6 billion, USD32.1 billion, USD2.8 billion, respectively as of December 31, 2018. PEFINDO is of the view that the new controlling shareholder, should the transaction materialize, has the superior capability and strong willingness to provide extraordinary support to FMFN in the time of need. With the acquisition, FMFN will become a strategically important subsidiary of Kookmin Card to penetrate the potential Indonesian market. Strong control over FMFN should be present through its representatives in the board of management, as Kookmin Card will maintain its majority ownership in the medium term. Support may also present in the form of shareholder's providing guarantee to FMFN's bank loans, resulting in more attractive funding cost to FMFN to strengthen its business position.

The rating may be raised if the acquisition process has been materialized as planned. The rating outlook could be revised back to stable if the acquisition process is cancelled or delayed without clear timetable.

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 lead to a weakened capacity of the obligor to meet its financial commitments. The Plus (+) sign in a particular rating indicates that the rating is relatively strong within the respective rating category.

The rating reflects FMFN's above average capitalization, focus on high-yield segments, and adequate liquidity and financial flexibility. However, the rating is constrained by its below average asset quality profile, high operating expenses, and tight competition in the industry.

Established in 1994, FMFN is a finance company covering used cars and motorcycles, and white goods (electronics, furniture, home appliances). As of September 30, 2019, its shares consisted of two classes: A series and B series, with B shares having no voting rights. The A shares were 55% owned by PT Finansia Pacifica Raya, 31.45% by ND Investments Pte Ltd, and 13.55% by Growmoto Kendall Pte Ltd. The B shares were 54.55% owned by ND Investments Pte Ltd, and 45.45% by Growmoto Kendall Pte Ltd.

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.