

PT Adira Dinamika Multi Finance Tbk

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
Corporate Rating		As of/for the year ended	Dec-2019	Dec-2018	Dec-2017	Dec-2016
	<i>idAAA/Stable</i>		<i>Audited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
Rated Issues		Total Assets [IDR Bn]	35,116.9	31,496.4	29,492.9	27,643.1
<i>PUB Bond IV/2017</i>	<i>idAAA</i>	Net Receivables [IDR Bn]	29,915.0	27,872.0	25,899.0	25,320.6
<i>PUB Sukuk III/2017</i>	<i>idAAA(sy)</i>	Net Service Assets [IDR Bn]	54,755.7	51,296.4	45,232.0	44,448.6
<i>PUB Bond III/2015</i>	<i>idAAA</i>	Total Equity [IDR Bn]	8,078.8	7,028.2	5,745.4	4,977.2
<i>PUB Sukuk II/2015</i>	<i>idAAA(sy)</i>	Net Interest Revenue [IDR Bn]	7,253.0	6,685.2	5,579.0	4,540.5
		Net Income [IDR Bn]	2,108.7	1,815.3	1,409.2	1,009.4
		Cost to Income [%]	49.0	50.6	47.6	47.6
Rating Period		Operating Profit Margin [%]	26.0	24.9	23.4	20.4
<i>April 7, 2020 – April 1, 2021</i>		ROAA (including off-balance) [%]	3.8	3.6	3.0	2.2
<i>April 7, 2020 – June 30, 2020 for PUB Bond III Phase I Year 2015 Series B</i>		NPR-Balance/Net Service Assets [%]	3.5	3.6	3.6	3.3
<i>April 7, 2020 – July 14, 2020 for PUB Bond III Phase VI Year 2017 Series B</i>		Reserves/Net Service Assets [%]	2.9	2.8	3.0	2.8
		Equity/Net Service Assets [%]	14.8	13.7	12.7	11.2
		Total Debt (on balance) /Equity [x]	2.8	3.1	3.7	4.1
		Short-Term Liquidity Ratio [%]	207.3	257.3	180.8	175.5
		USD Exchange Rate [IDR/USD]	13,883	14,380	13,568	13,473
Rating History		<i>ROAA=return on average assets. NPR=non-performing receivables > 30 days. NSA = net service assets</i>				
<i>JAN 2020</i>	<i>idAAA/Stable</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>				
<i>JAN 2019</i>	<i>idAAA/Stable</i>					
<i>JAN 2018</i>	<i>idAAA/Stable</i>					
<i>SEP 2017</i>	<i>idAAA/Stable</i>					
<i>JAN 2017</i>	<i>idAAA/Stable</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)" rating for Adira Finance's outstanding sukuk. The outlook for the corporate credit rating is "stable". Adira Finance's Shelf Registration Bond III Phase I Year 2015 Series B (IDR238 billion) and Shelf Registration Bond III Phase VI Year 2017 Series B (IDR450 billion) will mature on June 30, 2020 and July 14, 2020, respectively. The Company's readiness to repay its maturing bonds is supported by its cash and cash equivalents of IDR3.1 trillion at the end of December 2019 (FY2019) and financing receivable collections of IDR3.8 trillion per month.

An obligor rated idAAA has the highest rating assigned by PEFINDO. Its 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 a well-diversified business portfolio. However, the rating is moderated by pressure on its asset quality.

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.

We expect this outbreak to have a manageable impact to Adira Finance's credit profile, mainly supported by the Company's strong competitive edge with shareholding links to Bank Danamon and MUFG Bank, Ltd., providing a 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 the concern of potential business downturn given that 56.5% of its financing portfolio is generated from Java, areas that are significantly impacted by the outbreak, and may become more so, as some people are contemplating to go back to their home cities earlier than usually scheduled for fear of more tightly social distancing measures. PEFINDO will continue to closely monitor these conditions to assess how the impact of COVID-19 is developing, and should there be material alterations we will conduct the necessary rating actions.

PEFINDO views the COVID-19 outbreak will have a significant impact in the financing industry in terms of growth, asset quality, and profitability, particularly related from financing to the economic sectors that are directly impacted such as hotel, tourism, restaurant, as well as transportation. Manufacturing and commodity-based trading sectors may also be affected to a lesser degree, as people's access to work site are limited. The capability of debtors from those economic sectors may be significantly affected, resulting in lower ability to repay their financial obligations, thus affecting the financial profiles of the finance companies as well. Although the newly released POJK 11/POJK.03/2020 allows finance companies to restructure the accounts impacted by COVID-19 outbreak to maintain manageable asset quality ratios, the implementation also carries a moral hazard risk, in a sense that non-affected debtors may be tempted to stop paying their installments.

Established in 1990, Adira Finance provides automotive purchase and multipurpose financing services. As of FY2019, it had 17,677 employees serving clients through 453 business service outlets including sharia branches. These consisted of 192 branches and smaller networks located in various cities throughout the country. Adira Finance is 92.07% owned by Bank Danamon and 7.93% by the public (including 0.42% by PT Asuransi Adira Dinamika).

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.