

PT Bussan Auto Finance

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Dec-2020	Dec-2019	Dec-2018	Dec-2017
Corporate Rating	<i>idAA/Stable</i>		<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Rated Issues		Total assets [IDR bn]	11,560.2	12,642.2	11,116.8	8,015.3
<i>Bond III/2019</i>	<i>idAA</i>	Net receivables [IDR bn]	10,082.0	11,620.8	9,993.6	7,391.2
<i>Bond II/2018</i>	<i>idAA</i>	Net service assets [IDR bn]	10,899.5	12,393.3	10,274.0	7,596.3
Rating Period		Total equity [IDR bn]	1,527.7	1,886.7	2,000.6	1,845.0
<i>April 7, 2021 – April 1, 2022</i>		Net interest revenue [IDR bn]	2,575.6	2,764.7	2,144.4	1,728.6
<i>Bond II/2018 Series B</i>		Net income [IDR bn]	(282.6)	294.3	224.1	182.7
<i>April 7, 2021 – May 21, 2021</i>		Cost to income [%]	48.2	45.7	52.9	58.3
Rating History		Operating profit margin [%]	(10.1)	11.4	12.0	11.8
<i>APR 2020</i>	<i>idAA/Stable</i>	ROAA (including off-balance) [%]	(2.3)	2.5	2.3	2.4
<i>AUG 2019</i>	<i>idAA/Stable</i>	NPR-balance/NSA [%]	7.6	3.3	4.9	4.5
<i>FEB 2019</i>	<i>idAA/Stable</i>	Reserves/NSA [%]	7.5	5.2	2.7	2.7
<i>FEB 2018</i>	<i>idAA/Stable</i>	Equity/NSA [%]	14.0	15.4	19.5	24.3
<i>MAY 2017</i>	<i>idAA/Stable</i>	Total debt/equity [x]	6.0	5.2	4.1	3.0
<i>SEP 2009</i>	<i>idAA-/Stable</i>	Short-term liquidity ratio [%]	139.6	195.6	134.6	180.4
		USD exchange rate [USD/IDR]	14,105	13,901	14,481	13,548

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 Bussan Auto Finance's rating affirmed at "idAA"

PEFINDO has affirmed its "idAA" ratings for PT Bussan Auto Finance (BAF) and its outstanding Bond II/2018 and Bond III/2019. The Company's readiness to repay its maturing Bond II/2018 Series B amounting IDR500 billion that will mature on May 21, 2021 is supported by its cash equivalents and unused loan facility, which at end of December 2020 were recorded at IDR687.4 billion and IDR8.3 trillion, respectively. The outlook for the corporate rating is "stable".

An obligor rated *idAA* differs from the highest rated obligors only to a small degree, and has a very strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors.

The rating reflects BAF's very strong degree of support likelihood from the parent company, strong market position, and strong capitalization profile. The rating is constrained by its below average asset quality and tight competition in the industry.

The rating may be raised if PEFINDO sees stronger evidence of support from its Parent, a strengthening market position, and continuous improvement in asset quality and profitability indicators. The rating could be lowered if PEFINDO views a significant downward shift in support from the Parents. The rating may also be under pressure if BAF's business profile or asset quality continue to deteriorate substantially where it may affect the Parents' support.

PEFINDO is of the view that the pandemic has significantly impacted the financing industry in terms of growth, asset quality, and profitability, particularly from economic sectors that are directly impacted such as hotels, tourism, restaurants, and transportation. Manufacturing and commodity-based trading sectors are also affected at a lesser degree, as people's access to work sites is limited. Borrowers from these sectors are significantly affected, resulting in a lower ability to repay their financial obligations, thus affecting the financial profiles of finance companies. Although the POJK 58/POJK.05/2020 allows finance companies to restructure debtors impacted by COVID-19 to maintain manageable asset quality ratios, implementation also carries a moral hazard risk as a non-affected borrower may be tempted to stop paying their installments. We expect the pandemic to have a manageable impact on BAF's credit profile, given the Company's strong liquidity and strong financial support from creditors due to shareholding links with Mitsui and Yamaha group which provide stable funding access. BAF is also applying stronger underwriting criteria and intensifying its collection efforts, as supported by its strong IT infrastructure. This should offset concerns of a potential business downturn given the subdued growth in the automotive sales nationwide in the next 18-24 months which should affect demand for automotive purchase financing services. PEFINDO will continue to closely monitor the impact of the pandemic on its performance and overall credit profile.

BAF was established in 1995 as PT Pembiayaan Getraco Indonesia. It was renamed PT Danamon Mits Otomotif Finance in 1997 and changed to its present name in 1998. As of December 2020, its shareholders were Mitsui & Co., Ltd (Mitsui, 65.0%), Yamaha Motor Co., Ltd (Yamaha, 17.7%), PT Sinergi Autoindo Abadi (15.0%), and PT Yamaha Indonesia Motor Manufacturing (2.3%). It has 177 branches, serving 816,978 accounts, with a workforce of 5,004 staff.

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