PT BFI Finance Indonesia Tbk

FY 2017 Results

February 2018

Analyst Briefing

FY17 Key Highlights

Strong growth; robust asset quality; improved NIM, stable opex & exceptional PAT surge

Growth

- FY17 new booking reached Rp14,341 bn, increase 33.5% YoY on backed by NDF Car, DF Used Car, Mcy and Heto
- Total managed receivables grows 22.3% YoY to Rp15,936 bn, while on net receivables increased by by 32.5% to Rp 15,589 bn due to declined JF facilities
- Yield Portfolio increases 54 bps YoY to 20.64% supported by larger proportion of higher yield portfolio

Asset Quality

- 12M17 NPL ratio stood at 0.95% from 0.91% YoY due to continued vigilance in risk management and collection. (Note: Write-off policy for 4W & 2W changed to 210 days starting Dec-2016)
- COC ratio also improved to 1.61% from 1.80% YoY, in line with the improvement in NCL from 1.94% to 1.19%

Funding

- Cost of fund decrease 124bps YoY from 11.25% to 10.01%, as a result of credit rating upgrade (by Fitch Ratings) and lower interest environment

Profitability

- FY17 Net Interest Spread improved by 178bps from 8.85% to 10.64% yoy,
- FY17 PBT reached Rp1,488 bn, 45.2% YoY Growth, backed by Net revenue growth of 30.2% and offset by increased in COC 2.8% and opex 21.9%,
- FY17 PAT reached Rp1,188 bn, 48.7% YoY Growth

FY17 Key Highlights (continued)

Strong growth; robust asset quality; improved NIM, stable opex & exceptional PAT surge

Latest update

- Total outlets by end of 2017: 342, increased 37 during the year from 305 in 2016
- Bonds phase III in 2017 dated 9 November 2017 amounted to Rp 835 bn, coupon 6.75% (tenor : 370 days) to 7.75% p.a. (tenor : 3 years)
- Interim Dividend distribution of Rp 23 / share (equivalent to Rp 344 bn) or represents 29% payout ratio in Dec-17
- Establishment of digital subsidiary PT Finansial Informasi Teknologi (FIT) operating license under OJK review
- Set up Sharia business unit (UUS) in 4Q17 and received business operation approval from OJK in Feb-18

FY 2017 Balance Sheet (Proforma) Highlight

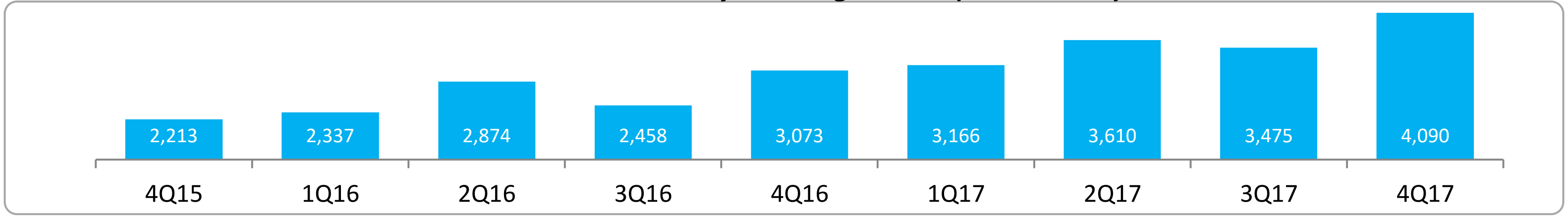
Successfully sustaining business growth in Non-Dealer Financing 4W and 2W

In Rp bil (unless otherwise stated)	FY17	FY16	YoYΔ		FY16	FY15	YoYΔ
New Bookings	14,341	10,743	↑ 33.5%	Driven by Non-Dealer 4W and 2W bookings growth	10,743	10,058	↑ 6.8%
Managed Receivables^	15,936	13,026	↑ 22.3%		13,026	12,229	↑ 6.5%
Total Net Receivables	15,352	11,583	↑ 32.5%	Higher growth vs managed rec. is due to declining JF	11,583	9,898	↑ 17.0%
Total Assets	16,483	12,476	↑ 32.1%		12,476	11,770	↑ 6.0%
Total Debt	10,728	7,656	↑ 40.1%		7,656	7,318	↑ 4.6%
Total Proforma Debt^	11,252	8,915	↑ 26.2%	New bank loans drawdown and issuance of new Bond	8,915	9,457	↓ 5.7%
Total Equity	4,904	4,255	↑ 15.3%		4,255	4,019	↑ 5.9%

* All absolute figures have been rounded to the closest Rp billion and therefore may have some discrepancies with percentage calculations

^ Includes channeling and joint financing transactions

Quarterly Bookings Trend (4Q15-4Q17)



Profit & Loss (Proforma) Highlights

Continued portfolio growth and Net Interest Spread enhancement play a critical role for improving profitability

In Rp bil (unless otherwise stated)	FY17	FY16	YoY∆	FY16	FY15	YoY∆
Interest Income	2,967	2,532	↑ 17.2%	2,532	2,415	↑ 4.8%
Financing Cost	988	1,001	↓ 1.3%	1,001	1,063	↓ 5.8%
Net Interest Income	1,979	1,531	↑ 29.3%	1,531	1,353	↑ 13.2%
Fees & Other Income	1,090	826	↑ 31.9%	826	713	↑ 15.8%
Net Revenue	3,069	2,358	↑ 30.2%	2,358	2,066	↑ 14.1%
Operating Expenses	1,350	1,108	↑ 21.9%	1,108	968	↑ 14.5%
Operating Income	1,719	1,250	↑ 37.5%	1,250	1,099	↑ 13.7%
Cost of Credit	231	225	↑ 2.8%	225	263	↓ 14.4%
PBT	1,488	1,025	↑ 45.2%	1,025	835	↑ 22.8%
PAT	1,188	798	↑ 48.7%	798	650	↑ 22.8%

- Strong Non Dealer Financing income
- Yield improvement of 61 bps YoY

In line with new booking growth

Manageable Increase driven largely by business volume growth

Improved CoC (in % to ANR), despite shorter WO cycle (210 DPD vs 270 DPD)

* All absolute figures have been rounded to the closest Rp billion and therefore may have some discrepancies with percentage calculations

Key Ratios

Improvement in all key ratios, for the first time in the last 10 years, ROE reached >25%

	FY17	FY16	YoYΔ	FY16	FY15	YoYΔ
Net Interest Spread	10.64%	8.85%	↑ 178 bps	8.85%	8.20%	↑ 65 bps
Cost to Income	44.00%	47.00%	↓ 300 bps	47.00%	46.83%	↑ 17 bps
COC / Avg Rec.	1.61%	1.80%	↓ 19 bps	1.80%	2.17%	↓ 37 bps
JAWS	8.3%	-0.4%	↑ 870 bps	-0.4%	-2.5%	↑ 210 bps
ROAA (before tax)	10.33%	8.68%	↑ 165 bps	8.68%	7.75%	↑ 93 bps
ROAA (after tax)	8.24%	6.76%	↑ 148 bps	6.76%	6.03%	↑ 72 bps
ROAE (after tax)	25.61%	19.37%	↑ 624 bps	19.37%	16.90%	↑ 247 bps
NPL*	0.95%	0.91%	↑ 4 bps	0.91%	1.33%	↓ 42 bps
Debt / Equity	2.2x	1.8x	↑ 40 bps	1.8x	1.8x	Stable

Improvement in both yield and CoF

Improvement in CoC in line with improvement in NCL

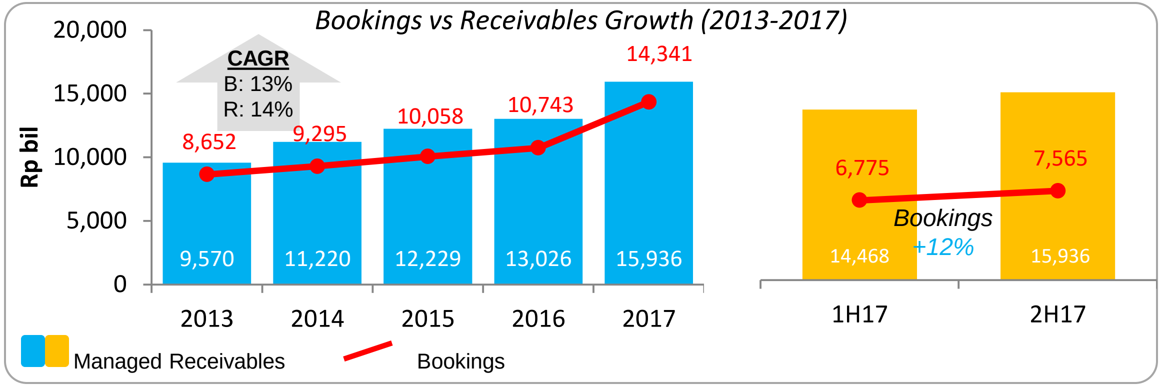
Strong growth in PAT yoy

Stable NPL due to prudent risk mgt & shorter WO cycle

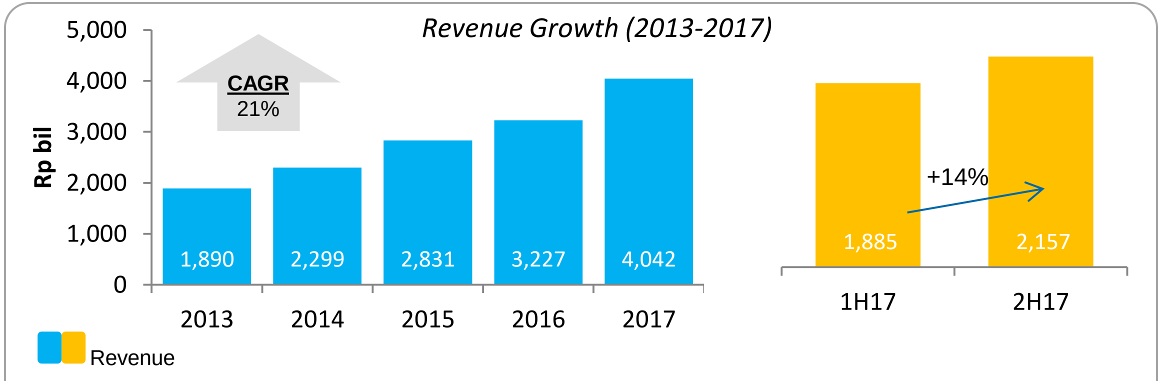
* Defined as Pastdue >90 days, Calculated from total managed receivables (including off B/S receivables)

Ability to build a more robust balance sheet

Sustainable loan and revenue growth over the years – backed by more profitable asset mix



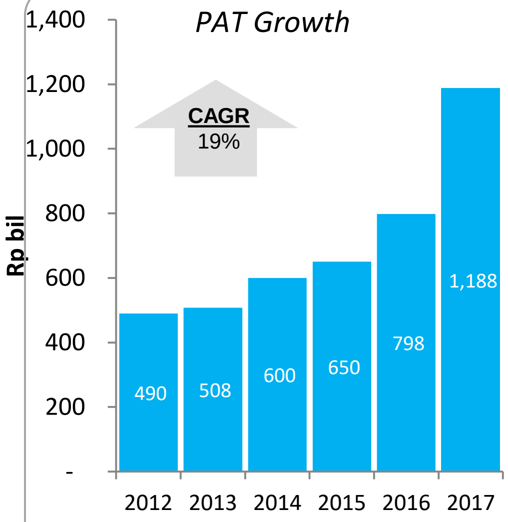
- Loan book shows improvement over the years – able to improve quality and tenor of loans booked, resulting in consistent Receivables growth compared to Bookings
- CAGR growth yoy higher than the industry

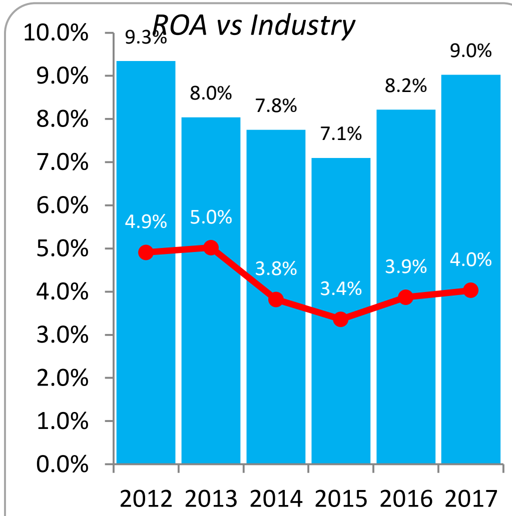


- Consistently strong growth in Revenue as a result of robust balance sheet
- Shows ability to maximise income generation from assets

Stable profitability over the years

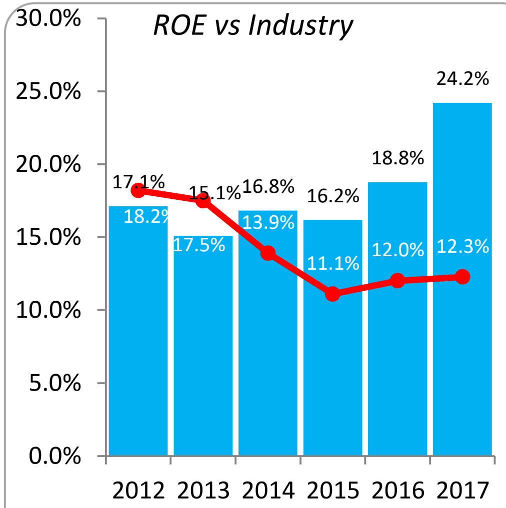
Still one of the most profitable multifinance companies, with ROA and ROE much ahead of the industry





Source: Company, OJK

* 2017 ROA calculated using PBT/Assets, using Dec'17 data for industry



Source: Company, OJK

* 2017 ROE calculated using PAT/Equity, using Dec'17 data for industry

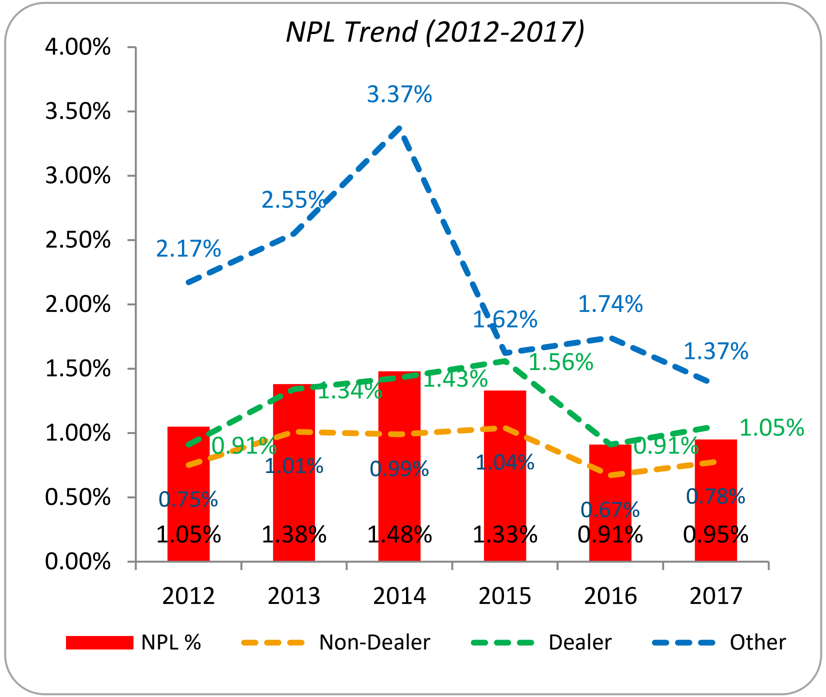
- PAT growth in spite of slowing economy
- Continued efficient OPEX management in spite of aggressive expansion over the years

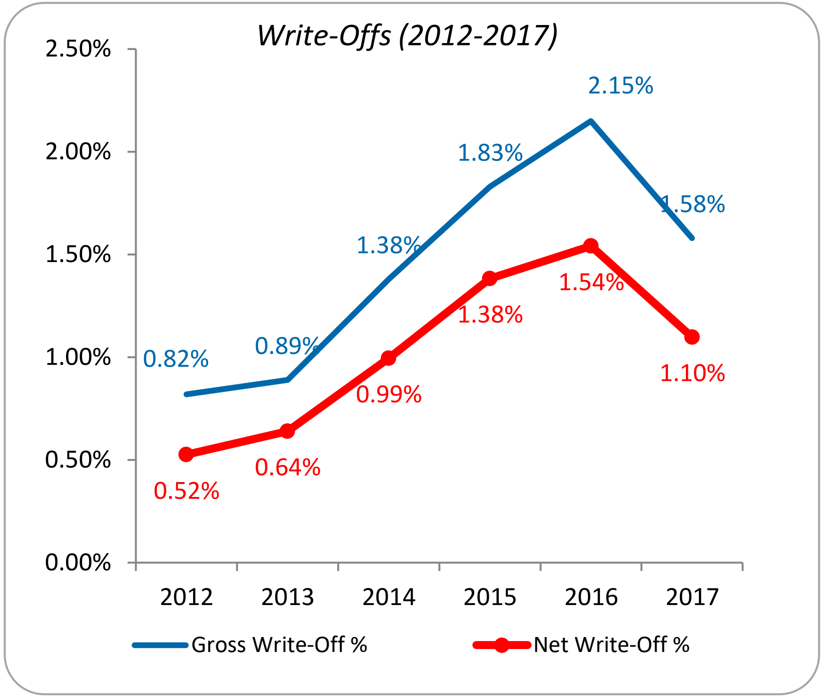
- One of the highest ROA companies in the industry
- Consistently outperformed industry

ROE improving over the years

Asset quality under control

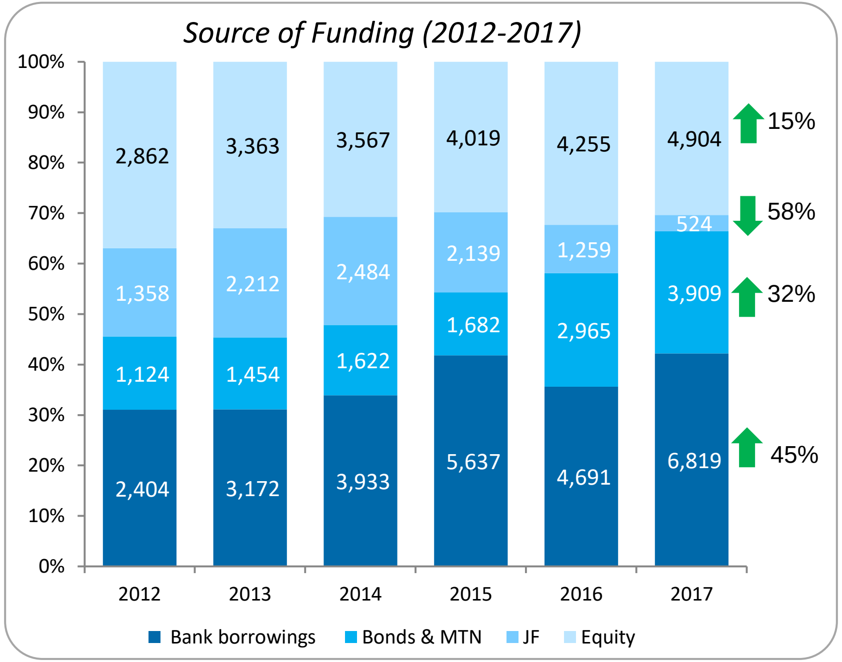
Well managed balance sheet with low NPLs; Lower write-off than its peers

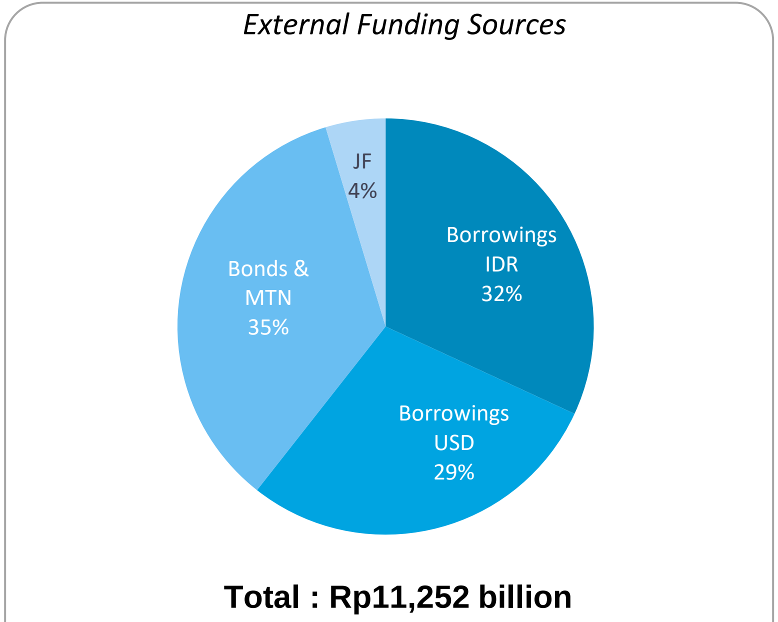




Strong capital base

More diversified capital structure, resulting in better management of borrowing cost and stable NIM



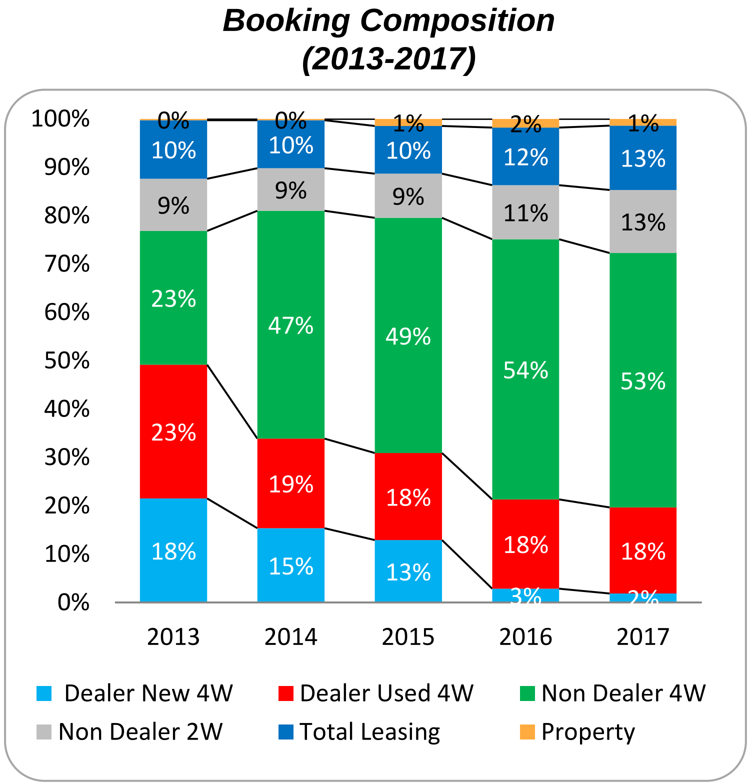


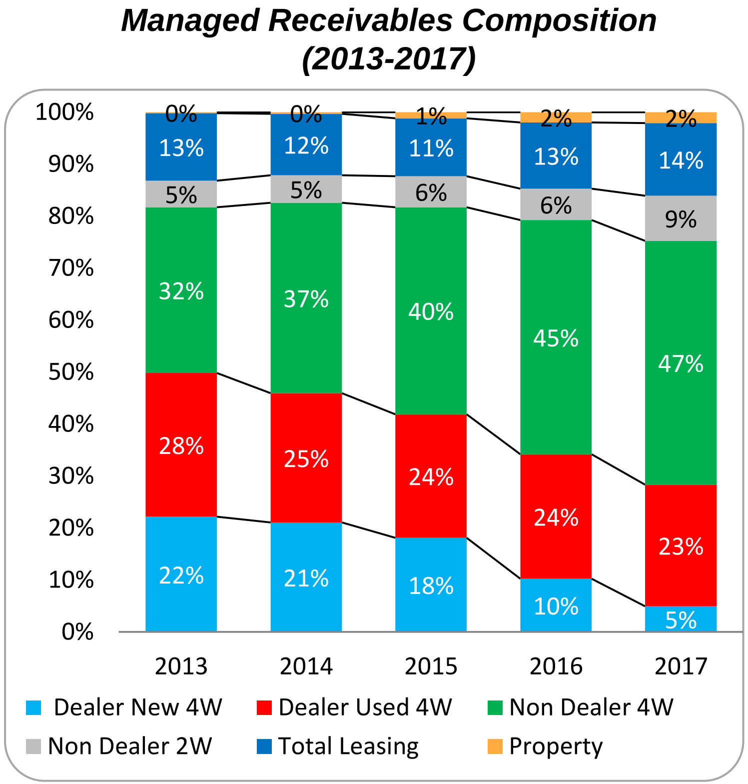
- Increasingly larger proportion of bonds issued, taking advantage of improved pricing climate for bonds since last year
- Decline in Joint Financing contribute to better funding cost

- Corporate rating upgrade by Fitch Ratings to AA-(idn) has improved BFI credit profile and CoF
- Adequate facilities in pipeline to support further business expansion

Asset Composition

Total NDF portfolio (4W + 2W) increased from 52% in 2016 to 56% in 2017, while NDF booking reached 66%





Business Distribution and Branch Network as at Dec-17

Current expansion focused on Java