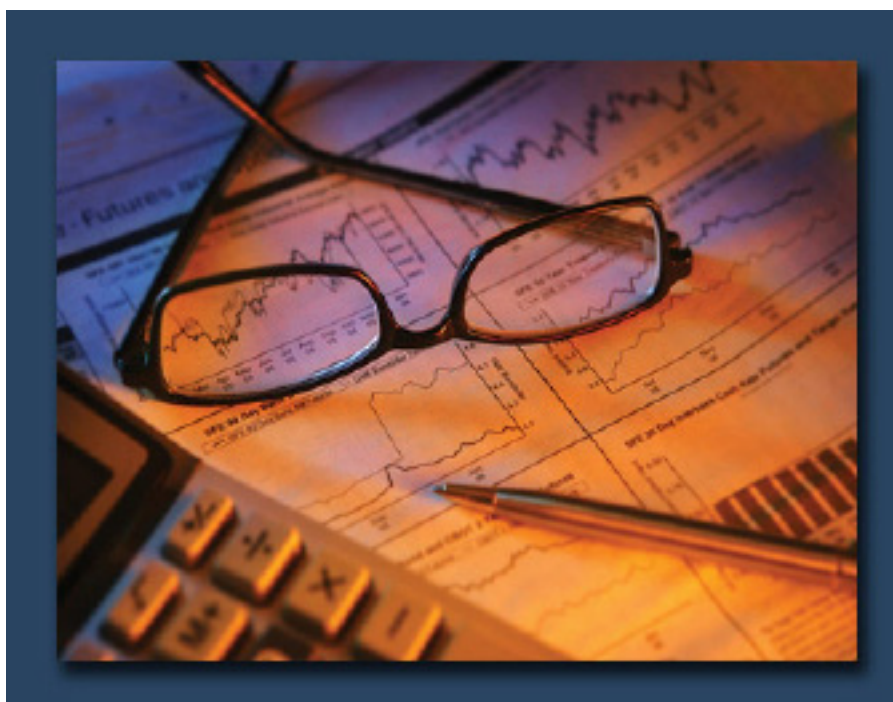


DECEMBER 2014

Indonesia Multifinance Industry

Diversification of Funding Structure



Country

INDONESIA

Country Rating

S & P	(LTLC)	BB+
Moody's	(LTLC)	Baa3
Fitch	(LTLC)	BBB-

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Automotive companies in Indonesia faced a challenging year in 2014 following fuel price hikes both in 2013 and 2014, although the industry still recorded positive growth in vehicle sales. This has helped support the financing business for multifinance companies. Positive growth were recorded of multifinance companies' assets and revenues. However, a high interest rate environment in the financial industry has consequently lead to a higher cost of fund for multifinance companies. Alternatively, most multifinance companies were able to seek funding in USD denomination to complement its funding in IDR denomination.

Please read important disclosure at the back of this report.

Bonds Market Highlights

Ratings and outlook upgrade

Both the rating and the outlook for multifinance bonds have changed several times and generally shown an improving trend. In 2014, several multifinance companies have found the momentum to increase their ratings. In 1Q14, support from PT Bank Central Asia Tbk (BCAF) as BCAF's main shareholder helped lift BCAF's rating to idAAA. Meanwhile, the outlook of IMFI was determined as stable in consideration of its assets quality profile which has seen recovery, especially in the motorcycles financing and new cars financing segments. On the other hand, according to Pefindo, the limited capitalization of VRNA reduces room for the company to expand and compete with the other multifinance companies which have stronger equity. Therefore, as of 4th September 2014, VRNA's rating was cut to idA- from idA.

Strong support from prominent shareholders

Besides the performance of the multifinance companies themselves, strong support from parent companies is of consideration in determining ratings. As of 6th October 2014, the ratings of three multifinance companies from the Astra Group (ASDF, TAFS, and FIFA) were raised to idAAA, idAA+, and idAAA, respectively. These three companies will receive support from PT Astra International Tbk (ASII) as the parent company over the medium-term. Meanwhile, the increase in the rating of PT Bank Danamon Indonesia Tbk (BDMN) as the parent company of ADMF also had a positive impact on ADMF's rating. ADMF's rating was raised to idAAA because of the synergy it enjoys with BDMN, its strong position in the multifinance industry, in addition to its sound business portfolio.

Peningkatan rating dan outlook

Obligasi *multifinance* telah beberapa kali mengalami perubahan rating maupun outlook obligasi dan secara keseluruhan berada dalam tren yang meningkat. Tahun 2014 menjadi momentum bagi beberapa perusahaan *multifinance* untuk meningkatkan peringkat perusahaan. Pada 1Q14, dukungan PT Bank Central Asia Tbk (BCAF) sebagai pemegang saham utama BCAF meningkatkan rating BCAF menjadi idAAA. Outlook IMFI ditetapkan menjadi *stable* dengan mempertimbangkan profil kualitas aset yang pulih terutama dari segmen pembiayaan motor dan mobil baru. Di sisi lain, menurut Pefindo terbatasnya kapitalisasi VRNA memberikan dampak terhadap kemampuan untuk melakukan ekspansi dan bersaing dengan perusahaan *multifinance* lain yang memiliki ekuitas lebih kuat. Oleh karena itu, per tanggal 4 September 2014 rating VRNA turun menjadi idA- dari sebelumnya idA.

Dukungan kuat pemegang saham terkemuka

Dukungan induk perusahaan *multifinance* yang kuat menjadi salah satu pertimbangan utama selain performa Perusahaan itu sendiri dalam menentukan kenaikan rating. Per tanggal 6 Oktober 2014, secara bersamaan perusahaan *multifinance* yang merupakan bagian dari PT Astra International Tbk (ASII) yaitu ASDF, TAFS, dan FIFA mengalami kenaikan rating secara berurutan menjadi idAAA, idAA+, dan idAAA. Ketiga perusahaan tersebut diakui sebagai anak perusahaan strategis bagi Astra Grup dan akan diberikan dukungan dalam jangka waktu menengah. Peningkatan rating PT Bank Danamon Indonesia Tbk (BDMN) sebagai induk perusahaan ADMF juga membawa dampak positif pada rating ADMF. ADMF mencatatkan peningkatan rating menjadi idAAA karena hubungan yang saling menguntungkan dan sinergis dengan BDMN, posisi yang kuat di industri pembiayaan kendaraan bermotor, dan portfolio bisnis yang terdiversifikasi dengan baik.

Exhibit 1. Ratings changes of multifinance bonds in 2014

Bond ID	Date Change	Previous	Change to
BCAF	10-Feb-14	idAA+	idAAA
BCAF Subordinated	10-Feb-14	idAA	idAA+
IMFI	10-Feb-14	negative	stable
VRNA	4-Sep-14	idA	idA-
ASDF	6-Oct-14	idAA+	idAAA
TAFS	6-Oct-14	idAA	idAA+
FIFA	6-Oct-14	idAA+	idAAA
ADMF	6-Nov-14	idAA+	idAAA

Source: Pefindo

Bonds Market Highlights

AAA bonds dominated issuance in 2014

The issuance of multifinance bonds in 11M14 was dominated by AAA rated bonds, reaching IDR7.05 trillion or 56.07% of the total issued bonds. In second place were the AA+ rated bonds amounting to IDR3.04 trillion or 24.17% of the total issued bonds, followed by the AA rated bonds amounting to IDR1.2 trillion (9.54%), the A rated bonds amounting to IDR786 billion (6.25%), and the A+ rated bonds amounting to IDR500 billion (3.97%).

Penerbitan obligasi tahun 2014 didominasi rating AAA

Dengan penambahan obligasi yang termasuk pada rating AAA, penerbitan obligasi *multifinance* sampai dengan 11M14 didominasi oleh obligasi dengan rating AAA yang mencapai Rp7,05 triliun atau sebesar 56,07% dari total proporsi obligasi yang diterbitkan. Di posisi kedua adalah obligasi dengan rating AA+ yang menerbitkan sebesar Rp3,04 triliun atau sebesar 24,17%, diikuti oleh rating AA dengan Rp1,2 triliun (9,54%), rating A sebesar Rp786 miliar (6,25%), dan rating A+ sebesar Rp500 miliar (3,97%).

Exhibit 2. Multifinance bonds issued by rating in 2014

Rating	Amount Issued (IDR bn)	Proportion	Average Coupon Spread (bps)
AAA	7,053	56.07%	292.34
AA+	3,041	24.17%	306.73
AA	1,200	9.54%	352.63
AA-	-	-	-
A+	500	3.97%	380.12
A	786	6.25%	429.62

Source: IDX, Danareksa estimates

AA+ bonds dominated maturity in 2014

AA+ rated bonds constituted the largest proportion of maturing bonds in 11M14, reaching IDR6.47 trillion or 43.73% of the total maturing bonds. Then came the AA rated maturing bonds, reaching IDR3.68 trillion or 24.74% of the total maturing bonds and the AA- rated bonds reaching IDR2.2 trillion or 14.88% of the total maturing bonds. Ranked in fourth place were the A rated bonds with IDR1.55 trillion maturing or 10.44% of the total maturing bonds, followed by the A+, AAA, and BBB rated bonds with IDR450 billion (3.04%), IDR400 billion (2.70%), and IDR55 billion (0.37%) maturing, respectively.

Jatuh tempo obligasi tahun 2014 didominasi rating AA+

Proporsi terbesar obligasi yang jatuh tempo sampai dengan 11M14 adalah obligasi dengan rating AA+ sebesar Rp6,47 triliun atau 43,73% dari total obligasi yang jatuh tempo pada tahun ini. Selanjutnya, obligasi rating AA menduduki posisi kedua obligasi terbesar yang jatuh tempo pada tahun ini dengan nilai sebesar Rp3,68 triliun atau 24,74%, sedangkan pada posisi ketiga ditempati oleh obligasi dengan rating AA- sebesar Rp2,2 triliun atau 14,88% dari total obligasi jatuh tempo. Keempat adalah obligasi rating A yang jatuh tempo sebesar Rp1,55 triliun atau 10,44%, diikuti oleh rating A+, AAA, dan BBB masing-masing sebesar Rp450 miliar (3,04%), Rp400 miliar (2,70%), dan Rp55 miliar (0,37%), secara berurutan.

Exhibit 3. Multifinance bonds matured by rating in 2014

Rating	Amount Issued (IDR bn)	Proportion	Average Coupon Spread (bps)
AAA	400	2.70%	239.90
AA+	6,474	43.73%	232.16
AA	3,678	24.84%	272.03
AA-	2,203	14.88%	294.05
A+	450	3.04%	349.48
A	1,546	10.44%	326.86

Source: IDX, Danareksa estimates

Bonds Market Highlights

Higher yield spread at issuance in 2014

The yield spread between corporate bonds issued by multifinance companies and Government bonds has been in an increasing trend since the beginning of 2014. The lowest spread is on AAA rated bonds (292 bps), while the highest spread is on A rated bonds (429 bps). The second highest spread is on the A+ rated bonds (380 bps). For the AA rated bonds and the AA+ rated bonds the spreads were 352 bps and 306 bps, respectively.

Compared to the spreads of multifinance bonds maturing in 2014, investors demanded a higher risk premium for holding multifinance bonds issued in 2014. This can be seen in the average coupon spread on the AAA rated bonds which reached 239 bps while the coupon spread on the AA+ rated bonds reached 232 bps. Spread of the AA rated bonds, AA- rated bonds, A+ rated bonds, and the A rated bonds with spreads of 272 bps, 294 bps, 349 bps, and 326 bps, respectively.

Yield spread lebih tinggi pada penerbitan tahun 2014

Spread antara obligasi korporasi dari sektor industri *multifinance* dengan obligasi Pemerintah berada dalam tren yang meningkat pada penerbitan selama tahun 2014. *Rating* AAA memiliki *spread* terendah sebesar 292 bps, sedangkan *rating* A mempunyai *spread* terbesar senilai 429 bps. Obligasi *rating* A+ yang memiliki *spread* sebesar 380 bps merupakan tertinggi kedua, selanjutnya untuk obligasi *multifinance* dengan *rating* AA dan AA+ mencapai 352 bps and 306 bps.

Apabila dibandingkan dengan *spread* obligasi *multifinance* yang jatuh tempo di tahun 2014, investor meminta *risk premium* yang lebih tinggi untuk memegang obligasi *multifinance* yang terbit di tahun 2014. Hal ini terlihat dari *spread* obligasi jatuh tempo untuk *rating* AAA yang mencapai 239 bps, sedangkan *rating* AA+ sebesar 232 bps. *Spread* obligasi dengan *rating* AA, AA-, A+ dan A mencapai 272 bps, 294 bps, 349 bps, dan 326 bps secara berurutan.

Exhibit 4. Weighted average yield at issuance (bps)

Rating	2012		2013		2014	
	Financial Company	Others	Financial Company	Others	Financial Company	Others
AAA	208	217	286	174	292	184
AA+	301	227	255	169	307	235
AA	-	265	291	228	353	308
AA-	356	366	243	278	-	303
A+	-	412	412	236	380	332
A	318	409	347	270	430	421
A-	-	474	566	379	-	-

Source: Bloomberg, IDX, Danareksa estimates

Higher yield from the multifinance sector

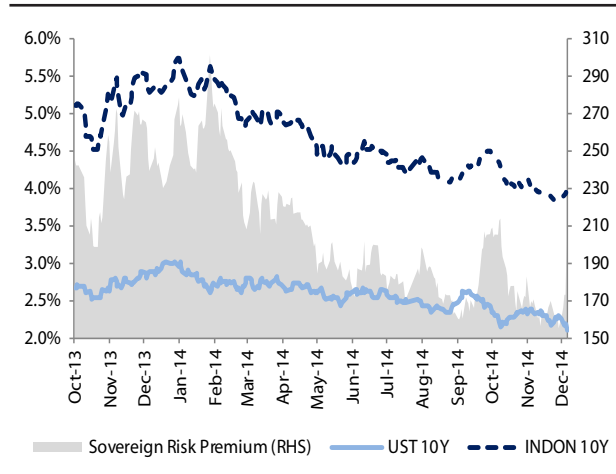
In general, the multifinance sector offers attractive coupons compared to other sectors. In 2014, the average difference between the coupons of the multifinance sector and other sectors was 68bps. Compared to 2012, the average difference was 33bps lower. However, compared to 2013, the average difference was down by 12bps from 80bps. This reflects the fact that because of the significant increase in the BI rate in the second semester of 2013, investors demanded a higher required yield on both Government and Corporate bonds. More than 50% of the total multifinance bonds issuance in 2013 of IDR22.36 trillion was done in the second semester i.e. about IDR12.5 trillion.

Sektor multifinance menawarkan kupon lebih tinggi

Sektor *multifinance* secara umum menawarkan kupon yang lebih menarik dibandingkan sektor lainnya. Pada tahun 2014, rata-rata selisih kupon antara sektor *multifinance* dan sektor lainnya sebesar 68bps. Dibandingkan dengan tahun 2012 yang memiliki rata-rata selisih kupon lebih rendah sebesar 33bps. Namun, jika dibandingkan dengan tahun 2013, rata-rata selisih kupon tahun 2014 mengalami penurunan sebesar 12bps dari 80bps. Hal ini disebabkan pada semester kedua tahun 2013 dengan peningkatan signifikan BI *rate*, investor meminta *required yield* yang lebih tinggi baik untuk obligasi Pemerintah maupun korporasi. Lebih dari 50% dari total *outstanding* penerbitan obligasi *multifinance* tahun 2013 sebesar Rp22,36 triliun, sedangkan yang diterbitkan pada semester kedua sebesar Rp12,5 triliun.

Bonds Market Highlights

Exhibit 5. USD Indonesian Government bond spread over the 10-year US Treasury

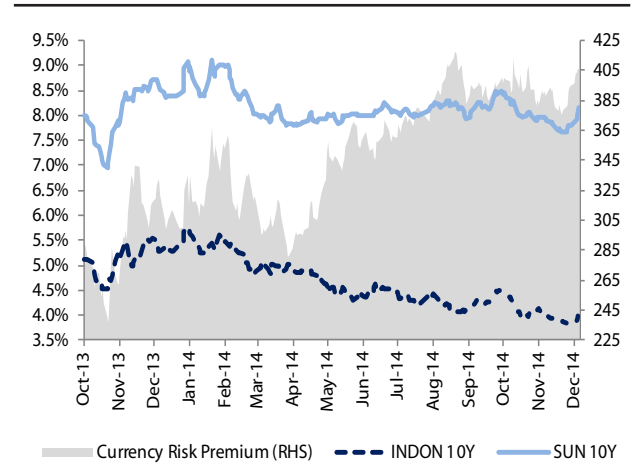


Source: Bloomberg, Danareksa Estimates

Declining sovereign risk, but high currency risk

The yield spread between Indonesian Government Bonds denominated in US Dollars (INDON) and the 10 year US Treasury implied as Sovereign Risk Premium has been in a declining trend since the beginning of the year. As of November 21, 2014, the sovereign risk premium stood at 162bps. It earlier peaked at 279bps on 3 February 2014. Meanwhile, for the implied currency risk premium, the spread between USD Indonesian Government Bonds and IDR Government Bonds has been in an increasing trend. Hence, despite foreign investors' willingness to invest in the Indonesian bonds market, they demanded a higher required yield on IDR Government bonds.

Exhibit 6. USD denominated Indonesian Government bonds spread over IDR Government bonds



Source: Bloomberg, Danareksa Estimates

Sovereign risk menurun, namun currency risk meningkat

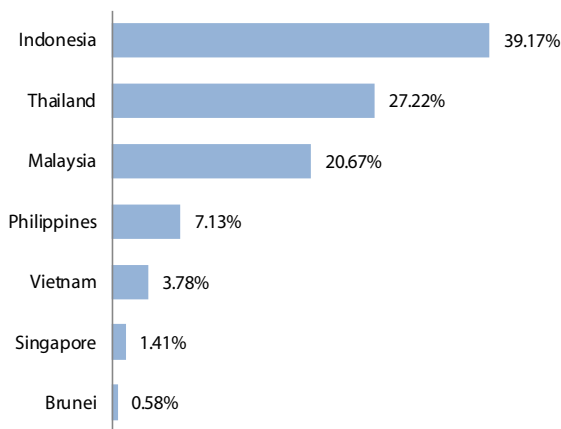
Yield spread antara obligasi Pemerintah Indonesia berdenominasi dolar AS (INDON) dan 10 year US Treasury (*sovereign risk premium*) berada dalam tren yang menurun sejak awal tahun. Per tanggal 21 November 2014, *sovereign risk premium* sudah mencapai 162bps. *Sovereign risk premium* tahun ini mencapai puncak per tanggal 3 Februari 2014, dimana *yield spread* tercatat sebesar 279bps. Sedangkan untuk *currency risk premium*, yaitu *spread* antara obligasi Pemerintah berdenominasi dolar AS dan obligasi Pemerintah berdenominasi Rupiah, berada dalam tren meningkat. Hal ini menandakan investor asing memiliki minat yang tinggi untuk berinvestasi di obligasi Indonesia, namun meminta *required yield* yang lebih tinggi untuk berinvestasi di obligasi Pemerintah berdenominasi Rupiah.

Automotive Industry Overview

Indonesia dominate vehicle sales in ASEAN

As of 3Q14, the sales of both cars and motorcycles in Indonesia were the highest in ASEAN. With a market share of 39.17% in ASEAN, car sales in Indonesia were higher than those in either Thailand (27.22% of the market) or Malaysia (20.67% of the market). For motorcycles, Indonesia was also ranked first, with sales accounting for 74.56% of the total motorcycle sales in ASEAN. Furthermore, Indonesia's motorcycle sales growth was also the briskest in the ASEAN region, reaching 4.6% as of September 2014.

Exhibit 7. Car sales in ASEAN as of 3Q14



Source: ASEAN Automotive Federation

Subsidized fuel price hike hits sales growth

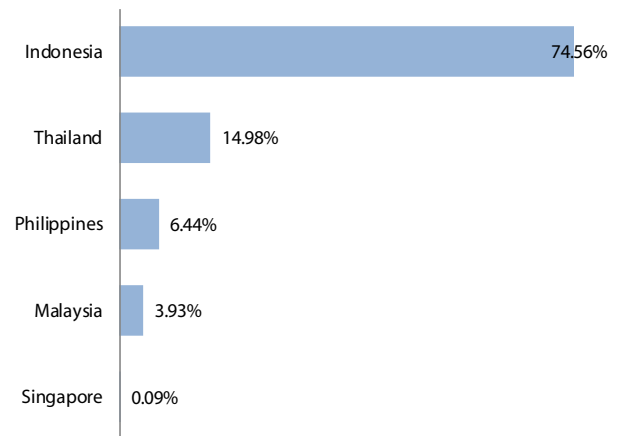
Due to the significant hikes in subsidized fuel prices in 2005 (from IDR1,180 per litre to IDR4,500 per litre), sales of new motor vehicles declined in the following year. In 2006, car sales slumped 40%, while sales of motorcycles fell less dramatically by about 12%. Then, on 24 May 2008, subsidized fuel prices were hiked again to almost IDR6,000 per litre before declining to IDR5,000 at the end of the year. Overall, car sales in 2009 fell about 19% while motorcycle sales dipped 6%. Then, in 2010, subsidized fuel prices were decreased to IDR4,500 per litre. This helped boost car sales by 57% and motorcycle sales by 26%.

As such, it is evident that the hikes in subsidized fuel prices in 2013 had a smaller impact on the sales of motor vehicles than in the years of 2005, 2008, and 2010. Later in June 2013, subsidized fuel prices were increased again: this time to IDR6,500 per litre. On the back of this, car sales increased 2.71% while motorcycle sales were up 1.54%. Furthermore, the impact was greater on the sales of cars than on the sales of motorcycles.

Indonesia tetap mendominasi penjualan kendaraan bermotor di ASEAN

Hingga 3Q14, penjualan kendaraan bermotor di Indonesia baik mobil maupun motor menjadi yang terbesar di ASEAN. Dengan total 39,17%, penjualan mobil di Indonesia tetap tinggi dibandingkan dengan Thailand (27,22%) dan Malaysia (20,67%). Sedangkan, penjualan motor di Indonesia jauh melampaui Negara ASEAN sebesar 74,56% dari total penjualan motor se-ASEAN. Lebih lanjut, pertumbuhan penjualan motor di Indonesia menjadi yang terbesar di ASEAN, dengan pertumbuhan sebesar 4,6% hingga bulan September 2014.

Exhibit 8. Motorcycle sales in ASEAN as of 3Q14



Source: ASEAN Automotive Federation

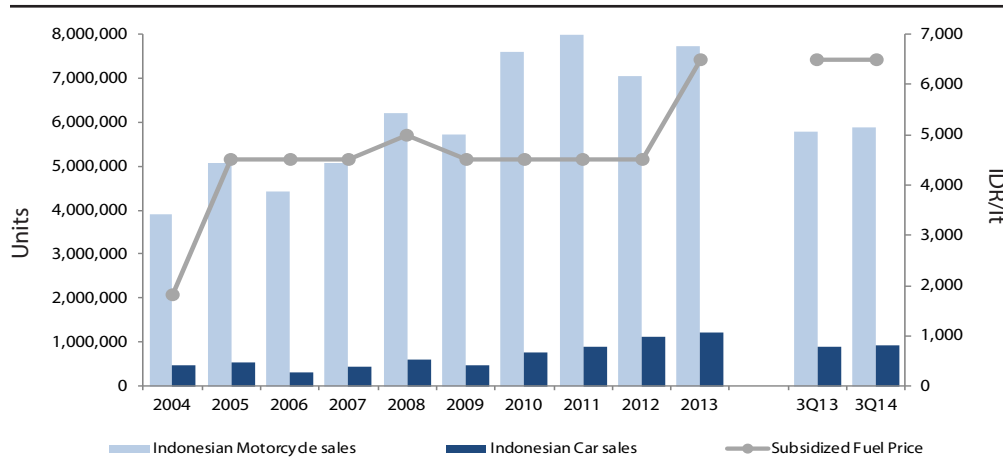
Harga bahan bakar mempengaruhi pertumbuhan penjualan

Kenaikan harga bahan bakar bersubsidi secara signifikan terjadi pada tahun 2005, dari Rp1.180 per liter menjadi Rp4.500 per liter menyebabkan penjualan mobil turun sebesar 40%, lebih dalam dari penurunan penjualan motor sebesar 12% pada tahun 2006. Kenaikan harga bahan bakar kembali terjadi di tahun 2008, sempat menyentuh Rp6.000 per liter pada 24 Mei, dan menjadi Rp 5000 per liter di akhir tahun. Penjualan mobil turun di tahun 2009 sebesar 19% lebih dalam dari penjualan motor sebesar 6%. Harga bahan bakar kembali pada level Rp 4500 per liter, dan pada tahun 2010 penjualan mobil meningkat 57% lebih tinggi dari penjualan motor sebesar 26%.

Berdasarkan data historis harga BBM dan penjualan kendaraan bermotor, peningkatan harga BBM bersubsidi di tahun 2013 memiliki dampak yang lebih rendah dibandingkan tahun 2005, 2008, dan 2010. Harga bahan bakar kembali meningkat menjadi Rp 6500 per liter pada Juni 2013, menyebabkan pertumbuhan penjualan mobil sampai dengan 3Q14 mengalami kenaikan sebesar 2,71% sedangkan motor meningkat sebesar 1,54%. Selain itu, perubahan harga BBM bersubsidi memiliki dampak lebih besar terhadap penjualan mobil dibandingkan penjualan motor.

Automotive Industry Overview

Exhibit 9. Fuel price hike effect to vehicle sales in Indonesia



Source: www.esdm.go.id

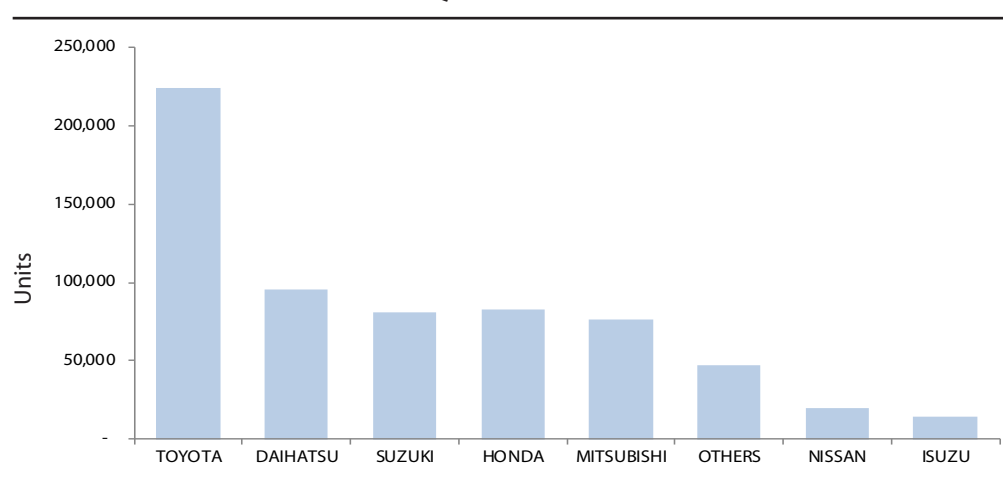
Toyota the most popular car brand in Indonesia

As of September 2014, Toyota was still the most popular brand of car in Indonesia. Indeed, Toyota's market share reached 30% in Indonesia, ahead of Daihatsu in second place with 16.02% market share. Nonetheless, compared to the previous period, Toyota's market share has dropped by 5% whereas the market share of Daihatsu has, by contrast, increased by 3%. Both Toyota and Daihatsu are part of the Astra Group and they are market leaders in Indonesia's car industry. Nonetheless, in 3Q14, sales of non-Astra automotive companies managed to account for the majority of sales at 51.19% of the total.

Toyota merupakan merk mobil terfavorit di Indonesia

Hingga 3Q14, Toyota tetap menjadi merk mobil yang paling diminati oleh konsumen. Hal ini dibuktikan dengan masih menarik minat pasar sebesar 30%. Sedangkan Daihatsu menjadi pangsa pasar terbesar kedua sebesar 16,02% di 3Q14. Akan tetapi, apabila dibandingkan dengan periode sebelumnya, pada 3Q14 terjadi penurunan yang cukup signifikan pada market share Toyota sebesar 5%, namun sebaliknya, Daihatsu mengalami peningkatan sebesar 3%. Toyota dan Daihatsu merupakan bagian dari grup Astra. Tidak seperti periode-periode sebelumnya di mana Astra selalu menjadi pemimpin pasar mobil di Indonesia, pada 3Q14 perusahaan otomotif non-Astra mempunyai performa yang lebih baik sebesar 51,19%.

Exhibit 10. Car sales in Indonesia as of 3Q14



Source: www.gaikindo.or.id

Automotive Industry Overview

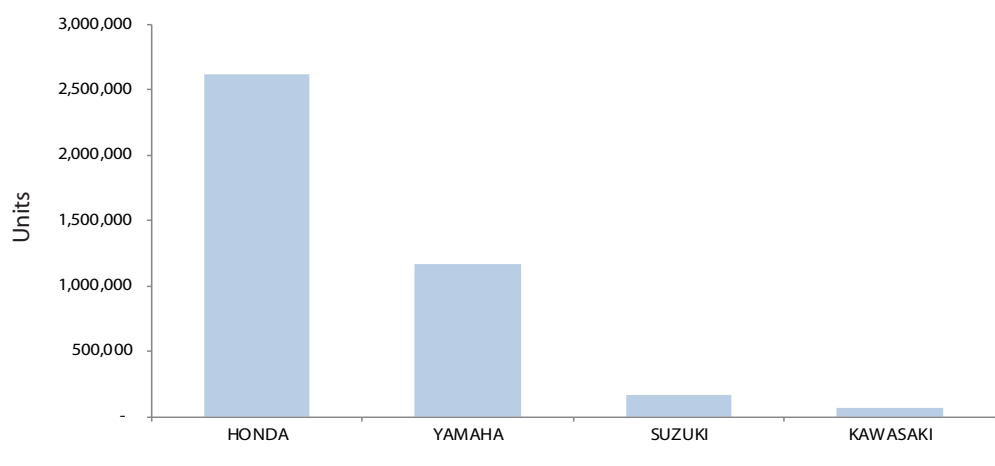
Honda the most popular motorcycle brand in Indonesia

Sales of Honda motorcycles – which is under the Astra group - remained high in 3Q14, taking a significant 63.48% share of the market. In second place was Yamaha with a 30.53% market share, followed by Suzuki with a 3.36% market share. However, compared to 2Q14, Honda's market share declined by 3% in this period whereas the market share of Yamaha and Kawasaki increased by 3.5% and 1.5%, respectively.

Honda merk motor paling favorit di Indonesia

Penjualan motor merk Honda sebagai bagian dari Astra Grup tetap tinggi di 3Q14 dibanding dengan pesaingnya dengan *market share* sebesar 63,48%. Di posisi kedua pemimpin pasar ditempati oleh Yamaha dengan 30,53%, dan diikuti oleh Suzuki di tempat ketiga sebesar 3,36%. Akan tetapi, apabila kita bandingkan dengan periode 2Q14, penjualan motor merk Honda mengalami penurunan sebesar 3% di periode ini. Hal ini berbeda dengan Yamaha dan Kawasaki yang mengalami kenaikan di periode ini sebesar 3,5% dan 1,5%, secara berurutan.

Exhibit 11. Motorcycle sales in Indonesia as of 3Q14



Source: www.gaikindo.or.id

The impact of newcomers

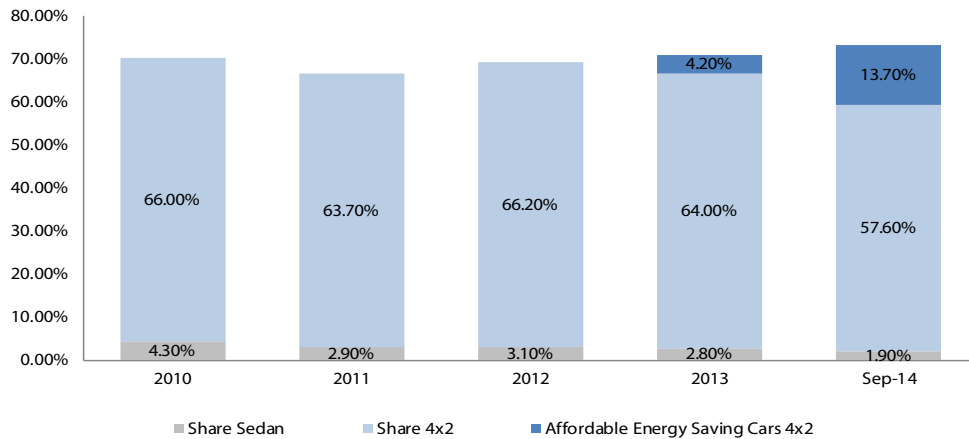
In this quarter, there was a shift in passenger car sales. At first, passenger cars could only be classified as sedans, 4X2, or 4X4. However, in 2013, the production of "Affordable Energy Saving Cars" began. The market share of these cars jumped from 4.2% in 2013 to 13.70% in 3Q14. As a result, the market share of other types of passenger cars declined. For sedans, their market share dropped from 2.8% to only 1.9%, while the market share for 4x2 cars declined by 6.4% from 2013 in 3Q14.

Dampak hadirnya pendatang baru

Terdapat pergeseran pada pangsa pasar mobil penumpang dalam kuartal ini. Pada awalnya, jenis mobil penumpang hanya dapat digolongkan ke dalam sedan, 4x2, dan 4x4. Akan tetapi, sejak 2013, produksi mobil tipe "Affordable Energy Saving Cars" telah dimulai. Mobil tipe ini memiliki pertumbuhan penjualan yang cukup signifikan, bermula dari 4,2% di 2013 menjadi 13,70% di 3Q14. Dampak dari keberadaan pendatang baru ini menyebabkan penjualan mobil penumpang jenis lain mengalami penurunan, seperti tipe sedan dan 4x2. Penjualan Sedan berkurang dari 2,8% menjadi hanya 1,9%, sedangkan tipe 4x2 turun sebesar 6,4% dari 2013 pada 3Q14.

Automotive Industry Overview

Exhibit 12. Market share based on type of car



Source: www.gaikindo.or.id

4X2 cars are still the most popular in Indonesia

4x2 cars are still the most popular type of car in Indonesia. Indeed, the market share of 4x2 cars was about 57% in 3Q14. The popularity of 4x2 cars reflects the fact that these cars are suitable for large families which are common in Indonesia. The data also shows that Pickups/Trucks remain popular - especially among small sized business owners - with 24.10% market share.

By the location of their operational activities, the majority of the multifinance companies have a presence in Jabodetabek, Java, Sumatera, Kalimantan, Sulawesi, Bali, and Nusa Tenggara. However, the focus of sales is still on Java, Jabodetabek, and Sumatera, accounting for 43%, 28%, and 20% of total sales, respectively. According to the data in this period, FIFA accounted for the most revenues in 3Q14 in 5 regions, namely: Java with 28.73%, Sumatera 34.34%, Kalimantan 36.94%, Sulawesi 37.92% and Bali with 68%. ASDF

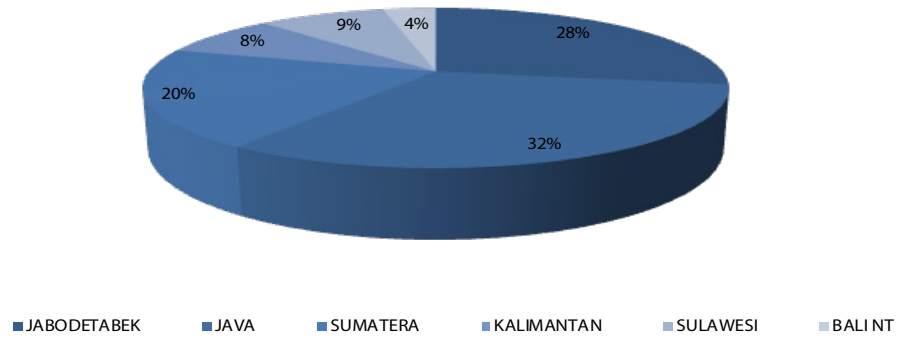
Mobil tipe 4x2 terpopuler di Indonesia

Dari beberapa tipe mobil, jenis 4x2 tetap menjadi pilihan utama para konsumen di 3Q14. Hal ini dibuktikan dengan dominasi *market share* sebesar 57%. Alasan yang mungkin menjadi penyebab masyarakat Indonesia tetap memilih mobil jenis "mobil keluarga", dibandingkan dengan sedan misalnya, adalah karena konsumen memiliki keluarga yang tidak sedikit serta cenderung berpergian bersama. Selanjutnya, data statistik juga menunjukkan bahwa *pick up/truck* tetap dibutuhkan oleh para konsumen sebagai moda transportasi utama suatu bisnis. Oleh karena itu, mobil jenis tersebut menjadi pemimpin pasar kedua sebesar 24,10%.

Mayoritas pengoperasian perusahaan multifinance dibagi menjadi wilayah Jabodetabek, Jawa, Sumatera, Kalimantan, Sulawesi, dan Bali serta Nusa Tenggara. Namun, semua perusahaan tetap lebih memusatkan penjualan di wilayah Jawa, Jabodetabek, dan Sumatera masing-masing sebesar 32%, 28%, dan 20% secara berurutan. FIFA mencatatkan pendapatan paling tinggi pada 3Q14 di 5 daerah secara total sebesar, yaitu Jawa sebesar 28,73%, Sumatera sebesar 34,34%, Kalimantan 36,94%, Sulawesi 37,92%, serta yang paling menonjol di Bali yakni sebesar 68%. Sedangkan ASDF, menjadi pemimpin pasar di wilayah Jabodetabek dengan jumlah 36%

Automotive Industry Overview

Exhibit 13. Market share based on regions



Source: company

Financial Highlights

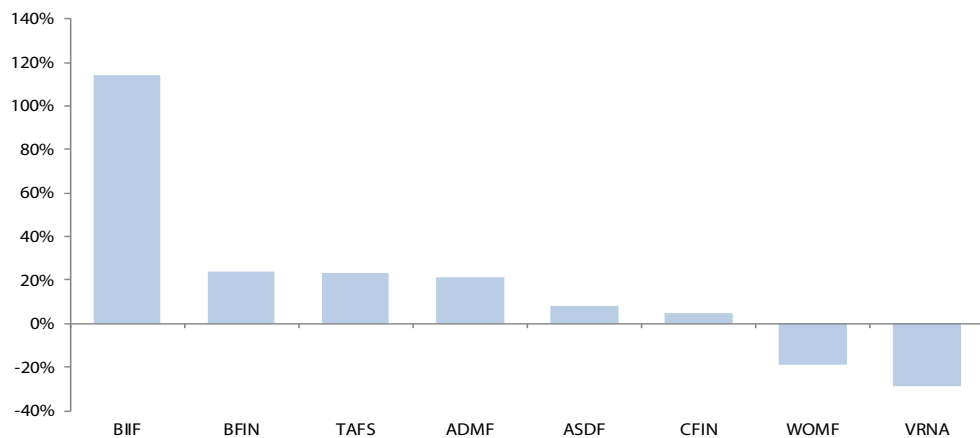
Increasing non performing financing (NPF)

Non performing financing (NPF) ratio measured by percentage of financing receivables more than 90 days to total financing receivables. Although the multifinance companies could keep their NPFs below the 3.5% level in 3Q14, the NPFs of some of them showed a significant increase. The most pronounced increase was recorded by BIIF, with its NPFs up from 0.6% in 3Q13 to 1.3% in 3Q14. The second highest increase in NPFs was recorded by BFIN, whose NPFs grew 24%, followed by TAFS (23% growth in NPFs) and ADMF (21%). Two companies recorded a contraction in NPFs: VRNA by 29% and WOMF by 19%.

Non performing financing (NPF) meningkat

Rasio *non performing financing* (NPF) adalah rasio piutang kredit bermasalah lebih dari 90 hari terhadap total piutang kredit yang diberikan Perusahaan *multifinance*. Meskipun di 3Q14 setiap perusahaan dapat menjaga level NPF sehingga tidak melebihi 3,5%, akan tetapi beberapa perusahaan mengalami kenaikan NPF yang cukup signifikan. Data yang paling terlihat adalah BIIF yang mengalami pertumbuhan dari 0,6% di 3Q13 menjadi 1,3% di 3Q14. BFIN berada di posisi kedua perusahaan yang memiliki NPF tertinggi sebesar 24%, diikuti oleh TAFS 23%, dan ADMF sebesar 21%. Namun, beberapa perusahaan seperti VRNA dan WOMF mengalami penurunan NPF, sehingga mengalami penurunan pertumbuhan sebesar 29% dan 19%, secara berurutan.

Exhibit 14. Growth in non performing financings as of 3Q14



Source: company

Total liabilities growth in line with total assets

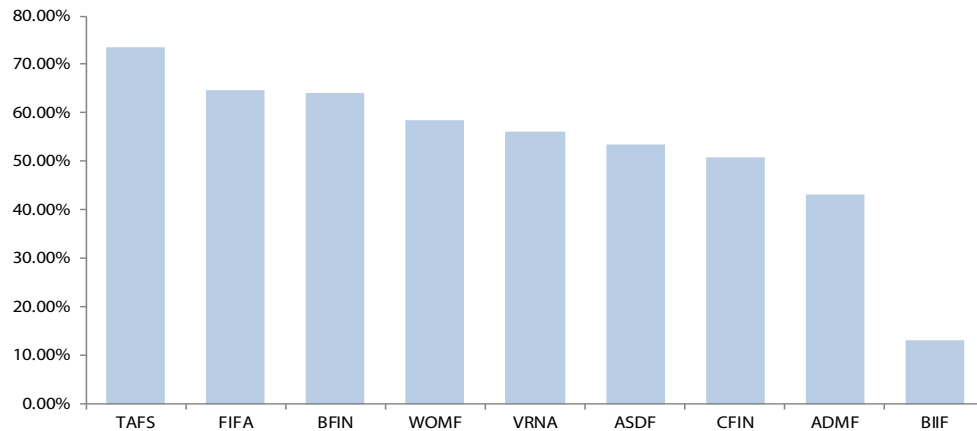
Generally, the growth in total assets is in line with the growth in total liabilities. This can be seen in the total liabilities of WOMF which grew 25%. In second place was ADMF whose total liabilities grew 23%, followed by FIFA (with 21% growth) and BFIN (10% growth). For VRNA, TAFS, and ASDF, their assets and liabilities grew in the range of 8%-9%. Lastly, for CFIN and BIIF, their liabilities only grew by 1% and 3%, respectively.

Pertumbuhan total kewajiban seiring dengan total aset

Seiring dengan pertumbuhan aset Perusahaan, kewajiban Perusahaan secara umum bertumbuh. Hal ini dapat dibuktikan dengan total beban WOMF yang mencapai angka 25%. Di posisi kedua adalah ADMF dengan total kewajiban yang mengalami peningkatan sebesar 23%, diikuti oleh FIFA sebesar 21% dan BFIN 10%. Beberapa perusahaan juga mencatatkan jumlah pertumbuhan aset dan beban yang sama seperti VRNA, TAFS, dan ASDF yakni sebesar 8% - 9%. Terakhir, jumlah pertumbuhan beban yang paling sedikit dicatatkan oleh CFIN dan BIIF masing-masing sebesar 1% dan 3%.

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Exhibit 15. Percentage of borrowings to total liabilities as of 3Q14



Source: Company

Bank loans generally increased

Borrowings, as an alternative source of funding, are vital since they allow multifinance companies to diversify their liabilities. Multifinance companies may take on bank loans in order to help finance their companies as well as to expand their businesses. In this period, the highest increase in borrowings was recorded by WOMF with 39% growth. VRNA was in second place with 23% growth, followed by ADMF with 12% growth. By contrast, BIIF recorded a 21% contraction in borrowings.

Rupiah loan interest rates increased more than USD loan interest rates

Since the beginning of the year, the interest rates on rupiah denominated bank loans to be used for working capital have been in an increasing trend. As of September 2014, the average interest rate on rupiah denominated bank loans was 12.79%, or up by 98bps from 11.81% in September 2013. Meanwhile, the interest rates on bank loans denominated in US Dollars for working capital reached 4.56% in September 2014, or up by only 64bps. The smaller increase in USD loan interest rates compared to that of rupiah loan interest rates encouraged some companies to diversify their funding sources by taking on USD loans.

Pinjaman bank meningkat secara umum

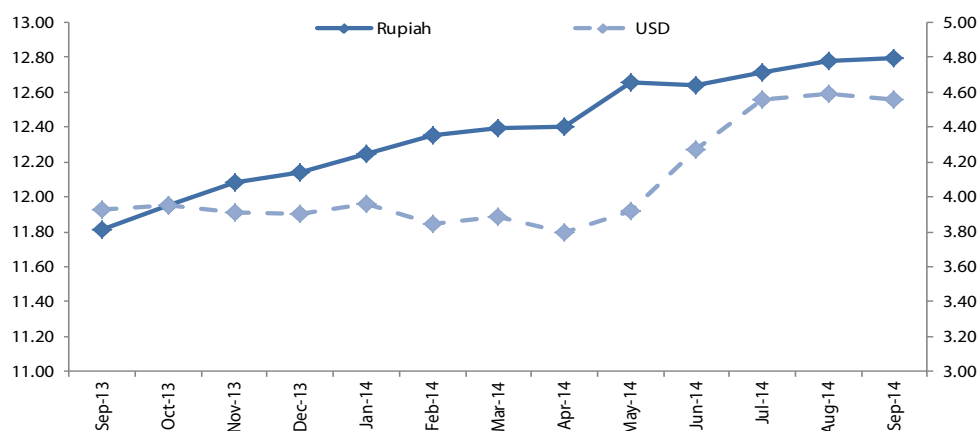
Hutang, sebagai alternatif sumber pendanaan merupakan kebutuhan dasar bagi perusahaan multifinance sebagai bagian dalam strategi mereka untuk diversifikasi struktur liabililas perusahaan. Perusahaan multifinance dapat melakukan pinjaman perbankan dengan tujuan untuk membantu mereka dalam pembiayaan perusahaan dan untuk melakukan ekspansi bisnis. Dalam periode ini, pertumbuhan hutang bank mengalami kenaikan paling besar yakni 39% oleh WOMF. VRNA berada di posisi ke dua dengan 23% pertumbuhan, diikuti oleh ADMF 12%. Namun, keadaan berbeda ditunjukkan oleh BIIF dengan pertumbuhan negatif hutang bank sebesar 21%.

Suku bunga pinjaman Rupiah meningkat lebih tinggi dibandingkan dolar AS

Suku bunga pinjaman perbankan berdenominasi Rupiah yang diperuntukkan untuk modal kerja pada tahun 2014 berada pada tren yang meningkat sejak awal tahun. Per September 2014, suku bunga Rupiah untuk modal kerja secara rata-rata sebesar 12,79%, meningkat signifikan sebesar 98bps dibandingkan September 2013 yaitu secara rata-rata sebesar 11,81%. Sedangkan suku bunga pinjaman perbankan dolar AS untuk modal kerja meningkat 64bps mencapai 4,56 per September 2014. Peningkatan suku bunga pinjaman dolar AS yang lebih rendah dari pinjaman Rupiah ini menyebabkan Perusahaan mempertimbangkan untuk melakukan diversifikasi pinjaman ke pinjaman dolar AS.

Financial Highlights

Exhibit 16. Working capital loan interest rates in IDR and USD



Source: www.ojk.go.id

USD borrowings as an alternative funding source

Multifinance companies boosted their USD borrowings in 2014. As of 3Q14, the borrowings of ADMF in USD increased to 5.77 trillion from 96.4 billion in 3Q13. Similarly, ASDF also recorded a significant increase in USD borrowings reaching 12.82 trillion rupiah, whilst the USD borrowings of TAFS and BFIN increased by 33.91% and 97%, respectively. BIIF, by comparison, which previously did not have USD denominated bank loans, recorded borrowings of 23.2 billion rupiah as of 3Q14.

Pinjaman dolar AS sebagai pendanaan alternatif

Perusahaan multifinance meningkatkan pinjaman dolar AS secara signifikan pada tahun 2014. Pinjaman ADMF dalam mata uang dolar AS meningkat sangat signifikan mencapai 5,77 triliun per 3Q14 dari 96,4 miliar per 3Q13. Peningkatan signifikan pinjaman dalam mata uang dolar AS juga dialami ASDF per 3Q14 yang mencapai 12,82 triliun dalam Rupiah. TAFS dan BFIN juga mengalami peningkatan jumlah pinjaman masing-masing mencapai 33,91% dan 97%. Sedangkan BIIF yang sebelumnya tidak memiliki pinjaman dalam dolar AS, per 3Q14 mencatatkan pinjaman dolar sebesar Rp23,2 miliar.

Exhibit 17. Borrowings in IDR and USD

Company ID	Borrowings IDR		Borrowings USD	
	3Q13	3Q14	3Q13	3Q14
Above IDR10 trillion				
ASDF	6,045,000	2,093,000	7,681,000	12,817,000
ADMF	7,622,844	6,774,754	96,403	5,769,299
FIFA	-	2,208,674	-	11,235,697
TAFS	2,735,000	1,687,000	6,132,432	8,211,750
Between IDR5 trillion - IDR10 trillion				
BFIN	2,097,802	1,290,997	1,099,783	2,171,023
IMFI				
CFIN	1,511,790	1,682,339	-	-
BCAF				
TUFI	3,682,672	3,661,710	-	-
Below IDR5 trillion				
WOMF	1,827,100	2,540,335	-	-
BIIF	346,797	328,943	-	23,219
VRNA	842,600	1,038,196	-	-

Source: Company

Financial Highlights

Minimizing the impact on the cost of funds

Although the rupiah weakened by almost 5% in 3Q14 compared with its level in 3Q13 of IDR 12,180 – IDR 12,200/USD, companies still relied on USD loans as an alternative source of funding. This reflects the declining trend in the interest rate on USD loans for multifinance companies. However, a higher cost of funds is inevitable when interest rates increase. In the case of ADMF, for example, its cost of funds, as calculated by the financing costs and cash dividends divided by total debt and equity, increased by 40-50bps or 10% in 3Q14 compared to 3Q13. For BFIN, its cost of funds, as calculated by the financing costs divided by total debt, declined by 200bps in 3Q14 from 13.20% in 3Q13.

Bonds issuance growth was less than growth in borrowings

WOMF's bonds payable did not increase as much as its borrowings, up by 24%. The bonds payable of the other multi finance companies - such as ASDF, BFIN, TAFS and ADMF - increased in the range of 10% - 14%. The bonds payable of BIIF, by comparison, were stable in 3Q14. These figures suggest that multifinance companies believe that the issuance of bonds in too large amounts will result in excessive financing costs. Even though the spread between multifinance bonds and government bonds, which reflects the required risk premium of investors to hold multifinance bonds, was lower in 2014 than in the previous year, the relatively high government bond yields meant that the coupons on multifinance bonds were still at a fairly high level.

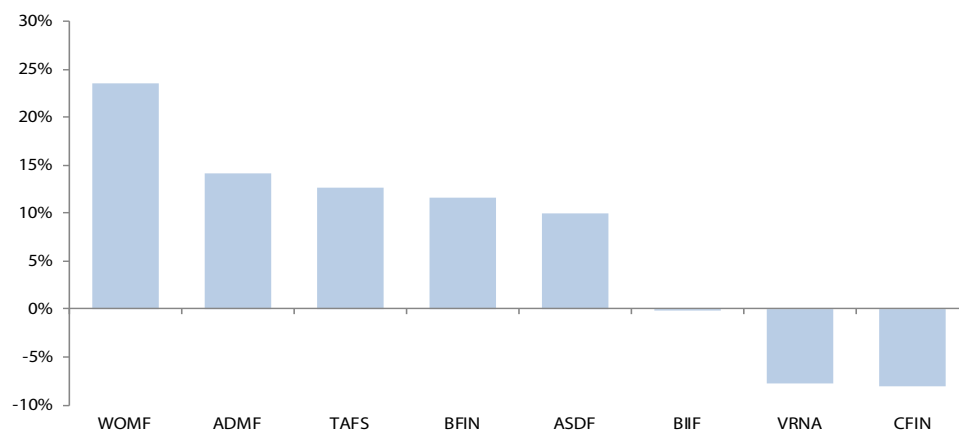
Meminimalisasi dampak terhadap *cost of fund*

Meskipun Rupiah per 3Q14 dibandingkan 3Q13 mengalami pelemahan hingga 5% mencapai level Rp12.180 - Rp12.200 per dolar AS, namun Perusahaan menilai mengandalkan pinjaman dolar AS sebagai alternatif yang baik. Hal ini disebabkan melihat pada suku bunga pinjaman dolar AS di perusahaan *multifinance*, secara umum berada tren penurunan. Kenaikan beban keuangan (*cost of fund*) tidak dapat dihindari di tengah-tengah lingkungan dengan tingkat suku bunga yang tinggi. Sebagai contoh *cost of fund* ADMF, yang dihitung dari biaya keuangan dan dividen kas dibagi total hutang dan ekuitas, mengalami kenaikan sebesar 40-50bps per 3Q14 menjadi 10% dibandingkan 3Q13. Sedangkan *cost of fund* BFIN, yang dihitung dari biaya keuangan dibagi total hutang, mengalami penurunan 200bps per 3Q14 dari 13.20% per 3Q13.

Penerbitan obligasi tumbuh lebih rendah dari *borrowings*

Tidak setinggi pertumbuhan *borrowings*, WOMF yang memiliki pertumbuhan *bonds payable* terbesar, hanya mengalami pertumbuhan sebesar 24%. Perusahaan lain seperti ASDF, BFIN, TAFS, dan ADMF mengikuti antara 10% - 14%. Di lain pihak, data BIIF menunjukkan *bonds payable* yang stabil di 3Q14. Hal ini menunjukkan Perusahaan *multifinance* menilai penerbitan *bonds issuance* yang terlalu tinggi akan memberatkan biaya keuangan Perusahaan. Meskipun *spread* antara obligasi *multifinance* dan obligasi Pemerintah, yang mencerminkan *risk premium* yang diinginkan investor untuk memegang obligasi *multifinance*, di tahun 2014 mengalami penurunan dibandingkan tahun lalu, namun tingkat *yield* obligasi Pemerintah yang masih tinggi menyebabkan kupon obligasi *multifinance* masih berada pada level yang cukup tinggi.

Exhibit 18. Growth in bonds payable



Source: Company

Financial Highlights

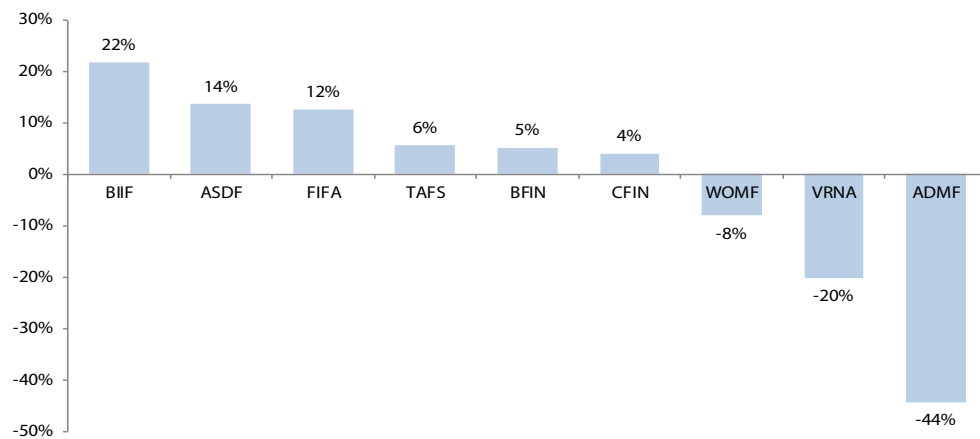
Mostly positive net income growth

The highest growth in net income in 3Q14 was recorded by BIIF at 22%. In second place was ASDF with 14% growth in net income, followed by FIFA with 12% growth. On the other hand, ADMF net income slumped 44% because of a change in its regulations on income from insurance fee and a change in accounting principles based on installments. Besides ADMF, VRNA and WOMF also posted a reduction in net income (down by 20% and 8%, respectively, in this period). For TAFS, BFIN, and CFIN, their net income grew about 4%, 5%, and 6%, respectively.

Secara umum mencatatkan pertumbuhan positif laba bersih

Pertumbuhan laba bersih tertinggi pada 3Q14 adalah BIIF dengan 22% pertumbuhan. Posisi kedua diisi oleh ASDF dengan pertumbuhan sebesar 14%, diikuti oleh FIFA sebesar 12%. Di sisi lain, laba bersih ADMF turun sangat tajam, yakni sebesar 44% disebabkan regulasi atas pendapatan yang berasal dari *insurance fee* dan perubahan pencatatan pendapatan sesuai *installment*. Selain ADMF; VRNA dan WOMF juga merupakan perusahaan yang mengalami penurunan dalam pertumbuhan *net income* di periode ini masing-masing sebesar 20% dan 8% secara berurutan. Sedangkan laba bersih perusahaan *multifinance* seperti TAFS, BFIN, dan CFIN masing-masing tumbuh sebesar 4%, 5%, dan 6%, secara berurutan.

Exhibit 19. Multifinance companies growth in net income



Source: Company

APPENDICES

APPENDICES

Appendix 1. Multifinance companies financial statement (IDR mn)

Company ID	Total Assets	Consumer Financing Receivables - Net	Non Performing Financing (NPF)	NPF + Write offs	
Above IDR10 trillion					
ASDF	32,612,000	26,177,000	0.09%	1.49%	
ADMF	32,986,613	29,066,403	1.65%	3.45%	
FIFA	25,047,091	22,394,666	0.08%	0.08%	
TAFS	15,184,901	13,416,415	2.66%	2.92%	
Between IDR5 trillion - IDR10 trillion					
BFIN	9,023,438	5,198,101	1.73%	2.53%	
CFIN	6,374,579	3,156,106	2.20%	2.20%	
TUFI	6,477,234	5,218,760	1.18%	1.77%	
Below IDR5 trillion					
WOMF	4,898,512	4,335,183	2.67%	3.11%	
BIIF	3,393,647	3,141,116	1.21%	1.33%	
VRNA	2,119,199	1,107,943	1.08%	1.47%	

Company ID	Total Liabilities	Bonds Payable - Net	Net Debt to Equity	Borrowings in IDR	Borrowings in USD	Borrowings Total
Above IDR10 trillion						
ASDF	27,686,000	11,672,000	5.19	2,093,000	12,817,000	14,809,000
ADMF	29,032,478	11,282,472	5.78	6,774,754	5,769,299	12,544,053
FIFA	20,756,805	4,867,731	4.03	2,208,674	11,235,697	13,444,371
TAFS	13,442,087	2,915,499	7.16	1,687,000	8,211,750	9,895,906
Between IDR5 trillion - IDR10 trillion						
BFIN	5,351,887	1,620,756	1.30	1,290,997	2,171,023	3,429,859
CFIN	3,298,345	1,427,357	0.92	1,682,339	-	1,682,339
TUFI	5,635,300	1,446,699	5.94	3,661,710	-	3,649,001
Below IDR5 trillion						
WOMF	4,346,513	1,216,787	6.25	2,540,335	-	2,540,335
BIIF	2,662,361	1,820,402	3.14	328,943	23,219	352,162
VRNA	1,845,516	735,783	6.30	1,038,196	-	1,038,196

APPENDICES

Appendix 1. Multifinance companies financial statement (IDR mn) (cont'd)

Company ID	Sales	Consumer Financing	Net Income	ROAA	ROAE	Net Interest Income
Above IDR10 trillion						
ASDF	3,835,000	2,853,000	865,000	3.52%	24.18%	2,111,000
ADMF	6,151,885	6,236,287	688,209	2.20%	0.00%	2,615,509
FIFA	4,734,150	4,462,111	958,409	5.75%	30.65%	3,476,846
TAFS	1,320,351	1,181,155	208,082	1.90%	16.15%	518,649
Between IDR5 trillion - IDR10 trillion						
BFIN	1,677,647	1,023,724	408,073	6.17%	15.19%	1,313,913
CFIN	773,198	339,257	307,591	6.43%	12.09%	100,178
TUFI	1,099,153	772,603	175,297	3.40%	3.86%	454,337
Below IDR5 trillion						
WOMF	1,236,875	1,111,328	41,075	1.45%	1.65%	323,157
BIIF	542,656	1,062,218	186,332	7.43%	13.18%	394,543
VRNA	290,779	147,004	19,600	1.44%	11.99%	95,779

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