

## PT Hasjrat Multifinance (HMF)

Corporate rating

*i*,BBB/Stable

**Rating Period**

May 10, 2021 – September 1, 2022

**Kredit Rating Indonesia has revised the outlook for corporate rating of PT Hasjrat Multifinance to 'Stable' from 'Negative'.**

The first-half of 2020 has shown a quite worrying period for the multifinance industry where NPF ratio jump significantly from 2.7% in February 2020 to 5.6% in July 2020, it is believed that a weaker repayment ability from borrowers during the pandemic may cause the sudden rise of the ratio. Fortunately, the ratio has slowly improve to reach 3.9% in February 2021.

HMF recorded total financing receivables of Rp 2.67 trillion at the end of March 2021, dominated by vehicle financing (76%). The rest of the financing portfolio is dominated by working capital (17%) and investment financing (7%).

The asset quality of HMF has improved with NPF ratio decreased to 4.42% in 1Q2021 from 8.07% in FY2020. The Company has tightened financing strategy to customers due to Covid-19 pandemic which focused on Repeat Order contract with high-rated customer.

HMF has participated in supporting Government's program to conduct credit relaxation to its customers which affected by Covid-19 pandemic. The credit relaxation that conducted by the Company consist of tenor extension, delay of principal and change of due date. As of FY2020, the Company has restructured 17% of its gross consumer financing receivables amounted to IDR434.9Bn.

HMF's profitability is declined where ROA was at 3.0% as of FY2020 (2019: 6.4%) due to increased loan loss provision. Despite increased in 2020 to 67%, HMF's loans loss coverage is still relatively inadequate (2019: 53%), and the decision to increase the coverage can erode profitability.

HMF is capitalizing on Hasjrat Abadi's strong presence and track record in Eastern Indonesia. Hasjrat Abadi started the dealership of Yamaha motorcycle in 1965 and Toyota cars in 1979. Heavily riding on Hasjrat Abadi's network and brand recognition in Eastern Indonesia, KRI believe that it is unlikely that HMF will significantly increase its national market share significantly.

Although HMF's market share is weak nationally (0.5% in financing receivables), HMF benefits as part of Hasjrat Abadi Group which has a dealership business unit with a dominant market share in Eastern Indonesia so that HMF has an adequate financing market share (around 35%) in the region.

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