

PT Transpacific Finance

Corporate rating *ir*BBB+/Stable

Rated Issues N/A

Rating Period

November 2, 2020 – November 1, 2021

"Obligor with *ir*BBB rating has an adequate level of certainty to honor its financial obligations, but it can be affected by adverse changes in business and economic conditions, relative to obligor with a higher rating."

The plus sign (+) indicates that the rating given is closer to the rating scale above it.

Kredit Rating Indonesia assigns '*ir*BBB+' to PT Transpacific Finance

Kredit Rating Indonesia (KRI) assigns a Corporate Rating of '*ir*BBB+' for PT Transpacific Finance (TRPF or the Company) with a 'Stable' outlook. The rating reflects good asset quality and the continuing support from shareholders. The company's relatively small franchise among the industry, weak capitalization and thin profitability are also considered in ratings assigned.

The Company focused on factoring financing and consumer financing, especially in new motorcycle financing (Honda and Yamaha) with total assets amounting to IDR1.29 trillion at end 2019. Meanwhile, the support from the shareholders has been proven during its operation by planning to inject the equity from IDR140 billion to IDR200 billion in 2020.

KRI views that TRPF has a small franchise among the industry. With total financing receivables of IDR200.3 billion at end 2019 (2018: IDR216.9 billion; 2017: IDR204.9 billion), TRPF only represented only around 0.2% market share.

TRPF's capitalization is considered to be quite weak. Debt to Equity (DER) ratio reached an alarming level of 8.0x at end 2019 (2018: 8.5x; 2017: 7.5x), far higher than industry average of 2.8x in same period. The company's ROA is considerably below than the industry's average, stood at 0.5% at the end 2019 (2018 : 0.6%; 2017 : 1.5%). In the midst of covid-19 outbreak, similar with the industry, the company's rating is sensitive to further weakening of asset quality.

TRPF Financial Results Highlights

For the year ended	Dec 2019 (Audited)	Dec 2018 (Audited)	Dec 2017 (Audited)	Dec 2016 (Audited)
Total Assets (Rp, bn)	1,287.6	1,300.3	1,100.8	809.1
Total Equity (Rp, bn)	140.0	134.2	127.6	111.0
Total Revenue (Rp, bn)	225.8	224.7	212.1	138.5
Total Expense (Rp, bn)	214.4	206.9	191.3	123.5
Net Income (Rp, bn)	6.4	7.0	14.3	12.4
Debt to Equity (x)	8.0	8.5	7.5	6.1
Equity/Assets (%)	10.9	10.3	11.6	13.7
Net Interest Margin (%)	5.8	7.3	10.4	9.1
Cost/Income (%)	94.9	92.0	90.2	89.2
Return On Asset (%)	0.5	0.6	1.5	1.9
Return On Equity (%)	4.6	5.4	12.0	11.7
NPF (%)	0.2	1.2	1.5	0.0

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