



Mandiri Sekuritas Analyst

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Sector: Multifinance

BUY

Current Price	Rp675
Target Price	Rp1,000 (+48.1%)
52-wk range	Rp900 - Rp500

Stock Data

Bloomberg Code	BFIN IJ
Mkt.Cap (Rp bn/US\$ mn)	10,778 / 757
Issued Shares (mn)	15,967
Avg. Daily T/O (Rp bn/US\$ mn)	0.7/0.0

Key Financials

	2019F	2020F
EPS	97	111
PE (x)	7.0	6.1
PBV (x)	1.6	1.4
P/PPOP (x)	4.6	4.0
EPS Growth (%)	7.3	14.5
Div. Yld (%)	7.3	7.9
ROAE (%)	24.5	24.8



BFIN Wins an Appeal on APT Lawsuit in PTUN

The Jakarta Administrative Court (PTUN) voted in favor of BFIN and the government on 22 March 2019 for case #120. APT demanded the government to revoke the decrees on BFIN's 2001-2017 articles of association and company profile issued by the Director General of General Legal Administration. This is part of APT's attempt to get their shares back. The legal case is still expected to continue.

BFIN wins case #120. Based on the information from the PTUN website, <https://sipp.ptun-jakarta.go.id>, the court has granted the appeal submitted by BFIN on the case # 120/G/2018/PTUN.JKT. The decision was made on 22 March 2019, #27/B/2019/PT.TUN.JK, which accepted the appeal by BFIN as well as the Ministry of Law and Human Rights of the Republic of Indonesia (Kemenkumham RI).

To recap the legal issue:

- APT**, the former shareholder, **sent a letter to the Directorate General of General Legal Administration ("AHU") of the Ministry of Law and Human Rights of the Republic of Indonesia on 26 February 2018**, demanding the cancellation and revocation of State Administrative Decrees that have approved and recorded APT's share transfer transactions conducted by BFIN to LDTC (The Law Debenture Trust Corporation), which was followed by LDTC having transferred the shares to third parties, as well as adjusting BFIN's company profile by including APT as the owner or holder of 32.32% stakes in BFIN. APT's request was later rejected by the Directorate General of AHU on 8 March 2018.
- APT filed a lawsuit Number 120/G/2018/PTUN.JKT against the Ministry of Law and Human Rights on 16 May 2018 in the Jakarta Administrative Court (PTUN)** with claim of declaring invalid and revoking the State Administrative Decrees issued by the Directorate General of AHU ("**TUN Dispute**"), and also APT submitted an application for Delay of the Implementation ("**Schorsing**") of the **TUN Dispute Object**:
 - Letter of Director General of AHU # AHU.2.UM.01.01-802 dated 8 March 2018
 - Approval and receipt of reports/notifications issued by the Director General of AHU on the deed of amendment to BFIN's articles of association from 2001-2017
 - BFIN's Company Profile Data issued by the Director General of AHU.

Regarding this APT lawsuit, PTUN Jakarta granted BFIN's request as the Defendant II Intervention (Defendant I is the Ministry of Law and Human Rights) in the case through a decision dated 28 June 2018.
- PTUN Jakarta granted the Schorsing** that APT applied for in the TUN Dispute Object through stipulation dated **19 July 2018** for which BFIN has appealed on 20 July 2018 to the Jakarta Administrative High Court (PTTUN).
- PTUN Jakarta has also granted the APT Lawsuit against the Kemenkumham RI through the Decision on 12 November 2018.** PTUN Jakarta's decision has no permanent legal force ("*inkracht van gewijsde*"), as on 12 November 2018 BFIN (as Defendant II Intervention) has declared an Appeal, and on 21 November 2018 the Kemenkumham RI (as the Defendant I) has also stated an Appeal. Hence PTUN Jakarta's Decision has not been effective and cannot be implemented.

What's next ? The legal case does not end here. Under the legal system, APT can file an appeal to the higher court, the Supreme Court, which is likely to happen with this case. In addition, there are other outstanding cases:

1. APT also filed a lawsuit against BFIN, the current and former management of BFIN, in the Central Jakarta District Court. **Case #521/Pdt.G/2018/PN.Jkt.Pst, dated 19 September 2018**, demands payment of money (*dwangsom*), because BFIN and management have not returned or handed over the APT shares in the amount of Rp80.36bn.
2. **Case #527/Pdt.G/2018/PN.Jkt.Pst date 24 September 2018** against BFIN, current and former management as well as the Financial Services Authority (OJK), the Indonesia Stock Exchange (IDX), PT Sirca Datapro Perdana (share registrar) demanding payment of dividends for FY 2002-2017 of Rp622.81bn, interest of Rp133.93bn, immaterial compensation for not paying dividends of Rp500bn, and interest payments of 6% pa from the moment the Decision is legally enforceable.
3. **Case # 545/Pdt.G/2018/PN.Jkt.Pst date 24 September 2018** against Garibaldi (Boy) Thohir, Trinugraha Capital, TPG Capital, Northstar Group, Compass Banca SPA, Mediobanca SPA, OJK, and BEI (all as defendants), with the Indonesian Securities Guarantor Clearing House (KPEI), the Indonesian Central Securities Depository (KSEI), and PT Sirca Datapro Perdana as Co-defendants, demanding the return and delivery of 32.32% BFIN shares to APT and the cancellation of share trading transactions made by Trinugraha Capital with Compass Banca SPA and other third parties.

All these cases have not reached final decision by the court. We believe these cases, which actually stem from unpaid loan facilities to the former owner, will be decided in favor of the company (BFIN) and the related parties involved. However, under the current legal system, this may take some time to resolve. The legal battle has been going on since 2003 when BFIN started to show operating improvement after the Asian crisis. We maintain our Buy call.

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INVESTMENT RATINGS: Indicators of expected total return (price appreciation plus dividend yield) within the 12-month period from the date of the last published report, are: Buy (15% or higher), Neutral (-15% to 15%) and Sell (-15% or lower).

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