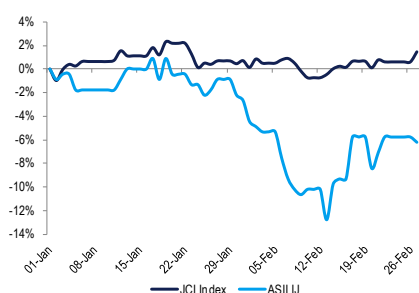


Stock Data

Target price	Rp5,800
Prior TP	Rp5,800
Current price	Rp5,175
Upside/downside	+12.1%
Shares outstanding (mn)	40,484
Market cap (Rp bn)	209,502
Free float	42%
Avg. 6m daily T/O (Rp bn)	386

Price Performance

	3M	6M	12M
Absolute	-8.2%	-21.5%	-7.0%
Relative to JCI	-15.4%	-27.6%	-13.1%
52w low/high (Rp)	4,930 – 6,925		



Major Shareholders

Jardine Cycle & Carriage Ltd	50.1%
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Giovanni Dustin

PT Indo Premier Sekuritas
giovanni.dustin@ipc.co.id
+62 21 5088 7168 ext. 719

Ryan Dimitry

PT Indo Premier Sekuritas
ryan.dimitry@ipc.co.id
+62 21 5088 7168

4Q23 results: in-line earnings as better-than-expected UT offsets soft agri

- FY23 core profit was Rp33.8tr (+17% yoy), in-line with our estimates but slightly above cons as solid UT's performance was offset by weak AALI.
- 4Q23 auto's net profit declined by -22% yoy/-35% qoq and broadly in-line.
- The proposed 62% dividend payout is a positive surprise, in our view, and could help to support share price in the near-term. Maintain Hold.

FY23 core profit met our forecasts, but slightly ahead of cons

ASII booked FY23 net profit Rp33.8tr (+17% yoy), forming 99/103% of our/cons FY23F. Stripping off the fair value adjustments from investments in GOTO and Hermina, FY23 core profit was Rp34.0tr (+12% yoy), in-line with our expectations (at 100%), as soft UNTR's operating figures were offset by better-than-expected auto performance.

Auto net profit was soft in 4Q23, though still within our expectations

4Q23 core profit reached Rp7.9tr (-4% yoy/-9% qoq), as better-than-expected UNTR offset soft AALI. Auto's net profit declined to Rp2.3tr (-22% yoy/-35% qoq) in 4Q23, partly due to lower sales volumes. It is worth noting that ASII's 4W wholesale sales volume decreased to 139k units (-13% yoy/-3% qoq) in 4Q23, as its market share declined qoq to 56% (vs. 55%/58% in 4Q22/3Q23). Concurrently, its 2W sales volumes came in at 1.2mn units (-3% yoy/+6% qoq), translating to 2W market share of 77% (vs. 74%/73% in 4Q22/3Q23). Auto's net margin contracted to 7.7% (-90bps yoy/-265bps qoq).

Weaker-than-expected AALI was offset by solid UNTR's performance

Fincos booked 4Q23 net profit of Rp2.0tr (+23% yoy/-2% qoq) supported by its consumer finance. UNTR's 4Q23 net profit improved to Rp3.2tr (+3% yoy/+27% qoq) mainly on EBITDA margin expansion (+369bps qoq) owing to higher coal sales volume and ASP (+53/+11% qoq). Meanwhile, agribusiness (AALI) 4Q23 net profit dropped to Rp203bn (-50% yoy/-41% qoq) mainly due to the lower FFB production (-13% qoq) and sales volume (-29% qoq), which offset higher CPO ASP (+14% qoq).

The proposed 62% dividend payout is a positive surprise; reaffirm Hold

Management is proposing a total dividend of Rp519/sh (c.62% of core profit) translating to c.10% yield. Given the historical c.40% payout and poor capital allocation history, we view this as a positive surprise and could support its share price in the near-term. Overall, ASII's FY23 results met our expectations. We will revisit our forecasts after its earnings call on Mar 8, 2024. For now, we reiterate Hold with TP of Rp5,800. Risks: 1) higher/lower-than-expected 4W/2W volumes; and 2) higher/lower-than-expected commodity prices.

Financial Summary (Rp bn)	2021A	2022A	2023F	2024F	2025F
Revenue	233,485	301,379	305,797	307,861	326,047
Operating profit	25,533	42,201	46,974	43,916	43,884
Op. profit growth	95.1%	65.3%	11.3%	-6.5%	-0.1%
Net profit	20,196	28,944	34,489	33,460	34,094
EPS	499	715	852	827	842
EPS growth	24.9%	43.3%	19.2%	-3.0%	1.9%
ROE	9.8%	13.0%	13.8%	12.6%	11.8%
PER (x)	11.6	8.1	6.8	7.0	6.9
EV/EBITDA (x)	6.1	4.5	3.9	4.0	4.0
Dividend yield	2.3%	4.9%	10.5%	5.9%	5.7%
IPS vs. consensus			110%	104%	103%

Source: Company, Indo Premier

price closing as of: 27 February 2024

Fig. 1: ASII's FY23 results

(Rp bn)	4Q23	4Q22	% YoY	3Q23	% QoQ	FY23	FY22	% YoY	IP FY23F	% of IP	% of Cons
Revenue	75,652	80,025	-5.5%	78,520	-3.7%	316,565	301,379	5.0%	316,863	99.9%	100.4%
COGS	(55,929)	(61,216)	-8.6%	(61,566)	-9.2%	(243,255)	(231,291)	5.2%			
Gross profit	19,723	18,809	4.9%	16,954	16.3%	73,310	70,088	4.6%			
Operating expenses	(7,894)	(7,433)	6.2%	(7,241)	9.0%	(29,042)	(27,887)	4.1%			
Operating profit	11,829	11,376	4.0%	9,713	21.8%	44,268	42,201	4.9%	43,278	102.3%	106.2%
Other income/(expense)	1,708	(456)	-474.6%	2,731	-37.5%	10,461	8,189	27.7%			
Pre-tax profit	13,537	10,920	24.0%	12,444	8.8%	54,729	50,390	8.6%			
Taxes	(2,611)	(2,512)	3.9%	(2,300)	13.5%	(10,228)	(9,970)	2.6%			
Non-controlling interests	(2,778)	(2,794)	-0.6%	(1,902)	46.1%	(10,662)	(11,476)	-7.1%			
Net profit	8,148	5,614	45.1%	8,242	-1.1%	33,839	28,944	16.9%	34,146	99.1%	103.4%
Core profit	7,929	8,239	-3.8%	8,750	-9.4%	33,998	30,488	11.5%	34,114	99.7%	N/A
Margin (%)											
Gross margin	26.1%	23.5%		21.6%		23.2%	23.3%				
Operating margin	15.6%	14.2%		12.4%		14.0%	14.0%				
Net margin	10.8%	7.0%		10.5%		10.7%	9.6%				
Operational data											
Industry's 4W sales volume (000' units)	251	290	-13.6%	249	0.6%	1,006	1,048	-4.0%			
Astra's 4W sales volume (000' units)	139	161	-13.3%	134	4.0%	561	572	-2.0%			
Astra's 4W market share (%)	55.6%	55.4%		57.6%		56.0%	55.0%				
Industry's 2W sales volume (000' units)	1,515	1,609	-5.8%	1,500	1.0%	6,200	5,210	19.0%			
Astra's 2W sales volume (000' units)	1,200	1,192	0.7%	1,100	9.1%	4,900	4,016	22.0%			
Astra's 2W market share (%)	79.2%	74.1%		73.3%		78.0%	77.0%				

Source: Company, Indo Premier

Fig. 2: ASII's 4Q23 revenue breakdown by segment

(Rp bn)	4Q23	4Q22	% YoY	3Q23	% QoQ	FY23	FY22	% YoY
Automotive	29,088	33,325	-12.7%	33,438	-13.0%	128,250	121,056	5.9%
Financial services	8,015	7,275	10.2%	7,730	3.7%	29,998	26,736	12.2%
Heavy equipment and mining	30,985	32,074	-3.4%	28,921	7.1%	128,583	123,607	4.0%
Agribusiness	5,063	5,311	-4.7%	6,291	-19.5%	20,745	21,828	-5.0%
Other businesses	3,805	3,354	13.4%	3,230	17.8%	13,172	11,931	10.4%
Eliminations and other adjustments	(1,304)	(1,314)	-0.8%	(1,090)	19.6%	(4,183)	(3,779)	10.7%
Total revenue	75,652	80,025	-5.5%	78,520	-3.7%	316,565	301,379	5.0%

Source: Company, Indo Premier

Fig. 3: ASII's 4Q23 net profit breakdown by segment

(Rp bn)	4Q23	4Q22	% YoY	3Q23	% QoQ	FY23	FY22	% YoY
Automotive	2,250	2,878	-21.8%	3,474	-35.2%	11,417	9,668	18.1%
Financial services	1,995	1,622	23.0%	2,031	-1.8%	7,852	6,035	30.1%
Heavy equipment and mining	3,233	3,145	2.8%	2,545	27.0%	12,664	12,678	-0.1%
Agribusiness	203	407	-50.1%	345	-41.2%	841	1,376	-38.9%
Other businesses	248	187	32.6%	355	-30.1%	1,224	731	67.4%
Total core profit	7,929	8,239	-3.8%	8,750	-9.4%	33,998	30,488	11.5%
Eliminations and other adjustments	378	(1,081)	-135.0%	(508)	-174.4%	(159)	(1,544)	-89.7%
Total net profit	8,307	7,158	16.1%	8,242	0.8%	33,839	28,944	16.9%
Net margin (%)								
Automotive	7.7%	8.6%		10.4%		8.9%	8.0%	
Financial services	24.9%	22.3%		26.3%		26.2%	22.6%	
Heavy equipment and mining	10.4%	9.8%		8.8%		9.8%	10.3%	
Agribusiness	4.0%	7.7%		5.5%		4.1%	6.3%	
Other businesses	6.5%	5.6%		11.0%		9.3%	6.1%	
Astra's net margin	11.0%	8.9%		10.5%		10.7%	9.6%	

Source: Company, Indo Premier

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net revenue	233,485	301,379	305,797	307,861	326,047
Cost of sales	(182,452)	(231,291)	(230,162)	(234,660)	(251,257)
Gross profit	51,033	70,088	75,636	73,201	74,790
SG&A Expenses	(25,500)	(27,887)	(28,661)	(29,286)	(30,906)
Operating profit	25,533	42,201	46,974	43,916	43,884
Net interest	265	428	525	722	556
Forex gain (loss)	57	188	31	31	33
Others	6,495	7,573	9,072	9,688	10,567
Pre-tax income	32,350	50,390	56,602	54,357	55,040
Income tax	(6,764)	(9,970)	(11,830)	(10,871)	(11,008)
Minority interest	(5,390)	(11,476)	(10,283)	(10,025)	(9,937)
Net income	20,196	28,944	34,489	33,460	34,094

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash & equivalents	63,947	61,295	65,654	70,700	74,778
Receivables	60,761	71,839	67,024	67,476	71,462
Other current assets	35,554	46,684	41,020	43,093	46,650
Total current assets	160,262	179,818	173,699	181,269	192,890
Fixed assets	90,450	94,697	83,488	79,149	74,748
Other non-current assets	116,599	138,782	152,660	167,926	193,115
Total non-current assets	207,049	233,479	236,148	247,075	267,863
Total assets	367,311	413,297	409,847	428,345	460,753

Payables	25,149	37,644	31,529	32,145	34,419
Other payables	39,962	46,885	45,478	44,114	42,791
Current portion of LT loans	38,667	34,669	31,894	31,096	35,852
Total current liab.	103,778	119,198	108,902	107,356	113,061
Long term loans	33,819	36,052	31,894	31,096	35,852
Other LT liab.	14,099	14,327	13,897	13,480	13,076
Total liabilities	151,696	169,577	154,693	151,932	161,989

Equity	8,253	10,619	10,619	10,619	10,619
Retained earnings	163,800	181,523	191,410	211,074	231,784
Minority interest	43,562	51,578	53,125	54,719	56,361
Total SHE + minority int.	215,615	243,720	255,154	276,412	298,764
Total liabilities & equity	367,311	413,297	409,847	428,345	460,753

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net profit	20,196	28,944	34,489	33,460	34,094
Depr. & amortization	14,148	12,326	12,758	12,864	13,690
Changes in working capital	4,951	(2,790)	2,957	(3,273)	(6,592)
Others	(1,011)	(10,479)	(4,025)	(5,658)	(15,656)
Cash flow from operating	38,284	28,001	46,179	37,393	25,536
Capital expenditure	(9,470)	(16,573)	(1,549)	(8,525)	(9,289)
Others	-	-	-	-	-
Cash flow from investing	(9,470)	(16,573)	(1,549)	(8,525)	(9,289)
Loans	(6,995)	(1,765)	(6,933)	(1,596)	9,511
Equity	39	(1,094)	(8,736)	(8,431)	(8,296)
Dividends	(5,344)	(11,416)	(24,602)	(13,796)	(13,384)
Others	-	-	-	-	-
Cash flow from financing	(12,300)	(14,275)	(40,271)	(23,823)	(12,169)
Changes in cash	16,394	(2,652)	4,359	5,045	4,078

Key Ratios	2021A	2022A	2023F	2024F	2025F
Gross margin	21.9%	23.3%	24.7%	23.8%	22.9%
Operating margin	10.9%	14.0%	15.4%	14.3%	13.5%
Pre-tax margin	13.9%	16.7%	18.5%	17.7%	16.9%
Net margin	8.6%	9.6%	11.3%	10.9%	10.5%
ROA	5.7%	7.7%	8.4%	8.0%	7.7%
ROE	9.8%	13.0%	13.8%	12.6%	11.8%
ROIC	8.9%	12.5%	13.6%	12.8%	12.1%

Acct. receivables TO (days)	90	80	80	80	80
Acct. payables - other TO (days)	42	50	50	50	50

Gross debt-to-equity (x)	0.3	0.3	0.3	0.2	0.2
Net debt-to-equity (x)	0.0	0.0	(0.0)	(0.0)	(0.0)
Interest coverage (x)	11.2	20.0	21.0	20.2	17.5

Source: Company, Indo Premier

INVESTMENT RATINGS

BUY	: Expected total return of 10% or more within a 12-month period
HOLD	: Expected total return between -10% and 10% within a 12-month period
SELL	: Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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