

# Astra International

**BUY** (Upgrade)

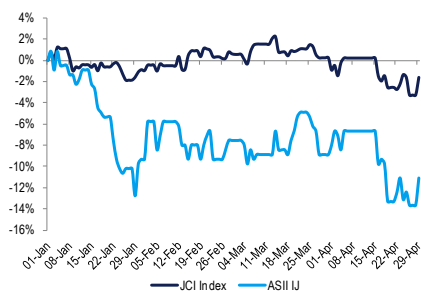
Company Update | Automotive | ASII IJ | 29 April 2024

## Stock Data

Target price	Rp5,900
Prior TP	Rp5,800
Current price	Rp5,025
Upside/downside	+17.4%
Shares outstanding (mn)	40,484
Market cap (Rp bn)	203,430
Free float	42%
Avg. 6m daily T/O (Rp bn)	383

## Price Performance

	3M	6M	12M
Absolute	-1.0%	-12.2%	-25.6%
Relative to JCI	-1.2%	-18.1%	-29.0%
52w low/high (Rp)	4,880 – 6,925		



## Major Shareholders

Jardine Cycle & Carriage Ltd	50.1%
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## 1Q24 results: in-line earnings as margin contractions were already expected

- 1Q24 core profit was Rp8.1tr (-6% yoy/+3% qoq), in-line with our/consensus estimates as soft agri was offset by solid fincos.
- 1Q24 auto's net profit declined by -9% yoy/+22% qoq, also came in-line.
- We upgrade our rating on ASII from Hold to Buy, mainly on valuation, with a slightly higher SOTP-based TP of Rp5,900.

### FY23 core profit met our forecasts

ASII booked 1Q24 net profit Rp7.5tr (-14% yoy/-8% qoq), forming 25/24% of our/consensus FY24F – in-line. Stripping off the fair value adjustments from investments in GOTO and Hermina, 1Q24 core profit was Rp8.1tr (-6% yoy/+3% qoq), also in-line with our expectations (at 25%), as soft agri's performance was offset by better-than-expected fincos. Meanwhile, auto and UNTR's results met our estimates.

### Auto net profit remained soft in 1Q24, though still within our expectations

Auto's net profit declined to Rp2.8tr (-9% yoy/+22% qoq) in 1Q24, partly due to lower sales volumes. It is worth noting that ASII's 4W wholesale sales volume decreased to 130k units (-12% yoy/-8% qoq) in the quarter. Its market share was flat qoq at 56% (vs. 54%/56% in 1Q23/4Q23). Concurrently, its 2W sales volumes came in at 1.3mn units (-8% yoy/+16% qoq), translating to 2W market share of 76% (vs. 79%/75% in 1Q23/4Q23). Auto's net margin improved sequentially to 8% (-81bps yoy/+31bps qoq).

### Weaker-than-expected AALI was offset by solid fincos' performance

Fincos booked 1Q24 net profit of Rp2.1tr (+12% yoy/+5% qoq) supported by consumer financing on larger loan portfolios. UNTR's 1Q24 net profit declined to Rp2.8tr (-15% yoy/-14% qoq), as pre-tax margin fell, most notably from the coal mining segment. Meanwhile, agri 1Q24 net profit declined by -9% qoq to Rp184bn (though still +3% yoy) and only reached 19% of our FY24F despite +4% yoy CPO sales, largely due to lower-than-expected CPO ASP (-1% yoy).

### Upgrade from Hold to Buy on valuation; new TP of Rp5,900

Overall, ASII's 1Q24 results was in-line. We revised up ASII's FY24-25F earnings by 3-5%, mainly to factor-in FY23 and 1Q24 data points, as well as slightly higher/lower net profit for fincos/agri. We upgrade our rating on ASII from Hold to Buy, mainly on valuation, with a slightly higher SOTP-based TP of Rp5,900 (vs. Rp5,800 previously). The proposed final dividend of Rp322/sh (after Rp98/sh interim), which implies 6.4% yield, could help to support its share price in the near-term. Risks: 1) lower-than-expected 4W/2W volumes; and 2) /lower-than-expected commodity prices.

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Revenue	301,379	316,565	317,426	326,107	340,589
Operating profit	42,201	44,268	41,244	41,420	43,248
Op. profit growth	65.3%	4.9%	-6.8%	0.4%	4.4%
Net profit	28,944	33,839	31,575	29,834	31,659
EPS	715	836	780	737	782
EPS growth	43.3%	16.9%	-6.7%	-5.5%	6.1%
ROE	13.0%	14.0%	12.3%	11.0%	10.8%
PER (x)	7.0	6.0	6.4	6.8	6.4
EV/EBITDA (x)	3.8	4.3	4.8	4.9	4.7
Dividend yield	5.6%	12.9%	10.3%	6.2%	5.9%
IPS vs. consensus			102%	95%	98%

Source: Company, Indo Premier

price closing as of: 29 April 2024

Fig. 1: ASII's 1Q24 results

(Rp bn)	1Q24	1Q23	% YoY	4Q23	% QoQ	IP FY24F	% of IP	% of Cons
<b>Revenue</b>	<b>81,209</b>	<b>82,980</b>	<b>-2.1%</b>	<b>75,652</b>	<b>7.3%</b>	<b>310,719</b>	<b>26.1%</b>	<b>25.9%</b>
COGS	(63,624)	(65,266)	-2.5%	(55,929)	13.8%			
<b>Gross profit</b>	<b>17,585</b>	<b>17,714</b>	<b>-0.7%</b>	<b>19,723</b>	<b>-10.8%</b>			
Operating expenses	(7,431)	(6,928)	7.3%	(7,894)	-5.9%			
<b>Operating profit</b>	<b>10,154</b>	<b>10,786</b>	<b>-5.9%</b>	<b>11,829</b>	<b>-14.2%</b>	<b>40,257</b>	<b>25.2%</b>	<b>26.1%</b>
Other income/(expense)	1,858	3,381	-45.0%	1,708	8.8%			
<b>Pre-tax profit</b>	<b>12,012</b>	<b>14,167</b>	<b>-15.2%</b>	<b>13,537</b>	<b>-11.3%</b>			
Taxes	(2,253)	(2,576)	-12.5%	(2,611)	-13.7%			
Non-controlling interests	(2,295)	(2,872)	-20.1%	(2,778)	-17.4%			
<b>Net profit</b>	<b>7,464</b>	<b>8,719</b>	<b>-14.4%</b>	<b>8,148</b>	<b>-8.4%</b>	<b>30,055</b>	<b>24.8%</b>	<b>24.1%</b>
<b>Core profit</b>	<b>8,129</b>	<b>8,602</b>	<b>-5.5%</b>	<b>7,929</b>	<b>2.5%</b>	<b>30,024</b>	<b>27.1%</b>	<b>N/A</b>
<b>Margin (%)</b>								
Gross margin	21.7%	21.3%		26.1%				
Operating margin	12.5%	13.0%		15.6%				
Net margin	9.2%	10.5%		10.8%				
<b>Operational data</b>								
Industry's 4W sales volume (000' units)	231	271	-15.0%	252	-8.4%			
Astra's 4W sales volume (000' units)	130	148	-11.8%	142	-8.2%			
Astra's 4W market share (%)	56.4%	54.3%	207	56.3%	13			
Industry's 2W sales volume (000' units)	1,735	1,824	-4.9%	1,515	14.5%			
Astra's 2W sales volume (000' units)	1,324	1,436	-7.8%	1,139	16.3%			
Astra's 2W market share (%)	76.3%	78.7%	-240	75.1%	116			

Source: Company, Indo Premier

Fig. 2: ASII's 1Q24 revenue breakdown by segment

(Rp bn)	1Q24	1Q23	% YoY	4Q23	% QoQ
Automotive	34,193	34,191	0.0%	29,088	17.6%
Financial services	7,776	6,901	12.7%	8,015	-3.0%
Heavy equipment and mining	32,412	34,889	-7.1%	30,985	4.6%
Agribusiness	4,800	4,761	0.8%	5,063	-5.2%
Other businesses	2,893	3,160	-8.4%	3,805	-24.0%
Eliminations and other adjustments	(865)	(922)	-6.2%	(1,304)	-33.7%
<b>Total revenue</b>	<b>81,209</b>	<b>82,980</b>	<b>-2.1%</b>	<b>75,652</b>	<b>7.3%</b>

Source: Company, Indo Premier

Fig. 3: ASII's 1Q24 net profit breakdown by segment

(Rp bn)	1Q24	1Q23	% YoY	4Q23	% QoQ
Automotive	2,750	3,026	-9.1%	2,250	22.2%
Financial services	2,086	1,859	12.2%	1,995	4.6%
Heavy equipment and mining	2,791	3,272	-14.7%	3,233	-13.7%
Agribusiness	184	179	2.8%	203	-9.4%
Other businesses	318	266	19.5%	248	28.2%
<b>Total core profit</b>	<b>8,129</b>	<b>8,602</b>	<b>-5.5%</b>	<b>7,929</b>	<b>2.5%</b>
Eliminations and other adjustments	(665)	117	-668.4%	378	-275.9%
<b>Total net profit</b>	<b>7,464</b>	<b>8,719</b>	<b>-14.4%</b>	<b>8,307</b>	<b>-10.1%</b>
<b>Net margin (%)</b>					
Automotive	8.0%	8.9%		7.7%	
Financial services	26.8%	26.9%		24.9%	
Heavy equipment and mining	8.6%	9.4%		10.4%	
Agribusiness	3.8%	3.8%		4.0%	
Other businesses	11.0%	8.4%		6.5%	
<b>Astra's net margin</b>	<b>9.2%</b>	<b>10.5%</b>		<b>11.0%</b>	

Source: Company, Indo Premier

Fig. 4: Forecast changes

ASII	Previous			Current			Changes (%)		
(Rp bn)	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F
<b>Revenue</b>	<b>310,719</b>	<b>319,214</b>	<b>N/A</b>	<b>317,426</b>	<b>326,107</b>	<b>340,589</b>	<b>2.2</b>	<b>2.2</b>	<b>N/A</b>
<b>Op. profit</b>	<b>40,257</b>	<b>40,631</b>	<b>N/A</b>	<b>41,244</b>	<b>41,420</b>	<b>43,248</b>	<b>2.5</b>	<b>1.9</b>	<b>N/A</b>
<b>Net profit</b>	<b>30,024</b>	<b>29,176</b>	<b>N/A</b>	<b>31,543</b>	<b>29,801</b>	<b>31,625</b>	<b>5.1</b>	<b>2.1</b>	<b>N/A</b>

Source: Company, Indo Premier

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net revenue	301,379	316,565	317,426	326,107	340,589
Cost of sales	(231,291)	(243,255)	(245,889)	(253,212)	(264,187)
<b>Gross profit</b>	70,088	73,310	71,537	72,895	76,403
SG&A Expenses	(27,887)	(29,042)	(30,294)	(31,475)	(33,155)
<b>Operating profit</b>	42,201	44,268	41,244	41,420	43,248
Net interest	428	(59)	(984)	(2,042)	(1,406)
Forex gain (loss)	188	(408)	32	33	34
Others	7,573	10,928	9,778	8,665	9,071
<b>Pre-tax income</b>	50,390	54,729	50,069	48,076	50,947
Income tax	(9,970)	(10,228)	(9,263)	(8,894)	(9,425)
Minority interest	(11,476)	(10,662)	(9,232)	(9,348)	(9,863)
<b>Net income</b>	28,944	33,839	31,575	29,834	31,659

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalents	61,295	41,136	41,799	41,466	49,878
Receivables	71,839	72,227	72,182	74,156	77,449
Other current assets	46,684	52,823	51,432	54,020	57,300
<b>Total current assets</b>	179,818	166,186	165,413	169,642	184,627
Fixed assets	94,697	114,374	108,560	102,251	95,643
Other non-current assets	138,782	165,119	181,631	208,876	229,763
<b>Total non-current assets</b>	233,479	279,493	290,191	311,127	325,406
<b>Total assets</b>	413,297	445,679	455,604	480,769	510,034

Payables	37,644	40,529	33,683	34,687	36,190
Other payables	46,885	45,432	44,069	42,747	41,465
Current portion of LT loans	34,669	39,061	49,888	53,460	57,521
<b>Total current liab.</b>	119,198	125,022	127,640	130,894	135,176
Long term loans	36,052	54,249	49,888	53,460	57,521
Other LT liab.	14,327	15,990	15,510	15,045	14,594
<b>Total liabilities</b>	169,577	195,261	193,038	199,399	207,291

Equity	10,619	9,643	9,643	9,643	9,643
Retained earnings	181,523	188,997	199,592	216,795	236,521
Minority interest	51,578	51,778	53,331	54,931	56,579
<b>Total SHE + minority int.</b>	243,720	250,418	262,566	281,370	302,743
<b>Total liabilities &amp; equity</b>	413,297	445,679	455,604	480,769	510,034

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net profit	28,944	33,839	31,575	29,834	31,659
Depr. & amortization	13,901	15,288	13,030	13,321	13,904
Changes in working capital	(2,790)	(5,095)	(6,772)	(4,882)	(6,352)
Others	(10,479)	(14,012)	(7,760)	(18,362)	(11,476)
<b>Cash flow from operating</b>	<b>29,576</b>	<b>30,020</b>	<b>30,073</b>	<b>19,912</b>	<b>27,735</b>
Capital expenditure	(18,148)	(34,965)	(7,217)	(7,012)	(7,295)
Others	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(18,148)</b>	<b>(34,965)</b>	<b>(7,217)</b>	<b>(7,012)</b>	<b>(7,295)</b>
Loans	(1,765)	22,589	6,465	7,145	8,122
Equity	(1,094)	(11,438)	(7,678)	(7,748)	(8,215)
Dividends	(11,416)	(26,314)	(20,980)	(12,630)	(11,933)
Others	-	-	-	-	-
<b>Cash flow from financing</b>	<b>(14,275)</b>	<b>(15,163)</b>	<b>(22,193)</b>	<b>(13,233)</b>	<b>(12,026)</b>
<b>Changes in cash</b>	<b>(2,652)</b>	<b>(20,159)</b>	<b>663</b>	<b>(334)</b>	<b>8,413</b>

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	23.3%	23.2%	22.5%	22.4%	22.4%
Operating margin	14.0%	14.0%	13.0%	12.7%	12.7%
Pre-tax margin	16.7%	17.3%	15.8%	14.7%	15.0%
Net margin	9.6%	10.7%	9.9%	9.1%	9.3%
ROA	7.7%	8.0%	7.0%	6.4%	6.4%
ROE	13.0%	14.0%	12.3%	11.0%	10.8%
ROIC	12.5%	12.4%	10.1%	8.9%	8.8%

Acct. receivables TO (days)	80	83	83	83	83
Acct. payables - other TO (days)	50	59	50	50	50

Gross debt-to-equity (x)	0.3	0.4	0.4	0.4	0.4
Net debt-to-equity (x)	0.0	0.2	0.2	0.2	0.2
Interest coverage (x)	20.0	14.2	11.8	11.1	12.5

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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