

# Astra International

**BUY** (unchanged)

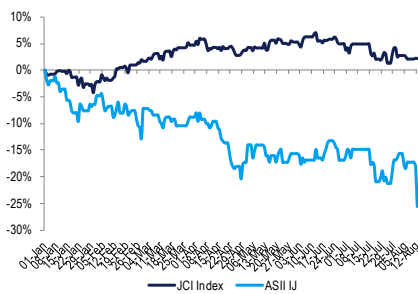
Company Update | Automotive | ASII IJ | 12 August 2024

**Stock Data**

Target price	Rp5,900
Prior TP	Rp5,900
Current price	Rp4,760
Upside/downside	23.9%
Shares outstanding (mn)	40,484
Market cap (Rp bn)	192,702
Free float	42%
Avg. 6m daily T/O (Rp bn)	333

**Price Performance**

	3M	6M	12M
Absolute	-13.0%	-18.4%	-27.4%
Relative to JCI	-10.2%	-22.2%	-33.1%
52w low/high (Rp)	4610 - 6925		



**Major Shareholders**

Jardine Cycle & Carriage Ltd	50.1%
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## Jul24 sales: mom decline on volume despite GIAS

- Jul24 4W volume fell by -8% yoy/-1% mom despite GIAS. 7M24 sales are tracking below the typical run-rate at 50/44% of our/Gaikindo's FY.
- Discounts declined by c.9% mom, likely reflecting the normalization post-GIAS 2024.
- Toyota was the top-selling brand at GIAS 2024 with c.6.2k orders, supported by Zenix HEV (c.1.3k orders). BYD recorded c.2.9k orders.

### 4W sales volume declined marginally mom despite GIAS 2024

Wholesale 4W sales volume in Jul24 declined marginally mom to 74.2k units (-8% yoy/-1% mom), which we believe is soft, considering that GIAS 2024 was held during the month. As a result, 7M24 sales (-17% yoy) continued to track below the typical run-rate at 50% of our FY24F and 44% of Gaikindo's FY24F (3yr average of 57% in FY17-19 pre-COVID and 58% in FY23). Meanwhile, ASII's sales volume reached 43.8k units in Jul24 (-10% yoy/flat mom); 7M24 (-16% yoy) reached 53% of our FY24F (vs. 3yr average of 58% in FY17-19 pre-COVID and FY23). ASII's 4W market share remained stable mom at 59% in Jul24 (vs. 59/60% in Jul23/Jun24).

### Discounts declined mom, a normalization post-GIAS 2024

Our channel checks with dealers indicated that discounts declined mom in Aug24 (from Rp25.3mn in Jul24 to Rp22.9mn in Aug24; -9% mom), likely reflecting the normalization post-GIAS 2024 that was held on 18-28 Jul24. Discounts across LSUV/LMPV/SUV segments declined by -11/14/6% mom, while discounts from LCGC/MPV segments increased by +8/4% mom.

### GIAS 2024 saw +24% yoy transaction value driven by higher volumes

GIAS 2024 total transaction value for 4W reached Rp18.7tr (+24% yoy), driven by higher volumes (34.9k units in FY24 vs 27.5k in FY23; +27% yoy), as ASP fell slightly by -2% yoy. This, we believe, was largely due to the higher sales of mass-market models and flurry of new launches at affordable prices by Chinese manufacturers. Still, Toyota was the top-selling brand with 6.2k orders. Innova Zenix was its best-selling product with c.2k orders, driven by Zenix HEV sales, which reached c.1.3k orders. Meanwhile, Hyundai and Mitsubishi followed with 3.6/3.4k orders, respectively. BYD and Wuling were #4 and #5 with 2.9/2.3k orders. BYD M6, the newly-launched 7-seater BEV, made up for about 50% of BYD's orders (c. 1.5k orders). Notably, this is higher than Zenix HEV orders, which we believe highlights our concerns on the potential competition for Zenix HEV. Please refer to Fig.5 for details.

### Reaffirm Buy rating with an unchanged TP of Rp5,900

Most of the concerns for ASII have likely been priced-in at current valuation of 6.3x FY25F P/E. Reiterate Buy, with TP of Rp5,900/share. Risks: 1) lower-than-expected sales 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
Net profit	28,944	33,839	31,575	29,834	31,659
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)	6.4	5.5	5.9	6.3	5.9
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: 12 August 2024

**Fig. 1: National wholesale 4W volume summary**

4W wholesale sales (in units)	Jul-24	Jul-23	yoy%	Jun-24	mom%
Toyota + Lexus	27,310	30,148	-9%	25,652	6%
Daihatsu	13,910	15,821	-12%	14,967	-7%
Isuzu	2,371	2,486	-5%	3,073	-23%
UD Trucks	176	152	16%	216	-19%
Peugeot	0	11	-100%	0	N/A
<b>Astra total</b>	<b>43,767</b>	<b>48,618</b>	<b>-10%</b>	<b>43,908</b>	<b>0%</b>
Mitsubishi	7,809	7,803	0%	8,700	-10%
Suzuki	5,410	5,845	-7%	4,584	18%
Honda	6,249	10,626	-41%	7,618	-18%
Wuling	1,526	1,642	-7%	964	58%
Hyundai	1,701	0	N/A	1,908	-11%
Chery	780		N/A	848	-8%
BYD	1,925		N/A	1,596	21%
Others	4,993	5,842	-15%	4,497	11%
<b>Non-Astra total</b>	<b>30,393</b>	<b>31,886</b>	<b>-5%</b>	<b>30,715</b>	<b>-1%</b>
<b>National wholesale</b>	<b>74,160</b>	<b>80,504</b>	<b>-8%</b>	<b>74,623</b>	<b>-1%</b>

Source: Gaikindo, Indo Premier

**Fig. 2: National wholesale 4W market share summary**

4W wholesale market share	Jul-24	Jul-23	yoy (bp)	Jun-24	mom (bp)
Toyota	37%	37%	(62)	34%	245
Daihatsu	19%	20%	(90)	20%	(130)
Isuzu	3%	3%	11	4%	(92)
UD Trucks	0%	0%	5	0%	(5)
Peugeot	0%	0%	(1)	0%	-
<b>Astra total</b>	<b>59%</b>	<b>60%</b>	<b>(138)</b>	<b>59%</b>	<b>18</b>
Mitsubishi	11%	10%	84	12%	(113)
Suzuki	7%	7%	3	6%	115
Honda	8%	13%	(477)	10%	(178)
Wuling	2%	2%	2	1%	77
Hyundai	2%	0%	229	3%	(26)
Chery	1%	0%	105	1%	(8)
BYD	3%	0%	260	2%	46
Others	7%	7%	(52)	6%	71
<b>Non-Astra total</b>	<b>41%</b>	<b>40%</b>	<b>138</b>	<b>41%</b>	<b>(18)</b>
<b>National</b>	<b>100%</b>	<b>100%</b>	<b>0</b>	<b>100%</b>	<b>0</b>

Source: Gaikindo, Indo Premier

**Fig. 3: Dealers' discounts (in Rp mn)**

Manufacturer	Model	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
Daihatsu	Ayla	6-10	5	8-10	5	5-8	5-8	5-7	6-7	3-18
Daihatsu	Rocky	15-17	10-15	20-25	7-10	9-12	10-13	10-15	8-11	7-18
Daihatsu	Xenia	15-17	14-15	20-24	13-15	10-11	8-12	15-18	7-11	5-21
Honda	Brio Satya	10	4-7	10	5	8-9	15-25	5-15	15-20	12-15
Honda	BR-V	30-40	30-57	30-40	0-5	20-25	30	5-15	35-40	20-30
Honda	CR-V	45	0	0	5-7	0-5	40-50	10-30	20-25	20-25
Honda	New CR-V	0	0	0	0	0	10-25	10-30	20-25	20-25
Honda	HR-V	30	30-35	30-35	20-35	20-25	30-50	5-20	20-25	20-25
Honda	WR-V	20-25	15-20	24-30	20-30	25-30	25	15-25	30-45	20-25
Hyundai	Creta	35-45	35-45	45	15-45	25	30-35	30-35	35-45	25-35
Hyundai	Stargazer	15	40-45	30	30-35	25-30	25-40	20	30-32	25-35
Mitsubishi	Pajero	25-30	25-37	30-35	30-40	35-40	20-30	20-25	30-35	30-35
Mitsubishi	Xpander	10-20	20-25	20-25	23-25	10-25	10-15	12-20	14-20	14-20
Toyota	Agya	15	10-18	15	10	10-12	8-10	10-12	7-10	10-12
Toyota	Avanza	23-25	14-33	22-25	15-20	26-28	15-20	20-25	25	23-25
Toyota	Fortuner	30-45	25-30	50-55	40	40-50	25-35	30-35	30-40	30-35
Toyota	Innova Zenix (petrol)	15-20	15-20	20-25	10-20	15-20	10-12	15-20	20-25	25
Toyota	Innova Zenix (hybrid)	0-8	5-7	6-8	5-15	10-15	7-10	10	15	13-15
Toyota	Raize	18-25	20-30	20-32	20-25	25	15-17	20-25	22-25	20-22
Toyota	Rush	25-33	25-33	22-30	20-25	25-28	18-20	20-25	20-30	25-30
Wuling	Almaz	20-40	40-50	50-60	40-50	60-70	25-60	50-60	60-70	50-60
Wuling	Almaz facelift	25-40	8-30	10-15	10-40	15-23	20	25-30	25-35	14-20
Wuling	Alvez	15-17	10-15	15-17	10-15	20	10-15	20-25	30	25-30
Wuling	Confero	25-27	20-25	20-25	10-20	25	10-15	20-30	25-30	20-25
Wuling	Cortez	23-27	25-30	20-30	30	30-35	30-35	25-30	30-40	21-25

Source: Indo Premier survey

**Fig. 4: Backlog (months)**

Manufacturer	Model	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
Daihatsu	Ayla	ready	ready	ready	ready	ready	ready	ready	ready	ready
Daihatsu	Rocky	ready	ready	ready	ready	ready	ready	ready	ready	ready
Daihatsu	Xenia	ready	ready	ready	ready	ready	ready	ready	ready	ready
Honda	Brio Satya	ready	ready	ready	ready	ready	ready	ready	ready	ready
Honda	BR-V	ready	ready	ready	ready	ready	ready	ready	ready	ready
Honda	New CR-V	1-2	ready	ready	ready	ready	ready	ready	ready	ready
Honda	HR-V	ready	ready	ready	ready	ready	ready	ready	ready	ready
Honda	WR-V	ready	ready	ready	ready	ready	ready	ready	ready	ready
Hyundai	Creta	ready	ready	ready	ready	ready	ready	ready	ready	ready
Hyundai	Stargazer	ready	ready	ready	ready	ready	ready	ready	ready	ready
Mitsubishi	Pajero	ready	ready	ready	ready	ready	ready	ready	ready	ready
Mitsubishi	Xpander	ready	ready	ready	ready	ready	ready	ready	ready	ready
Toyota	Agya	ready	ready	ready	ready	ready	ready	ready	ready	ready
Toyota	Avanza	ready	ready	ready	ready	ready	ready	ready	ready	ready
Toyota	Fortuner	1-3	ready	ready	ready	ready	ready	ready	ready	ready
Toyota	Innova Zenix (petrol)	1-2	1	ready	ready	ready	ready	ready	ready	ready
Toyota	Innova Zenix (hybrid)	ready	ready	ready	ready	ready	ready	ready	ready	ready
Toyota	Raize	ready	ready	ready	ready	ready	ready	ready	ready	ready
Toyota	Rush	ready	ready	ready	ready	ready	ready	ready	ready	ready
Wuling	Almaz	ready	ready	ready	ready	ready	ready	ready	ready	ready
Wuling	Almaz facelift	ready	ready	ready	ready	ready	ready	ready	ready	ready
Wuling	Alvez	ready	ready-2	ready	ready	ready	ready	ready	ready	ready
Wuling	Confero	ready	ready	ready	ready	ready	ready	ready	ready	ready
Wuling	Cortez	ready	ready	ready	ready	ready	ready	ready	ready	ready

Source: Indo Premier survey

**Fig. 5: GIAS 2024 sales figures by brands**

No	Brand	# of orders	As % of total orders	Top-3 best selling models					
				#1	Orders	#2	Orders	#3	Orders
1	Toyota	6,202	17.8%	Innova Zenix	1,968	Avanza Veloz	1,395	Yaris Cross HECV	240
2	Hyundai	3,606	10.3%	Stargazer	1,191	Kona EV	627	Ioniq 5	453
3	Mitsubishi	3,353	9.6%	Xpander	1,509	Xforce	1,006	Pajero Sport	738
4	BYD	2,920	8.4%	M6	1,460		N/A		
5	Wuling	2,301	6.6%	Binguo EV	1,151	Air EV	598	Cloud EV	529
6	Honda	1,861	5.3%	Brio Satya	800	HR-V	386	WR-V	344
7	Suzuki	1,705	4.9%	XL7	551	Carry	390	Baleno	304
8	MG	1,518	4.3%						
9	BMW	1,166	3.3%						
10	AION	1,118	3.2%						
11	FUSO	1,113	3.2%						
12	Nissan	1,023	2.9%						
13	Chery	1,009	2.9%						
14	Mazda	833	2.4%						
15	Isuzu	634	1.8%						
16	KIA	571	1.6%						
17	DFSK	546	1.6%						
18	Daihatsu	539	1.5%						
19	Neta	327	0.9%						
20	BAIC	136	0.4%						
21	Others	2,419	6.9%						
<b>Total</b>		<b>34,900</b>							

Source: Various news, 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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