

# Astra International

**BUY** (unchanged)

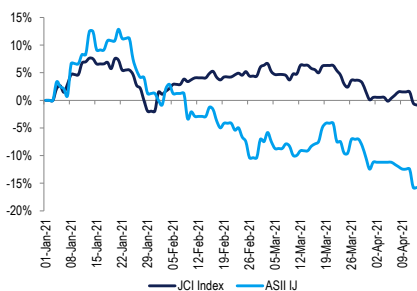
Company Update | Automotive | ASII IJ | 13 April 2021

## Stock Data

Target price	Rp6,600
Prior TP	Rp6,600
Current price	Rp5,075
Upside/downside	+30%
Shares outstanding (mn)	40,484
Market cap (Rp bn)	205,454
Free float	50%
Avg. 6m daily T/O (Rp bn)	345

## Price Performance

	3M	6M	12M
Absolute	-22.2%	8.0%	28.2%
Relative to JCI	-15.1%	-8.4%	0.0%
52w low/high (Rp)	3,570 – 6,800		



## Major Shareholders

Jardine Cycle & Carriage Ltd	50.1%
Capital Group Companies Inc	3.2%
Blackrock Inc	2.6%

## Timothy Handerson

PT Indo Premier Sekuritas  
timothy.handerson@ipc.co.id  
+62 21 5088 7168 ext. 714

## Anthony

PT Indo Premier Sekuritas  
anthony@ipc.co.id  
+62 21 5088 7168 ext. 715

## Encouraging Mar21 volume pick-up driven by PPnBM relaxation

- Mar21 wholesale 4W volume of 85k (+11% yoy/+73% mom) already at par with pre-Covid run-rate; overall non-ASII volume still lagging ASII's.
- Retail 4W volume of 78k (+28% yoy/+65% mom) formed 92% of pre-Covid; ASII saw stronger traction from higher exposure to <1500cc cars.
- Despite tightening supply (2-3 months waiting time), we still believe that Kemenperin's FY21F target of 830-850k is achievable. Maintain Buy.

### A steep mom increase in Mar21 wholesale 4W volume

National wholesale 4W volume reached 85k (+11% yoy/+73% mom) in Mar21, which formed 99% of pre-Covid run-rate (based on average monthly volume in FY19) as producers raised volume in response to the PPnBM relaxation introduced back in Mar21. Both ASII (-1% yoy/-72% mom) and non-ASII (+27% yoy/+73% mom) saw similar mom volume pick-up in Mar21, though non-ASII wholesale volume (96% of pre-Covid) still lagged ASII's (101% of pre-Covid). Cumulatively, national 4W wholesale volume was -21% yoy (+17% qoq) in 1Q21 with ASII market share of 53% (vs. 55% in 1Q20). ASII indicated that it plans to maintain flat mom production in Apr, before expecting lower volume in May due to Lebaran holiday.

### ASII retail sales volume outpacing non-ASII volume

National retail 4W volume stood at 78k (+28% yoy/+65% mom) in Mar21, forming 89% of pre-Covid run-rate. ASII (+35% yoy/+79% mom – 92% of pre-Covid) saw stronger yoy/mom pick-up in retail demand vs. non-ASII (+21% yoy/+52% mom – 87% of pre-Covid), which was due to better brand equity and higher exposure to <1500cc cars eligible for PPnBM relaxation (55-58% of total volume). Cumulatively, national 1Q21 retail sales volume was still down by 19% yoy (+4% qoq). We expect the strong retail volume sales to continue in Apr, still supported by the on-going PPnBM relaxation.

### Stretched supply

Despite higher wholesale volume in Mar, our checks as of early Apr revealed that inventory for most dealers have declined, with buyers having to wait 2-3 months for delivery of popular models (Avanza/Rush/Fortuner). We expect demand to normalize starting in Jun amid smaller magnitude of relaxation (50% PPnBM discount in Jun-Aug vs. 100% in Mar-May), which shall ease pressure on supply. However, we still think that Kemenperin's FY21F 4W volume target of 830-850k (+57-60% yoy) remains achievable, [which presents 15%/3% upside to our FY21F auto/consolidated net profit forecast](#).

### Maintain Buy

Maintain Buy amid the positive volume trend. ASII is now trades at 11x FY21F P/E vs. 10Y avg of 15x P/E. Risk is worsening macro.

Financial Summary (Rp bn)	2019A	2020A	2021F	2022F	2023F
Revenue	237,166	175,046	190,743	221,761	241,742
EBITDA	39,636	20,677	28,602	33,009	36,119
Net profit	21,707	16,164	18,066	22,348	26,081
EPS growth	0.2%	-25.5%	11.8%	23.7%	16.7%
ROE	12.0%	8.4%	8.9%	10.2%	10.9%
PER (x)	9.5	12.7	11.4	9.2	7.9
EV/EBITDA (x)	6.9	12.3	8.6	7.5	6.6
Dividend yield	4.2%	4.2%	3.1%	3.5%	4.4%
IPS vs. consensus			103%	105%	111%

Source: Company, Indo Premier

Share price closing as of: 13 April 2021

Fig. 1: National 4W wholesale volume summary

4W wholesale sales (in units)	1Q21	1Q20	yoy%	Mar-21	Mar-20	yoy%	Feb-21	mom%
Toyota	57,477	75,363	-24%	26,300	26,191	0%	15,144	74%
Daihatsu	35,205	48,113	-27%	16,800	18,162	-7%	9,412	78%
Isuzu	5,989	5,700	5%	2,400	1,325	81%	1,833	31%
UD Trucks	0	170	-100%	0	63	-100%	0	NA
<b>Astra total</b>	<b>98,724</b>	<b>129,346</b>	<b>-24%</b>	<b>45,500</b>	<b>45,741</b>	<b>-1%</b>	<b>26,408</b>	<b>72%</b>
Mitsubishi	29,775	33,557	-11%	13,100	10,359	26%	7,567	73%
Suzuki	19,700	24,210	-19%	8,700	5,085	71%	4,600	89%
Honda	25,443	36,218	-30%	11,400	12,068	-6%	6,812	67%
Others	13,370	13,559	-1%	6,200	3,558	74%	3,815	63%
<b>Non-Astra total</b>	<b>88,288</b>	<b>107,544</b>	<b>-18%</b>	<b>39,400</b>	<b>31,070</b>	<b>27%</b>	<b>22,794</b>	<b>73%</b>
<b>National wholesale</b>	<b>187,012</b>	<b>236,890</b>	<b>-21%</b>	<b>84,900</b>	<b>76,811</b>	<b>11%</b>	<b>49,202</b>	<b>73%</b>

Source: Gaikindo, Indo Premier

Fig. 2: National 4W wholesale market share summary

4W wholesale market share	1Q21	1Q20	yoy (bp)	Mar-21	Mar-20	yoy (bp)	Feb-21	mom (bp)
Toyota	31%	32%	(108)	31%	34%	(312)	31%	20
Daihatsu	19%	20%	(149)	20%	24%	(386)	19%	66
Isuzu	3%	2%	80	3%	2%	110	4%	(90)
UD Trucks	0%	0%	(7)	0%	0%	(8)	0%	0
<b>Astra total</b>	<b>53%</b>	<b>55%</b>	<b>(181)</b>	<b>54%</b>	<b>60%</b>	<b>(596)</b>	<b>54%</b>	<b>(8)</b>
Mitsubishi	16%	14%	176	15%	13%	194	15%	5
Suzuki	11%	10%	31	10%	7%	363	9%	90
Honda	14%	15%	(168)	13%	16%	(228)	14%	(42)
Others	7%	6%	143	7%	5%	267	8%	(45)
<b>Non-Astra total</b>	<b>47%</b>	<b>45%</b>	<b>181</b>	<b>46%</b>	<b>40%</b>	<b>596</b>	<b>46%</b>	<b>8</b>
<b>National</b>	<b>100%</b>	<b>100%</b>	<b>0</b>	<b>100%</b>	<b>100%</b>	<b>0</b>	<b>100%</b>	<b>0</b>

Source: Gaikindo, Indo Premier

Fig. 3: National 4W retail volume summary

4W retail sales (in units)	1Q21	1Q20	yoy%	Mar-21	Mar-20	yoy%	Feb-21	mom%
Toyota	54,254	66,599	-19%	26,425	17,787	49%	12,537	111%
Daihatsu	30,342	39,186	-23%	12,400	10,946	13%	8,414	47%
Isuzu	5,860	5,255	12%	2,200	1,528	44%	1,814	21%
UD Trucks	255	369	-31%	0	77	-100%	125	-100%
<b>Astra total</b>	<b>90,764</b>	<b>111,492</b>	<b>-19%</b>	<b>41,025</b>	<b>30,373</b>	<b>35%</b>	<b>22,909</b>	<b>79%</b>
Mitsubishi	28,639	30,581	-6%	11,600	7,923	46%	8,182	42%
Suzuki	19,524	25,425	-23%	8,200	7,161	15%	5,132	60%
Honda	23,086	35,178	-34%	10,000	10,657	-6%	6,018	66%
Others	16,427	16,690	-2%	6,675	4,327	54%	4,702	42%
<b>Non-Astra total</b>	<b>87,676</b>	<b>107,874</b>	<b>-19%</b>	<b>36,475</b>	<b>30,068</b>	<b>21%</b>	<b>24,034</b>	<b>52%</b>
<b>National retail</b>	<b>178,440</b>	<b>219,366</b>	<b>-19%</b>	<b>77,500</b>	<b>60,441</b>	<b>28%</b>	<b>46,943</b>	<b>65%</b>

Source: Gaikindo, Indo Premier

Fig. 4: National 4W retail market share summary

Fig. 4. National 4W retail market share summary

4W retail market share	1Q21	1Q20	yoy (bp)	Mar-21	Mar-20	yoy (bp)	Feb-21 mom (bp)	
Toyota	30%	30%	4	34%	29%	467	27%	739
Daihatsu	17%	18%	(86)	16%	18%	(211)	18%	(192)
Isuzu	3%	2%	89	3%	3%	31	4%	(103)
UD Trucks	0%	0%	(3)	0%	0%	(13)	0%	(27)
<b>Astra total</b>	<b>51%</b>	<b>51%</b>	<b>4</b>	<b>53%</b>	<b>50%</b>	<b>268</b>	<b>49%</b>	<b>413</b>
Mitsubishi	16%	14%	211	15%	13%	186	17%	(246)
Suzuki	11%	12%	(65)	11%	12%	(127)	11%	(35)
Honda	13%	16%	(310)	13%	18%	(473)	13%	8
Others	9%	8%	160	9%	7%	145	10%	(140)
<b>Non-Astra total</b>	<b>49%</b>	<b>49%</b>	<b>(4)</b>	<b>47%</b>	<b>50%</b>	<b>(268)</b>	<b>51%</b>	<b>(413)</b>
<b>National</b>	<b>100%</b>	<b>100%</b>	<b>0</b>	<b>100%</b>	<b>100%</b>	<b>0</b>	<b>100%</b>	<b>0</b>

Source: Gaikindo, Indo Premier

Fig. 5: Summary of ASII models eligible for PPnBM relaxation <1500cc – high exposure to this segment allowed ASII Mar21 retail volume to outpace non-ASII

Daihatsu	FY19	FY20
Xenia	21,674	7,637
Gran Max	16,446	8,631
Luxio	3,992	1,576
Terios	22,960	12,362
<b>Subtotal eligible</b>	<b>65,072</b>	<b>30,206</b>
Daihatsu total volume	177,284	90,724
Eligible vehicles as % of total	37%	33%
<b>Toyota</b>	<b>FY19</b>	<b>FY20</b>
Yaris	8,033	4,555
Vios	502	309
Sienta	1,032	393
Innova	52,981	27,594
Fortuner	17,204	11,352
Avanza	86,384	35,754
Rush	61,569	29,361
<b>Subtotal eligible</b>	<b>227,705</b>	<b>109,318</b>
Toyota total volume	331,811	161,256
Eligible vehicles as % of total	69%	68%
<b>Aggregate</b>	<b>FY19</b>	<b>FY20</b>
Aggregate eligible volume	292,777	139,524
Toyota + Daihatsu total volume	509,095	251,980
Eligible vehicles as % of total	58%	55%

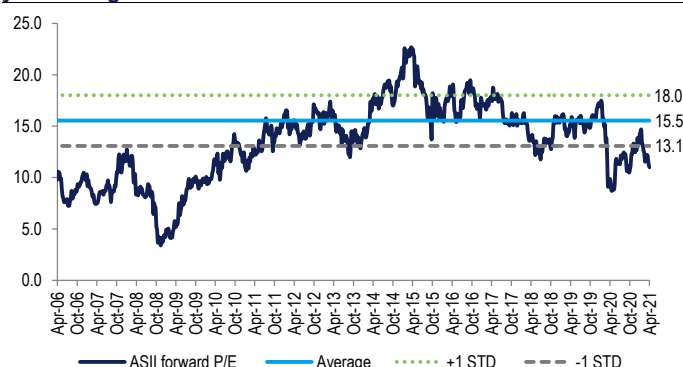
Source: Gaikindo, Indo Premier

**Fig. 6: Kemenperin's indicative target of 90k additional 4W volume (+12% upside) is in-line with the lower end of our estimate of 11-17% volume upside in FY21F**

ASII volume simulation	Case 1	Case 2
ASII base case 4W volume FY21	381	381
Estimated incremental volume from LMPV segment	30	46
% upside vs. base case	8%	12%
Estimated incremental volume from Innova/Fortuner segment	11	17
% upside vs. base case	3%	5%
<b>ASII adjusted FY21F 4W volume</b>	<b>423</b>	<b>444</b>
% upside vs. base case	11%	17%

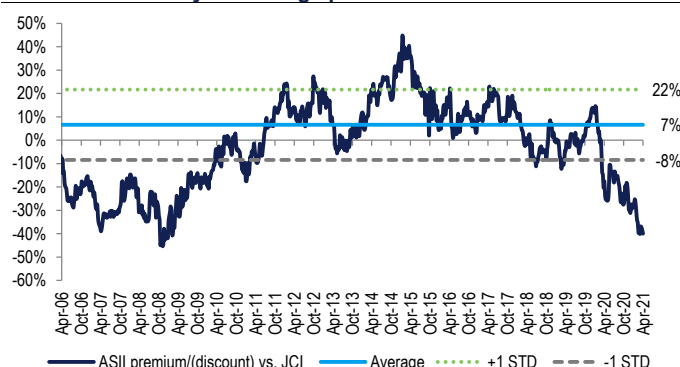
Source: Company, Indo Premier

**Fig. 7: ASII's forward P/E – now trading at 11.4x FY22F P/E vs. 10-year average of 15.5x P/E**



Source: Bloomberg, Company, Indo Premier

**Fig. 8: ASII's forward P/E now trades at a 37% discount to JCI's forward P/E vs. 10-year average premium of 7%**



Source: Bloomberg, Company, Indo Premier

Income Statement (Rp bn)	2019A	2020A	2021F	2022F	2023F
Net revenue	237,166	175,046	190,743	221,761	241,742
Cost of sales	(186,927)	(136,488)	(147,809)	(173,884)	(189,203)
<b>Gross profit</b>	<b>50,239</b>	<b>38,558</b>	<b>42,934</b>	<b>47,876</b>	<b>52,539</b>
SG&A Expenses	(24,055)	(25,688)	(22,780)	(24,175)	(26,458)
<b>Operating profit</b>	<b>26,184</b>	<b>12,870</b>	<b>20,154</b>	<b>23,701</b>	<b>26,082</b>
Net interest	(2,429)	(1,066)	(975)	(639)	41
Forex gain (loss)	(57)	0	0	0	0
Others	10,356	9,937	6,363	8,292	10,179
<b>Pre-tax income</b>	<b>34,054</b>	<b>21,741</b>	<b>25,542</b>	<b>31,354</b>	<b>36,302</b>
Income tax	(7,433)	(3,170)	(4,853)	(5,957)	(6,897)
Minority interest	(4,914)	(2,407)	(2,623)	(3,049)	(3,324)
<b>Net income</b>	<b>21,707</b>	<b>16,164</b>	<b>18,066</b>	<b>22,348</b>	<b>26,081</b>

Balance Sheet (Rp bn)	2019A	2020A	2021F	2022F	2023F
Cash & equivalent	24,330	40,196	38,603	33,987	27,744
Receivable	29,367	24,493	26,371	32,765	31,700
Inventory	24,287	17,709	21,706	24,663	25,791
Other current assets	51,074	51,074	51,074	51,074	51,074
<b>Total current assets</b>	<b>129,058</b>	<b>133,472</b>	<b>137,755</b>	<b>142,489</b>	<b>136,310</b>
Fixed assets	99,140	99,215	101,457	104,859	107,731
Other non-current assets	123,760	114,845	120,629	128,779	138,830
<b>Total non-current assets</b>	<b>222,900</b>	<b>214,060</b>	<b>222,086</b>	<b>233,638</b>	<b>246,561</b>
<b>Total assets</b>	<b>351,958</b>	<b>347,532</b>	<b>359,841</b>	<b>376,127</b>	<b>382,871</b>

ST loans	15,427	15,346	15,346	15,346	15,346
Payable	30,087	19,545	25,935	27,568	30,648
Other payables	28,123	28,123	28,123	28,123	28,123
<b>Total current liabilities</b>	<b>73,637</b>	<b>63,014</b>	<b>69,404</b>	<b>71,037</b>	<b>74,117</b>
Long term loans	76,874	73,183	64,879	61,361	44,559
Other LT liabilities	14,684	14,684	14,684	14,684	14,684
<b>Total liabilities</b>	<b>165,195</b>	<b>150,881</b>	<b>148,966</b>	<b>147,082</b>	<b>133,360</b>

Equity	7,360	7,360	7,360	7,360	7,360
Retained earnings	140,487	147,968	159,569	174,690	191,832
Minority interest	38,916	41,323	43,946	46,995	50,319
<b>Total SHE + minority int.</b>	<b>186,763</b>	<b>196,651</b>	<b>210,875</b>	<b>229,045</b>	<b>249,511</b>
<b>Total liabilities &amp; equity</b>	<b>351,958</b>	<b>347,532</b>	<b>359,841</b>	<b>376,127</b>	<b>382,871</b>

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2019A	2020A	2021F	2022F	2023F
Net income	21,707	16,164	18,066	22,348	26,081
Depr. & amortization	13,452	7,807	8,448	9,308	10,038
Changes in working capital	(9,965)	1,822	(242)	(9,126)	1,452
Others	(6,019)	929	(1,270)	(2,779)	(4,296)
<b>Cash flow from operating</b>	<b>19,175</b>	<b>26,723</b>	<b>25,003</b>	<b>19,751</b>	<b>33,274</b>
Capital expenditure	(15,900)	1,598	(11,825)	(13,622)	(13,776)
Others	1,714	0	0	0	0
<b>Cash flow from investing</b>	<b>(14,186)</b>	<b>1,598</b>	<b>(11,825)</b>	<b>(13,622)</b>	<b>(13,776)</b>
Loans	6,387	(3,772)	(8,305)	(3,518)	(16,802)
Equity	0	0	0	0	0
Dividends	(8,669)	(8,683)	(6,466)	(7,227)	(8,939)
Others	(3,132)	0	0	0	0
<b>Cash flow from financing</b>	<b>(5,414)</b>	<b>(12,455)</b>	<b>(14,770)</b>	<b>(10,744)</b>	<b>(25,741)</b>
<b>Changes in cash</b>	<b>(425)</b>	<b>15,866</b>	<b>(1,592)</b>	<b>(4,616)</b>	<b>(6,243)</b>

Key Ratios	2019A	2020A	2021F	2022F	2023F
Gross margin	21.2%	22.0%	22.5%	21.6%	21.7%
Operating margin	11.0%	7.4%	10.6%	10.7%	10.8%
Pre-tax margin	14.4%	12.4%	13.4%	14.1%	15.0%
Net margin	9.2%	9.2%	9.5%	10.1%	10.8%
ROA	6.2%	4.6%	5.1%	6.1%	6.9%
ROE	12.0%	8.4%	8.9%	10.2%	10.9%
ROIC	7.8%	3.6%	5.6%	6.4%	6.8%
Acct. receivables TO (days)	46.6	56.2	48.7	48.7	48.7
Inventory TO (days)	49.6	56.2	48.7	48.7	48.7
Acct. payables - other TO (days)	70.6	66.4	56.2	56.2	56.2
Debt to equity	49%	45%	38%	33%	24%
Interest coverage ratio (x)	9.0	6.1	8.5	10.5	14.7
Net gearing	36%	25%	20%	19%	13%

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.

## DISCLAIMERS

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document do not have any regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT Indo Premier Sekuritas or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.