

Hold

(Maintained)

Last Price (Rp)	5,225
Target Price (Rp)	5,700
Previous Target Price (Rp)	5,700
Upside/Downside	+9.1%
No. of Shares (mn)	40,484
Mkt Cap (Rpbn/US\$mn)	211,527/13,460
Avg, Daily T/O (Rpbn/US\$mn)	322.9/20.5
Free Float (%)	42.3
Major Shareholder (%)	
Jardine Cycle & Carriage	50.1
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	819.1 831.1 890.9
Consensus	772.3 776.5 800.8
BRIDS/Cons (%)	6.1 7.0 11.3

ASII relative to JCI Index



Source: Bloomberg

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Astra International (ASII)

Inline FY23 earnings, seasonal weaker auto segment in 4Q23

- ASII's FY23 earnings inline with consensus (below ours), albeit with weaker 4Q23 qoq on auto
- We think weaker auto segment's in 4Q23 revenue may indicate higher discounting, yet we think it was a seasonal trend
- ASII proposes dividends of Rp421/share (8% yield), which is historical high, ex-FY22. Maintain Hold rating and TP of Rp 5,700

FY23 results inline with consensus. Weaker 4Q23 should be seasonal

ASII posted FY23 NP of Rp 33.8t (+17% YoY and 92%/104% of our estimate/the consensus, i.e., below our estimate but inline with the consensus). Despite a solid yoy NP growth for FY23, 4Q23 qoq reveal decline in auto segment albeit we think it should be seasonal. In other segments, we see good earnings on heavy equipment & mining (+27% QoQ, which our UNTR analyst [largely attributed to the rebound in coking coal price](#)), while financial segment decline by small amount (-2% QoQ)

Auto: seasonal weaker 4Q23 trend

ASII's auto business revenue fell 13% qoq, despite the flattish qoq on 2W and 4W sales volume in 4Q23. Operating profit/NP in the auto segment declined by 75%/35% qoq. We suspect this could be due to discounts that were booked at the end of the year, despite our data shown dealer inventory level in 2H23 was not as high as 2H21 level. Nevertheless, we think it is seasonal thing and it is too early to be over-skeptical for FY24F earnings.

Finally, short-term positive signal from higher dividend

ASII announced a plan to propose final dividend of Rp 421/share (8% dividend yield), on top of the interim dividend of Rp 98 per share distributed in Oct 23. This would bring the total DPR to 62%, the highest in ASII's history (excluding FY22). We think it is a good move for ASII, given their underutilized cash balance. Yet, we do not think it is going to be long-term dividend payout ratio

Maintain Hold rating with a TP of Rp 5,700

We maintain FY24-25F forecast and SOTP-based TP of **Rp5,700**, pending more clarity from earnings call on 8th Mar23. Possible positive ST catalysts for the stock are: 1) possible stronger Feb24 sales following preliminary report of Toyota recording 30% yoy sales in IIMS 2024 auto show; 2) Continuation on 4W hybrid demand (Innova Zenix, Yaris Cross) given such trend reflected on IIMS 2024

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	301,379	316,565	315,187	334,057	358,964
EBITDA (Rpbn)	56,102	53,405	52,946	53,095	56,357
EBITDA Growth (%)	41.4	(4.8)	(0.9)	0.3	6.1
Net Profit (Rpbn)	28,944	33,839	33,161	33,647	36,067
EPS (Rp)	715.0	835.9	819.1	831.1	890.9
EPS Growth (%)	43.3	16.9	(2.0)	1.5	7.2
BVPS (Rp)	4,746.2	4,906.7	5,824.4	6,327.9	6,886.3
DPS (Rp)	377.8	956.1	1,117.8	1,095.4	1,111.5
PER (x)	7.3	6.3	6.4	6.3	5.9
PBV (x)	1.1	1.1	0.9	0.8	0.8
Dividen yield (%)	7.2	18.3	21.4	21.0	21.3
EV/EBITDA	3.9	4.9	3.8	3.7	3.4

Source: ASII, BRIDS Estimates

ASII 4Q23/FY23 earnings summary

4Q23/FY23 earnings: inline with consensus/below ours

- ASII posted FY23 NP of Rp 33.8t (+17% YoY and 92%/104% of our estimate/the consensus, i.e., below our estimate but inline with the consensus).
- FY23 revenue expanded by 5% YoY to Rp 316.5t (102%/101% of our estimate/the consensus – inline), driven by the auto segment (+6% YoY), financial segment (+12% YoY), and heavy equipment & mining (+4% YoY). However, agri business recorded 5% YoY lower revenues.
- FY23 GPM was relatively stable at 23.2%, followed by a stable OPM of 14%, as a declining margin in the agri business (-480 bps YoY at the OPM level) was offset by a stronger margin contribution from the financial segment (+450 bps YoY) and a stable auto business OPM
- Qoq trend was seasonally weaker, with auto segment recorded -13%/-75%/-35% qoq despite relatively stable 4W and 2W sales volume. We suspect this was due to discounting in 4Q23 and one-off OPEX in 4Q23. Nevertheless, heavy equipment & mining recorded solid revenue/NP of +7%/+27% qoq, while financial was relatively flattish with revenue/NP of +4/-2% qoq

Exhibit 1. ASII Net Income Breakdown

(in IDRbn)	4Q22	3Q23	4Q23	QoQ, %	YoY, %	2022	2023	YoY, %
Automotive	2,878	3,474	2,250	(35.2)	(21.8)	9,668	11,417	18.1
Financial services	1,622	2,031	1,995	(1.8)	23.0	6,035	7,852	30.1
Agribusiness	407	345	203	(41.2)	(50.1)	1,376	841	(38.9)
Information Technology	26	45	13	(71.1)	(50.0)	75	109	45.3
Heavy equipment	3,145	2,545	3,233	27.0	2.8	12,678	12,664	(0.1)
Infrastructure and logistic	141	264	207	(21.6)	46.8	527	973	84.6
Property	20	46	28	(39.1)	40.0	129	142	10.1
%								
Automotive	34.9	39.7	28.4			31.7	33.6	
Financial services	19.7	23.2	25.2			19.8	23.1	
Agribusiness	4.9	3.9	2.6			4.5	2.5	
Information Technology	0.3	0.5	0.2			0.2	0.3	
Heavy equipment	38.2	29.1	40.8			41.6	37.2	
Infrastructure and logistic	1.7	3.0	2.6			1.7	2.9	
Property	0.2	0.5	0.4			0.4	0.4	

Source: Company

Exhibit 2. ASII FY23 Summary Results

(in IDRbn)	4Q22	3Q23	4Q23	QoQ, %	YoY, %	2022	2023	YoY, %	FY23 (Us)	A/F, %	FY23 (Cons)	A/F, %
Revenue	80,025	78,520	75,652	(3.7)	(5.5)	301,379	316,565	5.0	316,565	100	314,441	101
Gross profit	18,809	16,954	19,723	16.3	4.9	70,088	73,310	4.6	73,310	100	69,491	105
Operating income	11,376	9,713	11,829	21.8	4.0	42,201	44,268	4.9	44,268	100	41,478	107
EBITDA	25,277	12,820	13,345	4.1	(47.2)	56,102	53,405	(4.8)	12,471	428	54,577	98
Equity income	2,255	2,634	2,250	(14.6)	(0.2)	8,231	9,499	15.4	9,499	100		
Net income	5,614	8,242	8,148	(1.1)	45.1	28,944	33,839	16.9	33,839	100	32,461	104
Margins, %												
Gross margin	23.5	21.6	26.1			23.3	23.2		23.2		22.1	
Operating margin	14.2	12.4	15.6			14.0	14.0		14.0		13.2	
EBITDA margin	31.6	16.3	17.6			18.6	16.9		3.9		17.4	
Net margin	7.0	10.5	10.8			9.6	10.7		10.7		10.3	

Source: Company

Exhibit 3. ASII Revenue Breakdown

(in IDRbn)	4Q22	3Q23	4Q23	QoQ, %	YoY, %	2022	2023	YoY, %	FY23 (Us)	A/F, %
Automotive	33,325	33,438	29,088	(13.0)	(12.7)	121,056	128,250	5.9	128,250	100
Financial services	7,275	7,730	8,015	3.7	10.2	26,736	29,998	12.2	24,990	120
Agribusiness	5,311	6,291	5,063	(19.5)	(4.7)	21,828	20,745	(5.0)	24,322	85
Information Technology	864	765	891	16.5	3.1	2,910	2,969	2.0	3,299	90
Heavy equipment	32,074	28,921	30,985	7.1	(3.4)	123,607	128,583	4.0	79,461	162
Infrastructure and logistic	2,175	2,263	2,486	9.9	14.3	7,898	9,154	15.9	5,639	162
Property	315	202	428	111.9	35.9	1,123	1,049	(6.6)	1,200	87
%										
Automotive	41.0	42.0	37.8			39.7	40.0		48.0	
Financial services	8.9	9.7	10.4			8.8	9.4		9.4	
Agribusiness	6.5	7.9	6.6			7.2	6.5		9.1	
Information Technology	1.1	1.0	1.2			1.0	0.9		1.2	
Heavy equipment	39.4	36.3	40.3			40.5	40.1		29.7	
Infrastructure and logistic	2.7	2.8	3.2			2.6	2.9		2.1	
Property	0.4	0.3	0.6			0.4	0.3		0.4	

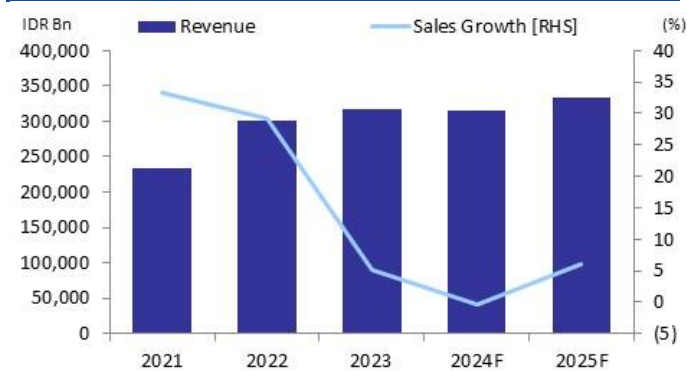
Source: Company

Exhibit 4. ASII P/E Band



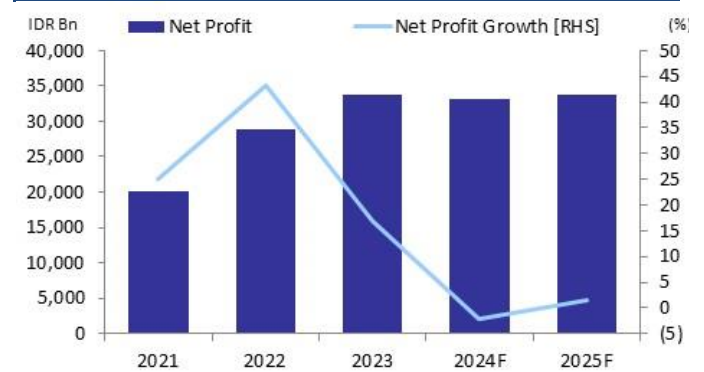
Source: Company

Exhibit 5. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 6. Net Profit and Growth



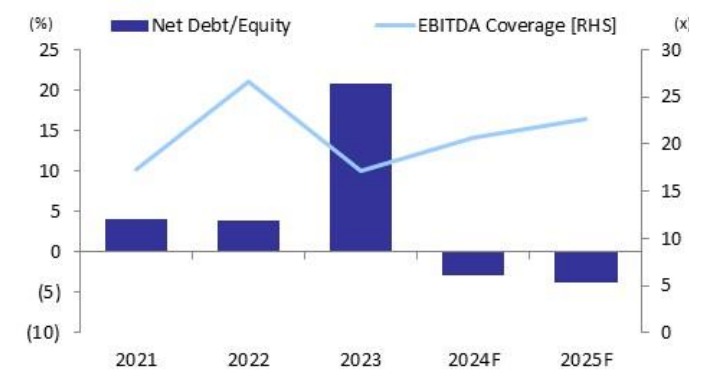
Source: Company, BRIDS Estimates

Exhibit 7. Margins



Source: Company, BRIDS Estimates

Exhibit 8. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 9. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	301,379	316,565	315,187	334,057	358,964
COGS	(231,291)	(243,255)	(248,242)	(265,508)	(285,445)
Gross profit	70,088	73,310	66,945	68,548	73,519
EBITDA	56,102	53,405	52,946	53,095	56,357
Oper. profit	42,201	44,268	38,176	36,769	38,372
Interest income	2,535	3,053	4,457	4,476	4,652
Interest expense	(2,107)	(3,112)	(2,561)	(2,344)	(2,344)
Forex Gain/(Loss)	188	(408)	0	0	0
Income From Assoc. Co's	8,231	9,499	11,344	12,220	13,087
Other Income (Expenses)	(658)	1,429	467	467	467
Pre-tax profit	50,390	54,729	51,882	51,587	54,234
Income tax	(9,970)	(10,228)	(10,265)	(10,207)	(10,730)
Minority interest	(11,476)	(10,662)	(8,456)	(7,733)	(7,436)
Net profit	28,944	33,839	33,161	33,647	36,067
Core Net Profit	28,756	34,247	33,161	33,647	36,067

Exhibit 10. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	61,295	41,136	96,249	100,037	105,208
Receivables	71,839	72,227	82,825	90,697	99,048
Inventory	32,323	39,138	31,822	34,386	37,344
Other Curr. Asset	14,075	12,837	16,711	17,712	19,032
Fixed assets - Net	94,752	107,977	104,425	108,730	112,845
Other non-curr.asset	138,727	171,516	170,700	183,049	195,520
Total asset	413,297	445,679	503,018	534,896	569,284
ST Debt	34,669	39,061	45,482	45,482	45,482
Payables	54,063	57,709	54,079	57,840	62,186
Other Curr. Liabilities	30,466	28,252	30,466	30,466	30,466
Long Term Debt	36,052	54,249	41,317	41,317	41,317
Other LT. Liabilities	14,327	15,990	14,327	14,327	14,327
Total Liabilities	169,577	195,261	185,671	189,432	193,778
Shareholder's Funds	192,142	198,640	235,793	256,177	278,783
Minority interests	51,578	51,778	81,554	89,288	96,724
Total Equity & Liabilities	413,297	445,679	503,018	534,896	569,284

Exhibit 11. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	28,944	33,839	33,161	33,647	36,067
Depreciation and Amort.	9,496	9,078	14,770	16,326	17,986
Change in Working Capital	(2,790)	(5,095)	(5,458)	(7,674)	(8,286)
Other Oper. Cash Flow	(9,654)	(17,416)	(6,837)	(7,654)	(5,228)
Operating Cash Flow	25,996	20,406	35,636	34,646	40,538
Capex	(14,358)	(22,303)	(19,518)	(20,631)	(22,101)
Others Inv. Cash Flow	(11,915)	(12,373)	(2,006)	(2,352)	(7,243)
Investing Cash Flow	(26,272)	(37,676)	(21,523)	(22,983)	(29,344)
Net change in debt	(1,765)	22,589	0	0	0
New Capital	0	0	0	0	0
Dividend payment	(15,295)	(38,707)	(14,711)	(13,264)	(13,459)
Other Fin. Cash Flow	14,684	13,229	5,896	5,390	7,436
Financing Cash Flow	(2,376)	(2,889)	(8,815)	(7,875)	(6,023)

Exhibit 12. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	29.1	5.0	(0.4)	6.0	7.5
EBITDA	41.4	(4.8)	(0.9)	0.3	6.1
Operating profit	65.3	4.9	(13.8)	(3.7)	4.4
Net profit	43.3	16.9	(2.0)	1.5	7.2
Profitability (%)					
Gross margin	23.3	23.2	21.2	20.5	20.5
EBITDA margin	18.6	16.9	16.8	15.9	15.7
Operating margin	14.0	14.0	12.1	11.0	10.7
Net margin	9.6	10.7	10.5	10.1	10.0
ROAA	7.4	7.9	7.0	6.5	6.5
ROAE	15.9	17.3	15.3	13.7	13.5
Leverage					
Net Gearing (x)	0.0	0.2	0.0	0.0	0.0
Interest Coverage (x)	20.0	14.2	14.9	15.7	16.4

Source : ASII, BRIDS Estimates

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INVESTMENT RATING

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

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