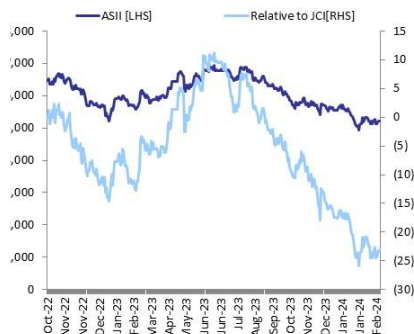


Hold

(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)	211,527/13,473
Avg, Daily T/O (Rpbn/US\$mn)	323.3/20.6
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	774.1 776.5 818.8
BRIDS/Cons (%)	5.8 7.0 8.8

ASII relative to JCI Index



Source: Bloomberg

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Astra International (ASII)

Hybrid Incentive are Off for Now

- We just attended a discussion on EV that was hosted by several ministry representatives.
- The govt is supportive of EV offering multiple incentives. We are quite surprised by the easiness in gaining TKDN 40% to obtain the incentives.
- Hybrid subsidies, however, are not inline with the government's goal. This puts ASII at a disadvantage. Reiterate HOLD rating on ASII

EV relaxation: All you need to know

To recap, the government has given multiple tax incentives to EV in Indonesia, in the form of 0% import duty, 0% luxury tax, and a VAT rate as low as 1% for CBU and CKD cars, with TKDN (local content requirement) and an investment commitment as prerequisite. The current prerequisites will be increased in 2026, with further increases in 2027-2029. In addition, the government is also providing exemptions for motor vehicle tax, the motor vehicle transfer fee, and the odd-even traffic policy in Jakarta. These incentives are hoped to result in 400k 4W EV sales by 2025 (2021-3 achievement: 22k).

TKDN requirement: 40% should be easy to achieve with moderate capital

The event also highlighted how to obtain a TKDN level to be eligible for government EV incentives. For 2020-29, local assembly will be calculated at a 30% TKDN rate, before declining to 20% from 2030 onwards. Meanwhile, supporting components would be calculated at a 10% TKDN rate, R&D at 10%, frame and body at 5%, drive train & PCU at 5%, and battery at 40% in 2020-2029 (50% from 2030 onwards). Given the high score that can come from assembly to meet the total TKDN requirement, we believe it is quite easy to claim the first 40% TKDN threshold to claim the benefit. This could be achieved with moderate capex from EV producers, such as the Rp4t spent by Morris Garage (and it required only 1 year to ramp up CKD in their existing facility) and the Rp250b Chery investment to speed up CKD assembly. This should ease the entry of EV into Indonesia, as depicted in the current availability of brands and models in the EV market.

Maintain Hold rating for ASII with a TP of Rp 5,700

The government does not believe that the current conventional hybrid (ran by fuel) models in Indonesia support the spirit of "reducing fuel subsidies" and "cleaner air", the foundations of current EV policies. Thus, the government does not have any plan to provide subsidies to conventional hybrid models. They might give subsidies for extended range PHEV, but the model is limited even in global markets. This would put ASII at a disadvantage, given the company is currently promoting conventional hybrids.

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

Exhibit 1. CBU/CKD Tax Incentive

		Import and CBU incentive			CKD 40-60% and IKD incentive			IKD incentive		
		2023 - 2025			2026			2027 - 2029		
Roadmap TKDN		TKDN ≥ 40%			TKDN ≥ 40%			TKDN ≥ 60%		
CBU	Before	50 ²	15	11	50 ²	15	11	50 ²	15	11
	After ¹	0	0	11	50 ²	15	11	50 ²	15	11
CKD (TKDN <40%)	Before	0	15	11	0	15	11	0	15	11
	After	0	0	11	0	15	11	0	15	11
CKD roadmap (TKDN ≥40%)	Before	0	0	11	0	0	11	0	15	11
	After	0	0	1	0	0	1	0	15	11
IKD (TKDN ≥60%)	Before	0	0	11	0	0	11	0	0	11
	After	0	0	1	0	0	1	0	0	1

1. Sesudah program usulan; 2. Besar bea masuk untuk produk asal RRT

Incentive is given

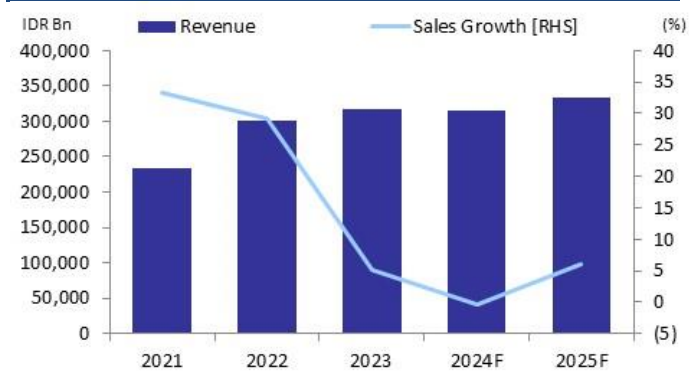
Source: Coordinating Ministry for Maritime and Investment Affairs

Exhibit 2. TKDN Requirement

PERHITUNGAN TKDN BERDASARKAN PERMENPERIN 6/022 JO 28/23			
PP No. 55/2019 Jo 79/2022	2022-2026	2027-2029	2030 Onwards
	40%	60%	80%
	2020-2029	2030 onwards	
MAIN COMPONENT	50%	60%	COST BASED Except for battery: Investment based, activity based, or cost based
Frame and/or body	5%	5%	
Battery	40%	50%	
Drive Train, PCU	5%	5%	
SUPPORTING COMPONENT	10%	10%	COST BASED
Steering System	2%	2%	
Suspension	1%	1%	
Brake System	2%	2%	
Tires and Rims	1%	1%	
Seat and Cable System	2%	2%	
Electronic Systems and Air Conditioning	2%	2%	
LITBANG/ RNDND	10%	10%	INVESTMENT BASED OR ACTIVITY BASED
ASSEMBLY	30%	20%	
TOTAL	100%	100%	

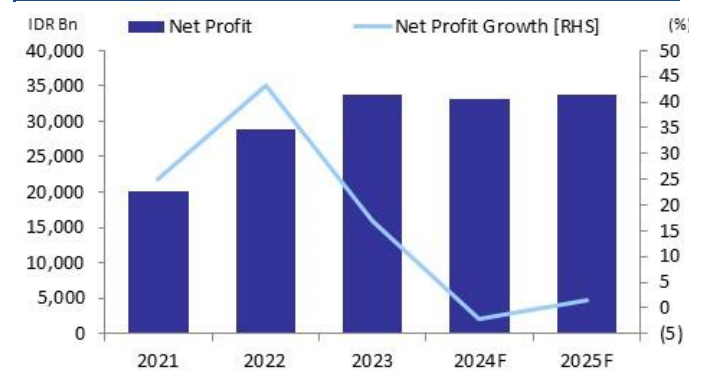
Source: Ministry of Industry

Exhibit 3. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 4. Net Profit and Growth



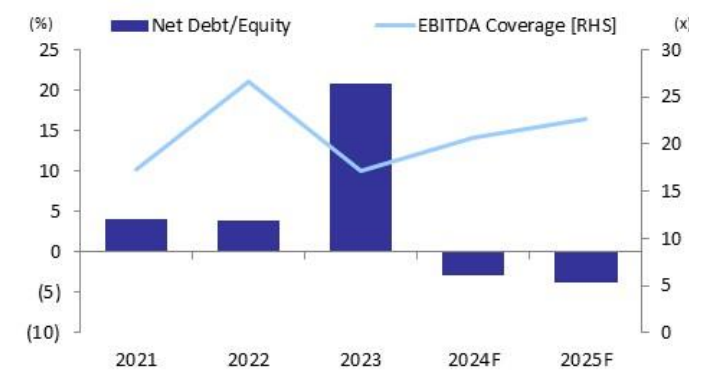
Source: Company, BRIDS Estimates

Exhibit 5. Margins



Source: Company, BRIDS Estimates

Exhibit 6. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 7. 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 8. 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 9. 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 10. 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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