

# Hold

(Maintained)

Last Price (Rp)	5,275
Target Price (Rp)	5,600
Previous Target Price (Rp)	5,700
Upside/Downside	+6.2%
No. of Shares (mn)	40,484
Mkt Cap (Rpbn/US\$mn)	213,551/13,705
Avg, Daily T/O (Rpbn/US\$mn)	330.4/21.2
Free Float (%)	42.3
Major Shareholder (%)	
Jardine Cycle & Carriage	50.1
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	776.0 777.5 801.0
Consensus	770.7 786.9 819.1
BRIDS/Cons (%)	0.7 (1.2) (2.2)

## ASII relative to JCI Index



Source: Bloomberg

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# Astra International (ASII IJ)

## Pinning Hopes on Lebaran and New Models

- 4W sales numbers in Feb24 were rather weak despite strong IIMS sales (+23% yoy). We expect a boost to 1Q24 sales from Lebaran.
- ASII expects to launch new PHEV/BEV in the next 2 years. In 2024, ASII is looking to launch Avanza/Rush HEV, which should improve 4W sales
- We slightly adjust our FY24F/FY25F numbers. Our new TP is Rp5,600 (-1.7%), with a HOLD rating.

### Feb24 4W/2W Sales were rather weak

Despite strong IIMS numbers (+23% yoy), the Feb24 4W wholesale number rose only by 1.5% MoM (2M24: down by 23% YoY). As of 2M24, the 4W wholesale number represents only 13% of Gaikindo's FY estimate and our target (vs around 16%-18% of annual sales historically in the last 7 years except 2020-1). We believe Mar24 sales will be the key before readjusting our 4W sales volume estimate for FY24F. We expect the Lebaran impact to boost the Mar24 number, while new product launches should boost 4W sales numbers from 2Q24 onwards, in our view. Meanwhile, the 2W wholesale number declined by 6% MoM in Feb24, although still relatively strong at 558k units, similar to 2H23's monthly average. We still see a downside risk on the current 2W run rate, as it is too strong given the current state of the economy.

### ASII: 4W product launch plans

ASII is planning to launch new BEV and 2 PHEV models in the next 2 years, and a new HEV in 2024. The market expects an Avanza/Veloz or Rush HEV, given Avanza/Veloz's popularity (~19% of ASII sales by volume), while there have not been any new non-sport Rush models since 2017. We think short-term 4W sales will need to be driven by new models, while we reiterate our view that BEV will not hurt ICE sales in the short-term and we might expect some upside surprise from hybrid sales even though they will not receive major subsidies. Overall, we still expect stronger volume growth for ASII on 4W (+5% yoy) than 2W (-1% yoy) in FY24F

### Maintain HOLD rating with a TP of Rp5,600

We fine-tuned on our FY24F/FY25F numbers, with 0.6%/1.3% lower revenue and 5%/6% lower NP, mostly reflecting adjustment on higher interest expense, assumption on interest income, offsetting slightly higher margin assumption on auto segment. We trim our SOTP-derived TP by 1.7% to **Rp 5,600**, reiterating our **HOLD** call. Upside risks to our call: 1) Strong 2W sales; 2) Less 4W competition. Downside risks: 1) No improvement in 4W sales; 2) Increasing NPLs in the financing business.

### Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	301,379	316,565	313,427	329,689	351,217
EBITDA (Rpbn)	56,102	53,405	50,878	49,816	52,019
EBITDA Growth (%)	41.4	(4.8)	(4.7)	(2.1)	4.4
Net Profit (Rpbn)	28,944	33,839	31,415	31,478	32,427
EPS (Rp)	715.0	835.9	776.0	777.5	801.0
EPS Growth (%)	43.3	16.9	(7.2)	0.2	3.0
BVPS (Rp)	4,746.2	4,906.7	5,261.7	5,697.5	6,156.0
DPS (Rp)	377.8	956.1	421.0	341.8	342.4
PER (x)	7.4	6.3	6.8	6.8	6.6
PBV (x)	1.1	1.1	1.0	0.9	0.9
Dividen yield (%)	7.2	18.1	8.0	6.5	6.5
EV/EBITDA	4.0	5.0	5.1	5.1	4.8

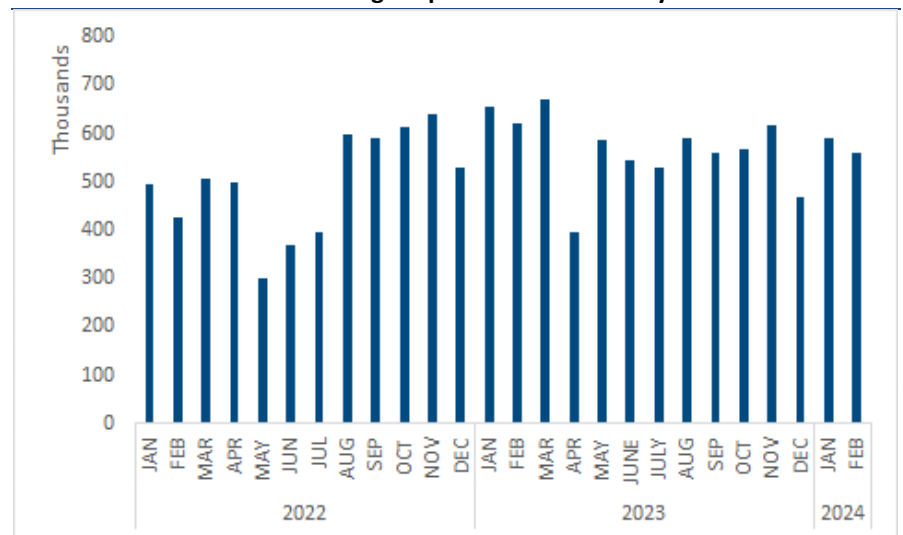
Source: ASII, BRIDS Estimates

## Pinning Hopes on Lebaran and New Models

### Feb24 4W/2W Sales were rather weak

Despite strong IIMS numbers (+23% yoy), the Feb24 4W wholesale number rose only by 1.5% MoM (2M24: down by 23% YoY), while the retail sales number showed a decline of 10% MoM. As of 2M24, the 4W wholesale number represents only 13% of Gaikindo's FY estimate and our target (vs around 16%-18% of annual sales historically in the last 7 years except 2020-1). We believe Mar24 sales will be the key before readjusting our 4W sales volume estimate for FY24F. To note, the current sales trend is similar to 2021's, although a weaker trend in 1Q21 was offset by a strong Lebaran and 2H21 sales. We expect the Lebaran impact to boost the Mar24 number, while new product launches should boost 4W sales numbers from 2Q24 onwards, in our view. Meanwhile, the 2W wholesale number declined by 6% MoM in Feb24, although still relatively strong at 558k units, similar to 2H23's monthly average. We still see a downside risk on the current 2W run rate, as it is too strong given the current state of the economy.

### Exhibit 1. 2W sales remain strong despite weaker economy situation



Source: AISI

### ASII: 4W product launch plans

ASII is planning to launch new BEV and 2 PHEV models in the next 2 years, and a new HEV in 2024. The market expects an Avanza/Veloz or Rush HEV, given Avanza/Veloz's popularity (~19% of ASII sales by volume), while there have not been any new non-sport Rush models since 2017. A new Avanza/Veloz HEV should be particularly interesting given the boost that both models gave to ASII sales back in 2021 from the All-New variants. We think short-term 4W sales will need to be driven by new models, while we reiterate our view that BEV will not hurt ICE sales in the short-term and we might expect some upside surprise from hybrid sales even though they will not receive major subsidies. Overall, we still expect stronger volume growth for ASII on 4W (+5% yoy) than 2W (-1% yoy) in FY24F

### Maintain HOLD rating with a TP of Rp5,600

We fine-tuned on our FY24F/FY25F numbers, with 0.6%/1.3% lower revenue and 5%/6% lower NP, mostly reflecting adjustment on higher interest expense, assumption on interest income, offsetting slightly higher margin assumption on auto segment. We trim our SOTP-derived TP by 1.7% to **Rp 5,600**, reiterating our **HOLD** call. Upside risks to our call: 1) Strong 2W sales; 2) Less 4W competition. Downside risks: 1) No improvement in 4W sales; 2) Increasing NPLs in the financing business.

**Exhibit 2. ASII Forecast Changes**

	Previous		New		Changes	
	FY24F	FY25F	FY24F	FY25F	FY24F	FY25F
Domestic 4W sales, unit	602,226	626,536	602,226	626,536	0%	0%
Domestic 2W sales, unit	5,071,212	5,426,197	4,802,484	5,071,922	-5%	-7%
<b>Consolidated</b>						
Revenue	315,187	334,057	313,427	329,689	-1%	-1%
Gross Profit	66,945	68,548	65,713	65,318	-2%	-5%
OPEX	28,769	31,779	28,342	29,831	-1%	-6%
Operating Profit	38,176	36,769	37,371	35,487	-2%	-3%
Net Profit	33,161	33,647	31,415	31,478	-5%	-6%
GPM	21.2%	20.5%	21.0%	19.8%	-0.3%	-0.7%
OPM	12.1%	11.0%	11.9%	10.8%	-0.2%	-0.2%
<b>By Segment</b>						
<u>Revenue</u>						
Automotive	139,554	151,829	137,956	148,429	-1%	-2%
Financial	32,282	35,184	32,189	34,937	0%	-1%
Agribusiness	21,359	22,000	20,123	19,519	-6%	-11%
IT	3,028	3,088	3,028	3,089	0%	0%
Heavy equipment	114,259	117,054	114,259	117,054	0%	0%
Infra & logistic	8,708	9,143	10,069	11,076	16%	21%

Source: BRIDS estimate

**Exhibit 3. SOTP of ASII Valuation**

	Shares/Earnings (mn)	TP/Multi plier	Market Cap (mn)	ASII's stake	ASII's value	Contribution
<b>AUTOMOTIVE (P/E method)</b>						
ASII parent company	9,693	6.3	61,063,541	100.0%	61,063,541	22.6%
AUTO	1,969	5.8	11,419,138	80.0%	9,135,310	3.4%
<b>HEAVY EQUIPMENT (shares * TP)</b>						
UNTR	3,730	24,900	92,877,000	59.5%	55,261,815	20.4%
<b>AGRI BUSINESS (shares * TP)</b>						
AALI	1,925	7,100	13,665,287	79.7%	10,888,501	4.0%
<b>FINANCIAL SERVICES (P/BV method)</b>						
ASDF	10,155,129	2.6	26,016,497	86.1%	22,410,610	8.3%
FIFA	11,425,415	4.3	49,392,461	100.0%	49,392,461	18.3%
<b>OTHERS (shares * TP)</b>						
ASGR	1,349	910	1,227,390	76.9%	943,495	0.3%
Others			61,253,097	100.0%	61,253,097	22.7%
Total equity value (Rp mn)	270,348,830					
Shares (mn)	40,484					
NAV/share, Rp	6,700					
Conglomerate Discount	15%					
Adjusted NAV/share, Rp	5,600					

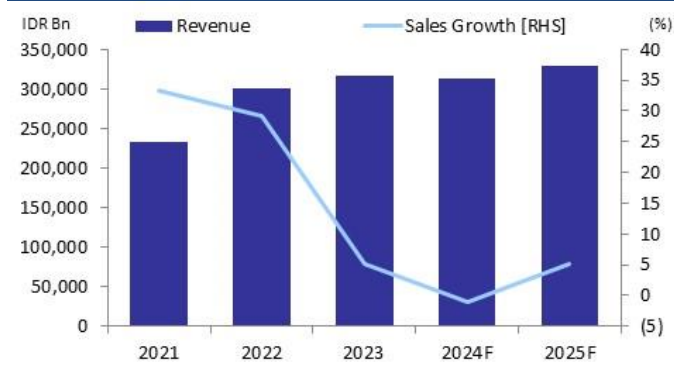
Source: BRIDS estimate

Exhibit 4. ASII P/E Band



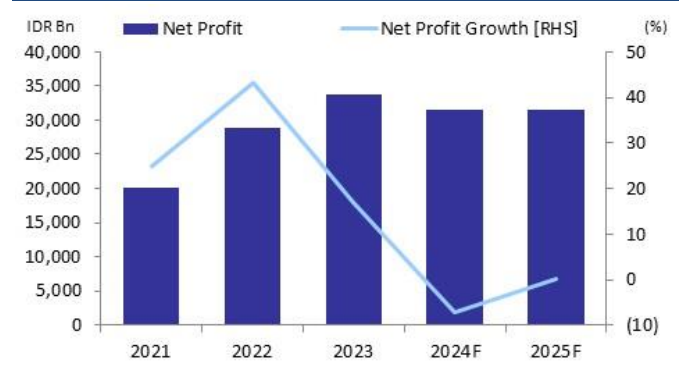
Source: BRIDS, Bloomberg

**Exhibit 5. Revenue and Growth**



Source: Company, BRIDS Estimates

**Exhibit 6. Net Profit and Growth**



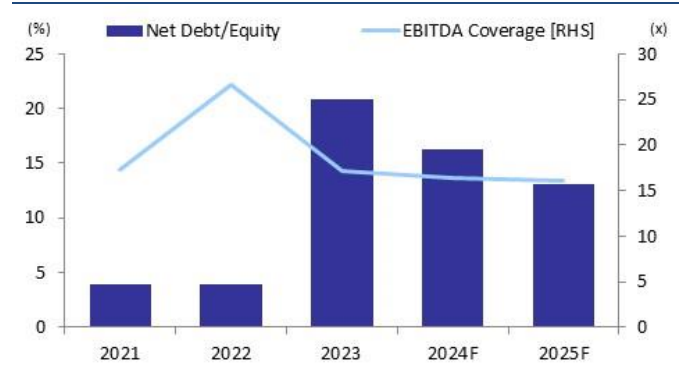
Source: Company, BRIDS Estimates

**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
<b>Revenue</b>	<b>301,379</b>	<b>316,565</b>	<b>313,427</b>	<b>329,689</b>	<b>351,217</b>
COGS	(231,291)	(243,255)	(247,715)	(264,371)	(282,095)
<b>Gross profit</b>	<b>70,088</b>	<b>73,310</b>	<b>65,713</b>	<b>65,318</b>	<b>69,122</b>
<b>EBITDA</b>	<b>56,102</b>	<b>53,405</b>	<b>50,878</b>	<b>49,816</b>	<b>52,019</b>
<b>Oper. profit</b>	<b>42,201</b>	<b>44,268</b>	<b>37,371</b>	<b>35,487</b>	<b>36,807</b>
Interest income	2,535	3,053	3,053	3,053	3,053
Interest expense	(2,107)	(3,112)	(3,112)	(3,112)	(3,112)
Forex Gain/(Loss)	188	(408)	0	0	0
Income From Assoc. Co's	8,231	9,499	10,679	11,690	11,129
Other Income (Expenses)	(658)	1,429	1,714	1,714	1,714
<b>Pre-tax profit</b>	<b>50,390</b>	<b>54,729</b>	<b>49,705</b>	<b>48,832</b>	<b>49,591</b>
Income tax	(9,970)	(10,228)	(9,835)	(9,662)	(9,812)
Minority interest	(11,476)	(10,662)	(8,456)	(7,692)	(7,352)
<b>Net profit</b>	<b>28,944</b>	<b>33,839</b>	<b>31,415</b>	<b>31,478</b>	<b>32,427</b>
<b>Core Net Profit</b>	<b>28,756</b>	<b>34,247</b>	<b>31,415</b>	<b>31,478</b>	<b>32,427</b>

**Exhibit 10. Balance Sheet**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	61,295	41,136	48,956	54,126	58,940
Receivables	71,839	72,227	75,375	80,671	86,987
Inventory	32,323	39,138	36,386	38,832	41,436
Other Curr. Asset	14,075	12,837	12,710	13,369	14,242
Fixed assets - Net	94,752	107,977	110,218	112,353	114,551
Other non-curr.asset	138,727	171,516	183,217	196,672	209,856
<b>Total asset</b>	<b>413,297</b>	<b>445,679</b>	<b>467,709</b>	<b>496,871</b>	<b>526,859</b>
ST Debt	34,669	39,061	39,061	39,061	39,061
Payables	54,063	57,709	56,911	60,737	64,809
Other Curr. Liabilities	30,466	28,252	28,252	28,252	28,252
Long Term Debt	36,052	54,249	54,249	54,249	54,249
Other LT. Liabilities	14,327	15,990	15,990	15,990	15,990
<b>Total Liabilities</b>	<b>169,577</b>	<b>195,261</b>	<b>194,463</b>	<b>198,289</b>	<b>202,361</b>
Shareholder's Funds	192,142	198,640	213,011	230,653	249,216
Minority interests	51,578	51,778	60,234	67,926	75,279
<b>Total Equity &amp; Liabilities</b>	<b>413,297</b>	<b>445,679</b>	<b>467,709</b>	<b>496,871</b>	<b>526,859</b>

**Exhibit 11. Cash Flow**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	28,944	33,839	31,415	31,478	32,427
Depreciation and Amort.	9,496	9,078	9,618	10,440	11,324
Change in Working Capital	(2,790)	(5,095)	(1,066)	(4,574)	(5,719)
Other Oper. Cash Flow	(10,082)	(17,357)	(4,577)	(5,638)	(6,249)
<b>Operating Cash Flow</b>	<b>25,568</b>	<b>20,465</b>	<b>35,390</b>	<b>31,705</b>	<b>31,782</b>
Capex	(14,358)	(22,303)	(11,859)	(12,574)	(13,522)
Others Inv. Cash Flow	(9,379)	(12,320)	(4,012)	(4,705)	(3,824)
<b>Investing Cash Flow</b>	<b>(23,737)</b>	<b>(34,623)</b>	<b>(15,870)</b>	<b>(17,279)</b>	<b>(17,345)</b>
Net change in debt	(1,765)	22,589	0	0	0
New Capital	0	0	0	0	0
Dividend payment	(15,295)	(38,707)	(17,044)	(13,836)	(13,863)
Other Fin. Cash Flow	12,577	10,117	5,344	4,580	4,240
<b>Financing Cash Flow</b>	<b>(4,483)</b>	<b>(6,001)</b>	<b>(11,700)</b>	<b>(9,255)</b>	<b>(9,623)</b>

**Exhibit 1. Key Ratio**

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
<b>Growth (%)</b>					
Sales	29.1	5.0	(1.0)	5.2	6.5
EBITDA	41.4	(4.8)	(4.7)	(2.1)	4.4
Operating profit	65.3	4.9	(15.6)	(5.0)	3.7
Net profit	43.3	16.9	(7.2)	0.2	3.0
<b>Profitability (%)</b>					
Gross margin	23.3	23.2	21.0	19.8	19.7
EBITDA margin	18.6	16.9	16.2	15.1	14.8
Operating margin	14.0	14.0	11.9	10.8	10.5
Net margin	9.6	10.7	10.0	9.5	9.2
ROAA	7.4	7.9	6.9	6.5	6.3
ROAE	15.9	17.3	15.3	14.2	13.5
<b>Leverage</b>					
Net Gearing (x)	0.0	0.2	0.2	0.1	0.1
Interest Coverage (x)	20.0	14.2	12.0	11.4	11.8

Source : ASII, BRIDS Estimates



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**INVESTMENT RATING**

<b>BUY</b>	Expected total return of 10% or more within a 12-month period
<b>HOLD</b>	Expected total return between -10% and 10% within a 12-month period
<b>SELL</b>	Expected total return of -10% or worse within a 12-month period

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