

Hold

(Maintained)

Last Price (Rp)	5,025		
Target Price (Rp)	5,600		
Previous Target Price (Rp)	5,600		
Upside/Downside	+11.4%		
No. of Shares (mn)	40,484		
Mkt Cap (Rpbn/US\$mn)	203,430/12,542		
Avg, Daily T/O (Rpbn/US\$mn)	341.8/21.1		
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	760.6	772.1	791.0
BRIDS/Cons (%)	2.0	0.7	1.3

ASII relative to JCI Index



Source: Bloomberg

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Astra International (ASII)

1Q24 preview: possible decent headline figures, as strong expected UNTR earnings to offset weak auto

- We expect consolidated 1Q24E revenue and NP of ~Rp76-77t/~Rp8.5-8.6t, hence possible inline revenue but earnings ahead vs seasonality.
- Despite this, the 1Q24E performance may see more support from UNTR to possibly offset weak auto segment performance.
- We maintain our FY24-25F forecasts pending the 1Q24 earnings, but see a challenging outlook for auto sales as a key risk for FY24F estimates.

Weak 4W, steady 2W with a challenging outlook

Industry 4W wholesale sales were weak in 1Q24, reaching only 215k units (-24% yoy, 19% of our estimate, behind the FY21-23 seasonality of 25%-28%). ASII's 4W sales were also weak at only 120k (-20% yoy, 20% of our target vs historical seasonality of 25%-27%). Amid the uncertainty in the interest rate outlook, we now see risk for sales to remain weak in 2H24. On a more positive note, 2W sales were steadier at 1.7m units in 1Q24 (-5% yoy, 28%/27% of our estimate/AISI's target, vs seasonality of 24%-29% in March). However, given the risk in the middle-lower segment's purchasing power, we have started to see tighter lending from financing companies, which if it continues may drive weaker 2W sales from 2Q24F onwards.

Strong 1Q24 operating performance may drive an earnings surprise from UNTR

UNTR delivered strong 1Q24 operating performance, with Pama's 1Q24 volume up +17% yoy, accounting for 24% of the FY24F (slightly above vs. the 1Q historical rate of 22-23%). Meanwhile, Komatsu 1Q24 sales volume reached 1,126 units (-37% yoy, but ahead of our forecast at 30% of FY24F). UNTR also delivered gold sales volume of 49k oz in Mar24, following no sales in Jan-Feb 24 due to RKAB delay. On the coal segment, 1Q24 total coal sales volume reached 4.0Mt or +33% yoy (37% of our FY24F est). We estimate that UNTR will post 1Q24E operating profit of Rp6.3-6.4tr, -12% yoy, at 28%-29% of FY24F.

Maintain Hold; possible decent 1Q24E headline figures, but risk from Auto

We estimate that ASII will potentially post 1Q24E consolidated revenue of Rp 76-77t (-7% yoy, 25%/24% of our/ cons. est., vs 24% historical seasonality) and consolidated net profit of Rp 8.5-8.6t (-1% yoy, 27%/28% of consensus estimates, above the historical average of 24%). However, we estimate that the possible decent performance may be supported more by UNTR (better than 1Q seasonality, supported by strong volumes), while the auto segment is expected to perform below seasonality. We maintain our FY24-25F estimates and TP for ASII pending the release of 1Q24 earnings (on April 29).

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

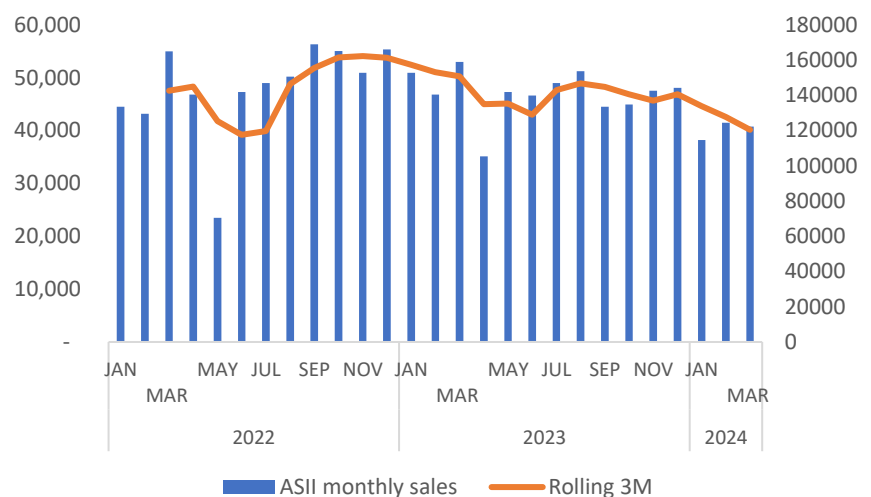
Source: ASII, BRIDS Estimates

1Q24 preview: possible decent headline figures as likely strong UNTR to potentially offset weak Auto

4W sales remain weak, a risk on FY24F estimates

Industry 4W wholesales have been very weak since 4Q23, and this continued into 1Q24. As of Mar24, 4W wholesales reached 215k units (-24% yoy, 19% of our forecast/Gaikindo estimate), which was much lower compared to seasonality in the last 2 years of 25%-28% in March (we use the last 2 years due to similar Lebaran periods). ASII numbers were also weak, with 4W sales reaching only 120k (-20% yoy, 20% of our target vs seasonality of 25%-27%), though market share stays at 54.4% (inline with the long-term average of 52%-56%). Given the uncertainty in the interest rate outlook in 2024F, we now see the risk that sales will remain weak in 2H24 and possibly miss targets, despite the possibility of an Avanza Hybrid launch later (we expect in 2H24).

Exhibit 1. ASII 4W Wholesales

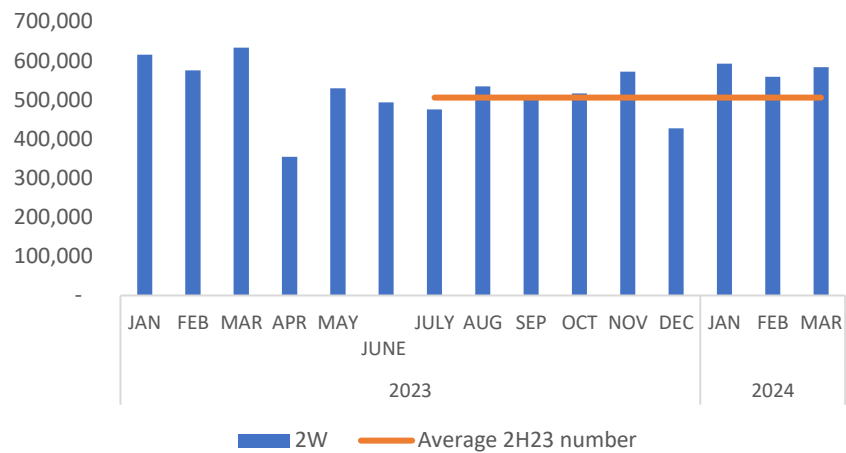


Source: Gaikindo

2W sales remain steady but we foresee a tougher road ahead

Meanwhile, 2W sales have been quite steady, reaching 1.7m units in 1Q24 (28%/27% of our forecast/AISI's target vs seasonality of 24%-29% in March), with the Mar24 only number reaching 583k (still above the 2H23 monthly average). However, given the risk in the middle-lower segment's purchasing power, we have started to see tighter lending from financing companies (such as DP requirements, given that consumers could previously purchase 2W with a DP of just ~Rp 1m), which may translate to weaker 2W sales from 2Q24F onwards, as the 1Q24 figure was already 5% lower compared to 1Q23. While ASII's 2W sales figure is not yet available, we expect it to be inline with the industry trend given its ~77% market share.

Exhibit 2. Domestic 2W Sales Figure



Source: AISI

Taking into consideration ASII’s weak 4W but strong 2W sales in 1Q24, we expect the auto segment to record revenue/net profit of Rp 28-29t/ Rp1.9-2.0t (-13%/-34% yoy) in 1Q24, accounting for only 22%/18% of our estimate, below 1Q seasonality of 24%. We assume the OPM in 1Q24F to stand at 2.2%-2.3%.

In the financial segment, also taking into account the 1Q24 4W and 2W volumes, we expect revenue/earnings of Rp7.7-7.8t/ Rp1.6-1.7t (14%/-8% yoy, accounting for 24%/22% of our estimates, hence mostly in line with the seasonality). Overall, we expect the impact of weaker 4W in 1Q24F to be slightly offset by strong 2W in both the auto and financial segment and UNTR (see below).

UNTR: hopes for a brighter 1Q24E

Compared to the auto segment, we expect UNTR to have a brighter 1Q24E outlook. UNTR recorded strong 1Q24 operating performance with:

- Pama’s Mar-24 production volume up +8% mom/ 17% yoy to 266mn bcm + 32Mt coal; for which 1Q24 volumes grew 17% yoy, accounting for 24% of FY24F (slightly above vs. the 1Q historical rate of 22-23%).
- Komatsu’s Mar24 sales volume down -2% mom/ -46% yoy to 301 units; 1Q24 sales volume of 1,126 units (-37% yoy, above our forecast at 30% of FY24F).
- UNTR delivered gold sales volume of 49k oz in Mar24, following no sales in Jan-Feb 24 due to RKAB delay (1Q24: 49koz, -17% yoy, 21% of our FY24F est.).
- 1Q24 total coal sales volume of 4.0Mt or +33% yoy (37% of our FY24F est).

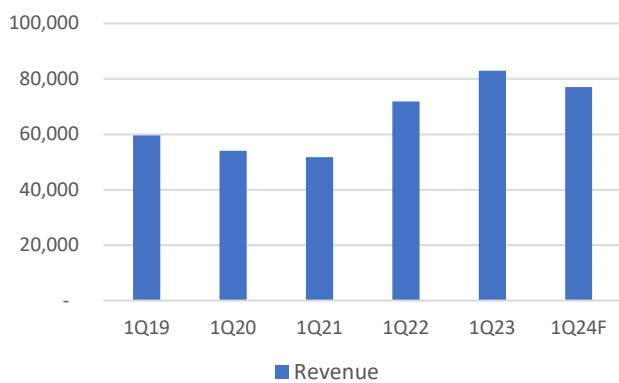
For UNTR, we expect revenue/earnings to reach Rp 31-32t/Rp 4.8-4.9t for 1Q24F, 28%/29% of our expectation and above the seasonality.

Maintain Hold rating; possible decent 1Q24E headline, but risk from Auto

We expect consolidated 1Q24E revenue of Rp 76-77t (-7% yoy, 25%/24% of consensus estimates vs 24% historical seasonality) and consolidated net profit of Rp8.5-8.6t (-1% yoy, 27%/28% of consensus estimates vs. the historical average of 24%).

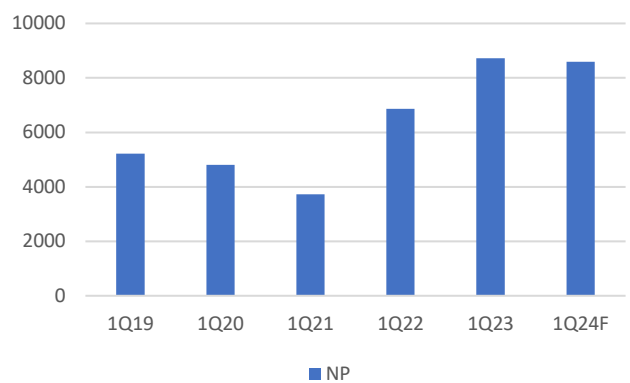
We maintain our FY24-25F estimates and TP for ASII pending the release of 1Q24 earnings (on April 29). ASII currently trades at 6.2x forward PER, -1.5x standard deviation of the 8-years mean).

Exhibit 3. ASII 1Q Revenue Trend



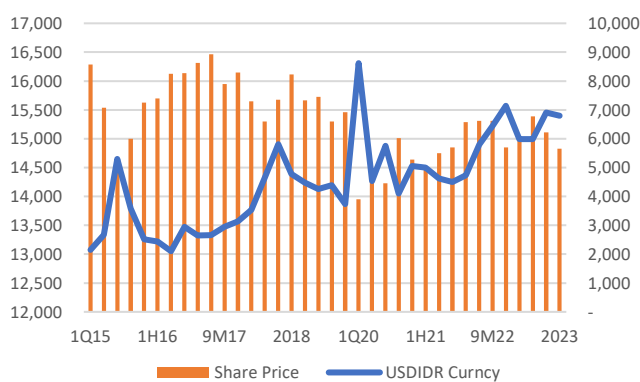
Source: ASII, BRIDS estimate

Exhibit 4. ASII 1Q Net Profit Trend



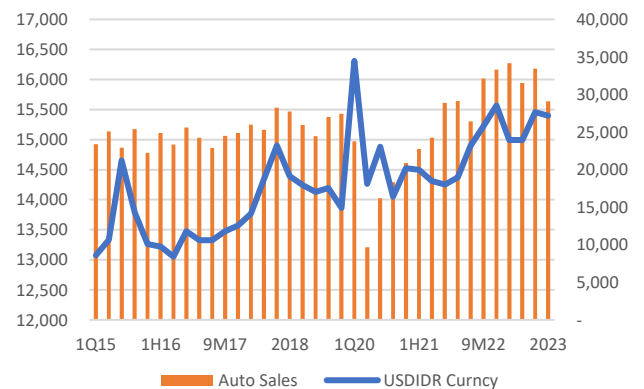
Source: ASII, BRIDS estimate

Exhibit 5. USD/IDR vs ASII's Share Price (r= -0.70)



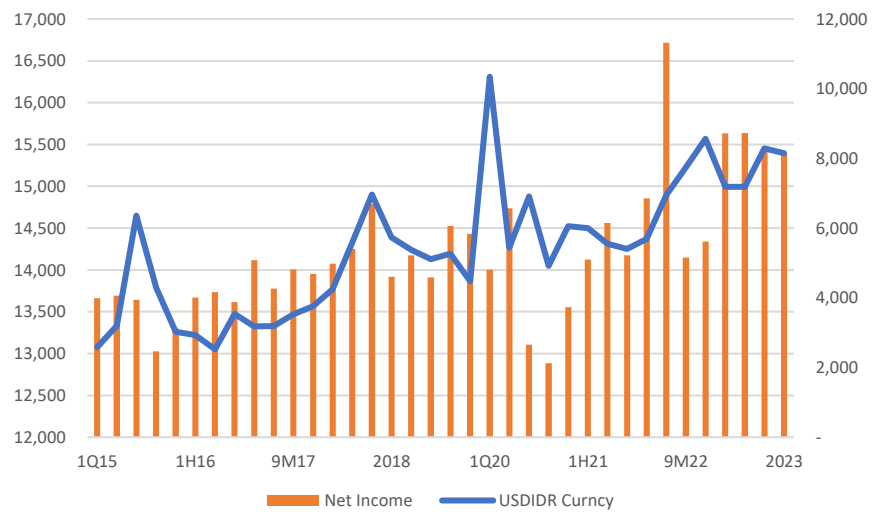
Source: Bloomberg, ASII

Exhibit 6. USD/IDR vs Auto Segment Revenue (r=0.35)



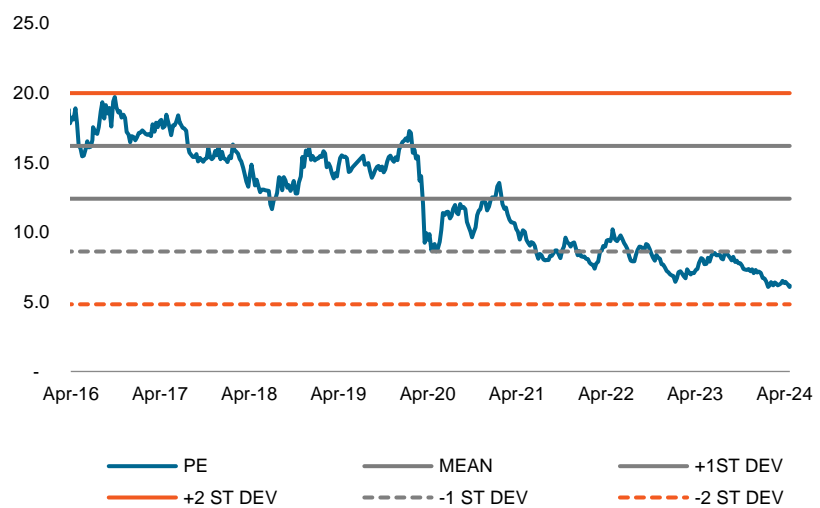
Source: Bloomberg, ASII

Exhibit 7. USD/IDR vs ASII's Consolidated Net Income (r=0.49)



Source: Bloomberg, ASII

Exhibit 8. ASII P/E Band



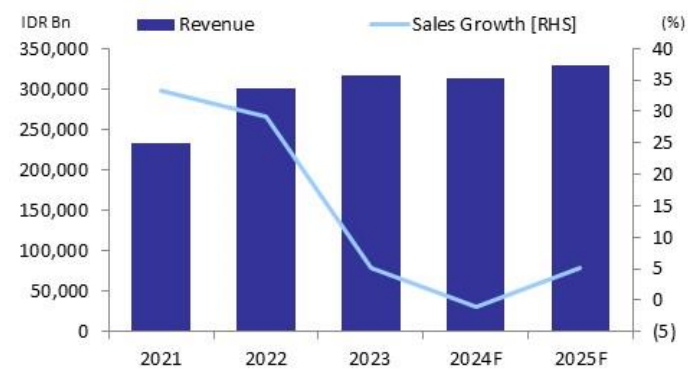
Source: Bloomberg, ASII

Exhibit 9. 1Q24F Estimations vs Our vs Consensus

	1Q24F	2024F		% to		Seasonality
		Our	Consensus	our	consensus	
Revenue	77,065	313,427	315,201	25%	24%	24%
Gross Profit	17,215	65,713	69,328	26%	25%	24%
Operating Profit	10,420	37,371	39,053	28%	27%	24%
Net Profit	8,596	31,415	31,014	27%	28%	24%

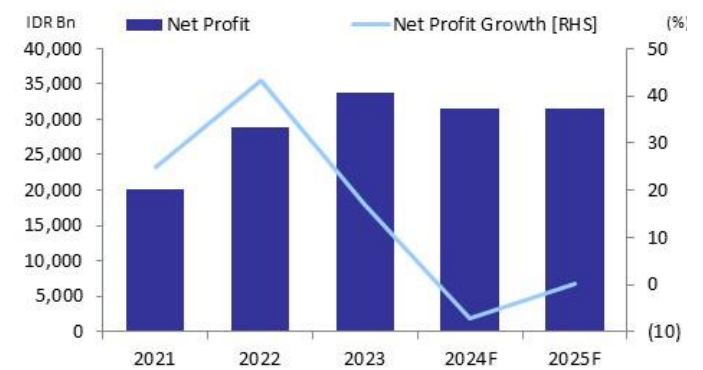
Source: Bloomberg, BRIDS estimate

Exhibit 10. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 11. Net Profit and Growth



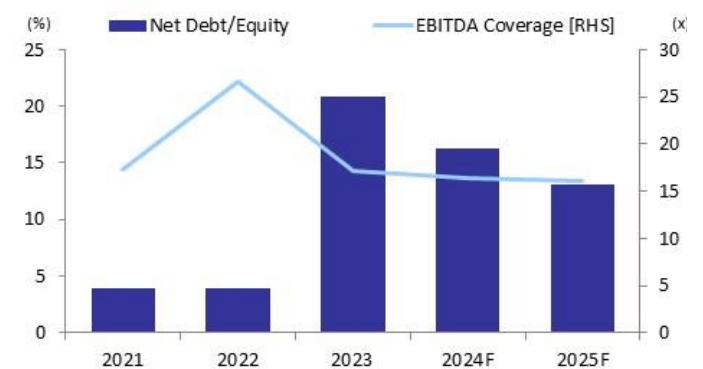
Source: Company, BRIDS Estimates

Exhibit 12. Margins



Source: Company, BRIDS Estimates

Exhibit 13. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 14. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	301,379	316,565	313,427	329,689	351,217
COGS	(231,291)	(243,255)	(247,715)	(264,371)	(282,095)
Gross profit	70,088	73,310	65,713	65,318	69,122
EBITDA	56,102	53,405	50,878	49,816	52,019
Oper. profit	42,201	44,268	37,371	35,487	36,807
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
Pre-tax profit	50,390	54,729	49,705	48,832	49,591
Income tax	(9,970)	(10,228)	(9,835)	(9,662)	(9,812)
Minority interest	(11,476)	(10,662)	(8,456)	(7,692)	(7,352)
Net profit	28,944	33,839	31,415	31,478	32,427
Core Net Profit	28,756	34,247	31,415	31,478	32,427

Exhibit 15. 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
Total asset	413,297	445,679	467,709	496,871	526,859
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
Total Liabilities	169,577	195,261	194,463	198,289	202,361
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
Total Equity & Liabilities	413,297	445,679	467,708	496,869	526,856

Exhibit 16. 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)
Operating Cash Flow	25,568	20,465	35,390	31,705	31,782
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)
Investing Cash Flow	(23,737)	(34,623)	(15,870)	(17,279)	(17,345)
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
Financing Cash Flow	(4,483)	(6,001)	(11,700)	(9,255)	(9,623)

Exhibit 17. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
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
Profitability (%)					
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
Leverage					
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

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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