

Hold

(Maintained)

Last Price (Rp)	4,710
Target Price (Rp)	5,100
Previous Target Price (Rp)	5,100
Upside/Downside	+8.3%
No. of Shares (mn)	40,484
Mkt Cap (Rpbn/US\$mn)	190,678/11,923
Avg, Daily T/O (Rpbn/US\$mn)	386.5/24.2
Free Float (%)	47.1
Major Shareholder (%)	
Jardine Cycle & Carriage	50.1
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	729.8 724.2 773.6
Consensus	747.3 763.5 783.7
BRIDS/Cons (%)	(2.3) (5.2) (1.3)

ASII relative to JCI Index



Source: Bloomberg

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Astra International (ASII)

KTA from call with the CFO

- ASII retains its confidence in hybrid 4W expansion, given the current needs and infrastructure availability in Indonesia.
- The capital allocation guidance is unchanged with the LT dividend rate to remain at ~40%, still focusing on UNTR and 4W non-manufacturing.
- Maintain Hold for ASII and a TP of Rp 5,100; key risk from weak 4W sales

4W: Hybrid products remain a sweet spot for the Indonesian market

We conducted a call with ASII's CFO to obtain updates on the company's strategy and outlook. On 4W business, ASII reiterated its focus to expand its hybrid line-up as part of a market transition from ICE. It retains its confidence in the rational of expanding hybrid products as: 1) ~62% of hybrid 4W sales in FY23 came from Toyota; 2) EV likely to continue facing obstacles regarding the availability of charging stations, as most stations are currently still centered in Jakarta, and also from a big drop in resale value (~30% fall in value vs ~5-12% for hybrids within 12 months). ASII also sees that most of the current EV models also neglect the highest demand 4W types for Indonesian consumers (i.e., 7 seaters, with ASP <Rp 250m). In addition, ASII also sees that EV producers focus on the Jakarta market (with 40% car penetration) somewhat neglecting the ex-Jakarta market with still low penetration (but with challenging infrastructure). Thus, ASII sees that hybrid vehicles continue to fit the sweet spot as there is no requirement for access to charging stations.

Unchanged guidance on capital allocation

ASII's capex in FY22-23 was spent mainly on UNTR (including its renewables energy business) at >70% of ASII's total capex, while the remainder was divided between 4W non-manufacturing facilities, used car business (Serasi Autoraya), toll roads, and the healthcare business. On the dividend front, despite the FY23 DPR of 62%, the management gave guidance that the payout ratio may remain at ~40%, unless it sees windfall profit (i.e., from commodities in FY22-23).

Reiterate Hold rating with a TP of Rp5,100; weak 4W sales the main issue

At this juncture, we share ASII's positive view on its 4W products strategy focus as we also note stronger volume growth of hybrids vs EV in other countries such as China (3M24 BEV sales: +7% yoy, hybrid: +46% yoy) and the US (new BEV shares to total sales declined from 8.1% in 4Q23 to 7% in 1Q24, while HEV sales were maintained at ~8%). However, we think the main drag for ASII now is more on the weak domestic 4W sales, which we expect to decline by 16% yoy in FY24F to 473k units. We maintain our **Hold** rating and TP of Rp 5,100. ASII currently trades at 6x forward P/E, -1.5 std deviation of its avg.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	301,379	316,565	290,968	308,706	333,428
EBITDA (Rpbn)	56,102	53,405	52,835	52,652	55,603
EBITDA Growth (%)	41.4	0.0	0.0	(0.3)	5.6
Net Profit (Rpbn)	28,944	33,839	29,545	0	31,316
EPS (Rp)	715.0	835.9	729.8	0.0	773.6
EPS Growth (%)	43.3	0.0	0.0	(0.8)	6.8
BVPS (Rp)	4,746.2	4,906.7	5,215.5	0.0	6,117.1
DPS (Rp)	377.8	956.1	421.0	0.0	296.9
PER (x)	6.6	5.6	6.5	0.0	5.9
PBV (x)	1.0	1.0	0.9	0.0	0.7
Dividen yield (%)	8.0	20.3	8.9	0.0	6.5
EV/EBITDA	3.6	4.5	0.0	0.0	3.8

Source: ASII, BRIDS Estimates

Exhibit 1. ASII P/E Band



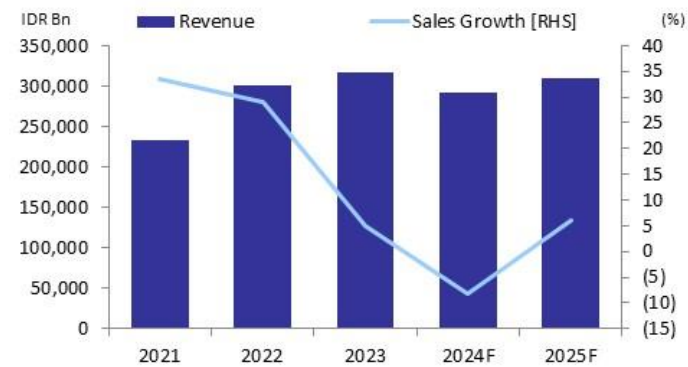
Source: Bloomberg, ASII

Exhibit 2. ASII SOTP

	Shares/Earnings (mn)	TP/Multi plier	Market Cap (mn)	ASII's stake	ASII's value	Contribution
AUTOMOTIVE (P/E method)						
ASII parent company	7,427	6.3	46,790,279	100.0%	46,790,279	19.4%
AUTO	1,867	5.3	9,896,796	80.0%	7,917,437	3.3%
HEAVY EQUIPMENT (shares * TP)						
UNTR	4,931	24,900	122,781,900	59.5%	73,055,231	30.3%
AGRI BUSINESS (shares * TP)						
AALI	1,925	6,500	12,510,474	79.7%	9,968,346	4.1%
FINANCIAL SERVICES (P/BV method)						
ASDF	10,048,399	2.1	20,915,203	86.1%	18,016,356	7.5%
FIFA	11,420,668	3.9	44,357,803	100.0%	44,357,803	18.4%
OTHERS (shares * TP)						
ASGR	1,349	795	1,072,280	76.9%	824,262	0.3%
Others			40,318,099	100.0%	40,318,099	16.7%
Total equity value (Rp mn)	241,247,812					
Shares (mn)	40,484					
NAV/share, Rp	5,950					
Conglomerate Discount	15%					
Adjusted NAV/share, Rp	5,100					

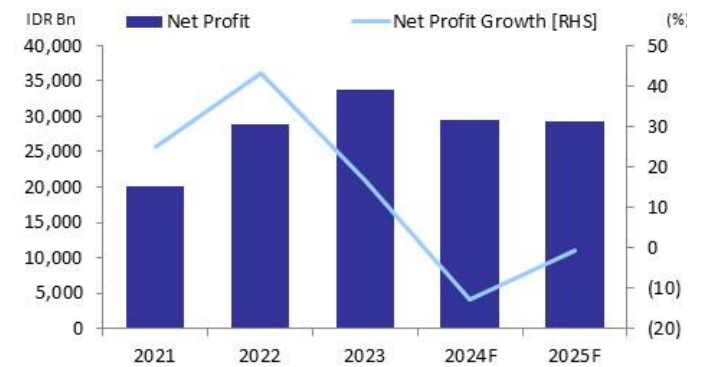
Source: Bloomberg, ASII

Exhibit 3. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 4. Net Profit and Growth



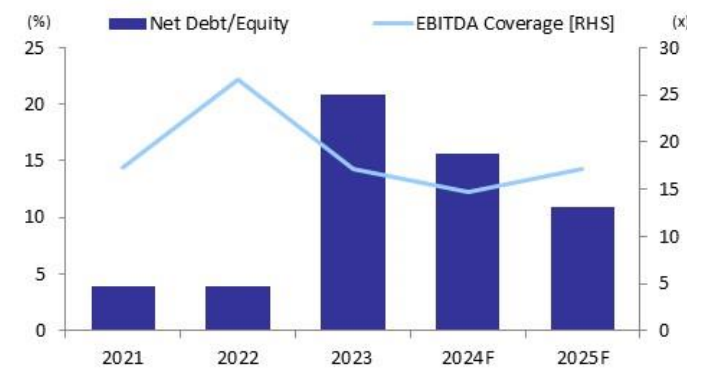
Source: Company, BRIDS Estimates

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	290,968	308,706	333,428
COGS	(231,291)	(243,255)	(224,544)	(242,775)	(263,185)
Gross profit	70,088	73,310	66,424	65,931	70,243
EBITDA	56,102	53,405	52,835	52,652	55,603
Oper. profit	42,201	44,268	39,166	37,934	39,747
Interest income	2,535	3,053	2,714	2,714	2,714
Interest expense	(2,107)	(3,112)	(3,585)	(3,067)	(2,617)
Forex Gain/(Loss)	188	(408)	0	0	0
Income From Assoc. Co's	8,231	9,499	8,750	8,778	9,081
Other Income (Expenses)	(658)	1,429	1,049	737	737
Pre-tax profit	50,390	54,729	48,093	47,095	49,662
Income tax	(9,970)	(10,228)	(9,516)	(9,318)	(9,826)
Minority interest	(11,476)	(10,662)	(9,032)	(8,459)	(8,520)
Net profit	28,944	33,839	29,545	29,318	31,316
Core Net Profit	29,321	33,009	28,704	28,727	30,725

Exhibit 8. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	61,295	41,136	41,533	42,999	41,543
Receivables	71,839	72,227	71,454	74,260	80,016
Inventory	32,323	39,138	32,982	35,660	38,658
Other Curr. Asset	14,075	12,837	11,799	12,518	13,521
Fixed assets - Net	94,752	107,977	113,141	118,285	123,725
Other non-curr.asset	138,727	171,516	180,003	188,644	199,851
Total asset	413,297	445,679	451,760	473,215	498,161
ST Debt	34,669	39,061	35,155	31,639	28,475
Payables	54,063	57,709	51,587	55,776	60,465
Other Curr. Liabilities	30,466	28,252	28,252	28,252	28,252
Long Term Debt	36,052	54,249	48,824	43,942	39,548
Other LT. Liabilities	14,327	15,990	15,990	15,990	15,990
Total Liabilities	169,577	195,261	179,808	175,599	172,730
Shareholder's Funds	192,142	198,640	211,142	228,346	247,642
Minority interests	51,578	51,778	60,810	69,269	77,790
Total Equity & Liabilities	413,297	445,679	451,760	473,215	498,161

Exhibit 9. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	28,944	33,839	29,545	29,318	31,316
Depreciation and Amort.	9,496	9,078	9,780	10,829	11,968
Change in Working Capital	(2,790)	(5,095)	1,846	(2,014)	(5,066)
Other Oper. Cash Flow	(10,082)	(17,357)	(2,005)	(2,615)	(5,498)
Operating Cash Flow	25,568	20,465	39,166	35,518	32,719
Capex	(14,358)	(22,303)	(14,944)	(15,973)	(17,407)
Others Inv. Cash Flow	(9,379)	(12,320)	(2,897)	(2,960)	(3,093)
Investing Cash Flow	(23,737)	(34,623)	(17,842)	(18,933)	(20,500)
Net change in debt	(1,765)	22,589	(9,331)	(8,398)	(7,558)
New Capital	0	0	0	0	0
Dividend payment	(15,295)	(38,707)	(17,044)	(12,114)	(12,020)
Other Fin. Cash Flow	12,577	10,117	5,447	5,392	5,903
Financing Cash Flow	(4,483)	(6,001)	(20,927)	(15,119)	(13,675)
Net Change in Cash	(2,652)	(20,159)	397	1,466	(1,455)
Cash - begin of the year	63,947	61,295	41,136	41,533	42,999
Cash - end of the year	61,295	41,136	41,533	42,999	41,543

Exhibit 10. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	29.1	5.0	(8.1)	6.1	8.0
EBITDA	41.4	(4.8)	(1.1)	(0.3)	5.6
Operating profit	65.3	4.9	(11.5)	(3.1)	4.8
Net profit	43.3	16.9	(12.7)	(0.8)	6.8
Profitability (%)					
Gross margin	23.3	23.2	22.8	21.4	21.1
EBITDA margin	18.6	16.9	18.2	17.1	16.7
Operating margin	14.0	14.0	13.5	12.3	11.9
Net margin	9.6	10.7	10.2	9.5	9.4
ROAA	7.4	7.9	6.6	6.3	6.4
ROAE	15.9	17.3	14.4	13.3	13.2
Leverage					
Net Gearing (x)	0.0	0.2	0.2	0.1	0.1
Interest Coverage (x)	20.0	14.2	10.9	12.4	15.2

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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