Buy

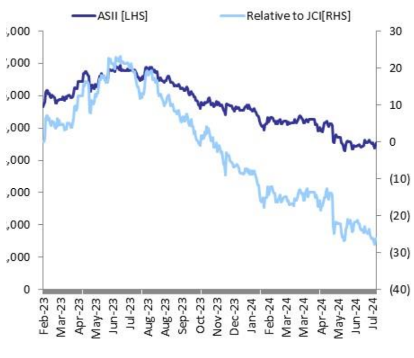
(Maintained)

Last Price (Rp)	**4,540**
Target Price (Rp)	**5,100**
Previous Target Price (Rp)	**5,100**
Upside/Downside	**+12.3%**
No. of Shares (mn)	**40,484**
Mkt Cap (Rpbn/US$mn)	**183,795/11,376**
Avg, Daily T/O (Rpbn/US$mn)	**386.4/23.9**
Free Float (%)	**47.1**
Major Shareholder (%)	
Jardine Cycle & Carriage	**50.1**

EPS Consensus (Rp)

	2024F	2025F	2026F
BRIDS	742.7	727.2	773.0
Consensus	738.7	744.3	767.8
BRIDS/Cons (%)	**0.5**	**(2.3)**	**0.7**

ASII relative to JCI Index



Source: Bloomberg

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Astra International (ASII IJ)

1H24E preview: possible earnings beat, driven by strong financials and qoq HE improvement

- **We expect ASII's 1H24 auto revenue/OP to decline by -13%/-45%, and financial segment revenue/OP to expand by 12%/18% yoy.**
- **We expect HE's 2Q24 earnings to improve +25% qoq, driving a potential beat for ASII's 1H24 consolidated earnings.**
- **We reiterate our BUY rating with a TP of Rp 5,100; 2H24E 4W sales will be a critical driver for ASII's 2H24 earnings.**

2Q24 preview: potentially weak auto, offset by still solid financials segment
We expect a sluggish auto segment earnings due to the soft 4W sales in 1H24 (-17% yoy), which we estimate to drive automotive 1H24 revenue/OP growth of -13%/-45% yoy, forming 49%/53% of our estimate (vs 1H seasonality of 47%/49%-61%). Nonetheless, we think 1H24 automotive revenue and OP may still come inline with seasonality, as weak 4W sales volumes may be partly offset by the stronger 2W sales vol (-1% yoy by 1H24). We expect stronger 2H24F revenue to be driven by 4W, while 2W revenue is expected to slow down, as we expect a more stringent underwriting standard in 2W financing to affect 2W sales. We expect auto margin to come in at 1.7% in 2Q24E (vs 1.5% in 1Q24), as we do not see major changes in 4W mix in 2Q24 despite weaker 4W numbers, while our price trackers indicate relatively limited discounts due to a healthy inventory level. In the financial segment, we expect revenue/OP of +12%/+18% yoy in 1H24E, 51%/55% of our estimate (higher than seasonality of 48%/46%), as we expect financial segment to continue seeing strong revenue streams from rapid growth in 2W and 4W financing in FY23 (+19% yoy) and opex efficiency.

Expect strong qoq growth for HE, thus 1H24E may come above seasonality
We expect the HE segment (UNTR) to drive a strong contribution to ASII's 1H24E earnings, with revenue/OP growth of -0.5%/+25% qoq in 2Q24E, which we estimate to form 55%/57% of our estimate (vs seasonality of 50%/47%). Overall, we expect ASII's consolidated 1H24E revenue/OP/NP to decline by -7%/-3%/-7%, but it may still form 51%/55%/54% of our estimate (and consensus of 49%/58%/54%), higher than the seasonality of 48%/48%/50%.

Reiterate Buy rating with TP Rp 5,100; potential catalyst from 2H24 sales
We expect 12% 4W sales growth in 2H24E vs 1H24, inline with 2H volume seasonality (~53% of sales vol occur in 2H), which shall be supported by the launch of new models (i.e., facelift product on Toyota). We reiterate our Buy rating for ASII with a TP of Rp 5,100. ASII currently trades at P/E of 5.6x, -1.5 std dev of its 8 years mean, implying that the soft earning is priced in. Downside risks: 1) Absence of significant new model in 2H24; 2) Aggressive market penetration from Chinese 4W.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	301,379	316,565	293,841	310,565	334,381
EBITDA (Rpbn)	56,102	53,405	53,490	52,819	55,595
EBITDA Growth (%)	41.4	(4.8)	0.2	(1.3)	5.3
Net Profit (Rpbn)	28,944	33,839	30,066	29,440	31,293
EPS (Rp)	715.0	835.9	742.7	727.2	773.0
EPS Growth (%)	43.3	16.9	(11.1)	(2.1)	6.3
BVPS (Rp)	4,746.2	4,906.7	5,228.4	5,651.1	6,125.9
DPS (Rp)	377.8	956.1	421.0	304.5	298.2
PER (x)	6.4	5.4	6.1	6.2	5.9
PBV (x)	1.0	0.9	0.9	0.8	0.7
Dividen yield (%)	8.3	21.1	9.3	6.7	6.6
EV/EBITDA	3.4	4.4	4.2	4.1	3.8

Source: ASII, BRIDS Estimates

Exhibit 1. 2Q24 and 1H24 Preview

Profit & Loss

(in IDRbn)	2Q23	1Q24	2Q24E	QoQ, %	YoY, %	1H23	1H24E	YoY, %	FY24 BRIDS	A/F, %	FY24 Cons	A/F, %
Revenue	79,413	81,209	69,601	*(14.3)*	*(12.4)*	162,393	150,810	*(7.1)*	293,841	51	308,817	49
Gross profit	18,919	17,585	17,395	*(1.1)*	*(8.1)*	36,633	34,980	*(4.5)*	67,439	52	67,671	52
Operating income	11,940	10,154	11,808	*16.3*	*(1.1)*	22,726	21,962	*(3.4)*	39,815	55	37,927	58
EBITDA	14,769	10,154	18,509	*82.3*	*25.3*	27,240	28,663	*5.2*	53,490	54	51,754	55
Equity income	2,136	2,609	1,078	*(58.7)*	*(49.5)*	4,615	3,687	*(20.1)*	8,750	42		
Net income	8,730	7,464	8,699	*16.5*	*(0.4)*	17,449	16,163	*(7.4)*	30,066	54	30,170	54
Margins, %												
Gross margin	23.8	21.7	25.0			22.6	23.2		23.0		21.9	
Operating margin	15.0	12.5	17.0			14.0	14.6		13.5		12.3	
EBITDA margin	18.6	12.5	26.6			16.8	19.0		18.2		16.8	
Net margin	11.0	9.2	12.5			10.7	10.7		10.2		9.8	

Revenue Breakdown

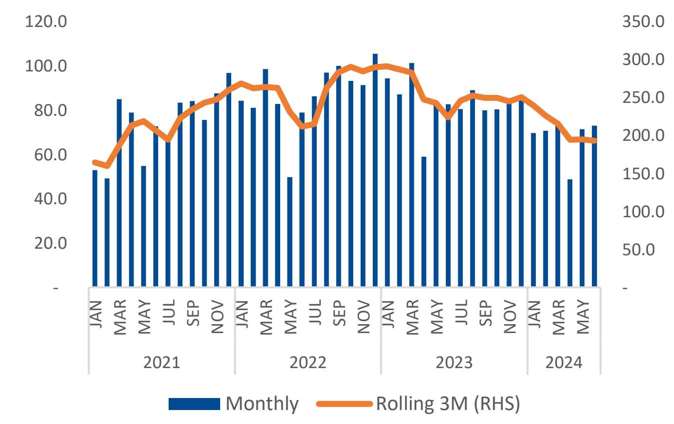
(in IDRbn)	2Q23	1Q24	2Q24E	QoQ, %	YoY, %	1H23	1H24E	YoY, %	FY24 BRIDS	A/F, %
Automotive	31,533	34,193	23,023	*(32.7)*	*(27.0)*	65,724	57,216	*(12.9)*	116,141	49
Financial services	7,352	7,776	8,200	*5.5*	*11.5*	14,253	15,976	*12.1*	31,129	51
Agribusiness	4,630	4,800	4,457	*(7.2)*	*(3.7)*	9,391	9,257	*(1.4)*	20,123	46
Information Technology	631	611	631	*3.2*	*(0.1)*	1,313	1,242	*(5.4)*	3,028	41
Heavy equipment	33,788	32,412	32,237	*(0.5)*	*(4.6)*	68,677	64,649	*(5.9)*	117,824	55
Infra & logistic	2,169	2,060	2,004	*(2.7)*	*(7.6)*	4,405	4,064	*(7.7)*	8,467	48
Property & others	177	222	198	*(11.0)*	*11.6*	419	420	*0.1*	1,049	40

Operating Income

(in IDRbn)	2Q23	1Q24	2Q24E	QoQ, %	YoY, %	1H23	1H24E	YoY, %	FY24 BRIDS	A/F, %
Automotive	674	520	382	*(26.5)*	*(43.3)*	1,633	902	*(44.7)*	1,692	53
Financial services	2,041	2,200	2,388	*8.5*	*17.0*	3,888	4,588	*18.0*	8,333	55
Agribusiness	170	239	283	*18.4*	*66.5*	332	522	*57.2*	1,214	43
Information Technology	43	28	38	*36.0*	*(11.5)*	69	66	*(4.2)*	184	36
Heavy equipment	8,446	6,593	8,268	*25.4*	*(2.1)*	15,655	14,861	*(5.1)*	26,165	57
Infra & logistic	493	466	376	*(19.3)*	*(23.8)*	963	842	*(12.6)*	1,817	46
Property & others	9	24	34	*42.2*	*279.1*	49	58	*18.6*	170	34

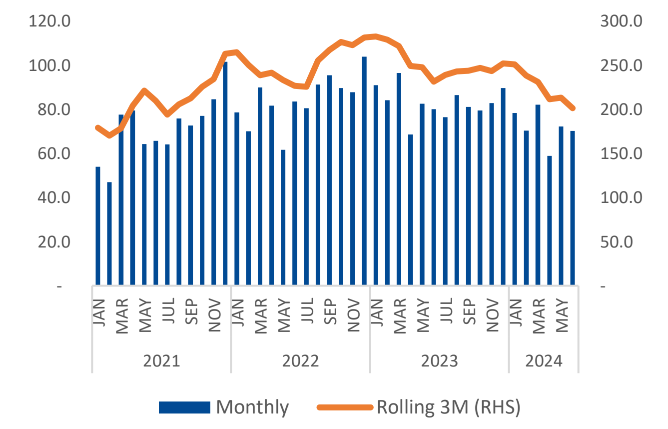
Source: Company, BRIDS Estimates

Exhibit 2. 4W Monthly Wholesales (in '000 units)



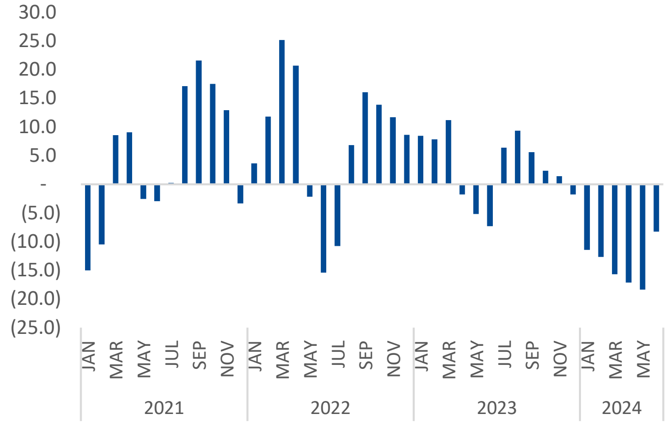
Source: Gaikindo, BRIDS

Exhibit 3. 4W Monthly Retail Sales (in '000 units)



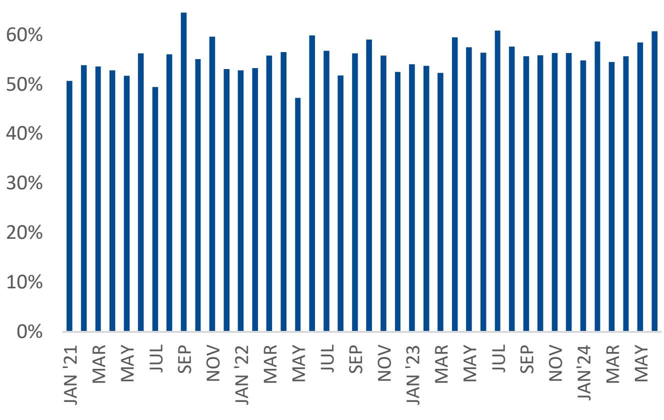
Source: Gaikindo, BRIDS

Exhibit 4. 4W Wholesale - Retail sales Difference (in '000 units)



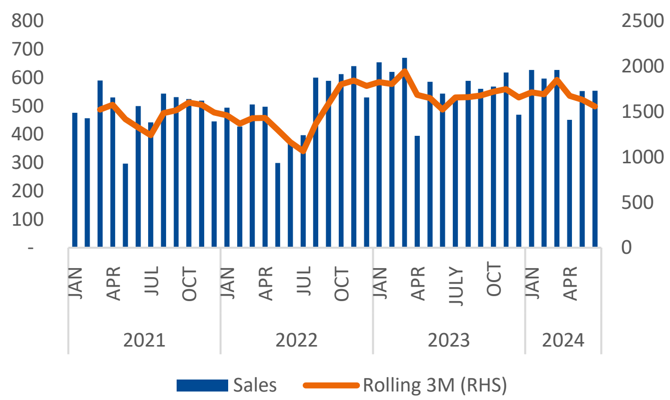
Source: Gaikindo, BRIDS

Exhibit 5. ASII 4W Market Share



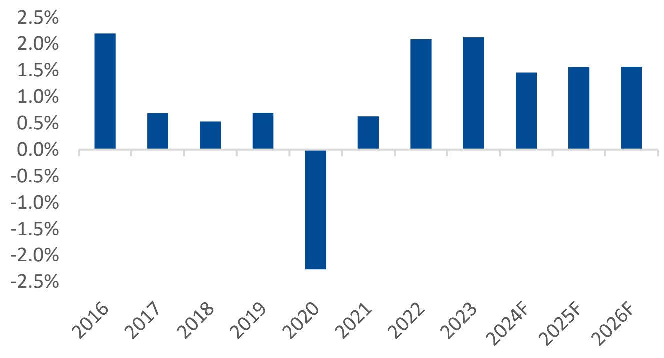
Source: Gaikindo, BRIDS

Exhibit 6. 2W Monthly Sales (in '000 units)



Source: AISI, BRIDS

Exhibit 7. ASII Auto Operating Margin



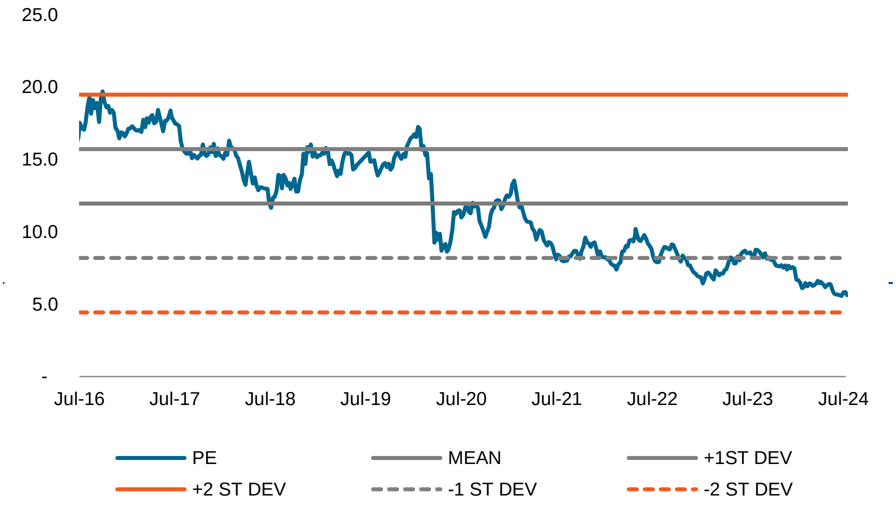
Source: ASII, BRIDS Estimates

Exhibit 8. % Price discounts of 4W to their OTR

		May-24	Jun-24
Toyota	Fortuner	6.0%	5.1%
	Rush	8.8%	7.0%
	Innova	6.1%	3.6%
	Avanza	9.8%	5.7%
Mitsubishi	Xpander	4.9%	11.6%
Wuling	Alvez	6.5%	9.2%

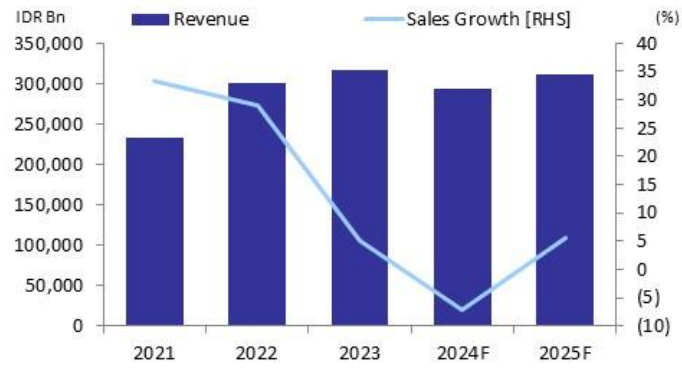
Source: BRIDS Survey

Exhibit 9. ASII P/E Band



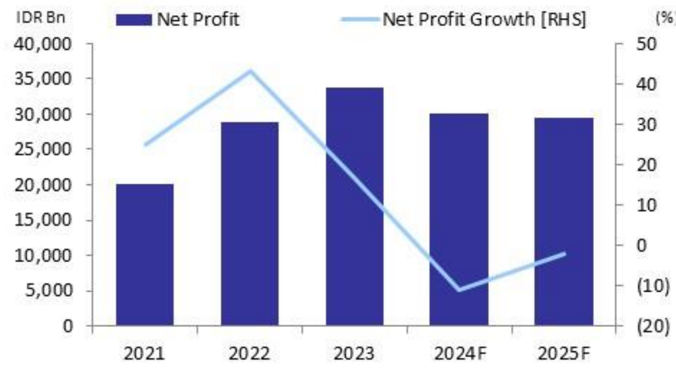
Source: Bloomberg, ASII, BRIDS

Exhibit 10. Revenue and Growth



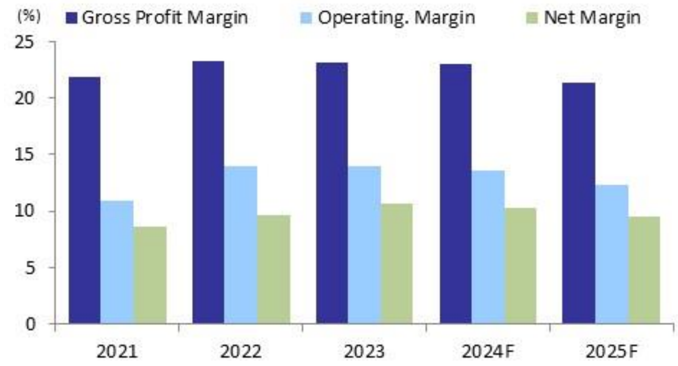
Source: Company, BRIDS Estimates

Exhibit 11. Net Profit and Growth



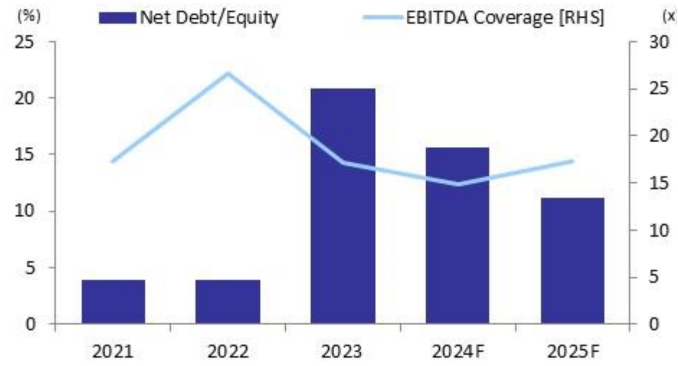
Source: Company, BRIDS Estimates

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**	**293,841**	**310,565**	**334,381**
COGS	(231,291)	(243,255)	(226,401)	(244,228)	(264,025)
Gross profit	**70,088**	**73,310**	**67,439**	**66,337**	**70,355**
EBITDA	**56,102**	**53,405**	**53,490**	**52,819**	**55,595**
Oper. profit	**42,201**	**44,268**	**39,815**	**38,085**	**39,718**
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**	**48,742**	**47,247**	**49,633**
Income tax	(9,970)	(10,228)	(9,644)	(9,348)	(9,820)
Minority interest	(11,476)	(10,662)	(9,032)	(8,459)	(8,520)
Net profit	**28,944**	**33,839**	**30,066**	**29,440**	**31,293**
Core Net Profit	**29,321**	**33,009**	**29,225**	**28,848**	**30,701**

Exhibit 15. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	61,295	41,136	41,342	42,481	41,117
Receivables	71,839	72,227	71,887	74,716	80,322
Inventory	32,323	39,138	33,255	35,873	38,781
Other Curr. Asset	14,075	12,837	11,916	12,594	13,559
Fixed assets - Net	94,752	107,977	113,302	118,539	124,012
Other non-curr.asset	138,727	171,516	180,159	188,928	200,073
Total asset	**413,297**	**445,679**	**452,709**	**473,979**	**498,713**
ST Debt	34,669	39,061	35,155	31,639	28,475
Payables	54,063	57,709	52,014	56,109	60,658
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	15,992	15,993
Total Liabilities	**169,577**	**195,261**	**180,235**	**175,935**	**172,926**
Shareholder'sFunds	192,142	198,640	211,663	228,775	247,998
Minority interests	51,578	51,778	60,811	69,269	77,790
Total Equity & Liabilities	**413,297**	**445,679**	**452,709**	**473,979**	**498,713**

Exhibit 16. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	28,944	33,839	30,066	29,440	31,293
Depreciation and Amort.	9,496	9,078	9,786	10,844	11,989
Change in Working Capital	(2,790)	(5,095)	1,450	(2,029)	(4,930)
OtherOper. Cash Flow	(10,082)	(17,357)	(2,160)	(2,742)	(5,435)
Operating Cash Flow	**25,568**	**20,465**	**39,142**	**35,513**	**32,916**
Capex	(14,358)	(22,303)	(15,111)	(16,081)	(17,462)
Others Inv. Cash Flow	(9,379)	(12,320)	(2,897)	(2,960)	(3,093)
Investing Cash Flow	**(23,737)**	**(34,623)**	**(18,008)**	**(19,040)**	**(20,555)**
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)	(12,327)	(12,070)
Other Fin. Cash Flow	12,577	10,117	5,447	5,392	5,903
Financing Cash Flow	**(4,483)**	**(6,001)**	**(20,927)**	**(15,333)**	**(13,725)**
Net Change in Cash	**(2,652)**	**(20,159)**	**206**	**1,139**	**(1,364)**
Cash - begin of the year	63,947	61,295	41,136	41,342	42,481
Cash - end of the year	61,295	41,136	41,342	42,481	41,117

Exhibit 17. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	29.1	5.0	(7.2)	5.7	7.7
EBITDA	41.4	(4.8)	0.2	(1.3)	5.3
Operating profit	65.3	4.9	(10.1)	(4.3)	4.3
Net profit	43.3	16.9	(11.1)	(2.1)	6.3
Profitability (%)					
Gross margin	23.3	23.2	23.0	21.4	21.0
EBITDA margin	18.6	16.9	18.2	17.0	16.6
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	6.7	6.4	6.4
ROAE	15.9	17.3	14.7	13.4	13.1
Leverage					
Net Gearing (x)	0.0	0.2	0.2	0.1	0.1
Interest Coverage (x)	20.0	14.2	11.1	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