

# Buy

(Maintained)

Last Price (Rp)	4,520
Target Price (Rp)	5,100
Previous Target Price (Rp)	5,100
Upside/Downside	+12.8%
No. of Shares (mn)	40,484
Mkt Cap (Rpbn/US\$mn)	182,986/11,281
Avg, Daily T/O (Rpbn/US\$mn)	383.4/23.6
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)

## GIIAS 2024 Visit KTA: Intensifying competition amid Chinese Producers Product Launches

- Our visit to GIIAS 2024 revealed aggressive Chinese 4W product launches with many choices in multiple price range.
- We observed decent traffic at the Toyota booth, with Innova Zenix and Hilux Rangga attracting the most interest.
- BYD's new M6 MPV garnered attention, though we think it is still not comparable to Innova. Retain Buy rating and TP of Rp 5,100 on ASII.

### GIIAS 2024: Chinese 4W products attracted significant interests

At GIIAS 2024 Auto Show, we observed notable releases such as BYD (M6 MPV), Hyundai (Kona EV), and Honda e-N1. Overall, we noted decent crowd interest in Toyota's Innova Zenix and Hilux Rangga at the Toyota booth. Toyota also introduced a concept of its new EV car, FT-3e, though it did not indicate possible launch date. We noted more presence from the Chinese players (BYD, MG, Cherry, and the new entrant, Aion (GAC group)), which garnered decent attention. Price discounts are relatively decent at around ~Rp20mn for 2024 models across brands. Thus, we expect that several Chinese 4W players may gain further market share in the coming months.

### BYD M6: may not be Innova's direct competitor

BYD M6 is the most anticipated 4W EV for GIIAS 2024, with ~100 bookings in three days of GIIAS event. While it shares similar dimensions and is positioned in the same 7-seaters MPV class as Toyota's Innova, we do not think it directly competes with Innova despite its relatively attractive price (Rp 380m-Rp 420m, similar to Toyota's Yaris Cross but below that of Innova), as we believe it does not provide the comfort that Innova offers. Several early reviews stated that BYD M6 offers attractive value at its price, but not superior in any specific area, with relatively hard suspension that could be felt during speed bumps at low speed.

### Reiterate Buy rating with TP Rp 5,100; competition may remain intensified

Overall, we see rising competition for ASII's 4W to persist, especially from Chinese players. This could limit ASP increases on ASII in the future, hence limiting potential margin upside. We believe the hybrid segment, which currently amounted to 6% of total 4W industry sales in 1H24 (13% of ASII total sales), will remain an attractive niche for ASII, given less competition thus far. We expect better sales for ASII in 2H24, despite a possible slight downside due to absence of Avanza/Veloz Hybrid in GIIAS 2024. We reiterate our **Buy rating** on ASII with a TP of **Rp 5,100**. ASII is currently trades at P/E of 5.6x, -1.5 std dev of its 8 years mean. Downside risks to our view include: 1) Further aggressive entries from Chinese players; 2) Weaker purchasing power.

### 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)	6.3	5.4	6.1	6.2	5.8
PBV (x)	1.0	0.9	0.9	0.8	0.7
Dividen yield (%)	8.4	21.2	9.3	6.7	6.6
EV/EBITDA	3.4	4.4	4.2	4.1	3.8

Source: ASII, BRIDS Estimates

**GIIAS 2024: Chinese 4W products attracted significant interests**

At GIIAS 2024 Auto Show, we observed notable releases such as BYD (M6 MPV), Hyundai (Kona EV), and Honda e-N1. Overall, we noted decent crowd interest in Toyota's Innova Zenix and Hilux Rangga at the Toyota booth. Toyota also introduced a concept of its new EV car, FT-3e, though it did not indicate possible launch date. We noted more presence from the Chinese players (BYD, MG, Cherry, and the new entrant, Aion (GAC group)), which garnered decent attention. Meanwhile, Korean producers notable launch is Hyundai's Kona Electric. Price discounts are relatively decent at around ~Rp20mn for 2024 models across brands. Overall, we observed that buyers are more open to explore Chinese and Korean 4W, while interest in Japanese 4W remain steady despite their EV line-up lagging in terms of pricing and choices. We expect that several Chinese 4W players may gain further market share in upcoming months, at the expense of several existing players such as Honda (which has been losing market share for the past 6 months).

**Japanese EV offerings: still lagging behind**

Unfortunately, Japanese's EV offerings are relatively lagging behind their Chinese and Korean counterparts. Toyota (through ASII) and Suzuki only offer EV concepts with no release date at GIIAS, while the readily available EVs from Toyota are only B4ZX and RAV4 (~Rp 1.1bn). Meanwhile, Honda is slightly ahead with its Honda e-N1, which can be considered as an EV version of HRV, with plans to be released in FY25. Nevertheless, we estimate its price might reach ~Rp 600m once it becomes available in Indonesia.

All of the previously mentioned offerings are significantly more expensive than the Korean options. Hyundai has introduced the Kona Electric at around Rp 490mn, while Chinese players are offering EVs priced mostly between Rp180-450mn. Many Chinese manufacturers are continuing to introduce more affordable products to their lineup (e.g., Omoda E5 Pure, the entry-level version of Omoda 5, which is priced 14% lower than the main Omoda E5) or are reducing prices for existing models (e.g., MG has lowered prices by approximately 10% for the MG 4 EV and MG ZS EV). Overall, this trend indicates increasing competition and could potentially squeeze margins for other 4W players.

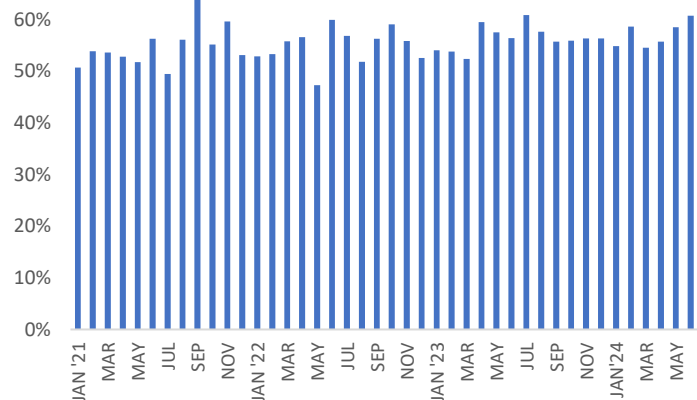
**BYD M6: may not be Innova's direct competitor**

BYD M6 is the most anticipated 4W EV for GIIAS 2024, with ~100 bookings in three days of GIIAS event. While it shares similar dimensions and is positioned in the same 7-seaters MPV class as Toyota's Innova, we do not think it directly competes with Innova despite its relatively attractive price (Rp 380m-Rp 420m, similar to Toyota's Yaris Cross but below that of Innova), as we think it does not provide the comfort that Innova offers, as BYD M6's seatings are narrower than Innova's despite sharing similar dimension. Several early reviews stated that BYD M6 offers attractive value at its price, but not superior in any specific area, with relatively hard suspension that could be felt during speed bumps at low speed.

**Reiterate Buy rating with TP Rp 5,100; competition may remain intensified**

Overall, we see rising competition for ASII's 4W to persist, especially from Chinese players. This could limit ASP increases on ASII in the future, hence limiting potential margin upside. As we do not believe BYD M6 could threaten Innova and Yaris Cross market (7%-9% of total ASII sales), we consider ASII's market share is relatively safe (~56%-58% range), for now. We believe the hybrid segment, which currently amounts to 6% of total 4W industry sales in 1H24 (13% of ASII total sales) will remain an attractive niche for ASII, given less competition thus far. We expect better sales for ASII in 2H24, despite a possible slight downside due to the absence of Avanza/Veloz Hybrid at GIIAS 2024. We reiterate **Buy rating** on 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. Downside risks to our view include: 1) Further aggressive entries from Chinese players; 2) Weaker purchasing power.

Exhibit 1. ASII 4W market share



Source: Gaikindo, BRIDS

Exhibit 2. Top 15 4W Market Share

NO.	BRAND	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
1	TOYOTA	37.3%	33.9%	32.4%	34.1%	36.6%	37.6%	30.1%	33.3%	28.3%	31.2%	32.9%	34.9%
2	DAIHATSU	19.7%	19.7%	18.8%	17.5%	16.1%	15.0%	20.6%	21.3%	22.2%	19.5%	21.0%	20.5%
3	HONDA	13.2%	13.2%	13.7%	14.9%	12.6%	9.9%	12.1%	12.8%	14.1%	9.5%	10.2%	10.4%
4	MITSUBISHI MOTORS	6.8%	8.0%	7.8%	7.5%	8.2%	7.4%	10.0%	8.5%	8.2%	8.2%	9.8%	8.9%
5	SUZUKI	7.3%	7.7%	8.1%	7.5%	8.4%	8.7%	8.8%	7.1%	8.9%	10.2%	8.1%	6.3%
6	HYUNDAI - HMID	2.1%	3.8%	3.9%	3.8%	3.6%	3.4%	4.3%	3.4%	2.4%	3.0%	2.0%	2.6%
7	ISUZU	3.1%	3.1%	3.4%	3.1%	2.8%	2.8%	3.4%	3.2%	3.0%	3.8%	3.2%	4.2%
8	MITSUBISHI FUSO	2.9%	3.1%	2.7%	2.7%	2.7%	3.3%	2.9%	3.2%	3.1%	4.1%	3.4%	3.1%
9	WULING	2.0%	1.2%	2.5%	2.7%	3.2%	4.9%	3.1%	1.7%	2.8%	2.4%	1.3%	1.3%
10	HINO	2.4%	2.6%	2.9%	3.0%	3.0%	3.4%	2.0%	2.1%	2.2%	2.7%	2.6%	2.8%
11	CHERY	0.4%	0.5%	0.6%	0.4%	0.2%	0.3%	0.4%	0.6%	1.1%	1.2%	1.4%	1.2%
12	MAZDA	0.5%	0.8%	0.6%	0.5%	0.3%	0.5%	0.3%	0.4%	0.6%	0.8%	0.5%	0.5%
13	B M W	0.5%	0.5%	0.6%	0.6%	0.4%	0.5%	0.3%	0.3%	0.4%	0.5%	0.6%	0.5%
14	MORRIS GARAGE	0.1%	0.2%	0.2%	0.1%	0.1%	0.1%	0.2%	0.3%	0.5%	0.7%	0.6%	0.6%
15	CITROEN	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.3%	0.4%

Source: Gaikindo, BRIDS

Exhibit 3. HEV Car Price

Brand	Type	Price (Rp mn)
Toyota	Innova Zenix	477-551
Wuling	Almaz Hybrid	442
Honda	CR-V Hybrid	814
Suzuki	Ertiga Hybrid	275-286
Morris Garage	VS HEV	389

Source: Various sources, BRIDS

Exhibit 4. EV Car Price

Brand	Type	Price (Rp mn)
Morris Garage	4 EV*	423
Cherry	Omoda E5 Pure**	419
Cherry	Omoda E5	498
BYD	M6**	379-429
Wuling	Air EV	190-275
Wuling	Binguo	317-372
Wuling	Cloud EV	398
Toyota	BZ4X	1,190
Honda	E-N1***	600
Hyundai	Kona**	499-590
Aion	ES**	386
Aion	Hypotec HT**	685

\*New price  
\*\*New releases  
\*\*\*Estimation based on UK price

Source: Various sources, BRIDS

**Exhibit 5. Hilux Rangka**



Source: BRIDS Survey

**Exhibit 6. Toyota Prius**



Source: Google Image

**Exhibit 7. Toyota FT-3e**



Source: BRIDS Survey

**Exhibit 8. Hyundai Kona Electric**



Source: Google Image

**Exhibit 9. Honda E-N1**



Source: BRIDS Survey

**Exhibit 10. Aion Y Plus**



Source: BRIDS Survey

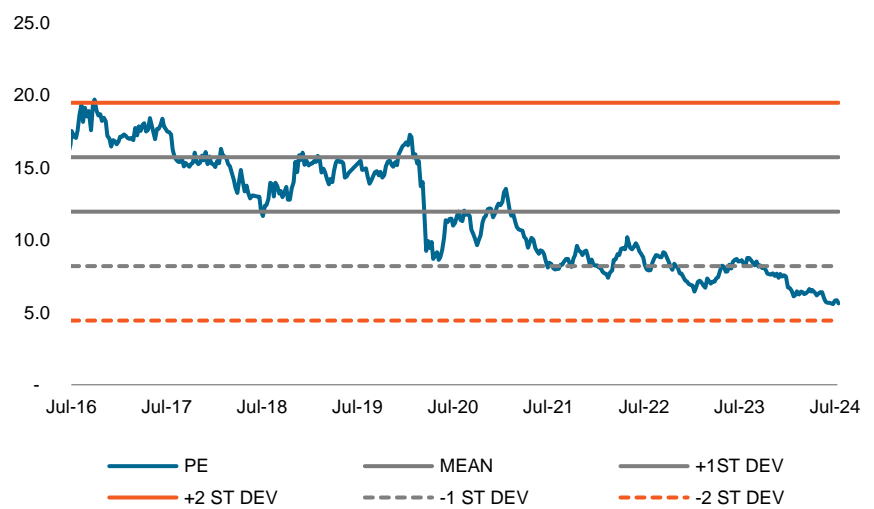


Exhibit 11. BYD M6



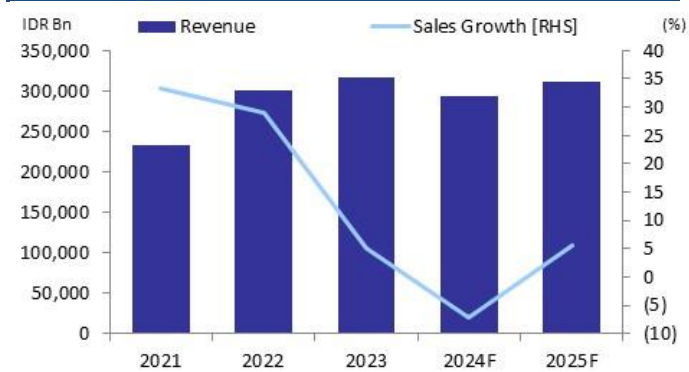
Source: Google Image

Exhibit 12. ASII P/E Band



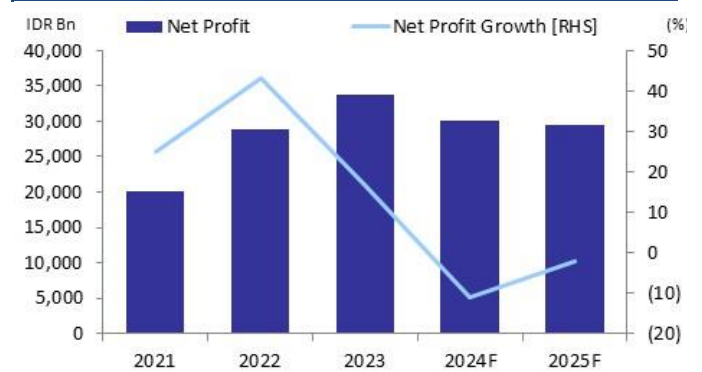
Source: Bloomberg, ASII, BRIDS

**Exhibit 13. Revenue and Growth**



Source: Company, BRIDS Estimates

**Exhibit 14. Net Profit and Growth**



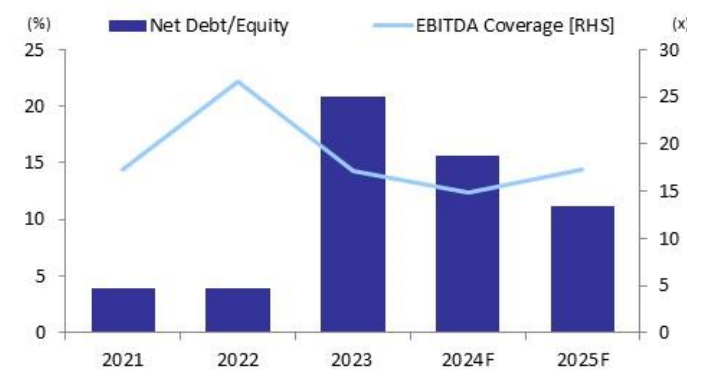
Source: Company, BRIDS Estimates

**Exhibit 15. Margins**



Source: Company, BRIDS Estimates

**Exhibit 16. Gearing Level**



Source: Company, BRIDS Estimates

**Exhibit 17. Income Statement**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
<b>Revenue</b>	<b>301,379</b>	<b>316,565</b>	<b>293,841</b>	<b>310,565</b>	<b>334,381</b>
COGS	(231,291)	(243,255)	(226,401)	(244,228)	(264,025)
<b>Gross profit</b>	<b>70,088</b>	<b>73,310</b>	<b>67,439</b>	<b>66,337</b>	<b>70,355</b>
<b>EBITDA</b>	<b>56,102</b>	<b>53,405</b>	<b>53,490</b>	<b>52,819</b>	<b>55,595</b>
<b>Oper. profit</b>	<b>42,201</b>	<b>44,268</b>	<b>39,815</b>	<b>38,085</b>	<b>39,718</b>
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
<b>Pre-tax profit</b>	<b>50,390</b>	<b>54,729</b>	<b>48,742</b>	<b>47,247</b>	<b>49,633</b>
Income tax	(9,970)	(10,228)	(9,644)	(9,348)	(9,820)
Minority interest	(11,476)	(10,662)	(9,032)	(8,459)	(8,520)
<b>Net profit</b>	<b>28,944</b>	<b>33,839</b>	<b>30,066</b>	<b>29,440</b>	<b>31,293</b>
<b>Core Net Profit</b>	<b>28,756</b>	<b>34,247</b>	<b>30,066</b>	<b>29,440</b>	<b>31,293</b>

**Exhibit 18. 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
<b>Total asset</b>	<b>413,297</b>	<b>445,679</b>	<b>452,709</b>	<b>473,979</b>	<b>498,713</b>
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
<b>Total Liabilities</b>	<b>169,577</b>	<b>195,261</b>	<b>180,235</b>	<b>175,935</b>	<b>172,926</b>
Shareholder's Funds	192,142	198,640	211,663	228,775	247,998
Minority interests	51,578	51,778	60,811	69,269	77,790
<b>Total Equity &amp; Liabilities</b>	<b>413,297</b>	<b>445,679</b>	<b>452,709</b>	<b>473,979</b>	<b>498,713</b>

**Exhibit 19. 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)
Other Oper. Cash Flow	(10,082)	(17,357)	(2,160)	(2,742)	(5,435)
<b>Operating Cash Flow</b>	<b>25,568</b>	<b>20,465</b>	<b>39,142</b>	<b>35,513</b>	<b>32,916</b>
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)
<b>Investing Cash Flow</b>	<b>(23,737)</b>	<b>(34,623)</b>	<b>(18,008)</b>	<b>(19,040)</b>	<b>(20,555)</b>
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
<b>Financing Cash Flow</b>	<b>(4,483)</b>	<b>(6,001)</b>	<b>(20,927)</b>	<b>(15,333)</b>	<b>(13,725)</b>
<b>Net Change in Cash</b>	<b>(2,652)</b>	<b>(20,159)</b>	<b>206</b>	<b>1,139</b>	<b>(1,364)</b>
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 20. Key Ratio**

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
<b>Growth (%)</b>					
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
<b>Profitability (%)</b>					
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
<b>Leverage</b>					
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**

<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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