Buy

(Maintained)

Astra International (ASII IJ)

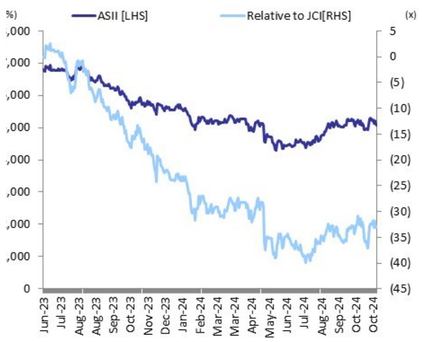
Raising our FY24F-FY26F est., amid above-expected 2W sales, financial, and HE segment in 3Q24

Last Price (Rp)	5,125
Target Price (Rp)	5,900
Previous Target Price (Rp)	5,700
Upside/Downside	+15.1%
No. of Shares (mn)	40,484
Mkt Cap (Rpbn/US$mn)	207,478/13,171
Avg, Daily T/O (Rpbn/US$mn)	303.8/19.3
Free Float (%)	49.9
Major Shareholder (%)	
Jardine Cycle & Carriage	50.1

EPS Consensus (Rp)

	2024F	2025F	2026F
BRIDS	825.2	843.3	909.1
Consensus	757.9	773.9	786.0
BRIDS/Cons (%)	**8.9**	**9.0**	**15.7**

ASII relative to JCI Index



Source: Bloomberg

- **ASII posted strong 9M24 earnings (above) due to recovery in auto, along with strong financial and HE segments.**
- **We lifted our EPS est. by 10%/13%/10% in FY24F/FY25F/FY26F, driven by higher 2W sales, financial, and HE segment.**
- **We reiterate our Buy rating with a 3% higher TP of Rp5,900. We expect the steady recovery in 3Q24 to continue in 4Q24F onwards.**

ASII 9M24 results: beat due to auto recovery and strong financial/HE

ASII recorded a net profit of Rp25.8tr in 9M24 (+1% yoy), 85%/84% of our/cons numbers (above), with 3Q24 net profit reaching Rp9.9tr (+19% qoq, +21% yoy). The strong 9M24 earnings were due to: 1) recovery in 4W sales and sustainable 2W run-rate in 3Q24, which drove growth of 12% qoq in auto revenue and 14% qoq in equity income, despite still low auto distribution margin at 1.2% vs. ~2% in 2023; 2) financial segment continuing its momentum, with 11% yoy revenue growth in 9M24; 3) strong HE segment, with 2% yoy revenue growth in 9M24.

Upgrading our estimates, particularly on 2W growth, financial, HE segment

We raised our FY24F/FY25F/FY26F revenue by 8%/9%/10% and net profit by 10%/13%/10%, driven by: 1) higher 2W sales assumption by 5-10% due to strong 2W sales up to 9M24, vs. our initial assumption of slower 2W in 2H24. Nevertheless, we still expect slower momentum on 2W in FY25F, as we expect 2W sales to reflect middle-low-income economic conditions; 2) higher equity income (12%/9%/6%), especially from AHM; 3) lower auto margin of 1.3% in FY24F (vs. 1.5% in our previous assumption), then a recovery to 1.6%/1.7% in FY25F/FY26F. We noted that despite recovery in 4W and strong 2W momentum, GPM/OPM did not match the revenue momentum, possibly due to rising costs that have not been passed on; 4) upgrade in our financial revenue by 7%/10%/8%, due to the strong momentum of 2W sales in FY24F which will support FY25F revenue, offsetting the weaker impact of 4W sales in FY24F; 5) upgrade in our HE revenue by 5%/6%/8%, driven mostly by higher Komatsu unit sales.

Reiterate Buy rating with a higher TP of Rp5,900

We reiterate Buy rating with a higher SOTP-based TP to Rp5,900 (+3% from prev. TP), implying FY25F PER of 7.3x. ASII currently trades at P/E of 6.7x, 1-std dev of its 5-year mean. We believe short-term concerns on ASII (weak 4W sales, uncertainty on 2W sales) should diminish, as demonstrated by the strong 3Q24 performance. Downside risks: 1) Rapid BEV adaption; which may lead to market share loss; 2) Asset quality deterioration in financials.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	301,379	316,565	332,004	357,305	391,021
EBITDA (Rpbn)	56,102	59,556	61,964	64,531	69,201
EBITDA Growth (%)	41.4	6.2	4.0	4.1	7.2
Net Profit (Rpbn)	28,944	33,839	33,408	34,141	36,804
EPS (Rp)	715.0	835.9	825.2	843.3	909.1
EPS Growth (%)	43.3	16.9	(1.3)	2.2	7.8
BVPS (Rp)	4,746.2	4,906.7	5,140.0	5,612.0	6,141.6
DPS (Rp)	377.8	956.1	591.9	371.4	379.5
PER (x)	7.2	6.1	6.2	6.1	5.6
PBV (x)	1.1	1.0	1.0	0.9	0.8
Dividen yield (%)	7.4	18.7	11.5	7.2	7.4
EV/EBITDA	3.9	4.4	4.2	3.9	3.4

Source: ASII, BRIDS Estimates

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Exhibit 1. ASII 9M24/3Q24 Earnings Result

ASII 9M24 Results

Profit & Loss, Rpbn

(in Rpbn)	3Q23	2Q24	3Q24	QoQ, %	YoY, %	9M23	9M24	YoY, %	FY24 (BRIDS)	A/F, %	FY24 (Cons)	A/F, %
Revenue`	78,520	78,758	86,362	*9.7*	*10.0*	240,913	246,329	*2.2*	307,846	80	312,500	79
Gross profit	16,954	18,015	19,052	*5.8*	*12.4*	53,587	54,652	*2.0*	68,811	79	69,219	79
Operating income	9,713	10,694	10,924	*2.2*	*12.5*	32,439	31,772	*(2.1)*	40,420	79	39,535	80
EBITDA	13,556	15,341	15,713	*2.4*	*15.9*	43,599	45,770	*5.0*	54,123	85	53,906	85
Equity income	2,634	2,400	2,749	*14.5*	*4.4*	7,249	7,758	*7.0*	8,938	87		
Net income	8,242	8,392	9,998	*19.1*	*21.3*	25,691	25,854	*0.6*	30,267	85	30,752	84
Margins, %												
Gross margin	21.6	22.9	22.1			22.2	22.2		22.4		22.2	
Operating margin	12.4	13.6	12.6			13.5	12.9		13.1		12.7	
EBITDA margin	17.3	19.5	18.2			18.1	18.6		17.6		17.2	
Net margin	10.5	10.7	11.6			10.7	10.5		9.8		9.8	

Revenue Breakdown, IDRbn

(in Rpbn)	3Q23	2Q24	3Q24	QoQ, %	YoY, %	9M23	9M24	YoY, %	FY24 (BRIDS)	A/F, %
Automotive	33,438	30,811	34,525	*12.1*	*3.3*	99,162	99,529	*0.4*	116,141	86
Financial services	7,730	8,136	8,592	*5.6*	*11.2*	21,983	24,504	*11.5*	31,129	79
Agribusiness	6,291	5,513	5,974	*8.4*	*(5.0)*	15,682	16,287	*3.9*	20,123	81
Information Technology	765	677	750	*10.8*	*(2.0)*	2,078	2,038	*(1.9)*	3,028	67
Heavy equipment	28,921	32,102	35,044	*9.2*	*21.2*	97,598	99,558	*2.0*	117,824	84
Infra & logistic	2,263	1,996	2,120	*6.2*	*(6.3)*	6,668	6,176	*(7.4)*	8,467	73
Property & others	202	298	390	*30.9*	*93.1*	621	910	*46.5*	1,049	87

Operating Income, IDRbn

(in Rpbn)	3Q23	2Q24	3Q24	QoQ, %	YoY, %	9M23	9M24	YoY, %	FY24 (BRIDS)	A/F, %
Automotive	874	313	425	*35.8*	*(51.4)*	2,507	1,258	*(49.8)*	1,692	74
Financial services	2,128	2,212	2,231	*0.9*	*4.8*	6,016	6,643	*10.4*	8,333	80
Agribusiness	534	340	368	*8.2*	*(31.1)*	866	947	*9.4*	1,214	78
Information Technology	67	62	69	*11.3*	*3.0*	136	159	*16.9*	184	86
Heavy equipment	5,545	7,116	7,147	*0.4*	*28.9*	21,200	20,856	*(1.6)*	26,165	80
Infra & logistic	487	534	533	*(0.2)*	*9.4*	1,450	1,533	*5.7*	1,817	84
Property & others	18	31	68	*119.4*	*277.8*	67	123	*83.6*	170	72

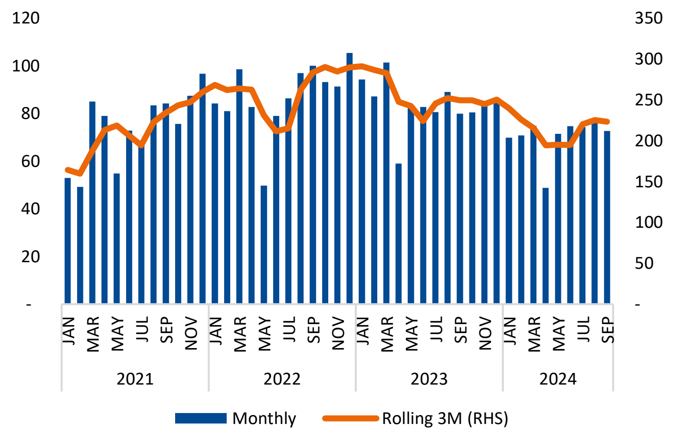
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 2. ASII Earnings Forecast Change

	Previous			New			Changes		
	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F
ASII 4W sales, unit	481,600	529,760	572,141	481,600	529,760	572,141	0.0%	0.0%	0.0%
ASII 2W sales, unit	4,503,108	4,503,108	4,818,326	4,934,552	4,934,552	5,082,589	9.6%	9.6%	5.5%
Consolidated									
Revenue	307,846	326,710	356,462	332,004	357,305	391,021	7.8%	9.4%	9.7%
Gross Profit	68,811	68,847	74,544	73,961	77,115	83,488	7.5%	12.0%	12.0%
EBIT	40,420	39,653	42,479	43,455	44,524	47,427	7.5%	12.3%	11.6%
EBITDA	54,123	54,476	58,524	61,964	64,531	69,201	14.5%	18.5%	18.2%
Equity Income	8,938	9,050	9,417	10,003	9,832	10,012	11.9%	8.6%	6.3%
Net Profit	30,267	30,251	33,516	33,408	34,141	36,804	10.4%	12.9%	9.8%
By Segment									
Revenue									
Automotive	117,453	128,811	142,891	131,329	146,507	162,006	11.8%	13.7%	13.4%
Financial	31,171	32,052	34,500	33,385	35,229	37,379	7.1%	9.9%	8.3%
Agribusiness	20,123	19,519	18,934	21,368	20,727	20,105	6.2%	6.2%	6.2%
IT	3,028	3,089	3,151	3,028	3,089	3,151	0.0%	0.0%	0.0%
Heavy equipment	130,662	136,998	150,402	137,597	145,705	162,036	5.3%	6.4%	7.7%
Infra & logistic	8,467	9,526	10,240	8,467	9,526	10,240	0.0%	0.0%	0.0%
Property	1,049	1,075	1,102	1,259	1,290	1,323	20.0%	20.0%	20.0%
Operating Profit									
Automotive	1,801	2,121	2,364	1,741	2,410	2,797	-3.3%	13.6%	18.3%
Financial	8,338	8,264	8,905	8,845	9,152	9,461	6.1%	10.7%	6.2%
Agribusiness	1,214	1,177	1,142	1,289	1,250	1,213	6.2%	6.2%	6.2%
IT	184	188	191	203	207	212	10.5%	10.5%	10.5%
Heavy equipment	26,647	25,326	27,148	28,895	28,648	30,680	8.4%	13.1%	13.0%
Infra & logistic	1,817	2,153	2,153	2,031	2,366	2,529	11.8%	9.9%	17.5%
Property	170	164	164	179	199	216	5.5%	21.5%	31.7%
GPM	22.4%	21.1%	20.9%	22.3%	21.6%	21.4%			
EBIT Margin	13.1%	12.1%	11.9%	13.1%	12.5%	12.1%			
EBITDA Margin	17.6%	16.7%	16.4%	18.7%	18.1%	17.7%			
Auto margin	1.5%	1.6%	1.7%	1.3%	1.6%	1.7%			

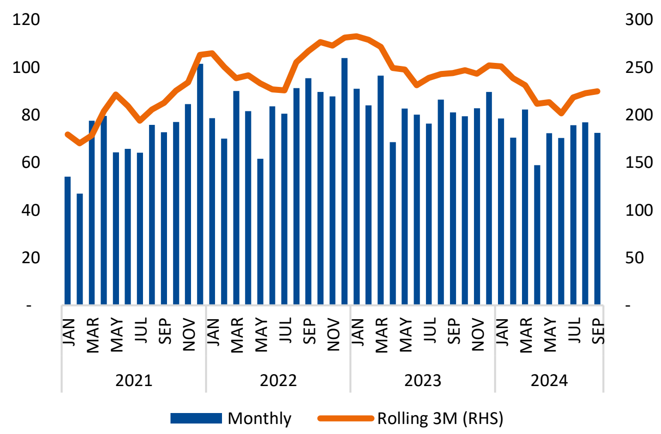
Source: BRIDS Estimates

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



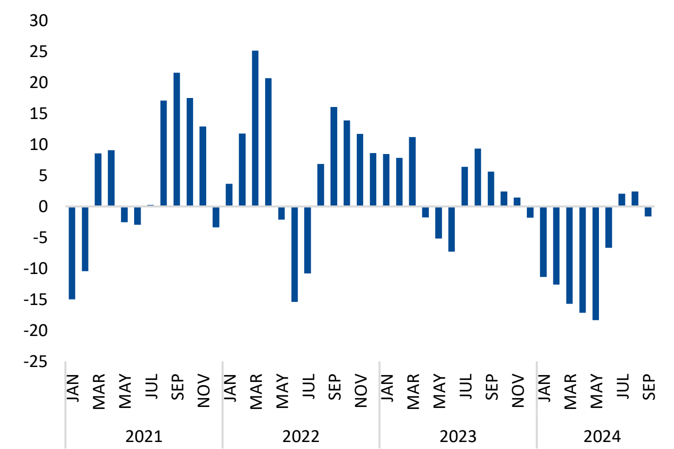
Source: Gaikindo, BRIDS

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



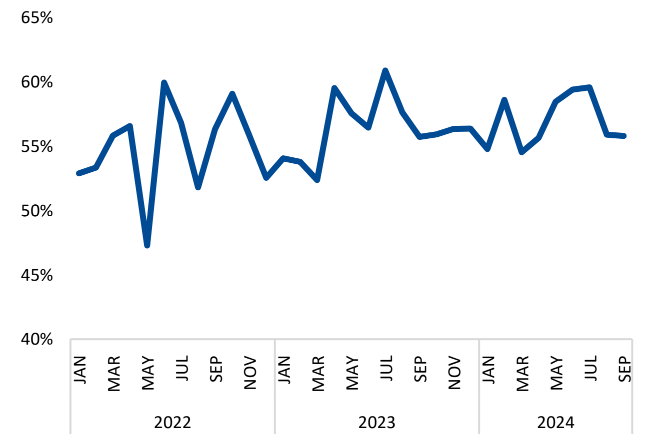
Source: Gaikindo, BRIDS

Exhibit 5. Wholesale - Inventory Difference (in '000 units)



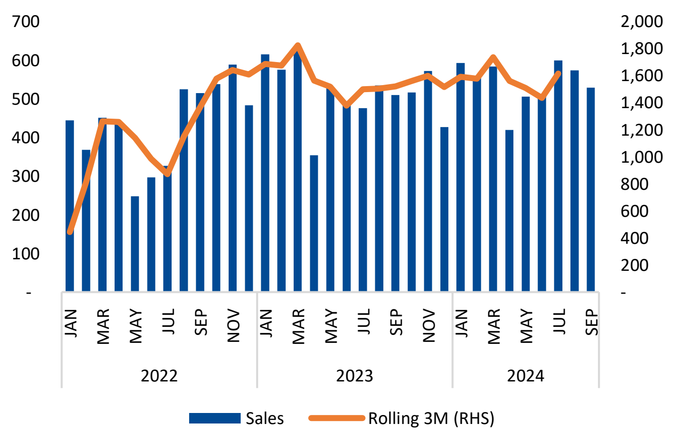
Source: Gaikindo, BRIDS

Exhibit 6. ASII 4W Market Share



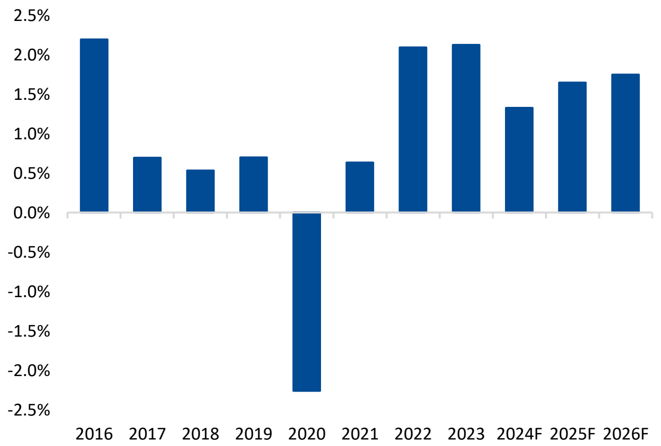
Source: Gaikindo, BRIDS

Exhibit 7. 2W Monthly Sales (in '000 units)



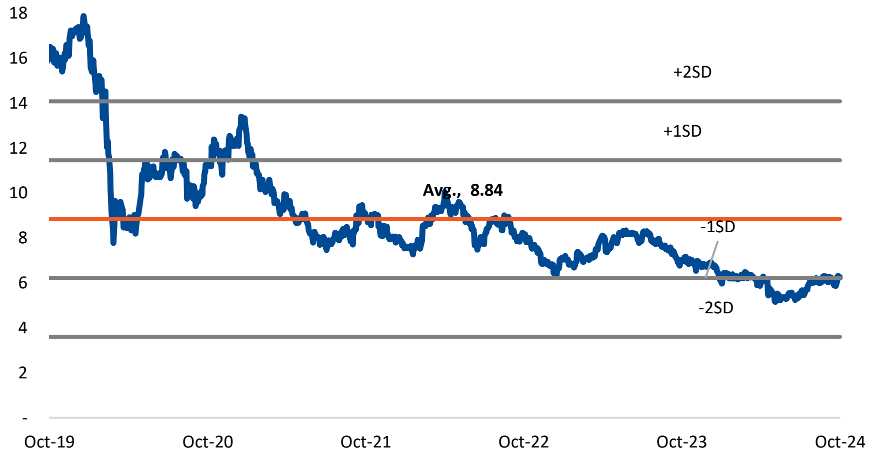
Source: AISI, BRIDS

Exhibit 8. ASII Automotive Segment Operating Margin



Source: ASII, BRIDS Estimates

Exhibit 9. ASII P/E Band (2019-2024)



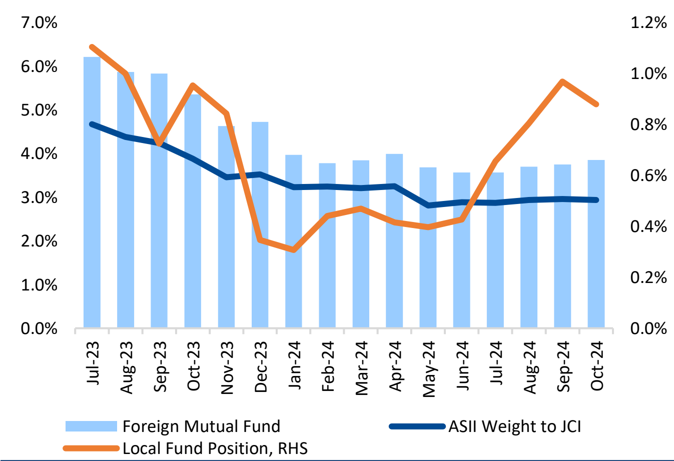
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 10. SOTP Valuation of ASII

	Earnings/BV (Rp bn)	TP / Multiplier	Market Cap (Rp mn)	ASII's stake	Value (Rp mn)	Contribution to ASII
AUTOMOTIVE (P/E method)						
ASII 4W + 2W	5,925	8.2	48,374,574	100.0%	48,374,574	17.2%
AUTO	2,234	7.5	16,772,467	80.0%	13,417,974	4.8%
HEAVY EQUIPMENT (shares * TP)						
UNTR	4,931	31,000	152,861,000	59.5%	90,952,295	32.3%
AGRI BUSINESS (P/E method)						
AALI	1,055	7.4	7,768,443	79.7%	6,189,895	2.2%
FINANCIAL SERVICES (P/BV method)						
ASDF	10,634	2.4	25,477,267	86.1%	21,946,118	7.8%
FIFA	11,603	3.1	35,915,527	100.0%	35,915,527	12.8%
OTHERS (P/E method)						
ASGR	176	6.6	1,164,812	76.9%	895,391	0.3%
Others			63,483,238	100.0%	63,483,238	22.6%
Total equity value (Rp mn)	**281,175,012**					
Shares (mn)	40,484					
NAV/share, Rp	**6,950**					
Conglomerate Discount	**15%**					
Adjusted NAV/share, Rp	5,900					

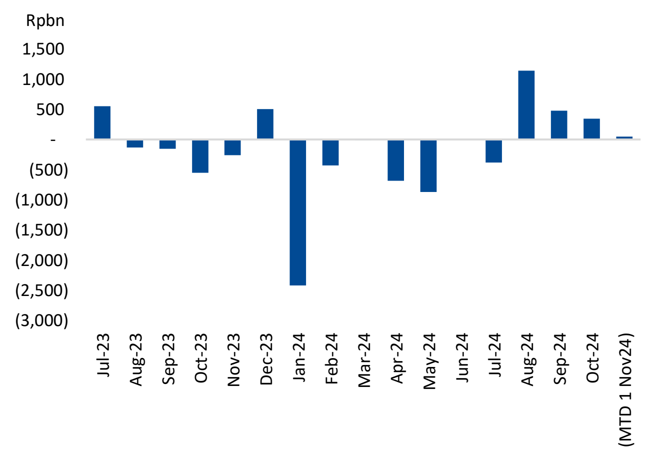
Source: BRIDS Estimates

Exhibit 11. ASII's Weighting and Fund Position



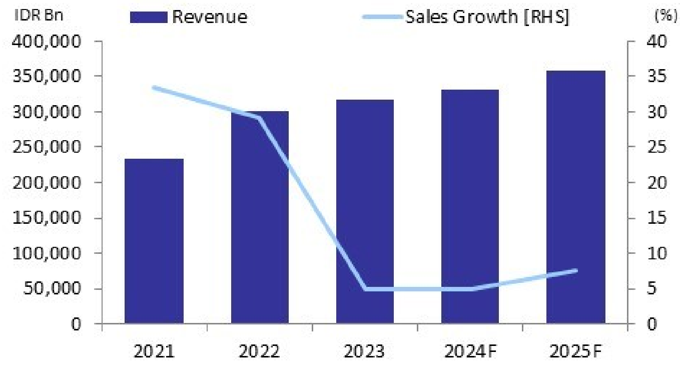
Source: KSEI, BRIDS

Exhibit 12. ASII's Historical Foreign Flows (as of Nov 1, 24)



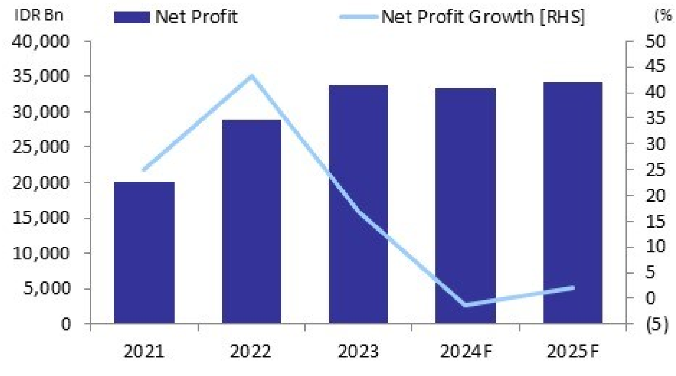
Source: KSEI, BRIDS

Exhibit 13. Revenue and Growth



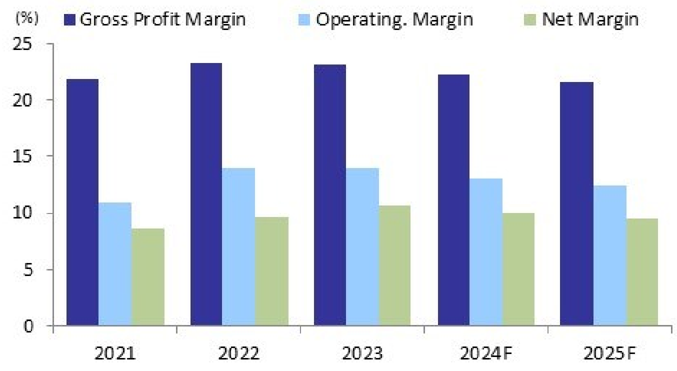
Source: Company, BRIDS Estimates

Exhibit 14. Net Profit and Growth



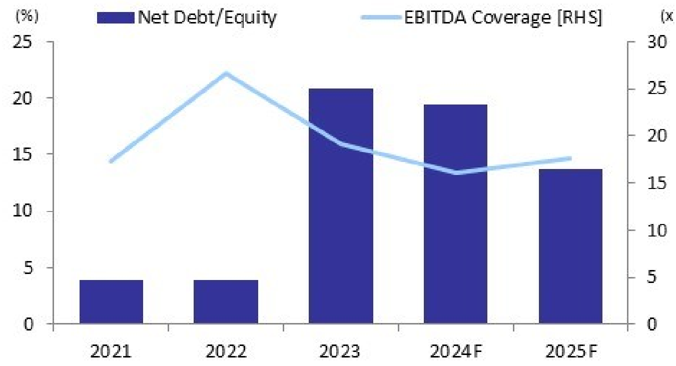
Source: Company, BRIDS Estimates

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
Revenue	**301,379**	**316,565**	**332,004**	**357,305**	**391,021**
COGS	(231,291)	(243,255)	(258,043)	(280,190)	(307,533)
Gross profit	**70,088**	**73,310**	**73,961**	**77,115**	**83,488**
EBITDA	**56,102**	**59,556**	**61,964**	**64,531**	**69,201**
Oper. profit	**42,201**	**44,268**	**43,455**	**44,524**	**47,427**
Interest income	2,535	3,053	3,100	2,945	2,798
Interest expense	(2,107)	(3,112)	(3,868)	(3,672)	(3,307)
Forex Gain/(Loss)	188	(408)	0	0	0
Income From Assoc. Co's	8,231	9,499	10,003	9,832	10,012
Other Income (Expenses)	(658)	1,429	1,700	1,700	1,275
Pre-tax profit	**50,390**	**54,729**	**54,390**	**55,329**	**58,205**
Income tax	(9,970)	(10,228)	(10,761)	(10,947)	(11,516)
Minority interest	(11,476)	(10,662)	(10,220)	(10,241)	(9,885)
Net profit	**28,944**	**33,839**	**33,408**	**34,141**	**36,804**
Core Net Profit	**28,756**	**34,247**	**33,408**	**34,141**	**36,804**

Exhibit 18. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	61,295	41,136	45,429	52,023	58,704
Receivables	71,839	72,227	78,927	84,041	90,462
Inventory	32,323	39,138	37,903	41,156	45,172
Other Curr. Asset	14,075	12,837	13,463	14,489	15,856
Fixed assets - Net	94,752	107,977	110,681	113,355	116,217
Other non-curr.asset	138,727	171,516	184,336	195,214	206,821
Total asset	**413,297**	**445,679**	**471,587**	**501,126**	**534,080**
ST Debt	34,669	39,061	41,014	38,963	37,015
Payables	54,063	57,709	59,283	64,372	70,653
Other Curr. Liabilities	30,466	28,252	28,252	28,252	28,252
Long Term Debt	36,052	54,249	56,961	54,113	51,408
Other LT. Liabilities	14,327	15,990	15,990	15,990	15,990
Total Liabilities	**169,577**	**195,261**	**201,501**	**201,690**	**203,318**
Shareholder'sFunds	192,142	198,640	208,087	227,194	248,635
Minority interests	51,578	51,778	61,998	72,240	82,124
Total Equity & Liabilities	**413,297**	**445,679**	**471,586**	**501,124**	**534,077**

Exhibit 19. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	28,944	33,839	33,408	34,141	36,804
Depreciation and Amort.	9,496	9,078	14,620	16,117	17,885
Change in Working Capital	(2,790)	(5,095)	(4,515)	(4,304)	(5,522)
OtherOper. Cash Flow	(10,082)	(17,357)	(5,643)	(3,856)	(4,659)
Operating Cash Flow	**25,568**	**20,465**	**37,871**	**42,099**	**44,508**
Capex	(14,358)	(22,303)	(17,324)	(18,792)	(20,747)
Others Inv. Cash Flow	(9,379)	(12,320)	(3,310)	(3,350)	(3,640)
Investing Cash Flow	**(23,737)**	**(34,623)**	**(20,634)**	**(22,142)**	**(24,387)**
Net change in debt	(1,765)	22,589	4,666	(4,899)	(4,654)
New Capital	0	0	0	0	0
Dividend payment	(15,295)	(38,707)	(23,961)	(15,034)	(15,363)
Other Fin. Cash Flow	12,577	10,117	6,352	6,569	6,577
Financing Cash Flow	**(4,483)**	**(6,001)**	**(12,943)**	**(13,364)**	**(13,440)**
Net Change in Cash					
Cash - begin of the year	**(2,652)**	**(20,159)**	**4,293**	**6,593**	**6,681**
Cash - end of the year	63,947	61,295	41,136	45,429	52,023

Exhibit 20. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	29.1	5.0	4.9	7.6	9.4
EBITDA	41.4	6.2	4.0	4.1	7.2
Operating profit	65.3	4.9	(1.8)	2.5	6.5
Net profit	43.3	16.9	(1.3)	2.2	7.8
Profitability (%)					
Gross margin	23.3	23.2	22.3	21.6	21.4
EBITDA margin	18.6	18.8	18.7	18.1	17.7
Operating margin	14.0	14.0	13.1	12.5	12.1
Net margin	9.6	10.7	10.1	9.6	9.4
ROAA	7.4	7.9	7.3	7.0	7.1
ROAE	15.9	17.3	16.4	15.7	15.5
Leverage					
Net Gearing (x)	0.0	0.2	0.2	0.1	0.1
Interest Coverage (x)	20.0	14.2	11.2	12.1	14.3

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