

Buy

(Maintained)

Last Price (Rp)	4,910
Target Price (Rp)	5,900
Previous Target Price (Rp)	5,900
Upside/Downside	+20.2%
No. of Shares (mn)	40,484
Mkt Cap (Rpbn/US\$mn)	198,774/12,169
Avg, Daily T/O (Rpbn/US\$mn)	231.7/14.2
Free Float (%)	42.3
Major Shareholder (%)	
Jardine Cycle & Carriage	50.1
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	825.2 843.3 909.1
Consensus	791.4 808.4 825.0
BRIDS/Cons (%)	4.3 4.3 10.2

ASII relative to JCI Index



Source: Bloomberg

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Astra International (ASII IJ)

Potential boost from rate cut and opsen tax postponement

- The lower interest rate has historically had an inverse correlation with ASII share price and is positive for 4W sales, with a 9-16 months lag.
- We expect 4W sales to improve as 'opsen' tax is postponed, but higher VAT may compress margin upside (FY25F: 1.6% vs ~2% in FY22-23).
- We reiterate our Buy rating with a TP of Rp5,900. ASII is a good pick for an interest-rate play with undemanding valuation and ROE of 15-16%.

Historically, lower interest rate benefit ASII's share price and 4W sales

Historically, lower interest rates have shown an inverse correlation with ASII's share price, suggesting that a decrease in rates may boost sentiment (see exhibit 1). This is derived from the expectation of higher 4W sales, which historically have also benefited from lower rates but with a lag of around 9-16 months (see exhibit 2). Thus, in this cycle, we expect a meaningful improvement in 4W wholesales by 2H25F. We reiterate our 4W wholesale target of 946k (+10% yoy), higher than the Gaikindo target of 900k. Additionally, we expect a subsidy on luxury tax of 3% for hybrid models and the postponement of 'opsen' tax to boost 4W sales in FY25F. Previously, under the scenario of opsen tax implementation, new car ownership costs could increase by around 7-8% in several areas in Java, potentially impacting 4W sales.

Volume recovery will continue, yet margin upside will face challenge

The government will raise VAT to 12% for 4W sales, starting from Feb25. Based on our channel checks, we expect Toyota car prices will increase by Rp3-22mn, depending on the type. For example, we expect the Avanza price to increase by around Rp3mn (~1.2%) after the new VAT. We anticipate that ASII will face challenges in raising prices beyond the VAT impact, given the slow recovery in overall purchasing power. While there is a potential risk to volume growth, we believe the primary impact of the higher VAT will be on margins. Thus, we expect limited auto OPM improvement to 1.6% (+30 bps yoy) in FY25F, still lower than the FY22-23 levels. Furthermore, we have noted a build-up in Toyota inventory at the retail level since Jul24.

Reiterate Buy with TP Rp5,900. Undemanding valuation with good ROE

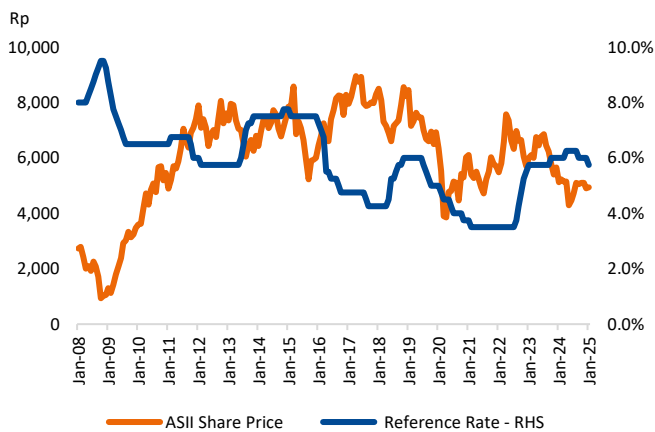
We reiterate our Buy rating with an SOTP-based TP of Rp5,900, implying an FY25F PER of 7.3x. ASII currently trades at a P/E of 5.8x, -1 std dev of its 5-year mean. We believe ASII's ability to sustain its past 3-year ROE at ~15%-16% is underappreciated as it continues to trade below-mean PER and <1x PBV. Downside risks: 1) Faster EV transition, combined with the lack of ASII offerings in EV; 2) Higher-for-longer, or a reversal in the interest rate cycle.

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)	6.9	5.9	5.9	5.8	5.4
PBV (x)	1.0	1.0	1.0	0.9	0.8
Dividen yield (%)	7.7	19.5	12.1	7.6	7.7
EV/EBITDA	3.7	4.2	4.1	3.7	3.3

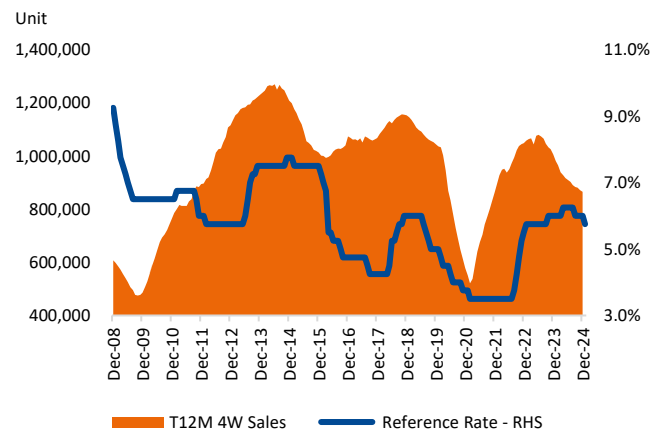
Source: ASII, BRIDS Estimates

Exhibit 1. ASII's Share Price vs Reference Rate



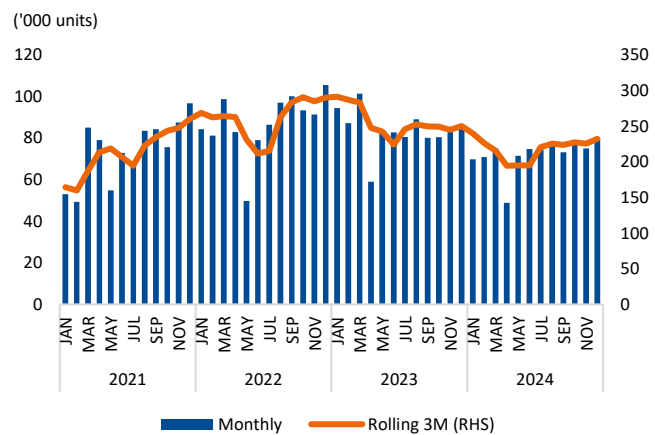
Source: BI, Bloomberg, BRIDS

Exhibit 2. 4W Wholesale vs Reference Rate



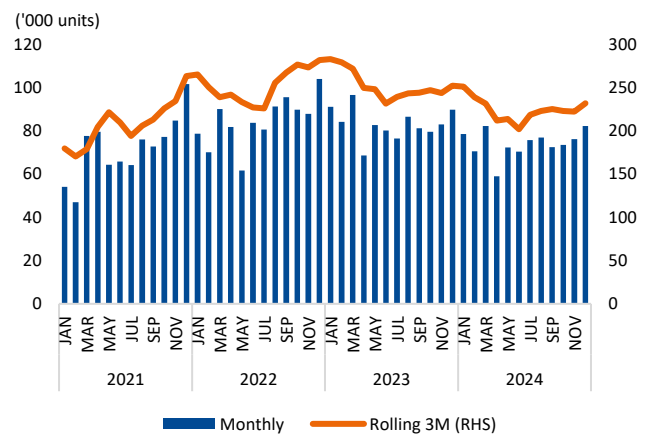
Source: BI, Gaikindo, BRIDS

Exhibit 3. 4W Monthly Wholesales



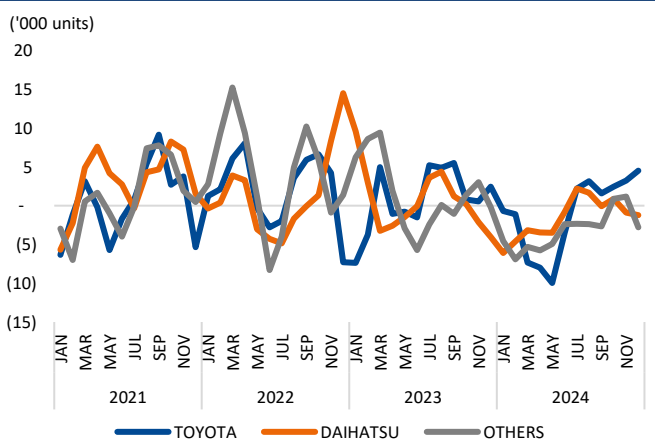
Source: Gaikindo, BRIDS

Exhibit 4. 4W Monthly Retail Sales



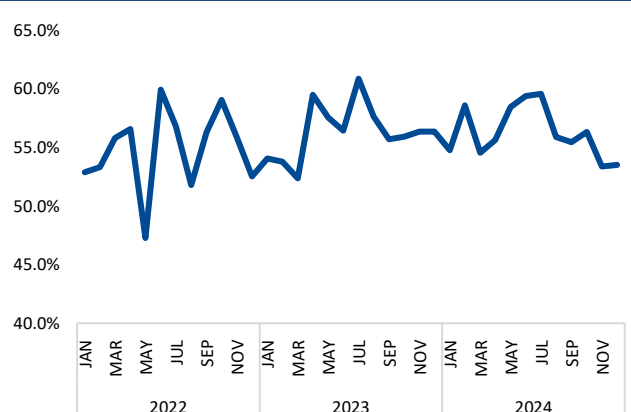
Source: Gaikindo, BRIDS

Exhibit 5. 4W Inventory Level



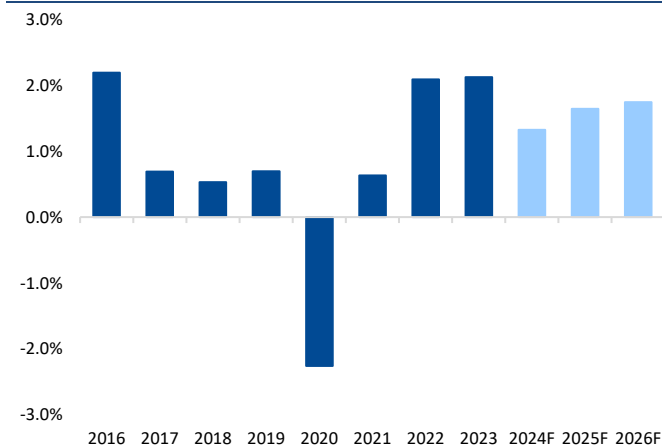
Source: Gaikindo, BRIDS

Exhibit 6. ASII 4W Market Share



Source: Gaikindo, BRIDS

Exhibit 7. ASII Automotive Segment Operating Margin



Source: ASII, BRIDS Estimates

Exhibit 8. ASII P/E Band (2019-2024)



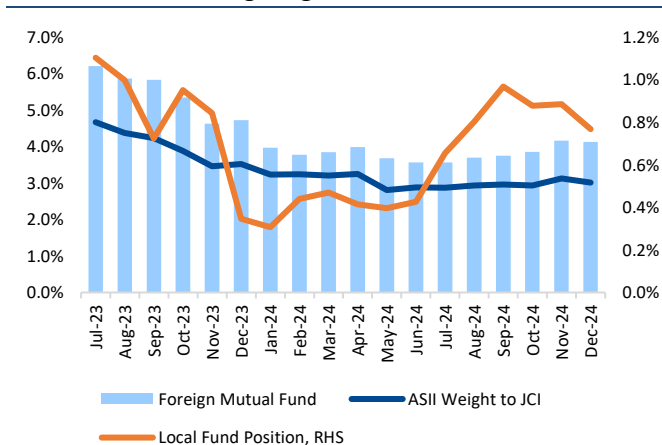
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 9. SOTP Valuation of ASII

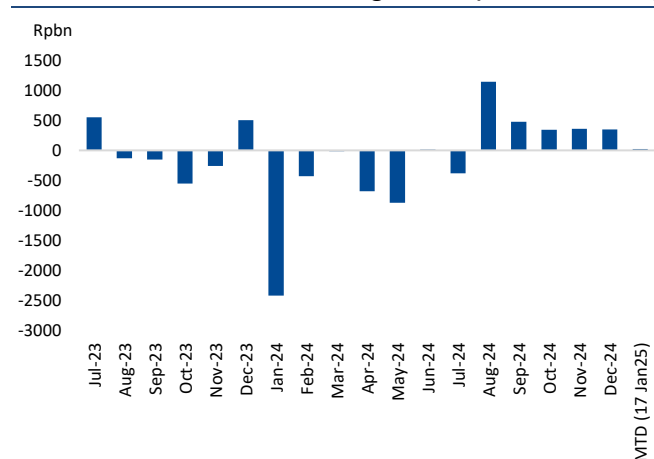
	Earnings/BV (Rp bn)	TP / Multiplier	Market Cap (Rp mn)	ASII's stake	Value (Rp mn)	Contribution to ASII
AUTOMOTIVE (P/E method)						
ASII 4W + 2W	5,925	8.2	48,374,574	100.0%	48,374,574	17.2%
AUTO	2,234	7.5	16,772,467	80.0%	13,417,974	4.8%
HEAVY EQUIPMENT (shares * TP)						
UNTR	4,931	31,000	152,861,000	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 10. ASII's Weighting and Fund Position

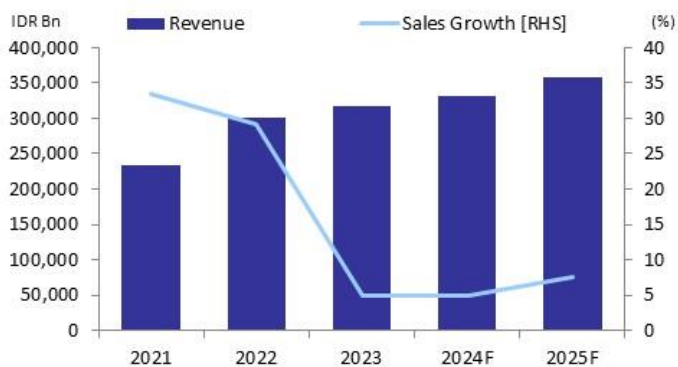


Source: KSEI, BRIDS

Exhibit 11. ASII's Historical Foreign Flows (as of 17th Jan25)


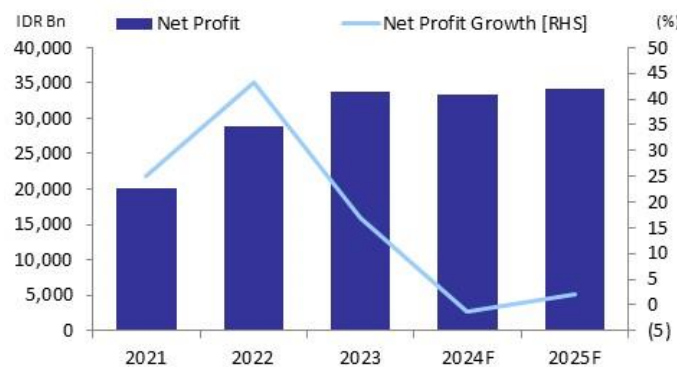
Source: IDX, BRIDS

Exhibit 12. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 13. Net Profit and Growth



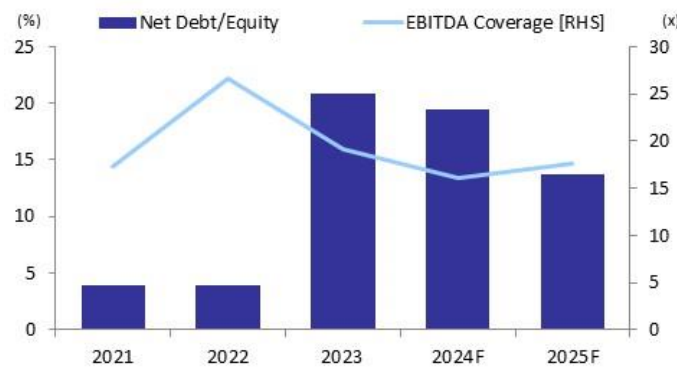
Source: Company, BRIDS Estimates

Exhibit 14. Margins



Source: Company, BRIDS Estimates

Exhibit 15. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 16. 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 17. 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's Funds	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 18. 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)
Other Oper. 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 19. 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

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