

PT Astra International Tbk

Anticipating Higher Revenue From Automotive Segment

Expecting lower revenue amid slump in commodity price

ASII booked revenue of IDR 82.98 trillion (+15.46% YoY) in 1Q23 boosted by HEMCE and automotive segments which recorded revenue growth of +24.70% YoY and +17.26% YoY, respectively. Despite good result in 1Q23, we expect revenue to decrease by -1.80% YoY to IDR 295.95 trillion for FY23F. We expect declining commodity price will impact revenue of UNTR and ALII which contributed 42.05% and 5.74%, respectively in 1Q23, however we believe automotive segment will be outperform driven by higher 4W sales volume and ASP.

Solid 4W sales volume, but EV products are catching up

Gaikindo recorded domestic 4W wholesales volume increased by +65.15% YoY to 82.01 thousand units in May-23, the increase can be attributed by higher production and sales after Eid Season. Moreover, 4W wholesales had reached 423 thousand units in 5M23 or increased +6,82% YoY, following by increased in ASII market share to 55% (vs 54% in 5M22). Meanwhile, EV 4W wholesales increased significantly due to strong domestic demand. EV 4W wholesales booked 4,372 units in 5M23 (vs 363 units in 5M22) following the launch of government policy that provides incentives for purchasing electric cars and buses for the period of April to December 2023. Despite higher demand of EV (Hyundai and Wuling) dominate domestic EV market share, while ASII is starting to catch up with the release of Toyota BZ4X EV and BMW i440 Gran Coupe A/T.

UNTR Acquisition of Nickel Company

In FY2022, UNTR through its subsidiary PT Danusa Tambang Nusantara acquired 90% of the shares of PT Stargate Pacific Resources and PT Stargate Mineral Asia with an acquisition value of IDR 4.27 trillion. Stargate Pacific Resources has a mining business license (IUP) in the North Konawe region, North Sulawesi with an area of 5 thousand Ha. While Stargate Mineral Asia will be involved in processing low-high grade nickel reserves to produce NPI. We believe that the acquisition will positively impact on UNTR's future revenue through business diversification.

Neutral rating with TP Rp7,425

We initiate our coverage for ASII with a neutral recommendation with a TP of IDR 7,425/share, 8.79% upside potential from the current price of IDR 6,825/share based on SOTP valuation with an equity value of IDR 301 trillion. We expect revenue growth of ASII will be limited amid lower commodity price. Our TP implies 11.48x-10.06x of its 23F-24F P/E, ASII currently is trading at P/E of 10.48x. Downside risk to our recommendation include: 1) Decrease on 2W and 4W volume sales, 2) Slump in commodity price, 3) Slower result of JV and associates.

Key Metrics

Key Financial	2020	2021	2022	2023F	2024F	2025F
Revenue (IDR mn)	175,046	233,485	301,379	295,945	320,311	342,098
Gross Profit (IDR mn)	38,778	51,033	70,088	63,566	69,422	74,687
Net Income (IDR mn)	16,164	20,196	28,944	26,178	29,891	32,493
EBITDA (IDR mn)	25,509	33,900	52,779	41,989	46,661	50,315
Gross Margin (%)	22.15%	21.86%	23.26%	21.48%	21.67%	21.83%
Net Margin (%)	10.61%	10.96%	13.41%	9.83%	10.37%	10.55%
EPS (IDR)	399	499	715	647	738	803
EV/EBITDA (x)	10.56	6.95	4.44	8.05	7.08	6.31
P/E (x)	15.09	11.43	7.97	11.48	10.06	9.25
PBV (x)	1.25	1.07	0.95	1.20	1.11	1.03

NEUTRAL

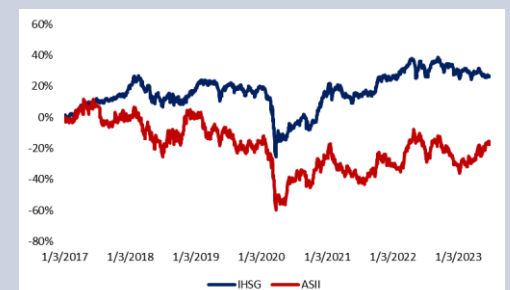
Target Price: IDR 7,425
Upside : 8.79%

Last Price:	6,825
Ticker Code:	ASII
Sector:	Industrials
Sub Sector:	Multi-sector Holdings
Shares:	40.48 mn
Market Cap:	IDR 276.3 tn
1Y Low - High:	5.200 – 7.300

Major Shareholders:

Jardine Cycle & Carriage Ltd	50,11%
Masyarakat	49,89%

Relative performance vs IHSG:



Brief Company Profile:

PT Astra International Tbk (ASII) is a multi-sector holding engaged in the distribution of cars and motorbikes. ASII has the license to distribute a number of brands such as Toyota, Daihatsu, Isuzu, BMW, Peugeot, UD Trucks and Honda Motor. As of Jan-May 2023 ASII dominate 55% market share of car sales. Moreover, ASII has diversified its business to several segments such as automotive, agribusiness, HEMCE, financial services, infrastructure and logistic, information technology, and property.

Ayu Dian

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Grafik 2: ASII 1Q23 Result Against Our Forecast

1Q23 Result (IDR mn)	1Q23	2023F	Runrate to 2023F
Revenue	82,980	295,945	28.0%
Gross profit	17,714	63,566	27.9%
% GPM	21.35%	21.48%	
Operating income	11,448	30,716	37.3%
% OPM	13.80%	10.38%	
Net Interest	228	(264)	-86.5%
Net profit	8,719	26,178	33.3%
% NPM	13.97%	9.83%	

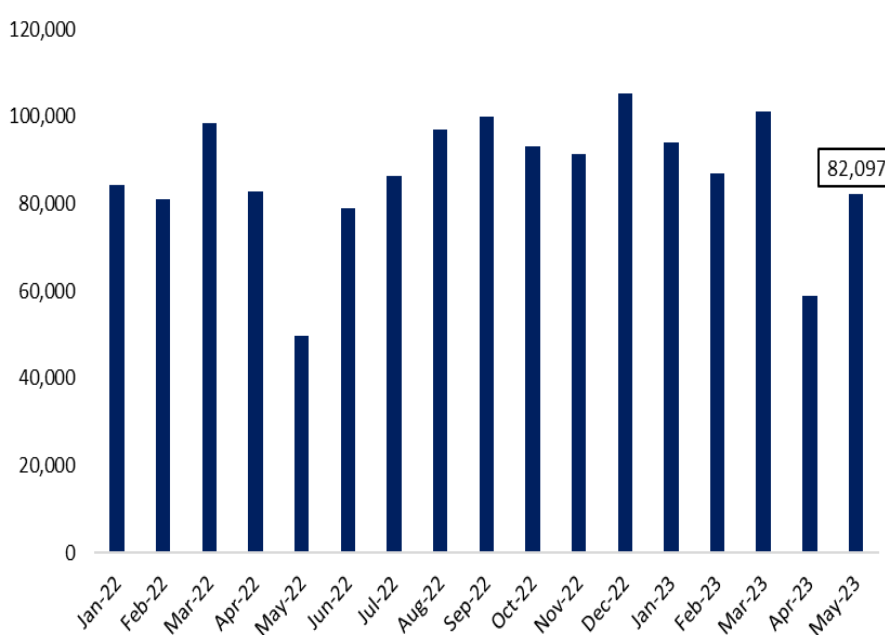
Sumber: Reli Research

Grafik 2: ASII Key Assumption

Key Assumption (Thousand Units)	2023F	2024F
Domestic 4W Volume Sales	878	904
Domestic 2W Volume Sales	5,220	5,351
ASII 4W Volume Sales	481	495
Growth YoY	-16.27%	3.00%
ASII 2W Volume Sales	3,995	4,095
Growth YoY	-0.02%	2.50%
Segmen Revenue (IDR mn)	2023F	2024F
Automotif	120,586	126,138
Heavy equipment	121,281	135,980
Financial service	28,465	30,841
Agribusiness	17,617	19,339
Infrastructure & logistic	7,886	7,831
Information technology	3,766	3,923
Property	568	654

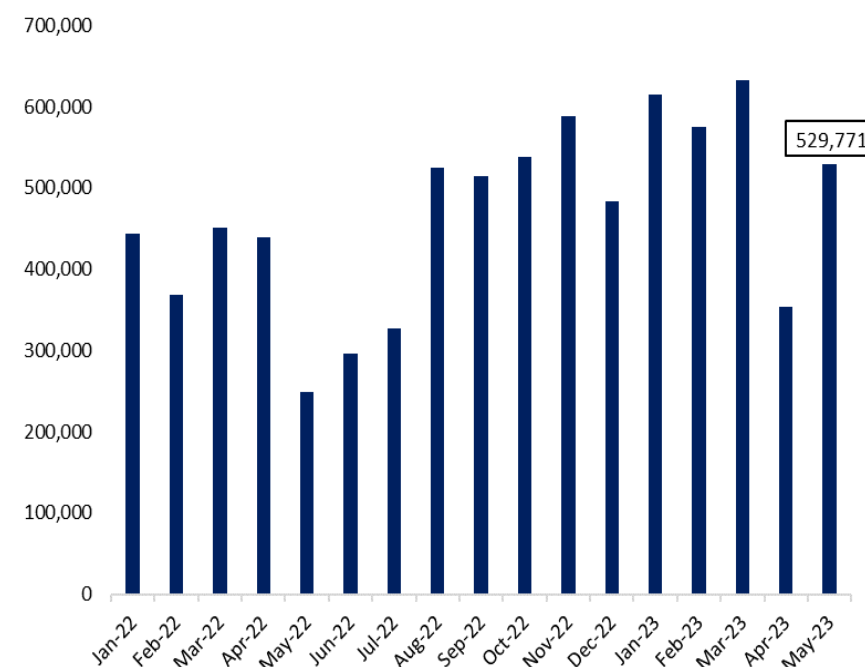
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Grafik 3: Indonesia 4W Wholesales



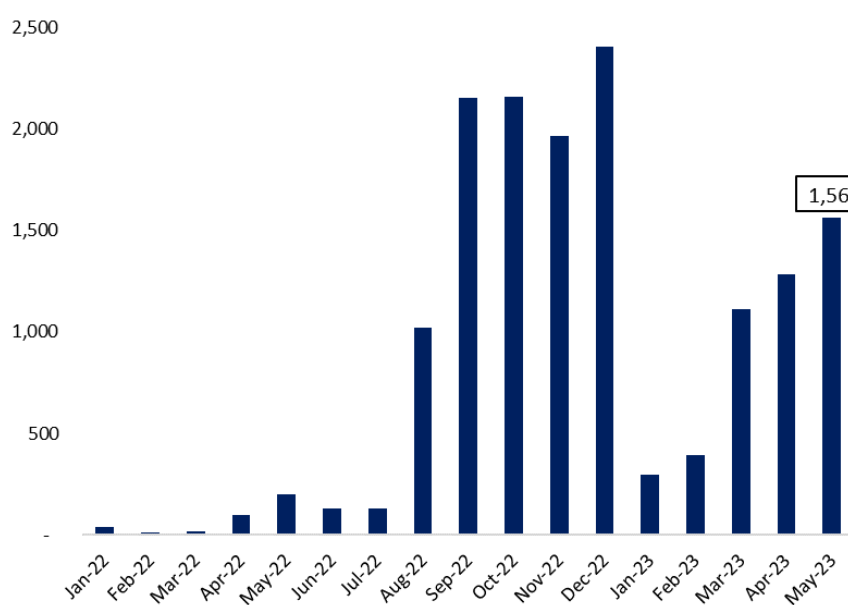
Sumber: Gaikindo

Grafik 4: Indonesia 2W Wholesales



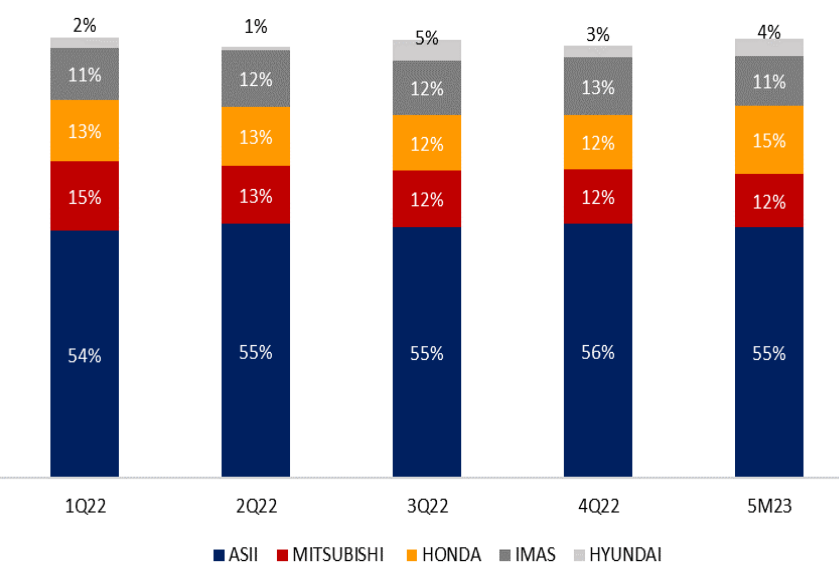
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Grafik 5: Trend EV 4W Sales Volume



Sumber: Gaikindo

Grafik 6: ASII 4W Market Share



Sumber: Gaikindo



Financial summary

SOTP Valuation	Method	Base Value (IDR mn)	Stake	Equity value (IDR mn)
Automotif	EV/EBITDA (5.30x)	147,467	100%	147,467
Heavy equipment	DCF	101,043	60%	60,120
Agribusiness	DCF	13,554	80%	10,800
Financial service	PBV (2.10x)	41,520	100%	41,520
Infrastructure & logistic	EV/EBITDA (7.84x)	36,177	100%	36,177
Information technology	MV (LP: 930)	1,254	77%	965
Property	EV/EBITDA (5.48x)	3,482	100%	3,482
Total Equity Value (IDR mn)				300,531
Share (Mn)				40.48
Target Price (IDR/Share)				7,425

Balance Sheet (IDR mn)	2020	2021	2022	2023F	2024F	2025F
Cash and equivalents	47,553	63,947	61,295	56,669	57,083	68,614
Receivables	54,307	60,761	71,839	84,867	83,888	83,259
Inventories	17,929	21,815	32,323	29,993	30,199	30,558
Total Current Assets	132,308	160,262	179,818	185,951	185,983	197,566
Fixed assets	59,230	55,349	59,536	63,828	67,702	69,764
Total Non-Current Assets	205,895	207,049	233,479	255,249	277,593	293,866
Total Assets	338,203	367,311	413,297	441,200	463,576	491,432
ST debt	37,136	38,667	34,669	44,990	41,145	40,501
LT debt	42,345	33,819	36,052	49,087	45,612	44,920
Total Liabilities	142,749	151,696	169,577	190,698	193,245	200,035
Retained earnings	149,068	163,800	181,523	185,354	202,082	219,895
Total Equity	195,454	215,615	243,720	250,502	270,330	291,398

Income Statement (IDR mn)	2020	2021	2022	2023F	2024F	2025F
Revenue	175,046	233,485	301,379	295,945	320,311	342,098
COGS	(136,268)	(182,452)	(231,291)	(232,379)	(250,889)	(267,410)
Gross Profit	38,778	51,033	70,088	63,566	69,422	74,687
Operating expenses/income	(24,836)	(25,536)	(27,420)	(32,850)	(35,456)	(37,831)
Operating Profit	13,942	25,497	42,668	30,716	33,967	36,856
Net Interest	(1,066)	265	428	(264)	48	(74)
Profit Before Income Tax	21,741	32,350	50,390	36,358	41,515	45,129
Income Tax Expenses	(3,170)	(6,764)	(9,970)	(7,272)	(8,303)	(9,026)
Profit For The Year	18,571	25,586	40,420	29,086	33,212	36,103
Net Profit	16,164	20,196	28,944	26,178	29,891	32,493

Cash Flow (IDR mn)	2020	2021	2022	2023F	2024F	2025F
Net Income	16,164	20,196	28,944	26,178	29,891	32,493
DnA	11,567	8,403	10,111	11,273	12,695	13,459
Change in Working Capital	9,095	(1,720)	(9,091)	(10,453)	4,069	2,366
Change in Others	1,268	6,671	6,301	(5,046)	4,263	3,841
Total Cashflow from operating	38,094	33,550	36,265	21,951	50,917	52,158
Capex	(7,600)	(3,682)	(14,736)	(18,848)	(20,084)	(16,305)
Change in Others	13,038	(5,875)	(21,805)	(14,195)	(14,955)	(13,427)
Total Cashflow from investing	5,438	(9,557)	(36,541)	(33,043)	(35,039)	(29,732)
Short-term Debt	(4,616)	1,531	(3,998)	10,321	(3,845)	(644)
Long-term Debt	(8,204)	(8,526)	2,233	13,035	(3,475)	(692)
Equity Financing	-	-	-	-	-	-
Dividend	(7,449)	(5,344)	(11,416)	(22,347)	(13,162)	(14,680)
Others	94	4,860	10,610	5,457	5,019	5,121
Total Cashflow from financing	(20,175)	(7,479)	(2,571)	6,466	(15,464)	(10,895)
Net cashflow	23,357	16,514	(2,847)	(4,626)	414	11,531
Cash beginning	24,330	47,553	63,947	61,295	56,669	57,083
Adjustment	(134)	(120)	195	-	-	-
Cash ending	47,553	63,947	61,295	56,669	57,083	68,614

Sumber: ASII, Reli Research



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Analyst Rating

BUY : Expected return of 2x Risk Free or more within a 12-month period
NEUTRAL : Expected return between -1.9x and 1.9x Risk Free
SELL : Expected return of -2x Risk Free or more within a 12-month period
NON-RATED : Analysts do not express any trading recommendation

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