



**BUY**

Target Price : IDR7,000

## Stock Data

Current Price	: IDR5,925
52w Range H-L	: IDR7,700-5,200
Share Outstanding	: 40.48 Bn
Free Float	: 47.11%
Mkt Capitalization	: IDR245.94tn

## Major Shareholders

Jardine Cycle & Carriage Ltd:	50.11%
Public	: 49.89%

## PT Astra International Tbk (ASII IJ)

Automotive

### Revving Up the Engines

#### UNTR as the Main Performance Driver

ASII showed a satisfactory performance, with FY22 consolidated revenue climbing to IDR301.38tn (+29.08% YoY), slightly higher than consensus and our target, representing 104%/103% of the FY22 forecast. HEMCE (UNTR IJ) segment contributed 41% to FY22 net profit which it attributed to the record-high coal prices. Meanwhile, the automotive segment grew +25.13% YoY and contributed 40% of FY22 performance. ASII also successfully managed operational excellence and cost efficiency, holding their operating margin at 14% (vs 10.94% in FY21). Meanwhile, net profit grew by 43.32% YoY to IDR28.94tn with net profit margins of 10% (vs 9% in FY21).

#### HEMCE segment in 2023: still dominating or sidelined?

With global coal outlooks poised to stand by the sidelines in FY23E, we believe that UNTR's 2-year revenue share domination will dissipate this year. We view that the automotive segment will take on the spotlight instead, driven by accommodative 4W sales outlook that is projected to reach a solid 1mn units, accompanied by a more rife 2W sales projected at 5.4-5.6mn units for FY23E. A plan to subsidize EV vehicles is also seen as a positive catalyst, as Daihatsu's upcoming move to invest in Indonesia's EV market will disrupt a market dominated by Hyundai and Wuling. ASII's position as a market leader (~68% for 2W and ~53% for 4W) will partially offset UNTR's projected earnings decline, thus we estimate that ASII will incur a -4.54% YoY top-line slippage, though we believe this to have been adjusted by the market. Furthermore, tough competition will continue throughout FY23E, but the facelifts of the Toyota Fortuner, Toyota Rush and Daihatsu Terios indicate a non-negligible potential for FY23E opportunity.

#### Strong Balance Sheet with Decent Dividend Payout

According to the most recent AGMS, ASII is set to pay out final dividends amounting to IDR640/share (85% payout ratio). An interim dividend of Rp88/share was paid on Oct-22, and the remaining Rp552/share will be distributed on Apr-23. Moreover, a healthy balance sheet and positive cash flow with a low DER level will provide an attractive dividend ahead.

#### Valuation and Recommendation: BUY with a TP IDR7,000

We recommend **BUY for ASII** at a **TP: IDR7,000**, which implies PE/PBV 9.8x/0.9x on FY23E and 9.1x/0.9x in FY24F. Stable 2W and 4W sales is to uphold ASII's earnings in FY23E. On the other hand, "Korean and Chinese cars" and chipset availability are important factors to consider. Valuation remains attractive as ASII is currently trading at the level -1.5 STD PE Ratio (5-year average PE) with a current PE level of 8.5x. The share price volatility post dividend announcement has been priced in by the market.

Key Financial Highlight	FY20	FY21	FY22	FY23E	FY24F
Revenue (IDR Bn)	175,046	233,485	301,379	287,687	299,125
Revenue Growth (%)	-26%	33%	29%	-5%	4%
EBITDA (IDR Bn)	24,871	36,118	53,121	47,607	51,916
Net Income (IDR Bn)	16,164	20,196	28,944	24,913	26,822
Net Income Growth (%)	-26%	25%	43%	-14%	8%
PE (x)	15.15	12.13	8.46	9.83	9.13
PBV (x)	1.25	1.14	1.00	0.95	0.89
ROE (%)	8%	9%	12%	10%	10%

Sources: Company, MNCS



**Research Analyst**

M. Rudy Setiawan

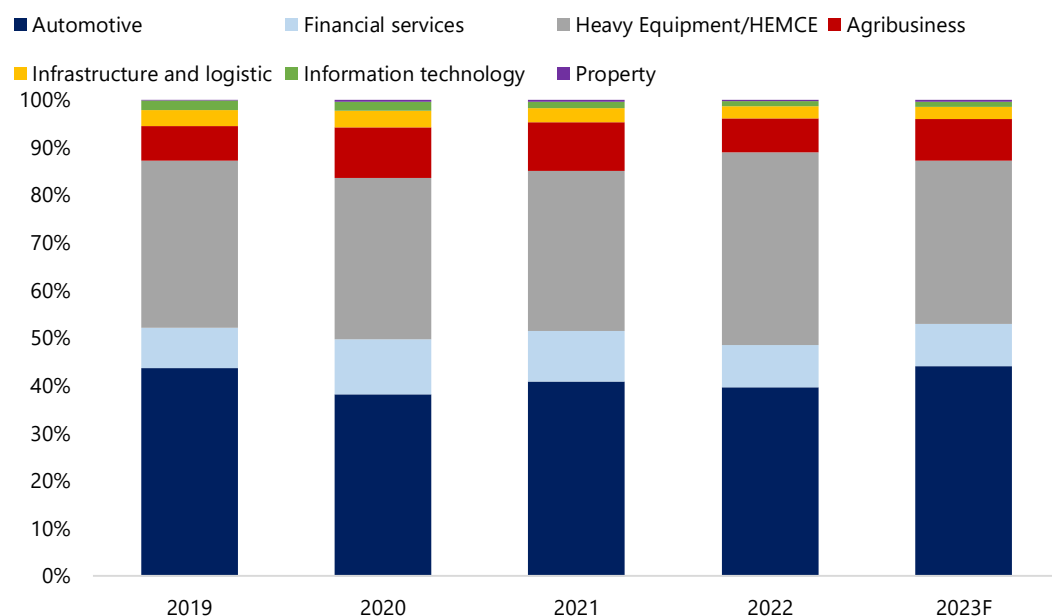
muhamad.setiawan@mncgroup.com

Exhibit 01. ASII's Revenue, Operating Profit and Net Income in FY22

	FY21	FY22	YoY	MNCS	Cons.	MNCS %	Cons.%
<b>Revenue</b>	<b>233,485</b>	<b>301,379</b>	<b>29%</b>	<b>291,852</b>	<b>290,434</b>	<b>103%</b>	<b>104%</b>
COGS	-182,452	-231,291	19.56%				
<b>Op.Profit</b>	<b>25,533</b>	<b>42,201</b>	<b>65%</b>	<b>38,290</b>	<b>38,498</b>	<b>110%</b>	<b>110%</b>
Op. Margin	11%	14%					
<b>PBT</b>	<b>32,350</b>	<b>50,390</b>	<b>56%</b>	<b>47,101</b>	<b>49,009</b>	<b>107%</b>	<b>103%</b>
<b>Net Income</b>	<b>20,196</b>	<b>28,944</b>	<b>43%</b>	<b>30,387</b>	<b>30,138</b>	<b>95%</b>	<b>96%</b>
Net Margin	9%	10%					

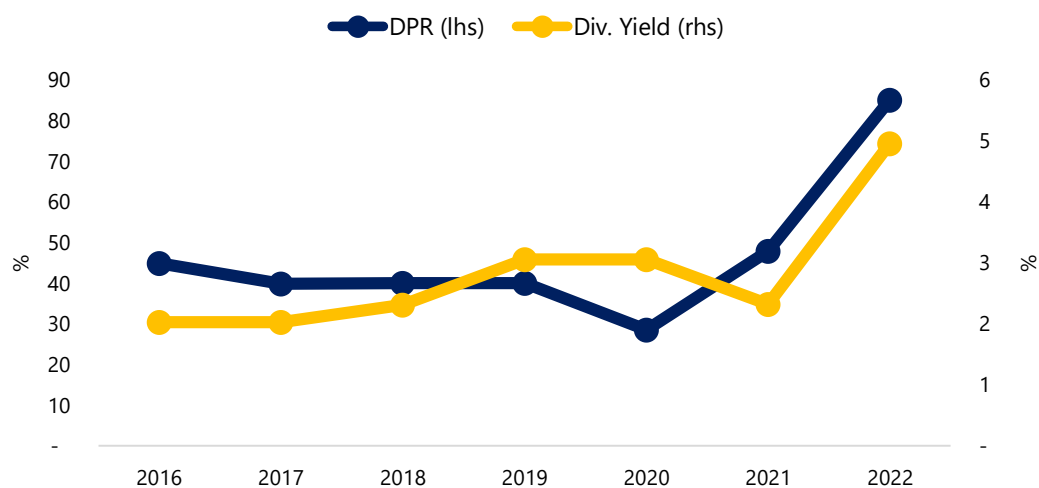
Sources : Company, MNCS

Exhibit 02. The automotive segment is expected to become the main contributor in FY23E



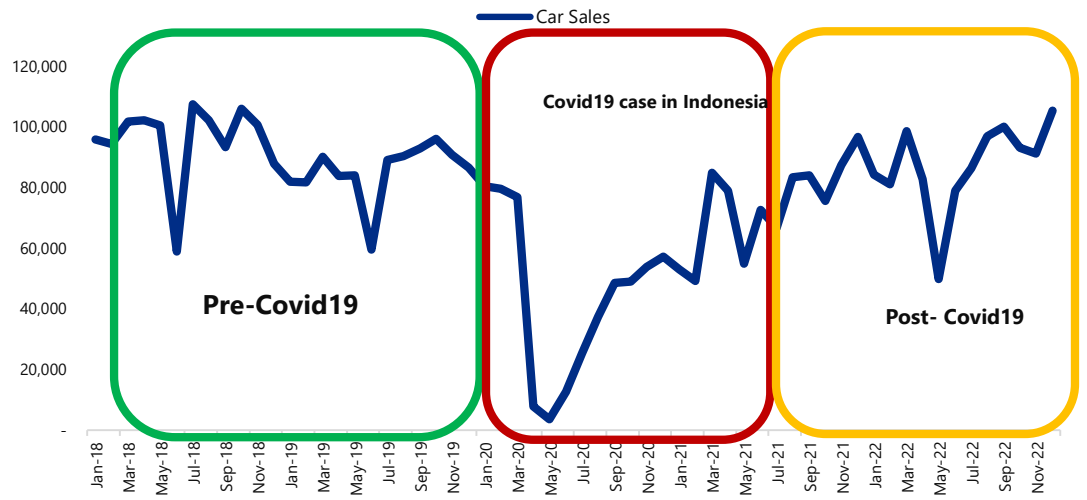
Sources : Company, MNCS

Exhibit 03. The dividend payout and dividend yield increased in FY22



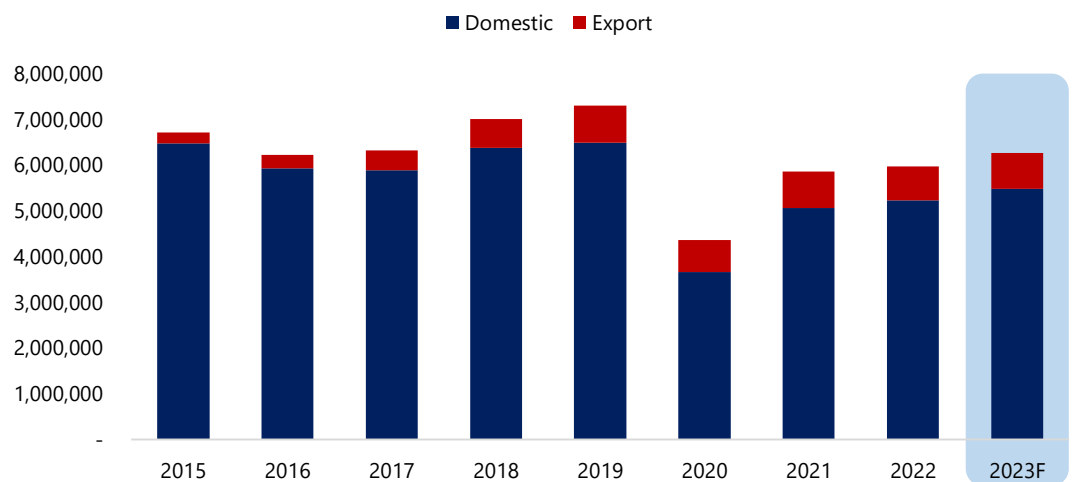
Sources : Company, MNCS

Exhibit 04. Car sales remained fairly stable in FY22 (in unit)



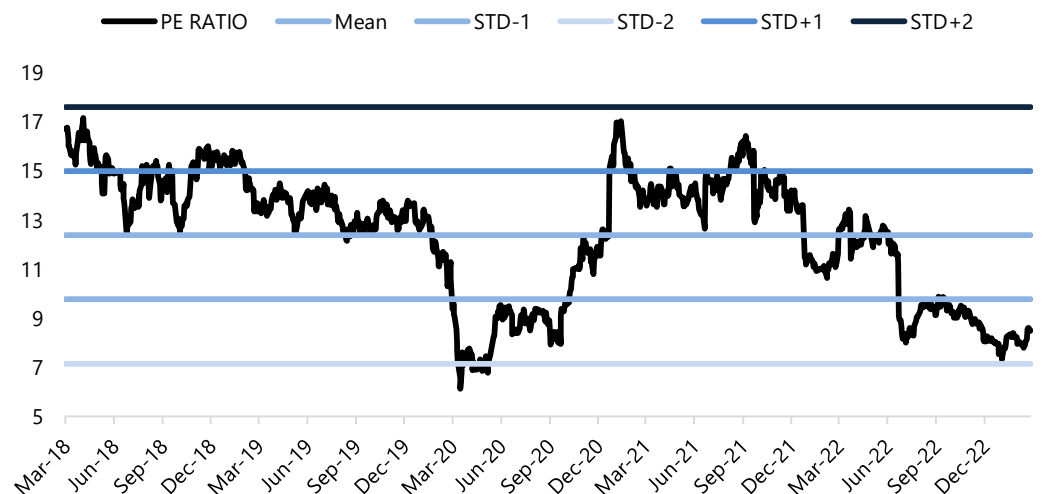
Sources : Gaikindo, MNCS

Exhibit 05. Motorcycle sales is looking at rejuvenated upwards potential in FY23E (in unit)



Sources : AISI, MNCS

Exhibit 06. ASII is currently trading at 8.5x PE, close to its -1.5STD (5-years Average)



Sources : Bloomberg, MNCS

Exhibit 07. Financial Summary

Income Statement						Balance Sheet					
in Billion IDR	FY20	FY21	FY22	FY23E	FY24F	in Billion IDR	FY20	FY21	FY22	FY23E	FY24F
<b>Revenue</b>	<b>175,046</b>	<b>233,485</b>	<b>301,379</b>	<b>287,687</b>	<b>299,125</b>	Cash & Equivalents	47,553	63,947	61,295	67,048	87,471
COGS	(136,268)	(182,452)	(231,291)	(221,428)	(229,959)	Trade Receivables	49,410	56,288	66,263	73,294	74,630
<b>Gross Profit</b>	<b>38,778</b>	<b>51,033</b>	<b>70,088</b>	<b>66,259</b>	<b>69,167</b>	Inventory	17,929	21,815	32,323	28,831	29,957
Selling Expense	(11,755)	(10,757)	(11,522)	(14,714)	(14,956)	Others Current Assets	17,416	18,212	19,937	19,031	19,767
G&A Expense	(13,933)	(14,743)	(16,365)	(19,213)	(19,443)	<b>Total Current Assets</b>	<b>132,308</b>	<b>160,262</b>	<b>179,818</b>	<b>188,204</b>	<b>211,826</b>
<b>Operating Income</b>	<b>13,090</b>	<b>25,533</b>	<b>42,201</b>	<b>32,332</b>	<b>34,767</b>	Fixed Assets - net	59,230	55,349	59,536	63,536	62,378
Finance Income	2,342	2,610	2,723	3,958	3,622	Other Non-Current Assets	146,665	151,700	173,943	168,038	163,862
Finance Expense	(3,507)	(2,288)	(2,107)	(2,150)	(2,260)	<b>Total Non-Current Assets</b>	<b>205,895</b>	<b>207,049</b>	<b>233,479</b>	<b>231,574</b>	<b>226,241</b>
Others Income (Expense)	<b>9,816</b>	<b>6,495</b>	<b>7,573</b>	<b>6,932</b>	<b>7,722</b>	<b>TOTAL ASSETS</b>	<b>338,203</b>	<b>367,311</b>	<b>413,297</b>	<b>419,778</b>	<b>438,067</b>
<b>Profit Before Tax</b>	<b>21,741</b>	<b>32,350</b>	<b>50,390</b>	<b>41,072</b>	<b>43,851</b>	Trade Payables	16,529	25,149	37,644	32,265	32,631
Income Tax (Expenses)	(3,170)	(6,764)	(9,970)	(8,126)	(8,676)	Short-term Debt	37,136	38,667	34,669	38,226	36,532
Minority Interest	(2,407)	(5,390)	(11,476)	(8,033)	(8,353)	Other Current Liabilities	32,071	39,962	46,885	44,755	46,534
<b>Net Income</b>	<b>16,164</b>	<b>20,196</b>	<b>28,944</b>	<b>24,913</b>	<b>26,822</b>	<b>Total Current Liabilities</b>	<b>85,736</b>	<b>103,778</b>	<b>119,198</b>	<b>115,246</b>	<b>115,698</b>
EPS (IDR)	399.27	498.87	714.96	615.37	662.55	Long-term Debt	42,345	33,819	36,052	33,434	31,951
						Other Long-term Liabilities	14,668	14,099	14,327	13,676	14,220
						<b>Total LT-Liabilities</b>	<b>57,013</b>	<b>47,918</b>	<b>50,379</b>	<b>47,110</b>	<b>46,171</b>
						<b>Total Equity</b>	<b>195,454</b>	<b>215,615</b>	<b>243,720</b>	<b>257,422</b>	<b>276,198</b>

Cash Flow						Ratios					
in Billion IDR	FY20	FY21	FY22	FY23E	FY24F	FY20	FY21	FY22	FY23E	FY24F	
Net Income	16,164	20,196	28,944	24,913	26,822	Revenue Growth (%)	(26)	33	29	(5)	4
D&A	11,781	10,585	10,920	15,276	17,148	Operating Profit Growth (%)	(50)	95	65	(23)	8
Changes in WC	8,816	(2,144)	(7,988)	(8,918)	(2,096)	Net Profit Growth (%)	(26)	25	43	(14)	8
Change in others	91	2,914	(4,121)	(1,237)	1,034	Current Ratio (%)	154	154	151	163	183
<b>Operating CF</b>	<b>36,852</b>	<b>31,551</b>	<b>27,755</b>	<b>30,033</b>	<b>42,908</b>	Quick Ratio (%)	133	133	124	138	157
Capex	(6,900)	(2,844)	(12,031)	(19,275)	(15,991)	Receivable Days (x)	103	88	80	93	91
Others	13,446	(4,834)	(21,878)	5,918	4,186	Inventory Days (x)	48	44	51	48	48
<b>Investing CF</b>	<b>6,546</b>	<b>(7,678)</b>	<b>(33,909)</b>	<b>(13,357)</b>	<b>(11,805)</b>	Payable Days (x)	44	50	59	53	52
Dividend Paid	(7,449)	(5,344)	(5,343)	(11,211)	(8,047)	Dividend Yield (%)	3	2	2	5	3
Net Change in Debt	(12,820)	(6,995)	(1,765)	939	(3,176)	Gross Profit Margin (%)	22	22	23	23	23
Equity Fund Raised	876	3,770	8,016	-	-	Operating Profit Margin (%)	7	11	14	11	12
Others	(782)	1,090	2,594	(651)	544	EBITDA Margin (%)	14	15	18	17	17
<b>Financing CF</b>	<b>(20,175)</b>	<b>(7,479)</b>	<b>3,502</b>	<b>(10,923)</b>	<b>(10,679)</b>	Net Income Margin (%)	9	9	10	9	9
Cash at Beginning	24,330	47,553	63,947	61,295	67,048	EPS (IDR)	399	499	715	615	663
<b>Cash at Ending</b>	<b>47,553</b>	<b>63,947</b>	<b>61,295</b>	<b>67,048</b>	<b>87,471</b>	BVPS (IDR)	4,828	5,326	6,020	6,359	6,822

Sources : Company, MNCS

### MNC Research Industry Ratings Guidance

**OVERWEIGHT:** Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months

**NEUTRAL:** Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months

**UNDERWEIGHT:** Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

### MNC Research Investment Ratings Guidance

**BUY :** Share price may exceed 10% over the next 12 months

**HOLD :** Share price may fall within the range of +/- 10% of the next 12 months

**SELL :** Share price may fall by more than 10% over the next 12 months

**Not Rated :** Stock is not within regular research coverage

### PT MNC SEKURITAS

MNC Financial Center Lt. 14 – 16

Jl. Kebon Sirih No. 21 - 27, Jakarta Pusat 10340

Telp : (021) 2980 3111

Fax : (021) 3983 6899

Call Center : 1500 899

#### Disclaimer

*This research report has been issued by PT MNC Sekuritas, It may not be reproduced or further distributed or published, in whole or in part, for any purpose. PT MNC Sekuritas has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; PT MNC Sekuritas makes no guarantee, representation or warranty and accepts no responsibility to liability as to its accuracy or completeness. Expression of opinion herein are those of the research department only and are subject to change without notice. This document is not and should not be construed as an offer or the solicitation of an offer to purchase or subscribe or sell any investment. PT MNC Sekuritas and its affiliates and/or their offices, director and employees may own or have positions in any investment mentioned herein or any investment related thereto and may from time to time add to or dispose of any such investment. PT MNC Sekuritas and its affiliates may act as market maker or have assumed an underwriting position in the securities of companies discussed herein (or investment related thereto) and may sell them to or buy them from customers on a principal basis and may also perform or seek to perform investment banking or underwriting services for or relating to those companies.*