

BUY | TP : IDR7,600
ASII Stock Price Data

Last Price	:	IDR6,850
52wk High	:	IDR7,300
52wk Low	:	IDR5,200
Share Out	:	40.5bn
Market Cap	:	IDR277.3tn

ASII Stock Price Performance

1-Day	:	-0.36%
1-Week	:	+4.60%
1-Month	:	+0.74%
3-Month	:	+9.64%
Year-to-Date	:	+19.74%

Shareholders

Jardine Cycle	:	50.11%
Public (<5%)	:	49.89%

PT Astra International Tbk (ASII IJ)
Right On Track
Top-line saw a double digit growth in 1H23

- ASII booked a revenue growth of 13.0% YoY to IDR162.4tn in 1H23, representing 52.5%/53.1% of the MNCS/consensus estimate for FY23E.
- The automotive segment contributed IDR65.7tn, or increased by 18.2% YoY, accompanied by a 9.9% YoY growth in the financial services segment that reached IDR12.9tn. This result was driven by a 42.5% YoY and 6.5% YoY 2W and 4W sales volume growth, respectively, as ASII's market share reached ~55.4% in 1H23.
- Meanwhile, HEMCE products grew 13.6% YoY to IDR68.7tn, correspondent with Komatsu's increased sales volume to reach 3,145 units (9.5% YoY) and PAMA's production growth of 17.1% YoY.
- Excluding income/losses from investments in GOTO, HEAL and other equities aside, ASII's net profit actually grew 19.8% YoY to IDR17.3tn in 1H23 (vs IDR14.4tn in 1H22), representing 51.6%/59.6% of the MNCS/consensus estimate for FY23E.

Hybrid Segment Play for LMPV Class

After having launched the Toyota Corolla Cross Hybrid in 1Q23, ASII have more hybrid releases in reserve which is likely to target the LMPV segment in the form of Avanza Veloz model. There has yet, however, to be any disclosures pertaining the price and specifications for the Veloz hybrid. This implies that Toyota would have 5 product lines for the Indonesian market: 1) Innova Zenix, Camry and Corolla Cross for the mid-high segment; 2) Yaris Cross for the mid segment/hybrid new-owners; and 3) Veloz hybrid for the small/medium family segment. ASII is likely to conduct the launch in the GIIAS event which is to take place in 10 – 20 August 2023. Although ASII would go head-to-head against competitively priced "China car" in the market, we view this strategy to be effective as reflected by the 2022 GIIAS whereby ASII accomplished more than >5,000 units of vehicle purchase orders (SPK). This would be further supported by roust 4W sales outlook which is expected to stabilize at 1mn units, whereas the 2W sales is estimated to reach somewhere between 5.4 – 5.6mn units in FY23E.

Is ASII's Acquisition of OLX a Game-Changer?

In July-23, ASII acquired 100% of the shares of PT Tokobagus form Silver Indonesia JVCO. B.V otherwise more commonly known as "OLX". The acquisition was conducted through PT Astra Digital International. Interestingly, ASII already owns a similar business, a marketplace to purchase/sell used cars named "Mobbi". Despite this, we are ahead of further disclosures on whether the new acquisition would be developed into a different business model or not. It is worth noting that the capex allocation reached IDR40tn for FY23E, geared towards acquisition of existing business lines. Previously ASII had invested in several businesses and companies, including: 1) GOTO IJ; 2) HEAL IJ (7.42% ownership); 3) Mandarin Oriental Hotel (96.92%).

Valuation and Recommendation: BUY with a TP IDR7,600

We maintain BUY for ASII at a TP: IDR7,600 which implies a PE/PBV of 8.2x/1.1x in FY23E and 8.2x/1.0x in FY23E-24F. Its stable financial position and strong brand positioning should be able to drive growth. Meanwhile, the "Korea and China car", would be the main points of concern. At present, ASII is trading at the level of -1 STD PE Ratio (5-year average PE) with a current PE level of 9.7x.

Key Financial Highlight	FY20	FY21	FY22	FY23E	FY24F
Revenue (IDR Bn)	175,046.0	233,485.0	301,379.0	309,612.8	315,985.6
Revenue Growth (%)	-26.2%	33.4%	29.1%	2.7%	2.1%
EBITDA (IDR Bn)	24,871.0	36,118.0	53,121.0	58,311.4	61,321.0
Net Income (IDR Bn)	16,164.0	20,196.0	28,944.0	33,798.9	33,935.6
Net Income Growth (%)	-25.5%	24.9%	43.3%	16.8%	0.4%
PE (x)	17.2	13.8	9.6	8.2	8.2
PBV (x)	1.4	1.3	1.1	1.1	1.0
ROE (%)	8.3%	9.4%	11.9%	12.9%	11.9%

Sources : Bloomberg, MNCS Research


Research Analyst

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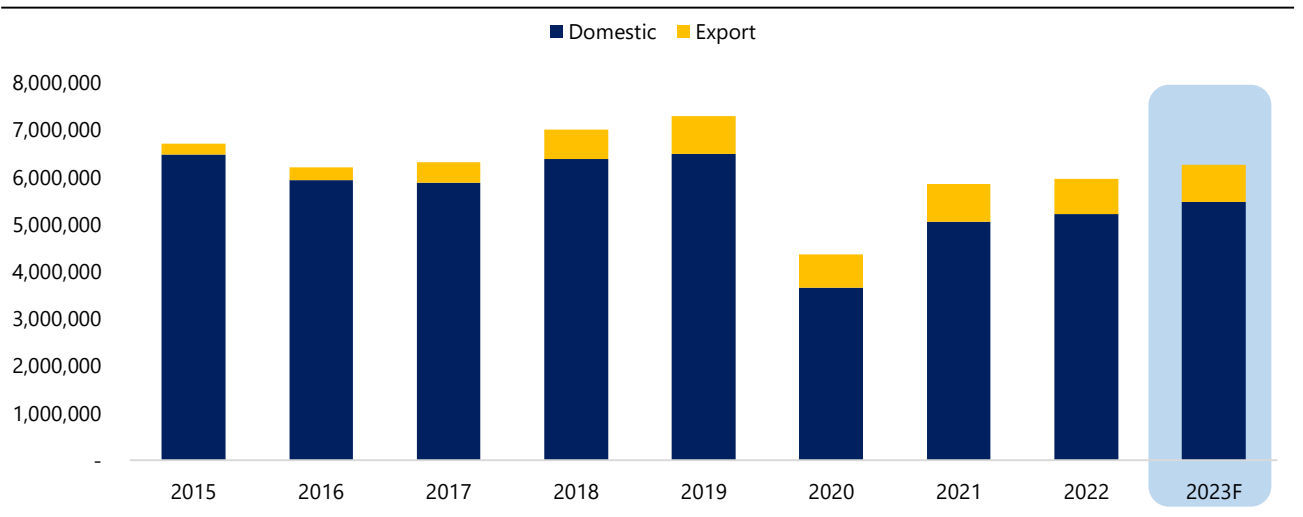
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Exhibit 01. ASII's 1H23 net income results was above MNCS/consensus estimates

	1H23	1H22	YoY	MNCS	Cons.	MNCS %	Cons.%
Revenue	162,393.0	143,692.0	13.0%	309,612.8	305,841.0	52.5%	53.1%
COGS	125,760.0	110,141.0	14.2%				
Op.Profit	22,726.0	20,519.0	10.8%	42,900.6	38,446.0	53.0%	59.1%
Op. Margin	14.0%	14.3%					
PBT	28,431.0	24,843.0	14.4%	52,150.4	49,547.0	54.5%	57.4%
Net Income	17,449.0	18,174.0	-4.0%	33,798.9	29,261.0	51.6%	59.6%
Net Margin	10.7%	12.6%					

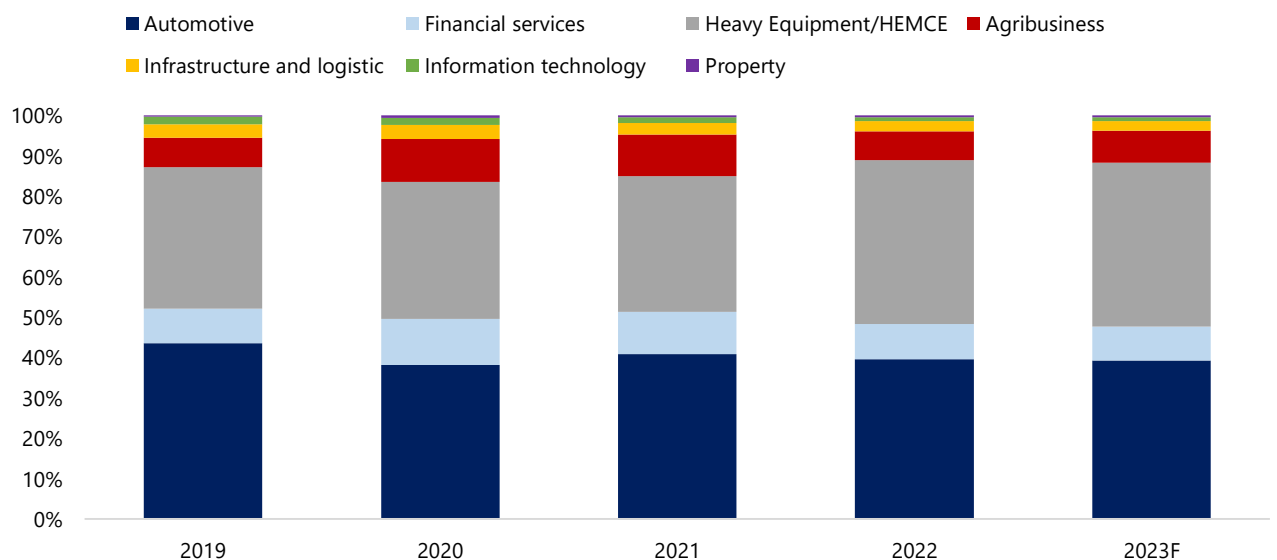
Sources : Company, Bloomberg, MNCS

Exhibit 02. Motorcycle sales is looking at rejuvenated upwards potential in FY23E (in unit)



Sources : Company, MNCS

Exhibit 03. The automotive segment is expected to become the main contributor in FY23E



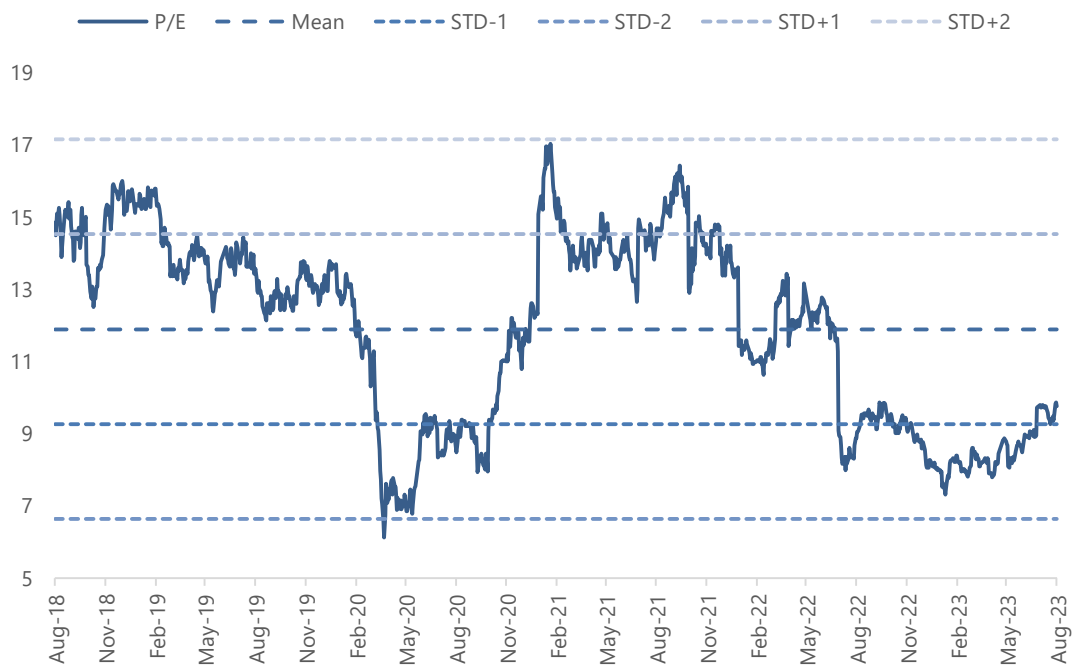
Sources : Company, MNCS

Exhibit 04. Veloz hybrid concept: turf card for market Indonesia?



Source : Otodriver

Exhibit 05. ASII's Currently Trading Near at -1 STD (5-Year Average) at 9.7x PE band



Sources : Bloomberg, MNCS

Exhibit 06. Financial Projections

Income Statement					
in Billion IDR	FY20	FY21	FY22	FY23E	FY24F
Revenue	175,046	233,485	301,379	309,613	315,986
COGS	(136,268)	(182,452)	(231,291)	(236,061)	(240,122)
Gross Profit	38,778	51,033	70,088	73,552	75,864
Selling Expense	(11,755)	(10,757)	(11,522)	(13,004)	(13,903)
G&A Expense	(13,933)	(14,743)	(16,365)	(17,648)	(18,011)
Operating Income	13,090	25,533	42,201	42,901	43,949
Finance Income	2,342	2,610	2,723	2,987	2,753
Finance Expense	(3,507)	(2,288)	(2,107)	(2,195)	(2,333)
Others Income (Expense)	9,816	6,495	7,573	8,458	8,158
Profit Before Tax	21,741	32,350	50,390	52,150	52,527
Income Tax (Expenses)	(3,170)	(6,764)	(9,970)	(10,318)	(10,393)
Minority Interest	(2,407)	(5,390)	(11,476)	(8,033)	(8,199)
Net Income	16,164	20,196	28,944	33,799	33,936
EPS (IDR)	399.27	498.87	714.96	834.88	838.26

Cash Flow					
in Billion IDR	FY20	FY21	FY22	FY23E	FY24F
Net Income	16,164	20,196	28,944	33,799	33,936
D&A	11,781	10,585	10,920	15,411	17,372
Changes in WC	8,816	(2,144)	(7,988)	(14,277)	(826)
Change in others	91	2,914	(4,121)	744	576
Operating CF	36,852	31,551	27,755	35,677	51,058
Capex	(6,900)	(2,844)	(12,031)	(20,744)	(16,893)
Others	13,446	(4,834)	(21,878)	(3,559)	(3,518)
Investing CF	6,546	(7,678)	(33,909)	(24,303)	(20,410)
Dividend Paid	(7,449)	(5,344)	(5,343)	(15,210)	(10,181)
Net Change in Debt	(12,820)	(6,995)	(1,765)	2,443	(2,472)
Equity Fund Raised	876	3,770	8,016	-	-
Others	(782)	1,090	2,594	391	303
Financing CF	(20,175)	(7,479)	3,502	(12,375)	(12,350)
Cash at Beginning	24,330	47,553	63,947	61,295	60,294
Cash at Ending	47,553	63,947	61,295	60,294	78,591

Balance Sheet					
in Billion IDR	FY20	FY21	FY22	FY23E	FY24F
Cash & Equivalents	47,553	63,947	61,295	60,294	78,591
Trade Receivables	49,410	56,288	66,263	78,880	78,837
Inventory	17,929	21,815	32,323	30,736	31,281
Others Current Assets	17,416	18,212	19,937	20,482	20,891
Total Current Assets	132,308	160,262	179,818	190,392	209,601
Fixed Assets - net	59,230	55,349	59,536	64,869	64,390
Other Non-Cur. Assets	146,665	151,700	173,943	177,494	181,017
Total Non-Cur. Assets	205,895	207,049	233,479	242,363	245,407
TOTAL ASSETS	338,203	367,311	413,297	432,755	455,008
Trade Payables	16,529	25,149	37,644	34,397	34,074
Short-term Debt	37,136	38,667	34,669	39,029	37,710
Other Current Liabilities	32,071	39,962	46,885	48,166	49,157
Total Current Liabilities	85,736	103,778	119,198	121,591	120,941
Long-term Debt	42,345	33,819	36,052	34,135	32,982
Other Long-term Liabilities	14,668	14,099	14,327	14,718	15,021
Total LT-Liabilities	57,013	47,918	50,379	48,854	48,003
Total Equity	195,454	215,615	243,720	262,309	286,064
TOTAL LIA. & EQUITY	338,203	367,311	413,297	432,755	455,008

Ratios					
	FY20	FY21	FY22	FY23E	FY24F
Revenue Growth (%)	-26.2	33.4	29.1	2.7	2.1
Operating Profit Growth (%)	-50.0	95.1	65.3	1.7	2.4
Net Profit Growth (%)	-25.5	24.9	43.3	16.8	0.4
Current Ratio (%)	154.3	154.4	150.9	156.6	173.3
Quick Ratio (%)	133.4	133.4	123.7	131.3	147.4
Receivable Days (x)	103.0	88.0	80.3	93.0	91.1
Inventory Days (x)	48.0	43.6	51.0	47.5	47.5
Payable Days (x)	44.3	50.3	59.4	53.2	51.8
DER (x)	0.4	0.3	0.3	0.3	0.2
DAR (x)	2.7	1.9	1.9	5.5	3.7
Gross Profit Margin (%)	22.2	21.9	23.3	23.8	24.0
Operating Profit Margin (%)	7.5	10.9	14.0	13.9	13.9
EBITDA Margin (%)	14.2	15.5	17.6	18.8	19.4
Net Income Margin (%)	9.2	8.6	9.6	10.9	10.7
EPS (IDR)	399.3	498.9	715.0	834.9	838.3
BVPS (IDR)	4,828.0	5,326.0	6,020.2	6,479.4	7,066.2

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

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