

Astra International Tbk (ASII)

Mengandalkan Diversifikasi Non-Otomotif

Bisnis Non-Otomotif : Penopang Kinerja

Perbaikan kinerja segmen keuangan dan pengaruh harga komoditas pada 2017 memungkinkan ASII untuk mencatatkan kinerja positif di tengah penurunan volume penjualan 4W. **Rendahnya pertumbuhan pendapatan 0,4% y-y menjadi Rp96,5 triliun yang dibukukan oleh segmen otomotif** dapat diimbangi oleh **kenaikan pendapatan 42% y-y menjadi Rp64,6 triliun yang dibukukan oleh segmen tambang dan alat berat.**

Dari sisi *bottom line*, perbaikan kinerja BNI memungkinkan **segmen keuangan untuk mencatatkan pertumbuhan laba bersih 376% y-y** menjadi Rp3,7 triliun. Pertumbuhan fantastis ini mengimbangi penurunan laba bersih 3% y-y menjadi Rp8,8 triliun yang dibukukan oleh segmen otomotif.

Tantangan Kompetisi Otomotif

Segmen otomotif 4W sebagai penyumbang sekitar 30% pendapatan ASII mencatatkan **penurunan volume penjualan 1,7% y-y** menjadi 579.114 unit di tengah kenaikan industri sebesar 1,7%. **Masuknya pemain baru di produk LMPV, yaitu Mitsubishi dan Wuling yang memperketat persaingan 4W** menjadi penyebab penurunan kinerja tersebut. Pada 2017, pangsa pasar kendaraan 4x2 dan 4x4 tercatat turun menjadi 55% dari 58% pada 2016.

Pada 2018, agresifnya ekspansi di produk LMPV yang dilakukan oleh Mitsubishi dan Wuling akan menggerus pangsa pasar Avanza/Xenia. Walaupun demikian, terlalu dini untuk menyimpulkan keberhasilan Mitsubishi dan Wuling mengingat produk LMPV mereka masih dalam tahap pengenalan di Indonesia. Selain itu, **peluncuran model revamp dari Rush/Terios** diharapkan dapat mengimbangi penurunan produk LMPV yang harga jualnya tidak jauh berbeda dengan harga jual Mitsubishi Xpander.

Astra International, Tbk | Summary (IDR bn)

	2016/12A	2017/12A	2018/12E	2019/12E
Revenue	181,084	206,057	220,354	232,693
<i>Revenue growth</i>	-1.7%	13.8%	6.9%	5.6%
EBITDA	24,219	27,293	31,077	33,911
Net profit	15,156	18,881	20,003	21,415
EPS (IDR)	374	466	494	529
<i>EPS growth</i>	4.8%	24.6%	5.9%	7.1%
BVPS (IDR)	3,456	3,862	4,044	4,382
EBITDA margin	13.4%	13.2%	14.1%	14.6%
NPM	8.4%	9.2%	9.1%	9.2%
ROE	11.4%	12.7%	12.5%	12.6%
ROA	6.0%	6.8%	6.7%	6.8%
ROIC	7.1%	7.3%	7.7%	7.9%
P/E	16.0x	17.3x	16.3x	15.2x
P/BV	1.7x	2.1x	2.0x	1.8x
EV/EBITDA	12.9x	14.7x	12.6x	11.4x
DPS (IDR)	168	168	207	222
<i>Dividend yield</i>	2.8%	2.1%	2.6%	2.8%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Buy

Dec 2018 TP (IDR)	9,300
Consensus Price (IDR)	9,020
TP to Consensus Price	+3.1%
vs. Last Price	+15.5%

Shares data

Last Price (IDR)	8,050
Price date as of	Mar 06, 2018
52 wk range (Hi/Lo)	9,350 / 7,625
Free float	49.8%
Outstanding sh.(mn)	40,484
Market Cap (IDR bn)	325,892
Market Cap (USD mn)	23,601
Avg. Trd Vol - 3M (mn)	29,443
Avg. Trd Val - 3M (bn)	242,878
Foreign Ownership	99.9%

Misc Industries

Automotive

Bloomberg

ASII.IJ

Reuters

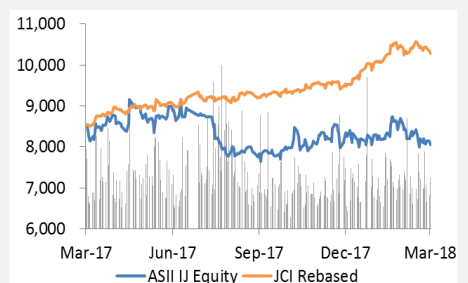
ASII.JK

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Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-3.0%	-4.5%	-3.6%	-5.8%
Rel. Ret.	-5.3%	-4.8%	-11.3%	-26.0%

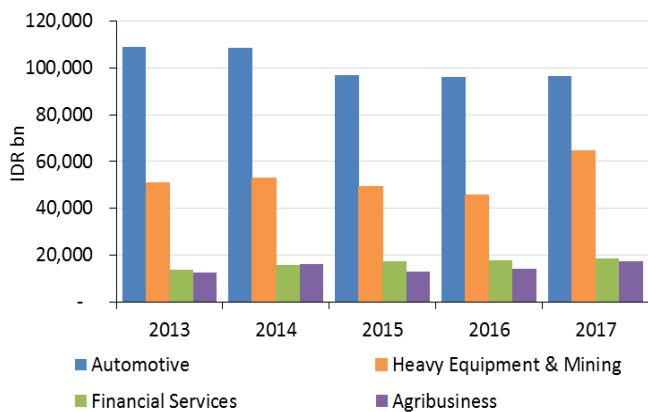
Gaikindo menargetkan **peningkatan penjualan 4W nasional 1,9% menjadi 1,1 juta kendaraan pada 2018**, tetapi target tersebut belum kembali ke rekor penjualan 1,2 juta pada 2013. Positifnya *outlook* ekonomi yang diperkirakan bertumbuh hingga 5,5% pada 2019 menjadikan sektor otomotif masih memiliki prospek menjanjikan. Selain itu, manajemen ASII masih optimis atas prospek jangka panjang 4W karena **penetrasi 4W di pangsa pasar Indonesia lebih rendah dibandingkan penetrasi 4W di negara-negara ASEAN**.

Sedangkan untuk segmen 2W, manajemen ASII menargetkan pertumbuhan sekitar 1-3% karena **penetrasi 2W yang sudah relatif tinggi** di Indonesia. Target tersebut cukup realistis mengingat perbaikan daya beli pada 2018 yang akan didorong oleh perbaikan harga komoditas terutama dari luar pulau Jawa.

Target Harga Rp 9.300

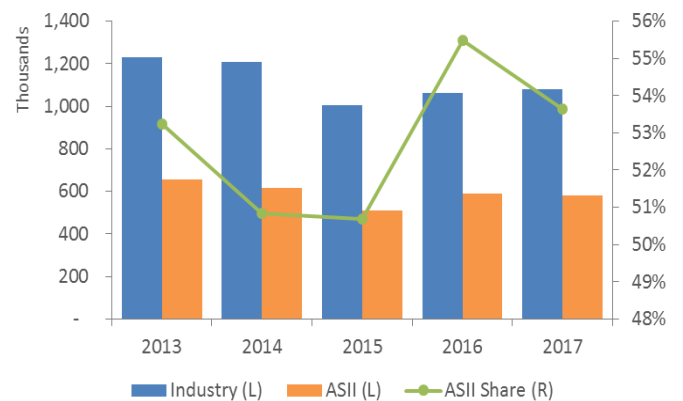
Kami memberikan rating *Buy* dengan target harga Rp9.300 pada Desember 2018. Target ini menggunakan estimasi *forward* PE sebesar 17,6x (rata-rata 3 tahun). Target harga ini mengimplikasikan PE 2017 sebesar 18,8x.

Revenue Trend | FY13 - FY17



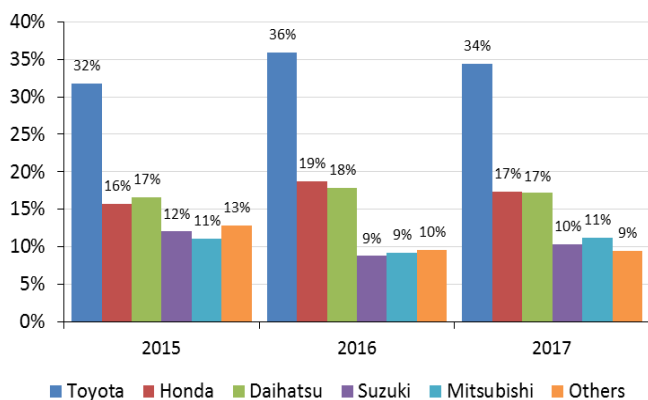
Source: Company

4W Sales (Units) & Market Share | FY13 - FY17



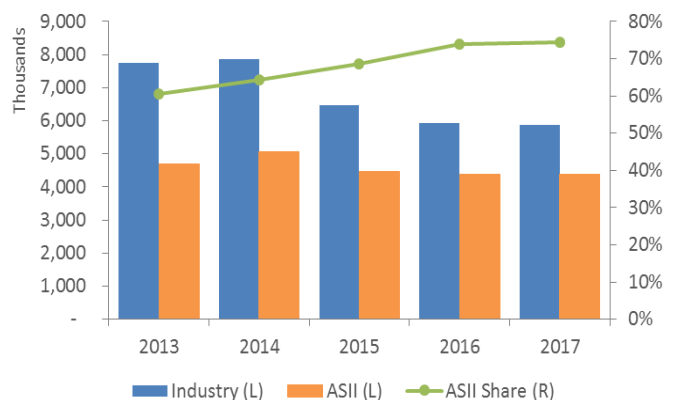
Source: Company, NHKS research

4W Market Share by Brand | 2015 - 2017



Source: Gaikindo

2W Sales (Units) & Market Share | FY13 - FY17



Source: Company

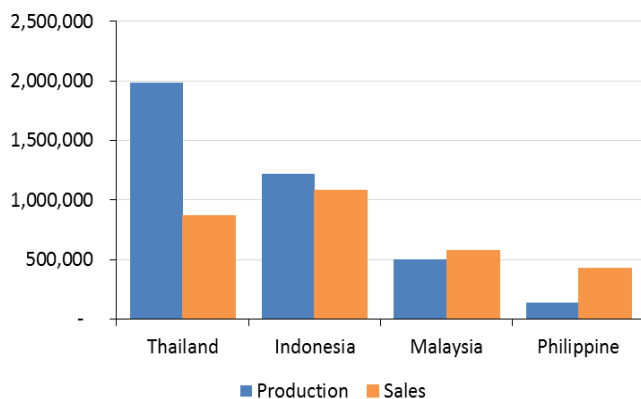
Sekilas tentang ASII

ASII merupakan perusahaan konglomerasi dengan bisnis di bidang otomotif, pertambangan, keuangan, CPO, properti, infrastruktur dan logistik, serta teknologi informasi. Bisnis otomotif memberikan kontribusi terbesar, yaitu 47% terhadap total pendapatan. ASII merupakan agen tunggal 4W untuk merek Toyota, Daihatsu, Isuzu, dan juga agen tunggal 2W untuk merek Honda.

Industri Otomotif Indonesia di ASEAN

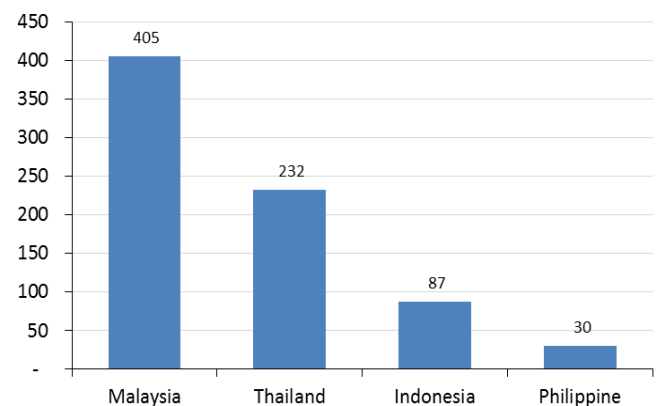
Indonesia sebagai negara dengan penduduk terbesar di ASEAN menyimpan potensi penjualan otomotif yang menjanjikan mengingat rendahnya penetrasi kendaraan 4W. Selain itu, rencana penerbitan regulasi baru mengenai pengurangan pajak barang mewah untuk sedan diperkirakan mendorong perkembangan pasar ekspor. Saat ini utilisasi produksi 4W baru mencapai angka 55% karena semakin banyak investor meningkatkan kapasitas produksi sebagai strategiantisipasi lonjakan permintaan di masa depan.

ASEAN Automotive 4W | 2017



Source: AAF

Car Density (Per 1000 population) | 2017



Source: Gaikindo

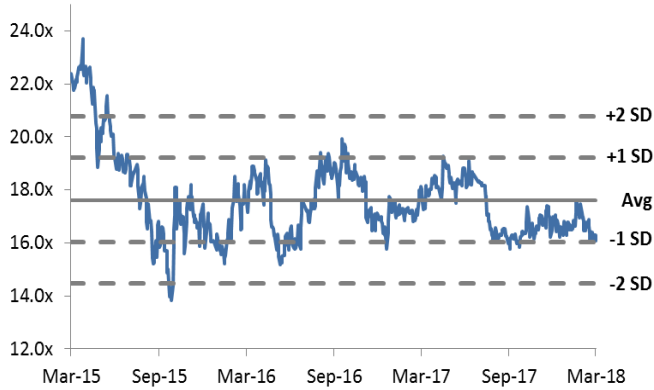
ASEAN Automotive Comparables

Company	Market Cap (USD mn)	Total Asset (USD mn)	Net Profit-Growth	Revenue Growth	Debt/Equity	ROE	P/E	P/BV	Dividend Yield
ASII	22,699	21,758	24.6%	13.8%	48%	16%	16.5x	2.5x	2.2%
Thailand									
Thai Stanly Electric	611	442	5.7%	3.3%	0%	10.6%	13.3x	1.4x	2.0%
PCS Machine Group	364	170	67.9%	5.9%	0%	12.9%	17.6x	2.0x	3.8%
AAPICO Hitech PCL	347	452	113.2%	8.2%	69%	17.8%	9.3x	1.6x	3.5%
Somboon Advance	276	294	33.5%	5.2%	19%	13.2%	10.6x	1.3x	4.4%
Malaysia									
MBM Resources Bhd	246	511	N/A	3.7%	17%	-9.8%	N/A	0.7x	1.2%
APM Automotive Bhd	173	405	-19.5%	-3.9%	5%	3.2%	17.3%	0.5x	4.2%

Source: Bloomberg, NHKS research

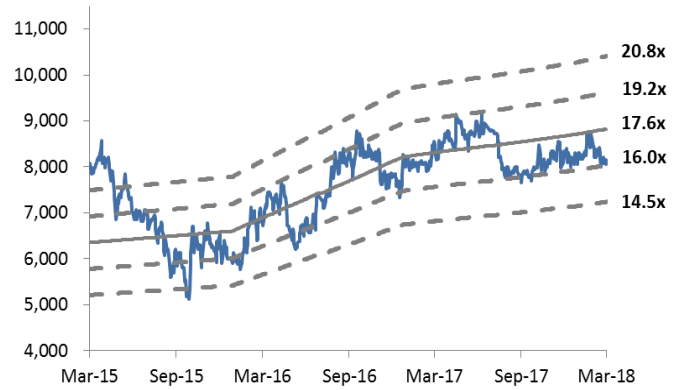
Multiple Valuation

Forward P/E band | Last 3 years



Source: NHKS research

Dynamic Forward P/E band | Last 3 years



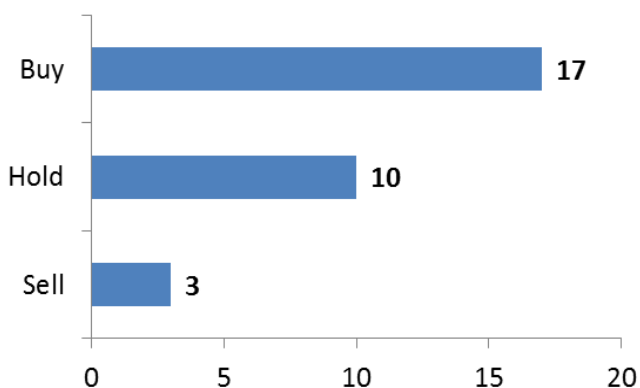
Source: NHKS research

Rating and target price

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
4/10/2017	Buy	10,200	8,775	9,138	16.2%	11.6%
5/29/2017	Buy	10,200	8,700	9,393	17.2%	8.6%
10/11/2017	Buy	9,300	7,975	9,056	16.6%	2.7%
3/9/2018	Buy	9,300	8,050	9,020	15.5%	3.1%

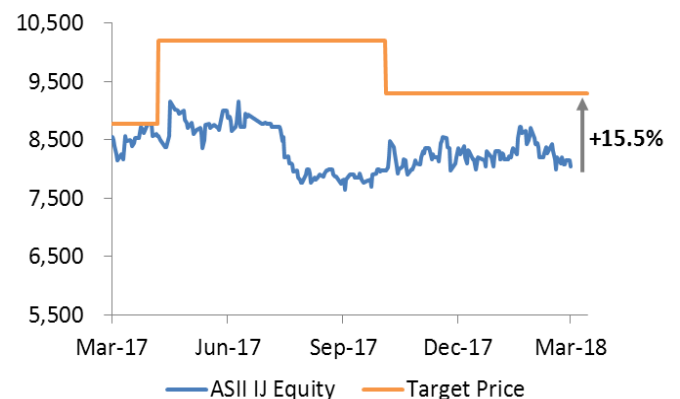
Source: Bloomberg, NHKS research

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

1. Period: End of year target price
2. Rating system based on a stock's absolute return from the date of publication
 - Buy : Greater than +15%
 - Hold : -15% to +15%
 - Sell : Less than -15%

Summary of Financials

ASII Summary		
Last Price (IDR)	March 6, 2018	8,050
Target Price (IDR)	Dec 2018	9,300
Analyst: Arnold Sampeliling	Rating:	Buy

INCOME STATEMENT

In IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Net Sales	181,084	206,057	220,354	232,693
Growth (% y/y)	-1.7%	13.8%	6.9%	5.6%
COGS	(144,652)	(163,689)	(175,268)	(184,059)
Gross Profit	36,432	42,368	45,086	48,635
Gross Margin	20.1%	20.6%	20.5%	20.9%
Operating Expenses	(18,898)	(22,042)	(21,967)	(23,583)
EBIT	17,534	20,326	23,119	25,051
EBIT Margin	9.7%	9.9%	10.5%	10.8%
Depreciation	6,685	6,967	7,959	8,860
EBITDA	24,219	27,293	31,077	33,911
EBITDA Margin	13.4%	13.2%	14.1%	14.6%
Interest Expense	(1,745)	(2,042)	(1,769)	(1,951)
EBT	22,253	29,196	31,527	33,383
Income Tax	(3,951)	(6,031)	(6,678)	(7,668)
Minority Interest	(3,146)	(4,284)	(4,846)	(4,299)
Net Profit	15,156	18,881	20,003	21,415
Growth (% y/y)	4.8%	24.6%	5.9%	7.1%
Net Profit Margin	8.4%	9.2%	9.1%	9.2%

BALANCE SHEET

In IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Cash	29,357	31,574	42,956	53,500
Other Current Assets	81,046	89,719	89,450	96,956
Total Current Assets	110,403	121,293	132,406	150,456
Net Fixed Assets	43,237	48,402	52,909	57,521
LT Investments	46,542	59,398	49,923	53,724
Other Non Current Assets	61,673	66,553	65,629	68,190
Total Assets	261,855	295,646	300,867	329,892
Payables	22,489	29,468	24,427	33,084
Curr Maturities of LT Debt	27,056	27,263	29,286	31,865
ST borrowings	18,764	16,321	17,543	20,121
Total Current Liabilities	89,079	98,722	94,475	109,515
LT Debt	25,090	31,394	33,916	34,302
Other Non Current Liab.	7,780	9,201	8,770	8,683
Total Liabilities	121,949	139,317	137,161	152,500
Shareholders' Equity	139,906	156,329	163,706	177,393

CASH FLOW STATEMENT

In IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Net Income	15,156	19,809	20,003	21,415
Deprec & Amortization	6,685	6,967	7,959	8,860
Chg. In Working Capital	(2,434)	(3,492)	(6,925)	2,227
CFO	19,407	23,285	21,037	32,502
Capex	(10,408)	(12,211)	(13,751)	(14,500)
CFI	(10,798)	(14,941)	(2,795)	(19,772)
Dividends Paid	(6,801)	(6,801)	(8,364)	(9,001)
Net Borrowing (PMT)	261	7,533	5,767	5,543
CFF	(5,888)	(6,184)	(6,859)	(2,186)
Net Changes in Cash	2,721	2,160	11,382	10,544

OWNERSHIP

By Geography	% Shareholders	%
Singapore	71.6	Jardine Cycle & C 50.1
United States	15.3	Standard Life Aberdeen 2.0
Luxembourg	4.4	Vanguard Group 1.7
United Kingdom	1.9	Blackrock 1.7

PROFITABILITY & STABILITY

	2016/12A	2017/12A	2018/12E	2019/12E
ROE	11.4%	12.7%	12.5%	12.6%
ROA	6.0%	6.8%	6.7%	6.8%
ROIC	7.1%	7.3%	7.7%	7.9%
EBITDA/Equity	18.2%	18.4%	19.4%	19.9%
EBITDA/Assets	9.5%	9.8%	10.4%	10.8%
Cash Dividend (IDR bn)	6,801	6,801	8,364	9,001
Dividend Yield (%)	2.8%	2.1%	2.6%	2.8%
Payout Ratio (%)	47.0%	44.0%	45.0%	45.0%
DER	51%	48%	49%	49%
Net Gearing	2242%	2370%	2553%	2728%
LT Debt to Equity	37%	38%	39%	37%
Capitalization Ratio	34%	32%	33%	33%
Equity Ratio	53%	53%	54%	54%
Debt Ratio	27%	25%	27%	26%
Financial Leverage	190%	188%	186%	185%
Current Ratio	124%	123%	140%	137%
Quick Ratio	104%	103%	117%	119%
Cash Ratio	33%	32%	45%	49%
Par Value (IDR)	50	50	50	50
Total Shares (mn)	40,484	40,484	40,484	40,484
Share Price (IDR)	6,000	8,050	8,050	8,050
Market Cap (IDR tn)	242.9	325.9	325.9	325.9

VALUATION INDEX

	2016/12A	2017/12A	2018/12E	2019/12E
Price/Earnings	16.0x	17.3x	16.3x	15.2x
Price/Book Value	1.7x	2.1x	2.0x	1.8x
Price/Sales	1.3x	1.6x	1.5x	1.4x
PE/EPS Growth	3.3x	0.7x	2.7x	2.2x
EV/EBITDA	12.9x	14.7x	12.6x	11.4x
EV/EBIT	17.8x	19.8x	16.9x	15.5x
EV (IDR bn)	311,513	401,679	391,459	387,902
Sales CAGR (3-Yr)	-2.3%	0.7%	6.2%	8.7%
EPS CAGR (3-Yr)	-7.9%	-0.5%	11.4%	12.2%
Basic EPS (IDR)	374	466	494	529
Diluted EPS (IDR)	374	466	494	529
BVPS (IDR)	3,456	3,862	4,044	4,382
Sales PS (IDR)	4,473	5,090	5,443	5,748
DPS (IDR)	168.0	168.0	206.6	222.3

DCF, RIM & EVA

	2016/12A	2017/12A	2018/12E	2019/12E
DCF (IDR bn)				
NOPAT	14,421	16,127	18,222	19,297
+Depr./Amor.	6,685	6,967	7,959	8,860
-CAPEX	(10,408)	(12,211)	(13,751)	(14,500)
-Incr. (Decr.) in Working Cap.	(2,434)	(3,492)	(6,925)	2,227
(Unlevered) FCFF	8,264	7,392	5,505	15,884
WACC				
Cost of Debt (Tax Adj.)	8.9%	6.2%	6.6%	6.7%
Cost of Equity (COE)	10.5%	11.5%	10.7%	11.6%
WACC (%)	10.2%	10.6%	9.9%	10.6%
RIM				
Spread (FROE-COE) (%)	1.4%	2.0%	2.1%	1.5%
Residual Income (IDR)	1,834	2,734	3,241	2,426
Equity Charge	13,322	16,147	16,762	18,990
EVA				
Invested Capital (IDR bn)	197,182	210,816	231,307	244,451
ROIC-WACC (%)	-2.8%	-2.9%	-2.0%	-2.7%
EVA (IDR bn)	(5,606)	(6,116)	(4,707)	(6,563)

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