

Astra International Tbk (ASII)

Counting on Luxury Tax Relaxation

Throughout FY20, ASII booked an income of IDR 175 trillion; down by 26.2% compared to FY19. Without taking into account the gains from the sale of Bank Permata, net profit was depressed by 52.6% yoy. The agribusiness sector performed best, along with the increasing CPO price. Higher commodity prices and relaxed sales tax on luxury goods (PPnBM) for 4W vehicles are expected to boost ASII's performance this year.

Income down, Margin Relatively Stable

- ASII booked a decline in sales by 26.2% yoy in FY20 to IDR 175 trillion (vs IDR 237.2 trillion in FY19). Meanwhile, net profit with and without taking into account the sale of Bank Permata were at IDR 16.1 trillion (-25.5% yoy) & IDR 10.3 trillion (-52.6% yoy)
- On the margin side, ASII's performance was still relatively stable, marked by a slight increase in gross margin to 22.0% (vs 21.2% FY19). Meanwhile EBITDA margin was down to 13.9% (vs 14.6% FY19).

Agribusiness Sector Excels

- Covid-19 pandemic had an adverse impact on ASII's 2 main business sectors; which posted an annual decline in sales of 35.2% (Automotive) and 28.5% (Mining)
- Throughout 2020, ASII car sales fell by 50% to 270 thousand units accompanied by a decline in market share from 52% to 51%. Meanwhile, Honda motorbike sales also recorded a 41% decline to 2.89 million units. However this was followed by an increase in market share to 79% (vs 76% in FY19)
- Agribusiness sector was the best-performing last year, marked by the increase in profit by 295% yoy to IDR 664 bn. This was supported by bullish trend of CPO price, after previously slumped to under MYR 2,000/ton in 2019.

PPnBM Relaxation Expected to Boost Sales

- Tax incentive for 4W vehicles has the potential to boost ASII's car sales. The government has issued a PPnBM relaxation program for vehicles in the 1,500cc and 2,500cc segments with certain amount of local components. This is expected to be a positive catalyst in achieving the car sales target, which Gaikindo predicts to be 750,000 units this year.
- High commodity price will also be a driving factor for ASII's performance. Until the first quarter of 2021, Coal Reference Price (HBA) looked stable at above USD 80/ton and CPO has reached the MYR 4,000/ton.

Maintains *Overweight* with TP 6,000

- We maintain *Overweight* recommendation for ASII by revising up target price to IDR 6,000/share. Our TP reflects forward P/E of 13.7x.
- Some risks to our TP are: 1) Slower than expected economic recovery; 2) Decline in rupiah exchange rate; 3) Decrease in commodity prices.

Astra International Tbk | Summary

in IDR Bn		2019/12A	2020/12A	2021/12E	2022/12E
Sales		237,166	175,046	201,303	221,433
	<i>Sales growth</i>	-0.9%	-26.2%	15.0%	10.0%
Net profit		21,707	16,164	17,814	19,129
	<i>Net profit growth</i>	15.0%	0.2%	-25.5%	10.2%
EPS (IDR)		536	399	440	472
ROE		11.6%	8.3%	8.3%	8.2%
EVEBITDA		9.6x	12.7x	9.9x	8.2x
P/E		12.9x	15.1x	13.6x	12.7x
P/BV		1.5x	1.2x	1.1x	1.0x
DER		0.5x	0.4x	0.4x	0.4x
<i>Dividend yield</i>		3.1%	3.1%	3.2%	3.5%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Overweight

Target Price	6,000
Consensus Price (IDR)	6,890
TP to Consensus Price vs. Last Price	-12.9%
	14.3%

Shares data

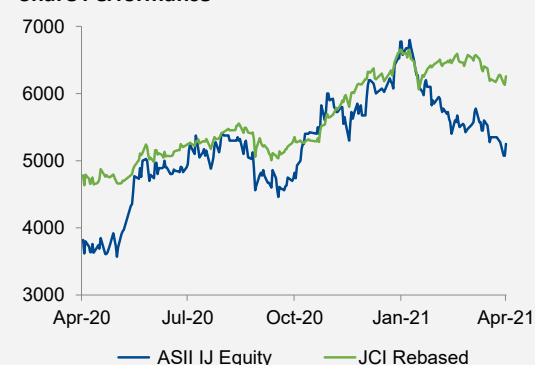
Last Price (IDR)	5,250
Price date as of	April 15, 2021
52 wk range (Hi/Lo)	6,925 / 3,450
Free float	49.8%
Outstanding sh. (mn)	40,484
Market Cap (IDR bn)	212,539
Market Cap (USD mn)	14,536
Avg. Trd Vol - 3M (mn)	58.6
Avg. Trd Val - 3M (bn)	338.3
Foreign Ownership	99.2%

Miscellaneous Industry

Automotive and Components

Bloomberg	ASII IJ
Reuters	ASII.JK

Share Performance



	YTD	1M	3M	12M
Abs. Ret	-12.9%	-4.1%	-22.5%	32.6%
Rel. Ret	-14.1%	0.7%	8.9%	4.0%

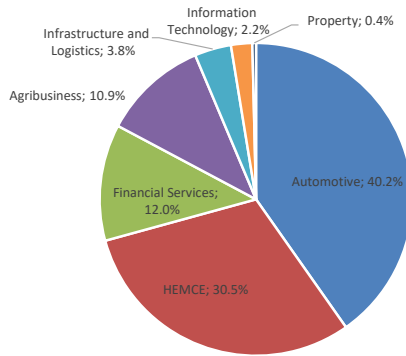
Anggaraksa Arismunandar

+62 21 5088 9134

anggaraksa@nhsec.co.id

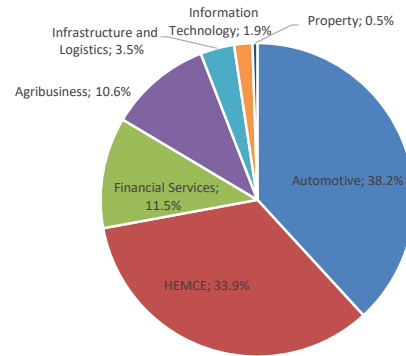
Performance Highlights

Revenue Breakdown (by Segment) 4Q20



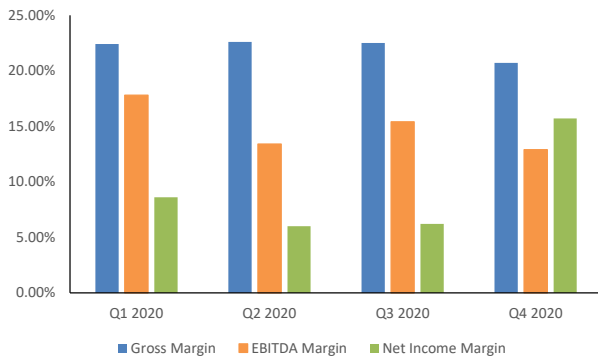
Source: Bloomberg, NHKSI Research

Revenue Breakdown (by Segment) FY20



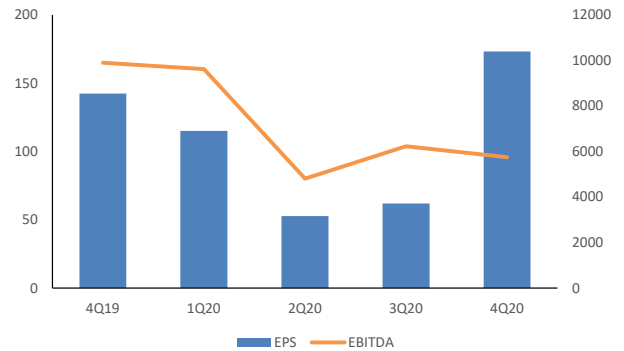
Source: Bloomberg, NHKSI Research

Margin Growth



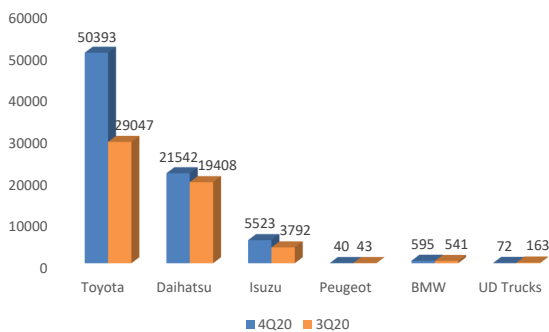
Source: Company Data, NHKSI Research

EPS and EBITDA Growth



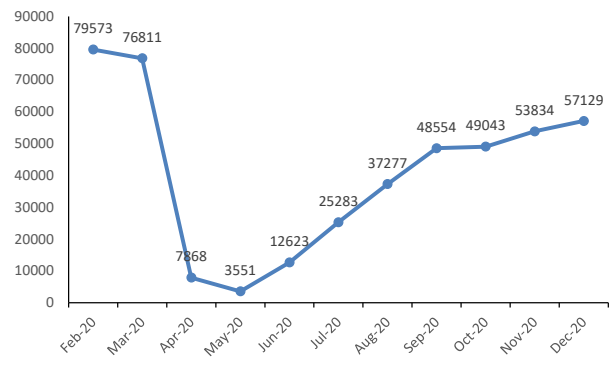
Source: Bloomberg, NHKSI Research

ASII QoQ Car Sales Comparison (by Brand)



Source: Gaikindo, NHKSI Research

National Automobile Sales (Units)



Source: Bloomberg, NHKSI Research



Company Overview

PT Astra International Tbk (ASII) was established in Jakarta in 1957 as a company engaged in general trading. Currently, the company has seven main business fields: Automotive; Financial Services; Heavy Equipment, Mining, Construction & Energy; Agribusiness; Infrastructure & Logistics; Information Technology and Property. Even though it operates in various business lines, the automotive segment is the business activity that is the most synonymous with the Astra group. Several brands of vehicles that are managed include Toyota, Daihatsu, Isuzu, BMW, and Honda motorbikes.

The company officially became public after listing its shares on the Indonesia Stock Exchange on April 4, 1990. ASII's controlling shareholder is a consortium led by Jardine Cycle & Carriage headquartered in Singapore. As one of the largest conglomerates in Indonesia, ASII has operational activities that are managed through more than 230 subsidiaries, joint ventures, and associated entities.

ASII List of Subsidiaries

Subsidiary	Sector	Ownership
PT Astra Agro Lestari Tbk	Agribusiness	79.68%
PT United Tractors Tbk	Heavy Equipment & Mining	59.50%
PT Astratel Nusantara	Infrastructure & Logistics	100.00%
PT Intertel Nusaperdana	Infrastructure & Logistics	100.00%
PT Serasi Autoraya	Infrastructure & Logistics	100.00%
PT Astra Mitra Ventura	Financial Services	99.85%
PT Astra Multi Finance	Financial Services	100.00%
PT Astra Sedaya Finance	Financial Services	86.14%
PT Federal International Finance	Financial Services	100.00%
PT Garda Era Sedaya	Financial Services	100.00%
PT Matra Graha Sarana	Financial Services	100.00%
PT Sedaya Multi Investama	Financial Services	100.00%
PT Sedaya Pratama	Financial Services	100.00%
PT Sharia Multifinance Astra	Financial Services	100.00%
PT Staco Estika Sedaya Finance	Financial Services	97.00%
PT Swadharma Bhakti Sedaya Finance	Financial Services	96.54%
PT Arya Kharisma	Automotive	100.00%
PT Astra Autoprime	Automotive	75.00%
PT Astra Multi Trucks Indonesia	Automotive	80.00%
PT Astra Otoparts Tbk	Automotive	80.00%
PT Fuji Technica Indonesia	Automotive	59.63%
PT Gaya Motor	Automotive	100.00%
PT Inti Pantja Press Industri	Automotive	89.36%
PT Pulogadung Pawitra Laksana	Automotive	100.00%
PT Tjahja Sakti Motor	Automotive	100.00%
PT Brahmayasa Bahtera - Divisi Komersial	Property	100.00%
PT Menara Astra	Property	100.00%
PT Samadista Karya	Property	100.00%
PT Astra Graphia Tbk	Information Technology	76.87%

Sources: IDX, Company Data

NH Korindo Sekuritas Indonesia (NHKSI) 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%

Valuation Highlights

Blended Forward P/E | 3 years



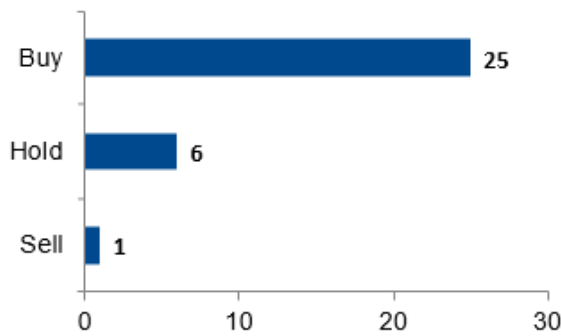
Source: Bloomberg, NHKSI Research

Blended Forward P/BV | 3 years



Source: Bloomberg, NHKSI Research

Analyst Recommendations



Source: Bloomberg

Closing and Target Price Update



Source: Bloomberg, NHKSI Research

Rating and Target Price Update

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
06/23/2020	Hold	5,350	4,890	5,123	+9.4%	+4.4%
08/26/2020	Hold	5,575	5,300	5,565	+5.2%	+0.2%
11/04/2020	Overweight	5,800	5,500	5,935	+5.5%	-2.3%
04/16/2021	Overweight	6,000	5,250	6,890	+14.3%	-12.9%

Source: Bloomberg, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2019/12A	2020/12A	2021/12E	2022/12E
Net Sales	237,166.0	175,046.0	201,302.9	221,433.2
<i>Growth</i>	-0.9%	-26.2%	15.0%	10.0%
COGS	(186,927.0)	(136,488.0)	(158,066.8)	(173,873.4)
Gross Profit	50,239.0	38,558.0	43,236.1	47,559.8
<i>Gross Margin</i>	21.2%	22.0%	21.5%	21.5%
Operating Expenses	(24,055.0)	(25,688.0)	(23,357.5)	(26,882.6)
EBIT	26,184.0	12,870.0	19,878.6	20,677.1
<i>EBIT Margin</i>	11.0%	7.4%	9.9%	9.3%
Depreciation	8,367.0	11,473.0	11,943.8	13,028.1
EBITDA	34,551.0	24,343.0	31,822.4	33,705.2
<i>EBITDA Margin</i>	14.6%	13.9%	15.8%	15.2%
Interest Expenses	-	-	-	-
EBT	34,054.0	21,741.0	26,717.9	28,025.1
Income Tax	(7,433.0)	(3,170.0)	(5,182.5)	(5,213.1)
Minority Interest	(4,914.0)	(2,407.0)	(3,721.5)	(3,683.4)
Net Profit	21,707.0	16,164.0	17,813.9	19,128.5
<i>Growth</i>	0.2%	-25.5%	10.2%	7.4%
<i>Net Profit Margin</i>	9.2%	9.2%	8.8%	8.6%

PROFITABILITY & STABILITY

	2019/12A	2020/12A	2021/12E	2022/12E
ROE	11.6%	8.3%	8.3%	8.2%
ROA	6.2%	4.8%	5.0%	5.1%
Inventory Turnover	9.3x	8.3x	8.3x	8.3x
Receivable Turnover	7.8x	7.5x	8.5x	7.9x
Payables Turnover	4.7x	4.8x	4.8x	4.8x
Dividend Yield	3.1%	3.1%	3.2%	3.5%
Payout Ratio	39.9%	46.1%	43.0%	44.6%
DER	0.5x	0.4x	0.4x	0.4x
Net Gearing	0.6x	0.5x	0.5x	0.5x
Equity Ratio	53.1%	57.8%	60.3%	62.9%
Debt Ratio	26.2%	23.5%	21.9%	22.8%
Financial Leverage	192.9%	180.6%	169.3%	162.4%
Current Ratio	129.1%	154.3%	168.9%	204.3%
Quick Ratio	1.0x	1.3x	1.4x	1.7x
Par Value (IDR)	50	50	50	50
Total Shares (mn)	40,483	40,483	40,483	40,483
Share Price (IDR)	6,925	6,025	6,000	6,000
Market Cap (IDR tn)	280.3	243.9	242.9	242.9

BALANCE SHEET

(IDR bn)	2019/12A	2020/12A	2021/12E	2022/12E
Cash	24,730.0	48,405.0	37,902.7	40,683.2
Receivables	29,367.0	17,031.0	24,470.5	31,341.1
Inventories	24,287.0	17,929.0	20,180.2	21,739.9
Total Current Assets	129,058.0	132,308.0	136,390.7	147,601.5
Net Fixed Assets	90,711.0	86,703.0	94,889.5	92,933.0
Other Non Current Assets	132,189.0	119,192.0	125,151.6	131,409.2
Total Non Current Asset	222,900.0	205,895.0	220,041.1	224,342.2
Total Assets	351,958.0	338,203.0	356,431.8	371,943.7
Payables	43,444.0	28,948.0	33,381.0	24,712.0
ST Bank Loan	41,752.0	37,136.0	33,636.0	36,541.2
Total Current Liabilities	99,962.0	85,736.0	80,773.4	72,258.3
LT Debt	50,549.0	42,345.0	44,426.3	48,438.4
Total Liabilities	165,195.0	142,749.0	141,636.9	138,115.6
Capital Stock & APIC	3,163.0	3,163.0	3,163.0	3,163.0
Retained Earnings	140,487.0	149,068.0	166,882.0	186,011.0
Shareholders' Equity	186,763.0	195,454.0	214,794.9	233,828.5

CASH FLOW STATEMENT

(IDR bn)	2019/12A	2020/12A	2021/12E	2022/12E
Operating Cash Flow	21,751.0	38,195.0	13,710.1	12,306.1
Investing Cash Flow	(19,902.0)	9,406.0	(24,320.8)	(16,347.5)
Financing Cash Flow	(2,274.0)	(24,740.0)	108.3	6,822.0
Net Changes in Cash	(425.0)	22,861.0	(10,502.3)	2,780.6

VALUATION INDEX

	2019/12A	2020/12A	2021/12E	2022/12E
Price /Earnings	12.9x	15.1x	13.6x	12.7x
Price /Book Value	1.5x	1.2x	1.1x	1.0x
PE/EPS Growth	82.4x	-0.6x	1.3x	1.7x
EV/EBITDA	9.6x	12.7x	9.9x	8.2x
EV/EBIT	12.6x	24.1x	15.8x	13.4x
EV (IDR bn)	330,498	310,092	314,666	277,405
Sales CAGR (3-Yr)	9.4%	-5.3%	-5.6%	-2.3%
Net Income CAGR (3-Yr)	3.1%	-5.0%	-6.3%	-4.1%
Basic EPS (IDR)	536	399	440	472
BVPS (IDR)	4,613.37	4,828.05	5,305.81	5,775.97
DPS (IDR)	214	184	189	210

OWNERSHIP

Shareholders	%
Jardine Cycle & Carriage Ltd	50.1
Capital Group Cos Inc/The	3.2
BlackRock Inc	2.4
Others	44.3
By Geography	%
Singapore	74.1
United States	14.5
Luxembourg	3.2
Others	8.2

Source: Bloomberg, NHKSI Research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to +15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

DISCLAIMER

This document is strictly confidential and is being supplied to you solely for your information. The recipients of this report must make their own independent decisions regarding any securities or financial instruments mentioned herein. This document may not be quoted, reproduced, exhibited, redistributed, transmitted, edited, translated, or published, in whole or in part, for any purpose without notice. Any failure to comply with this restriction may constitute a violation of civil or criminal laws.

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein. All rights reserved by PT NH Korindo Sekuritas Indonesia.