

# Astra International Tbk (ASII)

## Embracing New Economy

For the period 9M21, ASII booked IDR 167.4 trillion in total revenue (up 28% yoy); with net profit increase by 6.7% yoy to IDR 21.0 trillion. The automotive sector led the performance recovery, supported by robust growth in car sales and market share. ASII also continue to embrace the new economy by investing in top quality start-ups; which would be a positive catalyst for future performance.

### Automotive Leads Recovery

- ASII's performance managed to recover, marked by an increase in Revenue and Net Profit by 28% & 6.7% yoy respectively in 9M21.
- The automotive segment posted the highest increase in net profit (+207% yoy), followed by the Agribusiness division (+152% yoy).
- Car sales jumped 79% yoy to 343,837 units in 9M21; with the market share increasing from 52% to 55%. PPnBM discount incentive is one of the main positive catalysts for four-wheel sales.
- Meanwhile, the two-wheel sales were also able to increase 26% to 2.9 million units compared to the same period the previous year.

### Commodity Prices Support Performance

- Sharp increase in coal prices that occurred in 3Q21 had a positive impact on its subsidiaries, United Tractors Tbk (UNTR); especially heavy equipment sales which rose 84% yoy to 2,194 units in 9M21.
- Looking ahead, NHKSI Research projects coal prices to be in the range of USD145/ton.
- From the Agribusiness sector, tight supply and the implementation of the B30 policy are expected to keep CPO prices high.

### Looking into the New Economy Era

- With cash position at IDR60 trillion as of September 2021, ASII has enough flexibility to continue its digital expansion. So far, the company has been quite aggressive in investing in various platforms such as Gojek, Sayurbox, and Halodoc.
- Meanwhile, through PT Astra Digital Arta, it also has launched AstraPay as a payment system integrated within the Astra group ecosystem. We believe the investment on high-quality new economy companies may potentially boost the financial performance in the future.

### Maintain Overweight with Higher TP

- We continue our Overweight call for ASII, increasing our Target Price to IDR 6,650/share. Our TP reflects FY22 forward P/E at 12.6x (slightly above its 3-year average at 11.6x)
- Key risks to our call include: 1) Discontinued tax incentives that could impact car sales; 2) Lower commodity prices; 3) Re-tightening of PPKM which could result in slower economy growth.

### Astra International Tbk | Summary

in IDR Bn		2019/12A	2020/12A	2021/12E	2022/12E
Sales		237,166	175,046	219,683	247,934
	Sales growth	-0.9%	-26.2%	25.5%	12.9%
Net profit		21,707	16,164	18,712	21,387
	Net profit growth	0.2%	-25.5%	15.8%	14.3%
EPS (IDR)		536	399	462	528
ROE		11.6%	8.3%	8.7%	9.0%
EVEBITDA		9.6x	12.7x	10.1x	8.4x
P/E		12.9x	15.1x	14.4x	12.6x
P/BV		1.5x	1.2x	1.2x	1.1x
DER		0.5x	0.4x	0.4x	0.4x
Dividend yield		3.1%	3.1%	3.0%	3.5%

Source: Company Data, Bloomberg, NHKSI Research  
Please consider the rating criteria & important disclaimer

## Overweight

<b>Target Price</b>	<b>6,650</b>
Consensus Price (IDR)	6,955
TP to Consensus Price	-4.4%
Potential Upside	+13.7%

### Shares data

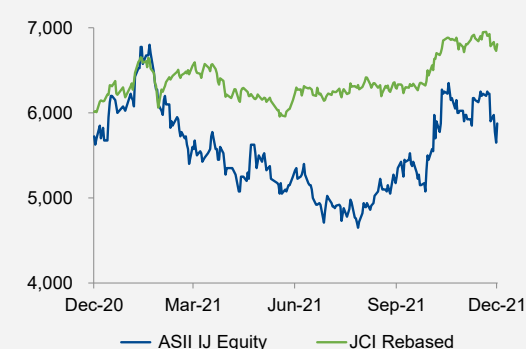
Last Price (IDR)	5,850
Price date as of	December 2, 2021
52 wk range (Hi/Lo)	6,925 / 4,640
Free float	49.8%
Outstanding sh. (mn)	40,484
Market Cap (IDR bn)	236,829
Market Cap (USD mn)	16,472
Avg. Trd Vol - 3M (mn)	52.8
Avg. Trd Val - 3M (bn)	309.9
Foreign Ownership	99.1%

### Miscellaneous Industry

#### Automotive and Components

Bloomberg	ASII IJ
Reuters	ASII.JK

### Share Performance



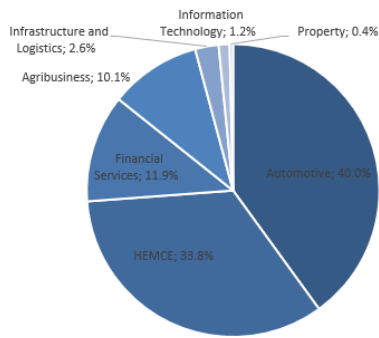
	YTD	1M	3M	12M
Abs. Ret	-2.9%	-0.9%	11.4%	2.2%
Rel. Ret	-13.0%	-2.3%	3.1%	-11.0%

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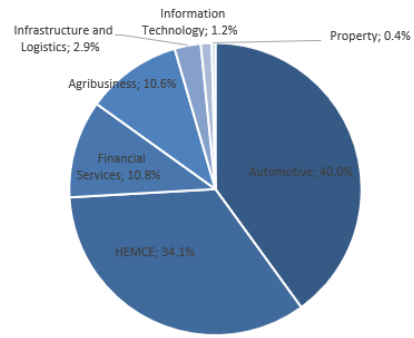
# Performance Highlights

## Revenue Breakdown (by Segment) 3Q21



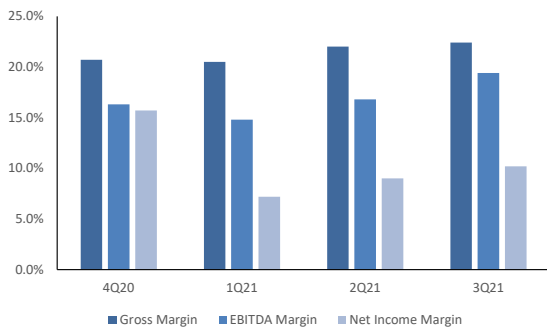
Source: Bloomberg, NHKSI Research

## Revenue Breakdown (by Segment) 9M21



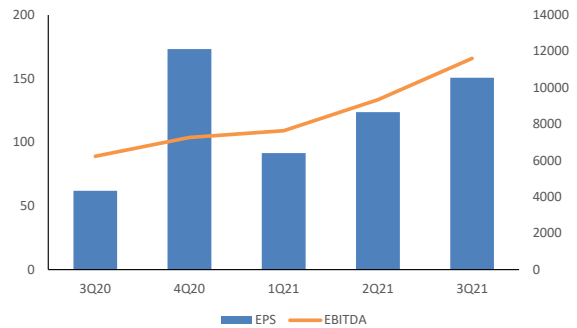
Source: Bloomberg, NHKSI Research

## Margin Growth



Source: Company Data, NHKSI Research

## EPS and EBITDA Growth



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

## Valuation Highlights

Blended Forward P/E | 3 years



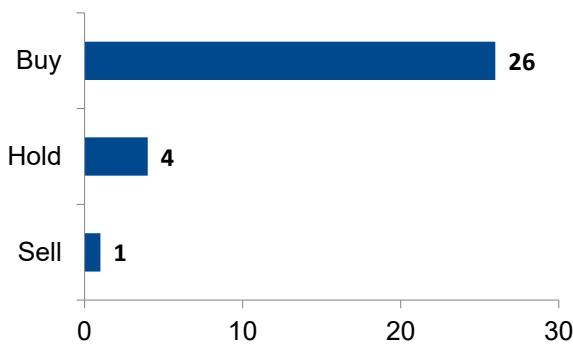
Source: Bloomberg, NHKSI Research

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%
12/03/2021	Overweight	6,650	5,850	6,955	+13.7%	-4.4%

Source: Bloomberg, NHKSI Research

## Summary of Financials

### INCOME STATEMENT

(IDR bn)	2019/12A	2020/12A	2021/12E	2022/12E
<b>Net Sales</b>	<b>237,166</b>	<b>175,046</b>	<b>219,683</b>	<b>247,934</b>
<i>Growth</i>	-0.9%	-26.2%	25.5%	12.9%
COGS	(186,927)	(136,488)	(172,499)	(194,682)
<b>Gross Profit</b>	<b>50,239</b>	<b>38,558</b>	<b>47,184</b>	<b>53,252</b>
<i>Gross Margin</i>	21.2%	22.0%	21.5%	21.5%
Operating Expenses	(24,055)	(25,688)	(25,490)	(30,100)
<b>EBIT</b>	<b>26,184</b>	<b>12,870</b>	<b>21,694</b>	<b>23,152</b>
<i>EBIT Margin</i>	11.0%	7.4%	9.9%	9.3%
Depreciation	8,367	11,473	11,944	13,151
<b>EBITDA</b>	<b>34,551</b>	<b>24,343</b>	<b>33,637</b>	<b>36,303</b>
<i>EBITDA Margin</i>	14.6%	13.9%	15.3%	14.6%
Interest Expenses	-	-	-	-
<b>EBT</b>	<b>34,054</b>	<b>21,741</b>	<b>28,064</b>	<b>31,334</b>
Income Tax	(7,433)	(3,170)	(5,444)	(5,829)
Minority Interest	(4,914)	(2,407)	(3,909)	(4,118)
<b>Net Profit</b>	<b>21,707</b>	<b>16,164</b>	<b>18,712</b>	<b>21,387</b>
<i>Growth</i>	0.2%	-25.5%	15.8%	14.3%
<i>Net Profit Margin</i>	9.2%	9.2%	8.5%	8.6%

### PROFITABILITY & STABILITY

	2019/12A	2020/12A	2021/12E	2022/12E
ROE	11.6%	8.3%	8.7%	9.0%
ROA	6.2%	4.8%	5.2%	5.7%
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%	3.0%	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	0.4x
Equity Ratio	53.1%	57.8%	59.4%	62.8%
Debt Ratio	26.2%	23.5%	21.5%	22.7%
Financial Leverage	192.9%	180.6%	170.6%	163.5%
Current Ratio	129.1%	154.3%	163.2%	202.8%
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	6,650	6,650
Market Cap (IDR tn)	280.3	243.9	269.2	269.2

### BALANCE SHEET

(IDR bn)	2019/12A	2020/12A	2021/12E	2022/12E
Cash	24,730	48,405	35,385	38,422
Receivables	29,367	17,031	28,260	34,231
Inventories	24,287	17,929	23,660	23,277
<b>Total Current Assets</b>	<b>129,058</b>	<b>132,308</b>	<b>141,141</b>	<b>149,767</b>
Net Fixed Assets	90,711	86,703	96,727	95,973
Other Non Current Assets	132,189	119,192	125,152	131,409
<b>Total Non Current Asset</b>	<b>222,900</b>	<b>205,895</b>	<b>221,879</b>	<b>227,382</b>
<b>Total Assets</b>	<b>351,958</b>	<b>338,203</b>	<b>363,020</b>	<b>377,150</b>
Payables	43,444	28,948	39,072	25,974
ST Bank Loan	41,752	37,136	33,636	36,880
<b>Total Current Liabilities</b>	<b>99,962</b>	<b>85,736</b>	<b>86,464</b>	<b>73,859</b>
LT Debt	50,549	42,345	44,426	48,888
<b>Total Liabilities</b>	<b>165,195</b>	<b>142,749</b>	<b>147,328</b>	<b>140,166</b>
Capital Stock & APIC	3,163	3,163	3,163	3,163
Retained Earnings	140,487	149,068	167,780	189,167
<b>Shareholders' Equity</b>	<b>186,763</b>	<b>195,454</b>	<b>215,693</b>	<b>236,984</b>

### CASH FLOW STATEMENT

(IDR bn)	2019/12A	2020/12A	2021/12E	2022/12E
Operating Cash Flow	21,751	38,195	13,030	13,099
Investing Cash Flow	(19,902)	9,406	(26,159)	(17,673)
Financing Cash Flow	(2,274)	(24,740)	108	7,610
<b>Net Changes in Cash</b>	<b>(425)</b>	<b>22,861</b>	<b>(13,020)</b>	<b>3,037</b>

### VALUATION INDEX

	2019/12A	2020/12A	2021/12E	2022/12E
Price /Earnings	12.9x	15.1x	14.4x	12.6x
Price /Book Value	1.5x	1.2x	1.2x	1.1x
PE/EPS Growth	82.4x	-0.6x	0.9x	0.9x
EV/EBITDA	9.6x	12.7x	10.1x	8.4x
EV/EBIT	12.6x	24.1x	15.7x	13.1x
EV (IDR bn)	330,498	310,092	340,980	303,719
Sales CAGR (3-Yr)	9.4%	-5.3%	-2.8%	1.5%
Net Income CAGR (3-Yr)	3.1%	-5.0%	-4.8%	-0.5%
Basic EPS (IDR)	536	399	462	528
BVPS (IDR)	4,613.37	4,828.05	5,327.98	5,853.93
DPS (IDR)	214	184	199	235

### OWNERSHIP

Shareholders	%
Jardine Cycle & Carriage Ltd	50.1
Toyota Motor Corp	4.7
Capital Group Cos Inc	2.7
Others	42.5
By Geography	%
Singapore	69.5
United States	14.3
Japan	7.3
Others	8.9

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%

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