

Astra International Tbk (ASII)

Positive Catalysts Continue

Throughout 2021, ASII booked income growth of 33.4% yoy to IDR 233.5 trillion; supported by main business lines such as Automotive, Heavy Machinery & Mining, and Agribusiness. Sales of four-wheel vehicles significantly recovered closer to pre-pandemic level; with market share up to 55.1% (vs 50.8% in FY20). The continuation of government-borne PPnBM program and high commodity prices are expected to continue supporting ASII's performance in 2022.

Stellar Performance backed by Main Sectors

- ASII booked total revenue of IDR 233.5 trillion throughout 2021; grew 33.4% from FY20. The automotive and HEMCE sectors are still the main contributors, each contributed 40.9% and 33.6% respectively.
- The company also booked a significant jump in the Shares of Joint Venture and Associated Entities, booking IDR 6.5 trillion; up 110% from the previous year.
- On a consolidated basis, ASII was able to record an increase in net profit of 25% yoy to IDR 20.2 trillion. Meanwhile, without taking into account the sales proceeds of Bank Permata last year, ASII's net profit growth reached 96.4% yoy.

Car Sales Market Shares Increase

- The automotive segment contributed IDR 96.7 trillion in revenue (+42.4% yoy); which resulted in a net profit of IDR 7.3 trillion (+170% yoy).
- FY21 car sales reached 489k units, from the previous year which was only recorded at 270k; with market share rose to 55.1% (FY20: 50.8%). Last year, ASII launched 17 new models plus 20 revamped models.
- The government has issued the 2022 PPn BM DTP regulations for vehicles which consist of: 1) LCGC segment for under IDR 200 million; and 2) Vehicles with a maximum engine capacity of 1,500 cc with a price range of IDR 200 million-IDR 250 million. Some of the models that will receive this incentive are Daihatsu (Ayla, Siga, Xenia, Terios, Rocky) and Toyota (Agya, Calya, Avanza, Raize).

Commodity Sector Driven by Price Increase

- The HEMCE segment recorded a revenue of IDR 79.5 trillion (+31.7% yoy); in line with improvement in the energy commodity prices. Meanwhile, United Tractors (UT) was able to sell 3,088 units of Komatsu in FY21; increased by 97.4% yoy in FY20 of 1,564 units.
- Revenue from the agribusiness division also successfully grew 29.3% yoy to IDR 24.8 trillion; with net profit booked at IDR 1.5 trillion (+136% yoy). This was supported by the increase of average CPO prices by 32% to IDR 11,294/kg (vs IDR 8,545/kg in 2020).
- For 2022, ASII has allocated capital expenditure of IDR 19 trillion, which will be used to purchase equipment for the mining services, and as capital expenditure for agribusiness and digital initiative.

Continues Overweight Recommendation with TP of IDR 7,100/Share

- We maintain our Overweight recommendation for ASII by increasing the target price to IDR 7,100/share (previously IDR 6,650/share). Our TP implies FY22F P/E & P/BV of 12x and 1.2x. Main risks to our TP are: 1) Changes in the government's incentive policy; 2) Normalization of commodity prices; 3) The weakening of the rupiah exchange rate.

Astra International Tbk | Summary

in IDR Bn	2020/12A	2021/12A	2022/12E	2023/12E
Sales	175,046	233,485	246,576	258,905
<i>Sales growth</i>	-26.2%	33.4%	5.6%	5.0%
Net profit	16,164	20,196	24,015	25,399
<i>Net profit growth</i>	-25.5%	24.9%	18.9%	5.8%
EPS (IDR)	399	499	593	627
ROE	8.3%	9.4%	10.0%	9.6%
EV/EBITDA	11.4x	6.5x	8.2x	8.4x
P/E	15.1x	11.4x	12.0x	11.3x
P/BV	1.2x	1.1x	1.2x	1.1x
DER	0.4x	0.3x	0.3x	0.3x
Dividend yield	3.1%	0.8%	3.1%	3.3%

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

Company Report | Mar 22, 2022

Overweight

Target Price	7,100
Consensus Price (IDR)	7,052
TP to Consensus Price	+0.7%
Potential Upside	+7.6%

Shares data

Last Price (IDR)	6,600
Price date as of	March 21, 2022
52 wk range (Hi/Low)	6,600 / 4,640
Free float	45.1%
Outstanding sh.(mn)	40,484
Market Cap (IDR bn)	267,191
Market Cap (USD mn)	18,637
Avg. Trd Vol - 3M (mn)	47.8
Avg. Trd Val - 3M (bn)	275.9
Foreign Ownership	99.0%

Industrials

Multi-sector Holdings

Bloomberg
Reuters

ASII IJ
ASII.JK

Share Performance



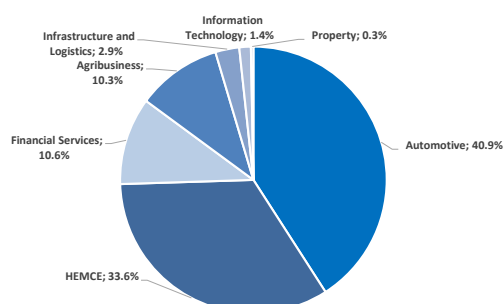
	YTD	1M	3M	12M
Abs. Ret	15.8%	18.4%	16.8%	14.3%
Rel. Ret	10.1%	17.6%	10.7%	4.9%

Anggaraksa Arismunandar

+62 21 5088 9134
anggaraksa@nhsec.co.id

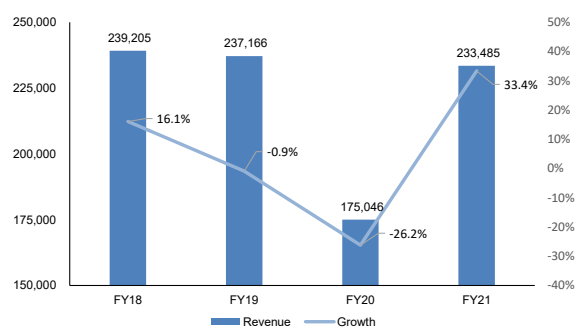
Performance Highlights

Revenue Breakdown (by Segment) | FY21



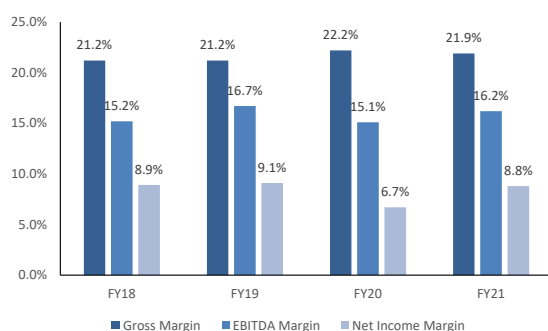
Source: Bloomberg, NHKSI Research

Financial Performance



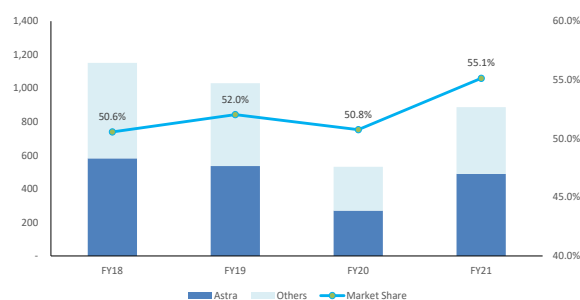
Source: Bloomberg, NHKSI Research

Margin Growth



Source: Bloomberg, NHKSI Research

ASII Car Sales Market Share



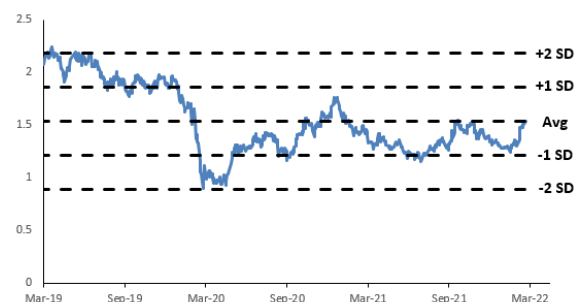
Source: Company Presentation, NHKSI Research

Blended Forward P/E Ratio | 3-year



Source: Bloomberg, NHKSI Research

Price/Book Value Ratio | 3-year



Source: Bloomberg, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2020/12A	2021/12A	2022/12E	2023/12E
Net Sales	175,046	233,485	246,576	258,905
Growth	-26.2%	33.4%	5.6%	5.0%
COGS	(136,488)	(182,452)	(182,452)	(192,681)
Gross Profit	38,558	51,033	51,033	53,894
Gross Margin	22.0%	21.9%	20.7%	20.8%
Operating Expenses	(25,688)	(25,500)	(25,500)	(27,828)
EBIT	12,870	25,533	25,533	26,067
EBIT Margin	7.4%	10.9%	10.4%	10.1%
Depreciation	11,473	11,944	11,944	11,414
EBITDA	24,343	37,477	37,477	37,480
EBITDA Margin	13.9%	16.1%	15.2%	14.5%
Interest Expenses	-	-	-	-
EBT	21,741	32,350	35,930	37,421
Income Tax	(3,170)	(6,764)	(6,865)	(6,810)
Minority Interest	(2,407)	(5,390)	(5,390)	(5,050)
Net Profit	16,164	20,196	24,015	25,399
Growth	-25.5%	24.9%	18.9%	5.8%
Net Profit Margin	9.2%	8.6%	9.7%	9.8%

PROFITABILITY & STABILITY

	2020/12A	2021/12A	2022/12E	2023/12E
ROE	8.3%	9.4%	10.0%	9.6%
ROA	4.8%	5.5%	6.2%	6.3%
Inventory Turnover	8.3x	8.3x	8.3x	8.3x
Receivable Turnover	7.5x	8.5x	7.9x	8.0x
Payables Turnover	4.8x	4.8x	4.8x	4.8x
Dividend Yield	3.1%	0.8%	3.1%	3.3%
Payout Ratio	46.1%	9.0%	36.7%	37.6%
DER	0.4x	0.3x	0.3x	0.3x
Net Gearing	0.5x	0.4x	0.4x	0.3x
Equity Ratio	57.8%	58.7%	61.4%	65.9%
Debt Ratio	23.5%	19.7%	20.7%	17.4%
Financial Leverage	180.6%	171.6%	166.4%	157.0%
Current Ratio	154.3%	154.4%	181.9%	194.1%
Quick Ratio	1.3x	1.3x	1.5x	1.6x
Par Value (IDR)	50	50	50	50
Total Shares (mn)	40,483	40,483	40,483	40,483
Share Price (IDR)	6,025	5,700	7,100	7,100
Market Cap (IDR tn)	243.9	230.8	287.4	287.4

BALANCE SHEET

(IDR bn)	2020/12A	2021/12A	2022/12E	2023/12E
Cash	48,405	64,598	65,516	46,658
Receivables	17,031	21,830	27,889	30,576
Inventories	17,929	21,815	26,962	29,132
Total Current Assets	132,308	160,262	174,987	163,717
Net Fixed Assets	86,703	74,388	75,303	85,360
Other Non Current Assets	119,192	132,661	139,294	153,223
Total Non Current Asset	205,895	207,049	214,597	238,583
Total Assets	338,203	367,311	389,584	402,300
Payables	28,948	42,667	35,808	35,808
ST Bank Loan	37,136	38,667	42,415	34,194
Total Current Liabilities	85,736	103,778	96,178	84,365
LT Debt	42,345	33,819	38,082	35,951
Total Liabilities	142,749	151,696	150,369	137,233
Capital Stock & APIC	3,163	3,163	3,163	3,163
Retained Earnings	149,068	163,800	187,815	213,214
Shareholders' Equity	195,454	215,615	239,215	265,068

CASH FLOW STATEMENT

(IDR bn)	2020/12A	2021/12A	2022/12E	2023/12E
Operating Cash Flow	38,195	36,890	10,274	29,839
Investing Cash Flow	9,406	(8,480)	(16,951)	(26,067)
Financing Cash Flow	(24,740)	(16,176)	25,705	(18,702)
Net Changes in Cash	22,861	12,234	19,028	(14,930)

VALUATION INDEX

	2020/12A	2021/12A	2022/12E	2023/12E
Price /Earnings	15.1x	11.4x	12.0x	11.3x
Price /Book Value	1.2x	1.1x	1.2x	1.1x
PE/EPS Growth	-0.6x	0.5x	0.6x	2.0x
EV/EBITDA	11.4x	6.5x	8.2x	8.4x
EV/EBIT	21.6x	9.5x	12.0x	12.1x
EV (IDR bn)	278,417	243,731	306,650	315,169
Sales CAGR (3-Yr)	-1.1%	8.8%	10.8%	12.7%
Net Income CAGR (3-Yr)	-6.5%	0.7%	6.6%	8.6%
Basic EPS (IDR)	399	499	593	627
BVPS (IDR)	4,828	5,326	5,909	6,548
DPS (IDR)	184	45	218	236

OWNERSHIP

Shareholders	%
Jardine Cycle & Carriage Ltd	50.1
Toyota Motor Corp	4.7
Capital Group Cos Inc	2.5
Others	42.7
By Geography	%
Singapore	70.4
United States	14.0
Japan	7.4
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.