

# Astra International Tbk (ASII)

## Better Performance in 1Q22

During 1Q22, ASII posted a 39% YoY increase in revenue to IDR 71.8 trillion; supported by main business lines such as Automotive, Heavy Equipment & Mining, and Agribusiness. Four-wheeler sales recovered significantly to near pre-pandemic levels; with market share rising to 53.8% YoY (Vs. 54.9% YoY in 1Q20). NHKSI Research views that high commodity prices will continue to support ASII's performance in 2022.

### Three Main Sectors Support Performance

- ASII recorded total revenue of IDR 71.8 trillion for 1Q22 period; or grew 39% YoY. The three largest contributors were the automotive sector, Heavy Equipment Mining Construction and Energy (HEMCE), and financial services, with each contributing 39.8%; 34.2% and 11.7%.
- On a consolidated basis, ASII recorded a significant increase in net profit by 84% YoY to IDR 6.8 trillion. Meanwhile, ASII's cash reached IDR 36.2 trillion or grew 17.9% YoY, with the financial services subsidiary's net debt on an annual basis maintained at IDR 39.3 trillion in 1Q22.

### PPnBM Incentives and Automotive Sales Volume

- ASII's car sales grew 44% to 142 thousand units, and market share rose to 53.8% 1Q22 (vs. 52.9% 1Q21), in line with temporary PPnBM incentives for a number of products. Car sales in this period were also supported by the launch of 17 new models and five revamped models.
- ASII's sales of Honda motorcycles fell 6% to 952 thousand units, in line with the 2% decline in national motorcycle sales and problems with the supply of semiconductors.
- Meanwhile, the automotive components business with 80% ownership of PT Astra Otoparts, Tbk (AUTO IJ), recorded a net profit of IDR 225 billion in 1Q22, or up 37% YoY. AUTO recorded a revenue increase in the manufacturing segment, replacement parts market and exports.

### Coal and Nickel Commodities Drive Sales of Heavy Equipment

- UNTR posted revenue of IDR 27.9 trillion (+56.3% YoY Vs. IDR 17.8 trillion 1Q21) in 1Q22. Three of the five segments recorded an increase in sales for the 1Q22 period, with the largest increase being recorded in the construction machinery segment (+122.1% YoY).
- Meanwhile, the increase in coal and nickel commodity prices boosted sales of the mining segment. Komatsu's 1Q22 sales volume rose 146.2% YoY to 1,694 units (vs. 688 units in 1Q21).
- In January, February, and March 2022, UNTR recorded Komatsu sales volumes of 530 units, 528 units and 636 units, respectively. The mining sector still dominates sales of heavy equipment, followed by the construction, forestry, and agribusiness sectors with 18% each; 12%; and 9%.

### Buy Recommendation by Raising TP to IDR 8,000

- NHKSI Research recommends Buy for ASII shares, increasing the target price to IDR 8,000/share (previously IDR 7,100/share). Our TP implies FY22F P/E & P/BV at 13.5x and 1.4x levels, respectively.
- Meanwhile, the risk factors for our TP include: 1). Changes in the government's PPnBM incentive policy; 2). Normalization of commodity prices, after the high rise in 2021; and 3). The weakening of the rupiah exchange rate, in line with the increase in the Fed Funds Rate.

### Astra International Tbk | Summary

In IDR Bn	2021/12A	2022/12F	2023/12F	2024/12F
Sales	233,485	246,576	258,905	271,850
Sales growth	33.4%	5.6%	5.0%	5.0%
Net profit	20,196	24,015	25,399	25,316
Net profit growth	24.9%	18.9%	5.8%	-0.3%
EPS (IDR)	499	593	627	625
ROE	9.4%	10.0%	9.6%	9.5%
EV/EBITDA	6.5x	9.2x	9.9x	9.1x
P/E	11.4x	13.5x	13.5x	13.5x
P/BV	1.1x	1.4x	1.3x	1.3x
DER	0.3x	0.3x	0.3x	0.3x
Dividend yield	0.8%	2.7%	2.8%	0.0%

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

Company Report | May 12, 2022

## Buy

<b>Target Price</b>	<b>8,000</b>
Consensus Price (IDR)	7,431
TP to Consensus Price	+7.6%
Potential Upside	+15.9%

### Shares data

Last Price (IDR)	6,900
Price date as of	May 11, 2022
52 wk range (Hi/Lo)	7,700 / 4,640
Free float	49.9%
Outstanding sh.(mn)	40,484
Market Cap (IDR bn)	290,469
Market Cap (USD mn)	19,973
Avg. Trd Vol - 3M (mn)	58.3
Avg. Trd Val - 3M (bn)	368.9
Foreign Ownership	98.9%

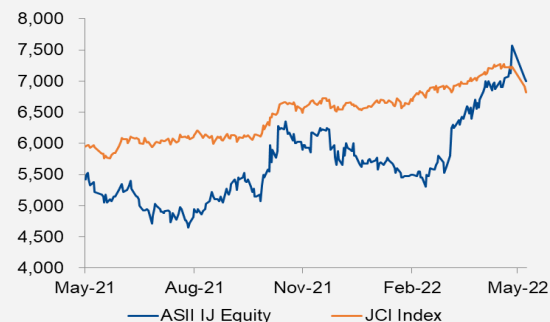
### Industrials

#### Multi-Sector Holdings

Bloomberg  
Reuters

ASII IJ  
ASII.JK

### Share Price Performance



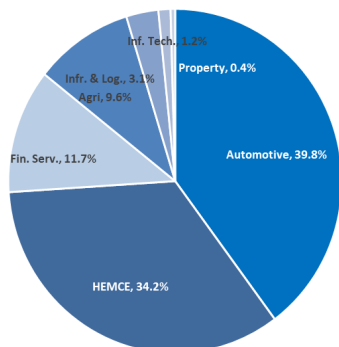
	YTD	1M	3M	12M
Abs. Ret	22.8%	0.0%	28.4%	30.2%
Rel. Ret	19.2%	5.4%	28.5%	16.1%

### Arief Machrus

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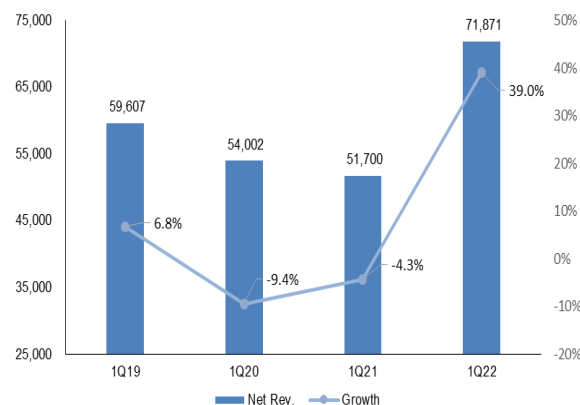
## Performance Highlights

### Revenue Breakdown by Segment | 1Q22



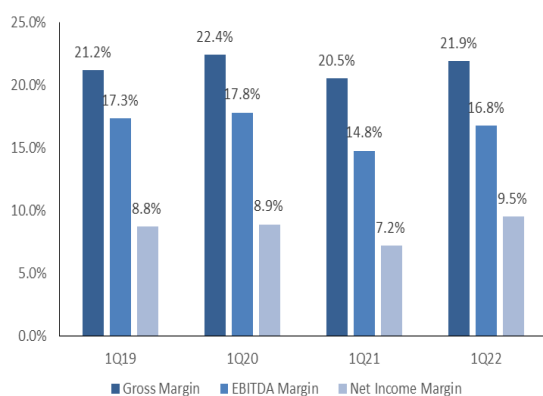
Source: Bloomberg, NHKSI Research

### Financial Performance



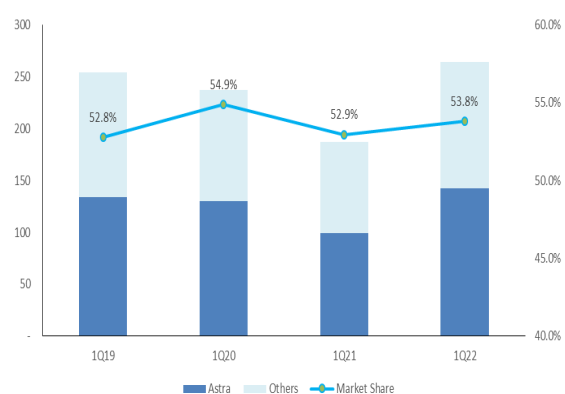
Source: Bloomberg, NHKSI Research

### Margin Growth | 1Q22



Source: Bloomberg, NHKSI Research

### ASII Car Sales Market Share | 1Q22



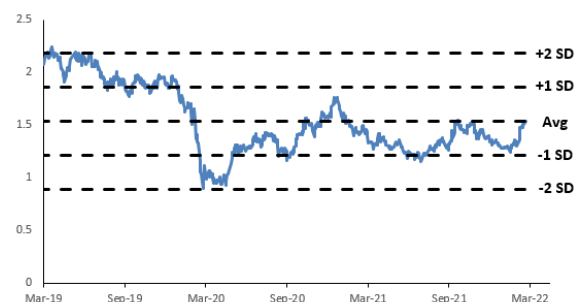
Source: Company Presentation, NHKSI Research

### 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)	2021/12A	2022/12E	2023/12E	2024/12E
<b>Net Sales</b>	<b>233,485</b>	<b>246,576</b>	<b>258,905</b>	<b>271,850</b>
Growth	33.4%	5.6%	5.0%	5.0%
COGS	(182,452)	(182,452)	(192,681)	(202,316)
<b>Gross Profit</b>	<b>51,033</b>	<b>51,033</b>	<b>53,894</b>	<b>56,589</b>
Gross Margin	21.9%	20.7%	20.8%	20.8%
Operating Expenses	(25,500)	(25,500)	(27,828)	(29,524)
<b>EBIT</b>	<b>25,533</b>	<b>25,533</b>	<b>26,067</b>	<b>27,065</b>
EBIT Margin	10.9%	10.4%	10.1%	10.0%
Depreciation	11,944	11,944	11,414	12,888
<b>EBITDA</b>	<b>37,477</b>	<b>37,477</b>	<b>37,480</b>	<b>39,953</b>
EBITDA Margin	16.1%	15.2%	14.5%	14.7%
Interest Expenses	-	-	-	-
<b>EBT</b>	<b>32,350</b>	<b>35,930</b>	<b>37,421</b>	<b>38,525</b>
Income Tax	(6,764)	(6,865)	(6,810)	(7,476)
Minority Interest	(5,390)	(5,390)	(5,050)	(5,212)
<b>Net Profit</b>	<b>20,196</b>	<b>24,015</b>	<b>25,399</b>	<b>25,316</b>
Growth	24.9%	18.9%	5.8%	-0.3%
Net Profit Margin	8.6%	9.7%	9.8%	9.3%

### PROFITABILITY & STABILITY

	2021/12A	2022/12E	2023/12E	2024/12E
ROE	9.4%	10.0%	9.6%	9.5%
ROA	5.5%	6.2%	6.3%	6.2%
Inventory Turnover	8.3x	8.3x	8.3x	8.3x
Receivable Turnover	8.5x	7.9x	8.0x	8.1x
Payables Turnover	4.8x	4.8x	4.8x	4.8x
Dividend Yield	0.8%	2.7%	2.8%	0.0%
Payout Ratio	9.0%	36.7%	37.6%	0.0%
DER	0.3x	0.3x	0.3x	0.3x
Net Gearing	0.4x	0.4x	0.3x	0.3x
Equity Ratio	58.7%	61.4%	65.9%	65.6%
Debt Ratio	19.7%	20.7%	17.4%	17.6%
Financial Leverage	171.6%	166.4%	157.0%	152.1%
Current Ratio	154.4%	181.9%	194.1%	207.9%
Quick Ratio	1.3x	1.5x	1.6x	1.7x
Par Value (IDR)	50	50	50	50
Total Shares (mn)	40,483	40,483	40,483	40,483
Share Price (IDR)	5,700	8,000	8,461	8,433
Market Cap (IDR tn)	230.8	323.9	342.5	341.4

### BALANCE SHEET

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Cash	64,598	65,516	46,658	54,733
Receivables	21,830	27,889	30,576	29,658
Inventories	21,815	26,962	29,132	29,767
<b>Total Current Assets</b>	<b>160,262</b>	<b>174,987</b>	<b>163,717</b>	<b>174,376</b>
Net Fixed Assets	74,388	75,303	85,361	62,248
Other Non Current Assets	132,661	139,294	153,223	168,546
<b>Total Non Current Asset</b>	<b>207,049</b>	<b>214,597</b>	<b>238,584</b>	<b>230,794</b>
<b>Total Assets</b>	<b>367,311</b>	<b>389,584</b>	<b>402,301</b>	<b>405,170</b>
Payables	42,667	35,808	35,808	38,094
ST Bank Loan	38,667	42,415	34,194	34,286
<b>Total Current Liabilities</b>	<b>103,778</b>	<b>96,178</b>	<b>84,365</b>	<b>83,872</b>
LT Debt	33,819	38,082	35,951	37,016
<b>Total Liabilities</b>	<b>151,696</b>	<b>150,369</b>	<b>137,233</b>	<b>139,383</b>
Capital Stock & APIC	3,163	3,163	3,163	3,163
Retained Earnings	163,800	187,815	213,214	213,214
<b>Shareholders' Equity</b>	<b>215,615</b>	<b>239,215</b>	<b>265,068</b>	<b>265,787</b>

### CASH FLOW STATEMENT

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Operating Cash Flow	36,890	10,274	29,839	38,446
Investing Cash Flow	(8,480)	(16,951)	(26,067)	(27,337)
Financing Cash Flow	(16,176)	25,705	(18,702)	893
<b>Net Changes in Cash</b>	<b>12,234</b>	<b>19,028</b>	<b>(14,930)</b>	<b>12,002</b>

### VALUATION INDEX

	2021/12A	2022/12E	2023/12E	2024/12E
Price /Earnings	11.4x	13.5x	13.5x	13.5x
Price /Book Value	1.1x	1.4x	1.3x	1.3x
PE/EPS Growth	0.5x	0.7x	2.3x	-41.5x
EV/EBITDA	6.5x	9.2x	9.9x	9.1x
EV/EBIT	9.5x	13.4x	14.2x	13.4x
EV (IDR bn)	243,731	343,085	370,260	362,506
Sales CAGR (3-Yr)	8.8%	10.8%	12.7%	14.5%
Net Income CAGR (3-Yr)	0.7%	6.6%	8.6%	8.5%
Basic EPS (IDR)	499	593	627	625
BVPS (IDR)	5,326	5,909	6,548	6,565
DPS (IDR)	45	218	236	-

### OWNERSHIP

Shareholders	%
Jardine Cycle & Carriage Ltd	50.1
Vanguard Group Inc	2.2
Blackrock	1.9
Others	45.7
By Geography	%
Singapore	76.4
United States	13.3
Luxembourg	2.4
Others	7.9

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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