

Astra International (ASII)

Stable Growth Continues

Astra International (ASII) proved their resilience despite uncertain global economic conditions, posting a 9% YoY increase in revenue (IDR 240.9 trillion vs IDR 221.4 trillion) in 9M23. There was also a 10% YoY increase in net income (IDR 25.7 trillion vs IDR 23.3 trillion) with a minor increase in net profit margins (10.7% vs 10.5%), despite stomaching a negative fair value adjustment of IDR 378 billion to their investments in PT GoTo Gojek Tokopedia Tbk (GOTO) and PT Medikaloka Hermina Tbk (HEAL).

Automotive segment continues to thrive despite high interest rates

- ASII's automotive business segment continues to outperform the overall Indonesian automotive market.
- The company recorded a 1.9% YoY increase in car units sold (421K vs 413K), despite total domestic car sales dropping slightly by 0.4% (755K vs 758K). ASII motorcycle sales also far exceeded overall market performance, reporting a 37% increase in units sold (3.7 million vs 2.7 million) while the total motorcycle units sold in Indonesia increased by only 30.6% (4.7 million vs 3.6 million).
- This strong performance was despite of higher interest rates in 2023 compared to 2022 (most automotive purchases in Indonesia utilize credit facilities).

Income from HEMCE segment falls

- Net income of ASII's Heavy Equipment, Mining, Construction, & Energy (HEMCE) fell slightly by 1% in 9M23 (IDR 9.4 trillion vs IDR 9.5 trillion).
- The main reason for this slip is the slowdown of the mining sector in 2023, following its red-hot performance in 2022, as commodity prices across the board fell.
- This affected not only the sale of heavy machinery (which declined by 4% YoY), but also on the company's coal business unit as revenues drop despite sales volume rising by 10% YoY. Gold sales volume was also another reason for the company's HEMCE segment performance, dropping 32% YoY.

Other segments largely perform well

- The company's other segments mostly recorded positive growth in 9M23, with net income increases of 33% for the financial services segment, 98% for the infrastructure & logistic segment, 5% for the property segment, and 96% increase for the IT segment.
- ASII's agribusiness segment is the only one reporting a big decline in performance, posting a 34% decrease in net income YoY, largely due to the freefall of CPO prices.

Recommend BUY with TP of IDR6,900

- We give ASII a BUY recommendation with a TP of IDR 6,900. This reflects a Forward PE ratio of 8.39x, equivalent to its 5 year SD - 1. ASII is undervalued with price currently trading at a Forward PE ratio of 7.00x.
- Risks: 1) Indonesian General Elections, 2) Continued Decline in Commodity Prices, 3) Changes in PPnBM policies

Astra International Tbk | Summary

in IDR bn	2022A	2023E	2024F	2025F
Revenue	301,379	321,479	338,597	356,961
Revenue growth	29.1%	6.7%	5.3%	5.4%
Net profit	28,944	34,156	37,543	39,885
EPS (IDR)	715	844	927	985
Net Profit growth	43.3%	18.0%	9.9%	6.2%
NPM	9.6%	10.6%	11.1%	11.2%
ROE	12.6%	14.0%	14.8%	14.4%
ROA	7.4%	8.0%	8.3%	8.4%
P/E	7.9x	6.7x	6.1x	5.8x
P/BV	0.9x	0.9x	0.9x	0.8x
EV/EBITDA	5.3x	5.9x	5.6x	5.3x

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

Company Update | Nov 23, 2023

Buy

Target Price (IDR)	6,900
Consensus Price (IDR)	7,170
TP to Consensus Price	-3.8%
Potential Upside	+21.6%

Shares data

Last Price (IDR)	5,675
Price Date as of	Nov 22, 2023
52 wk Range (Hi/Lo)	7,000/5,200
Free Float (%)	42.4
Outstanding sh.(mn)	40,484
Market Cap (IDR bn)	229,774
Market Cap (USD mn)	14,733
Avg. Trd Vol - 3M (mn)	40.3
Foreign Ownership (%)	94.85

Industrials

Multi-sector Holdings

Bloomberg	ASII IJ
Reuters	ASII.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-0.4%	1.3%	-13.4%	-8.8%
Rel. Ret.	-1.3%	-1.1%	-13.2%	-7.1%

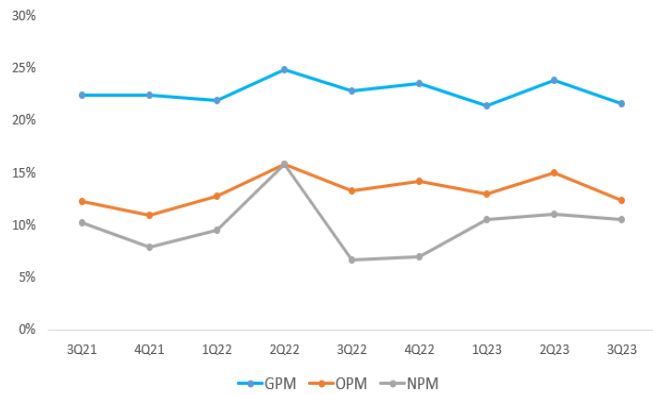
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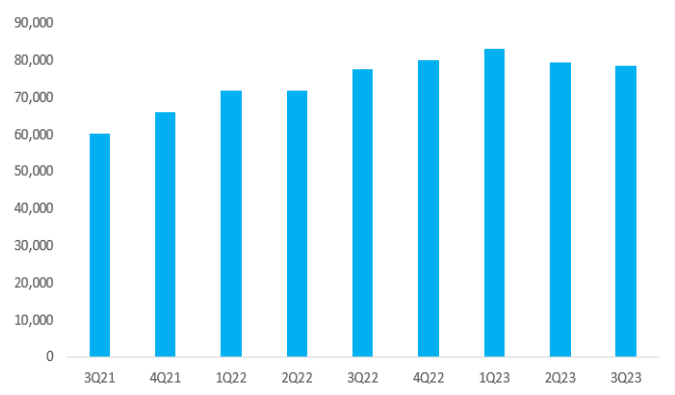
Performance Highlights in Charts

ASII Quarterly Profit Margins | 3Q21 - 3Q23



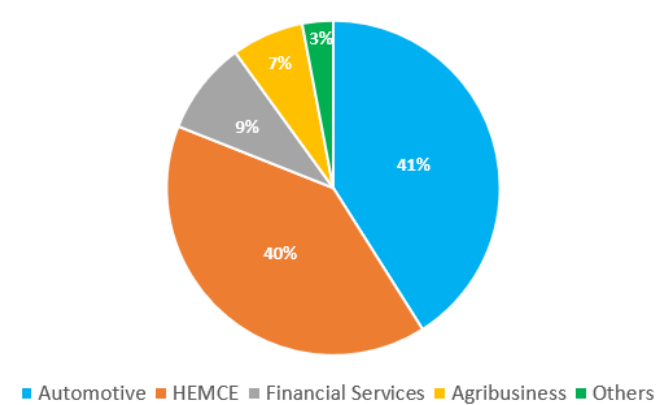
Source: Company Data, NHKSI Research

ASII Quarterly Revenue (IDR Bn) | 3Q21 - 3Q23



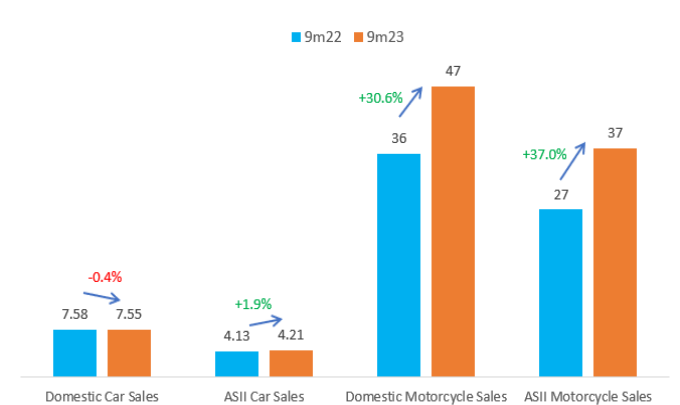
Source: Company Data, NHKSI Research

ASII Revenue Breakdown | 9M23



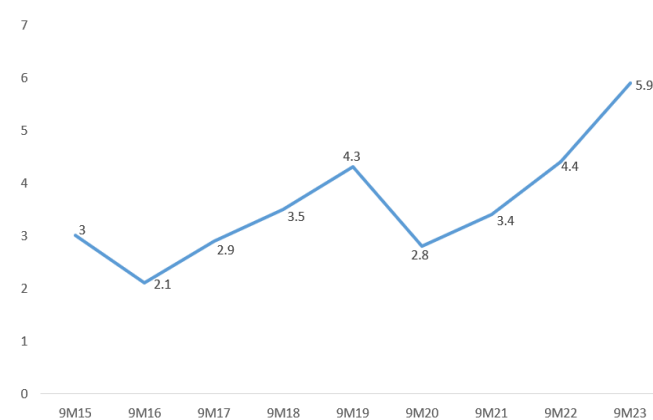
Source: Company Data, NHKSI Research

ASII Automotive Sales Volume (per 100,000 units) | 9M22 vs 9M23



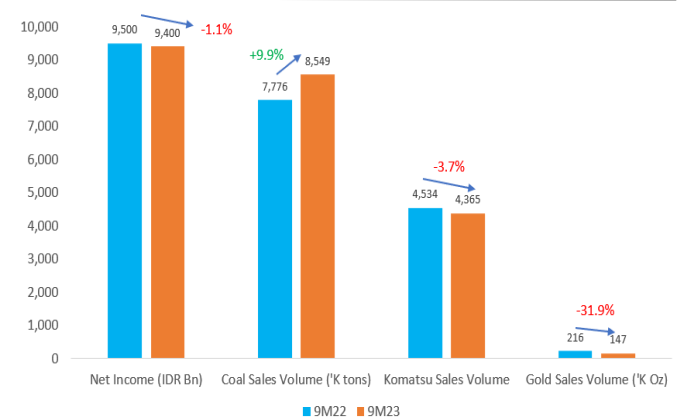
Source: Company Data, NHKSI Research

ASII Financial Services Net Income (IDR Tn) | 9M15 - 9M23



Source: Company Data, NHKSI Research

ASII HEMCE Overview | 9M22 vs 9M23



Source: Company Data, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
Revenue	301,379	321,479	338,597	356,961
Growth	29.1%	6.7%	5.3%	5.4%
COGS	231,291	250,760	264,304	278,751
Gross Profit	70,088	70,720	74,293	78,210
Gross Margin	23.3%	22.0%	21.9%	21.9%
Operating Expenses	(27,887)	(28,432)	(29,477)	(31,076)
EBIT	42,201	42,288	44,816	47,134
EBIT Margin	14.0%	13.2%	13.2%	13.2%
Depreciation	12,594	11,514	10,661	10,972
EBITDA	54,795	53,802	55,477	58,106
EBITDA Margin	18.2%	16.7%	16.4%	16.3%
EBT	50,390	53,826	57,508	61,096
Income Tax	9,970	9,891	10,039	10,666
Minority Interest	11,476	9,779	9,926	10,545
Net Profit	28,944	34,156	37,543	39,885
Growth	43.3%	18.0%	9.9%	6.2%
Net Profit Margin	9.6%	10.6%	11.1%	11.2%

BALANCE SHEET

(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
Cash	61,581	50,093	55,520	62,165
Receivables	66,263	67,491	66,840	71,731
Inventories	32,323	34,273	34,683	37,635
Total Current Assets	179,818	172,555	176,347	191,414
Net Fixed Assets	78,751	89,150	99,866	110,868
Other Non Current Assets	154,728	183,724	184,780	190,340
Total Assets	413,297	445,429	460,992	492,623
Payables	61,827	71,440	68,860	71,297
ST Debt	34,669	51,056	48,644	49,015
LT Debt	36,052	37,519	38,736	41,567
Total Liabilities	169,577	202,208	196,346	202,078
Capital Stock	2,024	2,024	2,024	2,024
Retained Earnings	181,523	183,849	206,851	230,756
Shareholders' Equity	243,720	243,222	264,646	290,544

CASH FLOW STATEMENT

(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
Operating Cash Flow	42,128	50,459	53,785	53,647
Investing Cash Flow	(22,262)	(39,081)	(25,423)	(25,291)
Financing Cash Flow	(24,019)	(23,057)	(23,245)	(22,122)
Net Changes in Cash	(2,652)	(12,057)	5,427	6,644

PROFITABILITY & STABILITY

	2022/12A	2023/12F	2024/12F	2025/12F
ROE	12.6%	14.0%	14.8%	14.4%
ROA	7.4%	8.0%	8.3%	8.4%
Inventory Turnover	9.3	9.4	9.8	9.5
Days Inventory Outstanding	39.1	38.9	37.4	38.5
Receivables Turnover	4.9	5.0	5.1	5.0
Account Receivable Days	75.2	72.8	72.1	73.3
Dividend Yield (%)	5.0%	12.1%	6.3%	7.0%
Payout Ratio (%)	39.4%	81.5%	38.7%	40.1%
DER	29.0%	36.4%	33.0%	31.2%
Current Ratio	1.5	1.1	1.2	1.3
Quick Ratio	0.8	0.6	0.6	0.7
DAR	17%	20%	19%	18%
Total Shares (mn)	40,484	40,484	40,484	40,484
Share Price (IDR)	5,675	5,675	5,675	5,675
Market Cap (IDR tn)	229.7	229.7	229.7	229.7

VALUATION INDEX

	2022/12A	2023/12F	2024/12F	2025/12F
Price/Earnings	7.9x	6.7x	6.1x	5.8x
Price/Book Value	0.9x	0.9x	0.9x	0.8x
EV/EBITDA	5.3x	5.9x	5.6x	5.3x
EV (IDR bn)	290,465	317,646	309,792	307,891
BVPS (IDR)	6,020	6,008	6,537	7,177
Basic EPS (IDR)	715	844	927	985

TOP OWNERSHIP

Shareholders	%
Jardine Cycle & Carriage Ltd	50.11
Toyota Motor Corp	4.74
Capital Group Cos Inc/The	3.12

By Geography	%
Singapore	65.98
United States	13.47
Japan	6.85

Source: Company Data, 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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