

# Astra International (ASII)

## Performance Remains Stable Despite Soft Automobile Market

PT Astra International Tbk. (ASII) recorded a 2.2% YoY increase in net revenue (IDR 246.3 trillion vs IDR 240.9 trillion) for the period 9M24. The company also recorded a 0.4% YoY rise in net income (IDR 25.85 trillion vs IDR 25.69 trillion) before FV adjustments on investments in GoTo and Hermina. Despite not being strong growth figures, ASII's numbers show that the company can maintain a stable performance despite a weak domestic wholesale car market.

### Car sales plummet, but things might be turning around

- ASII reported a 15% YoY decline in car sales for 9M24 (357k units vs 420k units), largely in line with the fall in total domestic car sales (633k units vs 756k units).
- Despite relatively stronger contributions from motorcycle sales and automotive component sales, net profit from ASII's automotive segment fell by 7% YoY, or around IDR 670 billion.
- However, there is a case for optimism as ASII's car sales in 3Q24 (126k units) was higher than in the first and second quarters.
- The domestic car sales figure for October (77k units) is also the highest among any other month so far this year, with BI's interest rate cut potentially the main contributing factor, sparking hopes of a revival for the Indonesian automobile market.

### Other segments balance automotive segment underperformance

- ASII's other business segment performed well enough to cancel out the slump in the automotive segment and help the company maintain a stable 9M24 performance.
- The financial services segment is the strongest performer, achieving an IDR 373 billion net income increase in 9M24 or a 6% YoY rise. The improvement in profit was mainly due to higher contributions from consumer finance on larger loan portfolios.
- The company's HEMCE segment (under UNTR) also recorded a stable performance with a 1% YoY increase in net profit despite weak heavy machinery sales figures and declining coal average selling price (ASP). These factors were offset by strong demand for mining contracting and the meteoric rise in gold prices.
- Another notable segment is the infrastructure and logistics segment, which experienced an IDR 206 billion YoY increase in net income, or roughly 27%. One of the factors behind this is the increase in daily traffic volume on the company's toll concessions which rose by 5% to 523k vehicles, allowing daily toll revenue to also increase by 5% to IDR 18.8 billion.

### Expansion to new markets continue

- ASII completed the acquisition of Heartology Cardiovascular Hospital in October 2024, purchasing a 95.8% stake for IDR 643 billion. This is in-line with the company's efforts to further consolidate its healthcare business segment, with total investment in the industry reaching IDR 4.2 trillion including previous investments in Hermina and Halodoc.
- The company's subsidiary, PT United Tractors Tbk. (UNTR), is also actively pursuing green energy diversification, with previous investments into nickel mining and geothermal energy showing the group's commitment towards a more sustainable income generation model.

### Recommend BUY with TP of IDR 5,900

- We have upgraded ASII to a BUY recommendation following stronger than expected performance and recovering car sale figures, with a target price of IDR 5,900. This is roughly equivalent to a PE ratio of 7.01x, or slightly higher than the company's 3-yr PE SD-1. Price is currently trading at a PE ratio of 5.86x.
- Risks: 1) Chinese economic recovery 2) Interest rate 3) Increased competition from Chinese car manufacturers

### Astra International Tbk | Summary

in IDR bn	2023A	2024F	2025F	2026F
Revenue	316,565	333,595	349,024	369,999
Revenue growth	5.0%	5.4%	4.6%	6.0%
Net profit	33,839	35,054	36,432	40,972
EPS (IDR)	836	866	900	1,012
Net Profit growth	16.9%	3.6%	3.9%	12.5%
NPM	10.7%	10.5%	10.4%	11.1%
ROE	14.7%	14.2%	14.1%	14.9%
ROA	8.7%	8.2%	7.9%	8.4%
P/E	6.8x	6.8x	6.6x	5.8x
P/BV	0.9x	0.9x	0.8x	0.8x
EV/EBITDA	5.9x	6.0x	5.9x	5.5x

Unit: IDR bn, %, x  
Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

### Company Update | Nov 19, 2024

## BUY

Target Price (IDR)	5,900
Consensus Price (IDR)	5,954
TP to Consensus Price	-0.01%
Potential Upside	+19.7%

### Shares data

Last Price (IDR)	4,930
Price Date as of	Nov 18, 2024
52 wk Range (Hi/Lo)	5,850 / 4,290
Free Float (%)	42.3
Outstanding sh.(mn)	40,483
Market Cap (IDR bn)	199,583.9
Market Cap (USD mn)	12,596.8
Avg. Trd Vol - 3M (mn)	50.7

### Industrials

#### Multi-sector Holdings

Bloomberg	ASII IJ
Reuters	ASII.JK

### Share Price Performance



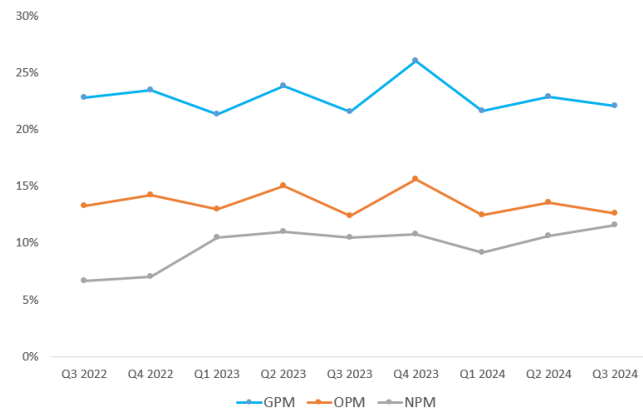
	YTD	1M	3M	12M
Abs. Ret.	-12.6%	0.2%	1.0%	-14.1%
Rel. Ret.	-11.0%	6.3%	4.4%	-17.0%

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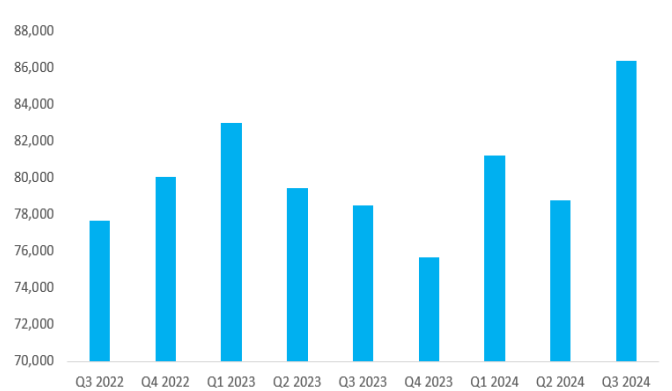
## Performance Highlights in Charts

### ASII Annual Profit Margins | 3Q22 - 3Q24



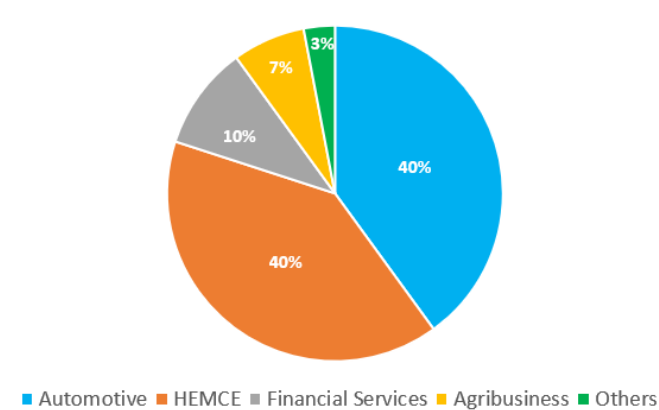
Source: Company Data, NHKSI Research

### ASII Annual Revenue (IDR Bn) | 3Q22 - 3Q24



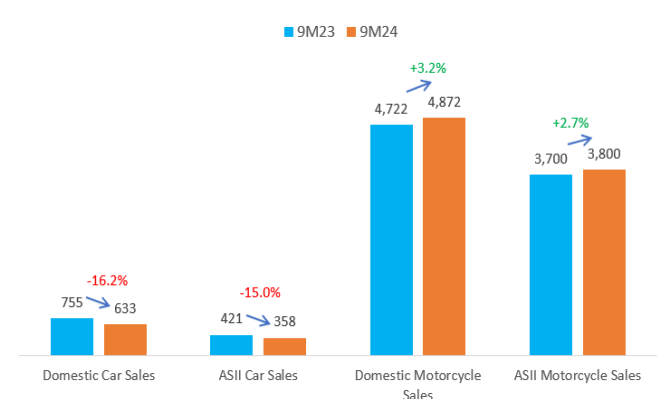
Source: Company Data, NHKSI Research

### ASII Revenue Breakdown | 9M24



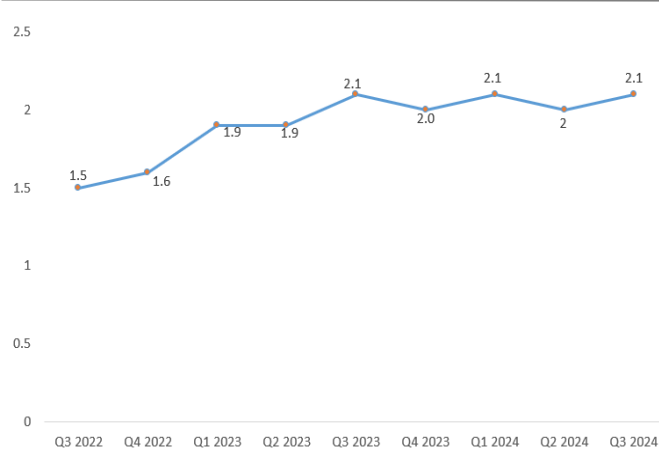
Source: Company Data, NHKSI Research

### ASII Automotive Sales Volume (per 1,000 units) | 9M23 vs 9M24



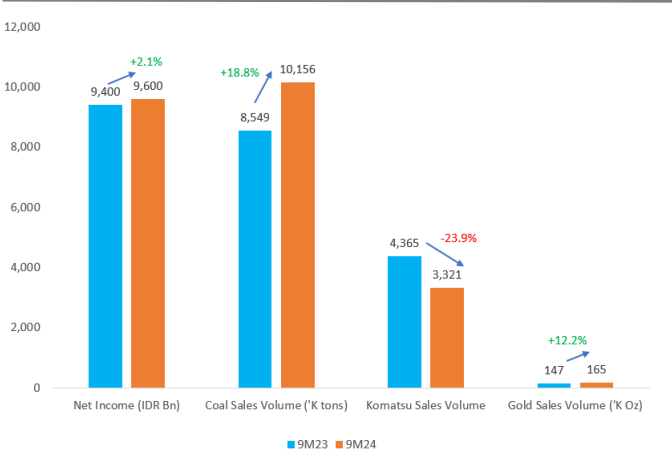
Source: Company Data, NHKSI Research

### ASII Financial Services Net Income (IDR Tn) | 3Q22 - 3Q24



Source: Company Data, NHKSI Research

### ASII HEMCE Overview | 9M23 vs 9M24



Source: Company Data, NHKSI Research

## Summary of Financials

### INCOME STATEMENT

(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F
Revenue	316,565	333,595	349,024	369,999
Growth	5.0%	5.4%	4.6%	6.0%
COGS	243,255	259,327	270,802	285,438
Gross Profit	73,310	74,268	78,222	84,561
Gross Margin	23.2%	22.3%	22.4%	22.9%
Operating Expenses	(29,042)	(30,983)	(32,244)	(34,163)
EBIT	44,268	43,285	45,978	50,397
EBIT Margin	14.0%	13.0%	13.2%	13.6%
Depreciation	12,077	13,038	11,298	11,716
EBITDA	56,345	56,322	57,276	62,113
EBITDA Margin	17.8%	16.9%	16.4%	16.8%
EBT	54,729	55,293	57,219	61,634
Income Tax	10,228	10,003	9,907	9,985
Minority Interest	10,662	10,236	10,880	10,677
Net Profit	33,839	35,054	36,432	40,972
Growth	16.9%	3.6%	3.9%	12.5%
Net Profit Margin	10.7%	10.5%	10.4%	11.1%

### BALANCE SHEET

(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F
Cash	41,984	57,857	61,527	68,077
Receivables	64,101	71,271	71,564	71,282
Inventories	39,138	35,852	39,365	40,386
Total Current Assets	166,186	187,203	195,621	204,257
Net Fixed Assets	98,167	103,379	108,088	113,645
Other Non Current Assets	181,326	187,918	198,090	209,792
Total Assets	445,679	478,501	501,799	527,693
Payables	61,479	66,287	69,579	70,005
ST Debt	39,061	46,980	47,376	47,974
LT Debt	54,249	54,551	56,250	59,550
Total Liabilities	195,261	212,688	218,406	224,588
Capital Stock	2,024	2,024	2,024	2,024
Retained Earnings	188,997	203,041	215,989	231,007
Shareholders' Equity	250,418	265,813	283,393	303,105

### CASH FLOW STATEMENT

(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F
Operating Cash Flow	37,694	54,636	48,093	52,249
Investing Cash Flow	(43,134)	(22,180)	(20,912)	(21,639)
Financing Cash Flow	(14,182)	(16,092)	(23,669)	(23,770)
Net Changes in Cash	(20,159)	15,873	3,670	6,550

### PROFITABILITY & STABILITY

	2023/12A	2024/12F	2025/12F	2026/12F
ROE	14.7%	14.2%	14.1%	14.9%
ROA	8.7%	8.2%	7.9%	8.4%
Inventory Turnover	8.1	9.3	8.9	9.2
Days Inventory Outstanding	45.1	39.2	41.2	39.8
Receivables Turnover	5.2	4.7	4.9	5.2
Account Receivable Days	70.1	78.0	74.8	70.3
Dividend Yield (%)	11.5%	8.8%	9.8%	10.9%
Payout Ratio (%)	77.7%	59.9%	64.5%	63.3%
DER	37.3%	38.2%	36.6%	35.5%
Current Ratio	1.3	1.3	1.3	1.4
Quick Ratio	0.6	0.7	0.7	0.7
DAR	21%	21%	21%	20%
Total Shares (mn)	40,484	40,484	40,484	40,484
Share Price (IDR)	5,650	5,900	5,900	5,900
Market Cap (IDR tn)	228.7	238.9	238.9	238.9

### VALUATION INDEX

	2023/12A	2024/12F	2025/12F	2026/12F
Price/Earnings	6.8x	6.8x	6.6x	5.8x
Price/Book Value	0.9x	0.9x	0.8x	0.8x
EV/EBITDA	5.9x	6.0x	5.9x	5.5x
EV (IDR bn)	331,839	337,386	338,967	341,418
BVPS (IDR)	6,186	6,566	7,000	7,487
Basic EPS (IDR)	836	866	900	1,012

### TOP OWNERSHIP

	%
Shareholders	
Jardine Cycle & Carriage Ltd	50.11
Public	49.89

### By Geography\*

Singapore	68.12
United States	11.53
Japan	6.94

\*(based on publicly reported holdings, not shares outstanding)

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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