



BUY

Target Price : IDR2,000

Stock Data

Current Price : IDR1,685

52w Range H-L : IDR1,755-1,040

Share Outstanding : 4.82 Bn

Free Float : 15.10%

Mkt Capitalization : IDR8.34tn

Major Shareholders

PT Astra International Tbk : 80%
Public : 20%



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PT Astra Otoparts Tbk (AUTO IJ)

Automotive

Beats Earnings Expectations

FY22 Highlight: Excellent Performance Delivered

AUTO secured a revenue of IDR18.58tn or grew by 22.63% YoY in FY22, meeting our/consensus' estimates at 101%/102%. Domestic sales of 4W & 2W spare parts were still the top contributor to FY22 performance, reaching IDR10.42 tn (vs IDR8.45tn in FY21). AUTO also managed to maintain its local and exports sales, which grew by 23.32% and 11.64% YoY, respectively. Meanwhile, the net income reached IDR1.32tn (+117% YoY), above our/consensus' estimates at 146%/144%. AUTO was also successful in reducing several costs, such as: 1) G&A expenses (-6% YoY); 2) cost of fund (-8.51% YoY); and 3) other expenses (-37.87% YoY). We see that tight competition still poses a threat to FY23F performance. Meanwhile, 2W sales are still favorable in the last 10 years, reinforced by electric vehicle incentives and the strong economic recovery with the 2W total population recorded at around 67mn (vs Indonesia's population of more than 250mn).

Focused on Penetration of OEM-REM and Electric Vehicle Infrastructure Strategies in FY23E

In a strategic move to increase market penetration in OEM (Original Equipment Manufacturer) and REM (Replacement Market) product segments, AUTO has committed capital expenditures of around IDR500bn in FY23E. The digitalization and modernization efforts through the AstraOtosshop, Astra Otoservice, and Shop&Drive platforms have helped maintain domestic sales in FY22, with over >300 distribution channels spread throughout Indonesia. Management aims to further increase market penetration in FY23E by optimizing the AstraOtosshop digital platform to reach B2B and B2C customers on a wider scale. Additionally, the implementation of the 2W EV subsidy in March-23 amounting to IDR7mn per unit has the potential to increase its market share. AUTO has provided power stations through its Astra Otoparts outlets in several regions in Indonesia. We believe that both strategies have the potential to bolster growth in FY23E, as 2W is still an affordable personal transport option for Indonesians. This is also supported by the strong brand power of Astra Group (ASII IJ), helping to absorb AUTO's products.

Short-term momentum: Potential from the holiday season and attractive dividends

We expect sales to remain strong in 1Q23 as AUTO continues to benefit cyclically from Lebaran's momentum. On average, there has been a 7%/24% increase in the QoQ basis during 1Q/3Q (FY18-FY22), respectively, which indicates that customers tend to perform maintenance or purchase spare parts either before or after Eid al-Fitr. Assuming the dividend continues along recent trends, we expect management will distribute a 40% dividend payout this year based on 10 years average payout, translating to 6.24% FY23F dividend yield, which is in a pretty sustainable range.

Valuation and Recommendation: BUY with a TP IDR2,000

We recommend **BUY** for **AUTO** at a **TP: IDR2,000**, which implies PE/PBV 5.50x/0.60x on FY23E and 5.00x/0.56x in FY24F. Its stable financial position and strong brand positioning should be able to drive growth. Downside risks to our call include: 1) slower than expected in 4W and 2W sales; 2) higher interest rate, which may trigger lower vehicle sales; 3) higher raw material cost (due to the chip shortage and higher base metal prices). AUTO is currently trading at mean level of 3 years average PE at 6.34x.

Key Financial Highlight	FY20	FY21	FY22	FY23E	FY24F
Revenue (IDR Bn)	11,869.22	15,151.66	18,579.93	20,460.28	22,624.69
Revenue Growth (%)	(23.15)	27.66	22.63	10.12	10.58
EBITDA (IDR Bn)	470.80	1,070.27	2,018.85	2,317.45	2,665.88
Net Income (IDR Bn)	2.24	611.35	1,326.58	1,502.27	1,666.30
Net Income Growth (%)	(99.70)	27,131.54	116.99	13.24	10.92
PE (x)	3,316.92	12.18	5.61	4.96	4.47
PBV (x)	0.66	0.63	0.57	0.53	0.50
ROE (%)	0.02	5.16	10.16	10.77	11.14

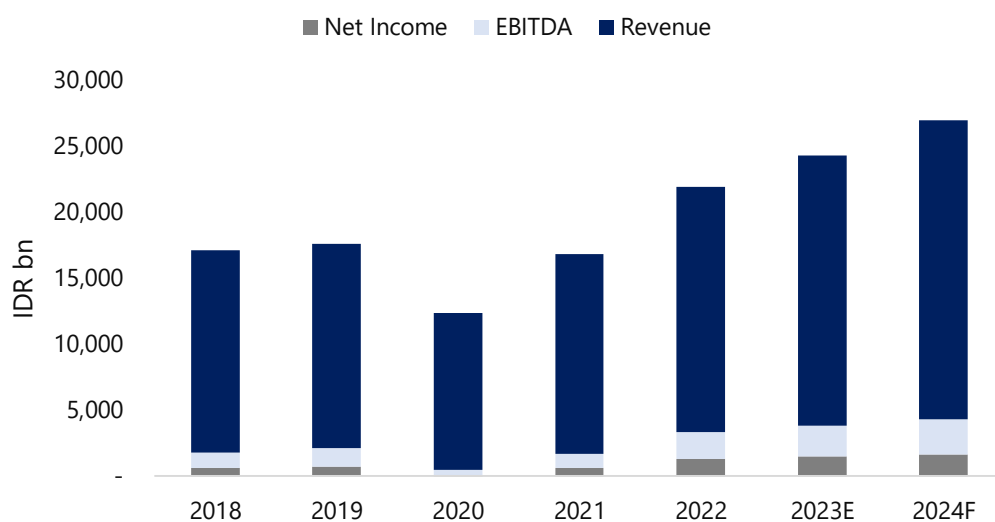
Source: Company, MNCS

Exhibit 01. AUTO's Revenue, Operating Profit and Net Income in FY22

	FY21	FY22	YoY	MNCS	Cons.	MNCS %	Cons.%
Revenue	15,151.66	18,579.93	22.63%	18,344.76	18,269.50	101%	102%
COGS	13,290.93	15,890.58	19.56%				
Op.Profit	149.16	943.32	532.42%	551.81	798.72	171%	118%
Op. Margin	0.98%	5.08%					
PBT	755.13	1,730.91	129.22%	1,150.95	1,233.61	150%	140%
Net Income	611.35	1,326.58	116.99%	909.25	921.09	146%	144%
Net Margin	4.03%	7.14%					

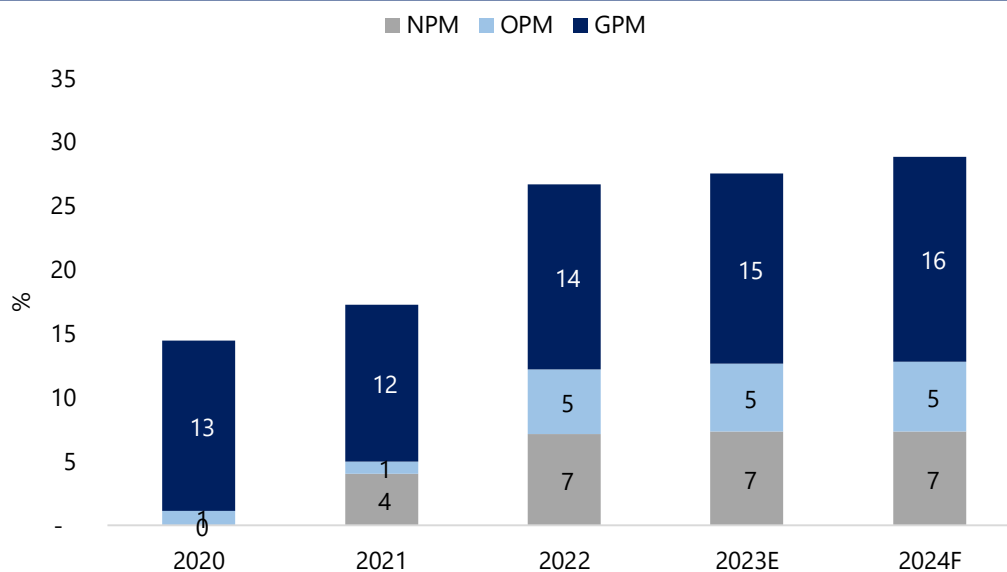
Sources : Company, MNCS

Exhibit 02. Profitability remains strong with double digit growth



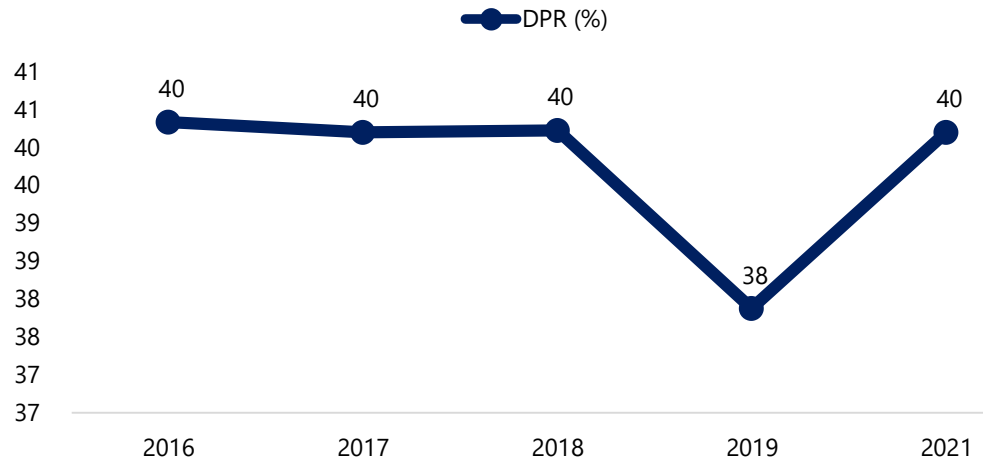
Sources : Company, MNCS

Exhibit 03. Efficiency strategy potentially expanded the margin



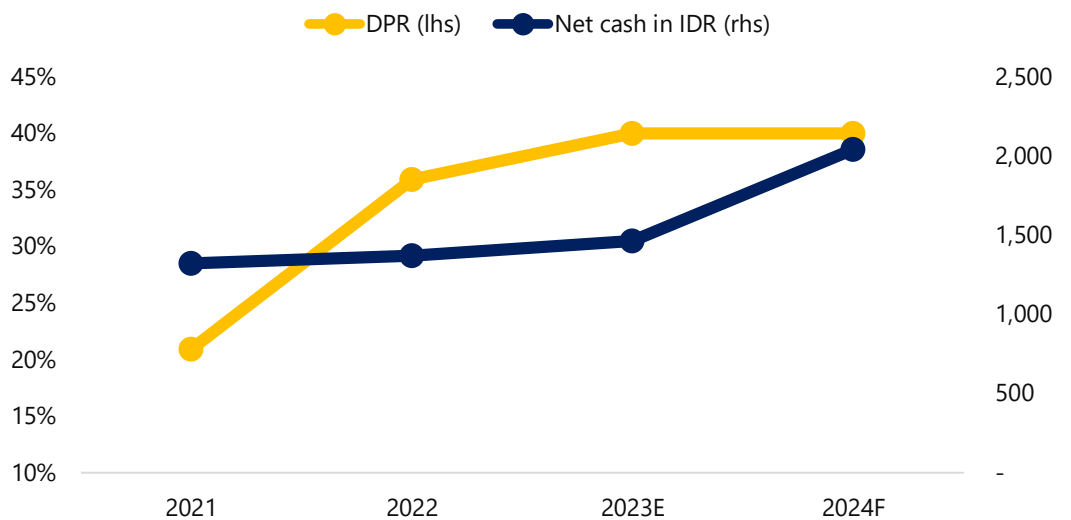
Sources : Company, MNCS

Exhibit 04. Dividend payout ratio is maintained at 40%



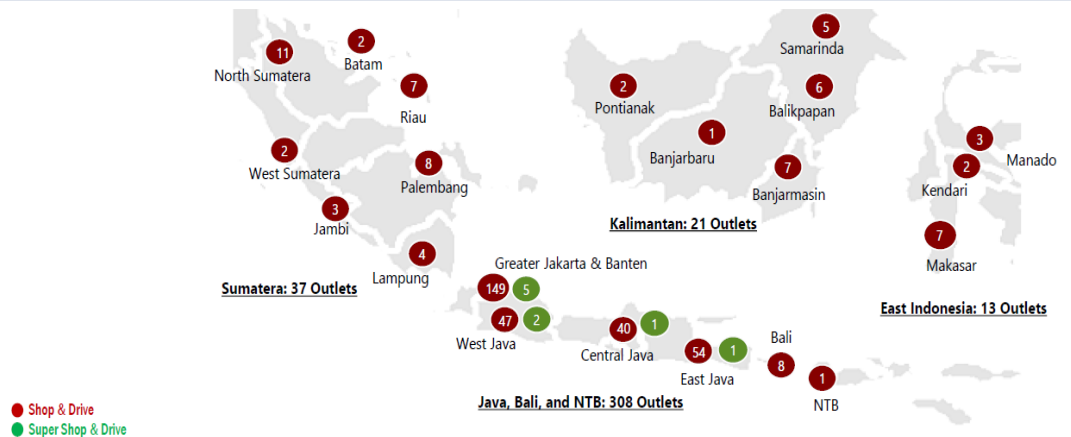
Sources : Company, MNCS

Exhibit 05. Dividend payout ratio stable with netcash position



Sources : Company, MNCS

Exhibit 06. Autoshop Distribution Map



Source : Company

Exhibit 07. Financial Summary

Income Statement						Balance Sheet					
in Billion IDR	FY20	FY21	FY22	FY23E	FY24F	in Billion IDR	FY20	FY21	FY22	FY23E	FY24F
Revenue	11,869.22	15,151.66	18,579.93	20,460.28	22,624.69	Cash & Equivalents	1,503.14	1,837.38	2,073.91	2,123.59	2,641.49
COGS	(10,289.12)	(13,290.93)	(15,890.58)	(17,412.11)	(18,985.33)	Trade Receivables	1,738.62	2,090.74	2,630.34	2,905.61	3,212.99
Gross Profit	22,158.34	28,442.59	34,470.51	37,872.39	41,610.02	Inventory	1,557.45	2,356.44	2,770.34	3,061.36	3,323.92
Selling Expense	(725.47)	(805.03)	(893.74)	(989.30)	(1,270.27)	Others Current Assets	354.43	337.14	351.01	374.80	402.18
General & Administrative	(720.92)	(906.55)	(852.28)	(972.68)	(1,139.35)	Total Current Assets	5,153.63	6,621.70	7,825.60	8,465.37	9,580.58
Operating Profit	133.72	149.16	943.32	1,086.18	1,229.73	Fixed Assets - net	3,521.66	3,232.41	3,194.22	3,298.28	3,330.45
Share of Associate & JV-net	(76.93)	538.94	696.89	717.80	789.58	Other Non-Current Assets	6,504.80	7,093.04	7,501.44	8,328.10	8,588.26
Interest income (expense)	6.88	44.79	46.97	51.72	41.72	Total Non-Current Assets	10,026.46	10,325.44	10,695.67	11,626.37	11,918.71
Other income (expense)	52.40	22.24	43.72	45.91	48.20	TOTAL ASSETS	15,180.09	16,947.15	18,521.26	20,091.74	21,499.28
Pre-tax Profit	116.07	755.13	1,730.91	1,901.61	2,109.24	Trade Payables	1,442.16	2,343.81	2,342.28	2,691.24	2,966.06
Tax Expense	(157.20)	(120.20)	(256.63)	(399.34)	(442.94)	Short-term Debt	439.78	514.98	700.20	874.42	837.37
Profit (loss) from discontinued operations	3.27	-	-	-	-	Other Current Liabilities	893.71	1,461.56	1,609.72	1,674.88	1,749.88
Profit of the Year	(37.86)	634.93	1,474.28	1,502.27	1,666.30	Total Current Liabilities	2,775.65	4,320.35	4,652.20	5,240.54	5,553.30
Minority Interest	40.11	(23.58)	(147.71)	-	-	Long-term Debt	310.60	1.31	1.76	-	-
Net Profit	2.24	611.35	1,326.58	1,502.27	1,666.30	Other Long-term Liabilities	823.05	779.86	815.74	898.27	993.28
						Total LT-Liabilities	1,133.65	781.16	817.50	898.27	993.28
						Total Equity	11,270.79	11,845.63	13,051.57	13,952.93	14,952.71
						TOTAL LIABILITY AND EQUITY	15,180.09	16,947.15	18,521.26	20,091.74	21,499.28

Cash Flow						Ratios					
in Billion IDR	FY20	FY21	FY22	FY23E	FY24F	FY20	FY21	FY22	FY23E	FY24F	
Net Income	2.24	611.35	1,326.58	1,502.27	1,666.30	Revenue Growth (%)	(23.15)	27.66	22.63	10.12	10.58
D&A	414.00	382.17	378.63	513.48	646.57	Operating Profit Growth (%)	(27.79)	17.76	44.53	13.34	19.39
Changes in WC	512.61	(249.47)	(955.02)	(217.33)	(295.12)	Net Profit Growth (%)	(99.70)	27,131.54	116.99	13.24	10.92
Change in others	(91.56)	605.39	182.07	41.37	47.62	Current Ratio (%)	185.67	153.27	168.21	161.54	172.52
Operating CF	837.30	1,349.44	932.26	1,839.78	2,065.36	Quick Ratio (%)	129.56	98.72	108.66	103.12	112.67
Capex	(432.26)	(151.14)	(344.17)	(613.81)	(678.74)	Receivable Days (x)	53.47	50.37	51.67	51.83	51.83
Others	462.96	(530.02)	(404.69)	(830.37)	(260.16)	Inventory Days (x)	55.25	64.71	63.63	64.17	63.90
Investing CF	30.69	(681.15)	(748.85)	(1,444.18)	(938.90)	Payable Days (x)	51.16	64.37	53.80	55.64	56.24
Dividend Paid	(202.43)	(127.72)	(298.82)	(600.91)	(666.52)	DER (x)	0.07	0.04	0.05	0.05	0.04
Net Change in Debt	(7.48)	(234.09)	185.67	172.46	(37.05)	DAR (x)	0.05	0.03	0.04	0.03	0.03
Equity Fund Raised	(92)	20	120	-	-	Gross Profit Margin (%)	13.31	12.28	14.47	14.90	16.09
Others	149.13	7.42	45.97	82.53	95.00	Operating Profit Margin (%)	1.13	0.98	5.08	5.31	5.44
Financing CF	(153.01)	(334.05)	53.12	(345.91)	(608.57)	EBITDA Margin (%)	3.97	7.06	10.87	11.33	11.78
Cash at Beginning	788.15	1,503.14	1,837.38	2,073.91	2,123.59	Net Income Margin (%)	0.02	4.03	7.14	7.34	7.36
Cash at Ending	1,503.14	1,837.38	2,073.91	2,123.59	2,641.49	EPS (IDR)	0.47	126.84	275.24	311.69	345.72
						BVPS (IDR)	2,338.47	2,457.74	2,707.94	2,894.96	3,102.39

Sources : Company, MNCS

MNC Research Industry Ratings Guidance

OVERWEIGHT: Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months

NEUTRAL: Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months

UNDERWEIGHT: Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

BUY : Share price may exceed 10% over the next 12 months

HOLD : Share price may fall within the range of +/- 10% of the next 12 months

SELL : Share price may fall by more than 10% over the next 12 months

Not Rated : Stock is not within regular research coverage

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