

BUY | TP : IDR2,700
AUTO Stock Price Data

Last Price	:	IDR2,310
52wk High	:	IDR2,310
52wk Low	:	IDR1,085
Share Out	:	4.8bn
Market Cap	:	IDR9.5tn

AUTO Stock Price Performance

1-Day	:	+0.76%
1-Week	:	-1.24%
1-Month	:	+8.47%
3-Month	:	+47.04%
Year-to-Date	:	+35.96%

Shareholders

ASII	:	80%
Public (<5%)	:	20%

PT Astra Otoparts Tbk (AUTO IJ)
Staying Ahead with Quality
1Q23 Highlight: Continued Excellent Performance

AUTO posted revenues of IDR5.0tn or grew by 8.6% YoY during 1Q23, meeting our/consensus estimates at 24.3%/22.7%. Component manufacturing segment remained the top contributor in AUTO's performance with IDR3.2tn (vs IDR2.8tn in 1Q22). The sales of spare parts in the 4W and 2W segments from domestic market have become a catalyst for the increase in AUTO sales during 1Q23. Profit from JV stood at IDR240.6bn, or increased +41.3% YoY. Meanwhile, the net income was able to reach IDR432.9bn (+92.1% YoY) and met our/consensus estimates at 28.8%/29.5%.

Still on the watch for 4W penetration, with hopes of better 2W sales

- We note that the competitiveness in the 2W and 4W EV segment presents a challenge for Astra Group. The management affirms that EV sales penetration is greatly driven by the government incentive programs. Thus far 4W EV sales in Indonesia as of Jan-Apr'23 reached 0.3% of total national car sales or about 3,087 units (from a targeted 20,000 units for FY23E). However we believe that Astra is set to improve their hybrid segment by targeting the mid-segment which constitutes the majority of the Indonesian market. So far, Astra presents Innova Zenix and Corolla Cross as the hybrid segment products, and will most likely launch new hybrid models of the Avanza or Rush variants priced close to IDR300mn/unit. We view that AUTO holds a crucial role in spare parts procurement, proven by the sales surge post Avanza and Rush facelifts in FY21.
- On another note, the 2W segment sales is expected to reach 5.6 – 5.8mn units in FY23E, higher than FY22 of 5.2mn. This projection is based on: 1) increased population's mobility; 2) higher commodity prices compared to 2019; and 3) a more stable economy. Astra faces the potential to launch a brand-new scooter to compete against its rival, Yamaha, that launched 2 new variants earlier. AHM (Astra) plans to release Honda Stylo 125cc and 160cc, which we evaluate will attract the public's interest and in turn positively impact AUTO's spare parts demand.

Armed with Ample Cash; but Still Weighing Penetration Strategies

AUTO recorded a net cash of IDR2.2tn and retained earnings of IDR8.5tn in 1Q23. We acknowledge that the ample cash and retained earnings provide bright expansions outlook. The management, however, is not in a hurry to relieve its capex as they are still evaluating penetration strategies for the national market. Possible risks include semiconductor and raw material costs that could surge from EV manufacture demand.

Valuation and Recommendation: BUY with a TP IDR2,700

We recommend BUY for AUTO at a TP: IDR2,700, which implies PE/PBV 6.4x/0.7x on FY23E and 5.8x/0.6x 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 rates, 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 5 years average EV/EBITDA at 5.2x.


Research Analyst

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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)	4,272.28	15.69	7.23	6.38	5.76
PBV (x)	0.85	0.81	0.73	0.69	0.64
ROE (%)	0.02	5.16	10.16	10.77	11.14

Sources : Bloomberg, MNCS Research

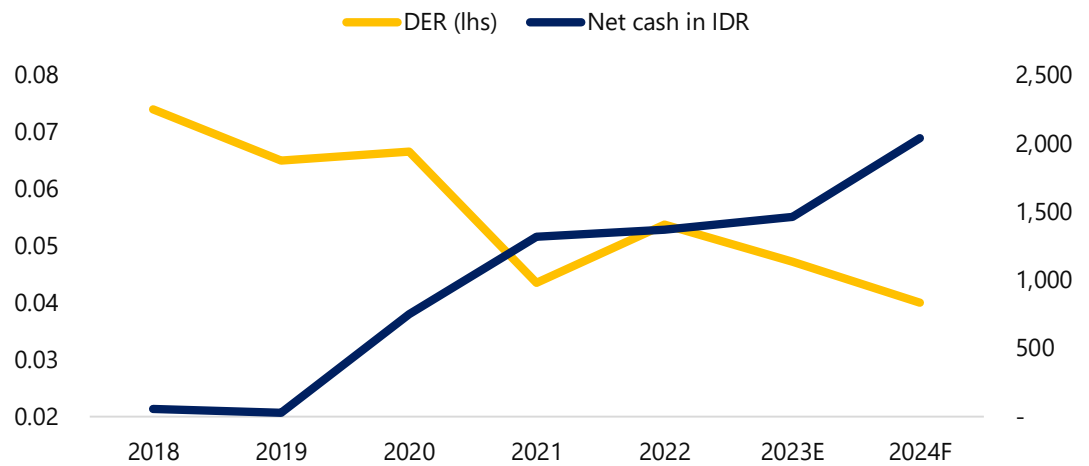
Exhibit 01. AUTO's 1Q23 net income results was above consensus/MNCS estimates

	1Q23	1Q22	4Q22	YoY	QoQ	FY23E MNCS	FY23 Cons.	MNCS %	Cons.%
Revenue	4,974.3	4,581.3	5,084.20	8.6%	-2.2%	20,460.3	21,951.2	24.3%	22.7%
COGS	4,174.1	4,009.5	4,312.0	4.1%	-3.2%				
Op.Profit	276.1	100.0	447.4	176.0%	-38.3%	1,086.2	798.7	25.4%	34.6%
Op. Margin	5.5%	2.2%							
PBT	553.8	267.5	668.71	107.0%	-17.2%	1,901.6	1,233.6	29.1%	44.9%
Net Income	432.9	225.3	494.88	92.1%	-12.5%	1,502.3	1,466.9	28.8%	29.5%
Net Margin	8.7%	4.9%	9.7%						

Sources : Company, Bloomberg, MNCS

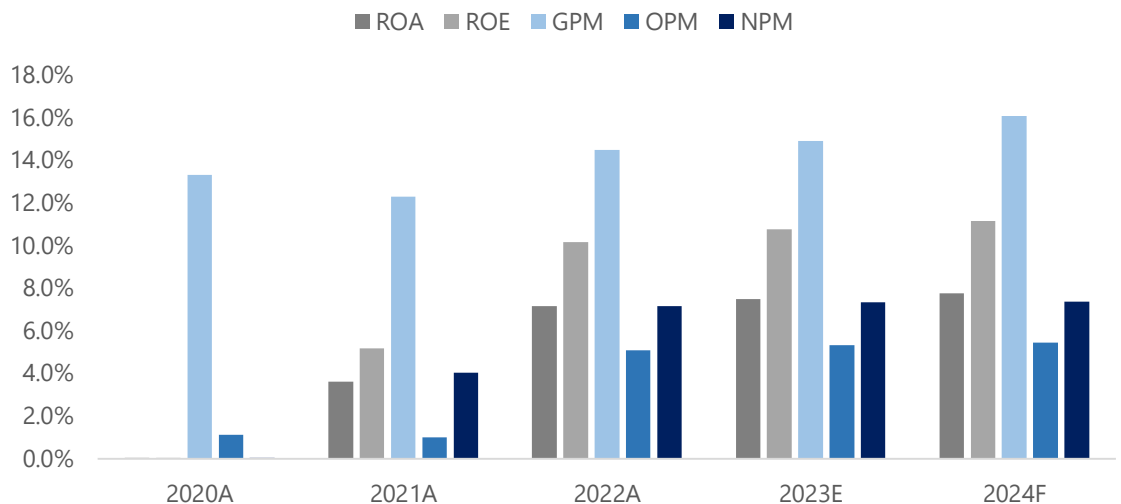
Exhibit 02. Debt to equity ratio stable with netcash position

AUTO's solid cash position can be accredited to their exceptional balance sheet management, but the firm nevertheless remains vigilant in considering expansion options.



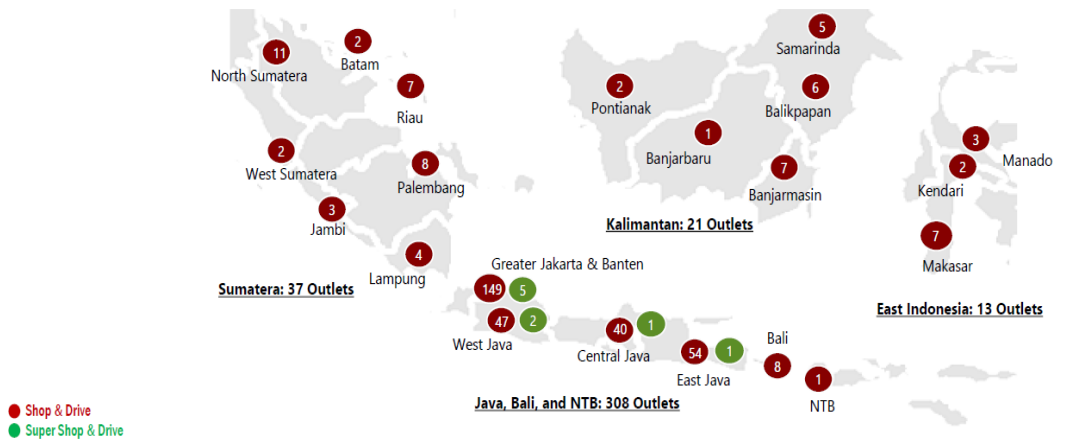
Sources : Company, MNCS

Exhibit 03. AUTO's margin trend



Sources : BPS, MNCS

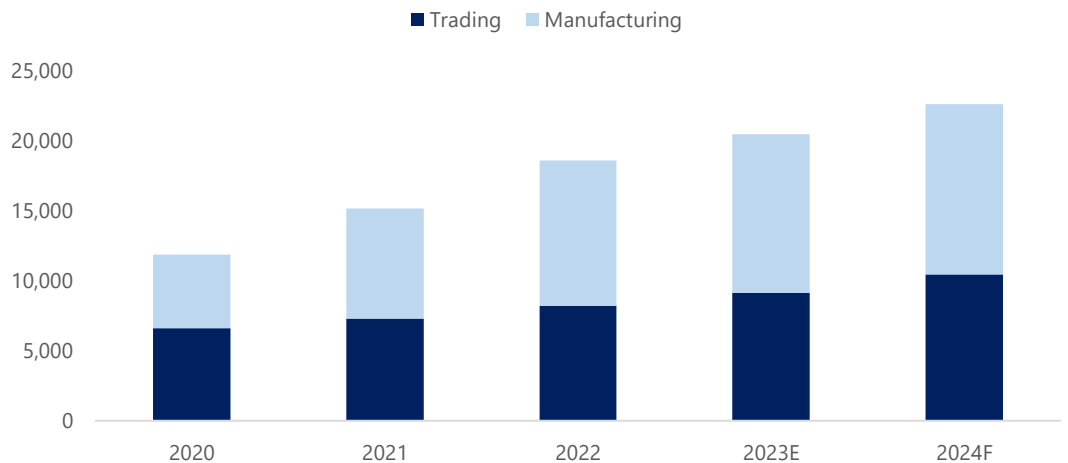
Exhibit 04. Autoshop Distribution Map



Sources : Company, MNCS

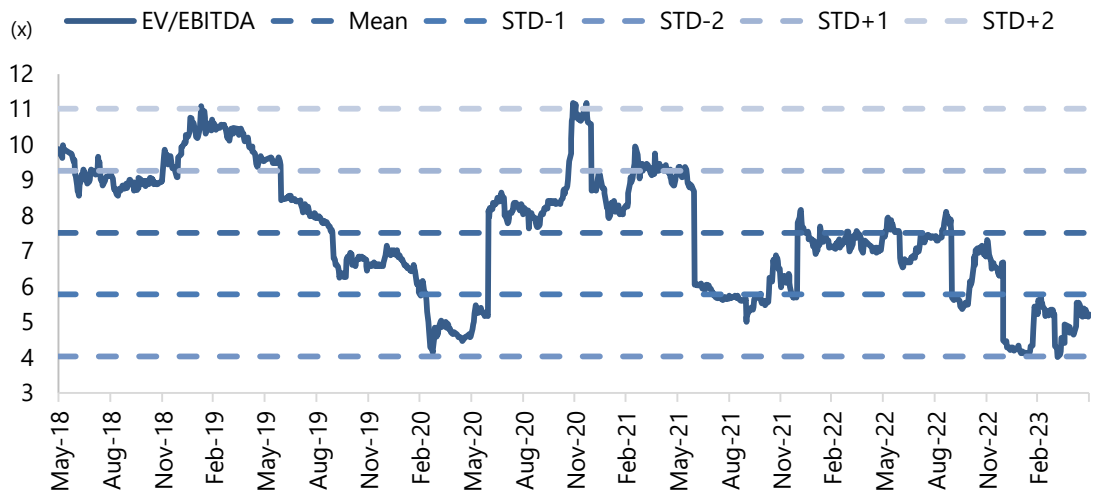
Exhibit 05. The trend trading and manufacturing segment in FY20-FY24F

Strong recent 4W and 2W wholesales trend underpins promising outlook for the overall automotive industry. This should translate into better spare parts demand for AUTO in both original equipment manufacturing (OEM) and replacement equipment manufacturing (REM) segments.



Sources : Company, MNCS

Exhibit 06. AUTO's Currently Trading Near at -1 STD (5-Year Average) at 5.2x EV/EBITDA band



Sources : Bloomberg, MNCS

Exhibit 07. Financial Projections

Income Statement					
in Billion IDR	FY20	FY21	FY22	FY23E	FY24F
Revenue	11,869.2	15,151.7	18,579.9	20,460.3	22,624.7
COGS	10,289.1	13,290.9	15,890.6	17,412.1	18,985.3
Gross Profit	22,158.3	28,442.6	34,470.5	37,872.4	41,610.0
Selling Expense	725.5	805.0	893.7	989.3	1,270.3
General & Administrative	720.9	906.5	852.3	972.7	1,139.3
Operating Profit	133.7	149.2	943.3	1,086.2	1,229.7
Share of Asso. & JV-net Interest income (expense)	(76.9)	538.9	696.9	717.8	789.6
Other income (expense)	6.9	44.8	47.0	51.7	41.7
Other income (expense)	52.4	22.2	43.7	45.9	48.2
Pre-tax Profit	116.1	755.1	1,730.9	1,901.6	2,109.2
Tax Expense	157.2	120.2	256.6	399.3	442.9
Profit (loss) from discontinued operations	3.3	-	-	-	-
Profit of the Year	(37.9)	634.9	1,474.3	1,502.3	1,666.3
Minority Interest	40.1	(23.6)	(147.7)	-	-
Net Profit	2.2	611.3	1,326.6	1,502.3	1,666.3
EPS (IDR)	0.5	126.8	275.2	311.7	345.7

Cash Flow					
in Billion IDR	FY20	FY21	FY22	FY23E	FY24F
Net Income	2.2	611.3	1,326.6	1,502.3	1,666.3
D&A	414.0	382.2	378.6	513.5	646.6
Changes in WC	512.6	(249.5)	(955.0)	(217.3)	(295.1)
Change in others	(91.6)	605.4	182.1	41.4	47.6
Operating CF	837.3	1,349.4	932.3	1,839.8	2,065.4
Capex	(432.3)	(151.1)	(344.2)	(613.8)	(678.7)
Others	463.0	(530.0)	(404.7)	(830.4)	(260.2)
Investing CF	30.7	(681.2)	(748.9)	(1,444.2)	(938.9)
Dividend Paid	(202.4)	(127.7)	(298.8)	(600.9)	(666.5)
Net Change in Debt	(7.5)	(234.1)	185.7	172.5	(37.1)
Equity Fund Raised	(92.2)	20.3	120.3	-	-
Others	149.1	7.4	46.0	82.5	95.0
Financing CF	(153.0)	(334.1)	53.1	(345.9)	(608.6)
Cash at Beginning	788.2	1,503.1	1,837.4	2,073.9	2,123.6
Cash at Ending	1,503.1	1,837.4	2,073.9	2,123.6	2,641.5

Balance Sheet					
in Billion IDR	FY20	FY21	FY22	FY23E	FY24F
Cash & Equivalents	1,503.1	1,837.4	2,073.9	2,123.6	2,641.5
Trade Receivables	1,738.6	2,090.7	2,630.3	2,905.6	3,213.0
Inventory	1,557.4	2,356.4	2,770.3	3,061.4	3,323.9
Others Current Assets	354.4	337.1	351.0	374.8	402.2
Total Current Assets	5,153.6	6,621.7	7,825.6	8,465.4	9,580.6
Fixed Assets - net	3,521.7	3,232.4	3,194.2	3,298.3	3,330.5
Other Non-Cur. Assets	6,504.8	7,093.0	7,501.4	8,328.1	8,588.3
Total Non-Cur. Assets	10,026.5	10,325.4	10,695.7	11,626.4	11,918.7
TOTAL ASSETS	15,180.1	16,947.1	18,521.3	20,091.7	21,499.3
Trade Payables	1,442.2	2,343.8	2,342.3	2,691.2	2,966.1
Short-term Debt	439.8	515.0	700.2	874.4	837.4
Other Current Liabilities	893.7	1,461.6	1,609.7	1,674.9	1,749.9
Total Current Liabilities	2,775.7	4,320.4	4,652.2	5,240.5	5,553.3
Long-term Debt	310.6	1.3	1.8	-	-
Other Long-term Liabilities	823.1	779.9	815.7	898.3	993.3
Total LT-Liabilities	1,133.7	781.2	817.5	898.3	993.3
Total Equity	11,270.8	11,845.6	13,051.6	13,952.9	14,952.7
TOTAL LIA. & EQUITY	15,180.1	16,947.1	18,521.3	20,091.7	21,499.3

Ratios					
	FY20	FY21	FY22	FY23E	FY24F
Revenue Growth (%)	(23.2)	27.7	22.6	10.1	10.6
Operating Profit Growth (%)	(27.8)	17.8	44.5	13.3	19.4
Net Profit Growth (%)	(99.7)	27,131.5	117.0	13.2	10.9
Current Ratio (%)	185.7	153.3	168.2	161.5	172.5
Quick Ratio (%)	129.6	98.7	108.7	103.1	112.7
Receivable Days (x)	53.5	50.4	51.7	51.8	51.8
Inventory Days (x)	55.2	64.7	63.6	64.2	63.9
Payable Days (x)	51.2	64.4	53.8	55.6	56.2
DER (x)	0.1	0.0	0.1	0.0	0.0
DAR (x)	0.0	0.0	0.0	0.0	0.0
Gross Profit Margin (%)	13.3	12.3	14.5	14.9	16.1
Operating Profit Margin (%)	1.1	1.0	5.1	5.3	5.4
EBITDA Margin (%)	4.0	7.1	10.9	11.3	11.8
Net Income Margin (%)	0.0	4.0	7.1	7.3	7.4
EPS (IDR)	0.5	126.8	275.2	311.7	345.7
BVPS (IDR)	2,338.5	2,457.7	2,707.9	2,895.0	3,102.4

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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