

BUY | TP : IDR3,500
AUTO Stock Price Data

Last Price	:	IDR2,960
52wk High	:	IDR3,170
52wk Low	:	IDR1,130
Share Out	:	4.8bn
Market Cap	:	IDR14.8tn

AUTO Stock Price Performance

1-Day	:	-4.9%
1-Week	:	+2.46%
1-Month	:	+17.34%
3-Month	:	+64.41%
Year-to-Date	:	+99.32%

Shareholders

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

PT Astra Otoparts Tbk (AUTO IJ)
Strong as Ever
OEM Products still Dominates with Improved Margins

- AUTO secured a total revenue of IDR9.4tn, growing by 9.3% YoY in 1H23. Revenue from the manufacturing division came in at IDR5.8tn, soaring 14% YoY on the back of higher sales from the original equipment manufacturer (OEM) segment. AUTO's 2W and 4W sales also saw a growth of 42.5%/6.5% YoY, respectively.
- On the other hand, revenue from the trades segment was rather flat (-2.6% YoY) as the increased domestic sales was offset by the slump in exports.
- Moreover, sales from related parties also jumped (23.7% YoY) to IDR3.5tn in 1H23. Astra Honda Motor (AHM) and Astra Daihatsu Motor (ADM) dominated this segment, each accounting for 22.8%/8.4%, respectively.
- Revenues from JV soared 41.9% YoY to IDR415.3bn (vs IDR292.7bn in 1H22).
- Profitability wise, EBITDA margin rose 8.1% (vs 5.1% in 1H22) which was made possible by optimizing maintenance costs through digitalization, which as a result gave leeway for the company to squeeze costs.
- Meanwhile, the net income was able to reach IDR801.5bn (+85.3% YoY) and slightly higher than our/consensus estimates at 53.4%/50.6%.

Partnership with PLN to yield added value for AUTO

AUTO and PLN established a cooperative framework aimed towards green energy infrastructure development. This cooperation involves the construction of Public EV Recharging Stations (SPKLU). In FY22, AUTO introduced Astra Otopower, a battery-based EV power charging facility (KBLBB) for 4W vehicles spread throughout 13 locations utilizing a charging machine developed by the company itself under the brand name ALTRO. Although currently ALTRO's revenue contribution for AUTO is still miniscule, we view the product to be prospective, since the level of competition within this segment is still extremely low and therefore any development made in the charging station segment would greatly benefit AUTO.

Short-term Catalyst from GIIAS 2023

The GIIAS 2023 event to be held throughout 10th – 20th of August holds the potential to deliver a revenue boost for AUTO in 2H23E. The 2W and 4W sales target stands at c. 5mn/1mn for FY23E, with emphasis on the several new models that are to be released, especially from the hybrid segment.

Valuation and Recommendation: BUY with a TP IDR3,500

We maintain BUY for AUTO with a higher TP : IDR3,500, which implies PE/PBV 9.4x/1.0x on FY23E and 8.4x/0.9x 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 (metal prices). AUTO is currently trading at +0.5 level of 5 years average EV/EBITDA at 8.3x.


Research Analyst

M. Rudy Setiawan
muhamad.setiawan@mncgroup.com

Key Financial Highlight	FY20	FY21	FY22	FY23E	FY24F
Revenue (IDR Bn)	11,869.2	15,151.7	18,579.9	20,460.3	22,624.7
Revenue Growth (%)	(23.2)	27.7	22.6	10.1	10.6
EBITDA (IDR Bn)	470.8	1,070.3	2,018.8	2,317.5	2,665.9
Net Income (IDR Bn)	2.2	611.3	1,326.6	1,502.3	1,666.3
Net Income Growth (%)	(99.7)	27,131.5	117.0	13.2	10.9
PE (x)	6,268.9	23.0	10.6	9.4	8.4
PBV (x)	1.2	1.2	1.1	1.0	0.9
ROE (%)	0.0	5.2	10.2	10.8	11.1

Sources : Bloomberg, MNCS Research

Exhibit 01. AUTO's 1H23 net income results was in-line consensus and above MNCS estimates

	1H23	1H22	2Q23	1Q23	YoY	QoQ	MNCS	Cons.	MNCS %	Cons.%
Revenue	9,383.2	8,581.1	4,408.9	4,974.3	9.3%	-11.4%	20,460.3	20,333.1	45.9%	46.1%
COGS	7,900.1	7,455.6	3,726.0	4,174.1	6.0%	-10.7%				
Op.Profit	519.8	196.0	243.7	276.1	165.2%	-11.7%	1,086.2	1,209.0	47.9%	43.0%
Op. Margin	5.5%	2.3%	5.5%	5.5%						
Net Income	801.6	432.5	369	432.9	85.3%	-14.9%	1,502.3	1,585.3	53.4%	50.6%
Net Margin	8.5%	5.0%	8.4%	8.7%						

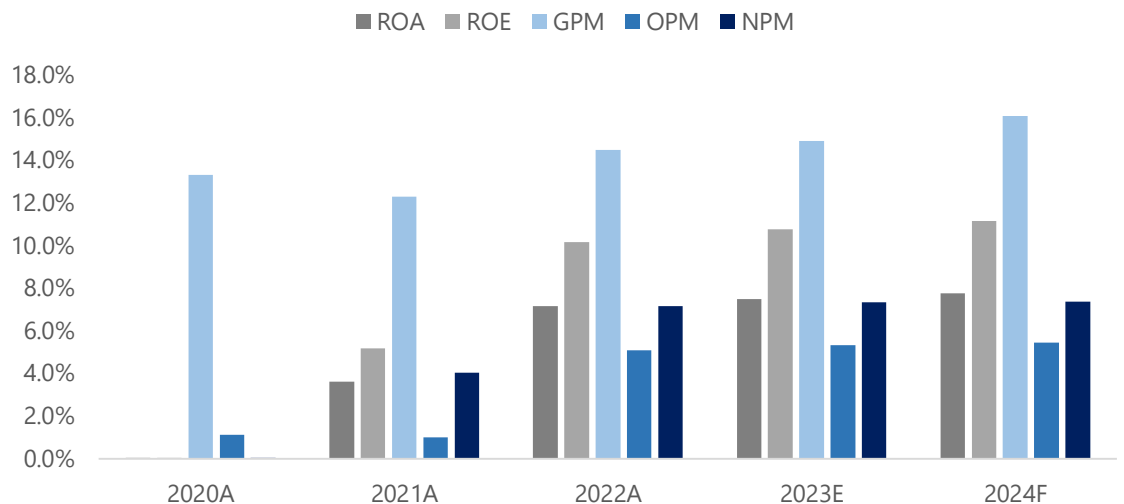
Sources : Company, Bloomberg, MNCS

Exhibit 02. Astra Otopower product as the newest portfolio



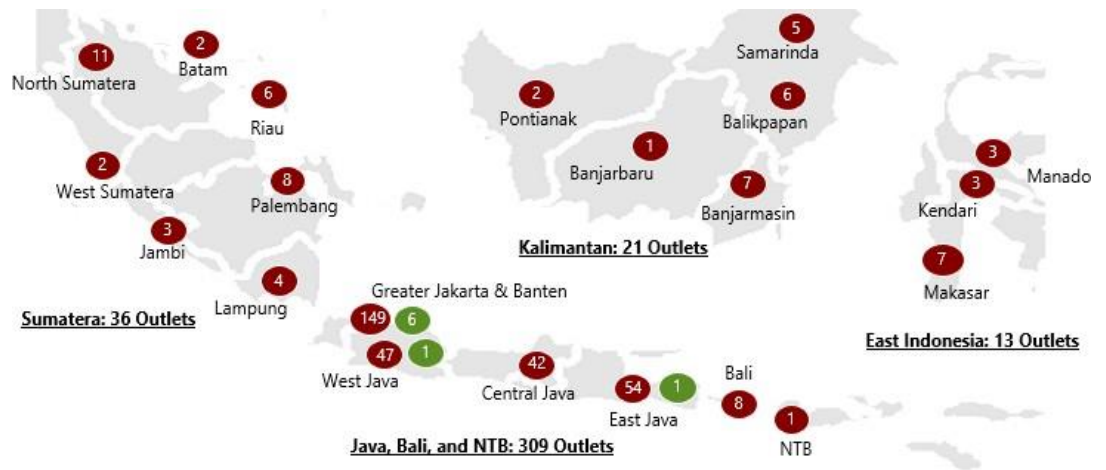
Sources : Company, MNCS

Exhibit 03. AUTO's margin trend



Sources : BPS, MNCS

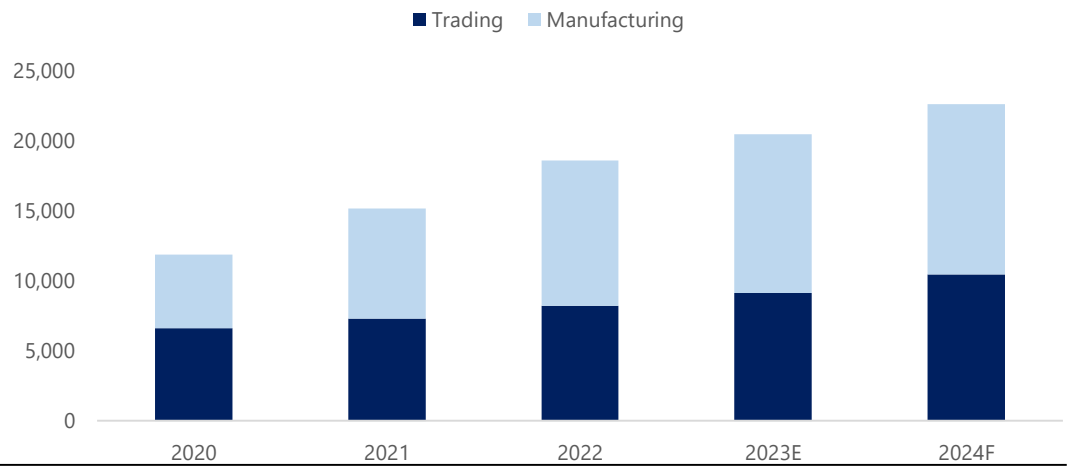
Exhibit 04. Autoshop Distribution Map



Sources : Company, MNCS

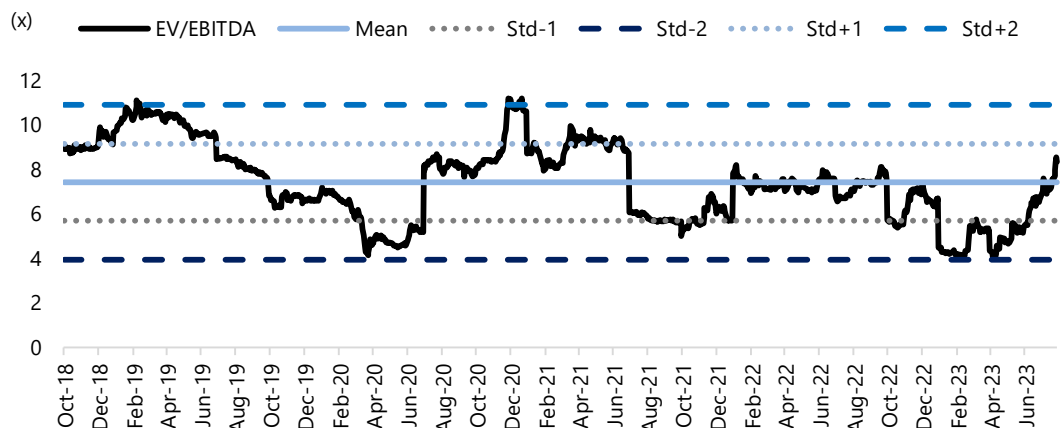
Exhibit 05. The trend trading and manufacturing segment in FY20-FY24F

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 +0.5 STD (5-Year Average) at 8.3x 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	(76.9)	538.9	696.9	717.8	789.6
Interest income	6.9	44.8	47.0	51.7	41.7
(expense)					
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

PT MNC SEKURITAS

MNC Financial Center Lt. 14 – 16
Jl. Kebon Sirih No. 21 - 27, Jakarta Pusat 10340
Telp : (021) 2980 3111
Fax : (021) 3983 6899
Call Center : 1500 899

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