

BUY | TP : IDR3,500
AUTO Stock Price Data

Last Price	:	IDR2,380
52wk High	:	IDR3,620
52wk Low	:	IDR1,580
Share Out	:	4.8bn
Market Cap	:	IDR11.6tn

AUTO Stock Price Performance

1-Day	:	+2.6%
1-Week	:	+6.2%
1-Month	:	+3.4%
3-Month	:	-5.5%
Year-to-Date	:	+1.3%

Shareholders

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

PT Astra Otoparts Tbk (AUTO IJ)
Surpassing the Target
Maintenance cost amped up the margins and bottom-line in FY23

- AUTO recorded a total revenue of IDR18.6tn or stood flat 0.4% YoY in FY23. The manufacture segment contributed IDR10.5tn or edged up 1.8% YoY, mainly due to revenues from the original equipment manufacturer (OEM). On the flipside, the trading segment posted a slight decline by -1.4% YoY.
- Sales from related parties also saw a growth of 3.4% YoY, reaching IDR6.8tn in FY23. Astra Honda Motor (AHM) and Astra Daihatsu Motor (ADM) dominates this segment, each accounting for 22.0%/8.1%, respectively.
- Additionally, sales from joint venture experienced a 41.9% YoY jump to IDR948.2bn (vs IDR696.9bn in FY22).
- Margins-wise, the GPM, OPM and NPM stood at 16.5%/6.3%/9.9% as the maintenance cost was prudently managed by the aid of digitalization and automation in manufacture, which also brought the overall costs down. This was further supported by the normalization of commodity prices (incl: aluminium, rubber, steel and plastic) in FY22-FY23.
- Ultimately, the net income was able to reach IDR1.8tn (+38.9% YoY), standing above our/consensus estimates at 122.6%/112.3%.

The 2W segment portended to prop up AUTO's revenue in FY24

- Manufacture segment:** In line with AISI's target for 2W sales to reach 6.2-6.5mn in FY24E, amongst the catalysts would be the probability for rate cuts by Bank Indonesia to commence later this year, as well as the anticipated growth in of labor participants. These possibilities are likely to play out on solid economic growth expectations and a conducive general elections that has curtailed perceptions of uncertainty. AUTO as an entity from ASII that withholds >70% of the 2W market share should benefit from that growth target. Additionally, we are seeing increasing numbers of electric scooters new-launchings, such as the "Honda Stylo", contending as the public's new >150cc category favorite. This should fortify AUTO's competitive footing in the 2W scene in light of Yamaha's "Filano" and "Fazzio".
- On another note, GAIKINDO affirms their expectations for 4W sales in FY24E to hover around 1mn units. This shouldn't directly affect AUTO, however, since the sales growth would largely be filled in by CBUs, whereas AUTO is only concerned in the production of CKDs.
- Trading segment:** with the aims of securing the trading revenue stream, AUTO plans on opening up to 5-10 new Astra Otoservice stores, with a capex of IDR500bn in FY24E. AUTO emphasises on remaining focused on Original Equipment Manufacturer (OEM) and replacement market segments.
- AUTO also concentrates on broadening its export market presence across the Asian region. On a percentage basis, exports to Asian countries make up the biggest share of 54.9%, followed by the Middle East (25.7%), Africa (10.6%), South America (5.1%) and lastly Europe (3.7%). We assess that this export market profile should still provide room for penetration given the vast Asian automotive market growth.

Valuation and Recommendation: BUY with a TP IDR3,500

We maintain BUY for AUTO with a higher TP : IDR3,500, which implies PE/PBV 5.6x/0.7x on FY24E and 5.2x/0.7x in FY25F. 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.


Research Analyst

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Key Financial Highlight	FY21	FY22	FY23	FY24E	FY25F
Revenue (IDR Bn)	15,151.7	18,579.9	18,649.1	20,822.4	21,971.9
Revenue Growth (%)	27.7	22.6	0.4	11.7	5.5
EBITDA (IDR Bn)	1,070.3	2,018.8	2,424.5	3,300.6	3,463.2
Net Income (IDR Bn)	611.3	1,326.6	1,842.4	2,072.3	2,245.3
Net Income Growth (%)	27,131.5	117.0	38.9	12.5	8.3
PE (x)	19.1	8.8	6.3	5.6	5.2
PBV (x)	1.0	0.9	0.8	0.7	0.7
ROE (%)	5.2	10.2	12.7	13.0	12.9

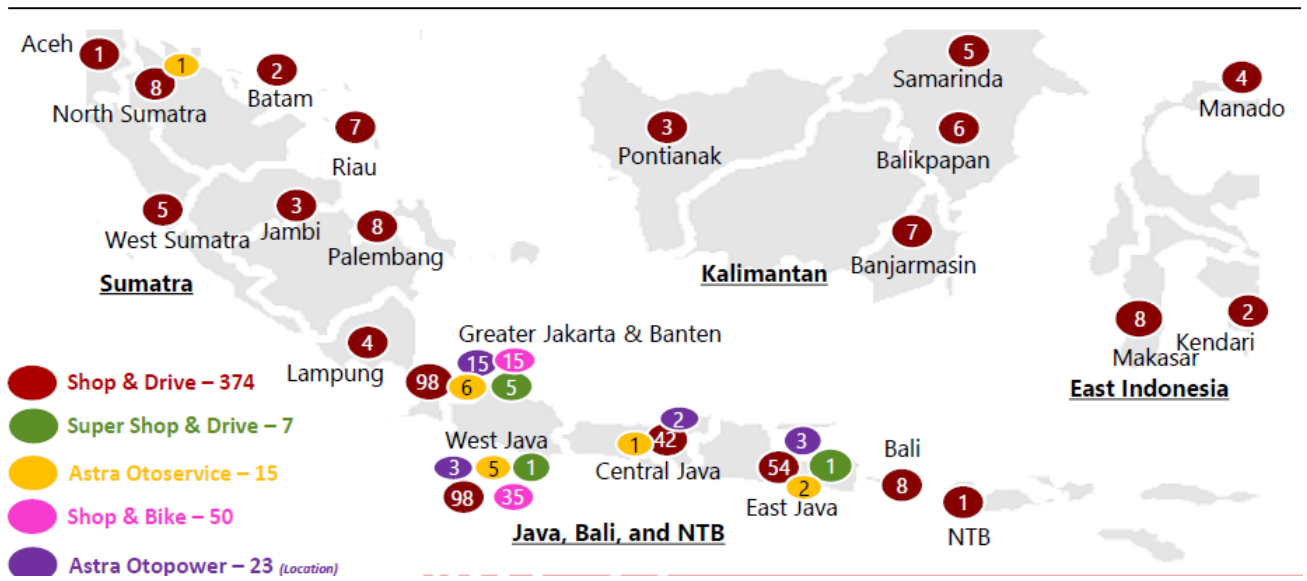
Sources : Bloomberg, MNCS Research

Exhibit 01. AUTO's FY23 net income results was above MNCS and consensus estimates

	FY22	FY23	YoY	MNCS	Cons.	MNCS %	Cons.%
Revenue	18,579.9	18,649.1	0.4%	20,460.3	20,313.8	91.1%	91.8%
COGS	15,890.6	15,570.1	-2.0%				
Op.Profit	943.3	1,171.8	24.2%	1,086.2	1,212.8	107.9%	96.6%
Op. Margin	5.1%	6.3%					
PBT	1,730.9	2,315.0	33.7%	1,901.6	2,075.1	121.7%	111.6%
Net Income	1,326.6	1,842.4	38.9%	1,502.3	1,640.9	122.6%	112.3%
Net Margin	7.1%	9.9%					

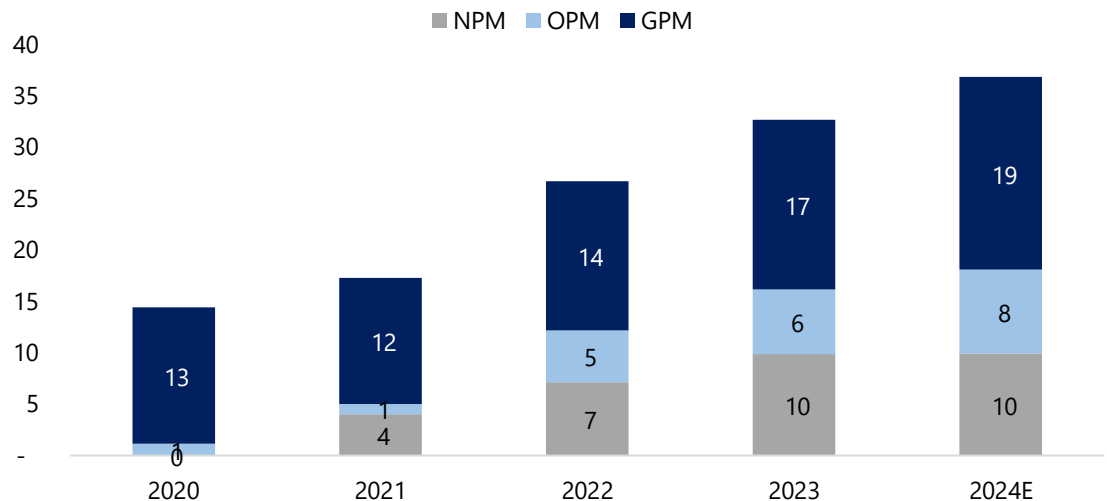
Sources : Company, Bloomberg, MNCS

Exhibit 02. AUTO's modern retails Area



Sources : Company, MNCS

Exhibit 03. AUTO's margin trend (%)



Sources : Company, MNCS

Exhibit 04. Financial Projections

Income Statement					
in Billion IDR	FY21	FY22	FY23	FY24E	FY25F
Revenue	15,151.66	18,579.93	18,649.07	20,822.43	21,971.93
COGS	(13,290.93)	(15,890.58)	(15,570.06)	(16,920.09)	(18,047.39)
Gross Profit	28,442.59	34,470.51	34,219.13	37,742.52	40,019.32
Selling Expense	(805.03)	(893.74)	(956.97)	(1,154.40)	(1,128.09)
General & Administrative	(906.55)	(852.28)	(950.24)	(1,053.86)	(1,079.82)
Operating Profit	149.16	943.32	1,171.79	1,694.09	1,716.64
Share of Asso. & JV-net	538.94	696.89	948.16	995.57	1,144.90
Interest income (expense)	44.79	46.97	118.04	66.00	105.88
Other income (expense)	22.24	43.72	76.98	87.41	99.02
Pre-tax Profit	755.13	1,730.91	2,314.96	2,843.06	3,066.44
Tax Expense	(120.20)	(256.63)	(302.25)	(597.04)	(643.95)
Profit of the Year	634.93	1,474.28	2,012.70	2,246.02	2,422.48
Minority Interest	(23.58)	(147.71)	(170.27)	(173.67)	(177.15)
Net Profit	611.35	1,326.58	1,842.44	2,072.35	2,245.34
EPS (IDR)	126.84	275.24	382.27	429.97	465.86

Cash Flow					
in Billion IDR	FY21	FY22	FY23	FY24E	FY25F
Net Income	611.35	1,326.58	1,842.44	2,072.35	2,245.34
D&A	382.17	378.63	304.56	610.99	601.61
Changes in WC	(249.47)	(955.02)	411.70	(470.87)	(21.06)
Change in others	605.39	182.07	(118.75)	29.31	15.50
Operating CF	1,349.44	932.26	2,439.94	2,241.78	2,841.40
Capex	(151.14)	(344.17)	(326.17)	(458.09)	(659.16)
Others	(530.02)	(404.69)	(938.27)	(227.92)	(254.21)
Investing CF	(681.15)	(748.85)	(1,264.44)	(686.01)	(913.37)
Dividend Paid	(127.72)	(298.82)	(616.93)	(693.91)	(751.84)
Net Change in Debt	(234.09)	185.67	(89.88)	156.41	(39.94)
Equity Fund Raised	20	120	88	-	-
Others	7.42	45.97	112.69	82.11	43.43
Financing CF	(334.05)	53.12	(506.05)	(455.40)	(748.35)
Cash at Beginning	1,503.14	1,837.38	2,073.91	2,743.36	3,843.73
Cash at Ending	1,837.38	2,073.91	2,743.36	3,843.73	5,023.41

Sources : Company, MNCS

Balance Sheet					
in Billion IDR	FY21	FY22	FY23	FY24E	FY25F
Cash & Equivalents	1,837.38	2,073.91	2,743.36	3,843.73	5,023.41
Trade Receivables	2,090.74	2,630.34	2,290.38	2,857.11	2,963.92
Inventory	2,356.44	2,770.34	2,527.04	2,847.99	2,983.42
Others Current Assets	337.14	351.01	396.72	422.71	436.46
Total Current Assets	6,621.70	7,825.60	7,957.50	9,971.54	11,407.21
Fixed Assets - net	3,232.41	3,194.22	3,245.25	3,066.66	3,124.21
Other Non-Cur. Assets	7,093.04	7,501.44	8,410.30	8,663.91	8,918.12
Total Non-Cur. Assets	10,325.44	10,695.67	11,655.55	11,730.57	12,042.33
TOTAL ASSETS	16,947.15	18,521.26	19,613.04	21,702.11	23,449.54
Trade Payables	2,343.81	2,342.28	2,170.73	2,587.53	2,808.73
Short-term Debt	514.98	700.20	611.14	768.48	728.55
Other Current Liabilities	1,461.56	1,609.72	1,554.29	1,609.59	1,638.85
Total Current Liabilities	4,320.35	4,652.20	4,336.15	4,965.61	5,176.12
Long-term Debt	1.31	1.76	0.94	-	-
Other Long-term Liabilities	779.86	815.74	736.23	818.33	861.76
Total LT-Liabilities	781.16	817.50	737.17	818.33	861.76
Total Equity	11,845.63	13,051.57	14,539.72	15,918.16	17,411.66
TOTAL LIA. & EQUITY	16,947.15	18,521.26	19,613.04	21,702.11	23,449.54

Ratios					
	FY21	FY22	FY23	FY24E	FY25F
Revenue Growth (%)	27.66	22.63	0.37	11.65	5.52
Operating Profit Growth (%)	17.76	44.53	14.49	26.74	0.57
Net Profit Growth (%)	27,131.54	116.99	38.89	12.48	8.35
Current Ratio (%)	153.27	168.21	183.52	200.81	220.38
Quick Ratio (%)	98.72	108.66	125.24	143.46	162.74
Receivable Days (x)	50.37	51.67	44.83	50.08	49.24
Inventory Days (x)	64.71	63.63	59.24	61.44	60.34
Payable Days (x)	64.37	53.80	50.89	55.05	56.03
DER (x)	0.04	0.05	0.04	0.03	0.03
DAR (x)	0.03	0.04	0.03	0.03	0.02
Gross Profit Margin (%)	12.28	14.47	16.51	18.74	17.86
Operating Profit Margin (%)	0.98	5.08	6.28	8.14	7.81
EBITDA Margin (%)	7.06	10.87	13.00	15.85	15.76
Net Income Margin (%)	4.03	7.14	9.88	9.95	10.22
EPS (IDR)	126.84	275.24	382.27	429.97	465.86
BVPS (IDR)	2,457.74	2,707.94	3,016.71	3,302.71	3,612.58

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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