

**BUY | TP : IDR7,000**
**ASII Stock Price Data**

Last Price	:	IDR5,175
52wk High	:	IDR7,000
52wk Low	:	IDR4,900
Share Out	:	40.5bn
Market Cap	:	IDR208.5tn

**ASII Stock Price Performance**

1-Day	:	-0.36%
1-Week	:	-1.44%
1-Month	:	-0.48%
3-Month	:	-6.79%
Year-to-Date	:	-8.55%

**Shareholders**

Jardine Cycle	:	50.11%
Public (<5%)	:	49.89%


**Research Analyst**

M. Rudy Setiawan

muhamad.setiawan@mncgroup.com

**PT Astra International Tbk (ASII IJ)**
**Strong Performance in FY23 & Strategic Moves to Secure Market Share**
**A double-digit growth in the bottom-line, meeting our target in FY23**

- ASII booked a +5.0% YoY revenue increase in FY23 to IDR316.6tn, representing 102%/104% of the MNCS/Consensus estimate.
- The automotive segment grew by +5.9% YoY to IDR128.3tn, followed by a +12.2% YoY increase of financial services segment to IDR29.9tn.
- Additionally, the HEMCE product recorded a growth of +4.0% YoY to IDR128.6tn, aligning with the sales volume of Komatsu +9.2% YoY to 5,753 units and PAMA production +21% YoY.
- ASII's net profit escalated by +16.9% YoY to IDR33.8tn in FY23 (vs IDR28.9tn in FY22), reflecting 100%/116% of the MNCS/Consensus estimate.

**The plan of hybrid cars incentive can potentially guard ASII's market share**

- The government plans to provide incentive for hybrid cars in FY24E. If this plan is realized, the incentive given will be similar to that for EV cars, which is 1% DTP VAT with a minimum 40% of domestic component level (TKDN). We anticipate this move to impact positively to ASII, who owns 4 varieties of hybrid products: 1) Yaris Cross; 2) Innova Zenix; 3) Corolla Cross; 4) Camry, with Innova Zenix as ASII's best-selling hybrid product, reaching 27.7k units in FY23. We appraise this stimulus to secure ASII's market share which stands at 54.9% as of Jan-24.
- Furthermore, we also notice the potential of ASII to launch LMPV hybrid if the tax incentive is acquired. Our judgement is based on the preference of Indonesians that tend to favour cars with the following capacities: 1) 7-seater; 2) fuel-efficient; 3) affordable (<IDR500mn/ unit). It's worth noting that LMPV still leads the national car sales at 148k unit, constituting to 14.8% in FY23.

**ASII's Strategic Move: Unveiling the Honda Stylo to Compete in the Premium Classic Scooter Market**

To compete with Yamaha in the market of modern classic premium automatic scooters, ASII launched "Honda Stylo" on Feb-24. This motorcycle is equipped with 2 types of features, Combi Brake System (CBS) and Anti-lock Braking System (ABS), featuring 160cc engines and enhanced Smart Architecture Frame (eSAF). The CBS type is marketed at ~IDR27mn/ unit while the ABS type is priced at ~IDR30mn/ unit (On the road Jakarta). In addressing concerns on the eSAF frame, ASII offers a 5-years frame guarantee without limitation on its mileage and a 5-years or 60,000 km PGM-FI injection component guarantee. We see this as a strategic move by ASII to maintain customers' loyalty in the 2W segment, which holds over >50% market share.

**Valuation and Recommendation: BUY with a TP IDR7,000**

We maintain BUY for ASII at a TP: IDR7,000 which implies a PE/PBV of 5.8x/0.8x in FY24E and 5.1x/0.7x in FY25F. Its stable financial position and strong brand positioning should be able to drive growth. Meanwhile, the "Korea and China car", would be the main points of concern. At present, ASII is trading at the level of -1 STD PE Ratio (5-year average PE) with a current PE level of 6.2x.

Key Financial Highlight	FY21	FY22	FY23	FY24E	FY25F
Revenue (IDR Bn)	233,485.0	301,379.0	316,565.0	337,296.7	374,683.9
Revenue Growth (%)	33.4%	29.1%	5.0%	6.5%	11.1%
EBITDA (IDR Bn)	36,118.0	53,121.0	55,902.0	64,707.5	70,791.4
Net Income (IDR Bn)	20,196.0	28,944.0	33,839.0	36,147.1	41,191.5
Net Income Growth (%)	24.9%	43.3%	16.9%	6.8%	14.0%
PE (x)	13.8	9.6	8.2	7.7	6.8
PBV (x)	1.3	1.1	1.1	1.0	0.9
ROE (%)	9.4%	11.9%	13.5%	13.3%	13.9%

Sources : Bloomberg, MNCS Research

**Exhibit 01. ASII's FY23 net income results was inline MNCS estimates**

	FY23	FY22	YoY	MNCS	Cons.	MNCS %	Cons.%
<b>Revenue</b>	<b>316,565</b>	<b>301,379</b>	<b>5.0%</b>	<b>309,613</b>	<b>305,841</b>	<b>102%</b>	<b>104%</b>
COGS	243,255	231,291	5.2%				
<b>Op.Profit</b>	<b>44,268</b>	<b>42,201</b>	<b>4.9%</b>	<b>42,901</b>	<b>38,446</b>	<b>103%</b>	<b>115%</b>
Op. Margin	14%	14.0%					
<b>PBT</b>	<b>54,729</b>	<b>24,843</b>	<b>120.3%</b>	<b>52,150</b>	<b>49,547</b>	<b>105%</b>	<b>110%</b>
<b>Net Income</b>	<b>33,839</b>	<b>28,944</b>	<b>16.9%</b>	<b>33,799</b>	<b>29,261</b>	<b>100%</b>	<b>116%</b>
Net Margin	10.7%	9.6%					

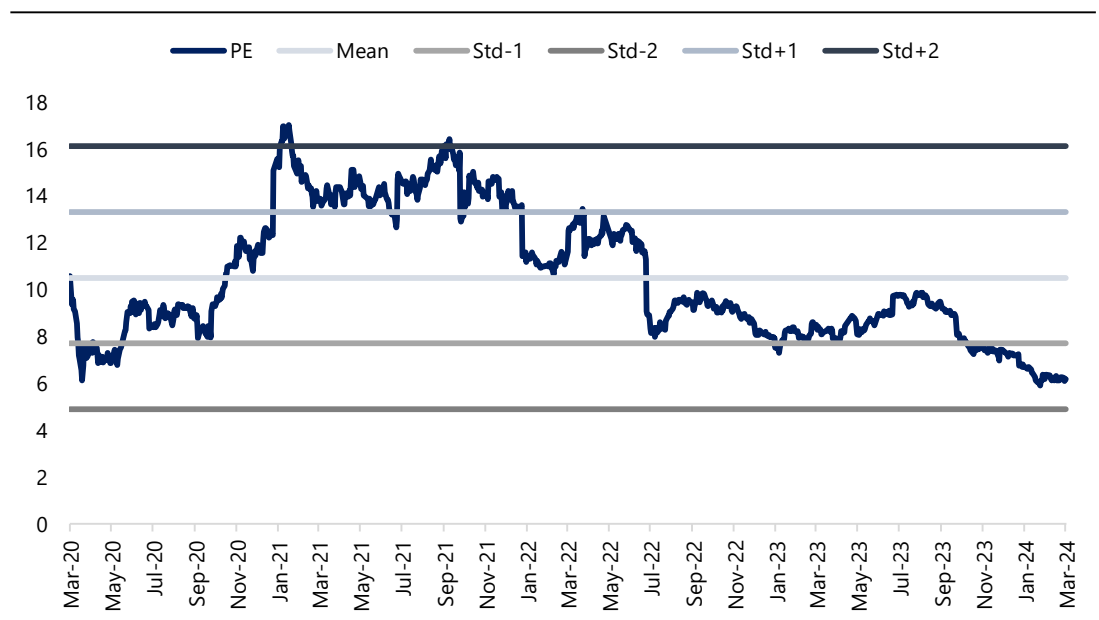
Sources : Company, Bloomberg, MNCS

**Exhibit 02. ASII launch Honda Stylo in Feb-24**



Sources : Company, MNCS

**Exhibit 03. ASII is trading at the level of -1 STD PE Ratio**



Sources : Bloomberg, MNCS

**Exhibit 04. Financial Projections**

Income Statement					
in Billion IDR	FY21	FY22	FY23	FY24E	FY25F
<b>Revenue</b>	<b>233,485</b>	<b>301,379</b>	<b>309,613</b>	<b>315,986</b>	<b>374,684</b>
COGS	(182,452)	(231,291)	(236,061)	(240,122)	(287,901)
<b>Gross Profit</b>	<b>51,033</b>	<b>70,088</b>	<b>73,552</b>	<b>75,864</b>	<b>86,783</b>
Selling Expense	(10,757)	(11,522)	(13,004)	(13,903)	(13,748)
G&A Expense	(14,743)	(16,365)	(17,648)	(18,011)	(20,355)
<b>Operating Income</b>	<b>25,533</b>	<b>42,201</b>	<b>42,901</b>	<b>43,949</b>	<b>52,680</b>
Finance Income	2,610	2,723	2,987	2,753	3,424
Finance Expense	(2,288)	(2,107)	(2,195)	(2,333)	(2,957)
Others Income (Expense)	6,495	7,573	8,458	8,158	13,032
<b>Profit Before Tax</b>	<b>32,350</b>	<b>50,390</b>	<b>52,150</b>	<b>52,527</b>	<b>66,179</b>
Income Tax (Expenses)	(6,764)	(9,970)	(10,318)	(10,393)	(12,368)
Minority Interest	(5,390)	(11,476)	(8,033)	(8,199)	(12,619)
<b>Net Income</b>	<b>20,196</b>	<b>28,944</b>	<b>33,799</b>	<b>33,936</b>	<b>41,192</b>
EPS (IDR)	498.87	714.96	834.88	838.26	1,017.49

Cash Flow					
in Billion IDR	FY21	FY22	FY23	FY24E	FY25F
Net Income	20,196	28,944	33,839	36,147	41,192
D&A	10,585	10,920	11,634	17,510	18,111
Changes in WC	(2,144)	(7,988)	(4,173)	(897)	(7,844)
Change in others	2,914	1,952	(4,298)	1,760	3,174
<b>Operating CF</b>	<b>31,551</b>	<b>33,828</b>	<b>37,002</b>	<b>54,521</b>	<b>54,632</b>
Capex	(2,844)	(12,031)	(21,120)	(17,984)	(22,487)
Others	(4,834)	(21,878)	(33,201)	(8,209)	(9,732)
<b>Investing CF</b>	<b>(7,678)</b>	<b>(33,909)</b>	<b>(54,321)</b>	<b>(26,193)</b>	<b>(32,219)</b>
Dividend Paid	(5,344)	(11,416)	(26,316)	(14,459)	(16,477)
Net Change in Debt	(6,995)	(1,765)	22,589	(1,595)	3,137
Equity Fund Raised	3,770	8,016	200	-	-
Others	1,090	2,594	687	1,047	1,888
<b>Financing CF</b>	<b>(7,479)</b>	<b>(2,571)</b>	<b>(2,840)</b>	<b>(15,007)</b>	<b>(11,452)</b>
Cash at Beginning	47,553	63,947	61,295	41,136	54,456
<b>Cash at Ending</b>	<b>63,947</b>	<b>61,295</b>	<b>41,136</b>	<b>54,456</b>	<b>65,418</b>

Balance Sheet					
in Billion IDR	FY21	FY22	FY23	FY24E	FY25F
Cash & Equivalents	63,947	61,295	41,136	54,456	65,418
Trade Receivables	56,288	66,263	66,506	68,383	73,910
Inventory	21,815	32,323	39,138	35,635	40,173
Others Current Assets	18,212	19,937	19,406	20,569	22,682
<b>Total Current Assets</b>	<b>160,262</b>	<b>179,818</b>	<b>166,186</b>	<b>179,044</b>	<b>202,183</b>
Fixed Assets - net	55,349	59,536	72,911	73,385	77,761
Other Non-Cur. Assets	151,700	173,943	206,582	214,843	224,654
<b>Total Non-Cur. Assets</b>	<b>207,049</b>	<b>233,479</b>	<b>279,493</b>	<b>288,228</b>	<b>302,415</b>
<b>TOTAL ASSETS</b>	<b>367,311</b>	<b>413,297</b>	<b>445,679</b>	<b>467,272</b>	<b>504,598</b>
Trade Payables	25,149	37,644	40,529	38,006	40,227
Short-term Debt	38,667	34,669	39,061	48,924	50,598
Other Current Liabilities	39,962	46,885	45,432	48,407	53,773
<b>Total Current Liabilities</b>	<b>103,778</b>	<b>119,198</b>	<b>125,022</b>	<b>135,338</b>	<b>144,598</b>
Long-term Debt	33,819	36,052	54,249	42,790	44,254
Other Long-term Liabilities	14,099	14,327	15,990	17,037	18,926
<b>Total LT-Liabilities</b>	<b>47,918</b>	<b>50,379</b>	<b>70,239</b>	<b>59,827</b>	<b>63,179</b>
<b>Total Equity</b>	<b>215,615</b>	<b>243,720</b>	<b>250,418</b>	<b>272,106</b>	<b>296,821</b>
<b>TOTAL LIA. &amp; EQUITY</b>	<b>367,311</b>	<b>413,297</b>	<b>445,679</b>	<b>467,272</b>	<b>504,598</b>

Ratios					
	FY21	FY22	FY23	FY24E	FY25F
Revenue Growth (%)	33.4	29.1	5.0	6.5	11.1
Operating Profit Growth (%)	95.1	65.3	4.9	6.6	11.6
Net Profit Growth (%)	24.9	43.3	16.9	6.8	14.0
Current Ratio (%)	154.4	150.9	132.9	132.3	139.8
Quick Ratio (%)	133.4	123.7	101.6	106.0	112.0
Receivable Days (x)	88.0	80.3	76.7	74.0	72.0
Inventory Days (x)	43.6	51.0	58.7	50.3	50.9
Payable Days (x)	50.3	59.4	60.8	53.7	51.0
DER (x)	0.3	0.3	0.4	0.3	0.3
DAR (x)	1.9	4.1	9.5	5.2	5.9
Gross Profit Margin (%)	21.9	23.3	23.2	23.4	23.2
Operating Profit Margin (%)	10.9	14.0	14.0	14.0	14.1
EBITDA Margin (%)	15.5	17.6	17.7	19.2	18.9
Net Income Margin (%)	8.6	9.6	10.7	10.7	11.0
EPS (IDR)	498.9	715.0	835.9	892.9	1,017.5
BVPS (IDR)	5,326.0	6,020.2	6,185.7	6,721.4	7,331.9

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 Bank Tower Lt. 15 – 16  
Jl. Kebon Sirih No. 21 - 27, Jakarta Pusat 10340  
Telp : (021) 2980 3111  
Fax : (021) 3983 6899  
Call Center : 1500 899

#### Disclaimer

This research report has been issued by PT MNC Sekuritas, It may not be reproduced or further distributed or published, in whole or in part, for any purpose. PT MNC Sekuritas has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; PT MNC Sekuritas makes no guarantee, representation or warranty and accepts no responsibility to liability as to its accuracy or completeness. Expression of opinion herein are those of the research department only and are subject to change without notice. This document is not and should not be construed as an offer or the solicitation of an offer to purchase or subscribe or sell any investment. PT MNC Sekuritas and its affiliates and/or their offices, director and employees may own or have positions in any investment mentioned herein or any investment related thereto and may from time to time add to or dispose of any such investment. PT MNC Sekuritas and its affiliates may act as market maker or have assumed an underwriting position in the securities of companies discusses herein (or investment related thereto) and may sell them to or buy them from customers on a principal basis and may also perform or seek to perform investment banking or underwriting services for or relating to those companies.