

Monday, 18 January 2021

**BUY**  
**Maintain**

Last price (IDR) 6,575  
Target Price (IDR) 7,800  
Upside/Downside +18.6%  
Previous Target Price (IDR) 7,300

**Stock Statistics**

Sector Automotive  
Bloomberg Ticker ASII IJ  
No of Shrs (mn) 40,484  
Mkt. Cap (IDRbn/USDmn) 266,179/18,986  
Avg. daily T/O (IDRbn/USDmn) 263.9/18.8

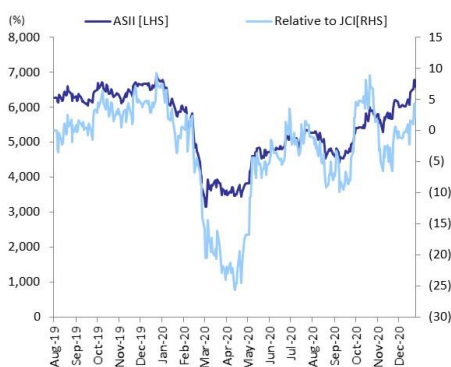
**Major shareholders (%)**

Jardine Cycle & Carriage 50.1  
Estimated free float 49.9  
Estimated free float 49.8

**EPS Consensus (IDR)**

	2020F	2021F	2022F
Danareksa	399.6	433.5	496.2
Consensus	359.3	443.4	533.0
Danareksa/Cons	11.2	(2.2)	(6.9)

**ASII relative to JCI Index**



Source : Bloomberg



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# Astra International (ASII IJ)

## Going Stronger!

**Domestic car sales volume (wholesales) rose further by 6.1% mom to 57,129 units in Dec20. Retail car sales showed buoyant growth of 22.2% mom to 68,539 units. In 2020, wholesales volume went down by 48.4% yoy to 532,027 units. Astra International (ASII) managed to maintain market share of 50.8% in 2020. Maintain BUY with a higher TP of IDR7,800 (SOTP valuation) as we raise our TP for Astra Agro Lestari.**

**Stronger car sales in Dec20.** Despite seasonally soft car sales in December, domestic car sales volume (wholesales) went up by 6.1% mom to 57,129 units in Dec20 with retail sales posting breakneck growth of 22.2% mom to 68,539 units. In 2020, car wholesales reached 532,027 units (-48.4% yoy), slightly higher than Gaikindo's revised target of 525,000 units. With retail sales showing stronger growth than wholesales, we believe that there will be greater car delivery from manufacturers to dealers in the beginning of 2021.

**Solid sales boosted Astra's market share.** Astra posted better car sales growth of 10.6% mom to 27,024 units in December with more Toyota sales (+21.1% mom). This pushed up the market share of ASII to 47.3% in Dec20 (Nov20: 45.4%). Despite a slight decline in the company's market share to 50.8% in 2020 (2019: 52.1%), Astra managed to maintain market share above 50%. We expect an improvement in its market share to 53% in 2021.

**Stronger car sales will lead to improved quarterly earnings.** We expect Astra to report solid quarterly earnings in 4Q20 given stronger car sales volume under ASII (+47.7% qoq to 77,859 units in 4Q20). Also, we believe its other businesses, such as heavy equipment (with the indication of strong Komatsu sales volume in 4Q20 backed by the recovery in coal prices) and financial services (from the spillover impact from stronger car sales volume) will perform well. Going into 2021, we believe robust earnings will be driven by: a) solid car sales (estimated growth of +49.6% yoy), b) better automotive EBIT margins, and c) buoyant commodity prices.

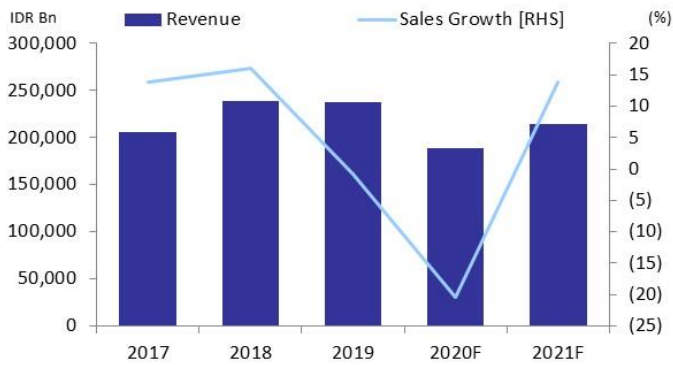
**Maintain BUY** with a higher TP of IDR7,800 (based on SOTP valuation) following the recent upgrade of our target price for Astra Agro Lestari (AALI.BUY.TP: IDR17,000). We continue to like Astra, noting: a) better monthly domestic car sales volume in the beginning of the year, b) strong commodity prices which will positively impact motorcycle sales volume and c) higher coal prices to boost the earnings of United Tractors (UNTR.BUY.TP: IDR33,000). Our new TP implies 18.0x 2021F PE.

**Key Financials**

Year to 31 Dec	2018A	2019A	2020F	2021F	2022F
Revenue (IDRbn)	239,205	237,166	188,668	214,713	233,087
EBITDA (IDRbn)	35,527	37,786	27,995	32,949	35,936
EBITDA Growth (%)	29.8	6.4	(25.9)	17.7	9.1
Net profit (IDRbn)	21,673	21,707	16,177	17,551	20,088
EPS (IDR)	535.4	536.2	399.6	433.5	496.2
EPS growth (%)	15.0	0.2	(25.5)	8.5	14.4
BVPS (IDR)	3,382.8	3,652.0	3,783.5	4,017.3	4,296.7
DPS (IDR)	190.0	211.1	268.1	199.8	216.8
PER (x)	12.3	12.3	16.5	15.2	13.3
PBV (x)	1.9	1.8	1.7	1.6	1.5
Dividend yield (%)	2.9	3.2	4.1	3.0	3.3
EV/EBITDA (x)	9.2	8.8	11.2	9.2	8.3

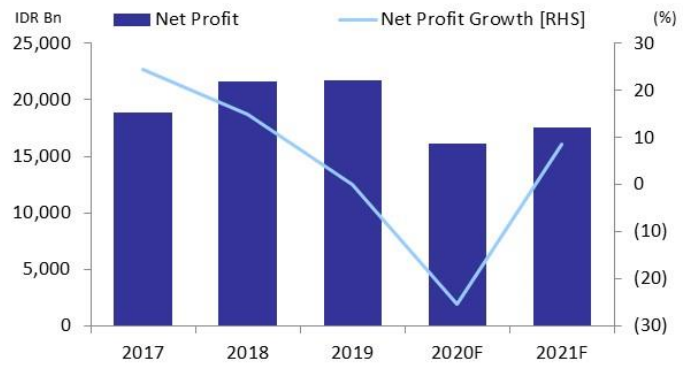
Source : ASII, Danareksa Estimates

**Exhibit 1. Revenues and Growth**



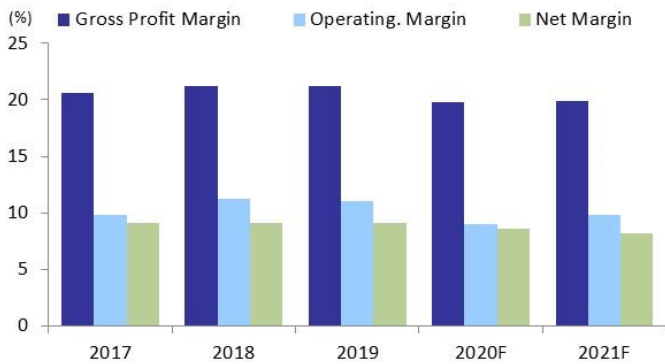
Source: Company, Danareksa Sekuritas estimates

**Exhibit 2. Net Profits and Growth**



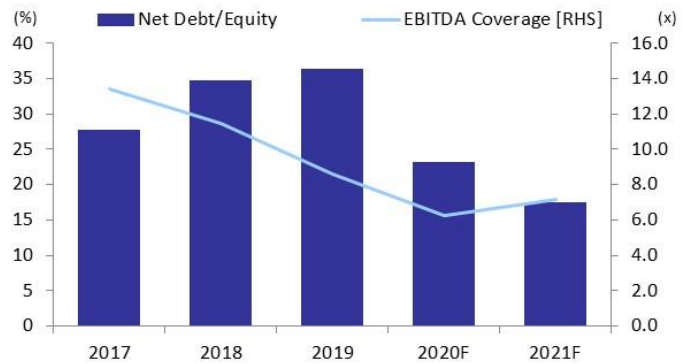
Source: Company, Danareksa Sekuritas estimates

**Exhibit 3. Margins**



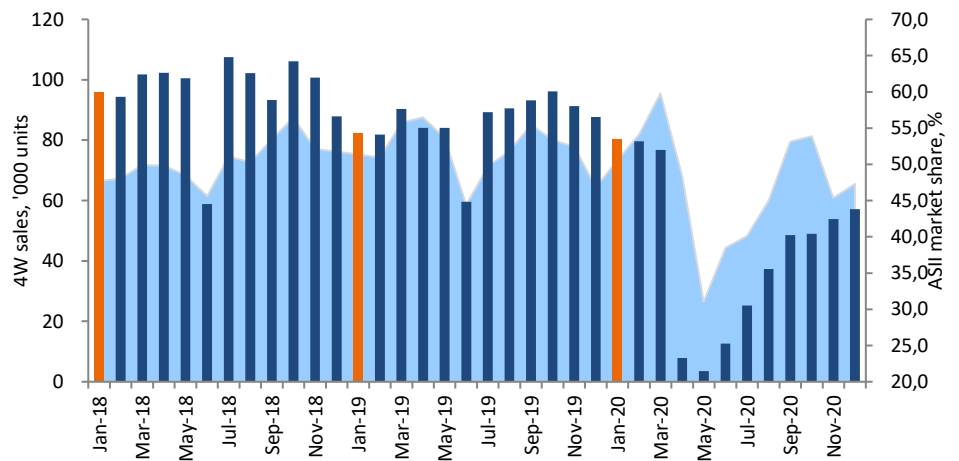
Source: Company, Danareksa Sekuritas estimates

**Exhibit 4. Gearing Level**



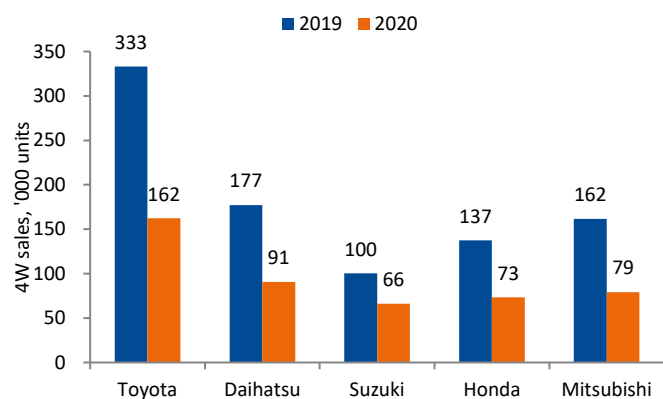
Source: Company, Danareksa Sekuritas estimates

**Exhibit 5. Gradual improvement in car sales volume (wholesales) during 2H20**



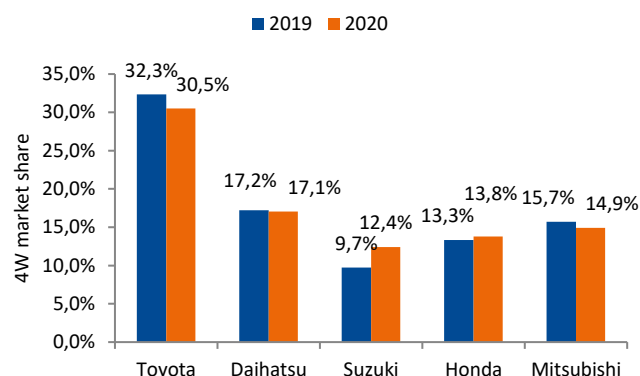
Source: Gaikindo, Company

**Exhibit 6. All major brands recorded lower sales in 2020**



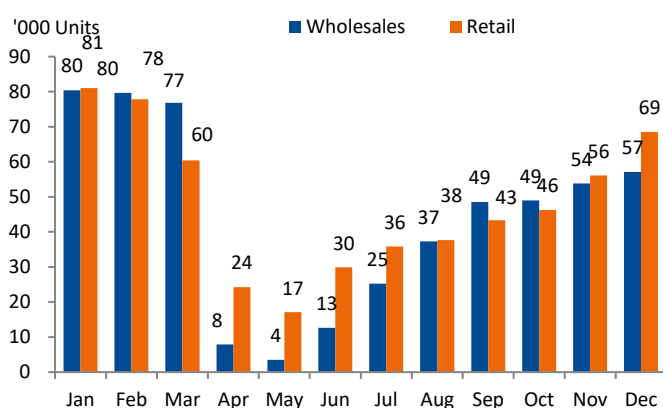
Source: Gaikindo, Company

**Exhibit 7. Toyota still has the largest market share in 4W**



Source: Gaikindo, Company

**Exhibit 8. Monthly wholesales and the retail car market**



Source: Gaikindo, Various newspapers

**Exhibit 9. ASII is currently trading at slightly below mean level**



Source: Bloomberg, BRI-Danareksa Sekuritas estimates

**Exhibit 10. SOTP Valuation**

Division	Equity value, Rp bn	Equity value attributed to ASII, Rp bn	Contribution to total value, %
<b>Automotive</b>			
Astra Parent Company	109,189	109,189	34.6
Astra Otoparts	7,390	5,912	1.9
<b>Sub-total</b>		<b>115,101</b>	<b>36.5</b>
<b>Heavy equipment</b>			
United Tractors	195,492	116,318	36.9
<b>Sub-total</b>		<b>116,318</b>	<b>36.9</b>
<b>Agribusiness</b>			
Astra Agro Lestari	32,720	26,071	8.3
<b>Sub-total</b>		<b>26,071</b>	<b>8.3</b>
<b>Financial services</b>			
Astra Sedaya Finance	20,507	17,664	5.6
Federal International Finance	28,788	28,788	9.1
<b>Sub-total</b>		<b>46,452</b>	<b>14.7</b>
<b>Others</b>			
Astra Graphia	1,119	861	0.3
Others	10,553	10,553	3.3
<b>Sub-total</b>		<b>11,414</b>	<b>3.6</b>
<b>Total equity value</b>		<b>315,356</b>	<b>100.0</b>
Shares, mn		40,484	
<b>NAV/share, Rp</b>		<b>7,800</b>	

Source: BRI-Danareksa Sekuritas estimates

### Exhibit 11. Income Statement

Year to 31 Dec (IDRbn)	2018A	2019A	2020F	2021F	2022F
<b>Revenue</b>	<b>239,205</b>	<b>237,166</b>	<b>188,668</b>	<b>214,713</b>	<b>233,087</b>
COGS	(188,436)	(186,927)	(151,399)	(172,010)	(186,437)
<b>Gross profit</b>	<b>50,769</b>	<b>50,239</b>	<b>37,269</b>	<b>42,702</b>	<b>46,650</b>
<b>EBITDA</b>	<b>35,527</b>	<b>37,786</b>	<b>27,995</b>	<b>32,949</b>	<b>35,936</b>
<b>Oper. profit</b>	<b>26,868</b>	<b>26,184</b>	<b>16,920</b>	<b>21,164</b>	<b>23,366</b>
Interest income	1,859	1,953	1,360	2,317	2,900
Interest expense	(3,105)	(4,382)	(4,487)	(4,591)	(4,678)
Forex Gain/(Loss)	(87)	(57)	(437)	0	0
Income From Assoc. Co's	7,036	7,087	3,342	5,408	6,110
Other Income (Expenses)	2,424	3,269	8,496	3,269	3,269
<b>Pre-tax profit</b>	<b>34,995</b>	<b>34,054</b>	<b>25,194</b>	<b>27,566</b>	<b>30,967</b>
Income tax	(7,623)	(7,433)	(4,743)	(5,190)	(5,830)
Minority interest	(5,699)	(4,914)	(4,274)	(4,825)	(5,049)
<b>Net profit</b>	<b>21,673</b>	<b>21,707</b>	<b>16,177</b>	<b>17,551</b>	<b>20,088</b>
<b>Core Net Profit</b>	<b>21,760</b>	<b>21,764</b>	<b>16,614</b>	<b>17,551</b>	<b>20,088</b>

### Exhibit 12. Balance Sheet

Year to 31 Dec (IDRbn)	2018A	2019A	2020F	2021F	2022F
Cash & cash equivalent	25,193	24,330	41,441	51,886	58,956
Receivables	69,984	70,602	61,608	63,424	68,046
Inventory	26,505	24,287	20,569	23,369	25,329
Other Curr. Asset	11,336	12,707	10,109	11,504	12,488
Fixed assets - Net	96,558	99,140	98,591	100,846	102,317
Other non-curr.asset	114,544	120,492	119,278	120,006	124,505
<b>Total asset</b>	<b>344,711</b>	<b>351,958</b>	<b>351,994</b>	<b>371,434</b>	<b>392,042</b>
ST Debt	45,529	41,752	40,652	40,220	39,946
Payables	49,948	38,542	27,718	31,492	34,133
Other Curr. Liabilities	20,990	19,668	19,668	19,668	19,668
Long Term Debt	40,385	50,549	47,558	49,369	51,247
Other LT. Liabilities	13,496	14,684	14,684	14,684	14,684
<b>Total Liabilities</b>	<b>170,348</b>	<b>165,195</b>	<b>150,280</b>	<b>155,432</b>	<b>159,679</b>
Shareholder's Funds	136,947	147,847	153,171	162,634	173,945
Minority interests	37,416	38,916	48,543	53,368	58,417
<b>Total Equity &amp; Liabilities</b>	<b>344,711</b>	<b>351,958</b>	<b>351,994</b>	<b>371,434</b>	<b>392,042</b>

### Exhibit 13. Cash Flow

Year to 31 Dec (IDRbn)	2018A	2019A	2020F	2021F	2022F
Net income	21,673	21,707	16,177	17,551	20,088
Depreciation and Amort.	8,835	8,428	11,075	11,785	12,570
Change in Working Capital	(2,662)	(12,308)	4,487	(2,238)	(4,925)
Other Oper. Cash Flow	(9,772)	3,702	5,647	4,121	93
<b>Operating Cash Flow</b>	<b>18,074</b>	<b>21,529</b>	<b>37,387</b>	<b>31,220</b>	<b>27,825</b>
Capex	(28,905)	(11,010)	(10,526)	(14,040)	(14,041)
Others Inv. Cash Flow	(3,853)	(5,268)	54	(258)	86
<b>Investing Cash Flow</b>	<b>(32,758)</b>	<b>(16,278)</b>	<b>(10,471)</b>	<b>(14,299)</b>	<b>(13,956)</b>
Net change in debt	10,936	6,387	(4,091)	1,378	1,605
New Capital	0	0	0	0	0
Dividend payment	(7,692)	(8,547)	(10,854)	(8,089)	(8,776)
Other Fin. Cash Flow	5,059	(3,954)	5,140	234	371
<b>Financing Cash Flow</b>	<b>8,303</b>	<b>(6,114)</b>	<b>(9,804)</b>	<b>(6,476)</b>	<b>(6,799)</b>
<b>Net Change in Cash</b>	<b>(6,381)</b>	<b>(863)</b>	<b>17,111</b>	<b>10,445</b>	<b>7,070</b>
Cash - begin of the year	31,574	25,193	24,330	41,441	51,886
Cash - end of the year	25,193	24,330	41,441	51,886	58,956

### Exhibit 14. Key Ratios

Year to 31 Dec	2018A	2019A	2020F	2021F	2022F
<b>Growth (%)</b>					
Sales	16.1	(0.9)	(20.4)	13.8	8.6
EBITDA	29.8	6.4	(25.9)	17.7	9.1
Operating profit	32.2	(2.5)	(35.4)	25.1	10.4
Net profit	15.0	0.2	(25.5)	8.5	14.4
<b>Profitability (%)</b>					
Gross margin	21.2	21.2	19.8	19.9	20.0
EBITDA margin	14.9	15.9	14.8	15.3	15.4
Operating margin	11.2	11.0	9.0	9.9	10.0
Net margin	9.1	9.2	8.6	8.2	8.6
ROAA	6.8	6.2	4.6	4.9	5.3
ROAE	16.6	15.2	10.7	11.1	11.9
<b>Leverage</b>					
Net Gearing (x)	0.3	0.4	0.2	0.2	0.1
Interest Coverage (x)	8.7	6.0	3.8	4.6	5.0

Source : ASII, Danareksa Estimates

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