

Tuesday, 14 September 2021

**BUY**  
**Maintain**

Last price (IDR) 5,450  
Target Price (IDR) 7,500  
Upside/Downside +37.6%  
Previous Target Price (IDR) 7,500

**Stock Statistics**

Sector Automotive  
Bloomberg Ticker ASII IJ  
No of Shrs (mn) 40,484  
Mkt. Cap (IDRbn/USDmn) 220,635/15,480  
Avg. daily T/O (IDRbn/USDmn) 224.9/15.8

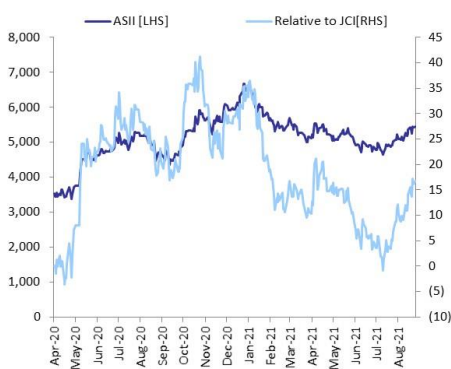
**Major shareholders (%)**

Jardine Cycle & Carriage 50.1  
Estimated free float 49.9

**EPS Consensus (IDR)**

	2021F	2022F	2023F
Danareksa	424.1	486.1	531.3
Consensus	428.6	517.3	574.8
Danareksa/Cons	(1.1)	(6.0)	(7.6)

**ASII relative to JCI Index**



Source : Bloomberg



**Stefanus Darmagiri**

(62-21) 5091 4100 ext. 3530

stefanus.darmagiri@danareksa.co.id

# Astra International (ASII IJ)

## Aug 21: Strong car sales with solid market share

**Post PPKM easing in some areas of Java and Bali, domestic car sales volume reached 83,319 units (+25.0% mom, +123.5% yoy) in Aug 21. In 8M21, car sales volume was 543,424 units (+68.0% yoy). The 8M21 number is within our expectations (69.7%). Astra International (ASII) enjoyed a higher market share of 56.1% in Aug 21 (Jul 21: 49.5%). Although phase 1 of luxury car tax incentives concluded at end-Aug 21 which will lead to softer car sales volume in the remainder of 2021, we maintain our car sales volume estimate of 780k units for 2021. Maintain BUY with a TP of IDR7,500 (based on SOTP valuation).**

**Strong domestic car sales in Aug 21.** Domestic car sales (wholesales) reached 83,319 units in Aug 21 (+25.0% mom, +123.5% yoy). The impact from easing of PPKM in Karawang, West Java from level 4 to level 3 as well as solid demand from the phase 1 luxury car tax incentives (PPnBM) that provided up to 100% discounts on PPnBM led to strong delivery of cars from the manufacturers to dealers. In 8M21, domestic car sales volume went up by 68% yoy to 543,424 units. The number is within our expectations (69.7%).

**Higher market share for Astra in Aug 21.** Car sales under the ASII group experienced a 41.7% mom increase to 46,729 units in Aug 21 with Daihatsu reporting the greatest increase (+55.2% mom) as the easing of emergency PPKM helped to lift the utilization rate. During the emergency PPKM, Daihatsu operated at a utilization rate of only 50%. As a result, ASII reported higher market share of 56.1% in Aug 21 (Jul 21: 49.5%). Thanks to the launch of new models in 2Q21 (Toyota Raize and Daihatsu Rocky), the market share of ASII went up to 53.3% in 8M21 from 51.4% in 8M20. We conservatively assume market share of 52% for 2021 and 2022.

**Maintain solid car sales volume estimate for 2021.** The second phase of the luxury car tax incentive with lower discounts for engine capacity below 2,500 cc will be implemented from September to December 2021. This is expected to lead to softer car sales volume in the remaining months of 2021. Nonetheless, we believe that our 2021 car sales estimate of 780,000 units (+46.5% yoy) is achievable.

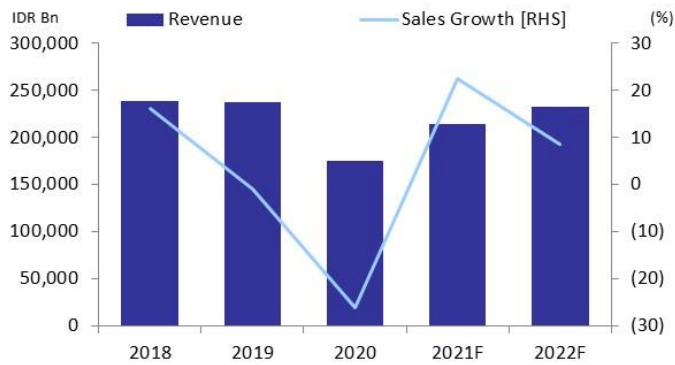
**Maintain BUY with a TP of IDR7,500 (SOTP valuation).** Amid the recent share price movements, the stock is still trading at an undemanding 12.9x 2021F PE and 11.2x 2022F PE and below its -1SD deviation on PE-band. The key risks include a higher number of Covid-19 cases which would dent consumer confidence and hit not only car sales but also adversely impact the company's business.

**Key Financials**

Year to 31 Dec	2019A	2020A	2021F	2022F	2023F
Revenue (IDRbn)	237,166	175,046	214,491	233,002	247,255
EBITDA (IDRbn)	35,834	24,651	31,806	35,316	38,095
EBITDA Growth (%)	0.9	(31.2)	29.0	11.0	7.9
Net profit (IDRbn)	21,707	16,164	17,169	19,681	21,507
EPS (IDR)	536.2	399.3	424.1	486.1	531.3
EPS growth (%)	0.2	(25.5)	6.2	14.6	9.3
BVPS (IDR)	3,652.0	3,845.1	4,069.5	4,343.6	4,631.8
DPS (IDR)	211.1	184.0	199.6	212.0	243.1
PER (x)	10.2	13.6	12.9	11.2	10.3
PBV (x)	1.5	1.4	1.3	1.3	1.2
Dividend yield (%)	3.9	3.4	3.7	3.9	4.5
EV/EBITDA (x)	8.1	10.2	7.8	6.8	6.2

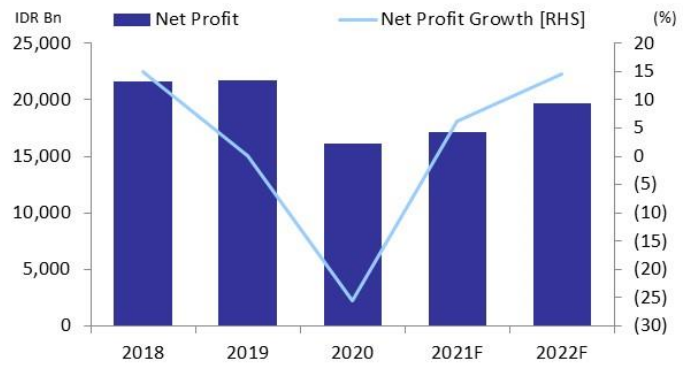
Source : ASII, BRI-Danareksa Estimates

**Exhibit 1. Revenues and Growth**



Source: Company, BRI-Danareksa Sekuritas estimates

**Exhibit 2. Net Profits and Growth**



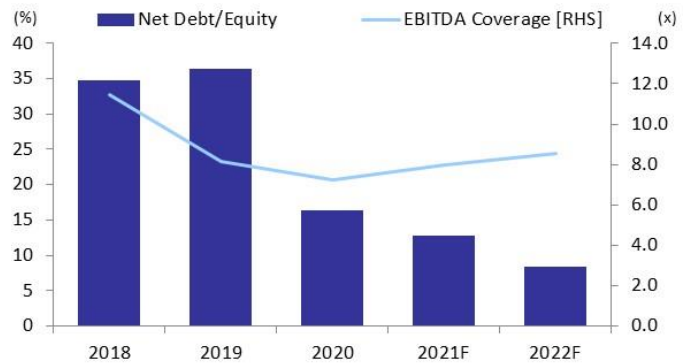
Source: Company, BRI-Danareksa Sekuritas estimates

**Exhibit 3. Margins**



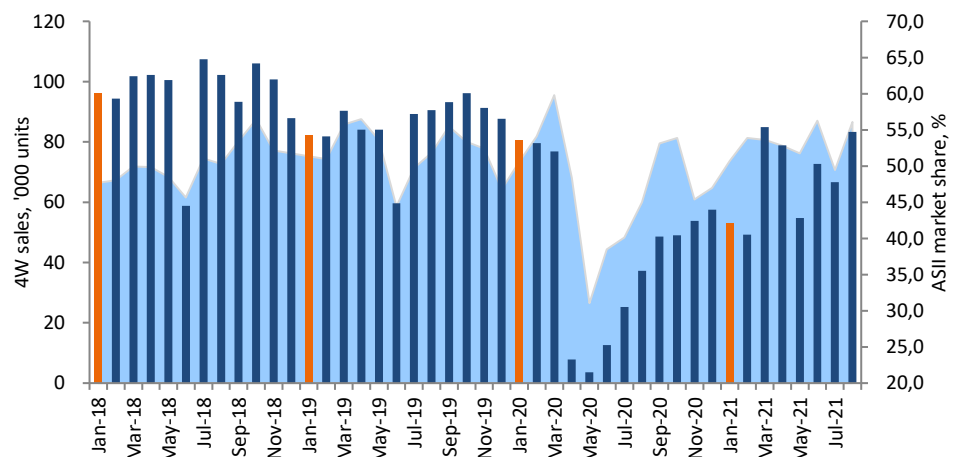
Source: Company, BRI-Danareksa Sekuritas estimates

**Exhibit 4. Gearing Level**



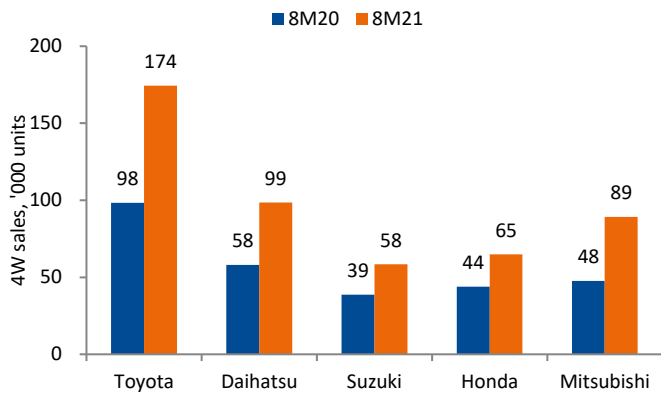
Source: Company, BRI-Danareksa Sekuritas estimates

**Exhibit 5. Strong wholesales car sales volume in Aug 21 post easing of emergency PPKM**



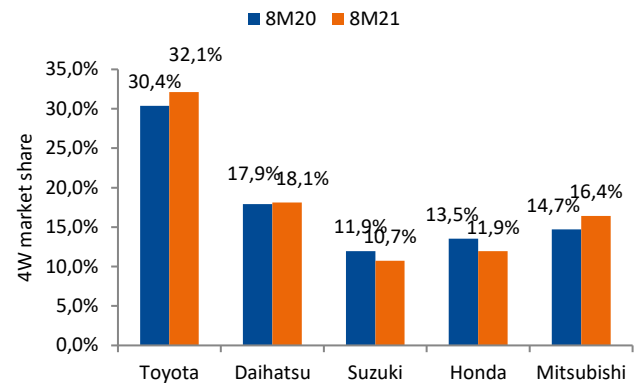
Source: Gaikindo, Astra International

**Exhibit 6. Most major brands experienced better volume in 7M21**



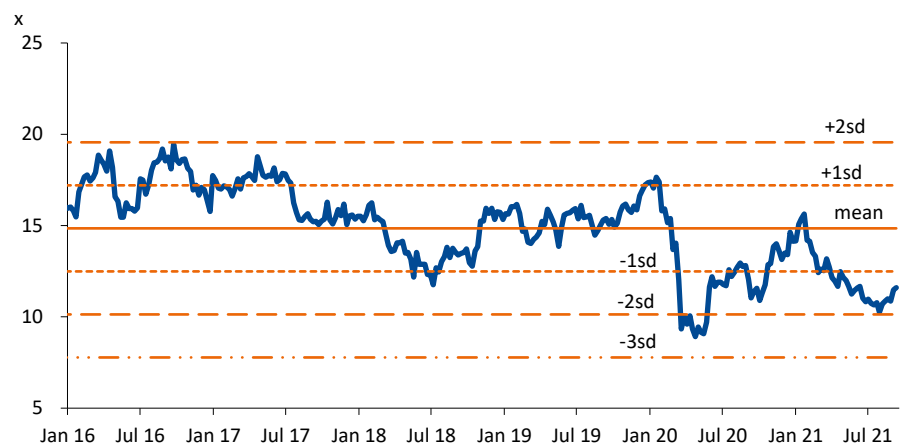
Source: Gaikindo, Astra International

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



Source: Gaikindo, Astra International

**Exhibit 8. Astra International is still trading at below -1.0SD deviation**



Source: Bloomberg, BRI-Danareksa Sekuritas estimates

### Exhibit 9. Income Statement

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
<b>Revenue</b>	<b>237,166</b>	<b>175,046</b>	<b>214,491</b>	<b>233,002</b>	<b>247,255</b>
COGS	(186,927)	(136,488)	(168,644)	(182,437)	(192,481)
<b>Gross profit</b>	<b>50,239</b>	<b>38,558</b>	<b>45,847</b>	<b>50,565</b>	<b>54,774</b>
<b>EBITDA</b>	<b>35,834</b>	<b>24,651</b>	<b>31,806</b>	<b>35,316</b>	<b>38,095</b>
<b>Oper. profit</b>	<b>26,184</b>	<b>12,870</b>	<b>20,079</b>	<b>22,823</b>	<b>24,792</b>
Interest income	1,953	2,342	2,658	2,959	3,533
Interest expense	(4,382)	(3,408)	(3,987)	(4,145)	(4,285)
Forex Gain/(Loss)	(57)	(99)	160	0	0
Income From Assoc. Co's	7,087	3,083	4,575	5,175	5,461
Other Income (Expenses)	3,269	6,953	3,269	3,269	3,269
<b>Pre-tax profit</b>	<b>34,054</b>	<b>21,741</b>	<b>26,753</b>	<b>30,080</b>	<b>32,770</b>
Income tax	(7,433)	(3,170)	(4,816)	(5,264)	(5,735)
Minority interest	(4,914)	(2,407)	(4,768)	(5,135)	(5,528)
<b>Net profit</b>	<b>21,707</b>	<b>16,164</b>	<b>17,169</b>	<b>19,681</b>	<b>21,507</b>
<b>Core Net Profit</b>	<b>21,764</b>	<b>16,263</b>	<b>17,009</b>	<b>19,681</b>	<b>21,507</b>

### Exhibit 10. Balance Sheet

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Cash & cash equivalent	24,330	47,553	52,926	63,205	70,543
Receivables	70,602	54,307	65,890	69,803	75,425
Inventory	24,287	17,929	26,081	28,214	29,767
Other Curr. Asset	12,707	14,932	18,297	19,876	21,092
Fixed assets - Net	99,140	95,128	96,322	96,717	97,436
Other non-curr.asset	120,492	107,502	107,488	110,728	116,103
<b>Total asset</b>	<b>351,958</b>	<b>338,203</b>	<b>367,857</b>	<b>389,394</b>	<b>411,218</b>
ST Debt	41,752	37,136	35,095	35,539	36,061
Payables	38,542	30,053	37,001	40,028	42,231
Other Curr. Liabilities	19,668	18,547	18,547	18,547	18,547
Long Term Debt	50,549	42,345	45,442	47,277	49,180
Other LT. Liabilities	14,684	14,668	14,668	14,668	14,668
<b>Total Liabilities</b>	<b>165,195</b>	<b>142,749</b>	<b>150,753</b>	<b>156,059</b>	<b>160,687</b>
Shareholder's Funds	147,847	155,662	164,749	175,846	187,512
Minority interests	38,916	39,792	52,354	57,490	63,018
<b>Total Equity &amp; Liabilities</b>	<b>351,958</b>	<b>338,203</b>	<b>367,857</b>	<b>389,394</b>	<b>411,218</b>

### Exhibit 11. Cash Flow

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Net income	21,707	16,164	17,169	19,681	21,507
Depreciation and Amort.	8,453	11,567	11,727	12,493	13,304
Change in Working Capital	(12,308)	10,366	(16,151)	(4,599)	(6,188)
Other Oper. Cash Flow	3,702	3,942	3,509	357	(2,220)
<b>Operating Cash Flow</b>	<b>21,554</b>	<b>42,039</b>	<b>16,255</b>	<b>27,932</b>	<b>26,402</b>
Capex	(11,035)	(7,555)	(12,922)	(12,888)	(14,022)
Others Inv. Cash Flow	(5,268)	12,456	492	548	1,131
<b>Investing Cash Flow</b>	<b>(16,303)</b>	<b>4,901</b>	<b>(12,430)</b>	<b>(12,340)</b>	<b>(12,891)</b>
Net change in debt	6,387	(12,820)	1,056	2,280	2,424
New Capital	0	0	0	0	0
Dividend payment	(8,547)	(7,449)	(8,082)	(8,585)	(9,841)
Other Fin. Cash Flow	(3,954)	(3,448)	8,575	991	1,243
<b>Financing Cash Flow</b>	<b>(6,114)</b>	<b>(23,717)</b>	<b>1,549</b>	<b>(5,314)</b>	<b>(6,173)</b>
<b>Net Change in Cash</b>	<b>(863)</b>	<b>23,223</b>	<b>5,373</b>	<b>10,279</b>	<b>7,338</b>
Cash - begin of the year	25,193	24,330	47,553	52,926	63,205
Cash - end of the year	24,330	47,553	52,926	63,205	70,543

### Exhibit 12. Key Ratios

Year to 31 Dec	2019A	2020A	2021F	2022F	2023F
<b>Growth (%)</b>					
Sales	(0.9)	(26.2)	22.5	8.6	6.1
EBITDA	0.9	(31.2)	29.0	11.0	7.9
Operating profit	(2.5)	(50.8)	56.0	13.7	8.6
Net profit	0.2	(25.5)	6.2	14.6	9.3
<b>Profitability (%)</b>					
Gross margin	21.2	22.0	21.4	21.7	22.2
EBITDA margin	15.1	14.1	14.8	15.2	15.4
Operating margin	11.0	7.4	9.4	9.8	10.0
Net margin	9.2	9.2	8.0	8.4	8.7
ROAA	6.2	4.7	4.9	5.2	5.4
ROAE	15.2	10.7	10.7	11.6	11.8
<b>Leverage</b>					
Net Gearing (x)	0.4	0.2	0.1	0.1	0.1
Interest Coverage (x)	6.0	3.8	5.0	5.5	5.8

Source : ASII, BRI-Danareksa Estimates

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