

BUY (Maintain)

Target Price (IDR) 7,500 (from 7,500)

Potential Upside (%) 22.0

Price Comparison

Cons. Target Price (IDR) 7,241

SSI vs. Cons. (%) 103.6

Stock Information

Last Price (IDR) 6,150

Shares Issued (Mn) 40,484

Market Cap. (IDR Bn) 248,974

52-Weeks High/Low (IDR) 7,700/5,200

3M Avg. Daily Value (IDR Bn) 280.0

Free Float (%) 47.1

Shareholder Structure:

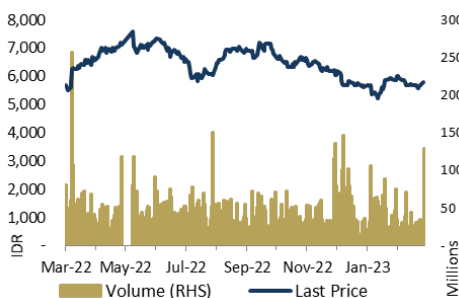
Jardine Cycle & Carriage Limited (%) 50.1

Publik (%) 49.9

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	7.9	2.5	1.7	6.0
JCI Return	(0.1)	0.1	(3.4)	(0.7)
Relative	8.0	2.4	5.0	6.7

Stock Price & Volumes, 12M



Company Background

Established in 1957, PT Astra International Tbk (ASII) operates seven integrated and diversified business segments including automotive; financial services; heavy equipment, mining, construction & energy; agribusiness; infrastructure & logistics; IT, and property.



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HEMCE Does the Heavy Lifting

Best year ever. FY22 was an extraordinary year for ASII, with the company reporting its best-ever full-year revenue and net profit. ASII's revenue went up +29.1% YoY to IDR 301.4 trillion in FY22, supported mainly by its HEMCE business (UNTR), whose revenue went up +55.6% YoY and allowed it to overtake ASII's automotive business as the company's top revenue contributor (41.0% of ASII's FY22 revenue). Almost all of ASII's businesses reported revenue growth, except for its agribusiness (-10.3% YoY) and information technology (-11.8% YoY) businesses. Regarding its margins, UNTR had a higher GPM (28.1%) than ASII's automotive business (11.3%) in FY22, which also boosted ASII's consolidated GPM to 23.3% (prev: 21.9%). On its bottom line (excluding the fair value adjustment on its investments in GOTO and HEAL), ASII booked a net profit of IDR 30.5 trillion (+51.0% YoY), its best ever. ASII's FY22 revenue and net profit are in line with our projections, reaching 103.7% and 98.8% of SSI's FY22 projections, respectively.

Auto will retain the throne. We believe that the changes in ASII's revenue mix are only temporary. Considering the (potential) decline in coal prices this year (FY23F), we expect ASII's automotive business to retain the throne and become ASII's main revenue contributor in FY23F, supported by the favorable automotive sales outlook (4W sales are projected to remain stable at 1 million units, while 2W sales are expected to increase to 5.5 million units) and ASII's position as the market leader, both in 4W (Toyota and Daihatsu) and 2W (Honda). Given the likely decline in UNTR's contribution, we project that ASII's GPM might slip in FY23, leading to a slump in its net profit (SSI's FY23F projection: -7.1% YoY). However, we believe that the potential decline in performance has been priced-in by the market, given the fact that ASII shares have plummeted and are currently trading at an attractive valuation (below -1SD of its 5-year PE average).

Corporate actions. ASII plans to distribute a final dividend of IDR 552 per share (subject to AGMS approval), having previously distributed an interim dividend of IDR 88 per share in October 2022. If the plan is approved, the total dividend to be distributed by ASII in FY22 is IDR 640 per share. With an EPS of IDR 753, the figure represents a dividend payout ratio of ~85%, while the yield for the final dividend stands at 9.5% (calculated using ASII's closing price on 27 February). In addition to dividend distribution, we expect that ASII will utilize its cash to continue investing in various industrial sectors. Some of the investment actions carried out by ASII throughout FY22 include (1) acquiring 49.6% of BJJ shares, which will be developed into a digital bank, (2) acquiring 7.5% of HEAL shares, (3) investing USD 14.5 million in Paxel. However, we believe that these investments will not have any significant impact on ASII's financial performance in the near future.

BUY, TP IDR 7,500. In light of the factors outlined above, we reiterate our BUY rating on ASII with a TP of IDR 7,500, implying an FY23F PE of 10.7x (-1SD below 5-year PE average).

Forecasts and Valuations (at IDR 5,800 per share)

Y/E Dec	20A	21A	22A	23F	24F
Revenue (IDR bn)	175,046	233,485	281,716	288,382	308,697
EBITDA (IDR bn)	28,147	37,828	53,293	54,457	35,680
EV/EBITDA (x)	10.4	7.2	4.9	4.7	7.1
Net Profit (IDR bn)	16,164	20,196	31,836	29,515	27,355
EPS (IDR)	399	499	786	729	676
EPS Growth (%)	(25.5)	24.9	57.6	(7.3)	(7.3)
P/E Ratio (x)	16.2	13.0	8.2	8.9	9.6
P/BV Ratio (x)	1.7	1.5	1.3	1.2	1.1
ROE (%)	10.4	11.7	16.2	13.8	12.0

Table 1. ASII 4Q22 Results

(IDR Bn)	4Q21	3Q22	4Q22	QoQ	YoY	FY21	FY22	YoY
Revenue	66,083	77,662	80,025	3.0%	21.1%	233,485	301,379	29.1%
Gross Profit	14,779	17,728	18,809	6.1%	27.3%	51,033	70,088	37.3%
Operating Profit	7,247	10,306	11,376	10.4%	57.0%	25,533	42,201	65.3%
Net Profit	5,219	5,156	5,614	8.9%	7.6%	20,196	28,944	43.3%
Gross Profit Margin	22.4%	22.8%	23.5%	68 bps	114 bps	21.9%	23.3%	140 bps
Operating Margin	11.0%	13.3%	14.2%	95 bps	325 bps	10.9%	14.0%	307 bps
Net Margin	7.9%	6.6%	7.0%	38 bps	-88 bps	8.6%	9.6%	95 bps

Source: Company, SSI Research

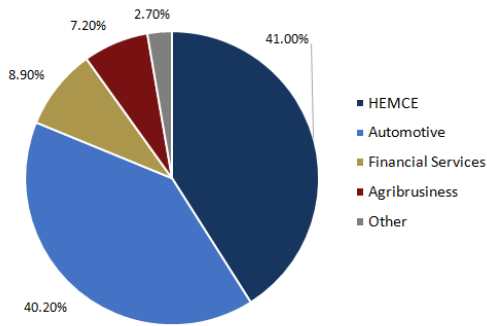
Table 2. ASII 4Q22 Results by Segments

Revenue (IDR Bn)	4Q21	3Q22	4Q22	QoQ	YoY	FY21	FY22	YoY
Automotive	28,883	32,145	33,325	3.7%	15.4%	96,744	121,056	25.1%
Financial Services	6,683	6,489	7,275	12.1%	8.9%	24,990	26,736	7.0%
HEMCE*	21,639	31,086	32,074	3.2%	48.2%	79,461	123,607	55.6%
Agribusiness	6,308	5,552	5,311	-4.3%	-15.8%	24,322	21,828	-10.3%
Infrastructure and Logistics	1,909	2,043	2,175	6.5%	13.9%	6,839	7,898	15.5%
Information Technology	1,300	814	864	6.1%	-33.5%	3,299	2,910	-11.8%
Property	276	265	315	18.9%	14.1%	957	1,123	17.3%
Gross Profit	4Q21	3Q22	4Q22	QoQ	YoY	FY21	FY22	YoY
Automotive	2,985	3,558	3,597	1.1%	20.5%	10,526	13,728	30.4%
Financial Services	3,577	3,590	3,762	4.8%	5.2%	13,250	14,544	9.8%
HEMCE*	6,143	8,763	9,484	8.2%	54.4%	19,572	34,758	77.6%
Agribusiness	1,219	840	1,161	38.2%	-4.8%	4,830	3,822	-20.9%
Infrastructure and Logistics	696	655	658	0.5%	-5.5%	2,339	2,549	9.0%
Information Technology	164	149	182	22.1%	11.0%	537	593	10.4%
Property	102	89	147	65.2%	44.1%	402	449	11.7%
GPM	4Q21	3Q22	4Q22	QoQ	YoY	FY21	FY22	YoY
Automotive	10.3%	11.1%	10.8%	-27bps	46 bps	10.9%	11.3%	46 bps
Financial Services	53.5%	55.3%	51.7%	-361 bps	-181 bps	53.0%	54.4%	138 bps
HEMCE*	28.4%	28.2%	29.6%	138 bps	118 bps	24.6%	28.1%	349 bps
Agribusiness	19.3%	15.1%	21.9%	673 bps	254 bps	19.9%	17.5%	-235 bps
Infrastructure and Logistics	36.5%	32.1%	30.3%	-181 bps	-621 bps	34.2%	32.3%	-193 bps
Information Technology	12.6%	18.3%	21.1%	276 bps	845 bps	16.3%	20.4%	410 bps
Property	37.0%	33.6%	46.7%	1,308 bps	971 bps	42.0%	40.0%	-202 bps

*Heavy equipment, mining, construction, and energy

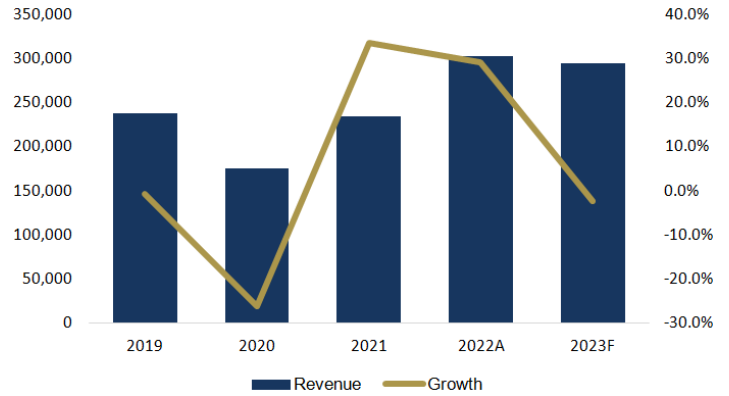
Source: Company, SSI Research

Figure 1. Revenue Mix FY22



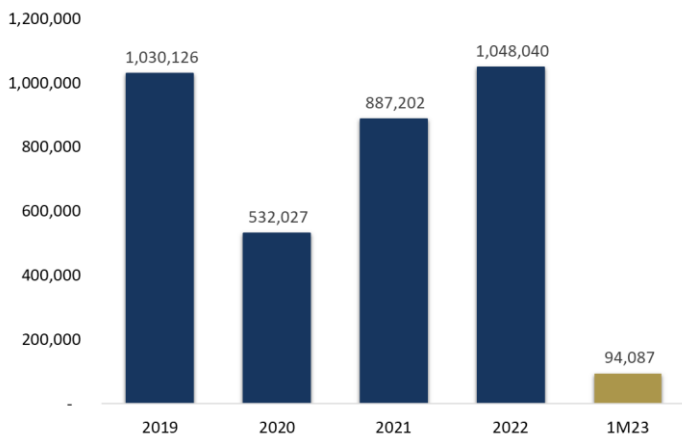
Source: Company, SSI Research

Figure 2. Revenue Growth



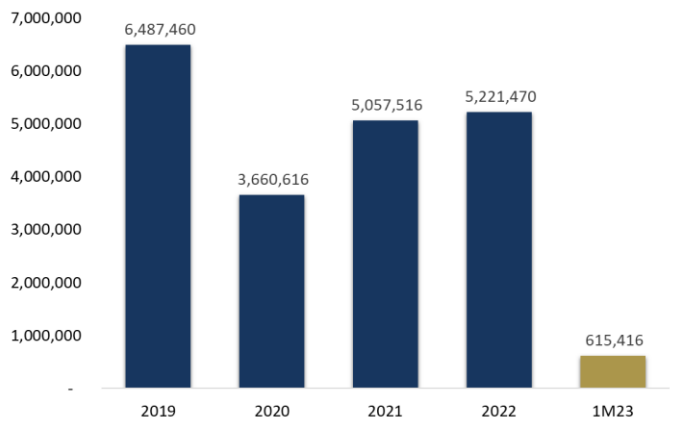
Source: Company, SSI Research

Figure 3. 4W Wholesales (Unit)



Source: Gaikindo, SSI Research

Figure 4. 2W Sales (Unit)



Source: AISI, SSI Research

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