

Not Rated

Target Price (IDR) n.a

Price Comparison

Cons. Target Price (IDR)

SSI vs. Cons. (%) n.a

Stock Information

Last Price (IDR) 2,310

Shares Issued (Mn) 4,820

Market Cap. (IDR Bn) 11,134

52-Weeks High/Low (IDR) 2,350/1,085

3M Avg. Daily Value (IDR Bn) 14.8

Free Float (%) 20

Shareholder Structure:

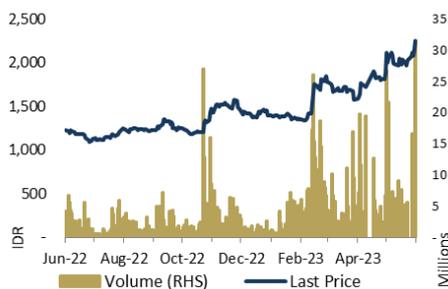
PT Astra Internasional (%) 80

Public (%) 20

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	58.2	9.5	29.8	87.8
JCI Return	(2.3)	(1.3)	(1.6)	(6.8)
Relative	60.5	10.7	31.3	94.6

Stock Price & Volumes, 12M



Company Background

Established in 1976, PT Astra Otoparts is ASI's subsidiary engaging in automotive component business (both manufacturing and trading).



Pebe Peresia

+62 21 2854 8339

Pebe.peresia@samuel.co.id

Gear Up for Growth

Investors have gained some interest in AUTO recently (its prices spiked +54.1% YTD), amid margin improvement in all business segments (due to better selling prices and sales volume, among others), boosting its GPM to 16.1% in 1Q23 (vs. 12.5% in 1Q22). We believe that AUTO's margin expansion will continue through the end of the year. AUTO shares are currently trading at 6.3x FY23F P/E, -42.9% discount to local peers, and -51.6% discount to regional peers. The upside/downside risks include: 1) Higher/lower margins than peers and 2) National automotive sales figures.

Manufacturing segment growth

Supported by stable semiconductor supply, national automotive sales volume is expected to increase considerably, especially 2W sales; the Association of Indonesia Motorcycle Industry (AISI) has revised its 2W sales target for FY23F to 5.8 million units in FY23F (+11.1% YoY, prev: 5.5 million), while the 4W sales target remains unchanged at 1 million units. We believe that the better industry atmosphere will boost the performance of AUTO's main segment, manufacturing (58.5% of AUTO's sales), particularly sales of 2W components (which accounts for 45% of the segment's sales) with AHM (Astra Honda Motor, the exclusive license agent (ATPM) of Honda motorcycles in Indonesia, which control 79% of Indonesia's 2W market share) as its largest customer (24.0% of AUTO's total sales). It should be noted that 63% of AUTO's manufacturing segment sales come from the Astra group.

Penetrating into the aftermarket segment

Apart from its automotive component manufacturing business, AUTO also operates a trading business (which accounts for 41.5% of AUTO's sales) focusing on the aftermarket sector. AUTO currently has the largest automotive component distribution network in Indonesia, with 46 dealers (outside Java & Bali) and more than 15,000 retailers. The company has also supplied its products to international markets, especially Asia (exports account for 11% of the trading segment's sales). In addition, AUTO has 380 modern retail outlets (most of which (79%) are located in Java) focusing on direct sales to end-customers, both for 4W (Shop & Drive and Astra Otoservice) and 2W (Shop & Bike and Motoquick). Those outlets contribute 14% of AUTO's trading revenue, and the company plans to open ten new modern retail outlets this year.

Never stop innovating

In June 2022, AUTO launched Astra Otopower, which produces EV charging stations (there are nine units currently available at Astra Otoservice outlets and rest areas). Even though domestic EV sales are still relatively insignificant (<5% of national automotive sales), we consider the launch of Astra Otopower an excellent strategy to prepare AUTO to become one of the pioneers in EV infrastructure. Apart from being engaged in the automotive industry, AUTO also produces various healthcare products, including autoclaves (medical sterilizers), high-flow nasal cannulas (breathing aids), and 2D ultrasounds, which have been developed since April 2020 in response to the government's call to increase the domestic component level (TKDN) of medical devices, though the segment's contribution to AUTO's sales is still very small (~1%)

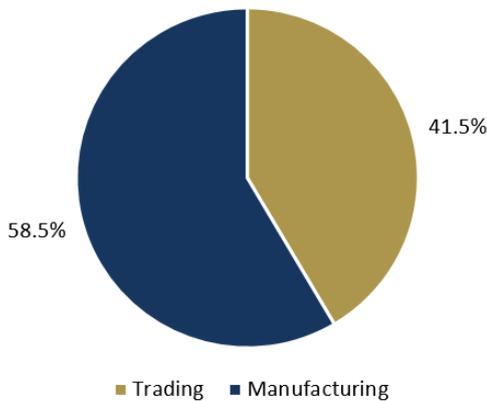
Valuations (at IDR 2,310/share)

Y/E Dec	18A	19A	20A	21A	22A
Revenue (IDRBn)	15,356	15,445	11,869	15,152	18,580
EBITDA (IDR Bn)	687	873	548	531	1,322
EV/EBITDA (x)	16.1	12.7	19.0	18.5	7.2
Net Profit (IDR Bn)	611	740	2	611	1,327
EPS (IDR)	127	153	0	127	275
EPS Growth (%)	4.0%	21.1%	-99.7%	27131.5%	117.0%
P/E Ratio (x)	18.2	15.1	4,959.3	18.2	8.4
BVPS (IDR)	2118	2195	2136	2251	2476
P/BV Ratio (x)	1.1	1.1	1.1	1.0	0.9

FY23F guidance, cheaper valuation than peers

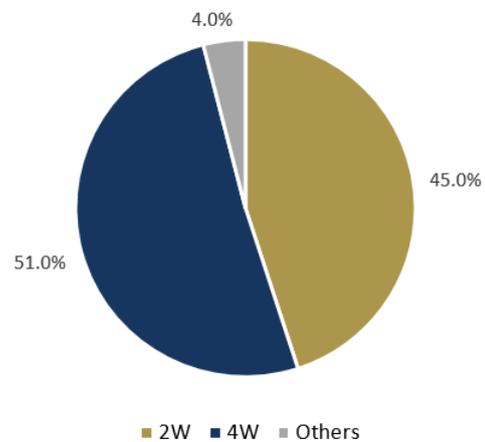
The recovery of the national automotive industry brings optimism for AUTO, which is targeting to book positive performance this year. The company projects its manufacturing revenue to grow at the same rate as national automotive sales growth, while its trading revenue is expected to grow at the same pace as Indonesia's GDP. Supported by better sales volume, selling price adjustments, and selective marketing programs, AUTO managed to increase its GPM to 16.1% in 1Q23 (1Q22: 12.5%) while posting a massive net profit spike (+92.1% YoY to IDR 433 billion). We expect the company's GPM to remain stable through the end of FY23F. Looking ahead, AUTO is projected to book another positive quarter in 2Q23F, supported by stable semiconductor supply, although we might see some QoQ decline due to the long Eid holiday, which interrupted the company's production activities. AUTO shares are currently trading at 6.3x FY23F P/E, -42.9% discount to local peers, and -51.6% discount to regional peers.

Figure 1. Revenue Mix 1Q23



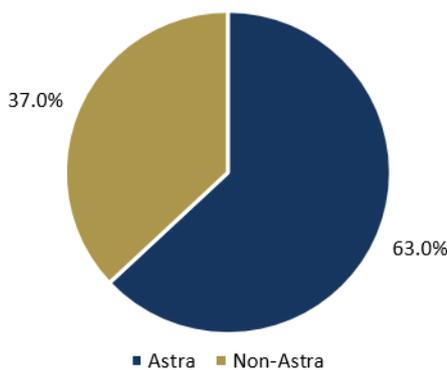
Source: Company, SSI Research

Figure 2. Manufacturing Sales (4W vs 2W)



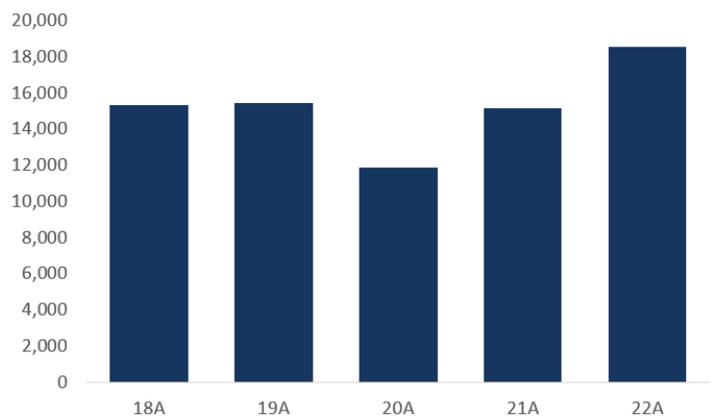
Source: Company, SSI Research

Figure 3. Manufacturing Sales (Astra vs Non Astra)



Source: SSI Research, Company

Figure 4. Revenue (IDR bio)



Source: SSI Research, Company

Figure 5. Dealer & Independent Retailers



Source: Company

Figure 6. Shop & Drive



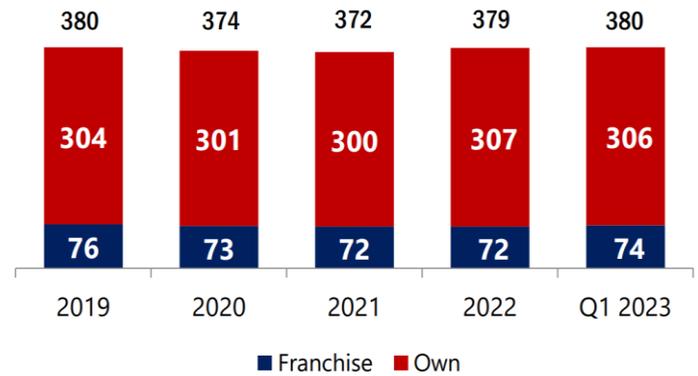
Source: Company

Figure 7. Astra Otoservice



Source: Company

Figure 8. Shop & Drive Outlets (Franchise vs Self-Owned)



Source: Company

Figure 9. Shop & Drive Locations



Source: Company

Figure 10. Astra Otopower



Source: Company

Key Financial Figures

Profit and Loss					
Y/E Dec (IDR Bn)	18A	19A	20A	21A	22A
Revenues	15,356	15,445	11,869	15,152	18,580
Cost of Goods Sold	(13,484)	(13,257)	(10,289)	(13,291)	(15,891)
Gross Profit	1,873	2,188	1,580	1,861	2,689
Opex	(1,509)	(1,642)	(1,446)	(1,712)	(1,746)
Operating Profit	364	546	134	149	943
EBITDA	687	873	548	531	1,322
Finance Income	479	523	(77)	539	697
Finance Costs	(57)	(83)	(70)	(37)	(34)
Other income/ expenses	5	15	56	22	44
Pre-tax Profits	862	1,083	119	755	1,731
Income Tax	(181)	(266)	(157)	(120)	(257)
Profit for Period	681	817	(38)	635	1,474
Minority Interest	(70)	(77)	40	(24)	(148)
Net Profit	611	740	2	611	1,327

Balance Sheet					
Y/E Dec (IDR Bn)	18A	19A	20A	21A	22A
Cash & equivalents	890	788	1,503	1,837	2,074
Receivables	1,930	1,980	1,649	2,023	2,630
Inventory	2,472	2,110	1,557	2,356	2,770
Other Current Asset	722	666	444	405	351
Total Current Asset	6,014	5,545	5,154	6,622	7,826
Fixed Asset	3,499	3,513	3,522	3,232	3,194
Other Non-Current Asset	6,377	6,958	6,505	7,093	7,501
Total Assets	15,890	16,016	15,180	16,947	18,521
ST Debt and CMLTD	835	508	440	515	503
Payables	1,984	1,777	1,323	2,209	2,342
Other current Liabilities	1,248	1,154	1,013	1,597	1,807
Total Current Liabilities	4,067	3,439	2,776	4,320	4,652
LT Debt	0	250	311	1	2
Other LT Liabilities	559	676	823	780	816
Total Liabilities	4,626	4,365	3,909	5,102	5,470
Minority Interest	1,056	1,070	978	998	1,118
Total Equity	11,264	11,651	11,271	11,846	13,052

Cash Flow					
Y/E Dec (IDR Bn)	18A	19A	20A	21A	22A
Net Profit	611	740	2	611	1,327
D&A	(323)	(327)	(414)	(382)	(379)
Changes in Working Capital	(122)	105	430	(288)	(887)
Operating Cash Flow	678	1,072	1,148	912	708
Capital Expenditure	497	494	338	282	422
Others	(709)	(1,167)	(359)	(420)	(494)
Investing Cash Flow	(213)	(673)	(20)	(138)	(73)
Change in Debt	457	(327)	(68)	75	(12)
Others	(674)	(186)	(301)	(525)	(415)
Financing Cash Flow	(217)	(513)	(369)	(450)	(427)
Net - Cash Flow	249	(114)	759	323	209
Cash at beginning	680	888	782	1,503	1,837
Cash at ending	890	788	1,503	1,837	2,074

Key Ratios					
Y/E Dec	18A	19A	20A	21A	22A
Gross Profit Margin (%)	12.2%	14.2%	13.3%	12.3%	14.5%
Operating Margin (%)	2.4%	3.5%	1.1%	1.0%	5.1%
EBITDA Margin (%)	4.5%	5.7%	4.6%	3.5%	7.1%
Pre-Tax Margin (%)	5.6%	7.0%	1.0%	5.0%	9.3%
Net Profit Margin (%)	4.0%	4.8%	0.0%	4.0%	7.1%

Major Assumption					
	18A	19A	20A	21A	22A
Sales Growth (%)	13.3%	0.6%	-23.2%	27.7%	22.6%
GDP growth%	5.2%	5.0%	-2.1%	3.7%	5.3%
National 4W sales growth (%)	6.9%	-10.5%	-48.4%	66.8%	18.1%
National 2W sales growth (%)	8.4%	1.6%	-43.6%	38.2%	3.2%

Peers Comparison (Automotive & Component Industry)

Company	Share (ln Bn)	Last Price	Market Cap (Bn)	PE (x)	PBV (x)
DRMA	4.7	1240	5,840	10.7	3.9
SMSM	5.8	1780	10,253	11.7	3.3
BRAM	0.5	7400	3,330	12.1	1.0
INDS	0.7	2220	1,457	6.0	0.5
LPIN	0.4	388	165	4.9	0.5
Average				11.0	2.9

Research Team			
Prasetya Gunadi	Head of Equity Research, Strategy, Banking, Digital Banks	prasetya.gunadi@samuel.co.id	+6221 2854 8320
Lionel Priyadi	Macro Equity Strategist	lionel.priyadi@samuel.co.id	+6221 2854 8854
Muhamad Alfatih, CSA, CTA, CFTE	Senior Technical Analyst	m.alfatih@samuel.co.id	+6221 2854 8129
William Mamudi, CFTE, CMT, CCT	Senior Technical Analyst	william.mamudi@samuel.co.id	+6221 2854 8382
Yosua Zisokhi	Cement, Cigarette, Paper, Plantation, Telco Infra, Chemicals	yosua.zisokhi@samuel.co.id	+6221 2854 8387
M. Farras Farhan	Media, Poultry, Oil & Gas, Technology	farras.farhan@samuel.co.id	+6221 2854 8346
Pebe Peresia	Automotive, Consumer Staples, Retail	pebe.peresia@samuel.co.id	+6221 2854 8339
Juan Oktavianus Harahap	Coal, Metal Mining	juan.oktavianus@samuel.co.id	+6221 2854 8846
Jonathan Guyadi	Banking, Healthcare, Telco	jonathan.guyadi@samuel.co.id	+6221 2854 8321
Adolf Richardo	Editor	adolf.richardo@samuel.co.id	+6221 2864 8397
Ashalia Fitri Yuliana	Research Associate	ashalia.fitri@samuel.co.id	+6221 2854 8389
Daniel Aditya Widjaja	Research Associate	daniel.aditya@samuel.co.id	+6221 2854 8322
Laurencia Hiemas	Research Associate	laurencia.hiemas@samuel.co.id	+6221 2854 8392
Brandon Boedhiman	Research Associate	brandon.boedhiman@samuel.co.id	+6221 2854 8392

Equity Institutional Team			
Benny Bambang Soebagjo	Head of Institutional Equity Sales	benny.soebagjo@samuel.co.id	+6221 2854 8312
Ronny Ardianto	Institutional Equity Sales	ronny.ardianto@samuel.co.id	+6221 2854 8399
Anthony Yunus	Institutional Equity Sales	anthony.yunus@samuel.co.id	+6221 2854 8314
Widya Meidrianto	Institutional Equity Sales	widya.meidrianto@samuel.co.id	+6221 2854 8317
Fachruly Fiater	Institutional Sales Trader	fachruly.fiater@samuel.co.id	+6221 2854 8325
Lucia Irawati	Institutional Sales Trader	lucia.irawati@samuel.co.id	+6221 2854 8173
Alexander Tayus	Institutional Equity Dealer	alexander.tayus@samuel.co.id	+6221 2854 8319
Leonardo Christian	Institutional Equity Dealer	leonardo.christian@samuel.co.id	+6221 2854 8147

Equity Retail Team			
Joseph Soegandhi	Head of Equity	joseph.soegandhi@samuel.co.id	+6221 2854 8872
Damargumilang	Head of Equity Retail	damargumilang@samuel.co.id	+6221 2854 8309
Clarice Wijana	Head of Equity Sales Support	clarice.wijana@samuel.co.id	+6221 2854 8395
Gitta Wahyu Retnani	Equity Sales & Trainer	gitta.wahyu@samuel.co.id	+6221 2854 8365
Vincentius Darren	Equity Sales	darren@samuel.co.id	+6221 2854 8348
Michael Alexander	Equity Sales	michael.alexander@samuel.co.id	+6221 2854 8369
Sylviawati	Equity Sales	sylviawati@samuel.co.id	+6221 2854 8112
Wandha Ahmad	Equity Sales	wandha.ahmad@samuel.co.id	+6221 2854 8316
Handa Sandiawan	Equity Sales	handa.sandiawan@samuel.co.id	+6221 2854 8302
Denzel Obaja	Equity Sales	denzel.obaja@samuel.co.id	+6221 2854 8342
Wahyudi Budiyo	Dealer	wahyudi.budiyo@samuel.co.id	+6221 2854 8152

Fixed Income Sales Team			
R. Virine Tresna Sundari	Head of Fixed Income	virine.sundari@samuel.co.id	+6221 2854 8170
Rudianto Nugroho	Fixed Income Sales	rudianto.nugroho@samuel.co.id	+6221 2854 8306
Sany Rizal Keliobas	Fixed Income Sales	sany.rizal@samuel.co.id	+6221 2854 8337
Safitri	Fixed Income Sales	safitri@samuel.co.id	+6221 2854 8376
Khairanni	Fixed Income Sales	khairanni@samuel.co.id	+6221 28548104
Saldy Achmad Yanuar	Fixed Income Sales	saldy.achmad@samuel.co.id	+6221 28548384
Nadya Attahira	Fixed Income Sales	nadya.attahira@samuel.co.id	+6221 2854 8305

DISCLAIMER: Analyst Certification: The views expressed in this research accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s) principally responsible for the preparation of this research has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations. This document is for information only and for the use of the recipient. It is not to be reproduced or copied or made available to others. Under no circumstances is it to be considered as an offer to sell or solicitation to buy any security. Any recommendation contained in this report may not be suitable for all investors. Moreover, although the information contained herein has been obtained from sources believed to be reliable, its accuracy, completeness and reliability cannot be guaranteed. All rights reserved by PT Samuel Sekuritas Indonesia.