

AUTO IJ · Automotive Sparepart

# Astra Otoparts

## Weak 1Q24 but anticipated, resilient amidst lower car sales

(Maintain)

**Buy**

 Target price  
**IDR2,200 ▼**

 Upside  
**20.9%**

 Current price (6/14/24)  
**IDR1,820**

JCI Index	6,735	Market cap (IDRtr)	8,772	Shares outstanding (bn)	4,820	Free Float (%)	15.1
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### Report summary

#### Weak 1Q24 result but anticipated

AUTO reported 1Q24 net revenue of IDR4.6tr(+0.7% QoQ, -7.6% YoY), achieving 22.9% of the estimated annual run rate. COGS improved to IDR3.9tr (+2.8% QoQ, -7.4% YoY), but faster revenue decline reduced gross profit to IDR734.2bn (-8.9% QoQ, -8.2% YoY). Net profit improved to IDR475.0bn (-10.5% QoQ, +9.7% YoY), reaching 33.0% of the annual estimate. Other expenses decreased significantly from IDR37.4bn in 1Q23 to IDR7.9bn in 1Q24, mainly due to reduced forex losses and final tax.

#### Resilient Despite Lower 4W Car Sales, Diversification in progress

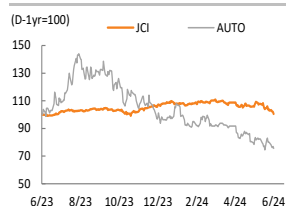
Despite the recent dip in 4W wholesale reaching 334,897 units (-21% YoY), we see that AUTO's earnings remain resilient. Trading business for AUTO managed to grow 5.3% from IDR2.07tr in 1Q23 to IDR2.17tr in 1Q24. On top of that, AUTO is diversifying their portfolio with other businesses such as EV Charging machine, industrial equipment and recently medical devices such as USG, Centrifuge, baby incubator, etc.

#### Maintain BUY with a lower TP of IDR2,200

Despite the weaker car sales and 1Q24 results, we remain optimistic towards AUTO as they are able to remain resilient during low car sales due to their ability to service not just new vehicles but also existing On The Road (OTR) vehicles. Hence, we maintain a buy recommendation towards AUTO with a lower TP of IDR2,200. This TP is equivalent to AUTO's 2 year mean P/E of 6.5x. Downside risk: weaker purchasing power, lower than anticipated automotive sales, Slower GDP growth.

### Key data

#### Price performance



(%)	1M	6M	12M
Absolute	-7.8	-25.4	-24.8
Relative	-1.7	-19.1	-25.1

#### Earnings and valuation metrics

(FY Dec. 31)	2021	2022	2023	2024F	2025F
Revenue (IDR bn)	15,152	18,580	18,649	19,395	19,977
Operating Profit (IDR bn)	149	943	1,172	1,055	1,057
EBITDA (IDR bn)	832	1,807	2,707	2,328	2,367
Net Profit (IDR bn)	635	1,474	2,013	1,626	1,657
EPS (IDR)	127	275	382	309	315
P/E (x)	18.9	8.7	6.3	7.8	7.6
EV/Revenue (x)	1.0	0.9	0.8	0.7	0.7
ROA (%)	3.7	8.0	10.3	7.7	7.4
ROE (%)	5.4	11.3	13.8	10.3	9.8

Notes: NP is attributable to owners of the parent

Source: Company data, Mirae Asset Sekuritas Indonesia Research estimates

## C O N T E N T S

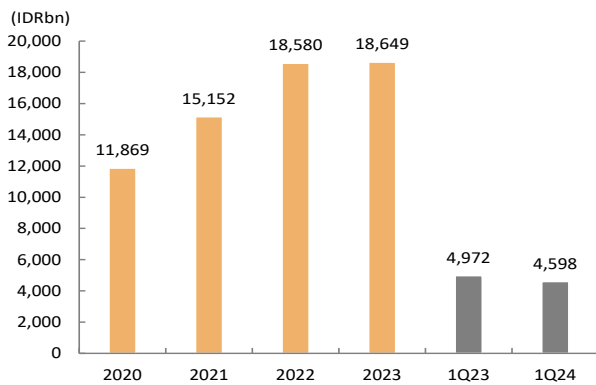
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## Latest financial performance review

### 1Q24 results: Weak results but anticipated due to slower car sales

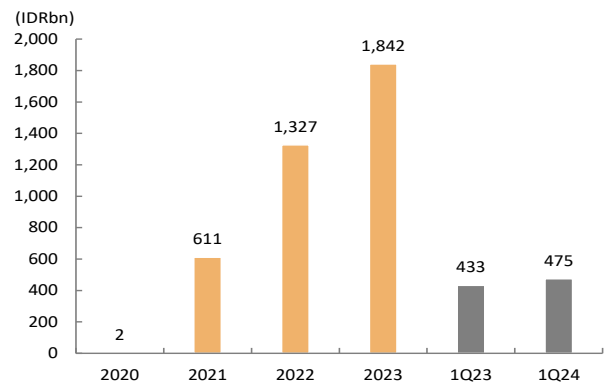
AUTO reported a net revenue of IDR4.6tr in 1Q24, which represents a 0.7% increase QoQ but a 7.6% decrease YoY, equivalent to 22.9% of the company's full-year estimate. The cost of goods sold (COGS) improved from IDR4.2tr in 1Q23 to IDR3.9tr in 1Q24, marking a 2.8% QoQ increase and a 7.4% YoY decrease. However, because revenue declined faster than COGS, gross profit fell to IDR734.2bn, showing an 8.9% QoQ and 8.2% YoY decrease. Despite this, the net profit improved significantly on a yearly basis, rising from IDR432.9bn in 1Q23 to IDR475.0bn in 1Q24, which is a 9.7% YoY increase but a 10.5% QoQ decrease, equivalent to 33.0% of the company's full-year estimate. Additionally, other expenses decreased substantially from IDR37.4bn in 1Q23 to IDR7.9bn in 1Q24, mainly due to reductions in forex losses and final tax.

Figure 1. AUTO's Revenue



Source: Company, Mirae Asset Sekuritas Indonesia Research

Figure 2. AUTO's Net Income

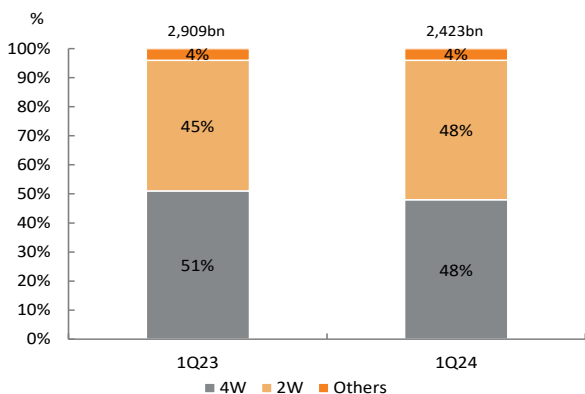


Source: Company, Mirae Asset Sekuritas Indonesia Research

### By business segment

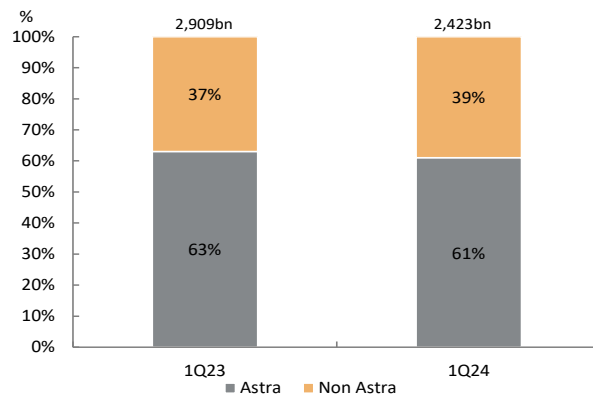
AUTO's overall business segment experienced a decline of 7.6% YoY, dropping from IDR4.97tr in 1Q23 to IDR4.60tr in 1Q24. The revenue mix showed manufacturing's contribution decreasing from 58% in 1Q23 to 53% in 1Q24, while the trading segment increased from 42% to 47%. The manufacturing segment declined by 16.7% YoY, from IDR2.91tr in 1Q23 to IDR2.42tr in 1Q24, mainly due to a decrease in automotive sales, affecting the OEM segment despite the REM segment remaining solid. Conversely, the trading segment grew by 5.3% YoY, from IDR2.07tr in 1Q23 to IDR2.17tr in 1Q24, as it consists solely of REM parts, which serve existing vehicles on the road, minimizing revenue impact. AUTO has diversified its business into new segments like Astra Otopower, an EV charging station facility, with 24 stations across Indonesia as of 1Q24. Additionally, AUTO is focusing on the medical devices segment, manufacturing equipment such as USG, centrifuges, and patient monitors, and developing new devices like baby incubators and digital column scales. With the Indonesian government's push to localize medical instruments, AUTO is becoming a key pioneer in manufacturing local medical equipment for clinics.

Figure 3. AUTO's Manufacturing Revenue By Segment



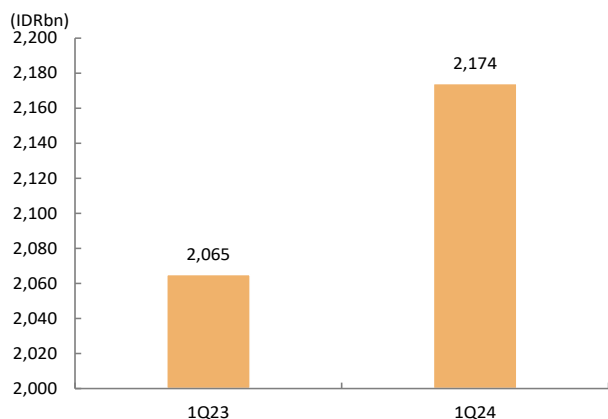
Source: Company, Mirae Asset Sekuritas Indonesia Research

Figure 4. AUTO's Manufacturing Revenue to OEM



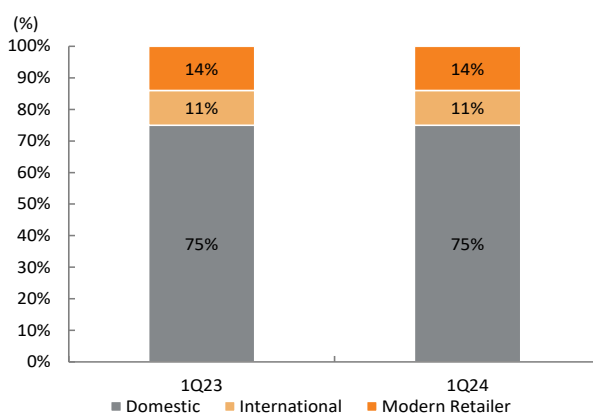
Source: Company, Mirae Asset Sekuritas Indonesia Research

Figure 5. AUTO's Trading Segment



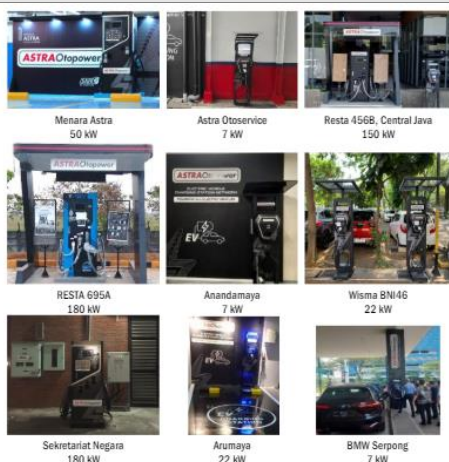
Source: Company, Mirae Asset Sekuritas Indonesia Research

Figure 6. AUTO's Trading Group Composition



Source: Company, Mirae Asset Sekuritas Indonesia Research

Figure 7. Astra Otopower Charging Stations



Source: Company, Mirae Asset Sekuritas Indonesia Research

Figure 8. AUTO Medical Devices



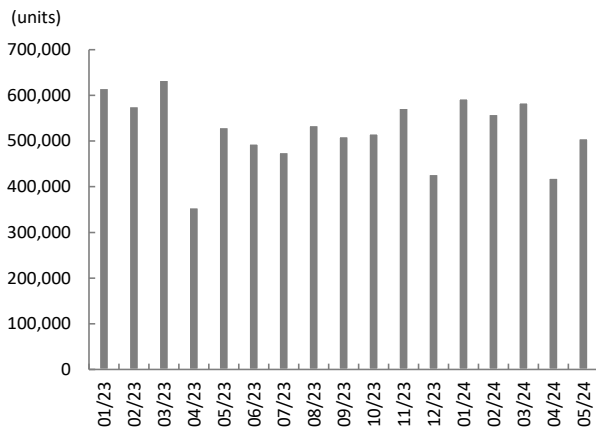
Source: Company, Mirae Asset Sekuritas Indonesia Research

## 2W and 4W Market

In May 2024, Indonesia's wholesale car sales reached 71,263 units, up 46.5% MoM but down 13.3% YoY, with cumulative sales for the first five months totaling 334,897 units, a 21% YoY decrease, achieving 30.4% of Gaikindo's 2024 target. Astra International (ASII) recorded 40,876 units in May 2024, up 54.1% MoM but down 12.5% YoY, with 5M24 sales at 187,446 units, down 19.1% YoY, increasing its market share. Competitors saw sharper declines, with non-ASII brands selling 30,387 units in May 2024 (+37.5% MoM, -14.4% YoY) and 147,451 units in 5M24 (-23.3% YoY).

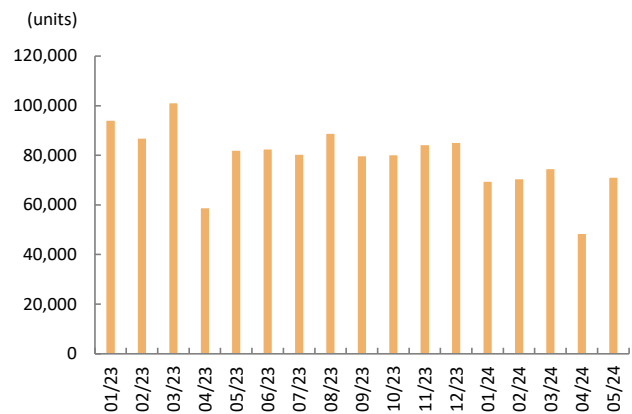
2W sales in Indonesia rose 20.6% from April to May, reaching 505,670 units, though still lower than May 2023. April was the lowest sales point from January to May 2024, while January was the highest with 592,658 units. Total motorcycle sales from January to May were 2,659,896 units, slightly lower than the same period last year. Motorcycle exports increased, with 47,449 units in May 2024, the highest in the first five months, compared to 32,725 units in April, 38,375 units in March and February, and 34,991 units in January.

Figure 9. 5M24 Two Wheel Domestic Sales



Source: Company, Mirae Asset Sekuritas Indonesia Research

Figure 10. 5M24 Four Wheel Market



Source: Company, Mirae Asset Sekuritas Indonesia Research

Table 1. AUTO Run Rate & Key Highlights

(IDRbn)	1Q23	4Q23	1Q24	QoQ (%)	YoY (%)	2024F MASI (%)
<b>Revenue</b>	<b>4,975</b>	<b>4,564</b>	<b>4,598</b>	<b>0.7</b>	<b>92.4</b>	<b>22.9</b>
Trading	2,136	2,038	2,275	11.6	106.5	
Manufacturing	3,170	2,913	2,692	-7.6	84.9	
Elimination	-331	-387	-369	-4.7	111.5	
COGS	-4,174	-3,758	-3,863	2.8	92.5	
<b>Gross Profit</b>	<b>801</b>	<b>806</b>	<b>735</b>	<b>-8.8</b>	<b>91.8</b>	<b>23.9</b>
OPEX	-524	-487	-466	-4.3	88.9	
S&M	-235	-251	-254	1.2	108.1	
G&A	-289	-236	-213	-9.7	73.7	
Other Income	324	337	328	-2.7	101.2	
Other Expenses	-47	-9	-17	88.9	36.2	
<b>Profit Before Income Tax</b>	<b>554</b>	<b>648</b>	<b>579</b>	<b>-10.6</b>	<b>104.5</b>	<b>30.5</b>
Income Tax Expenses	-77	-71	-68	-4.2	88.3	
Non Controlling Interest	44	44	36	-18.2	81.8	
<b>Profit to Parent Entity</b>	<b>433</b>	<b>533</b>	<b>475</b>	<b>-10.9</b>	<b>109.7</b>	<b>33.0</b>

Source: Mirae Asset Sekuritas Indonesia Research

## Company Update & Outlook

### Diversification remains key to AUTO

PT Astra Otoparts Tbk (AUTO) continues to record positive performance despite weak car sales. AUTO's trading business has performed well throughout the year. However, management acknowledges that the decline in national wholesale car sales from January to May 2024, which fell 21% YoY to 334,969 units, has impacted AUTO's business. To address this, AUTO is monitoring the wholesale sales of two- and four-wheeled vehicles to mitigate business risks and is diversifying into medical devices and electric vehicle (EV) components. Management also mentioned that AUTO is pushing for product export growth and exploring new export markets.

Figure 11. AUTO's Other Business Segment Product Lines



Source: Company, Mirae Asset Sekuritas Indonesia Research

### Outlook for 2024

Gaikindo still remain optimistic on their target of 1.1mn units car sold in 2024 despite the weaker 1Q24 results compared to the previous year. They believe that there were several factors that contributed to the weaker car sales in 2024. Firstly, there is a significant increase in interest rates. Additionally, raw material costs have risen substantially, and there is a major political event, the elections. We also observe some new stringent regulations that have slightly disrupted sales.

Despite Gaikindo's optimism for four-wheeler sales in Indonesia, our forecast remains cautious due to disappointing sales in the first quarter of 2024, which fell below expectations compared to the previous year. We also expect weaker sales in the second quarter, particularly in April, influenced by the Lebaran break, which historically impacts car sales. A potential recovery in automotive sales might occur in the second half of 2024, hopeful for a rate cut in 4Q24F.

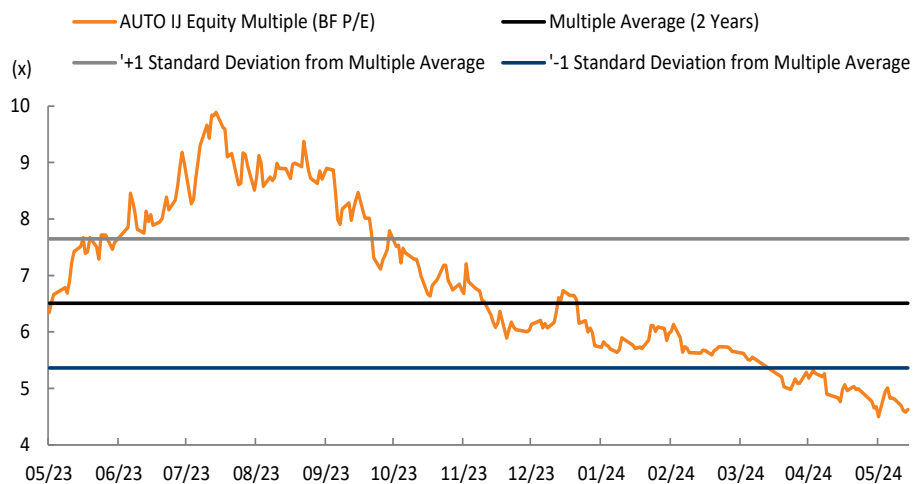
For 2W, AISI projected sales of about 6.2mn – 6.5mn units for 2024. We do see that this target still remains viable as it falls in the runrate range of 42.9% for 6.2mn units and 40.9% for 6.5mn units as of May 2024 and expectation of a rate cut in 2H24.

## Valuation and Recommendation

### Maintain a Buy recommendation with lower TP of IDR2,200/share

Despite the weaker car sales and 1Q24 results, we remain optimistic towards AUTO as they are able to remain resilient during low car sales due to their ability to service not just new vehicles but also existing On The Road (OTR) vehicles. Hence, we maintain a buy recommendation towards AUTO with a lower TP of IDR2,200. We value AUTO using forward P/E target equivalent to AUTO's 2 year mean P/E of 6.5x. We remain optimistic towards AUTO's prospect given that 1) earnings does not just correlate with new car sales, 2) attractive valuation post ex dividend and removal from MSCI index and 3) expecting a potential rate cut in 2H24. Some of the downside risk to our call includes: weaker purchasing power, lower than anticipated automotive sales, Slower GDP growth.

**Figure 12. AUTO's 1 Year Forward P/E Band**



Source: Bloomberg, Mirae Asset Sekuritas Indonesia Research

**Table 2. AUTO Valuation Methodology**

	2024F	2025F
Net Income (IDRmn)	2,012,702	1,625,889
# of Shares	4,819,733,000	4,819,733,000
EPS (Earnings / Share)	417.6	337.3
Target Multiple		6.5x
Price Target		2,195
<b>Round Up TP</b>		<b>2,200</b>

Source: Mirae Asset Sekuritas Indonesia Research

## Astra Otoparts (AUTO IJ)

## Income Statement (summarized)

(IDRbn)	2022	2023	2024F	2025F
<b>Revenue</b>	<b>15,152</b>	<b>18,580</b>	<b>18,649</b>	<b>19,395</b>
Cost of revenue	(13,291)	(15,891)	(15,570)	(16,418)
<b>Gross Profit</b>	<b>1,861</b>	<b>2,689</b>	<b>3,079</b>	<b>2,978</b>
Selling Expenses	(805)	(894)	(957)	(981)
General & Adm. Expenses	(907)	(852)	(950)	(941)
Depreciation & Amortization	(522)	(526)	(510)	(526)
Other Operating Income (exp.)	22	44	77	68
<b>Operating Profit (Loss)</b>	<b>149</b>	<b>943</b>	<b>1,172</b>	<b>1,055</b>
<b>Operating EBITDA (Loss)</b>	<b>832</b>	<b>1,807</b>	<b>2,707</b>	<b>2,328</b>
Finance Income (exp.)	45	47	118	68
Pretax Income (Loss)	755	1,731	2,315	1,870
Income Tax (benefit)	120	257	302	244
<b>Net Profit (Loss)</b>	<b>635</b>	<b>1,474</b>	<b>2,013</b>	<b>1,626</b>

## Balance Sheet (summarized)

(IDRbn)	2022	2023	2024F	2025F
<b>Assets</b>				
Cash & Cash Equivalents	1,837	2,074	2,670	3,119
Account Receivables	2,091	2,690	2,357	2,710
Inventories	2,356	2,770	2,527	3,149
Other Current Assets	337	291	330	344
<b>Total Current Assets</b>	<b>6,622</b>	<b>7,826</b>	<b>7,957</b>	<b>9,398</b>
Fixed Assets	3,232	3,194	3,245	3,408
Investment Properties	743	694	688	688
Inv. in Associates & JV	5,417	5,858	6,630	6,459
Other Non-Current Assets	933	949	1,093	1,029
<b>Total Non-Current Assets</b>	<b>10,325</b>	<b>10,696</b>	<b>11,656</b>	<b>11,584</b>
<b>Total Assets</b>	<b>16,947</b>	<b>18,521</b>	<b>19,613</b>	<b>20,982</b>
<b>Liabilities</b>				
Account Payables	2,344	2,540	2,367	2,654
Short-Term Debt	510	500	414	-
Other Current Liabilities	1,467	1,613	1,556	1,737
<b>Total Current Liabilities</b>	<b>4,320</b>	<b>4,652</b>	<b>4,336</b>	<b>4,391</b>
Long-Term Debt	-	-	31	-
Other Non-Current Liabilities	781	817	707	873
<b>Total Non-Current Liabilities</b>	<b>781</b>	<b>817</b>	<b>737</b>	<b>873</b>
<b>Total Liabilities</b>	<b>5,102</b>	<b>5,470</b>	<b>5,073</b>	<b>5,264</b>
<b>Shareholder's Equity</b>				
Share Capital	482	482	482	482
Additional paid-in Capital	2,914	2,914	2,914	2,914
Retained Earnings	7,152	8,227	9,435	10,650
Other Equity	300	310	502	304
Shareholder's Equity	10,848	11,933	13,333	14,351
Non-controlling Equity	998	1,118	1,206	1,368
<b>Total Equity</b>	<b>11,846</b>	<b>13,052</b>	<b>14,540</b>	<b>15,719</b>

Source: Company data, Mirae Asset Sekuritas Indonesia Research estimates

## Cashflow Statement (summarized)

(IDRbn)	2022	2023	2024F	2025F
<b>CF from Operating</b>				
Net Profit (Loss)	635	1,474	2,013	1,626
Depreciation & Amortization	522	526	510	526
Change in Working Capital	2,053	1,209	344	168
Others	(2,298)	(2,501)	(993)	(1,018)
<b>Total CF from Operating</b>	<b>912</b>	<b>708</b>	<b>1,874</b>	<b>1,302</b>
<b>CF from Investing</b>				
Capex	(294)	(413)	(420)	(400)
Others	156	340	242	250
<b>Total CF from Investing</b>	<b>(138)</b>	<b>(73)</b>	<b>(178)</b>	<b>(150)</b>
<b>CF from Financing</b>				
Increase (decr.) in share capital	-	-	-	-
Increase (decr.) in debt	(219)	(10)	(482)	(100)
Dividend Payments	(136)	(327)	(518)	(503)
Others	(96)	(90)	(100)	(100)
<b>Total CF from Financing</b>	<b>(450)</b>	<b>(427)</b>	<b>(1,099)</b>	<b>(703)</b>
Net Increase (decr.) in cash	323	209	596	406
Beginning Balance	<b>1,503</b>	<b>1,837</b>	<b>2,074</b>	<b>2,671</b>
Ending Balance	1,837	2,074	2,670	3,119

## Key Performance Indicators

(IDRbn)	2022	2023	2024F	2025F
<b>Growth (% YoY)</b>				
Gross Revenue	27.7%	22.6%	0.4%	4.0%
Net Revenue	17.8%	44.5%	14.5%	-3.3%
Operating Profit (Loss)	11.5%	532.4%	24.2%	-9.9%
EBITDA	263.3%	117.3%	49.8%	-14.0%
Net Profit (Loss)	-1776.9%	132.2%	36.5%	-19.2%
<b>Profitability (%)</b>				
Gross Margin	12.3%	14.5%	16.5%	15.4%
Operating Margin	1.0%	5.1%	6.3%	5.4%
EBITDA Margin	5.5%	9.7%	14.5%	12.0%
Net Margin	4.2%	7.9%	10.8%	8.4%
ROE	5.4%	11.3%	13.8%	10.3%
ROA	3.7%	8.0%	10.3%	7.7%
<b>Leverage (x)</b>				
Debt/Equity	0.43x	0.42x	0.35x	0.33x
<b>Per Share data (IDR)</b>				
EPS	127	275	382	309
BPS	2458	2708	3017	3261
<b>Valuation (x)</b>				
P/E	18.9x	8.7x	6.3x	7.8x
P/B	1.0x	0.9x	0.8x	0.7x
EV/EBITDA	12.3x	5.5x	3.4x	3.6x

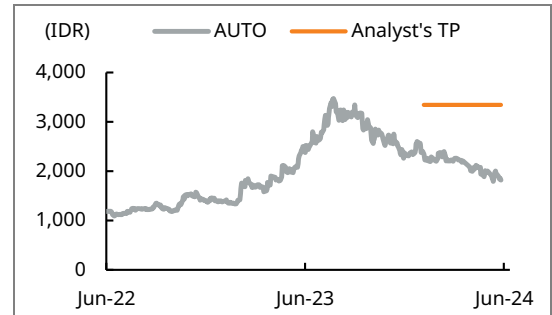
Source: Company data, Mirae Asset Sekuritas Indonesia Research estimates

# Appendix 1

## Important disclosures and disclaimers

### Two-year rating and TP history

Company	Date	Rating	TP (IDR)
Astra Otoparts (AUTO JJ)	6/19/2024	Buy	2,200
	1/24/2024	Buy	3,340



### Stock ratings

Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

### Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

\* Our investment rating is a guide to the expected return of the stock over the next 12 months.

\* Outside of the official ratings of PT Mirae Asset Sekuritas Indonesia, analysts may call trading opportunities should technical or short-term material developments arise.

\* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

\* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

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