Astra International (ASII IJ)

GIIAS 2026 Traffic Increases; BEV Incentives Delayed

Highlights

- **Strong GIIAS momentum may help us exceed our 2026 4W target of +5.5% yoy.** Our anecdotal evidence suggests the GIIAS 2026 event was a success (30 Jul-9 August). This should be a precursor for a continued strong 2H after a strong 1H26 recovery of +16.4% yoy.
- **Continued delay in BEV incentives.** Previously scheduled for announcement on 1 Aug 26, the package has been delayed by two to three weeks from 4 Aug 26.
- **Maintain BUY with an SOTP-based target price of Rp7,100.**

Analysis

- **GIIAS BSD: A stronger turnout than expected.** We visited the Gaikindo Indonesia International Auto Show (GIIAS) Bumi Serpong Damai (BSD) on 6 Aug 26 (Thursday) and came away more positive on 2H26 4W demand, as the event drew noticeably stronger traffic than our last GIIAS 2025 visit (based on anecdotal observation, as official visitor figures have yet to be released). Traffic was already heavy at the JORR toll gate heading to GIIAS, with the halls being packed, which was surprising for a weekday. With oil prices staying high and sustained, we think the pull toward cheaper/cleaner energy vehicles, such as EVs, PHEVs, and hybrids, is one of the key reasons why the GIIAS 2026 crowd was so busy.
- **Strong interest in ASII's hybrid despite stiff competition from new EV launches. ASII's Toyota booth was one of the largest in the hall, with Toyota's hybrid sales roughly doubling during GIIAS 2026 according to local news,** despite a large number of new BEV launches**. Last year, the GIIAS BSD event accounted for ~1% of ASII's total 2025 sales. This should be a positive precursor for 2H26 momentum, as it builds on an already-strong 1H26 ASII sales growth of 10.4% yoy - further GIIAS events in 2H26 across Surabaya, Bandung, Semarang, and Makassar are likely to sustain the trend.**
- **BEV city cars are gaining traction.** The models that drew the most attention at GIIAS 2026 were BEV city cars, notably from the Chery group. The Chery booth was among the busiest, where the newly launched Chery Q3, priced at Rp239.9m-259.9m, recorded around 10,000 units in orders. The Jaecoo J5 also maintained traction, despite its price being raised twice since launch from Rp299m to Rp319m. A comparable model is the Lepas E4 at Rp339m, whose main draw is a 600km range against 461km for the J5, with around 300 units sold. Another notable entrant is the Changan Nevo Q05 at Rp359m, with 400 units sold. These launches have not yet affected Toyota's hybrids, as the Innova Zenix and Veloz Hybrid target the 7-seater segment. However, in our view, a 7-seater launch from these brands with a better interior priced at Rp400m-450m could pressure Toyota's hybrid sales.

Key Financials

Year to 31 Dec (Rpb)	2024	2025	2026F	2027F	2028F
Net turnover	328,480	323,392	308,089	325,097	335,478
Operating profit	42,400	38,665	31,729	35,930	43,353
Net profit	33,901	32,769	28,347	33,497	36,971
EPS (Rp)	837	809	700	827	913
PE (x)	6.0	6.2	7.1	6.0	5.5
P/B (x)	0.9	0.9	0.9	0.8	0.8
EV/EBITDA (x)	4.5	5.0	5.5	4.9	4.2
Dividend yield (%)	10.4	8.1	9.7	11.2	13.2
Net margin (%)	10.3	10.1	9.2	10.3	11.0
Net debt/(cash) to equity (x)	0.2	0.3	0.2	0.2	0.2
Interest cover (x)	11.1	10.4	10.1	12.3	15.0
ROE (%)	15.9	14.3	11.9	13.5	14.3
UOBKH/Consensus (x)	-	-	0.97	1.03	1.07

Source: ASII, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Rp5,000
Target Price	Rp7,100
Upside	+42.0%

Stock Data

Sector	Automobile
Bloomberg ticker	ASII IJ
Shares issued (m)	40,484
Market cap (Rpb)	202,418
Market cap (US$m)	11,401
3-mth avg daily t'over (US$m)	19.1

Price Performance (%)

52-week high/low				Rp7,475/Rp4,350
1mth	3mth	6mth	1yr	YTD
4.0	(14.2)	(25.4)	1.6	(25.4)

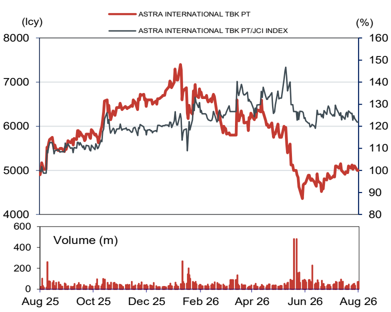
Major Shareholders (%)

Jardine Cycle & Carriage	50.11

Balance Sheet Metrics

FY26 NAV/Share (Rp)	5,869
FY26 Net Debt/Share (Rp)	(1,285)

Price Chart



Source: Bloomberg

Company Description

Astra International assembles and distributes automobiles, motorcycles, and their related spare parts. Through its subsidiaries, the company also operates in the mining, development of plantations, financial and information technology.

- **Another delay in BEV incentives.** The battery electric vehicle (BEV) incentives, which were supposed to be released on 1 Aug 26, have been delayed again. The latest update is that a new BEV incentive package will be announced within two to three weeks from 4 Aug 26, covering 500,000 BEVs and 500,000 electric motorcycles, for a total of 1m units. The incentive being prepared is a government-borne VAT (PPN-DTP) ranging from 40% to 100%, though the scheme is still being finalised and may treat nickel-based and lithium-based batteries differently. Surprisingly, we saw many BEV launches priced at lucrative value-for-money levels, especially in the Rp200-500m/unit range during the event. If demand remains strong, the risk of the incentives not being extended is plausible in our view.

1H26 Results

(Rpb)	2Q25	1Q26	2Q26	qoq (%)	yoy (%)	1H25	1H26	yoy (%)
Revenue	79,496	78,668	79,245	0.7	(0.3)	162,857	157,913	(3.0)
Gross Profit	17,773	15,494	16,958	9.4	(4.6)	34,833	32,452	(6.8)
Operating	9,949	6,310	8,107	28.5	(18.5)	19,167	14,417	(24.8)
Net Profit	8,583	5,850	6,683	14.2	(22.1)	15,515	12,533	(19.2)
Core Profit	8,683	6,814	8,078	18.6	(7.0)	16,041	14,892	(7.2)
GPM (%)	22.4	19.7	21.4					
OPM (%)	12.5	8.0	10.2					
Net Margin (%)	10.8	7.4	8.4					

Source: UOB Kay Hian

- **1H26 results.** ASII's 1H26 revenue declined 3.0% yoy, with core net profit (excluding non-recurring items) at Rp14.9t. Reported net profit fell 19% yoy to Rp12.5t on Rp2.4t of non-recurring charges from equity fair value adjustments, a Supreme Energy impairment, and a Stargate forest utilisation payment.
- **2H26 outlook.** The 4W industry recovery is expected to continue, with ASII maintaining its 2026 sales target of 850,000 units and a 50% market share target. Manufacturing margins are expected to soften in 2H26, especially toward year-end, as forex and raw material cost pressures flow through and price increases stay gradual amid competitive conditions. Sales margins, however, should stay resilient on a better product mix, disciplined discounting, and higher after-sales contribution. In financial services, higher interest rates should have limited near-term impact as funding costs adjust gradually, with longer-term repricing managed through funding optimisation, risk-based pricing, and a preference for profitability over aggressive loan growth. The heavy equipment, mining, construction and energy (HEMCE) segment will improve in 2H26, with the geothermal impairment already booked in 1H26 and Martabe gold volumes normalising toward a full-year target of 60,000 oz. There is also potential upside for the coal segment, as the RKAB budget has been raised from 7.5mt to 10.5mt.

Valuation/Recommendation

- **Maintain BUY with an SOTP-based target price of Rp7,100.** Better traction in GIIAS 2026 provides positive sentiment for 2H26 4W sales to achieve 5.5% yoy growth. ASII has also been managing the higher interest rate environment through funding optimisation, greater risk-based pricing, and a preference for profitable growth over aggressive loan expansion. Additionally, the HEMCE segment is expected to improve in 2H26 on the full impairment of its geothermal asset, while earnings should receive a boost from normalising Martabe gold mine volume.

Earnings Revision/Risk

- No earnings revision.

Share Price Catalyst

- a) Continued delay in BEV incentives, b) Rp8t buyback programme.

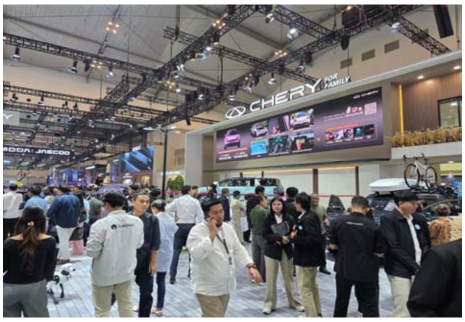
Toyota Booth

Source: UOB Kay Hian

Daihatsu Booth

Source: UOB Kay Hian

Chery Booth



Source: UOB Kay Hian

Geely Booth

Source: UOB Kay Hian

Strong visitor interest for the Chery Q3 Omoda O4 EV

Source: UOB Kay Hian

Source: UOB Kay Hian

iCAR V23

Source: UOB Kay Hian

Omoda O4

Source: Gaikindo UOB Kay Hian

Jaecoo J5

Source: UOB Kay Hian

Nevo Q05

Source: UOB Kay Hian

Profit & loss

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Net turnover	323,392	308,089	325,097	335,478
Gross profit	71,444	67,147	72,258	75,252
EBIT	38,665	31,729	35,930	43,353
EBITDA	52,307	46,153	51,135	59,341
Interest income	3,655	3,323	3,844	4,114
Interest expense	(3,734)	(3,137)	(2,915)	(2,883)
Other income/exp.	10,702	9,880	13,360	13,427
Pre-tax profit	49,288	41,795	50,219	58,011
Income tax	(9,083)	(8,265)	(9,987)	(11,843)
Minority interest	(7,436)	(5,183)	(6,734)	(9,197)
Net profit	32,769	28,347	33,497	36,971

Balance Sheet

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Cash/ST investment	52,621	60,346	65,496	70,770
Fixed asset	83,766	88,952	93,735	98,117
Other assets	370,979	369,467	377,251	383,909
Total assets	507,366	518,765	536,482	552,796
ST debt	69,325	69,325	69,325	69,325
Other current liabilities	82,753	81,070	82,889	84,019
LT debt	40,976	43,025	45,176	47,435
Other LT liabilities	23,500	23,500	23,500	23,500
Shareholders' equity	228,906	237,591	248,411	258,584
Minority interest	61,906	64,255	67,181	69,932
Total liabilities & equity	507,366	518,765	536,482	552,796

Cash flow

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Operating	44,694	36,480	36,020	40,333
Net profit	32,769	28,347	33,497	36,971
Depreciation & amort.	7,483	7,912	8,341	8,769
Changes in working capital	(6,275)	784	(3,715)	(3,215)
Others	10,717	(563)	(2,102)	(2,193)
Investing	(21,257)	(13,271)	(13,271)	(13,271)
Capex	(11,752)	(13,271)	(13,271)	(13,271)
Others	(9,505)	0	0	0
Financing	(19,721)	(15,484)	(17,600)	(21,787)
Debt raised (repaid)	9,628	2,049	2,151	2,259
Equity raised (repaid)	0	0	0	0
Dividends	(16,436)	(19,661)	(22,677)	(26,797)
Others	(12,913)	2,129	2,926	2,751
Net cash inflow (outflow)	3,716	7,725	5,149	5,275
Beginning cash	48,439	52,621	60,346	65,496
Changes due to forex impact	466	0	0	0
Ending cash & cash equivalent	52,621	60,346	65,496	70,770

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin (%)	16.2	15.0	15.7	17.7
Pre-tax margin (%)	15.2	13.6	15.4	17.3
Net margin (%)	10.1	9.2	10.3	11.0
ROA (%)	6.5	5.5	6.2	6.7
ROE (%)	14.3	11.9	13.5	14.3
Growth				
Turnover (%)	(1.5)	(4.7)	5.5	3.2
EBITDA (%)	(6.7)	(11.8)	10.8	16.0
Pre-tax profit (%)	(7.0)	(15.2)	20.2	15.5
Net profit (%)	(3.3)	(13.5)	18.2	10.4
Core profit (%)	(2.2)	(13.5)	18.2	10.4
Leverage				
Debt to equity (x)	0.5	0.5	0.5	0.5
Net debt/(cash) to equity (x)	0.3	0.2	0.2	0.2
Interest coverage (x)	10.4	10.1	12.3	15.0