Astra International (ASII IJ)

Investor Day Provides More Clarity On 2030 Targets

Highlights

- **2030 targets supported by disciplined capital allocation.** ASII targets ROE of above 15%, EPS of Rp1,150-1,200 and low-teens TSR by 2030.
- **Core businesses remain key growth drivers.** ASII targets to have a 48-50% share of the 4W market, while the financial services segment aims to deliver a 5% loan book CAGR while maintaining disciplined asset quality. MSHE earnings are expected to recover following Martabe's resumption and higher coal quotas.
- **Maintain BUY with an SOTP-based target price of Rp7,100.**

Analysis

- **Strengthening strategic focus with ambitious 2030 targets.** Astra International (ASII) held its Investor Day on 16 Nov 26. It announced 2030 targets of ROE above 15% and EPS of Rp1,150-1,200, both excluding non-recurring items. The EPS target is 40-47% above 2025 EPS of Rp814, an implied CAGR of 7-8%. ASII also targets a low-teens annual total shareholder return (TSR) to 2030, built from a 6% dividend yield plus 7-8% EPS growth, which gives 13-14% TSR. The strategic review is focused on capital discipline, where ASII intends to reallocate Rp10t of wider portfolio net assets by 2030, based on Dec 25 carrying values. Its illustrative 2026-30 cash plan puts 30% into capex (80% maintenance and 20% projects), 40% into dividends under a 45-50% payout policy, and 30% into buybacks and investments.
- **Automotive: Maintaining market leadership and expanding the customer ecosystem.** ASII expects its four-wheeler (4W) market share to dip due to battery electric vehicles (BEV) in 2027 before it recovers in 2028. Its market share could fall to 45% in 2027 before new products arrive, and ASII aims to return its market share to 48-50% by 2030 while targeting a 10-15% share of the BEV or plug-in hybrid electric vehicle (PHEV) market. Planned launches by 2030 include a mass-market BEV, a mass-market 7-seater internal combustion engine (ICE) and a 7-seater hybrid electric vehicle (HEV), with the focus staying on ex-Java markets. Toyota plans to raise its investment in Indonesia, including with CATL, and ASII will also offer an affordable two-wheeler (2W) BEV. For 2030, ASII is assuming the 4W market will grow from 804,000 units in 2025 to 1.0-1.1m units, and the 2W market to rise from 6.4m to 7.1-7.3m units. It targets to achieve a 2W market share of 78% and components revenue of up to Rp30t.
- **Financial services: Improving customer lifetime value and maintaining asset quality.** ASII plans to raise customer lifetime value by: a) lending more to customers already in the Astra ecosystem after their first vehicle loan, and b) growing outside the ecosystem. It has also simplified the segment's organisation. The 2030 targets are: a) loan book growth of 5% CAGR, b) non-performing financing (NPF) below 1% for 4W and heavy equipment, and c) below 2% for 2W.

Key Financials

Year to 31 Dec (Rpb)	2024	2025	2026F	2027F	2028F
Net turnover	328,480	323,392	322,999	328,639	347,033
Operating profit	42,400	38,665	34,869	35,434	40,830
Net profit	33,901	32,769	30,700	33,769	37,507
EPS (Rp)	837	809	758	834	926
PE (x)	6.4	6.6	7.1	6.4	5.8
P/B (x)	1.0	1.0	0.9	0.9	0.8
EV/EBITDA (x)	4.8	5.3	5.4	5.3	4.6
Dividend yield (%)	9.7	7.6	9.0	11.3	12.4
Net margin (%)	10.3	10.1	9.5	10.3	10.8
Net debt/(cash) to equity (x)	0.2	0.3	0.2	0.2	0.2
Interest cover (x)	11.1	10.4	9.2	12.2	14.2
ROE (%)	15.9	14.3	12.8	13.6	14.4
UOBKH/Consensus (x)	-	-	1.04	1.05	1.10

Source: ASII, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Rp5,375
Target Price	Rp7,100
Upside	+32.1%

Stock Data

Sector	Automobile
Bloomberg ticker	ASII IJ
Shares issued (m)	40,484
Market cap (Rpb)	217,599
Market cap (US$m)	11,927
3-mth avg daily t'over (US$m)	13.9

Price Performance (%)

52-week high/low				Rp7,475/Rp4,350
1mth	3mth	6mth	1yr	YTD
30.1	13.6	(9.7)	(16.3)	(19.8)

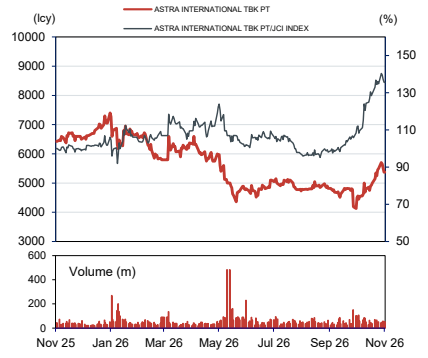
Major Shareholders (%)

Jardine Cycle & Carriage	50.11

Balance Sheet Metrics

FY26 NAV/Share (Rp)	5,927
FY26 Net Debt/Share (Rp)	1,243

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.

- **Mining solutions & heavy equipment: Leveraging mining value-chain synergies for growth.** The 2030 targets for mining solution & heavy equipment (MSHE) are overburden removal of up to 1.1b bank cubic metres (BCM), sales of 4,000-4,500 Komatsu units, coal sales of up to 15mt, and gold sales of 260-300,000 oz. The strategy is to optimise existing operations, deliver projects that are already planned, build synergies along the mining value chain and apply tighter rules to new investments.
- **Wider businesses: Portfolio rationalisation and disciplined capital allocation.** The wider portfolio follows an "Invest-Partner-Reallocate" framework, under which businesses are assessed based on: a) low returns or losses, b) limited strategic relevance, c) lack of competitive advantage, d) small scale, e) no clear path to control, and f) idle assets. Astra Agro Lestari (AALI) falls into the invest bucket, with accelerated replanting to improve productivity and a Rp0.4t share buyback. Digital ventures, private funds, and residential property have been identified for reallocation, while other businesses remain under review. The Rp10t reallocation represents 5% of illustrative 2026-30 cash sources, with the remaining 95% expected to come from operating cash flow from core businesses. Additionally, ASII completed its divestment of GOTO Gojek Tokopedia (GOTO) in Oct 26, reducing its ownership from 1.56% to 0%. As of end-3Q26, the wider portfolio net assets accounted for Rp80.8t, or 27.1% of ASII's total net assets of Rp297.9t, but contributed only Rp1.8t in profit, implying a ROE of 2.2%. To achieve its target ROE of above 15%, ASII is expected to pursue further portfolio optimisation and M&A opportunities.
- **Buyback deployed with cancellation intended.** The group completed Rp14t in share buybacks between Nov 25 and Nov 26. Under its ongoing Rp8t programme, ASII has repurchased approximately 3.3% of its outstanding shares. Shares not allocated to the management share ownership plan are intended to be cancelled, subject to shareholder approval. UNTR has launched its fourth buyback programme of up to Rp2t, running until 28 Dec 26, while AALI has introduced a buyback programme of up to Rp400b for 4Q26. The dividend payout policy remains unchanged at 45-50%. Capital allocation priorities remain focused on maintenance and project capex, followed by dividends, investments and share buybacks.

Valuation/Recommendation

- **Maintain BUY with an SOTP-based target price of Rp7,100,** implying 8.5x 2027F PE. ASII's Investor Day has provided clearer guidance on its 2030 targets, which we view as attractive. However, near-term risks remain - a rate-hike cycle could weigh on auto demand and the financing segment, and the mining tax policy remains uncertain.

Earnings Revision/Risk

Earnings Revision

	Old		New		Chg (%)	
(Rpb)	2026F	2027F	2026F	2027F	2026F	2027F
Revenue	308,089	325,097	322,999	328,639	4.8	1.1
Gross profit	67,147	72,258	69,710	71,051	3.8	-1.7
Op. profit	31,729	35,930	34,869	35,434	9.9	-1.4
Pre-tax profit	41,795	50,219	44,416	50,408	6.3	0.4
Net profit	28,347	33,497	30,700	33,769	8.3	0.8
GP margin (%)	21.8	22.2	21.6	21.6		
Op. margin (%)	10.3	11.1	10.8	10.8		
PBT margin (%)	13.6	15.4	13.8	15.3		
Net margin (%)	9.2	10.3	9.5	10.3		

Source: UOB Kay Hian

- **We revise 2026 and 2027 earnings by 8.3%/0.8% respectively.** We have increased our operational volume forecast for MSHE (please refer to our previous report) and revised 4W sales volumes by 4.9% (2026) /-6.7% (2027).

Share Price Catalyst

- a) Softer oil prices will ease inflation and rate pressure, supporting the economy and auto demand; b) continued share buybacks under the Rp8t programme and attractive dividends; and c) visible progress towards the 2030 targets.

2030 Ambitions



Source: ASII, UOB Kay Hian

TSR Illustration To 2030



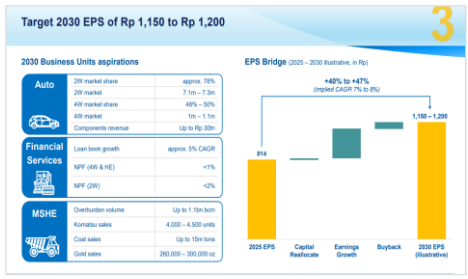
Source: ASII, UOB Kay Hian

Capital Reallocation



Source: ASII, UOB Kay Hian

2030 Business Units' Targets



Source: ASII, UOB Kay Hian

Profit & loss

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Net turnover	**323,392**	**322,999**	**328,639**	**347,033**
Gross profit	71,444	69,710	71,051	74,660
EBIT	38,665	34,869	35,434	40,830
EBITDA	**52,307**	**49,293**	**50,640**	**56,817**
Interest income	3,655	3,323	3,810	4,086
Interest expense	-3,734	-3,777	-2,915	-2,883
Other income/exp.	10,702	10,001	14,079	15,179
Pre-tax profit	**49,288**	**44,416**	**50,408**	**57,212**
Income tax	-9,083	-8,679	-10,033	-11,458
Minority interest	-7,436	-5,038	-6,606	-8,246
Net profit	**32,769**	**30,700**	**33,769**	**37,507**

Balance Sheet

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Cash/ST investment	52,621	62,015	66,142	71,119
Fixed asset	83,766	88,952	93,735	98,117
Other assets	370,979	372,676	378,275	386,767
Total assets	**507,366**	**523,644**	**538,152**	**556,002**
ST debt	69,325	69,325	69,325	69,325
Other current liabilities	82,753	82,958	83,616	85,877
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**	**239,944**	**249,154**	**259,646**
Minority interest	61,906	64,891	67,382	70,219
Total liabilities & equity	**507,366**	**523,644**	**538,152**	**556,002**

Cash flow

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Operating	**44,694**	**37,513**	**37,316**	**40,166**
Net profit	32,769	30,700	33,769	37,507
Depreciation & amort.	7,483	7,912	8,341	8,769
Changes in working capital	-6,275	-536	-2,692	-3,917
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**	**-14,847**	**-19,918**	**-21,919**
Debt raised (repaid)	9,628	2,049	2,151	2,259
Equity raised (repaid)	0	0	0	0
Dividends	-16,436	-19,661	-24,560	-27,015
Others	-12,913	2,765	2,491	2,838
Net cash inflow (outflow)	**3,716**	**9,394**	**4,127**	**4,976**
Beginning cash	48,439	52,621	62,015	66,142
Changes due to forex impact	466	0	0	0
Ending cash & cash equivalent	**52,621**	**62,015**	**66,142**	**71,119**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin (%)	16.2	15.3	15.4	16.4
Pre-tax margin (%)	15.2	13.8	15.3	16.5
Net margin (%)	10.1	9.5	10.3	10.8
ROA (%)	6.5	5.9	6.3	6.7
ROE (%)	14.3	12.8	13.6	14.4
Growth				
Turnover (%)	-1.5	-0.1	1.7	5.6
EBITDA (%)	-6.7	-5.8	2.7	12.2
Pre-tax profit (%)	-7.0	-9.9	13.5	13.5
Net profit (%)	-3.3	-6.3	10.0	11.1
Core profit (%)	-2.2	-6.3	10.0	11.1
Leverage				
Debt to equity (x)	0.5	0.5	0.5	0.4
Net debt/(cash) to equity (x)	0.3	0.2	0.2	0.2
Interest coverage (x)	10.4	9.2	12.2	14.2

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