

Mixed bag auto sales results, yet overall inline

17 October 2023

OVERWEIGHT

(Maintain)

TOP PICK

Company	Ticker	Rec	Share	Target
			Price (IDR)	Price (IDR)
Astra	ASII	Buy	5,850	7,350

Indonesia's 4W and 2W sales volumes dropped sharply in Sep '23 (-10.1% yoy, -20.1% yoy), mainly due to high base effect from previous month when GIIAS auto show was held in Aug '23. 9M auto sales were arrived within forecasts at 101.1%/99.5%. Astra continue to record superior achievement with positive 9M23 growth of 1.9% yoy vs non-Astra of -3.2% yoy, while market share is expanding by 127bps to 55.8%. Despite recent concerns over a) upcoming election, b) higher fuel price, c) weakening Rupiah and d) geopolitical tension, we believe domestic auto demand will remain intact in 4Q23 thus making our '23F sales assumption still achievable. On this backdrop, we maintain our OW call on Auto Sector and BUY on ASII with SOTP TP of IDR7,350/shr (10.9x '23F PE), which currently trading (8.8x '23F PE) at deep discount to its historical mean.

Sep '23 4W sales dropped 20.1% yoy but remains intact on 9M23 basis

Sep '23 4W sales dropped by 20.1% yoy and 10.1% mom to 79,883 units, which believed due to high-base volume on Aug '23 amid previous auto series held in Jakarta. As a result, the 9M23 figure inched down by 0.4% yoy to 755,173 units, still largely in-line at 78.1% of our '23F car sales assumption.

Weakening sales across the top brand, with non-Japanese brand even worse

Worth noting that the mom sharp drop in Sep '23 sales (-10.1% mom) was recorded in most of well-known brands such as Mitsubishi (-14.4% mom), Nissan (-40.5% mom), as well as Toyota and Daihatsu from Astra brand that decreased -13.9% mom and -14.1% mom. Data from Astra revealed that non-Japanese car (Hyundai) also noted lower sales by -7.0% mom to 3,103 units. Wuling is the only brand that booked positive sales, jumped 82.7% mom due to several variants such as Confero and Alvez, especially Wuling Air which contributed around 50% to total Wuling 4W sales in Sep '23 of 2,001 units. More details data from Gaikindo recorded that total non-Japanese 4W sales of 5,934 units (Sep '23) was tanked by -35.6% yoy worse than total industry performance.

No significant threat from non-Japanese as market share remains small

While it might look astonishing on month-on-month basis (+12.2% mom) which better than non-Japanese car which declined by 11.5% mom (industry growth: -10.1% mom), we have not seen any threat from non-Japanese car and believe that the landscape competition will remain the same. Total non-Japanese brand such as Hyundai, KIA, Chery, Wuling, DFSK, MG and others as a total of around 47,367 units in 9M23 and 5,934 units in Sep '23, translated into a flattish market share of 6.3% from 6.2% (9M22) and 129bps lower year-on-year at 7.4% from 8.7% in Sep '22. On the opposite, Astra market share is maintained at 56% in 9M23 and 127bps higher to 55.8% from 54.5% in Sep '22.

Our '23F for 2W and 4W still effortlessly achievable

Aside from continuing appetite loan demand (Aug '23: +14.7% yoy) we also expect another GIIAS auto series in Oct and Nov '23 as well as continuing promotions in 4Q23 that will support 2023 auto sales volume to arrives within ours and market expectations. To achieved our '23F car sales volume, 4Q23 sales only need to record 211,580 units, while on 2W23 market around 1,082,045 units. We maintain our '23F for car and motorcycles sales at 5,780,220 units and 966,753 units.

Maintain OW for Auto sector and BUY ASII with SOTP TP of IDR7,350

Auto sales this year is expected to reached our and association '23F figures. Maintain our Overweight stance on automotive sector and BUY for ASII with an SOTP TP of IDR7,350/share (10.9x '23F PE), while currently trades at 8.8x '23F PE, far below its -1SD of 10-year historical mean of 9.7x. Risks to our call includes: a) lower-than-expected 2W and 4W sales b) higher and faster than expected rising policy rate transmission c) higher inflation, slowing economic activity, d) deteriorating spending confidence.

Analyst(s)

Akhmad Nurcahyadi
akhmad.nurcahyadi@kbvalbury.com

Exhibit 1: Indonesia automotive related peers comparison

Ticker	Closing Price	Target Price	Upside Potential	Market Capitalization	P/E		P/B		ROE		Dividend Yield	
	(IDR)	(IDR)	(%)	(IDRbn)	2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F
ASII IJ	5,850	7,350	28.7	236,829	7.6	7.4	1.2	1.1	15.9	15.2	8.2	6.4
AUTO IJ	2,870	3645*	27.0	13,833	8.8	8.0	1.0	1.0	12.1	12.3	3.7	4.3
DRMA IJ	1,485	1830*	23.2	6,988	11.8	10.5	3.9	3.1	35.9	30.2	2.4	3.0
IMAS IJ	1,580	n/a	n/a	6,311	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average				65,990	9.4	8.6	2.0	1.7	21.3	19.2	4.8	4.6

Source: Company, Bloomberg, KB Valbury Sekuritas (note: * consensus TP figure for AUTO IJ and DRMA IJ)

Exhibit 2: Indonesia 4W sales volume (unit)

4W 2023 (units)	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Total	9M23 YoY (%)	Aug23 YoY (%)	Sept23 YoY (%)	Aug23 MoM (%)	Sept23 MoM (%)
Astra															
Toyota and Lexus	28,996	27,390	29,642	21,818	28,528	25,074	30,148	30,385	26,164	248,145	1.7	(1.7)	(22.0)	0.8	(13.9)
Daihatsu	18,194	16,263	19,884	10,778	16,009	18,112	15,821	17,481	15,009	147,551	5.1	14.0	(20.1)	10.5	(14.1)
Izusu	3,338	2,707	2,936	2,026	2,169	2,978	2,486	2,800	2,690	24,130	(11.9)	(19.1)	(22.0)	12.6	(3.9)
UD Trucks	212	184	189	76	146	150	152	136	172	1,417	0.7	(15.5)	(22.2)	(10.5)	26.5
Peugeot	15	20	36	19	21	14	11	14	16	166	(57.2)	(60.0)	(60.0)	27.3	14.3
LCGC Astra	14,206	11,550	14,093	9,376	14,002	14,190	12,740	13,378	12,150	115,685	19.3	(0.6)	(10.9)	5.0	(9.2)
Total Astra	50,755	46,564	52,687	34,717	46,873	46,328	48,618	50,816	44,051	421,409	1.9	1.8	(21.4)	4.5	(13.3)
Total Astra incl. LCGC	64,961	58,114	66,780	44,093	60,875	60,518	61,358	64,194	56,201	537,094	5.2	1.3	(19.3)	4.6	(12.5)
M/S	53.9%	53.5%	52.1%	58.9%	57.1%	56.1%	60.4%	57.2%	55.1%	55.8%	1.27%	5.7%	-0.9%	-3.3%	-2.0%
Non Astra															
Honda	15,781	14,375	16,871	4,955	11,158	11,552	10,626	11,778	10,911	108,007	11.4	3.1	(18.4)	10.8	(7.4)
Suzuki	6,584	7,422	8,430	4,668	6,377	7,840	5,845	6,872	6,502	60,540	(6.3)	(14.8)	(15.0)	17.6	(5.4)
Mitsubishi	12,214	10,190	11,093	7,649	7,637	7,606	7,803	9,827	8,416	82,435	(19.3)	(28.8)	(11.0)	25.9	(14.4)
Hyundai	4,067	3,022	3,342	2,241	3,030	2,709	1,654	3,337	3,103	26,505	8.8	(41.5)	(39.5)	101.8	(7.0)
Wuling	586	1,216	3,000	1,171	2,119	1,650	1,642	1,095	2,001	14,480	(22.1)	(61.2)	(33.3)	(33.3)	82.7
Nissan	140	169	188	160	152	116	128	190	113	1,356	(28.7)	(0.5)	(17.5)	48.4	(40.5)
Others	4,080	4,022	5,591	3,350	4,758	4,780	4,111	4,963	4,786	40,441	11.7	(1.5)	(8.3)	20.7	(3.6)
LCGC Non Astra	6,495	4,716	6,598	611	2,489	4,582	4,863	5,169	4,998	40,521	28.0	52.2	3.6	6.3	(3.3)
Total Non Astra	43,452	40,416	48,515	24,194	35,231	36,253	31,809	38,062	35,832	333,764	(3.2)	(19.1)	(18.5)	19.7	(5.9)
Total Non Astra inc. LCGC	49,947	45,132	55,113	24,805	37,720	40,835	36,672	43,231	40,830	374,285	(0.6)	(14.3)	(16.3)	17.9	(5.6)
M/S	46.1%	46.5%	47.9%	41.1%	42.9%	43.9%	39.6%	42.8%	44.9%	44.2%	-1.27%	-5.7%	0.9%	3.3%	2.0%
Total LCGC Industry	20,701	16,266	20,691	9,987	16,491	18,772	17,603	18,547	17,148	156,206	21.4	10.0	(7.2)	5.4	(7.5)
Total Industry 4W	94,207	86,980	101,202	58,911	82,104	82,581	80,427	88,878	79,883	755,173	(0.4)	(8.3)	(20.1)	10.5	(10.1)
Total Industry inc. LCGC	114,908	103,246	121,893	68,898	98,595	101,353	98,030	107,425	97,031	911,379	2.8	(5.6)	(18.1)	9.6	(9.7)
M/S	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%					

Source: Gaikindo, Company, KB Valbury Sekuritas

4W 2022 (units)	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Total
Astra										
Toyota and Lexus	22,886	24,936	33,514	27,892	13,412	27,374	29,430	30,909	33,530	243,883
Daihatsu	18,319	15,036	17,465	15,617	6,981	16,925	15,935	15,339	18,781	140,398
Izusu	2,828	2,800	3,420	2,854	2,740	2,594	3,239	3,463	3,450	27,388
UD Trucks	225	219	248	89	139	69	36	161	221	1,407
Peugeot	50	32	65	46	46	34	40	35	40	388
LCGC Astra	8,728	8,806	9,182	8,953	6,442	14,045	13,741	13,465	13,643	97,005
Total Astra	44,308	43,023	54,712	46,498	23,318	46,996	48,680	49,907	56,022	413,464
Total Astra incl. LCGC	53,036	51,829	63,894	55,451	29,760	61,041	62,421	63,372	69,665	510,469
M/S	52.7%	53.1%	55.5%	56.2%	46.9%	59.6%	56.4%	51.5%	56.0%	54.5%
Non Astra										
Honda	10,883	11,407	12,975	10,149	8,114	9,057	9,599	11,427	13,374	96,985
Suzuki	7,017	6,750	8,604	5,801	6,026	7,215	7,467	8,064	7,651	64,595
Mitsubishi	14,567	12,308	13,289	12,327	6,721	7,883	11,754	13,805	9,457	102,111
Hyundai	1,220	2,401	2,150	2,175	1,532	1,805	2,262	5,700	5,126	24,371
Wuling	2,501	2,008	2,500	2,201	815	1,236	1,506	2,821	3,000	18,588
Nissan	313	340	338	158	116	160	148	191	137	1,901
Others	3,340	2,758	3,967	3,422	3,068	4,558	4,829	5,041	5,219	36,202
LCGC Non Astra	3,389	4,114	2,523	3,723	3,195	3,702	2,790	3,397	4,826	31,659
Total Non Astra	39,841	37,972	43,823	36,233	26,392	31,914	37,565	47,049	43,964	344,753
Total Non Astra inc. LCGC	43,230	42,086	46,346	39,956	29,587	35,616	40,355	50,446	48,790	376,412
M/S	47.3%	46.9%	44.5%	43.8%	53.1%	40.4%	43.6%	48.5%	44.0%	45.5%
Total LCGC Industry	12,117	12,920	11,705	12,676	9,637	17,747	16,531	16,862	18,469	128,664
Total Industry 4W	84,149	80,995	98,535	82,731	49,710	78,910	86,245	96,956	99,986	758,217
Total Industry inc. LCGC	96,266	93,915	110,240	95,407	59,347	96,657	102,776	113,818	118,455	886,881
M/S	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Gaikindo, Company, KB Valbury Sekuritas

Exhibit 3: Indonesia 4W sales volume (units) and market share by brand (%)

4W 2023 by brand (units)	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Total	M/S Sept23 (%)	M/S Sept23 YoY (%)
Toyota	28,970	27,356	29,471	21,518	28,178	24,803	30,029	30,149	25,928	246,382	32.6	0.6
Daihatsu	18,194	16,263	19,884	10,778	16,009	18,112	15,821	17,481	15,009	147,551	19.5	1.0
Honda	15,781	14,375	16,871	4,955	11,158	11,552	10,626	11,778	10,911	108,007	14.3	1.5
Suzuki	6,584	7,422	8,430	4,668	6,377	7,840	5,845	6,872	6,502	60,540	8.0	(0.5)
Mitsubishi Motors	7,949	6,929	7,058	6,132	5,719	5,504	5,500	7,100	6,248	58,139	7.7	(2.2)
Hyundai - HMIID	4,067	3,022	3,342	2,241	3,030	2,709	1,654	3,337	3,103	26,505	3.5	0.3
Mitsubishi Fusho	4,265	3,261	4,035	1,517	1,918	2,102	2,303	2,727	2,168	24,296	3.2	(0.3)
Isuzu	3,338	2,707	2,936	2,026	2,169	2,978	2,486	2,800	2,690	24,130	3.2	(0.4)
Hino	2,438	2,200	3,135	1,214	2,554	2,498	1,930	2,340	2,282	20,591	2.7	(0.1)
Wuling	586	1,216	3,000	1,171	2,119	1,650	1,642	1,095	2,001	14,480	1.9	(0.5)
Mazda	425	420	468	535	278	550	387	667	463	4,193	0.6	0.2
Chery	77	113	256	515	531	502	348	443	460	3,245	0.4	0.4
BMW	201	248	330	375	415	310	376	425	463	3,143	0.4	0.1
Mercedes Benz PC	295	273	310	228	327	299	317	318	220	2,587	0.3	0.0
Lexus	26	54	171	300	350	271	119	236	236	1,763	0.2	0.1
UD Trucks	212	184	189	76	146	150	152	136	172	1,417	0.2	0.0
Mercedes Benz CV	94	239	298	105	52	224	69	97	113	1,291	0.2	(0.1)
Nissan	140	169	188	160	152	116	128	190	186	1,429	0.2	(0.1)
KIA	18	95	195	113	165	75	175	191	122	1,149	0.2	(0.1)
DFSK	278	103	115	65	129	82	108	60	93	1,033	0.1	(0.1)
Morris Garage	61	151	122	59	67	54	107	160	154	935	0.1	0.0
MINI	42	28	103	40	90	43	69	103	108	626	0.1	0.0
FAW	3	23	162	18	27	30	30	33	178	504	0.1	0.0
Subaru	33	44	47	36	54	85	91	50	22	462	0.1	0.0
Jeep	86	26	14	31	45	5	77	36	7	327	0.0	0.0
Volkswagen	19	50	34	10	13	18	22	27	23	216	0.0	(0.0)
Peugeot	15	20	36	19	21	14	11	14	16	166	0.0	(0.0)
AUDI	1	6	1	6	9	5	5	9	4	46	0.0	0.0
TATA	9	3	1	-	2	-	-	4	1	20	0.0	(0.0)
GRAND TOTAL	94,207	86,980	101,202	58,911	82,104	82,581	80,427	88,878	79,883	755,173	100.0%	0.0%

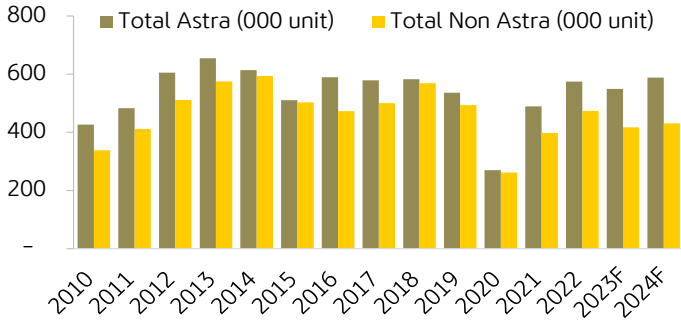
Source: Gaikindo, Company, KB Valbury Sekuritas

Exhibit 4: Indonesia 2W sales volume, domestic and export market (units)

2023	Domestic (units)	Export (units)	2022	Domestic (units)	Export (units)	MoM Dom (%)	MoM Exp (%)	YoY Dom (%)	YoY Exp (%)
Jan-23	615,416	39,269	Jan-22	443,890	51,036	27.3	(17.1)	38.6	(23.1)
Feb-23	575,502	45,627	Feb-22	368,131	59,542	(6.5)	16.2	56.3	(23.4)
Mar-23	633,155	36,962	Mar-22	450,565	54,865	10.0	(19.0)	40.5	(32.6)
Apr-23	354,323	41,201	Apr-22	439,472	58,793	(44.0)	11.5	(19.4)	(29.9)
May-23	529,771	55,743	May-22	248,235	50,693	49.5	35.3	113.4	10.0
Jun-23	493,763	49,920	Jun-22	296,334	71,618	(6.8)	(10.4)	66.6	(30.3)
Jul-23	475,428	53,443	Jul-22	326,452	71,420	(3.7)	7.1	45.6	(25.2)
Aug-23	534,379	55,247	Aug-22	524,821	75,481	12.4	3.4	1.8	(26.8)
Sep-23	509,946	51,318	Sep-22	514,460	75,012	(4.6)	(7.1)	(0.9)	(31.6)
TOTAL	4,721,683	428,730	TOTAL	3,612,360	568,460			30.7	-24.6

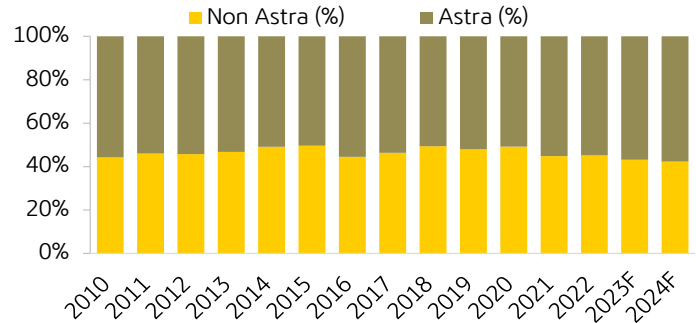
Source: AISI, KB Valbury Sekuritas

Exhibit 5: Astra and Non-Astra 4W sales volume (000 units)



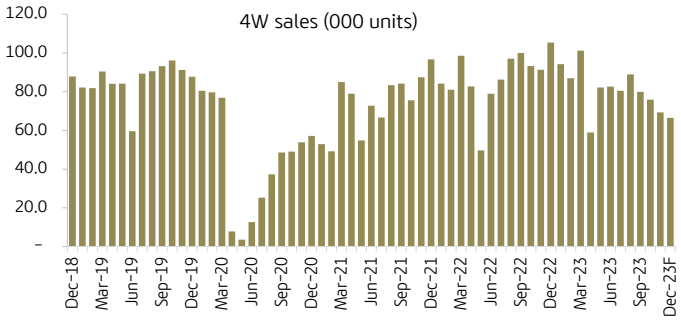
Source: ASII, KBVS Research

Exhibit 6: Astra and Non-Astra 4W market share (%)



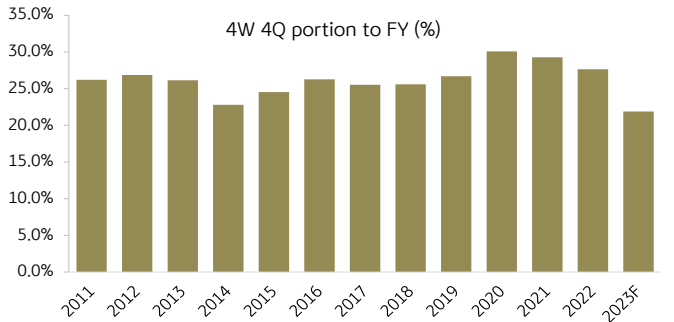
Source: ASII, KBVS Research

Exhibit 7: '23F 4W sales still achievable even assuming weak 4Q23 sales



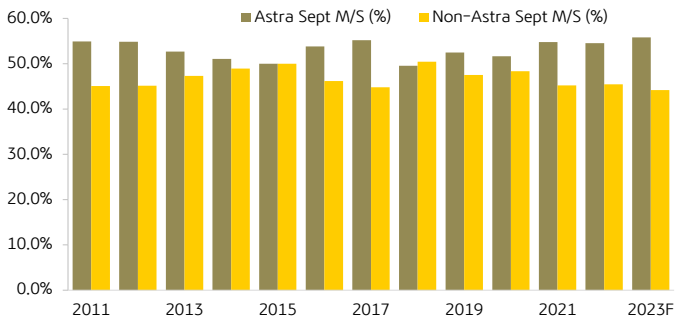
Source: Bank Indonesia, Financial Services Authority, ASII, KBVS Research

Exhibit 8: To achieved our '23F 4W sales, 4Q23 only need to book low sales



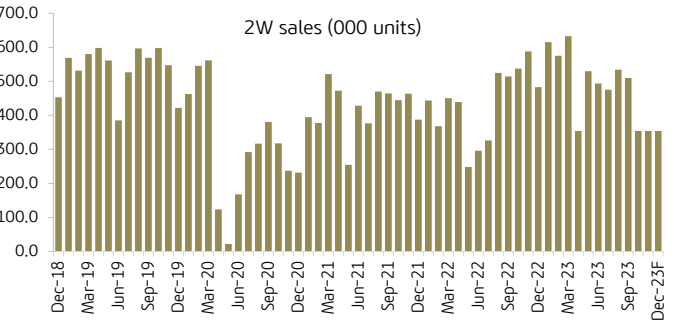
Source: Bank Indonesia, Financial Services Authority, ASII, KBVS Research

Exhibit 9: Astra proven solid presence, continue ruling market competition



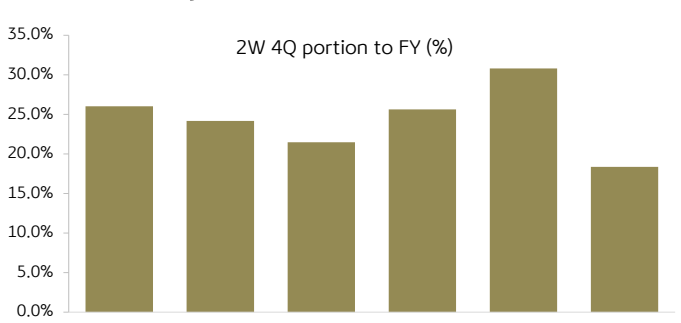
Source: Bank Indonesia, Financial Services Authority, ASII, KBVS Research

Exhibit 10: To reached 10.7% yoy growth, 4Q23 only need to record weak sales



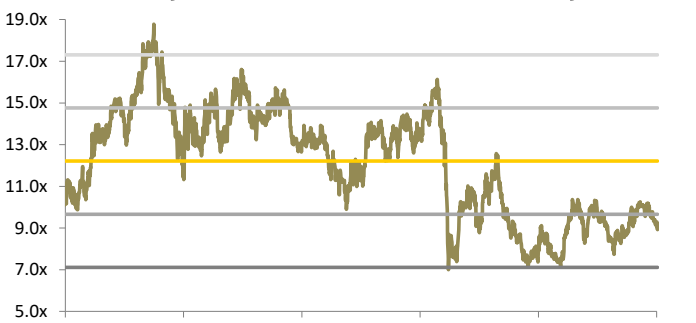
Source: Bank Indonesia, Financial Services Authority, ASII, KBVS Research

Exhibit 11: Effortlessly to accomplished our '23F for 2W sales at 10.7% YoY



Source: Bank Indonesia, Financial Services Authority, KBVS Research

Exhibit 12: Currently traded at 8.8 '23F P/E, far below -1SD 10-yr hist mean of 9.7x



Source: Company, Bloomberg, KBVS Research

Disclaimer

This report is prepared by PT KB Valbury Sekuritas, a member of the Indonesia Stock Exchange, or its subsidiaries or its affiliates ("KBVS"). All the material presented in this report is under copyright to KBVS. None of the parts of this material, nor its contents, may be copied, photocopied, or duplicated in any form or by any means or altered in any way, or transmitted to, or distributed to any other party without the prior written consent of KBVS.

The research presented in this report is based on the information obtained by KBVS from sources believed to be reliable, however KBVS do not make representations as to their accuracy, completeness or correctness. KBVS accepts no liability for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from the use of the material presented in this report and further communication given or relied in relation to this document. The material in this report is not to be construed as an offer or a solicitation of an offer to buy or sell any securities or financial products. This report is not to be relied upon in substitution for the exercise of independent judgement. Past performance and no representation or warranty, express or implied, is made regarding future performance. Information, valuations, opinions, forecasts and estimates contained in this report reflects a judgement at its original date of publication by KBVS and are subject to change without notice, its accuracy is not guaranteed or it may be incomplete.

The Research Analyst(s) primarily responsible for the content of this research report, in part or as a whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The Analyst also certifies that no part of his/her compensation was, is or will related to specific recommendation views expressed in this report. It also certifies that the views and recommendations expressed in this report do not and will not take into account client circumstances, objectives, needs and no intentions involved as a use for recommendations for sale or buy any securities or financial instruments.

KB Valbury Sekuritas Head Office

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Kelurahan Karet Tengsin,
Kecamatan Tanah Abang, Jakarta Pusat 10220, Indonesia
T. +62 21 – 250 98 300
F. +62 21 – 255 33 778

Branch Office

Jakarta – Sudirman

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Karet Tengsin,
Tanah Abang, Jakarta Pusat 10220
T. (021) 25098300/301

Jakarta – Kelapa Gading

Rukan Plaza Pasifik
Jl. Raya Boulevard Barat Blok A1 No. 10
Jakarta Utara 11620
T. (021) 29451577

Jakarta – Puri Indah

Rukan Grand Aries Niaga Blok E1 No. IV
Jl. Taman Aries, Kembangan
Jakarta Barat 11620
T. (021) 22542390

Jakarta – Pluit

Jl. Pluit Putra Raya No. 2
Jakarta Utara 14450
T. (021) 6692119

Bandung

Jl. HOS Cokroaminoto No. 82
Bandung 40171
T. (022) 87255800

Malang

Jl. Pahlawan Trip No. 7
Malang 65112
T. (0341) 585888

Banjarmasin

Jl. Gatot Subroto No. 35
Banjarmasin 70235
T. (0511) – 3265918

Pekanbaru

Jl. Tuanku Tambusai, Komplek CNN
Blok A No. 3 Pekanbaru 28291
T. (0761) 839393

Palembang

Komplek PTC Mall Blok I No. 7
Jl. R. Sukamto
Palembang 30114
T. (0711) 5700281

Surabaya

Pakuwon Center Lt 21
Jl. Embong Malang No.1
Surabaya 60261
T. (031) 2955788

Padang

Jl. Kampung Nias II No. 10,
Padang 25211
T. (0751) 8955747

Yogyakarta

Jl. Magelang KM 5,5 No. 75
Yogyakarta 55000
T. (0274) 623111

Semarang

Candi Plaza Building Lt. Dasar
Jl. Sultan Agung No. 90-90A
Semarang 50252
T. (024) 8501122

Makassar

Komplek RUKO Citraland City Losari
Business Park, Blok B2 No. 09
Jl. Citraland Boulevard Makassar 90111
T. (0241) 16000818

Medan

Komplek Jati Junction No. P5-5A
Jl. Perintis Kemerdekaan
Medan 20218
T. (061) 88816222

Denpasar

Jl. Teuku Umar No. 177
Komplek Ibis Styles Hotel
Denpasar Bali 80114
T. (0361) 225229

Investment Gallery

Jakarta

Citra Garden 6 Ruko Sixth Avenue
Blok J.1 A/18, Cengkareng
Jakarta Barat 11820
T. (021) 522392181

Semarang

Jl. MT Haryono 637
Semarang 50242
T. (024) 8415195

Salatiga

Jl. Diponegoro No. 68
Salatiga 50711
T. (0298) 313007

Solo

Jl. Ronggowarsito No. 34
Surakarta 57118
T. (0271) 6726306