

10M23 4W sales in-line, while 2W above

27 November 2023

OVERWEIGHT

(Maintain)

TOP PICK

Company	Ticker	Rec	Share	Target
			Price (IDR)	Price (IDR)
Astra International	ASII	BUY	5,625	7,350

Indonesia's 4W sales volume saw another weak monthly sales growth, yet strongly improves vs. Sep '23 mom growth and came in line with ours and Gaikindo's '23FY projection. 2W sales maintaining its double-digit growth and arrives above ours and AISI '23F forecasts. We believe 2W and 4W sales in FY23 could achieve association's '23F guidance. GIIAS event in Bandung (end of Nov '23) will play significant role to Nov – Dec '23 sales, also supported by other key events such as massive discount and promotion offers approaching end of the year. Maintain our OW on Auto Sector and BUY on ASII with SOTP-based TP of IDR7,350 (10.9x '23F PE), while currently trading (8.3x '23F PE) at deep discount to its historical mean.

Weak Oct '23 sales, yet improved mom

Oct '23 car sales declined 13.9% yoy, yet better than Sep '23 which tanked 20.1% yoy, while on monthly basis inched up by 44bps to 80,271 units. On cumulative basis, 10M23 4W sales of 836,049 units declined by 1.8% yoy, largely still in-line with ours and Gaikindo's FY23 expectations at a run rate of 86%/84%.

Double digit growth for 2W remains intact

Meanwhile, Oct '23 motorcycle sales grew 1.2% mom while shrank 4.0% on yoy basis. However on cumulative, 2W sales growth remain strong at 26.2% yoy (9M23 growth rate at 30.7% yoy) to 5,237k in 10M23, thanks to 2W scooter / matic which continue dominating domestic market (export market only 52.7% and offset by underbone category at 22.9%). All in all, 10M23 motorcycle sales arrived above both KBVs and AISI's '23F expectation at 90.6%/93.5% (historical average of 85%).

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

Note that among most well-known and favourites brand, Toyota and Honda are two brands that recorded positive growth of 5.8% mom and 9.4% mom, respectively. While among non-Japanese products, Wuling is the only brand which booked 8.5% mom sales growth. In the remaining month of this year, we believe non-Japanese cars will continue to dominate the market and supporting 4W market in reaching Gaikindo 4W sales target. In addition, on Oct '23 stand-alone, only 2 non-Japanese cars that includes in 10 best monthly sales, which are Hyundai and Wuling with total sales of 3,032 units and 2,172 units. Three top sales in Oct '23 was Honda (11,938 units), Daihatsu (14,099 units) and Toyota (27,438 units), driven by Innova and Avanza sales of 7,171 units and 6,109 units.

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

We like the massive penetration from non-Japanese cars which could enliven and play a significant role to the auto market development going forward. Yet, despite having solid sales volume growth of 10.1% ytd and far above total Japanese 4W growth which slipped by -16.3% ytd, the total non-Japanese car such as: Hyundai, KIA, Chery, Wuling, DFSK, MG and others only controls around 7.0% of market share in Oct '23 (vs. Jan '23 of 5.4%). That said, we think that Japanese brands will continue to dominate the landscape competition and we have not seen any alarming threat from any non-Japanese brands as of now.

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

Key to achieve ours and association '23 sales volume for 2W and 4W will be the upcoming GIIAS event in Nov '23 and cyclical trend of massive discount and promotion approaching year end. We maintain our Overweight stance on the sector and BUY for ASII with an SOTP-based TP of IDR7,350 (10.9x '23F PE), which currently trades at 8.3x '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)

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Ticker	Closing	Target	Upside	Market	P/E		P/B		RoE		Dividend Yield	
	Price (IDR)	Price (IDR)	Potential (%)		Capitalization (IDRbn)	2023F	2024F	2023F	2024F	2023F	2024F	2023F
ASII IJ	5,625	7,350	30.667	227,720	7.2	7.1	1.1	1.0	16.3	15.1	8.2	6.1
AUTO IJ	2,610	3,797	45.484	12,580	7.6	7.0	0.9	0.9	12.6	12.8	4.2	4.8
DRMA IJ	1,520	1,864	22.65	7,153	11.7	10.4	3.7	3.0	34.8	30.7	1.4	2.3
IMAS IJ	1,375	n/a	n/a	5,492	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average				63,236	8.8	8.2	1.9	1.6	21.2	19.5	4.6	4.4

Source: ASII, Bloomberg, KBVS Research (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	Oct-23	Total
Astra											
Toyota and Lexus	28,996	27,390	29,642	21,818	28,528	25,074	30,148	30,385	26,164	27,656	275,801
Daihatsu	18,194	16,263	19,884	10,778	16,009	18,112	15,821	17,481	15,009	14,099	161,650
Izusu	3,338	2,707	2,936	2,026	2,169	2,978	2,486	2,800	2,690	2,531	26,661
UD Trucks	212	184	189	76	146	150	152	136	172	158	1,575
Peugeot	15	20	36	19	21	14	11	14	16	16	182
Astra	-	-	-	-	-	-	-	-	-	-	-
LCGC Astra	14,206	11,550	14,093	9,376	14,002	14,190	12,740	13,378	12,150	15,497	131,182
Total Astra	50,755	46,564	52,687	34,717	46,873	46,328	48,618	50,816	44,051	44,460	465,869
Total Astra (including LCGC)	64,961	58,114	66,780	44,093	60,875	60,518	61,358	64,194	56,201	59,957	597,051
M/S	53.8%	53.5%	52.0%	58.9%	57.0%	56.0%	60.4%	57.1%	55.1%	55.4%	55.7%
4W - Non Astra											
Honda	15,781	14,375	16,871	4,955	11,158	11,552	10,626	11,778	10,911	11,938	119,945
Suzuki	6,584	7,422	8,430	4,668	6,377	7,840	5,845	6,872	6,502	5,990	66,530
Mitsubishi	12,214	10,190	11,093	7,649	7,637	7,606	7,803	9,827	8,416	8,094	90,529
Hyundai	4,067	3,022	3,342	2,241	3,030	2,709	1,654	3,337	3,103	3,032	29,537
Wuling	586	1,216	3,000	1,171	2,119	1,650	1,642	1,095	2,001	2,172	16,652
Nissan	140	169	188	160	152	116	128	190	113	94	1,450
Others	4,143	4,101	5,661	3,420	4,843	4,855	4,188	5,013	4,822	4,491	45,537
LCGC Non Astra	6,495	4,716	6,598	611	2,489	4,582	4,863	5,169	4,998	5,198	45,719
Total Non Astra	43,515	40,495	48,585	24,264	35,316	36,328	31,886	38,112	35,868	35,811	370,180
Total Non Astra (with LCGC)	50,010	45,211	55,183	24,875	37,805	40,910	36,749	43,281	40,866	41,009	415,899
M/S	46.2%	46.5%	48.0%	41.1%	43.0%	44.0%	39.6%	42.9%	44.9%	44.6%	44.3%
Total LCGC Industry	20,701	16,266	20,691	9,987	16,491	18,772	17,603	18,547	17,148	20,695	176,901
Total Industry 4W	94,270	87,059	101,272	58,981	82,189	82,656	80,504	88,928	79,919	80,271	836,049
Total Industry 4W (with LCGC)	114,971	103,325	121,963	68,968	98,680	101,428	98,107	107,475	97,067	100,966	1,012,950
M/S	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
4W 2022 (units)											
Astra											
Toyota and Lexus	22,886	24,936	33,514	27,892	13,412	27,374	29,430	30,909	33,530	33,827	277,710
Daihatsu	18,319	15,036	17,465	15,617	6,981	16,925	15,935	15,339	18,781	17,489	157,887
Izusu	2,828	2,800	3,420	2,854	2,740	2,594	3,239	3,463	3,450	3,262	30,650
UD Trucks	225	219	248	89	139	69	36	161	221	217	1,624
Peugeot	50	32	65	46	46	34	40	35	40	31	419
Astra	0	0	0	0	0	0	0	0	0	0	0
LCGC Astra	8,728	8,806	9,182	8,953	6,442	14,045	13,741	13,465	13,643	13,593	110,598
Total Astra	44,308	43,023	54,712	46,498	23,318	46,996	48,680	49,907	56,022	54,826	468,290
Total Astra (including LCGC)	53,036	51,829	63,894	55,451	29,760	61,041	62,421	63,372	69,665	68,419	578,888
M/S	52.7%	53.1%	55.5%	56.2%	46.9%	59.6%	56.4%	51.5%	56.0%	58.8%	54.8%
4W - Non Astra											
Honda	10,883	11,407	12,975	10,149	8,114	9,057	9,599	11,427	13,374	9,962	106,947
Suzuki	7,017	6,750	8,604	5,801	6,026	7,215	7,467	8,064	7,651	7,663	72,258
Mitsubishi	14,567	12,308	13,289	12,327	6,721	7,883	11,754	13,805	9,457	9,183	111,294
Hyundai	1,220	2,401	2,150	2,175	1,532	1,805	2,262	5,700	5,126	3,505	27,876
Wuling	2,501	2,008	2,500	2,201	815	1,236	1,506	2,821	3,000	2,955	21,543
Nissan	313	340	338	158	116	160	148	191	137	186	2,087
Others	3,340	2,758	3,967	3,422	3,068	4,558	4,829	5,041	5,219	4,914	41,116
LCGC Non Astra	3,389	4,114	2,523	3,723	3,195	3,702	2,790	3,397	4,826	4,469	36,128
Total Non Astra	39,841	37,972	43,823	36,233	26,392	31,914	37,565	47,049	43,964	38,368	383,121
Total Non Astra (with LCGC)	43,230	42,086	46,346	39,956	29,587	35,616	40,355	50,446	48,790	42,837	419,249
M/S	47.3%	46.9%	44.5%	43.8%	53.1%	40.4%	43.6%	48.5%	44.0%	41.2%	45.2%
Total LCGC Industry	12,117	12,920	11,705	12,676	9,637	17,747	16,531	16,862	18,469	18,062	146,726
Total Industry 4W	84,149	80,995	98,535	82,731	49,710	78,910	86,245	96,956	99,986	93,194	851,411
Total Industry 4W (with LCGC)	96,266	93,915	110,240	95,407	59,347	96,657	102,776	113,818	118,455	111,256	998,137
M/S	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Gaikindo, Company, KBVS Research

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	Oct-23	Total	M/S 10M23 (%)	M/S 10M23 YoY (%)	10M23 YoY (%)	Oct23 MoM (%)	Oct23 YoY (%)
Toyota	28,970	27,336	29,471	21,518	28,178	24,803	30,029	30,149	25,928	27,438	273,820	32.8%	0.2%	-1.1%	5.8%	-18.7%
Daihatsu	18,194	16,263	19,884	10,778	16,009	18,112	15,821	17,481	15,009	14,099	161,650	19.3%	0.8%	2.4%	-6.1%	-19.4%
Honda	15,781	14,375	16,871	4,955	11,158	11,552	10,626	11,778	10,911	11,938	119,945	14.3%	1.8%	12.2%	9.4%	19.8%
Suzuki	6,584	7,422	8,430	4,668	6,377	7,840	5,845	6,872	6,502	5,990	66,530	8.0%	-0.5%	-7.9%	-7.9%	-21.8%
Mitsubishi Motors	7,949	6,929	7,058	6,132	5,719	5,504	5,500	7,100	6,248	5,937	64,076	7.7%	-1.9%	-21.1%	-5.0%	-2.8%
Hyundai - HMIID	4,067	3,022	3,342	2,241	3,030	2,709	1,654	3,337	3,103	3,032	29,537	3.5%	0.3%	6.0%	-2.3%	-13.5%
Mitsubishi Fusho	4,265	3,261	4,035	1,517	1,918	2,102	2,303	2,727	2,168	2,157	26,453	3.2%	-0.4%	-12.1%	-0.5%	-29.9%
Isuzu	3,338	2,707	2,936	2,026	2,169	2,978	2,486	2,800	2,690	2,531	26,661	3.2%	-0.4%	-13.0%	-5.9%	-22.4%
Hino	2,438	2,200	3,135	1,214	2,554	2,498	1,930	2,340	2,282	2,450	23,041	2.8%	-0.1%	-5.5%	7.4%	-19.2%
Wuling	586	1,216	3,000	1,171	2,119	1,650	1,642	1,095	2,001	2,172	16,652	2.0%	-0.5%	-22.7%	8.5%	-26.5%
Mazda	425	420	468	535	278	550	387	667	463	390	4,583	0.5%	0.2%	49.5%	-15.8%	-14.1%
Chery	77	113	256	515	531	502	348	443	460	358	3,603	0.4%	0.4%	n/a	-22.2%	n/a
BMW	201	248	330	375	415	310	376	425	463	465	3,608	0.4%	0.1%	45.0%	0.4%	111.4%
Mercedes Benz PC	295	273	310	228	327	299	317	318	220	330	2,917	0.3%	0.0%	13.5%	50.0%	14.2%
Lexus	26	54	171	300	350	271	119	236	236	218	1,981	0.2%	0.1%	122.6%	-7.6%	150.6%
UD Trucks	212	184	189	76	146	150	152	136	172	158	1,575	0.2%	0.0%	-3.0%	-8.1%	-27.2%
Mercedes Benz CV	94	239	298	105	52	224	69	97	113	91	1,382	0.2%	-0.1%	-42.0%	-19.5%	-64.6%
Nissan	140	169	188	160	152	116	128	190	186	94	1,523	0.2%	-0.1%	-27.0%	-49.5%	-49.5%
KIA	18	95	195	113	165	75	175	191	122	46	1,195	0.1%	-0.1%	-38.1%	-62.3%	-88.2%
DFSK	278	103	115	65	129	82	108	60	93	-	1,033	0.1%	-0.1%	-47.8%	n/a	n/a
Morris Garage - MG	61	151	122	59	67	54	107	160	154	-	935	0.1%	0.0%	17.9%	n/a	n/a
MINI	42	28	103	40	90	43	69	103	108	-	626	0.1%	0.0%	6.3%	n/a	n/a
FAW	3	23	162	18	27	30	30	33	178	36	540	0.1%	0.0%	217.6%	n/a	n/a
Subaru	33	44	47	36	54	85	91	50	22	42	504	0.1%	0.0%	223.1%	n/a	n/a
Jeep	86	26	14	31	45	5	77	36	7	-	327	0.0%	0.0%	n/a	n/a	n/a
Volkswagen	19	50	34	10	13	18	22	27	23	10	226	0.0%	0.0%	-39.4%	-56.5%	-80.0%
Peugeot	15	20	36	19	21	14	11	14	16	16	182	0.0%	0.0%	-56.6%	n/a	n/a
AUDI	1	6	1	6	9	5	5	9	4	6	52	0.0%	0.0%	30.0%	n/a	n/a
GRAND TOTAL	94,270	87,059	101,272	58,981	82,189	82,656	80,504	88,928	79,919	80,271	836,049	100.0%	0.0%	-1.8%	0.4%	-13.9%

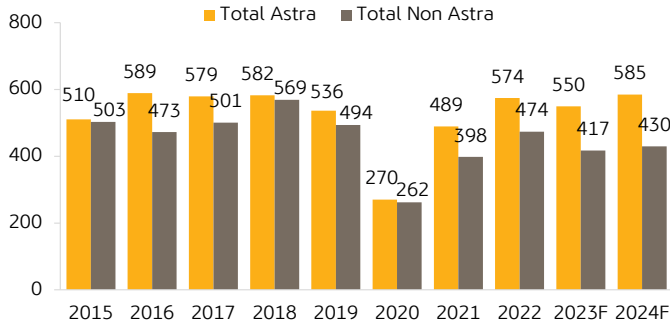
Source: Gaikindo, Company, KBVS Research

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
Oct-23	516,293	52,517	Oct-22	537,587	75,368	1.2	2.3	-4.0	-30.3
Nov-23			Nov-22						
Dec-23			Dec-22						
TOTAL	5,237,976	481,247	TOTAL	4,149,947	643,828			26.2	-25.3

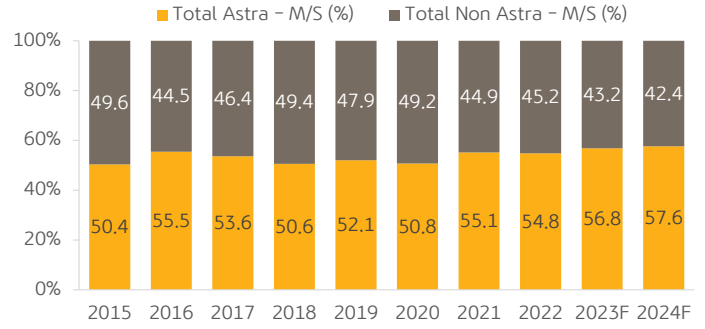
Source: AISI, KBVS Research

Exhibit 5: Astra will continue recorded higher sales volume (000 units)...



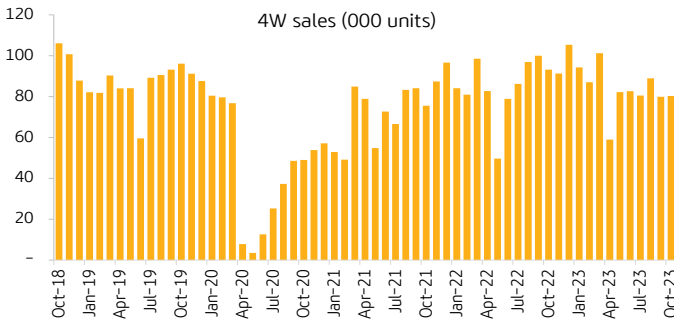
Source: ASII, KBVS Research

Exhibit 6: ..and ruling the landscape competition (%)



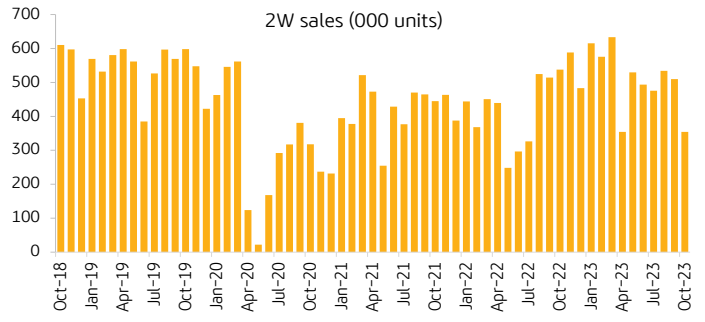
Source: ASII, KBVS Research

Exhibit 7: Gaikindo & KBVS '23F 4W sales is achievable (000 units)...



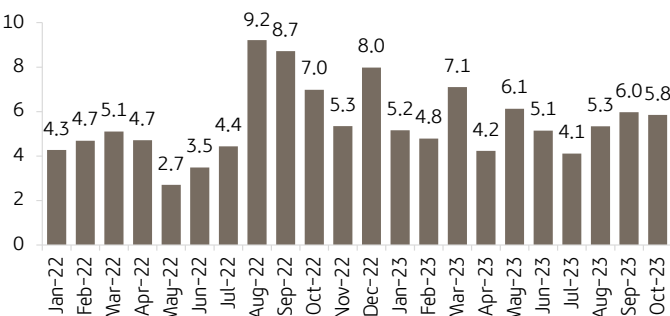
Source: ASII, Gaikindo, KBVS Research

Exhibit 8: ..likewise for 2W sales volume (000 units)



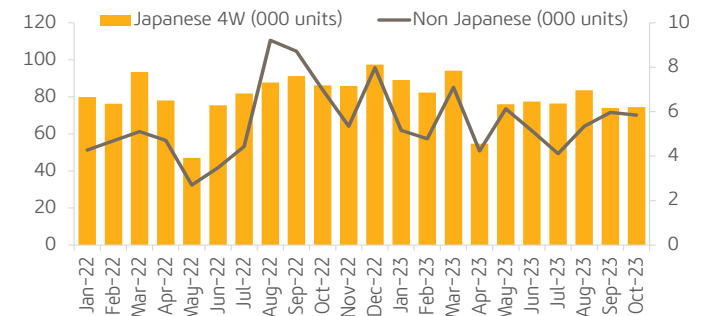
Source: AISI, KBVS Research

Exhibit 9: Total non-Japanese 4W sales (000 units)



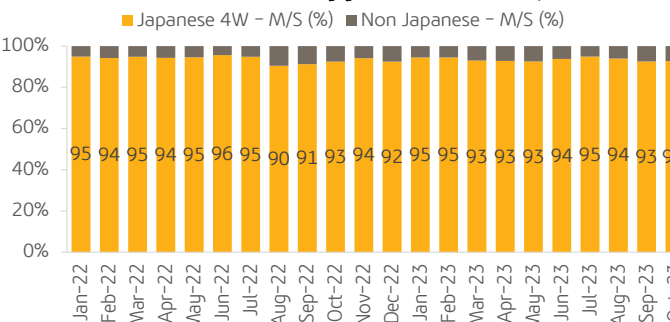
Source: Gaikindo, KBVS Research

Exhibit 10: Total Japanese 4W remains far above non-Japanese (000 units)...



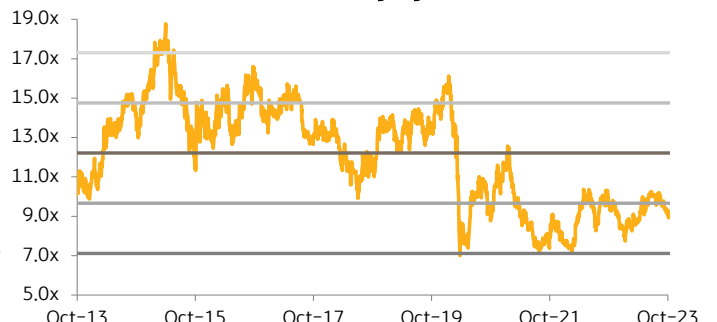
Source: Gaikindo, KBVS Research

Exhibit 11: ..with market shares strongly dominated the competition



Source: Gaikindo, KBVS Research

Exhibit 12: ASII traded at 8.5 '23F P/E, slightly above -2SD hist mean of 7.1x



Source: ASII, Bloomberg, KBVS Research

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Jl. Taman Aries, Kembangan
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Banjarmasin

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Komplek Ibis Styles Hotel
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