

Automotive Indonesia

Acceptable weakening April23 sales

17 May 2023

**OVERWEIGHT
(Maintain)**

TOP PICK

Company	Ticker	Rec	Share Price (IDR)	Target Price (IDR)
Astra International	ASII	Buy	6,275	7,350

Weakening 2W and 4W sales in April 23 seems acceptable, as historically lesser working days and post Ramadhan and Eid Mubarak celebration recorded the same trend. In cumulative term, 4M23 arrived above our '23F for 2W and 4W sales. Key roles for the industry growth are: (1) more softened transmission rate pace and expect have peak in 1Q23 (2) unchanged spending appetite and (3) various promotion and continuing best deal installment from car loan provider. As such, we continue maintain our OW call on the auto industry and BUY for ASII with SOTP TP IDR7,350/share at 10.9x '23F PE (currently trades at 9.3x 2023F P/E, below its -1SD 10-year hist mean).

Sharp drop on April23 sales, inline cumulative 4M23

Domestic 4W sales came in at 341,311units squeezed by 41.8%mom and 28.8%yoy impacted by lesser working days on Ramadhan and joint holiday on led Mubarak celebration. We accept this sharp drop as historical data shows that following the month of ledul Fitri, sales are consistently declined month on month. Data showed excluding Covid and recovery momentum high base effect (2021-2022) car sales after Lebaran dropped by an average of 34.1%, while in a straight five years average (2018-2022) it weakened approximately by 39.1%. The April23 mom falling car sales also do not surprised us (see our previous report on Auto industry and ASII updates) as in cumulative 4M period, sales only inched down by 1.5%yoy or far below prior Covid era which declined by an average of 4.4%. As a matter of fact, 4M23 car sales arrived at 35.2% compared to our '23F for domestic 4W sales and around 230bps above 5years historical average of 32.9%.

Alike 2W April23 volume sales

We maintain our stance on 2W market which we believe will tend to record softer growth compared to 4W as we think motorcycle consumers are more vulnerable to purchasing power and spending behavior rather than 4W buyer. In the same period, industry 2W sales noted the same pattern and reported alike growth figures. Total domestic motorcycle at 354,323units is deteriorated by44.0%mom and 19.4%yoy, while in cumulative terms, 4M23 2W sales was improved 11.7%yoy to 2,178,396units. Similar with 4W, motorcycle sales achievement in 4M period was 44.4% and far above its historical average by around 492bps at 39.5%.

Maintaining its position as market leader

ASII April23 total sales at 34,717units (excluding LCGC cars) was tanked by 25.3%yoy and 34.1%mom, yet much better compared to non-Astra car sales which as a total recorded 33.2%yoy and 50.1%mom lower to 24,194units. Decades known for its strong presence and strong brand equity, Astra continue to dominate the landscape competition with a market share surged by 688bps to 58.9% in April23, while in 4M23 period its market shares stood at 54.1%. Worth noting that 4M23 market shares is considerably in line with our '23F for Astra's 4W sales at 54.5% (see our Auto Sector Dec 2022 report). We maintain our '23F 4W sales at 966,753units, or more conservative compared to Gaikindo which guiding at 975K and has been revised up to 1.050.000units.

Mar23 loan demand appetite remains

We like the continuing vehicle loan growth up until Mar23 which recorded 15.5% higher year-on-year to IDR119.5tn. This should be translated into a resilient appetite loan demand, despite the transmission benchmark rate hikes to loan yield. What's more, we expect car loan yield has peaked in 1Q23, aside from continuing promotions, huge discount, low down payment (as low as 0%) as well as longer installment period (up to 96 months, whereas historically in pre-Covid era mostly 60 months). That said, we expect such backdrop could overall make meaningful impact to Astra auto segment growth.

Maintain Overweight

Ceteris paribus, we might see vehicles loan demand to withstand and expecting sales recovery in the following months both for 2W and 4W. Maintain our OW stance on the sector and BUY ASII with an SOTP TP of IDR7,350/share (9.3x '23F PE). Risks to our call includes: a) lower-than-expected 2W and 4W sales growth 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

PEER COMPARISON

Ticker	Price 16/05/23 (IDR)	Target Price (IDR)	Upside Potential (%)	Market Cap (IDR tn)	Price Earnings 2022F (x)	Price Earnings 2023F (x)	Price to Book 2022F (x)	Price to Book 2023F (x)	Return on Equity 2022F (%)	Return on Equity 2023F (%)	Dividend Yield 2022F (%)	Dividend Yield 2023F (%)
ASII	6,275	7,350	17.1	254,034	9.2	8.7	0.9	0.9	10.0	9.9	5.6	5.9
AUTO	2,010	2,210	10.0	9,688	6.6	5.9	0.7	0.7	11.6	12.0	5.9	6.6
DRMA	1,040	1,055	1.4	4,894	10.4	9.1	2.8	2.2	26.5	25.1	1.8	2.3
IMAS	2,780	N/A	n/a	11,104	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average				69,930	8.7	7.9	1.5	1.3	16.0	15.7	4.4	4.9

Source: Bloomberg, Company, KB Valbury Sekuritas

Automotive Indonesia

Figure 1: Indonesia monthly 2022 4W sales and YoY (%) growth

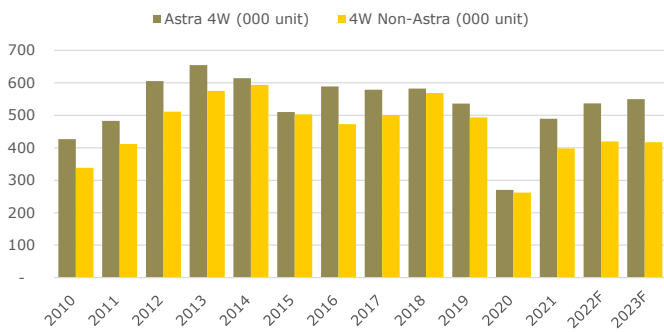
4W 2023	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
Astra													
Toyota and Lexus	28,996	27,389	29,642	21,818									107,845
Daihatsu	18,194	16,263	19,884	10,778									65,119
Izusu	3,338	2,707	2,936	2,026									11,007
UD Trucks	212	184	189	76									661
Peugeot	15	20	36	19									90
LCGC Astra	14,206	11,550	14,093	9,376									49,225
Total Astra	50,755	46,563	52,687	34,717									184,722
Total Astra (including LCGC)	64,961	58,113	66,780	44,093									233,947
M/S	53.9%	53.5%	52.1%	58.9%									
Non Astra													
Honda	15,781	14,375	16,871	4,955									51,982
Suzuki	6,584	7,422	8,430	4,668									27,104
Mitsubishi	12,214	10,190	11,099	7,649									41,152
Hyundai	4,067	3,022	3,342	2,241									12,672
Wuling	586	1,216	3,000	1,171									5,973
Nissan	140	169	188	160									657
Others	4,082	4,022	5,595	3,350									17,049
LCGC Non Astra	6,495	4,716	6,598	611									18,420
Total Non Astra	43,454	40,416	48,525	24,194									156,589
Total Non Astra (with LCGC)	49,949	45,132	55,123	24,805									175,009
M/S	46.1%	46.5%	47.9%	41.1%									
Total LCGC Industry	20,701	16,266	20,691	9,987									67,645
Total Industry 4W	94,209	86,979	101,212	58,911									341,311
Total Industry (with LCGC)	114,910	103,245	121,903	68,898									408,956

4W 2022	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total
Astra													
Toyota and Lexus	22,886	24,936	33,514	27,892	13,412	27,374	29,430	30,909	33,530	33,827	26,513	28,220	332,443
Daihatsu	18,319	15,036	17,465	15,617	6,981	16,925	15,935	15,339	18,781	17,489	20,963	23,815	202,665
Izusu	2,828	2,800	3,420	2,854	2,740	2,594	3,239	3,463	3,450	3,262	3,091	2,905	36,646
UD Trucks	225	219	248	89	139	69	36	161	221	217	214	155	1,993
Peugeot	50	32	65	46	46	34	40	35	40	31	14	18	451
LCGC Astra	8,728	8,806	9,182	8,953	6,442	14,045	13,741	13,465	13,643	13,593	14,007	15,240	139,845
Total Astra	44,308	43,023	54,712	46,498	23,318	46,996	48,680	49,907	56,022	54,826	50,795	55,113	574,198
Total Astra (including LCGC)	53,036	51,829	63,894	55,451	29,760	61,041	62,421	63,372	69,665	68,419	64,802	70,353	714,043
M/S	52.7%	53.1%	55.5%	56.2%	46.9%	59.6%	56.4%	51.5%	56.0%	58.8%	55.7%	52.3%	54.8%
Non Astra													
Honda	10,883	11,407	12,975	10,149	8,114	9,057	9,599	11,427	13,374	9,962	11,691	12,642	131,280
Suzuki	7,017	6,750	8,604	5,801	6,026	7,215	7,467	8,064	7,651	7,663	8,160	9,990	90,408
Mitsubishi	14,567	12,308	13,289	12,327	6,721	7,883	11,754	13,805	9,457	9,183	10,694	14,649	136,637
Hyundai	1,220	2,401	2,150	2,175	1,532	1,805	2,262	5,700	5,126	3,505	2,000	2,090	31,966
Wuling	2,501	2,008	2,500	2,201	815	1,236	1,506	2,821	3,000	2,955	3,094	5,352	29,989
Nissan	313	340	338	158	116	160	148	191	137	186	162	164	2,413
Others	3,340	2,758	3,967	3,422	3,068	4,559	4,828	5,041	5,219	4,914	4,679	5,354	51,149
LCGC Non Astra	3,389	4,114	2,523	3,723	3,195	3,702	2,790	3,397	4,826	4,469	6,162	4,514	46,804
Total Non Astra	39,841	37,972	43,823	36,233	26,392	31,915	37,564	47,049	43,964	38,368	40,480	50,241	473,842
Total Non Astra (with LCGC)	43,230	42,086	46,346	39,956	29,587	35,617	40,354	50,446	48,790	42,837	46,642	54,755	520,646
M/S	47.3%	46.9%	44.5%	43.8%	53.1%	40.4%	43.6%	48.5%	44.0%	41.2%	44.3%	47.7%	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	20,169	19,754	186,649
Total Industry 4W	84,149	80,995	98,535	82,731	49,710	78,911	86,244	96,956	99,986	93,194	91,275	105,354	1,048,040
Total Industry 4W (with LCGC)	96,266	93,915	110,240	95,407	59,347	96,658	102,775	113,818	118,455	111,256	111,444	125,108	1,234,689

Source: Gaikindo, Company, KB Valbury Sekuritas

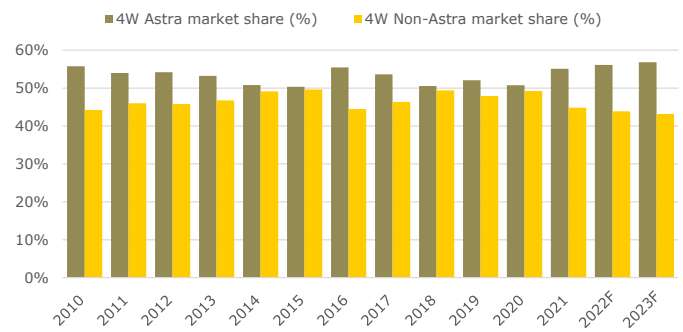
Automotive Indonesia

Figure 2: Astra and Non-Astra 4W sales (000 units)



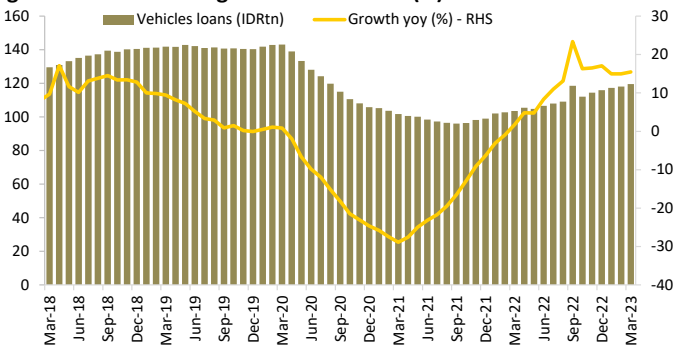
Source: Gaikindo, Company, KB Valbury Sekuritas

Figure 3: Astra and Non-Astra 4W market share (%)



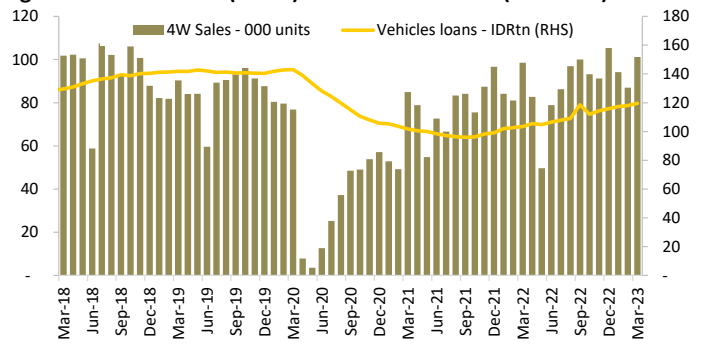
Source: Gaikindo, Company, KB Valbury Sekuritas

Figure 4: Vehicles loans growth remain solid (%)



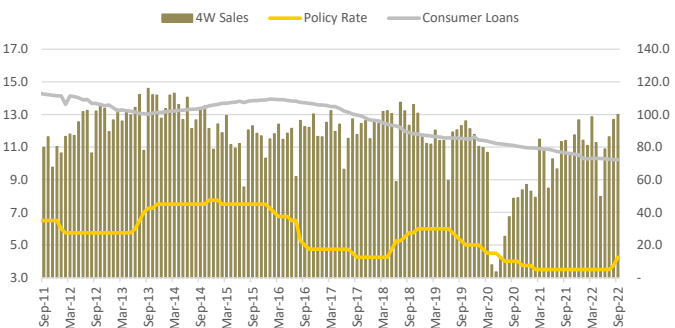
Source: Company, BI, Financial Services Authority

Figure 5: Vehicles loan (IDRtn) and 4W sales trend (000 units)



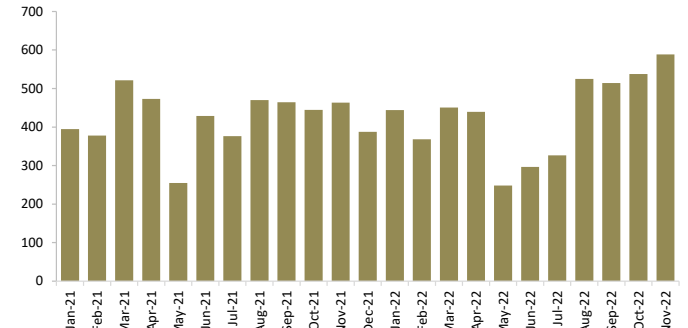
Source: Company, BI, Financial Services Authority

Figure 6: Monthly figures of 4W Sales, Policy Rate and Consumer Loans



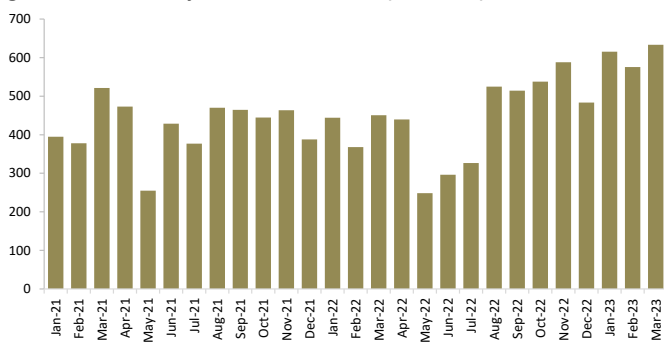
Source: Company, BI, Financial Services Authority

Figure 7: 2W monthly sales Jan21-Nov22 (000 units)



Source: AISI, BI, Financial Services Authority, KB Valbury Sekuritas

Figure 8: 2W monthly sales volume trend (000 units)



Source: AISI, BI, Financial Services Authority, KB Valbury Sekuritas

Figure 9: ASII Traded at 9.2x '23 P/E, below its -1SD 10-year hist mean



Source: KB Valbury Sekuritas

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**

Headquarters

Menara Karya, 9th Floor
 Jl. H.R. Rasuna Seld Blok X-5 Kav 1-2
 Jakarta 12950, Indonesia
 T +62 21 255 33 600
 F +62 21 255 33 778

Branch Office

Jakarta - Kelapa Gading

Rukan Plaza Pacific
 Jl. Raya Boulevard Barat Blok A1 No. 10
 Jakarta 11620
 T +62 21 - 29451577

Jakarta - Puri Indah

Rukan Grand Aries Niaga
 Blok E. 1 No. 1 V. J. Taman Aries, Kebangsaan,
 Jakarta 14450
 T +62 21 - 22542390
 F +62 21 - 29264330

Jakarta - Muli

Jl. Muti Putra Raya No. 2
 Jakarta 14240
 T +62 21 - 29264300
 F +62 21 - 22542391

Bandung

Jl. HOS Cotoreaminoto No. 82
 Bandung 40173
 T +62 22 - 87255888
 T +62 22 - 87255800
 F +62 22 - 87258111

Semarang

Candi Plaza Building Lt. Dasar
 Jl. Sultan Agung No. 90-90A
 Semarang 50252
 T +62 24 - 8521888
 T +62 24 - 8501122
 F +62 24 - 8507450

Yogyakarta

Jl. Magelang KM 5.5 no. 75
 Yogyakarta 55284
 T +62 274 - 4469500
 T +62 274 - 623111
 F +62 274 - 623222

Galeri Investasi

Padang

Jl. Kampuang Rias II no. 10,
 Kec. Belalang Pondok,
 Kec. Padang Selatan
 T +62 751 895747

Manado

Kawasan Megamas, Ruko Megaprofit
 Blok IF2 No. 38 Manado, 95254
 T +62 431 7917 836
 F +62 431 880 2129

Surabaya

Parkwun Center Tunjungan Plaza Lantai 21
 Jl. Tunjungan Malang No.1
 Surabaya 60161
 T +62 31 - 2955777
 T +62 31 - 2955788
 F +62 31 - 2955716

Depasar

Komplek Bih Styles Hotel
 Jl. Teuku Umar No. 177
 Denpasar Bali 80134
 T +62 361 - 254888
 T +62 361 - 225229
 F +62 361 - 225339

Banjarmasin

Jl. Gatot Subroto No.33 Kel. Kebun Bunga
 Kec. Banjarmasin Timur
 Kalimantan Selatan 70235
 T +62 511 - 8268918
 F +62 511 - 8253432

Solo

Jl. Renggo Wanito no. 34
 Solo 57318
 T +62 271 832888
 F +62 271 659888

Makassar

Rantelangi Palnis 11. 3
 Jl. Dr Sam Ratulangi No. 2 Korjungmas, Marisa
 Makassar, Sulawesi Selatan 90125
 T +62 411 8955999

Malang

Jl. Pahlawan Trip no. 7
 Malang 65112
 T +62 341 - 585888
 F +62 341 - 586056

Solo

Jl. Ronggowardito No. 44
 Surakarta 57138
 T +62 271 - 632888

Palembang

Komp. PTC Mall Blok I No. 7 J. R. Sukanto Kel. 8 Ilir
 Kec. Br Timur II Palembang 30114
 T 07115700281

Medan

Komplek Jati Junction No. P5-5A
 Jl. Perintis Kemerdekaan
 Medan 20218
 T +62 61 - 88816222
 F 62 61 - 88816333

Pekanbaru

Jl. Teuku Tambuzai
 Komplek CNV Blok A No.3 Pekanbaru 28291
 T +62 761 - 839993
 Galeri Investasi

Padang

Jl. Kampuang Rias II no. 10,
 Kec. Belalang Pondok,
 Kec. Padang Selatan
 T +62 751 895747

Manado

Kawasan Megamas, Ruko Megaprofit
 Blok IF2 No. 38 Manado, 95254
 T +62 431 7917 836
 F +62 431 880 2129

Solo

Jl. Ronggowardito No. 34
 Surakarta 57318
 T +62 271 - 632888

Palembang

Komp. PTC Mall Blok I No. 7 J. R. Sukanto Kel. 8 Ilir
 Kec. Br Timur II Palembang 30114
 T 07115700281

Galeri Investasi BEI - KBVS

Yogyakarta
 Universitas Kristen Duta Wacana
 T +62 274 - 544052

Manado
 Universitas Prima Manado
 T 0431 8800890

Jakarta
 Universitas Gunadarma
 T +62 21 - 8727541