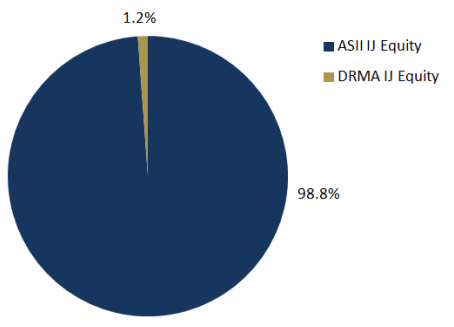


Overweight

Stock Recommendation

Ticker	Rating	Price (IDR)	TP (IDR)	Upside
ASII	BUY	6,350	7,500	18.1%
DRMA	BUY	1,050	1,300	23.8%

Sector Market Cap Weighting



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4M23 Auto Sales

Apr-23: Expected decline due to Eid holiday

National 4W and 2W sales saw some mom decline in Apr-23, though the decline was to be expected due to the long Eid holiday, which affected production activities. 4W sales fell -41.7% mom to 58,911 units, though its cumulative 4M23 figure was relatively in line with our projection, reaching 341k units (-1.6% YoY, 34.1% of SSI's FY23F projection). Meanwhile, 2W sales plunged -44.0% mom (to 354k units) in Apr-23 with cumulative 4M23 figure of 2.2 million units (+28.0% YoY, 37.6% of SSI's FY23F projection). We maintain our 4W and 2W FY23F sales targets of 1 million units and 5.8 million units, respectively.

Changes in market share, ASII remains as market leader

Along with the slowdown in its industrial performance, ASII's 4W sales slipped in Apr-23 to 34,717 units (-34.3% mom), though the drop was smaller than the drop in non-ASII 4W sales (-49.8% mom). As a result, ASII managed to retain its seat as Indonesia's 4W market leader, with a market share of 58.9% (Mar-22: 52.3%) and Toyota (62% of ASII's 4W sales) and Daihatsu (31%) as its leading brands. Meanwhile, Honda's market share in the Indonesian 4W market fell to 8.4% (Mar-24: 16.7%) due to the steep decline in sales (-70.6% mom) as the company prepared to launch the latest Brio model in May (Brio accounted for 43.4% of Honda's 4W sales in Mar-23). Cherry emerged as a dark horse, with its latest models launched earlier this year (Omoda 5, Tiggo 7, and Tiggo 8). The brand managed to sell 515 4W units in Apr-23 (+101.2% mom), becoming one of the top 15-selling 4W brands in Indonesia in the process.

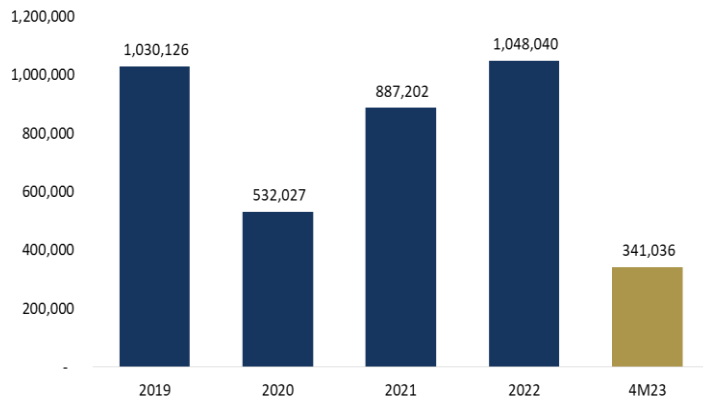
4W EV sales rose +15.5% MoM in April

Supported by various incentives provided by the government, including the VAT cut from 11% to 1% for 4W (since 1 April 2023), EV sales went up +15.5% MoM to 1,285 units in Apr-23, significantly higher than last year (Apr-22; 99 units. Hyundai Ioniq 5 was the best-selling 4W EV model in Indonesia in Apr-23, reaching 716 units (+20.9% mom), beating the sales of Wuling Air EV by quite a margin (450 units, +6.9% mom). However, even with the massive spike in sales (4M23 4W EV sales: 3,086 units, 4M22: 163 units), EV's market share is still relatively small (0.9% of national sales). We believe that it might be a while before EV can take over a significant portion of the Indonesian 4W market, and we project its portion to remain below 5% in FY23F. Meanwhile, hybrid 4W sales jumped +32.4% mom to 2,870 units, supported by the growth in sales of the Toyota Innova Zenix (+81.9% mom; Zenix is the best-selling hybrid model in the Indonesian 4W market, accounting for 68.3% of national hybrid 4W sales). For 2W EV, the government has provided purchase subsidies of IDR 7 million (since 20 March 2023) for MSMEs receiving People's Business Loans (KUR), Productive Presidential Aid for Micro Enterprises (BPUM), or wage subsidy assistance. The 2W EV subsidy is currently provided for the purchase of 13 2W EV types from 8 manufacturers that meet the TKDN requirements (Gesits, Selis, Volta, United, Smoot, Viar, Rakata, and Polytron).

Top Pick: DRMA

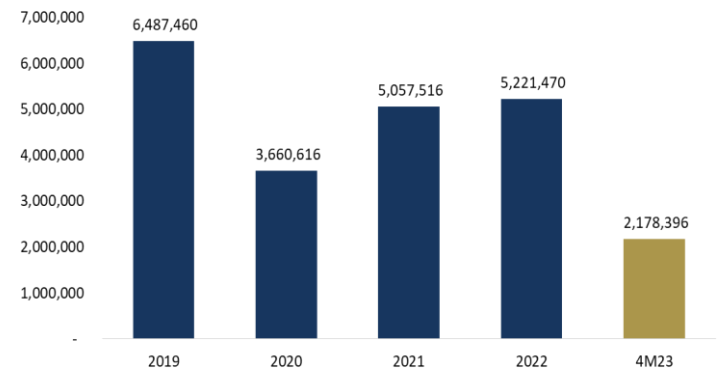
We keep DRMA as our top pick with a TP of IDR 1,300 (11.2x FY23F PE), mainly due to 1) its new 4W component factory that will commence operations this year (producing suspension members), 2) consolidation of PT Trimitra Chitrahasta, and 3) its plan to enter the EV industry with its component localization and charging station projects.

Figure 1. 4W Sales (4M23)



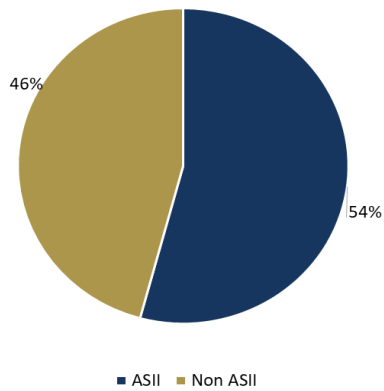
Sumber: Company, SSI research

Figure 2. 2W Sales (4M23)



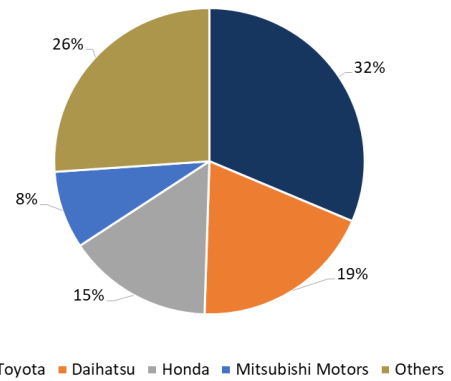
Sumber: Company, SSI research

Figure 3. ASII's Market Share



Sumber: SSI, Gaikindo

Figure 4. Market Share (Brand)



Sumber: SSI, Gaikindo

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