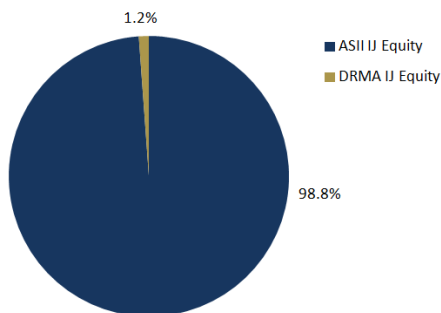


### Overweight

#### Stock Recommendation

Ticker	Rating	Price (IDR)	TP (IDR)	Upside
ASII	BUY	6,875	7,600	10.5%
DRMA	BUY	1,375	1,600	16.4%

#### Sector Market Cap Weighting



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## 5M23 Auto Sales

### Mei-23: Massive jump from April's low base

Both 2W and 4W saw a significant jump in sales in May (+49.5% MoM and +39.4% MoM, respectively), mainly due to the low-base effect from Apr-23 (the long Eid holiday led to a dip in sales). Cumulatively, as many as 2.7M 2W units were sold in Indonesia in 5M23 (+38.9% YoY), beating SSI's forecast (46.7% of SSI's FY23F estimate). Meanwhile, 4W sales went up +6.9% YoY to 423,404 units, in line with our forecast (42.3% of SSI's FY23F estimate). We maintain our national 2W and 4W FY23F sales projections at 5.8 million units and 1 million units, respectively.

### Market Share: ASII remains the one to beat

ASII kept its seat as the market leader in both 2W (Honda Motor, market share: 81.4%) and 4W (with Toyota & Daihatsu as the leading brands, market share: 57.1%). However, it's worth noting that Honda Prospect Motor (HPM)'s (one of ASII's main competitors in Indonesia) 4W sales spiked to 11,158 units in May (+125.2% MoM), after a rather disappointing month in April (4,955 units, HPM's average monthly sales: 15,600) as the company prepared to launch the New Honda Brio in May. For information, Brio is one of HPM's best-selling 4W models, contributing 34.6% of its total sales. Also, we noticed that Hyundai's 4W sales in Indonesia went up by +35.2% MoM in May-23 rose while once again beating the 3,000 units mark, with Stargazer as its best-selling model (32% of Hyundai's 4W sales in Indonesia), followed by Ioniq5 (30.3%), and Creta (19.1%). Another emerging dark horse worth noticing is Cherry, with its latest models launched earlier this year (Omoda5, Tiggo 7, and Tiggo 8); Cherry's sales in Indonesia rose by +3.1% MoM to 531 units in May, giving them the 13th place in Indonesia's 4W sales ranking.

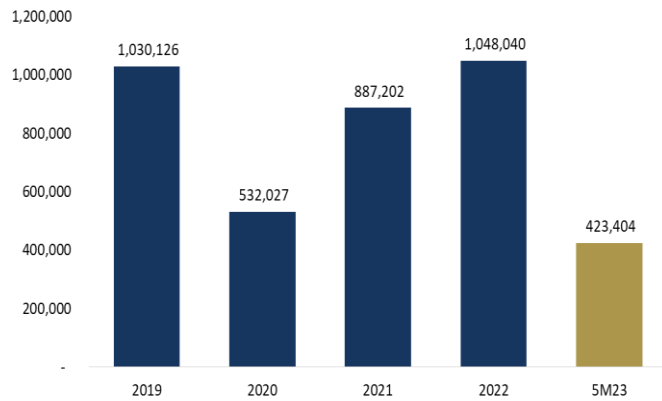
### 5M23: Relatively insignificant contribution from EV

Indonesia's 4W battery electric vehicle (BEV) sales went up +21.4% MoM to 1,560 units in May (5M23: 4,623 units), beating last year's sales numbers by a mile (5M22: 363 units). Even so, its contribution to Indonesia's 4W sales was still relatively small (5M23: 1.1%), and we believe it might take a while before we can see any significant contribution from EV (FY23F projection: < 5%). Hyundai Ioniq5 retained its title as the best-selling 4W BEV model in Indonesia, with 918 units sold in May-23 (+28.2% MoM; 58.8% of Indonesia's 4W BEV sales), followed by Wuling Air EV (455 units, +1.1% MoM; 29.2%). Meanwhile, sales of 4W hybrid electric vehicle (HEV) were recorded at ~2,800 units in May-23 (3.4% of Indonesia's 4W sales), with Toyota Innova Zenix as the best-selling model (61.3% of Indonesia's 4W HEV sales). For 2W EVs, the latest estimate for the IDR 7 million subsidy recipients stands at 611 units, still a long way to go from the government's FY23F target of 200,000 units.

### Top Pick: DRMA

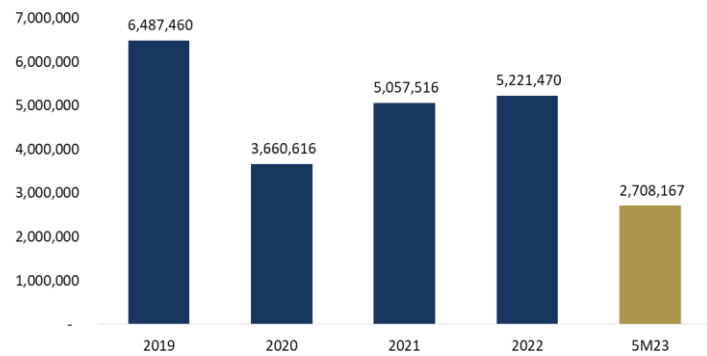
We keep DRMA as our top pick with a TP of IDR 1,600, mainly due to 1) its new 4W component factory (producing suspension members for Toyota), 2) consolidation of PT Trimitra Chitrahasta's results, (FY23F target: IDR 700 billion, ~18% of DRMA's FY22 revenue) and 3) its plan to enter the EV industry with its component localization and charging station projects.

**Figure 1. 4W Sales (5M23)**



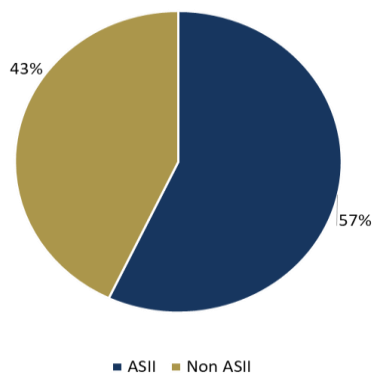
Source: Company, SSI research

**Figure 2. 2W Sales (5M23)**



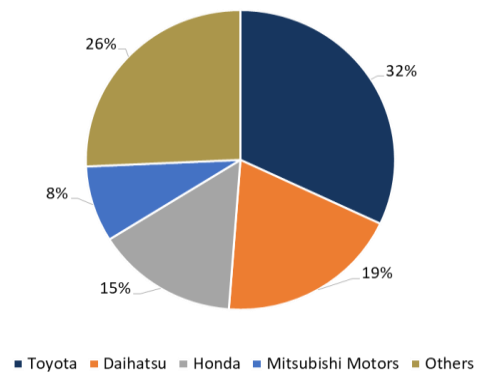
Source: Company, SSI research

**Figure 3. ASII's Market Share**



Source: SSI, Gaikindo

**Figure 4. Market Share (Brand)**



Source: SSI, Gaikindo

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