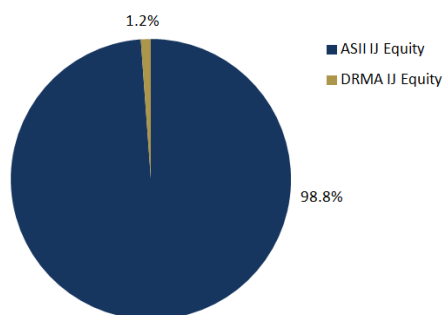


Overweight

Stock Recommendation

Ticker	Rating	Price (IDR)	TP (IDR)	Upside
ASII	BUY	6,300	7,600	20.6%
DRMA	BUY	1,460	1,900	30.1%

Sector Market Cap Weighting



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8M23 Auto Sales

Another positive month for 4W and 2W sales

Domestic 4W sales went up +10.5% MoM in August, partly thanks to the GIIAS event held on August 10-20, 2023. The positive growth in August helped bring the cumulative 8M23 sales figure to 675,287 units (+2.6% YoY), in line with our forecast (67.5% of SSI's FY23F projection). ASII kept its seat as market leader (8M23 market share: 55.9%), with most of its sales coming from Toyota (58.4% of ASII's 4W sales) and Daihatsu (35.1%). However, the intense competition in the Indonesian 4W market hurt ASII's sales growth rate (which came in at a mere +5.6% YoY), while several other brands, including Hyundai and Honda, beat that figure by a wide margin (+21.6 YoY and +16.1% YoY, respectively). Aside from 4W, 2W sales also saw positive growth in August (+12.4% MoM), boosting its cumulative 8M23 figure to 4.2 million units (+36% YoY), in line with our projection (70.2% of SSI's FY23F projection). ASII's brand (Honda) retained its position as the market leader, with a stable market share (Aug-23: 79%), even with the 'viral' eSAF frame problem. We kept our domestic 4W and 2W FY23F sales targets at 1 million units and 6 million units, respectively.

Public enthusiasm for GIIAS 2023

Public enthusiasm for GIIAS 2023 was exceptional, as reflected in the number of visitors (+19.9% yoy to 462,291 visitors). Several new 4W models were launched at the event, mostly xEVs, including HEV (Toyota All New Alphard and Honda All New CR-V) and BEV (Wuling Air EV Lite, Hyundai Ioniq6, Maxus Mifa9, and DFSK Seres E1). Toyota sold the most 4W units during the event, recording 5,796 Vehicle Order Letter (SPKs) (+6.7% YoY), with Avanza-Veloz (20.9% of Toyota's total SPK) and Kijang Innova Zenix (14.2% of Toyota's total SPK; 80% of the units sold were the hybrid ones) as the best-selling models. Several other brands also recorded massive sales during the event, including Hyundai (3,727 units, best-selling model: Stargazer [42.9% of Hyundai's total SPK]) and Mitsubishi (3,685 units, best-selling model: XForce [29.9 % of Mitsubishi's total SPK]).

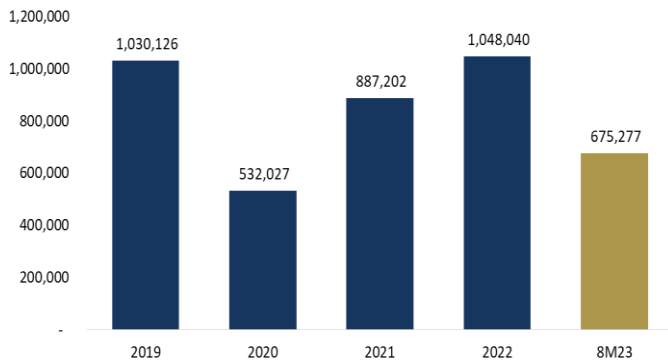
xEVs contributes 5.7% of domestic 4W sales

Domestic BEV sales saw significant growth compared to last year, coming in at 8,262 units in 8M23 (8M22: 1,647 units), with the Hyundai Ioniq5 as the best-selling model (52.2% of 4W EV sales), followed by the Wuling Air EV (29.4%). However, BEV sales are still considered insignificant, since they only contributed 1.2% of domestic 4W sales (SSI's FY23F projection: <3%). HEV sales also recorded significant growth, reaching 30,211 units in 8M23 (4.5% of national 4W sales, 8M22: 1,640 units), with the Toyota Innova Zenix again as the best-selling model (52.6% of 4W Hybrid sales) followed by the Toyota New Yaris Cross (22.3%). Considering the public's warm reception of 4W HEVs, we project their sales to contribute ~5% of domestic 4W sales in FY23F.

Top Pick: DRMA

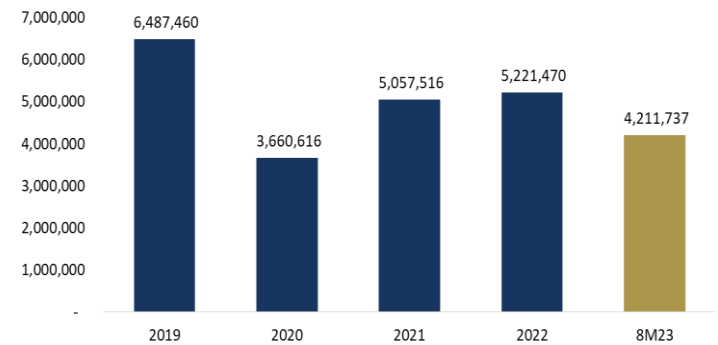
We keep DRMA as our top pick with a TP of IDR 1,900, mainly due to 1) consolidation of PT Trimitra Chitrahasta's results, (FY23F revenue target: IDR 700 billion, ~18% of DRMA's FY22 revenue), 2) its new 4W component factory (producing suspension members for Toyota New Yaris Cross) and 3) its plan to enter the EV industry with its component localization (including battery pack) and charging station projects.

Figure 1. 4W Sales (8M23)



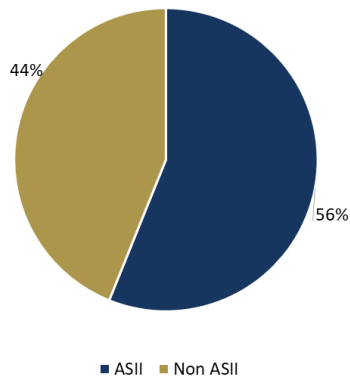
Source: Company, SSI research

Figure 2. 2W Sales (8M23)



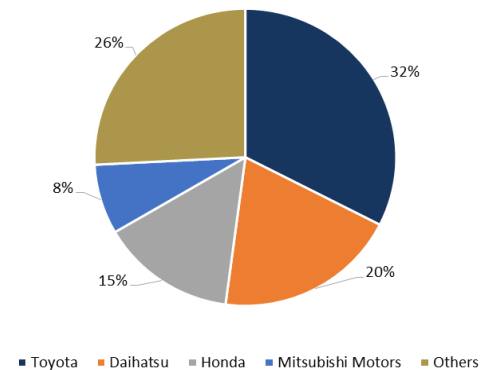
Source: Company, SSI research

Figure 3. ASII's Market Share



Source: SSI, Gaikindo

Figure 4. Market Share (Brand)



Source: SSI, Gaikindo

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