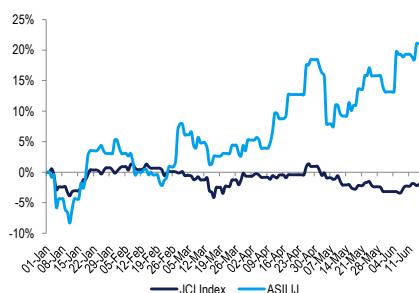


Stock Data

Target price	Rp6,300
Prior TP	Rp6,300
Current price	Rp6,900
Upside/downside	-8.7%
Shares outstanding (mn)	40,484
Market cap (Rp bn)	279,337
Free float	47%
Avg. 6m daily T/O (Rp bn)	357

Price Performance

	3M	6M	12M
Absolute	19.5%	18.5%	3.0%
Relative to JCI	18.2%	19.7%	7.2%
52w low/high (Rp)	5,225 – 7,200		



Major Shareholders

Jardine Cycle & Carriage Ltd	50.1%
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In-line May23 volume; ASII launched Daihatsu Terios facelift

- National wholesale 4W volume was up by 65% yoy/39% mom in May23.
- Our channel checks indicated rising dealers’ discounts mom, driven mainly by higher discounts for LSUV models; lower discounts for LMPV.
- Terios facelift was launched, but we expect muted impact. Maintain Hold.

National and ASII’s May23 wholesale volume met our expectations

Wholesale 4W sales volume in May23 reached 82.1k units (+65% yoy/+39% mom). 5M23 reached 42% of our FY estimates which was in-line (vs. 3yr average of 42% in FY17-19 pre-COVID). The steep yoy/mom growth was largely driven by seasonal demand factors (a shift in Eid al-Fitr holidays and longer working days mom, respectively). ASII’s sales volume grew to 46.9k units in the month (+101% yoy/+35% mom). Its 5M23 formed 43% of our full-year forecasts (vs. 3yr average of 43%). ASII’s 4W wholesale market share reached 57% in May23 (vs. 47%/59% in May22/Apr23, respectively).

A tad higher discounts for LSUV models, but lower for LMPV models

Our channel checks with dealers indicate a tad higher mom discounts (from an average of Rp14.2mn to Rp14.5mn), partly driven by higher discounts for almost all LSUV models, which indicates intensifying LSUV competition. On the other hand, we are seeing lower discounts for ASII’s LMPV models, which we believe point toward a more benign competition for the segment. Based on our findings, overall inventory levels appear to be healthy.

Terios facelift was launched, but no news regarding Rush

ASII just launched Daihatsu Terios facelift, which is the first facelift for Terios gen-2 since 2017. It is priced at Rp239-306mn or about Rp5-17mn (+2-6%) higher than the pre-facelift model. Based on our observation, the changes are quite modest, especially on the interior. The most notable revision, in our view, is its front fascia, which now has a more minimalistic chrome grill. As such, we see limited upside risks for ASII’s market share despite this product launch. Based on our channel checks, we found that: 1) the new model is ready-stock, 2) both old and new models are offered with Rp12mn discounts, and 3) no updates regarding a facelift for Toyota Rush (Terios’ sister model, which actually has a higher contribution to ASII at 8% of sales vs. Terios’ 4%). Note that ASII had 53% LSUV market share in 5M23, and the segment contributed 16% to ASII’s total 4W sales volume.

Maintain Hold, with an unchanged TP of Rp6,300

We reaffirm our Hold rating on ASII, with an unchanged TP of Rp6,300. Upside/downside risks: 1) higher/lower-than-expected 4W/2W volume growth; and 2) higher/lower-than-expected commodity prices.

Financial Summary (Rp bn)	2021A	2022A	2023F	2024F	2025F
Revenue	233,485	301,379	299,965	311,715	332,910
Operating profit	25,533	42,201	39,070	36,992	38,190
Net profit	233,485	301,379	299,965	311,715	332,910
EPS growth	24.9%	43.3%	0.4%	1.1%	3.6%
ROE	9.8%	13.0%	11.8%	11.3%	10.9%
PER (x)	13.8	9.6	9.6	9.5	9.2
EV/EBITDA (x)	7.2	5.3	5.5	5.6	5.5
Dividend yield	1.9%	4.1%	8.8%	4.2%	4.2%
IPS vs. consensus			96%	95%	91%

Source: Company, Indo Premier

price closing as of: 15 June 2023

Fig. 1: National wholesale 4W volume summary

4W wholesale sales (in units)	May-23	May-22	yoy%	Apr-23	mom%
Toyota + Lexus	28,528	13,412	113%	21,818	31%
Daihatsu	16,009	6,981	129%	10,778	49%
Isuzu	2,169	2,740	-21%	2,026	7%
UD Trucks	146	139	5%	76	92%
Peugeot	21	46	-54%	19	11%
Astra total	46,873	23,318	101%	34,717	35%
Mitsubishi	7,637	6,721	14%	7,649	0%
Suzuki	6,377	6,026	6%	4,668	37%
Nissan	152	116	31%	160	-5%
Honda	11,158	8,114	38%	4,955	125%
Wuling	2,119	815	160%	1,171	81%
Others	7,781	4,600	69%	5,591	39%
Non-Astra total	35,224	26,392	33%	24,194	46%
National wholesale	82,097	49,710	65%	58,911	39%

Source: Gaikindo, Indo Premier

Fig. 2: National wholesale 4W market share summary

4W wholesale market share	May-23	May-22	yoy (bp)	Apr-23	mom (bp)
Toyota	35%	27%	777	37%	(229)
Daihatsu	20%	14%	546	18%	120
Isuzu	3%	6%	(287)	3%	(80)
UD Trucks	0%	0%	(10)	0%	5
Peugeot	0%	0%	(7)	0%	(1)
Astra total	57%	47%	1,019	59%	(184)
Mitsubishi	9%	14%	(422)	13%	(368)
Suzuki	8%	12%	(435)	8%	(16)
Nissan	0%	0%	(5)	0%	(9)
Honda	14%	16%	(273)	8%	518
Wuling	3%	2%	94	2%	59
Others	9%	9%	22	9%	(1)
Non-Astra total	43%	53%	(1,019)	41%	184
National	100%	100%	0	100%	0

Source: Gaikindo, Indo Premier

Fig. 3: Dealers' discounts (in Rp mn)

Manufacturer	Model	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
Daihatsu	Ayla	11	11	8	0	5	5	5
Daihatsu	Rocky	15-20	15-20	11	5	9	10	10
Daihatsu	Xenia	20	20	15-18	6	12-14	10	5
Honda	Brio Satya	3	3	3	3	5	5	0
Honda	BR-V	10	10	5	7	25	30	35
Honda	CR-V	10	10	5	10	5	5-15	30
Honda	HR-V	0	0	0	17	10	5	5
Honda	Mobilio	0	0	0	discontinued	discontinued	discontinued	discontinued
Honda	WR-V	0	0	0	2	0	0-5	5
Hyundai	Creta	30	30	15	10	15	20	25
Hyundai	Stargazer	20-25	25-30	10	15	15-20	25	27
Mitsubishi	Pajero	20	20	10	10	15	20	20
Mitsubishi	Xpander	20	25	0-10	10	10	10-12	10
Toyota	Agya	5	5	5	0	10	9	12
Toyota	Avanza	20-30	25-35	15-25	20	18	22	19
Toyota	Fortuner	48	48	10	10	15	25-30	30
Toyota	Innova Zenix (petrol)	8	8	0	5-8	5	10	0
Toyota	Innova Zenix (hybrid)	0	0	0	0	0	0	0
Toyota	Raize	22	22	10	15	15	18	21
Toyota	Rush	20	20	15	10	18	20	23
Wuling	Almaz	45	45	15	40	50	30	26
Wuling	Alvez	N/A	N/A	0	0	0	2.5	0
Wuling	Confero	25	25	15	25	15	20	20
Wuling	Cortez	38	38	15	30	40-45	30	20

Source: Indo Premier survey

Fig. 4: Backlog (months)

Manufacturer	Model	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
Daihatsu	Ayla	ready	ready	ready	1	ready	ready	ready
Daihatsu	Rocky	ready	ready	ready	ready	ready	ready	ready
Daihatsu	Xenia	ready	ready	ready	ready	ready	ready	ready
Honda	Brio Satya	ready	ready	ready	ready	ready	ready	ready
Honda	BR-V	ready	ready	ready	ready	ready	ready	ready
Honda	CR-V	ready	ready	ready	ready	ready	ready	ready
Honda	HR-V	1-2	1	1	ready	ready	ready	ready
Honda	Mobilio	1	1	1	discontinued	discontinued	discontinued	discontinued
Honda	WR-V	1-2	1-2	1-2	1	1-2	ready	ready
Hyundai	Creta	ready	ready	ready	ready	ready	ready	ready
Hyundai	Stargazer	ready	ready	ready	ready	ready	ready	ready
Mitsubishi	Pajero	ready	ready	ready	ready	ready	ready	ready
Mitsubishi	Xpander	1-2	1-2	1-2	1	ready	ready	ready
Toyota	Agya	1	1	1	1	ready	ready	ready
Toyota	Avanza	ready	ready	ready	ready	ready	ready	ready
Toyota	Fortuner	1	1	1	ready	ready	ready	ready
Toyota	Innova Zenix (petrol)	1	ready	ready	ready	1-2	1-2	1-6
Toyota	Innova Zenix (hybrid)	6	6	10	10	6	5-6	5-6
Toyota	Raize	ready	ready	ready	ready	ready	ready	ready
Toyota	Rush	ready	ready	ready	ready	ready	ready	ready
Wuling	Almaz	1	1	1	ready	ready	ready	ready
Wuling	Alvez	N/A	N/A	1-2	2-3	ready	ready	ready
Wuling	Confero	1	1	1	ready	ready	ready	ready
Wuling	Cortez	1	1	1	ready	ready	ready	ready

Source: Indo Premier survey

Fig. 5: Daihatsu Terios (facelift vs. old) price comparison

Old types	Old price (In rp mn)	New types	New price (In rp mn)	Price difference (%)
All New Terios X MT IDS	233.6	New Terios X MT MC	238.6	2%
All New Terios X MT DLX IDS	243.7	New Terios X MT ADS MC	250.5	3%
All New Terios X AT DLX IDS	254.1	New Terios X AT ADS MC	260.9	3%
All New Terios R MT IDS	266.1	New Terios R MT MC	272.5	2%
All New Terios R MT DLX IDS	276.2	New Terios R MT ADS MC	282.5	2%
All New Terios R AT IDS	276.6	New Terios R AT MC	283.0	2%
All New Terios R AT DLX IDS	286.7	New Terios R AT ADS MC	293.0	2%
All New Terios R MT CUSTOM IDS	278.2	New Terios R MT CUSTOM MC	295.3	6%
All New Terios R AT CUSTOM IDS	288.7	New Terios R AT CUSTOM MC	305.8	6%

Source: Company, Indo Premier

Fig. 6: New Daihatsu Terios (facelift vs. old) specifications comparison

Type	Old model	New model	Old model	New model
	All New Terios Type X	New Terios Type X	All New Terios Type R	New Terios Type R
Tire				
Wheel	18" Gunmetal Alloy Wheel	16" Silver Alloy Wheel	17" Polished Alloy Wheel with Black Paint	17" Gunmetal Alloy Wheel
Exterior				
Front grille	Black front grille	New front grille design	Chrome front grille	New front grille with chrome list
Bumper	Body color bumper with material color skid plate	New front & rear bumper design	Body color bumper with material color skid plate	New front & rear bumper design
Foglamp		New foglamp cover design		New foglamp cover design
Rear reflector		New rear reflector design	Foglamp with chrome bezel	New rear reflector design
Headlamp			LED headlamp with black finishing & position lamp	New smoke headlamp
Illumination lamp			LED High Mount Stop Lamp	New LED illumination lamp
Backdoor garnish			Backdoor garnish with fuinction LED tall lamp	New cover backdoor garnish
Interior				
Interior colour	Black interior	New black interior	Black interior	New black interior
Wireless charger	x	x	x	New wireless charger
Smartphone connection	x	x	x	Smartphone connection

Source: Company, Indo Premier

Note: Daihatsu Terios facelift's more-premium models (Type X&R ADS and Type R Custom) have different front grille and headlamps, additional airbags, and wireless phone charger, among others

Fig. 7: Daihatsu Terios



Source: Daihatsu, Indo Premier

Fig. 8: Daihatsu Terios facelift



Source: Daihatsu, Indo Premier

Fig. 9: Daihatsu Terios



Source: Daihatsu, Indo Premier

Fig. 10: Daihatsu Terios facelift



Source: Daihatsu, Indo Premier

Fig. 11: Daihatsu Terios interior



Source: Daihatsu, Indo Premier

Fig. 12: Daihatsu Terios facelift interior



Source: Daihatsu, Indo Premier

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net revenue	233,485	301,379	299,965	311,715	332,910
Cost of sales	(182,452)	(231,291)	(232,777)	(245,339)	(263,555)
Gross profit	51,033	70,088	67,188	66,376	69,355
SG&A Expenses	(25,500)	(27,887)	(28,118)	(29,384)	(31,165)
Operating profit	25,533	42,201	39,070	36,992	38,190
Net interest	265	428	358	403	122
Forex gain (loss)	57	188	30	31	33
Others	6,495	7,573	7,402	9,310	10,007
Pre-tax income	32,350	50,390	46,860	46,737	48,352
Income tax	(6,764)	(9,970)	(9,794)	(9,347)	(9,670)
Minority interest	(5,390)	(11,476)	(8,018)	(8,024)	(8,271)
Net income	20,196	28,944	29,049	29,365	30,410

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash & equivalents	63,947	61,295	60,558	61,519	62,252
Receivables	60,761	71,839	65,746	68,321	72,967
Other current assets	35,554	46,684	41,307	44,263	47,997
Total current assets	160,262	179,818	167,611	174,103	183,216
Fixed assets	90,450	94,697	83,134	78,763	74,444
Other non-current assets	116,599	138,782	152,660	167,926	193,115
Total non-current assets	207,049	233,479	235,794	246,690	267,559
Total assets	367,311	413,297	403,405	420,793	450,775

Payables	25,149	37,644	31,887	33,608	36,103
Other payables	39,962	46,885	45,478	44,114	42,791
Current portion of LT loans	38,667	34,669	31,214	30,268	34,723
Total current liab.	103,778	119,198	108,580	107,991	113,617
Long term loans	33,819	36,052	31,214	30,268	34,723
Other LT liab.	14,099	14,327	13,897	13,480	13,076
Total liabilities	151,696	169,577	153,691	151,739	161,416

Equity	8,253	10,619	10,619	10,619	10,619
Retained earnings	163,800	181,523	185,969	203,715	222,379
Minority interest	43,562	51,578	53,125	54,719	56,361
Total SHE + minority int.	215,615	243,720	249,714	269,053	289,359
Total liabilities & equity	367,311	413,297	403,405	420,793	450,775

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net profit	20,196	28,944	29,049	29,365	30,410
Depr. & amortization	14,148	12,326	12,316	12,784	13,745
Changes in working capital	4,951	(2,790)	4,307	(5,175)	(7,207)
Others	(1,011)	(10,479)	(6,290)	(7,659)	(17,322)
Cash flow from operating	38,284	28,001	39,381	29,316	19,626
Capital expenditure	(9,470)	(16,573)	(753)	(8,413)	(9,426)
Others	-	-	-	-	-
Cash flow from investing	(9,470)	(16,573)	(753)	(8,413)	(9,426)
Loans	(6,995)	(1,765)	(8,293)	(1,891)	8,909
Equity	39	(1,094)	(6,471)	(6,431)	(6,629)
Dividends	(5,344)	(11,416)	(24,602)	(11,619)	(11,746)
Others	-	-	-	-	-
Cash flow from financing	(12,300)	(14,275)	(39,366)	(19,941)	(9,466)
Changes in cash	16,394	(2,652)	(737)	961	733

Key Ratios	2021A	2022A	2023F	2024F	2025F
Gross margin	21.9%	23.3%	22.4%	21.3%	20.8%
Operating margin	10.9%	14.0%	13.0%	11.9%	11.5%
Pre-tax margin	13.9%	16.7%	15.6%	15.0%	14.5%
Net margin	8.6%	9.6%	9.7%	9.4%	9.1%
ROA	5.7%	7.7%	7.1%	7.1%	7.0%
ROE	9.8%	13.0%	11.8%	11.3%	10.9%
ROIC	8.9%	12.5%	11.5%	11.3%	10.8%
Acct. receivables TO (days)	90	80	80	80	80
Acct. payables - other TO (days)	42	50	50	50	50
Gross debt-to-equity (x)	0.3	0.3	0.3	0.2	0.2
Net debt-to-equity (x)	0.0	0.0	0.0	(0.0)	0.0
Interest coverage (x)	11.2	20.0	17.9	17.5	15.7

Source: Company, Indo Premier

INVESTMENT RATINGS

BUY	: Expected total return of 10% or more within a 12-month period
HOLD	: Expected total return between -10% and 10% within a 12-month period
SELL	: Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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