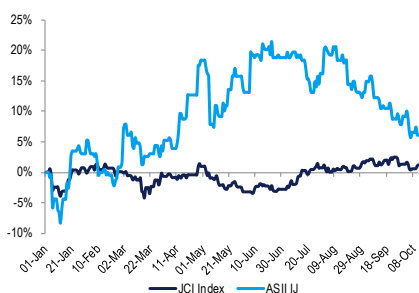


Stock Data

Target price	Rp6,800
Prior TP	Rp6,800
Current price	Rp5,525
Upside/downside	+23%
Shares outstanding (mn)	40,484
Market cap (Rp bn)	229,744
Free float	42%
Avg. 6m daily T/O (Rp bn)	258

Price Performance

	3M	6M	12M
Absolute	-15.8%	-8.8%	-12.0%
Relative to JCI	-15.3%	-10.8%	-8.5%
52w low/high (Rp)	5,225 – 6,925		



Major Shareholders

Jardine Cycle & Carriage Ltd	50.1%
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Nov23 sales: better mom, but likely to fall short of Gaikindo’s FY23F target

- National wholesale 4W volume declined by -7% yoy, but grew +6% mom in Nov23, supported by higher discounts.
- Despite the potentially better sales volume in Dec23 amid seasonally higher discounts, we think FY23F industry sales volume seems unlikely to reach Gaikindo’s target.
- Discounts continued to increase mom across all segments.

Mom improvement in Nov23, in-line with our expectations

Wholesale 4W sales volume in Nov23 came in at 85k units (-7% yoy/+6% mom). The mom improvement is likely attributable to the seasonally higher discounts. While Nov23 was better relative to recent months (80-82k in May-Jul23 and Sep-Oct23), it was still weaker in comparison to 1Q23 trend (87-101k in Jan-Mar23). Cumulatively, 11M23 volume dropped by -2% yoy and was in-line with our FY23F at 91% of run-rate (vs. 3yr-avg. of 92% in FY17-19 pre-COVID), but below Gaikindo’s target at 88% run-rate. ASII’s sales volume reached 47k units in Nov23 (-7% yoy/+6% mom). 11M23 declined by -1% yoy and formed 91% of our FY23F (vs. 3yr-avg. of 92%). ASII’s 4W market share grew +23bps mom to 56% in Nov23 (vs. 56%/55% in Nov22/Oct23) and stood at 56% in 11M23 (11M22: 55%).

Higher discounts mom; steeper increase for LSUV/SUV/MPV segments

Our channel checks with dealers indicated higher discounts (from an average of Rp17.3mn to Rp22.3mn), as discounts across all segments increased mom. Notably, LSUV/SUV/MPV segments saw steeper increase mom (+21/37/46% mom), while LCGC/LMPV discounts only grew by +2/7% mom. Overall, we believe that the elevated discounts largely reflect dealers’ attempt to deplete inventories towards year-end. The diverging trend across segments, however, is likely attributable to: 1) intensifying competition for LSUV; and 2) a combination of the lack of new models and de-stocking of older models for SUV/MPV. In contrast, LCGC/LMPV competition is relatively benign, in our view. On a separate note, retail 4W sales volume continued to lag wholesale volume in Nov23, which likely indicates a further build-up of dealers’ inventory.

Our forecasts and recommendation are under review

Our forecasts and recommendation on ASII are currently under-review (previously HOLD with TP of Rp6,800). Upside/downside risks: 1) higher/lower-than-expected 4W/2W volumes; and 2) higher/lower-than-expected commodity prices.

Financial Summary (Rp bn)	2021A	2022A	2023F	2024F	2025F
Revenue	233,485	301,379	305,797	307,861	326,047
Operating profit	25,533	42,201	46,974	43,916	43,884
Net profit	20,196	28,944	34,489	33,460	34,094
EPS growth	24.9%	43.3%	19.2%	-3.0%	1.9%
ROE	9.8%	13.0%	13.8%	12.6%	11.8%
PER (x)	11.3	7.9	6.6	6.8	6.7
Dividend yield	2.3%	5.0%	10.8%	6.0%	5.9%
IPS vs. consensus			109%	103%	103%

Source: Company, Indo Premier

price closing as of: 13 December 2023

Fig. 1: National wholesale 4W volume summary

4W wholesale sales (in units)	Nov-23	Nov-22	yoy%	Oct-23	mom%	11M23	11M22	yoy%
Toyota + Lexus	31,140	26,513	17%	27,656	13%	306,941	304,053	1%
Daihatsu	13,545	20,963	-35%	14,099	-4%	175,195	178,850	-2%
Isuzu	2,366	3,091	-23%	2,531	-7%	29,027	33,741	-14%
UD Trucks	128	214	-40%	158	-19%	1,703	1,838	-7%
Peugeot	10	14	-29%	16	-38%	192	433	-56%
Astra total	47,189	50,795	-7%	44,460	6%	513,058	518,915	-1%
Mitsubishi	9,231	10,694	-14%	8,094	14%	99,760	121,988	-18%
Suzuki	7,125	8,160	-13%	5,990	19%	73,655	80,418	-8%
Nissan	108	162	-33%	94	15%	1,558	2,249	-31%
Honda	10,599	11,691	-9%	11,938	-11%	130,544	118,638	10%
Wuling	2,670	3,094	-14%	2,172	23%	19,322	24,637	-22%
Others	8,008	6,679	20%	7,602	5%	83,161	75,659	10%
Non-Astra total	37,741	40,480	-7%	35,890	5%	408,000	423,589	-4%
National wholesale	84,930	91,275	-7%	80,350	6%	921,058	942,504	-2%

Source: Gaikindo, Indo Premier

Fig. 2: National wholesale 4W market share summary

4W wholesale market share	Nov-23	Nov-22	yoy (bp)	Oct-23	mom (bp)	11M23	11M22	yoy (bp)
Toyota	37%	29%	762	34%	225	33%	32%	106
Daihatsu	16%	23%	(702)	18%	(160)	19%	19%	5
Isuzu	3%	3%	(60)	3%	(36)	3%	4%	(43)
UD Trucks	0%	0%	(8)	0%	(5)	0%	0%	(1)
Peugeot	0%	0%	(0)	0%	(1)	0%	0%	(3)
Astra total	56%	56%	(9)	55%	23	56%	55%	65
Mitsubishi	11%	12%	(85)	10%	80	11%	13%	(211)
Suzuki	8%	9%	(55)	7%	93	8%	9%	(54)
Nissan	0%	0%	(5)	0%	1	0%	0%	(7)
Honda	12%	13%	(33)	15%	(238)	14%	13%	159
Wuling	3%	3%	(25)	3%	44	2%	3%	(52)
Others	9%	7%	211	9%	(3)	9%	8%	100
Non-Astra total	44%	44%	9	45%	(23)	44%	45%	(65)
National	100%	100%	0	100%	0	100%	100%	0

Source: Gaikindo, Indo Premier

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

Manufacturer	Model	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	
Daihatsu	Ayla	11	8	0	5	5	5	8	8	8	5	9	
Daihatsu	Rocky	15-20	11	5	9	10	10	8	15	12	12	14	
Daihatsu	Xenia	20	15-18	6	12-14	10	5	10	10	11	13	17	
Honda	Brio Satya	3	3	3	5	5	0	0	8	8	8	5-8	
Honda	BR-V	10	5	7	25	30	35	30	30	15-40	15-45	25-40	
Honda	CR-V	10	5	10	5	5-15	30	20	0	0	0	0	
Honda	New CR-V									0	0	0	
Honda	HR-V	0	0	17	10	5	5	7	7	8-20	15	15-20	
Honda	WR-V	0	0	2	0	0-5	5	7	10	5-10	10	10-15	
Hyundai	Creta	30	15	10	15	20	25	20-25	10	15	30	27-30	
Hyundai	Stargazer	25-30	10	15	15-20	25	27	0	15	10	5	10	
Mitsubishi	Pajero	20	10	10	15	20	20	19	35	27	27	25-30	
Mitsubishi	Xpander	25	0-10	10	10	10-12	10	6-7	10	10	5-10	5-16	
Toyota	Agya	5	5	0	10	9	12	10	10	10	10	17	
Toyota	Avanza	25-35	15-25	20	18	22	19	20	25	20	25	28	
Toyota	Fortuner	48	10	10	15	25-30	30	25	30	25-30	30	30-40	
Toyota	Innova Zenix (petrol)	8	0	5-8	5	10	0	5	5	5	10	12	
Toyota	Innova Zenix (hybrid)	0	0	0	0	0	0	0	0	0	0	0	
Toyota	Raize	22	10	15	15	18	21	18-20	17-18	18	22	20-25	
Toyota	Rush	20	15	10	18	20	23	25	23-25	23	25	25-30	
Wuling	Almaz	45	15	40	50	30	26	35	40-65	50-65	50-65	30-60	
Wuling	Almaz facelift										0	0	0
Wuling	Alvez	N/A	0	0	0	2.5	0	3	5	4	10-14	5-17	
Wuling	Confero	25	15	25	15	20	20	19	20	20	25	25	
Wuling	Cortez	38	15	30	40-45	30	20	15	17	17-24	23-25	19-28	

Source: Indo Premier survey

Fig. 4: Backlog (months)

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

Source: Indo Premier survey

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net revenue	233,485	301,379	305,797	307,861	326,047
Cost of sales	(182,452)	(231,291)	(230,162)	(234,660)	(251,257)
Gross profit	51,033	70,088	75,636	73,201	74,790
SG&A Expenses	(25,500)	(27,887)	(28,661)	(29,286)	(30,906)
Operating profit	25,533	42,201	46,974	43,916	43,884
Net interest	265	428	525	722	556
Forex gain (loss)	57	188	31	31	33
Others	6,495	7,573	9,072	9,688	10,567
Pre-tax income	32,350	50,390	56,602	54,357	55,040
Income tax	(6,764)	(9,970)	(11,830)	(10,871)	(11,008)
Minority interest	(5,390)	(11,476)	(10,283)	(10,025)	(9,937)
Net income	20,196	28,944	34,489	33,460	34,094

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash & equivalents	63,947	61,295	65,654	70,700	74,778
Receivables	60,761	71,839	67,024	67,476	71,462
Other current assets	35,554	46,684	41,020	43,093	46,650
Total current assets	160,262	179,818	173,699	181,269	192,890
Fixed assets	90,450	94,697	83,488	79,149	74,748
Other non-current assets	116,599	138,782	152,660	167,926	193,115
Total non-current assets	207,049	233,479	236,148	247,075	267,863
Total assets	367,311	413,297	409,847	428,345	460,753

Payables	25,149	37,644	31,529	32,145	34,419
Other payables	39,962	46,885	45,478	44,114	42,791
Current portion of LT loans	38,667	34,669	31,894	31,096	35,852
Total current liab.	103,778	119,198	108,902	107,356	113,061
Long term loans	33,819	36,052	31,894	31,096	35,852
Other LT liab.	14,099	14,327	13,897	13,480	13,076
Total liabilities	151,696	169,577	154,693	151,932	161,989

Equity	8,253	10,619	10,619	10,619	10,619
Retained earnings	163,800	181,523	191,410	211,074	231,784
Minority interest	43,562	51,578	53,125	54,719	56,361
Total SHE + minority int.	215,615	243,720	255,154	276,412	298,764
Total liabilities & equity	367,311	413,297	409,847	428,345	460,753

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net profit	20,196	28,944	34,489	33,460	34,094
Depr. & amortization	14,148	12,326	12,758	12,864	13,690
Changes in working capital	4,951	(2,790)	2,957	(3,273)	(6,592)
Others	(1,011)	(10,479)	(4,025)	(5,658)	(15,656)
Cash flow from operating	38,284	28,001	46,179	37,393	25,536
Capital expenditure	(9,470)	(16,573)	(1,549)	(8,525)	(9,289)
Others	-	-	-	-	-
Cash flow from investing	(9,470)	(16,573)	(1,549)	(8,525)	(9,289)
Loans	(6,995)	(1,765)	(6,933)	(1,596)	9,511
Equity	39	(1,094)	(8,736)	(8,431)	(8,296)
Dividends	(5,344)	(11,416)	(24,602)	(13,796)	(13,384)
Others	-	-	-	-	-
Cash flow from financing	(12,300)	(14,275)	(40,271)	(23,823)	(12,169)
Changes in cash	16,394	(2,652)	4,359	5,045	4,078

Key Ratios	2021A	2022A	2023F	2024F	2025F
Gross margin	21.9%	23.3%	24.7%	23.8%	22.9%
Operating margin	10.9%	14.0%	15.4%	14.3%	13.5%
Pre-tax margin	13.9%	16.7%	18.5%	17.7%	16.9%
Net margin	8.6%	9.6%	11.3%	10.9%	10.5%
ROA	5.7%	7.7%	8.4%	8.0%	7.7%
ROE	9.8%	13.0%	13.8%	12.6%	11.8%
ROIC	8.9%	12.5%	13.6%	12.8%	12.1%
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	21.0	20.2	17.5

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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