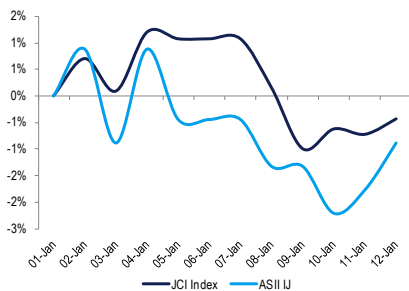


Stock Data

Target price	Rp5,800
Prior TP	Rp5,800
Current price	Rp5,600
Upside/downside	+4%
Shares outstanding (mn)	40,484
Market cap (Rp bn)	226,708
Free float	42%
Avg. 6m daily T/O (Rp bn)	277

Price Performance

	3M	6M	12M
Absolute	-5.9%	-17.6%	4.7%
Relative to JCI	-10.3%	-24.0%	-4.5%
52w low/high (Rp)	5,225 – 6,925		



Major Shareholders

Jardine Cycle & Carriage Ltd	50.1%
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Expected soft volumes in Dec23 while FY23 missed Gaikindo’s estimates

- Wholesale 4W volume declined by -19% yoy (flat mom) in Dec23, likely a reflection of still relatively weak purchasing power, in our view.
- Discounts declined marginally mom, but remained elevated.
- BYD to officially enter the Indonesian 4W market in Jan23. We continue to see limited upside amidst lack of +ve catalysts; maintain Hold on ASII.

Flat mom Dec23 volume; FY23 met our estimates, but below Gaikindo’s

Wholesale 4W sales volume in Dec23 came in at 85.3k units, -19% yoy (flat mom,) despite higher discounts mom (see our previous [note](#)). This is in-line with our expectations and we expect the soft 4W sales trend to continue in FY24F at -4% yoy, considering rising uncertainties during the election (see our previous [note](#)). Cumulatively, FY23 volume (-4% yoy) also met our estimates (99% of our FY23F), but missed Gaikindo's forecasts (96% of Gaikindo's FY23F). ASII's sales volume reached 47.7k units in Dec23 (-14% yoy/+1% mom). FY23 declined by -2% yoy and formed 99% of our FY23F. ASII's 4W market share was flat mom at 56% in Dec23 (vs. 52/56% in Dec22/Nov23) and stood at 56% in FY23 (FY22: 55%).

Discounts declined marginally mom, but remained elevated

Our channel checks with the dealers indicated that discounts remained elevated, in general, but declined marginally mom (from Rp22.2mn to Rp21.4mn), as lower discounts from the LCGC/SUV segments (-26/-20% mom) were partly offset by higher discounts from the LMPV/MPV segments (+26/+34% mom). In-line with seasonality, we expect discounts to remain elevated in 1Q24, given dealers' attempt to deplete FY23 inventories.

BYD to officially enter the Indonesian 4W market in Jan23

Chinese 4W manufacturer, BYD (Build Your Dreams), plans to debut its products in Indonesia on 18th of Jan24. The company plans to launch three BEV models in 1H24: Dolphin, Atto 3, and Seal; which are LSUV/SUV/Sedan models. It is rumoured that Dolphin will be priced at Rp328-414mn, Rp400-600mn for Atto 3, and Rp570-700mn for Seal; similar to Thailand's prices. Of note, BYD was the best-selling EV brand in Thailand for FY23, with 30.5k units (43% BEV market share; 4% overall market share after 1 year in Thailand). Atto 3 was its best performing model (19.2k units), followed by Dolphin (9.4k), and Seal (1.8k). Recall that BYD is eligible for BEV incentives, on the back of its investment plans in the country. Nevertheless, we continue to believe that the contribution of BEV sales to total industry sales should still remain negligible this year (see our previous [note](#)).

Reaffirm Hold rating, with an unchanged TP of Rp5,800

We continue to see limited positive near-term catalysts for ASII. Reiterate Hold, with TP of Rp5,800/share). 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	307,661	314,143	333,249
Operating profit	25,533	42,201	47,015	44,069	44,037
Net profit	20,196	28,944	34,550	33,705	34,376
EPS growth	24.9%	43.3%	19.4%	-2.4%	2.0%
ROE	9.8%	13.0%	13.8%	12.7%	11.9%
PER (x)	11.9	8.3	7.0	7.1	7.0
Dividend yield	2.2%	4.7%	10.2%	5.7%	5.6%
IPS vs. consensus			110%	105%	105%

Source: Company, Indo Premier

price closing as of: 12 January 2024

Fig. 1: National wholesale 4W volume summary

4W wholesale sales (in units)	Dec-23	Dec-22	yoy%	Nov-23	mom%
Toyota + Lexus	32,351	28,220	15%	31,140	4%
Daihatsu	12,805	23,815	-46%	13,545	-5%
Isuzu	2,400	2,905	-17%	2,366	1%
UD Trucks	96	155	-38%	128	-25%
Peugeot	7	18	-61%	10	-30%
Astra total	47,659	55,113	-14%	47,189	1%
Mitsubishi	9,130	14,649	-38%	9,231	-1%
Suzuki	7,402	9,990	-26%	7,125	4%
Nissan	81	164	-51%	108	-25%
Honda	8,423	12,642	-33%	10,599	-21%
Wuling	4,218	5,352	-21%	2,670	58%
Others	8,371	7,563	11%	8,008	5%
Non-Astra total	37,625	50,360	-25%	37,741	0%
National wholesale	85,284	105,473	-19%	84,930	0%

Source: Gaikindo, Indo Premier

Fig. 2: National wholesale 4W market share summary

4W wholesale market share	Dec-23	Dec-22	yoy (bp)	Nov-23	mom (bp)
Toyota	38%	27%	1,118	37%	127
Daihatsu	15%	23%	(756)	16%	(93)
Isuzu	3%	3%	6	3%	3
UD Trucks	0%	0%	(3)	0%	(4)
Peugeot	0%	0%	(1)	0%	(0)
Astra total	56%	52%	363	56%	32
Mitsubishi	11%	14%	(318)	11%	(16)
Suzuki	9%	9%	(79)	8%	29
Nissan	0%	0%	(6)	0%	(3)
Honda	10%	12%	(211)	12%	(260)
Wuling	5%	5%	(13)	3%	180
Others	10%	7%	264	9%	39
Non-Astra total	44%	48%	(363)	44%	(32)
National	100%	100%	0	100%	0

Source: Gaikindo, Indo Premier

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

Manufacturer	Model	Dec-23	Jan-24
Daihatsu	Ayla	6-10	5
Daihatsu	Rocky	15-17	10-15
Daihatsu	Xenia	15-17	14-15
Honda	Brio Satya	10	4-7
Honda	BR-V	30-40	30-57
Honda	CR-V	45	0
Honda	New CR-V	0	0
Honda	HR-V	30	30-35
Honda	WR-V	20-25	15-20
Hyundai	Creta	35-45	35-45
Hyundai	Stargazer	15	40-45
Mitsubishi	Pajero	25-30	25-37
Mitsubishi	Xpander	10-20	20-25
Toyota	Agya	15	10-18
Toyota	Avanza	23-25	14-33
Toyota	Fortuner	30-45	25-30
Toyota	Innova Zenix (petrol)	15-20	15-20
Toyota	Innova Zenix (hybrid)	0-8	5-7
Toyota	Raize	18-25	20-30
Toyota	Rush	25-33	25-33
Wuling	Almaz	20-40	40-50
Wuling	Almaz facelift	25-40	8-30
Wuling	Alvez	15-17	10-15
Wuling	Confero	25-27	20-25
Wuling	Cortez	23-27	25-30

Source: Indo Premier survey

Fig. 4: Backlog (months)

Manufacturer	Model	Dec-23	Jan-24
Daihatsu	Ayla	ready	ready
Daihatsu	Rocky	ready	ready
Daihatsu	Xenia	ready	ready
Honda	Brio Satya	ready	ready
Honda	BR-V	ready	ready
Honda	New CR-V	1-2	ready
Honda	HR-V	ready	ready
Honda	WR-V	ready	ready
Hyundai	Creta	ready	ready
Hyundai	Stargazer	ready	ready
Mitsubishi	Pajero	ready	ready
Mitsubishi	Xpander	ready	ready
Toyota	Agya	ready	ready
Toyota	Avanza	ready	ready
Toyota	Fortuner	1-3	ready
Toyota	Innova Zenix (petrol)	1-2	1
Toyota	Innova Zenix (hybrid)	ready	ready
Toyota	Raize	ready	ready
Toyota	Rush	ready	ready
Wuling	Almaz	ready	ready
Wuling	Almaz facelift	ready	ready
Wuling	Alvez	ready	ready-2
Wuling	Confero	ready	ready
Wuling	Cortez	ready	ready

Source: Indo Premier survey

Fig. 5: BYD price models and price range

Country	Model	Local ccy	US\$
China	Dolphin	126-140k	17-19k
	Atto 3	140k	20k
	Seal	212-262k	29-37k
Thailand	Dolphin	800k	23k
	Atto 3	1.1-1.2mn	32-35k
	Seal	1.325-1.6mn	38-46k
Indonesia	Dolphin	328-414mn	21-26k
	Atto 3	400-600mn	32-35k
	Seal	570-700mn	38-46k

Source: Online sources, Indo Premier

Fig. 6: BYD Indonesia dealers

Dealer	Brands
Gow a	Hyundai, mercedes
Arista	Honda, suzuki, mitsubishi, w uling, mercedes, hino, hyundai, neta, yamaha

Source: Online sources, Indo Premier

Fig. 7: BYD market share in Thailand

Make	Units (k)	Market share
Atto3	19.2	2.5%
Dolphin	9.4	1.2%
Seal	1.8	0.2%
BYD	30.5	4.0%
Total EV	70.7	43.1%
Total	771.3	

Source: Online sources, Indo Premier

Fig. 8: Top 10 car models in China

China car sales Jan-Dec23			
No	Brand	Model	Units sold (k unit)
1	Tesla	Model Y	456
2	BYD	Qin Plus	434
3	BYD	Song Plus	390
4	Nissan	Sylphy	376
5	VW	Lavida	346
6	Honda	CRV	327
7	Toyota	RAV4	326
8	Toyota	Corolla Cross	326
9	BYD	Yuan Plus	310
10	BYD	Dolphin	300

Source: Online sources, Indo Premier

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net revenue	233,485	301,379	307,661	314,143	333,249
Cost of sales	(182,452)	(231,291)	(231,808)	(240,189)	(257,606)
Gross profit	51,033	70,088	75,853	73,954	75,644
SG&A Expenses	(25,500)	(27,887)	(28,838)	(29,885)	(31,607)
Operating profit	25,533	42,201	47,015	44,069	44,037
Net interest	265	428	512	680	513
Forex gain (loss)	57	188	31	31	33
Others	6,495	7,573	9,138	9,930	10,845
Pre-tax income	32,350	50,390	56,695	54,711	55,428
Income tax	(6,764)	(9,970)	(11,849)	(10,942)	(11,086)
Minority interest	(5,390)	(11,476)	(10,296)	(10,064)	(9,967)
Net income	20,196	28,944	34,550	33,705	34,376

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash & equivalents	63,947	61,295	65,349	69,741	73,806
Receivables	60,761	71,839	67,433	68,853	73,041
Other current assets	35,554	46,684	41,201	43,699	47,345
Total current assets	160,262	179,818	173,983	182,293	194,193
Fixed assets	90,450	94,697	83,506	79,227	74,891
Other non-current assets	116,599	138,782	152,660	167,926	193,115
Total non-current assets	207,049	233,479	236,166	247,154	268,007
Total assets	367,311	413,297	410,149	429,447	462,199

Payables	25,149	37,644	31,755	32,903	35,288
Other payables	39,962	46,885	45,478	44,114	42,791
Current portion of LT loans	38,667	34,669	31,902	31,128	35,907
Total current liab.	103,778	119,198	109,135	108,145	113,987
Long term loans	33,819	36,052	31,902	31,128	35,907
Other LT liab.	14,099	14,327	13,897	13,480	13,076
Total liabilities	151,696	169,577	154,934	152,753	162,970

Equity	8,253	10,619	10,619	10,619	10,619
Retained earnings	163,800	181,523	191,471	211,356	232,249
Minority interest	43,562	51,578	53,125	54,719	56,361
Total SHE + minority int.	215,615	243,720	255,215	276,694	299,229
Total liabilities & equity	367,311	413,297	410,149	429,447	462,199

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net profit	20,196	28,944	34,550	33,705	34,376
Depr. & amortization	14,148	12,326	12,778	12,930	13,766
Changes in working capital	4,951	(2,790)	2,594	(4,135)	(6,772)
Others	(1,011)	(10,479)	(4,012)	(5,619)	(15,627)
Cash flow from operating	38,284	28,001	45,909	36,881	25,743
Capital expenditure	(9,470)	(16,573)	(1,587)	(8,651)	(9,430)
Others	-	-	-	-	-
Cash flow from investing	(9,470)	(16,573)	(1,587)	(8,651)	(9,430)
Loans	(6,995)	(1,765)	(6,917)	(1,548)	9,559
Equity	39	(1,094)	(8,749)	(8,470)	(8,325)
Dividends	(5,344)	(11,416)	(24,602)	(13,820)	(13,482)
Others	-	-	-	-	-
Cash flow from financing	(12,300)	(14,275)	(40,268)	(23,838)	(12,248)
Changes in cash	16,394	(2,652)	4,054	4,392	4,065

Key Ratios	2021A	2022A	2023F	2024F	2025F
Gross margin	21.9%	23.3%	24.7%	23.5%	22.7%
Operating margin	10.9%	14.0%	15.3%	14.0%	13.2%
Pre-tax margin	13.9%	16.7%	18.4%	17.4%	16.6%
Net margin	8.6%	9.6%	11.2%	10.7%	10.3%
ROA	5.7%	7.7%	8.4%	8.0%	7.7%
ROE	9.8%	13.0%	13.8%	12.7%	11.9%
ROIC	8.9%	12.5%	13.6%	12.9%	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	21.1	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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