



AmInvestment Bank

Sector report
20 Jan 2023

AUTOMOBILE

Dec TIV: Ending 2022 on a high note

OVERWEIGHT

(Maintained)

AmInvestment Bank

Team Coverage

03 – 2036 2333

Rationale for report: Sector update

Investment Highlights

- **We retain OVERWEIGHT call** as 2022 total industry volume (TIV) surpassed the 700,000-unit level, as expected. The high performance was mainly buoyed by the sales & service tax (SST) incentive which ended on 30 June 2022. Given that the tax-free window has expired, we expect normalisation to kick in in 2023 but do not foresee a steep drop in TIV, which we think would be held up by sustained order book together with continuous new launches under way. Therefore, our 2023F TIV remains unchanged at 615,000 units.
- **The Malaysian Automotive Association's (MAA) December TIV grew 19% MoM to 76,657 units**, the highest level seen in 2022. Sales volume of passenger vehicles climbed 20% MoM to 68,889 units in December whereas commercial vehicles increased by 13% to 7,768 units. Meanwhile, cumulative sales surged 12% YoY to 720,658 units.
- **Perodua marched forward with a leading market share of 39.1% (+1.7%-point YoY)** as 2022 sales jumped 48% YoY to 282,019 units. Separately, 31,224 units were sold in December (+9.6% MoM and +35.5% YoY). We expect Perodua to come out with an all-new Axia this year, taking a cue from the anticipated launch of its sibling models in Indonesia – Toyota Ayga and Daihatsu Ayla. To recap, Axia was first introduced in 2014, subsequently facelifted in 2017 and 2019.
- **Toyota's market share remains stable at 14.0% (vs. 14.2% in 2021)** with total 101,034 units sold in 2022 (+40% YoY). On a monthly basis, the foreign marque delivered 10,440 units in December, relatively consistent with the previous month. It is planning to introduce a second hybrid electric vehicle (HEV) in 2023, on top of a potential battery electric vehicle (BEV).
- **Honda sold 7,699 units (+17% MoM and -4% YoY) in December**, as demand continues to improve. The group sold 80,290 units last year (+51% YoY) and command a market share of 11.2% (+0.8%-point YoY).
- **Mazda delivered 1,733 units in December (+44% MoM and +50% YoY)**, highest ever monthly sales post-SST period. Cumulatively, the Japanese brand sold 14,644 units (+37.4% YoY) in 2022 and scheduled to introduce the completely knocked down (CKD) variant of the CX-30 in the first quarter of this year, which would underpin its 2023 sales.
- **Proton closed 2022 with a consecutive decline in market share at 18.9% (-3.0%-points YoY)**. The national brand posted annual sales of 136,026 units (+22% YoY). In December, it sold 14,372 units (+30% MoM and 5% YoY). While we have no visibility on its new model launch pipeline, an introduction of its next Geely-based model could bolster the carmaker's 2023 prospect.
- **Nissan is still a laggard**. The brand's December sales volume improved by 23% MoM but dropped 41% YoY compared to the same period last year. Full-year car sales improved to 13,832 units (+9% YoY) despite the absence of new model launches. Nonetheless, the automaker has lined up two EVs – Nissan Leaf EV and Renault Zoe EV for 2023.
- **Our TOP PICKS** are **BAUTO** (fair value RM2.51), **MBMR** (fair value RM5.10) and **UMWH** (fair value RM4.89). BAUTO's large order backlog pipeline of more than 6 months coupled with promotional incentives are supportive of its earnings visibility. Meanwhile, MBMR and UMWH are poised to capitalise on Perodua's ongoing launches.

EXHIBIT 1: VALUATION MATRIX

Core Coverage	Recommendation	Last Price (RM)	Fair Value (RM)	Upside (%)	EPS growth (%)		Forward P/E (x)		CY23F DPS (sen)	CY23F Dividend Yield (%)
					CY22F	CY23F	CY22F	CY23F		
Bermaz Auto	BUY	2.10	2.51	20%	24.1*	24.2**	13.3*	10.7**	12.0	5.7%
MBM Resources	BUY	3.43	5.10	49%	39.4	6.8	5.7	5.4	16.0	4.7%
Sime Darby	BUY	2.39	2.76	15%	-1.2*	3.3**	13.5*	13.0**	10.0	4.2%
UMW Holdings	BUY	3.73	4.89	31%	88.1	(15.0)	8.9	10.5	8.0	2.1%
Tan Chong Motor	UNDERWEIGHT	1.18	1.10	(7%)	(>100)	>100	35.5	15.9	1.5	1.3%

As at 19 January 2023
*CY23F; ** CY24F

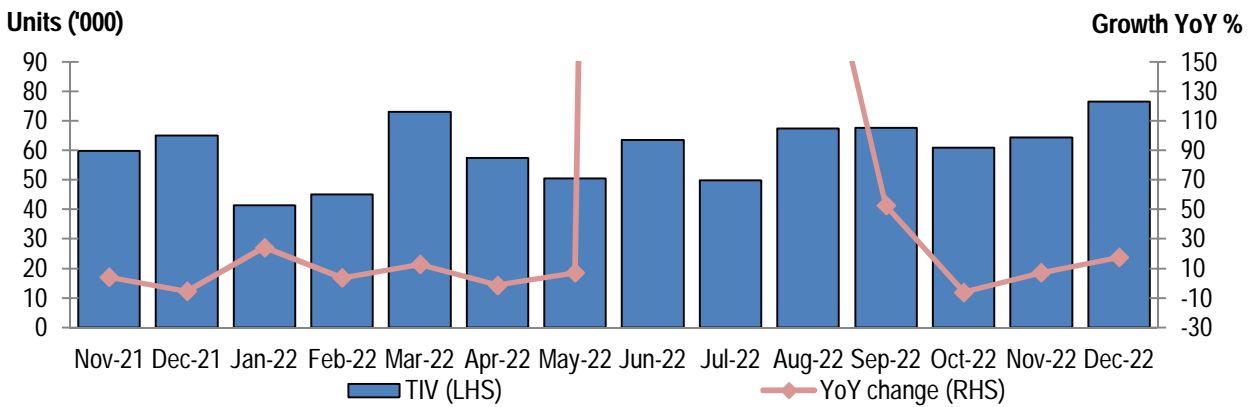
Source: MAA, AmInvestment Bank Bhd

EXHIBIT 2: CAR SALES MONTHLY COMPARISON

(units)	Dec-21	Nov-22	Dec-22	MoM (%)	YoY (%)	2021	2022	YoY (%)
Proton	13,701	11,029	14,372	30.3	4.9	111,695	136,026	21.8
Perodua	23,041	28,592	31,224	9.2	35.5	190,291	282,019	48.2
Toyota/Lexus	9,289	10,442	10,440	0.0	12.4	72,394	101,034	39.6
Nissan/Renault	1,693	813	996	22.5	-41.2	12,695	13,832	9.0
Honda	7,982	6,558	7,699	17.4	-3.5	53,031	80,290	51.4
Mazda	1,157	1,208	1,733	43.5	49.8	10,660	14,644	37.4
Others	8,384	5,762	10,193	76.9	21.6	58,117	92,813	59.7
TIV	65,247	64,404	76,657	19.0	17.6	508,883	720,658	41.6
Passenger	57,603	57,545	68,889	19.7	19.6	452,486	641,773	41.8
Commercial	7,644	6,859	7,768	13.3	1.6	56,397	78,885	39.9

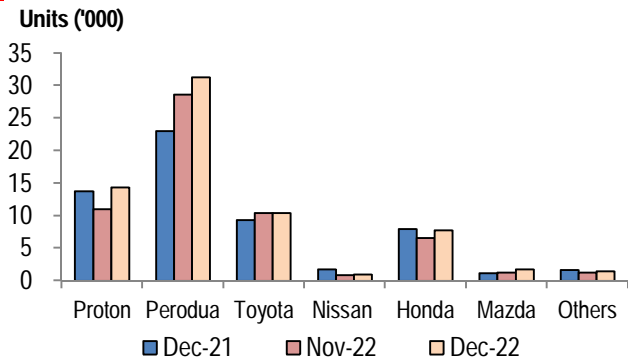
Source: MAA, AmlInvestment Bank Bhd

EXHIBIT 3: TIV TREND FOR PAST 12 MONTHS



Source: MAA, AmlInvestment Bank Bhd

EXHIBIT 4: SALES VOLUME TREND OF KEY MARQUES



Source: MAA, AmlInvestment Bank Bhd

EXHIBIT 5: NATIONAL VS. NON-NATIONAL MARKET SHARE

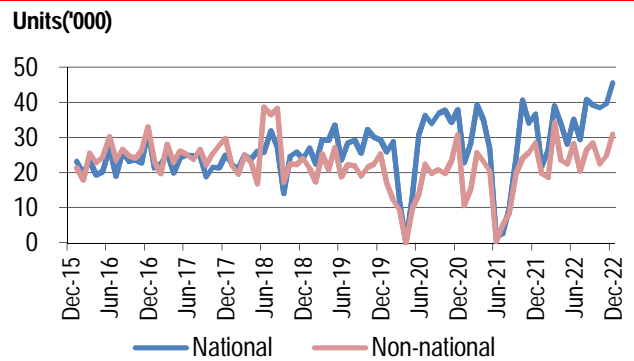


EXHIBIT 6: 2022 MARKET SHARE

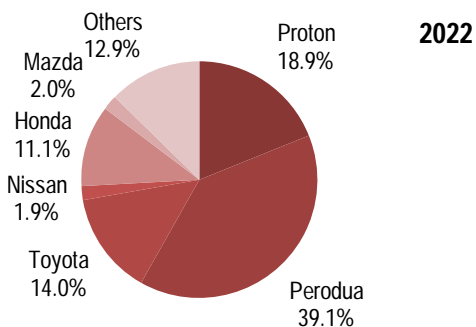
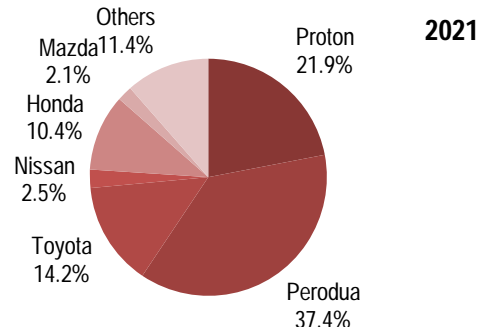


EXHIBIT 7: 2021 MARKET SHARE



Source: MAA, AmlInvestment Bank Bhd

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