



AmInvestment Bank

Sector report  
23 Feb 2021

# AUTOMOBILE

*MCO causes slow start to the year*

**OVERWEIGHT**  
(Maintained)

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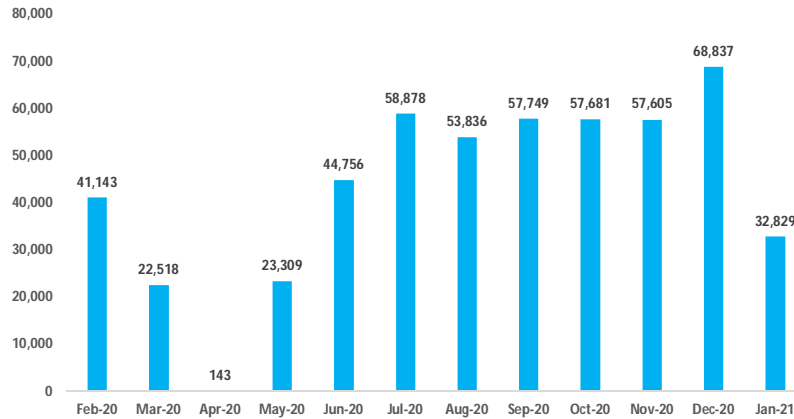
*Rationale for report: Sector update*

## Investment Highlights

- We maintain **OVERWEIGHT** on the auto sector albeit with a lower TIV projection of 575K (from 600K) units for 2021, due to the implementation of the MCO 2.0. We expect the strong sales volume momentum to sustain throughout 1H2021, bolstered by the extension of the SST exemption from 1 January until 30 June 2021. We believe that the SST exemption will continue to spur buying interests for passenger vehicles, especially the national brands Proton and Perodua.
- In January 2021, the auto sector recorded a lower TIV of 32.8K units (-52% MoM, -24% YoY), driven by two key reasons: 1) lower footfalls to showrooms due to the enforcement of the MCO 2.0; and 2) impact from shutdown of some part suppliers due to the MCO 2.0, crimping the supply of components. We expect February to be somewhat flat MoM due to the Lunar New Year holidays, which resulted in a shorter working month.
- We note the following for major car marques in **January's** sales figures:
  - 1) **Perodua** registered 16.9K units (-33% MoM, -3% YoY) in January. Perodua has introduced its sales volume target for 2021 at 240.0K units. The Aruz continued to be the most popular B-segment SUV in Malaysia with 1.8K units sold for the month. We continue to be optimistic on Perodua's outlook in 2021 with the recent soft-launch of the Perodua Ativa A-segment SUV. We were pleasantly surprised by the features it offers as all of its variants come with safety features such as the adaptive cruise control and lane keep control which are usually only made available for premium vehicles. Priced at RM62.5K–RM73.4K in three variants, we strongly believe that it continues to enhance Perodua's fleet of vehicles as we see the Ativa as one of the best value-for-money cars domestically.
  - 2) **Proton** delivered 6.0K units (-53% MoM, -30% YoY) in January, with the X50 and X70 chalking up sales of 1.1K units and 0.9K units respectively for the month. We understand that the Proton B-segment X50 model has crossed more than 45.0K booking units as at end-December, with 4.9K units already delivered to customers nationwide. We have gathered from our channel checks that the waiting period for the Proton X50 is about 6 months – an indication of how well-received the model is locally.

**Proton's market share stood at 18.2% in January, behind Perodua at 51.4%. We note that Proton has introduced its sales volume target for 2021 at 132.0K units.**
  - 3) **Mazda** posted a sales volume of 0.4K units (-73% MoM, -59% YoY) in January. We believe that the group's sales volume will recover in coming months with the easing of movement restrictions, and that the bulk of its sales will be from the CX-5 and CX-8 as the mainstay models are the main beneficiaries of the 100% SST exemption, compared to its other CBU models. Management has recently guided that it will be reverting to its 5-year warranty and free maintenance promotion, which we believe will substantially help the BAuto group improve its profit margin for CY2021.
  - 4) **Honda** sold 1.5K units (-87% MoM, -76% YoY) in January. From our channel checks, we believe the sharp decline in sales volume was due to the disruption in production when the government announced that automakers could not operate in the first week of the MCO 2.0, which was then lifted shortly. Honda's market share stood at 4.4% for the month. **We highlight that Honda has introduced its sales volume target of 80.0K units for 2021.**
  - 5) **Toyota** sold a decent 3.8K units (-58% MoM, +5% YoY) in January. Toyota took the pole position for the year in terms of market share in the non-national segment at 11.7%, way above Honda's 4.4%. The 2020 Toyota Yaris and Vios CKDs are now open for bookings with prices ranging from RM72.2K to RMRM85.6K for the former and RM75.7K–RM89.2K for the latter, both in 3 variants.
- The approval rate for loans on passenger cars stood at 57.1% in December, a decrease of 2.4% from November 2020 and was lower than the average of 61.4% in 2019.

EXHIBIT 1: SALES SUMMARY FOR PAST 12 MONTHS



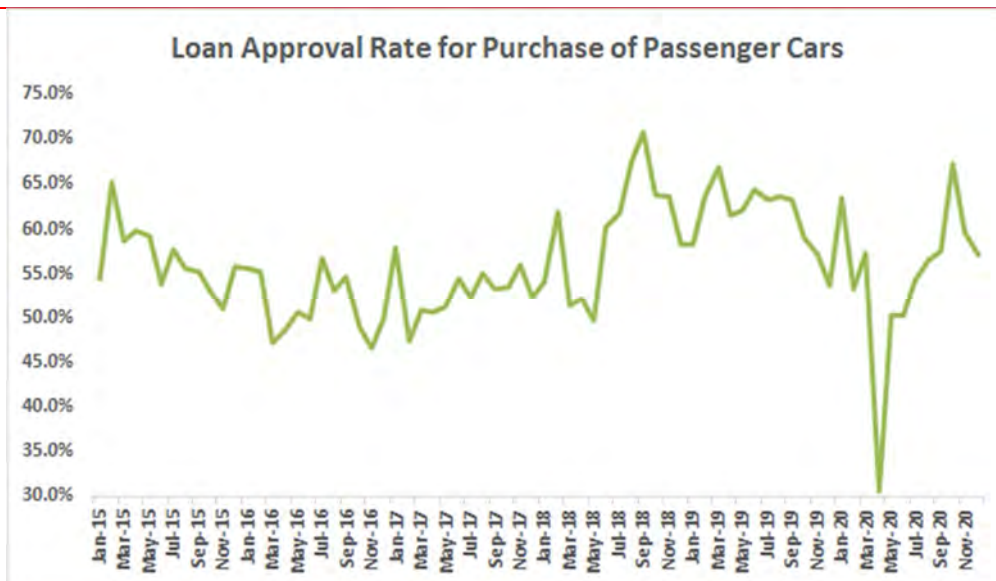
SALES														Cumulative			
(units in thousands)		Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	1M20	1M21	YoY
National	Perodua	17.5	18.9	8.6	0.1	7.9	21.3	23.2	22.6	25.0	26.8	23.1	25.2	16.9	17.5	16.9	-3%
	Proton	8.5	10.0	3.3	0.0	5.7	9.6	13.2	11.4	11.9	11.0	11.2	12.8	6.0	8.5	6.0	-30%
Non National	Honda	6.1	1.8	3.3	0.0	2.7	3.3	6.0	5.7	5.9	5.5	8.8	11.6	1.5	6.1	1.5	-76%
	Toyota	3.6	4.0	2.8	0.0	3.4	4.3	7.4	5.7	5.5	6.4	6.2	9.1	3.8	3.6	3.8	5%
	Nissan	1.4	1.0	0.3	0.0	0.6	1.0	1.6	1.5	1.7	1.6	1.6	1.8	0.8	1.4	0.8	-44%
	Mazda	1.1	1.1	0.5	0.0	0.5	1.0	1.2	1.2	1.2	1.3	1.3	1.7	0.4	1.1	0.4	-59%
	Others	4.7	4.4	3.7	0.0	2.5	4.2	6.3	5.8	6.6	5.1	5.3	6.8	3.5	4.7	3.5	-26%
<b>TIV</b>		<b>42.9</b>	<b>41.1</b>	<b>22.5</b>	<b>0.1</b>	<b>23.3</b>	<b>44.8</b>	<b>58.9</b>	<b>53.8</b>	<b>57.7</b>	<b>57.7</b>	<b>57.6</b>	<b>68.8</b>	<b>32.8</b>	<b>42.9</b>	<b>32.8</b>	<b>-23%</b>

MoM Movement														
		Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
National	Perodua	-5%	8%	-54%	-99%	13735%	169%	9%	-3%	11%	7%	-14%	9%	-33%
	Proton	-23%	17%	-67%	-99%	25700%	70%	37%	-14%	4%	-7%	2%	14%	-53%
Non National	Honda	-16%	-71%	87%	-99%	9819%	24%	81%	-6%	4%	-7%	61%	32%	-87%
	Toyota	-55%	9%	-30%	-100%	26246%	27%	71%	-23%	-3%	16%	-3%	46%	-58%
	Nissan	-35%	-24%	-68%	-98%	7713%	60%	55%	0%	9%	-6%	4%	7%	-56%
	Mazda	22%	0%	-53%	-100%	N.A.	99%	20%	0%	0%	8%	1%	29%	-73%
<b>TIV</b>		<b>-22%</b>	<b>-4%</b>	<b>-45%</b>	<b>-99%</b>	<b>16200%</b>	<b>92%</b>	<b>32%</b>	<b>-9%</b>	<b>7%</b>	<b>0%</b>	<b>0%</b>	<b>19%</b>	<b>-52%</b>

YoY Movement														
		Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
National	Perodua	-13%	10%	-63%	-100%	-66%	33%	16%	13%	47%	18%	13%	37%	-3%
	Proton	24%	89%	-47%	-100%	-47%	26%	54%	25%	37%	16%	16%	15%	-30%
Non National	Honda	-19%	-71%	-62%	-100%	-75%	-38%	-20%	-25%	2%	-14%	31%	60%	-76%
	Toyota	16%	-15%	-53%	-100%	-50%	-17%	31%	5%	5%	-1%	-11%	13%	5%
	Nissan	-32%	-6%	-84%	-100%	-70%	-33%	-23%	-9%	7%	-7%	-5%	-17%	-44%
	Mazda	-31%	58%	-48%	-100%	-53%	22%	20%	20%	168%	30%	63%	87%	-59%
<b>TIV</b>		<b>-12%</b>	<b>3%</b>	<b>-59%</b>	<b>-100%</b>	<b>-62%</b>	<b>5%</b>	<b>16%</b>	<b>5%</b>	<b>29%</b>	<b>7%</b>	<b>10%</b>	<b>26%</b>	<b>-23%</b>

Source: Company, AmlInvestment Bank Bhd

EXHIBIT 2: LOAN APPROVAL RATE FOR PASSENGER CARS



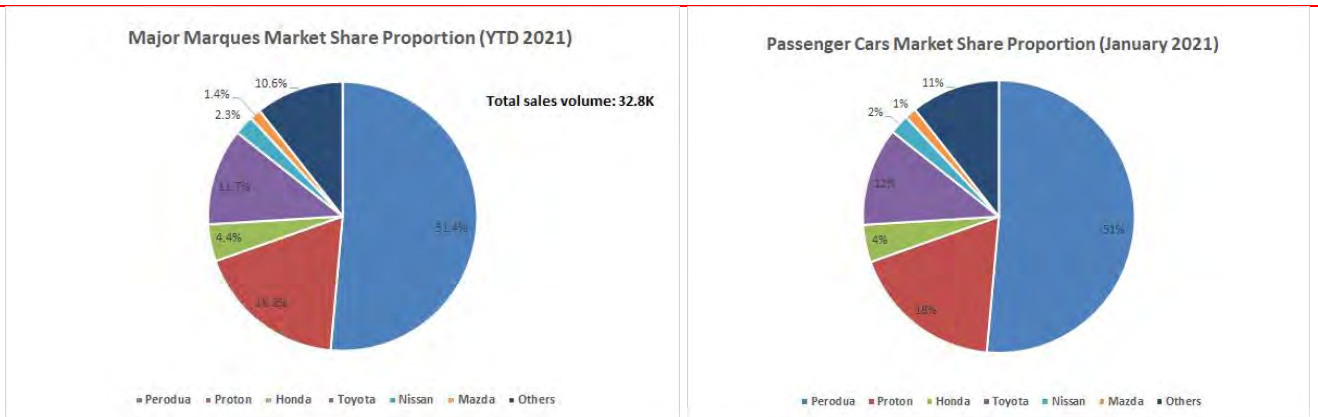
Source: AmlInvestment Bank Bhd

**EXHIBIT 3: MARKET SHARE OF MAJOR MARQUES**

		Market Share													
		Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	YTD
National	Perodua	41%	46%	38%	40%	34%	47%	39%	42%	43%	47%	40%	37%	51%	51%
	Proton	20%	24%	15%	15%	24%	22%	22%	21%	21%	19%	19%	19%	18%	18%
Non National		39%	30%	47%	45%	42%	31%	38%	37%	36%	34%	40%	45%	30%	30%
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Non National Only	Honda	36%	14%	31%	42%	27%	24%	27%	29%	28%	28%	38%	37%	15%	15%
	Toyota	22%	32%	26%	20%	35%	31%	33%	29%	26%	32%	27%	29%	38%	38%
	Nissan	8%	9%	3%	13%	6%	7%	7%	8%	8%	8%	7%	6%	8%	8%
	Mazda	7%	9%	5%	0%	5%	7%	5%	6%	6%	7%	6%	5%	4%	4%
	Others	28%	36%	35%	25%	26%	30%	28%	29%	31%	26%	23%	22%	35%	35%
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

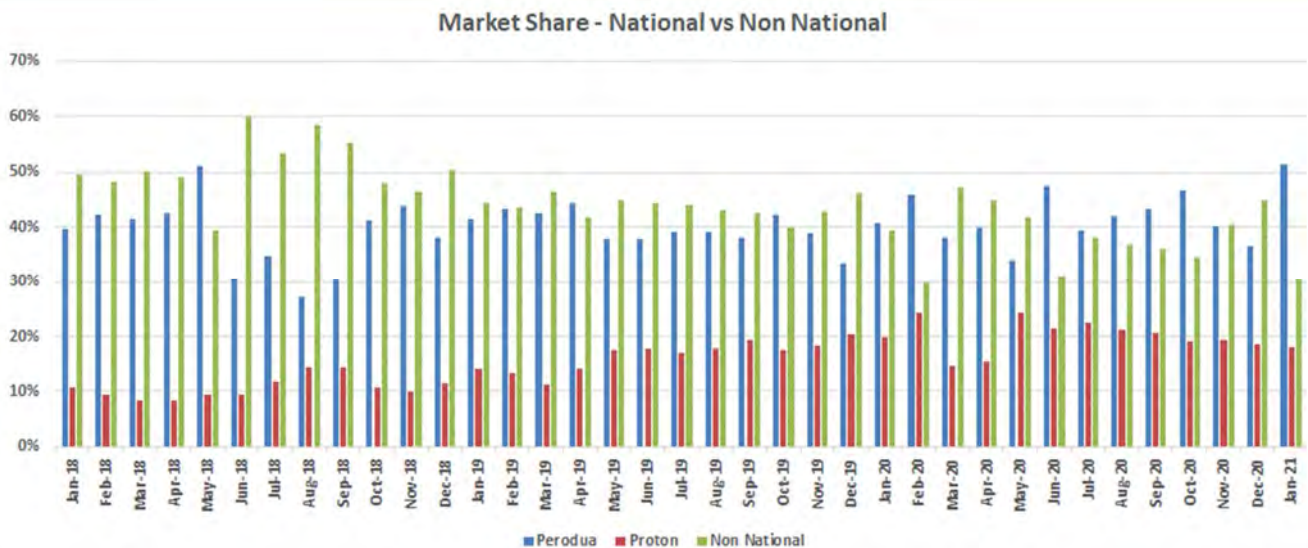
Source: Company, AmInvestment Bank Bhd

**EXHIBIT 4: PASSENGER CARS MARKET SHARE – DECEMBER AND YTD 2020**



Source: AmInvestment Bank Bhd

**EXHIBIT 5: MARKET SHARE – NATIONAL VS. NON-NATIONAL MARQUES**



Source: AmInvestment Bank Bhd

## EXHIBIT 6: TOTAL TIV PERFORMANCE

	Jan-21	MoM	YoY
Audi	0	NA	NA
Auman	5	400%	67%
Bei Ben	1	NA	-67%
Bison	19	850%	12%
BMW	0	-100%	-100%
BAW	0	NA	NA
CAM	19	-32%	-61%
CAMC	5	25%	150%
Chana	19	0%	171%
Chery	0	NA	NA
Chevrolet	18	NA	NA
Daihatsu	32	-78%	-52%
Ford	465	-11%	9%
Foton	5	-29%	-17%
Grand Tiger	0	NA	NA
Hino	241	-24%	-18%
Hoka	2	-83%	NA
Honda	1,457	-87%	-76%
Hyundai-Inokom	57	-39%	-83%
Isuzu	759	-25%	47%
JAC	3	50%	-63%
JBC	0	-100%	NA
JMC	4	0%	-20%
Jaguar	1	-67%	-50%
KIA	23	-34%	-86%
King Long	13	63%	225%
Lamborghini	0	NA	NA
Land Rover	9	-70%	-25%
Lexus	17	-91%	-62%
MAN	3	-67%	-40%
Mazda	448	-73%	-59%
MINI	0	-100%	-100%
Mercedez Benz	0	-100%	-100%
Mitsubishi	1,148	-30%	68%
Mitsubishi Fuso	56	-65%	-61%
Nissan	770	-56%	-44%
Shandong Kama	0	NA	NA
Perodua	16,887	-33%	-3%
Peugeot	0	-100%	-100%
Porsche	1	-99%	-93%
Proton	5,964	-53%	-30%
Renault	90	-38%	15%
Ssanyong	0	NA	NA
Scania	0	NA	-100%
Sinotruk	16	-63%	-6%
Subaru	140	-55%	-30%
Suzuki	0	NA	NA
Tata	15	36%	150%
Toyota	3,828	-58%	5%
UD Trucks	44	-21%	22%
Volkswagen	162	-27%	-56%
Volvo	47	-89%	-67%
Volvo Truck	22	-33%	-29%
Yutong	0	NA	NA
<b>TIV</b>	<b>32,829</b>	<b>-52%</b>	<b>-24%</b>

Source: AmInvestment Bank Bhd

## EXHIBIT 7: PEER VALUATION TABLE

Core Coverage	Call Recommendation	Last Price (RM)	Fair Value (RM)	Upside (%)	EPS (sen)		Forward P/E (x)		NDPS (sen)	Dividend Yield (%)
					FY20/21	FY21/22	FY19/20	FY20/21		
Bermaz Auto	BUY	1.38	1.74	26%	7.7	13.4	17.9	10.3	4.6	3.3%
DRB-Hicom	BUY	1.73	2.55	47%	(4.2)	12.1	-41.2	14.3	0.0	0.0%
MBM Resources	BUY	3.27	4.51	38%	36.8	50.1	8.9	6.5	14.7	4.5%
Pecca Group	HOLD	2.08	1.58	-24%	12.1	12.7	17.2	16.4	4.8	2.3%
Sime Darby	BUY	2.16	2.87	33%	16.9	16.9	12.8	12.8	11.0	5.1%
Tan Chong Motor	UNDERWEIGHT	1.13	0.67	-41%	(17.0)	(10.8)	NA	NA	1.5	1.3%
UMW Holdings	BUY	2.87	3.66	28%	12.5	20.6	23.0	13.9	3.7	1.3%

Source: AmInvestment Bank Bhd

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