



AmInvestment Bank

Sector report
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AUTOMOBILE

Elevated sales volume across all major brands in March

OVERWEIGHT

(Maintained)

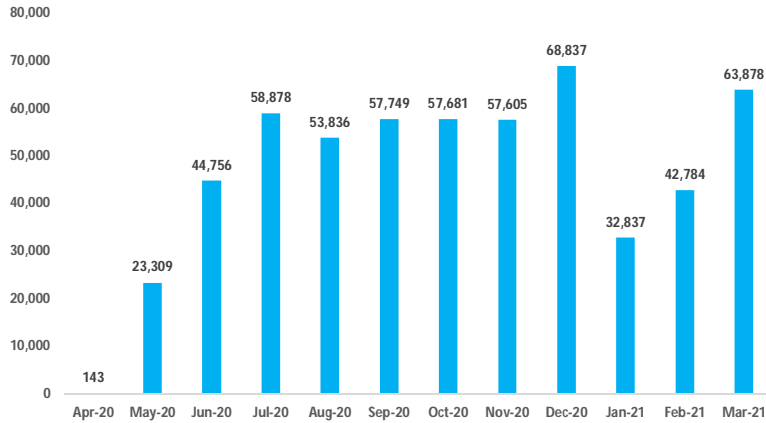
Rationale for report: Sector update

Investment Highlights

- We maintain our **OVERWEIGHT** stance on the auto sector with an unchanged TIV projection of 575K units for 2021. We expect the strong sales volume to sustain its momentum 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 interest for passenger vehicles, especially the national brands Proton and Perodua.
- In March 2021, the auto sector recorded a robust TIV of 63.9K units (+49% MoM, +201% YoY), mainly driven by: i) a major improvement in footfalls to showrooms after the gradual lifting of the travel restrictions for most states nationwide; and ii) new key model launches. The high YoY TIV growth was due to a low-base effect as a result of the enforcement of MCO 1.0 in March 2020. We expect the strong TIV to be sustained in April 2021 due to the ongoing aggressive promotional campaigns by car companies nationwide for the Hari Raya festive period.
- We note the following for major car marques in **March's** sales figures:
 - 1) **Perodua** registered 24.4K units (+47% MoM, +184% YoY) in March. The surge in sales for the month was underpinned by robust demand – particularly for the Atila, which has recorded 14.6K bookings since order taking began in mid-February 2021, which is way ahead of its 3.0K unit monthly target set for the model. From our back-of-the-envelope estimates, there is a backlog of about 3 months (or 10.2K units) for the Atila (after netting off the 4.4K delivered units since its launch). In our opinion, the Atila is one of the best value-for-money cars domestically, brought about by a 95% localisation rate (the highest initial local content for any Perodua model). On the flipside, we understand that the production of the Myvi, Aruz and Alza was affected by the shortage of semiconductor chips, which could have a temporary impact on its total sales deliveries for the models. This was observed through lower passenger cars (sedan + hatchback) sold for the group in 1QCY21 vs. 4QCY20.
 - 2) **Proton** delivered 14.8K units (+26% MoM, +351% YoY) in March, achieving its highest sales volume in 7.5 years. The X50 and X70 chalked up sales of 3.3K units and 2.3K units respectively for the month. We understand that the Proton B-segment X50 model has exceeded 50.0K booking units as at end-February, with an estimated 11.7K units already delivered to customers. We gathered from our channel checks that the waiting period for the Proton X50 is more than 10 months, an indication of how well-received the model is locally. As of now, we gather that the global chip shortage issues have not affect both the X-series SUVs.

Proton's market share stood at 23.1% in March, resulting in a runner-up YTD market share of 23.2%, behind Perodua's 41.5%. We note that Proton has introduced its sales volume target for 2021 at 132.0K units (+22%).
 - 3) **Mazda** posted an encouraging sales volume of 1.2K units (+73% MoM, +134% YoY) in March. We are expecting sales volume to be maintained at a monthly average of 1.1K level for the next few months until the end of the SST exemption period. We believe that the bulk of its sales will be coming 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 **Bermaz Auto** group improve its profit margin in 2021. On a sidenote, we understand that for BAUTO, the sales and earnings enhancement would only begin from 4QCY2021 onwards.
 - 4) **Honda** sold 8.9K units (+103% MoM, +172% YoY) in March. We believe the sharp increase 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 in February, which was lifted shortly after. YTD, Honda's market share stood at 10.6%. **We highlight that Honda has set its eyes on a sales volume target of 80.0K units for 2021.**
 - 5) **Toyota** sold a decent 8.1K units (+62% MoM, +193% YoY) in March. In terms of market share, Toyota maintained its pole position in the non-national segment at 12.2%, above Honda's 10.6%. It was highlighted that the spike in sales volume was supported by the strong demand of the improved Vios and Yaris, as well as demand for the new Corolla Cross SUV, which was introduced on 25 March 2021. Channel checks have indicated that the lower variant of the Corolla Cross SUV (CBU) has been fully booked and sold within a month of its launch.
- The approval rate for loans on passenger cars stood at 59.2% in February, a slight decrease of 1.6% from January 2021 but was higher than the average of 54.8% in 2020.

EXHIBIT 1: SALES SUMMARY FOR PAST 12 MONTHS



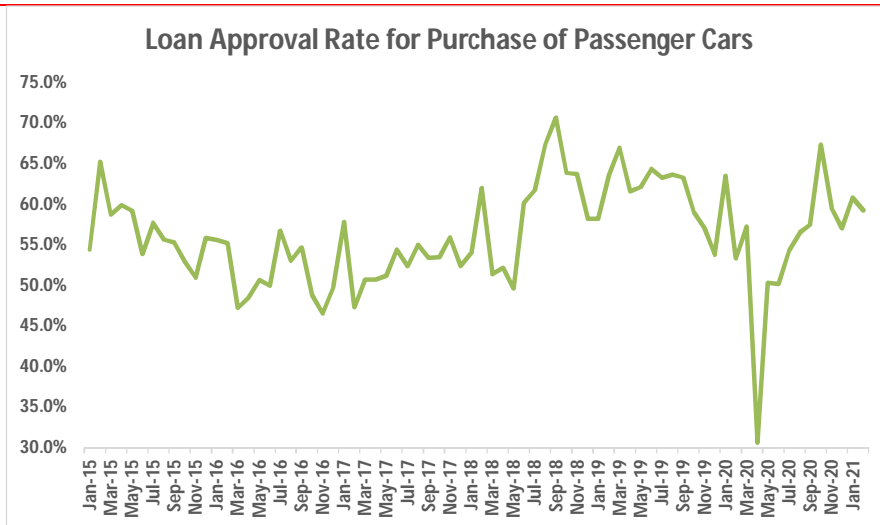
SALES														Cumulative				
(units in thousands)	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	3M20	3M21	YoY
National	17.5	18.9	8.6	0.1	7.9	21.3	23.2	22.6	25.0	26.8	23.1	25.2	16.9	16.6	24.4	45.0	57.9	29%
Perodua	8.5	10.0	3.3	0.0	5.7	9.6	13.2	11.4	11.9	11.0	11.2	12.8	6.0	11.7	14.8	21.8	32.4	49%
Proton	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	4.4	8.9	11.1	14.8	33%
Non National	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	5.0	8.1	10.4	17.0	63%
Honda	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	0.7	1.3	2.7	2.7	-1%
Toyota	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	0.7	1.2	2.7	2.4	-13%
Nissan	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	3.7	5.1	12.8	12.3	-4%
Mazda	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	3.7	5.1	12.8	12.3	-4%
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	3.7	5.1	12.8	12.3	-4%
TIV	42.9	41.1	22.5	0.1	23.3	44.8	58.9	53.8	57.7	57.7	57.6	68.8	32.8	42.8	63.9	106.5	139.5	31%

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	Feb-21	Mar-21
National	-5%	8%	-54%	-99%	13735%	169%	9%	-3%	11%	7%	-14%	9%	-33%	-2%	47%
Perodua	-23%	17%	-67%	-99%	25700%	70%	37%	-14%	4%	-7%	2%	14%	-53%	96%	26%
Proton	-16%	-71%	87%	-99%	9819%	24%	81%	-6%	4%	-7%	61%	32%	-87%	201%	103%
Non National	-55%	9%	-30%	-100%	26246%	27%	71%	-23%	-3%	16%	-3%	46%	-58%	31%	62%
Honda	-35%	-24%	-68%	-98%	7713%	60%	55%	0%	9%	-6%	4%	7%	-56%	-9%	80%
Toyota	22%	0%	-53%	-100%	N.A.	99%	20%	0%	0%	8%	1%	29%	-73%	58%	73%
Nissan	22%	0%	-53%	-100%	N.A.	99%	20%	0%	0%	8%	1%	29%	-73%	58%	73%
Mazda	-22%	-4%	-45%	-99%	16200%	92%	32%	-9%	7%	0%	0%	19%	-52%	30%	49%
TIV	-22%	-4%	-45%	-99%	16200%	92%	32%	-9%	7%	0%	0%	19%	-52%	30%	49%

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	Feb-21	Mar-21
National	-13%	10%	-63%	-100%	-66%	33%	16%	13%	47%	18%	13%	37%	-3%	-12%	184%
Perodua	24%	89%	-47%	-100%	-47%	26%	54%	25%	37%	16%	16%	15%	-30%	17%	351%
Proton	-19%	-71%	-62%	-100%	-75%	-38%	-20%	-25%	2%	-14%	31%	60%	-76%	150%	172%
Non National	16%	-15%	-53%	-100%	-50%	-17%	31%	5%	5%	-1%	-11%	13%	5%	26%	193%
Honda	-32%	-6%	-84%	-100%	-70%	-33%	-23%	-9%	7%	-7%	-5%	-17%	-44%	-33%	280%
Toyota	-31%	58%	-48%	-100%	-53%	22%	20%	20%	168%	30%	63%	87%	-59%	-36%	134%
Nissan	-31%	58%	-48%	-100%	-53%	22%	20%	20%	168%	30%	63%	87%	-59%	-36%	134%
Mazda	-31%	58%	-48%	-100%	-53%	22%	20%	20%	168%	30%	63%	87%	-59%	-36%	134%
TIV	-12%	3%	-59%	-100%	-62%	5%	16%	5%	29%	7%	10%	26%	-23%	4%	184%

Source: Company, AmlInvestment Bank Bhd

EXHIBIT 2: LOAN APPROVAL RATE FOR PASSENGER CARS



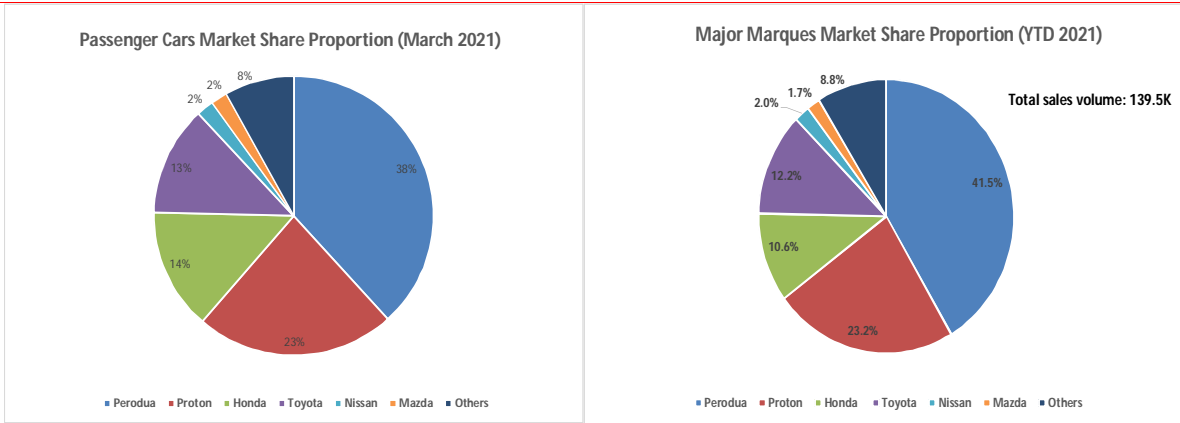
Source: AmlInvestment Bank Bhd

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	Feb-21	Mar-21	YTD
National	Perodua	41%	46%	38%	40%	34%	47%	39%	42%	43%	47%	40%	37%	51%	39%	38%	42%
	Proton	20%	24%	15%	15%	24%	22%	22%	21%	21%	19%	19%	19%	18%	27%	23%	23%
Non National		39%	30%	47%	45%	42%	31%	38%	37%	36%	34%	40%	45%	30%	34%	39%	35%
Total		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Non National Only	Honda	36%	14%	31%	42%	27%	24%	27%	29%	28%	38%	37%	37%	15%	30%	36%	30%
	Toyota	22%	32%	26%	20%	35%	31%	33%	29%	26%	32%	27%	29%	38%	35%	33%	35%
	Nissan	8%	9%	3%	13%	6%	7%	7%	8%	8%	8%	7%	6%	8%	5%	5%	6%
	Mazda	7%	9%	5%	0%	5%	7%	5%	6%	6%	7%	6%	5%	4%	5%	5%	5%
	Others	28%	36%	35%	25%	26%	30%	28%	29%	31%	26%	22%	22%	35%	25%	21%	25%
Total		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

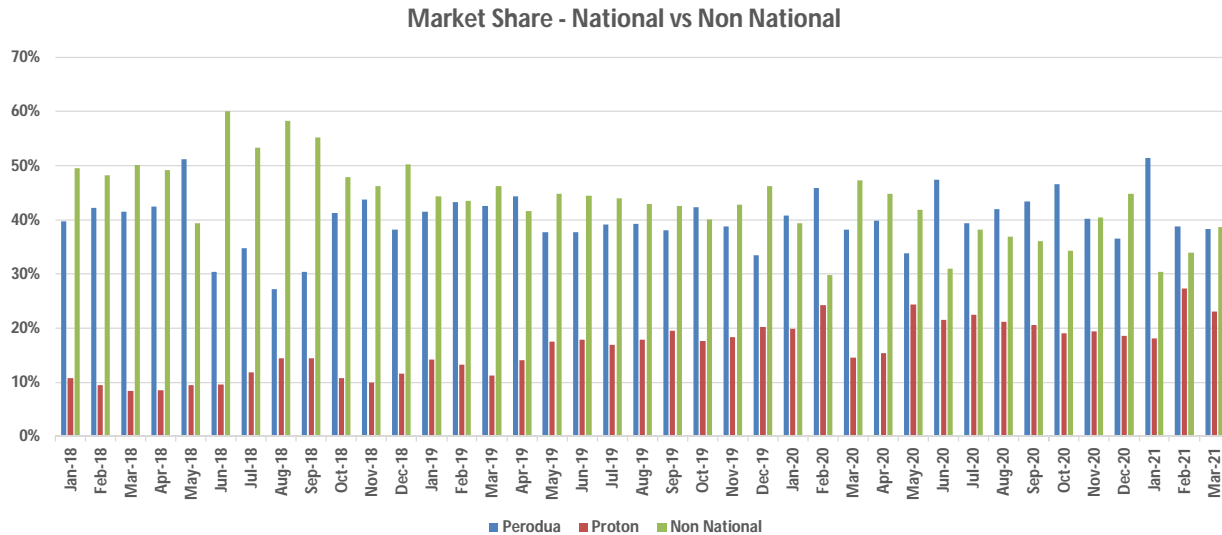
Source: Company, AmlInvestment Bank Bhd

EXHIBIT 4: PASSENGER CARS MARKET SHARE – MARCH AND YTD 2021



Source: AmlInvestment Bank Bhd

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



Source: AmlInvestment Bank Bhd

EXHIBIT 6: TOTAL TIV PERFORMANCE

	Jan-21	Feb-21	Mar-21	MoM	YoY
Audi	0	0	0	NA	NA
Auman	5	3	2	-33%	-60%
Bei Ben	1	0	1	NA	-67%
Bison	19	19	2	-89%	-80%
BMW	0	0	0	NA	-100%
BAW	0	0	0	NA	NA
CAM	19	40	21	-48%	-19%
CAMC	5	2	9	350%	NA
Chana	19	19	23	21%	283%
Chery	0	0	0	NA	NA
Chevrolet	0	0	0	NA	NA
Daihatsu	50	88	117	33%	109%
Ford	465	412	510	24%	112%
Foton	5	4	5	25%	25%
Grand Tiger	0	0	0	NA	NA
Hino	241	341	503	48%	101%
Hoka	2	0	0	NA	NA
Honda	1,457	4,389	8,925	103%	172%
Hyundai-Inokom	57	40	72	80%	-41%
Isuzu	759	651	1,112	71%	157%
JAC	3	3	2	-33%	100%
JBC	0	0	0	NA	NA
JMC	4	6	10	67%	150%
Jaguar	1	2	2	0%	NA
KIA	23	16	19	19%	-64%
King Long	13	1	11	1000%	57%
Lamborghini	0	0	0	NA	NA
Land Rover	9	8	9	13%	0%
Lexus	17	48	96	100%	243%
MAN	3	4	5	25%	-50%
Mazda	448	706	1,218	73%	134%
MINI	0	0	0	NA	-100%
Mercedes Benz	0	0	0	NA	-100%
Mitsubishi	1,148	1,320	1,688	28%	345%
Mitsubishi Fuso	56	75	136	81%	36%
Nissan	770	700	1,257	80%	280%
Shandong Kama	0	0	0	NA	NA
Perodua	16,895	16,583	24,431	47%	184%
Peugeot	0	0	0	NA	-100%
Porsche	1	45	36	-20%	100%
Proton	5,964	11,686	14,770	26%	351%
Renault	90	72	82	14%	183%
Ssanyong	0	0	0	NA	NA
Scania	0	0	0	NA	-100%
Sinotruk	16	14	33	136%	27%
Subaru	140	44	89	102%	170%
Suzuki	0	0	0	NA	NA
Tata	15	14	16	14%	433%
Toyota	3,828	5,026	8,136	62%	193%
UD Trucks	44	58	41	-29%	273%
Volkswagen	162	214	233	9%	89%
Volvo	47	123	230	87%	233%
Volvo Truck	22	6	21	250%	5%
Yutong	0	0	0	NA	NA
TIV	32,837	42,784	63,878	49%	201%

Source: AmInvestment Bank Bhd

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