

## BUY (Maintain)

**Target Price (IDR)** 1,200 (from 920)  
**Potential Upside (%)** 15.4

### Price Comparison

**Cons. Target Price (IDR)** 1,055  
**SSI vs. Cons. (%)** 113.7

### Stock Information

**Last Price (IDR)** 1,040  
**Shares Issued (Mn)** 4,706  
**Market Cap. (IDR Bn)** 4,894  
**52-Weeks High/Low (IDR)** 1,090/540  
**3M Avg. Daily Value (IDR Bn)** 8.2  
**Free Float (%)** 15.2

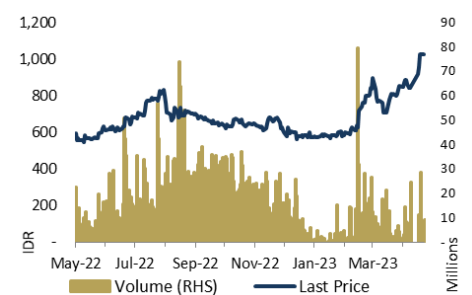
### Shareholder Structure:

**PT Dharma Inti Anugerah (%)** 47.6  
**PT Triputra Investindo Arya (%)** 13.5  
**Public** 15  
**Others** 23.9

### Stock Performance

(%)	YTD	1M	3M	12M
Absolute	77.8	30.0	73.3	69.1
JCI Return	0.2	0.9	0.0	(5.1)
Relative	77.6	29.1	73.3	74.2

### Stock Price & Volumes, 12M



### Company Background

Established in 1989, PT Dharma Polimetal is a leading manufacturer of automotive components (for motorcycles and cars). The company also produces three-wheeled vehicles (PowerAce) and foldable bicycles (Polimetal).



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## Starting the Year on the Right Track

**1Q23: Acquisition of Trimitra Chitrahasta.** DRMA delivered a solid quarterly performance in 1Q23, posting revenue growth of +57.4% YoY (+15.7% QoQ) to IDR 1.4 trillion, beating estimates (30.4% of SSI's FY23F projection, 29.4% of consensus). All of DRMA's business segments experienced revenue growth, with the 4W segment reporting the highest growth (+73.5% YoY; +24.2% QoQ), boosting its contribution to DRMA's total 1Q23 sales to 30.4% (4Q: 28.3%, 1Q22: 27.6%). In addition, the 2W segment (DRMA's main segment, 54.6% of DRMA sales) posted revenue growth of +51.0% YoY and other segments +52.5% YoY, with AHM as DRMA's largest customer (48.0% of total revenue). Another factor that supported DRMA's 1Q23 performance was the acquisition of a 72.75% stake in Trimitra Chitrahasta (TCH, an automotive parts manufacturer) in January 2023. Throughout 1Q23, TCH posted a revenue of IDR 140 billion (DRMA's FY23F target: IDR 700 billion) with a net profit of IDR 6.1 billion (NPM: 4.4%), which helped lift DRMA's 1Q23 net profit to IDR 216 billion (+86.4% YoY, +49.7% QoQ), beating projections by a wide margin (51.2% of SSI's FY23F projection, 47.8% of consensus), although the figure also included the one-off gain (IDR 56 billion) from the negative goodwill related to the acquisition of Trimitra Chitrahasta. Even without the one-off gain, DRMA would still record substantial net profit growth of +38.1% YoY.

**Forecast changes.** In light of its excellent 1Q23, we decided to revise our projections for DRMA's future performance. We raised DRMA's FY23F and FY24F revenue projections by +7.5% and +10.0%, respectively, in line with the revision of the national FY23F 2W sales projection to 5.8 million units (prev: 5.5 million units). We also revised DRMA's FY23F and FY24F net profit projections, raising them by +28.8% and +33.3%, respectively. Following the revision, our projections for DRMA's FY23F revenue and net profit growth now stand at +30.6% YoY and +38.9% YoY, respectively.

**New factory and EV as other catalysts.** DRMA will open its new 4W factory this year, supplying suspension members to two 4W market leaders with a combined national market share of ~50%. Also, DRMA will enter the EV industry with its component localization and charging station projects, and build two new factories that will be operated by its subsidiaries, DPP (Dharma Precision Parts) and DCI (Dharma Controlcable Indonesia) in Jababeka. We believe that EV sales will see substantial growth in the future, supported by the incentives and subsidies from the government (IDR 7 million subsidies for 2W and VAT cut for 4W). Considering DRMA's plan to penetrate the EV industry, this should positively impact DRMA's future performance.

**BUY, TP IDR 1,200.** With the positive catalysts outlined above, we decided to reiterate our BUY rating on DRMA with a new TP of IDR 1,200, implying 10.3x FY23F PE.

### Forecasts and Valuations (at IDR 1,040/share)

Y/E Dec	20A	21A	22A	23F	24F
Revenue (IDR Bn)	1,875	2,913	3,905	5,101	5,663
EBITDA (IDR Bn)	168	389	603	819	945
EV/EBITDA (x)	32.0	13.1	8.6	6.5	5.4
Net Profit (IDR Bn)	19	301	394	547	613
EPS (IDR)	4	64	84	116	130
EPS Growth (%)	-88.9	1492.8	30.9	38.9	12.0
P/E Ratio (x)	258.9	16.3	12.4	8.9	8.0
BVPS (IDR)	108.2	228.2	295.5	392.0	494.8
P/BV Ratio (x)	9.6	4.6	3.5	2.7	2.1
ROE	3.7	28.0	28.3	29.7	26.3
ROA	1.2	11.9	14.7	15.8	15.4

**Table 1. DRMA's 1Q23 Results**

(IDR Bn)	1Q22	4Q22	1Q23	QoQ	YoY
Revenue	916	1,247	1,442	15.7%	57.4%
Gross Profit	139	210	258	22.9%	85.3%
Operating Profit	157	187	271	45.0%	71.8%
Net Profit	116	144	216	49.7%	86.4%
<b>Gross Profit Margin</b>					
	15.2%	16.8%	17.9%		
<b>Operating Margin</b>					
	17.2%	15.0%	18.8%		
<b>Net Margin</b>					
	12.7%	11.6%	15.0%		

Source: Company, SSI Research

**Table 2. DRMA's FY22 Results by Segment**

(IDR Bn)	1Q22	4Q22	1Q23	QoQ	YoY
<b>Revenue (IDR Bn)</b>					
2W	521	697	788	12.9%	51.0%
4W	253	353	438	24.2%	73.5%
Other	142	197	216	9.9%	52.5%
<b>Gross Profit (IDR Bn)</b>					
2W	89	127	162	27.4%	81.2%
4W	41	62	81	29.9%	96.5%
Other	9	21	16	-25.5%	75.0%
<b>GPM</b>					
2W	17.1%	18.2%	20.5%		
4W	16.3%	17.6%	18.4%		
Other	6.3%	10.6%	7.2%		

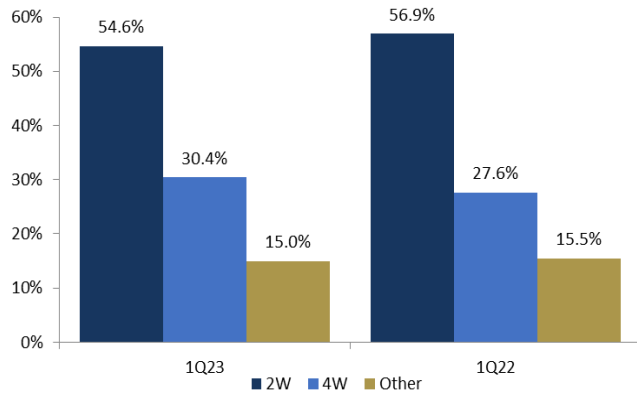
Source: Company, SSI Research

**Table 3. Forecast Changes**

	OLD		NEW		% Change	
	23F	24F	23F	24F	23F	24F
Revenue	4,743	5,147	5,101	5,663	7.5%	10.0%
Gross Profit	768	828	843	937	9.8%	13.2%
Operating Profit	594	633	726	823	22.1%	30.1%
Net Profit	425	460	547	613	28.8%	33.3%

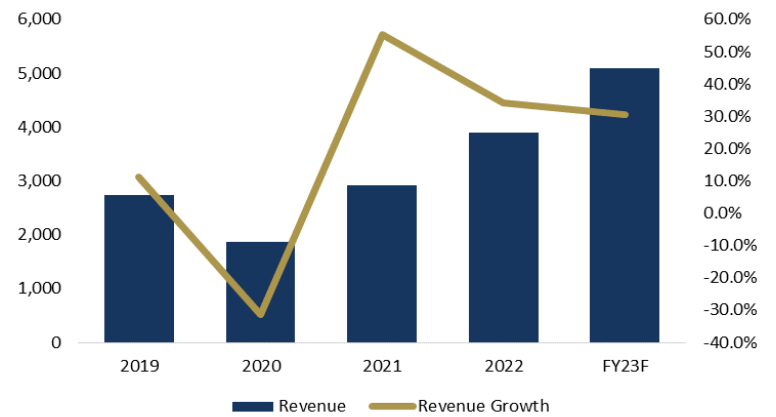
Source: Company, SSI Research

**Figure 1. Revenue Mix 1Q23 (Business Segments)**



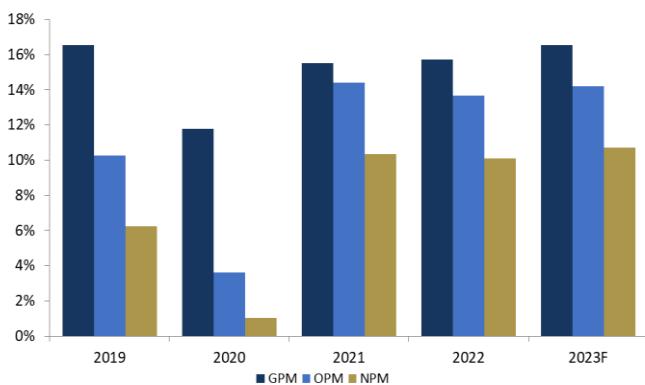
Source: Company, SSI Research

**Figure 2. Revenue Growth**



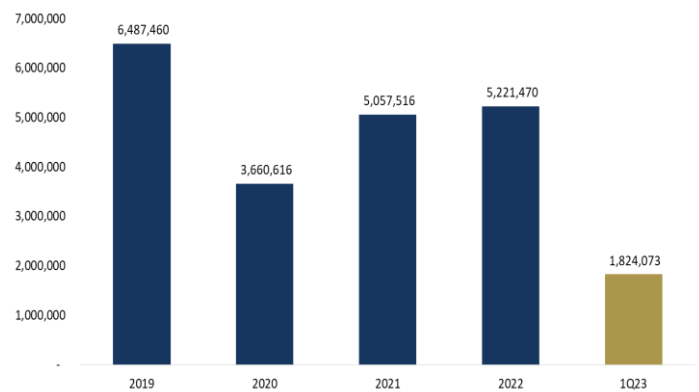
Source: Company, SSI Research

**Figure 3. Profitability Margin**



Source: SSI Research, Company

**Figure 4. 2W Sales (Domestic)**



Source: AISI

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