

## Our Take on the Sector

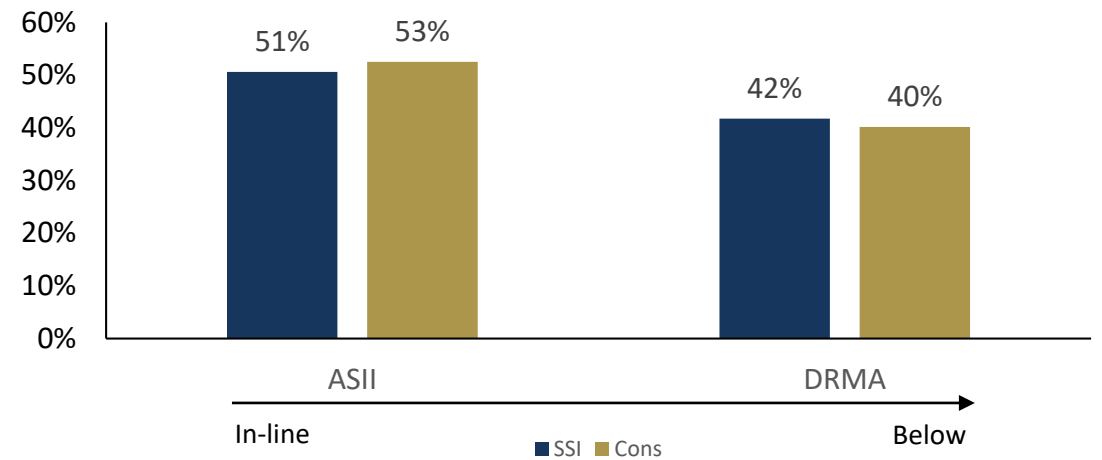
- ❑ The two auto companies we cover posted 1H24 soft consolidated top-lines, declining -1.6% YoY, with DRMA reporting negative revenue growth of -6.7% YoY and ASII -1.5% YoY. The soft figures are aligned with broader trends in Indonesia's auto sector, where 2W domestic sales fell -1.0% YoY and 4W wholesale sales dropped -19.4% YoY during the same period. On the bottom line, our auto coverage recorded consolidated net profit decline of -6.7% YoY in 1H24.
- ❑ We project auto sales to remain relatively slow for the rest of the year, driven by two primary factors: 1) persistent inflation, and 2) potential shift in the government's rate cut strategy from proactive to reactive, prolonging the high interest rate environment. Additionally, the mandatory TPL policy may further dampen domestic demand for auto products.
- ❑ At this juncture, we maintain our Neutral rating on the auto sector and favor ASII as our top pick. We believe ASII's diversified revenue stream may help cushion some of the impact of soft auto demand going forward. Furthermore, its dominant market share in the Indonesian auto market is likely to support its profitability. Downside risks: 1) lower-than-expected purchasing power, 2) continued high interest rate environment; Upside risks: 1) better-than-expected purchasing power, 2) lower interest rate and inflation.

## Peer Comparables

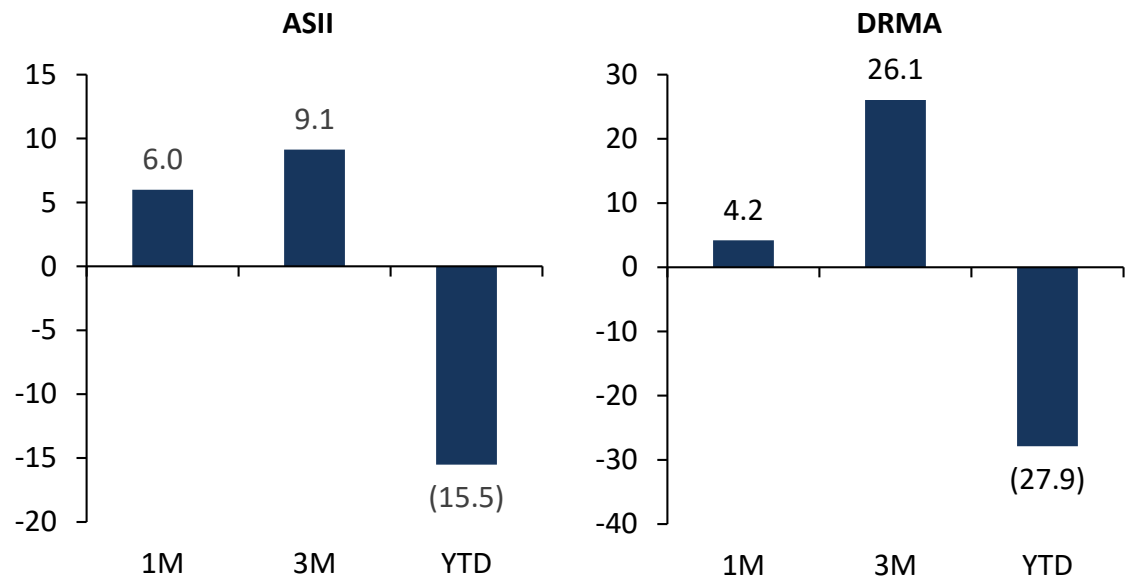
Company	Market		Last Target		2024F				
	Cap.	Rating	Price	Price	P/B	P/E	Div. Yield	EPS Gwt	ROE
Ticker	(IDR Tn)		(IDR)	(IDR)	(x)	(x)	(%)	(%)	(%)
Toyota Motor	4,585	-	-	-	1.0	8.3	3.2	(10.1)	12.6
BMW	911	-	-	-	0.5	5.1	7.0	(7.2)	12.1
General Motors	850	-	-	-	0.8	4.9	1.0	35.2	17.4
Honda Motor	890	-	-	-	0.6	6.9	4.4	1.8	8.5
Hyundai Motor	631	-	-	-	0.7	4.8	4.9	20.1	13.9
ASII IJ	205	HOLD	5,025	5,500	0.9	6.1	9.0	(11.6)	14.5
Mitsubishi Motors	65	-	-	-	0.5	4.4	4.1	(10.6)	13.2
DRMA IJ	5	BUY	1,085	1,400	3.2	13.3	2.0	(0.6)	24.0
<b>Sector</b>	<b>8,141.5</b>				<b>0.8</b>	<b>7.1</b>	<b>3.8</b>	<b>(1.4)</b>	<b>12.8</b>

Sources: Company, Bloomberg, SSI Research

## 1H24 Net Profit / SSI & Cons



## YTD Relative Performance vs JCI



Analysts: Jonathan Guyadi, Belva Monica