

Dharma Polimetal (DRMA): IDR 1,110 – BUY, SSI TP: IDR 1,430 (From IDR 1,600); Cons. TP: IDR 1,512



DRMA Results: (IDR Bn)	3Q24	2Q24	3Q23	QoQ (%)	YoY (%)	9M24	9M23	YoY (%)	SSI (%)	Cons (%)
Revenue	1,467	1,220	1,505	20.3	-2.5	4,022	4,246	-5.3	74.3	68.1
2W Segment	873	719	740	22.3	18.8	2,399	2,221	8.0	76.8	-
4W Segment	390	324	582	20.6	-33.0	1,066	1,414	-24.6	69.0	-
Others	198	177	184	11.6	7.9	557	610	-8.7	74.4	-
Gross Profit	281	201	285	39.6	-1.4	729	771	-5.4	71.0	68.4
Operating Profit	229	139	232	64.7	-1.3	548	683	-19.7	70.7	70.3
Net Profit	175	104	174	68.8	0.8	412	519	-20.7	73.0	64.9

Key Ratios

GPM (%)	19.2	16.5	18.9	-	-	18.1	18.2	-	-	-
OPM (%)	15.6	11.4	15.4	-	-	13.6	16.1	-	-	-
NPM (%)	11.9	8.5	11.5	-	-	10.2	12.2	-	-	-

SWOT Analysis of the Results (In line with ours, below cons)

Strength

In 3Q24, DRMA's 2W auto-parts sales jumped 18.8% YoY/22.3% QoQ, higher than industry growth (AISI 3Q24: 12.0% YoY/18.5% QoQ) mainly due to sales diversification to new models; increased new export sales to the US from associate (Dharma Kyungshin) provided extra boost to bottom line

Weakness

33% YoY decline in 3Q24 4W auto-parts sales, primarily due to significant drop in production by DRMA's 4W customers (Gaikindo 3Q24: -11.1% YoY) on the back of weak demand, partly caused by the current high interest rate environment and weak purchasing power

Opportunity

Recently signed technical assessment agreement with major international auto-parts companies is expected to pave the way for future innovation; development of EV related auto-parts could result in future growth; 23% YTD market under-performance may allow buying opportunities

Threat

Continued high interest rates, soft purchasing power and IDR depreciation may result in persistently low 4W demand, adversely impacting DRMA's performance; that said, we have cut our earnings as well as our TP; this may result in further market underperformance

Peer Comparables

Company Ticker	Market Cap. (IDR Tn)	Last Price (IDR)	Target Price (IDR)	2024F				
				P/E (x)	EPS Gwt (%)	P/B (x)	DY (%)	ROE (%)
Nichirin Co Ltd	5.4	3,675	-	6.4	52.7	0.9	4.7	12.5
Dalian Demaish	5.2	15	-	28.7	0.0	3.6	1.5	8.6
Daikyonishikawa Corp	4.8	635	-	6.4	21.0	0.5	5.4	8.4
AUTO IJ	12.2	2,550	-	6.5	2.5	0.8	6.4	13.4
SMSM IJ	11.2	1,925	-	12.6	-0.1	3.2	1.3	25.2
DRMA IJ	5.2	1,100	1,430	8.7	-2.6	2.3	3.0	29.0
GJTL IJ	4.2	1,210	-	3.6	0.0	0.5	4.1	13.1
Sector	53.4	-	-	11.6	46.4	1.8	3.5	15.8

Relative Performance vs JCI

