

Our Take on the Sector

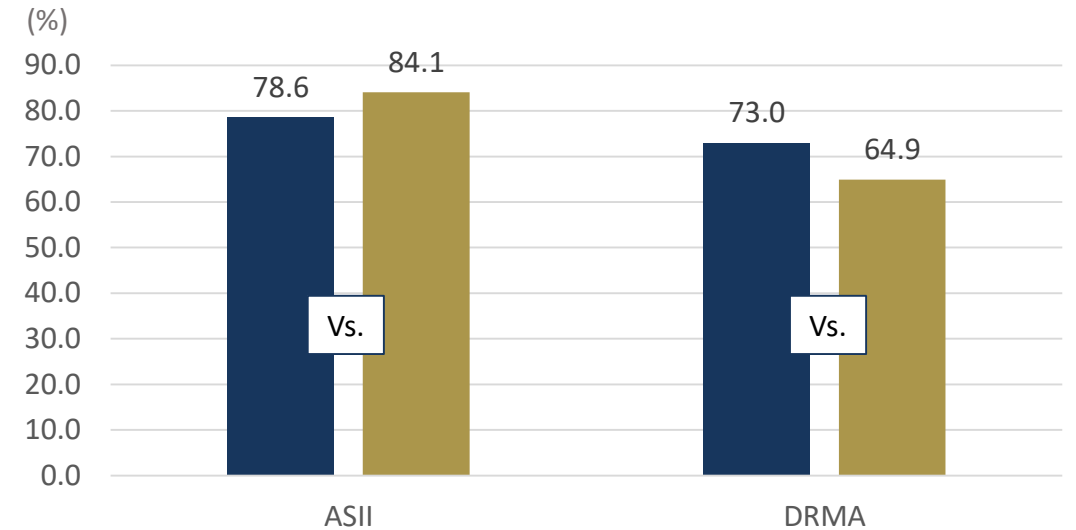
- ❑ In 3Q24, 4-wheeler (4W) sales were relatively weak, totaling 223,200 units (-10.5% YoY), although there was positive QoQ growth of 14.6% due to seasonality and GIIAS. Cumulatively, 9M24 4W sales reached 633,218 units (-16.2% YoY). The underperformance prompted Gaikindo to revise its FY24 sales target to 850,000 units (c. -15% YoY), the worst annual drop since 2015 (-15.3% YoY) excluding pandemic years due to low consumer spending, potential down-trading, and high interest rates as contributing factors. In contrast, 2-wheeler (2W) sales remained strong, reaching 1.7 million units in 3Q24 (+18.5% QoQ; +12.0% YoY), bringing 9M24 sales to 4.8 million units (+3.2% YoY), supported by their relative affordability pricing, particularly during economic slowdown. Going forward, we expect BI rate cuts in FY25 to help stimulate demand, as the majority of vehicle purchases in Indonesia are credit-financed.
- ❑ DRMA (BUY, TP: IDR 1,260) is our top pick in the auto sector, backed by its strong ties with PT Astra Honda Motor (AHM), which accounts for 84.6% of DRMA's 2W spare parts revenue and 50.4% of its total income. AHM's 77% market share ensures solid customer base and potential for new model launches, benefiting DRMA as key supplier. Furthermore, DRMA's expansion into the EV market is expected to bolster revenue growth, in line with increasing adoption of electric vehicles.
- ❑ We also have a BUY on ASII (TP: IDR 5,900) as it has AHM as its growth driver, particularly given potential downtrading which may lead to higher 2W sales. Additional boost from subsidiaries, including UNTR and ASII's financing business, may provide further support for ASII's top line. However, persistent weak purchasing power may continue to weigh on 4W sales in 2025 and ASII's margins may face pressure due to IDR depreciation on high USD-linked COGS (c. 80% in the auto segment and 40% in UNTR).

Peer Comparables

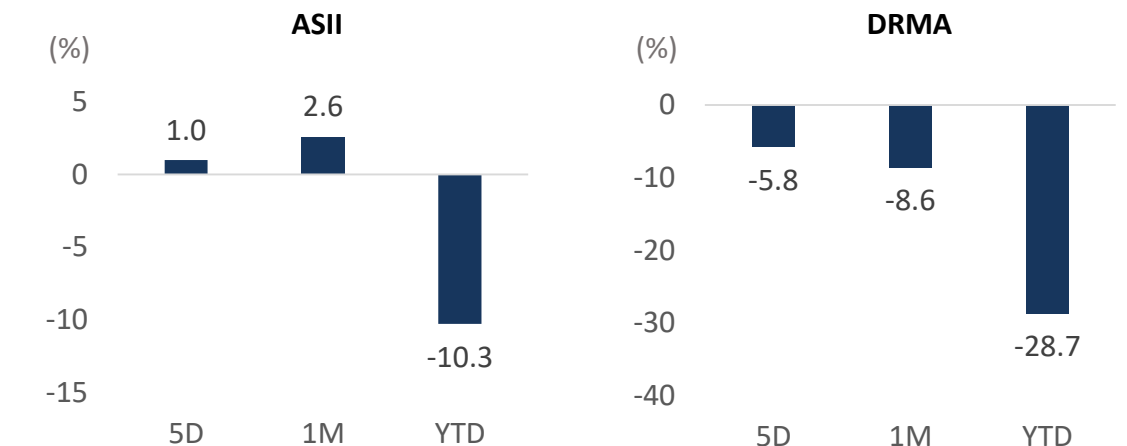
Company	Market		Last	Target	P/E	EPS Gwt	2024F		
	Cap.	Rating	Price	Price			P/B	Div. Yield	ROE
Ticker	(IDR Tn)		(IDR)	(IDR)	(x)	(x)	(%)	(%)	(%)
Isuzu Motors	4,377	-	-	-	8.6	(14.2)	1.0	3.3	12.2
Toyota Motor	738	-	-	-	6.1	(2.2)	0.5	5.1	8.1
Honda Motor	1,021	-	-	-	5.7	38.9	1.0	0.8	17.7
ASII IJ	205	BUY	5,075	5,900	6.5	(7.2)	1.0	8.1	15.3
Sector	6,229	-	-	-	7.8	(4.0)	0.9	3.3	12.7
AUTO IJ	11	-	-	-	6.0	2.5	0.8	6.9	13.3
SMSM IJ	11	-	-	-	12.5	0.0	3.1	7.3	24.6
DRMA IJ	5	BUY	1,015	1,260	8.5	(7.7)	2.1	3.2	24.4
Sector	27	-	-	-	9.1	(0.3)	1.9	6.4	19.8

Sources: Company, Bloomberg, SSI Research

9M24 Net Profit / SSI Vs. 9M24 Net Profit / Cons



YTD Relative Performance vs JCI



Analyst: Jason Sebastian