Automotive

Automotive Sector

18 June 2026

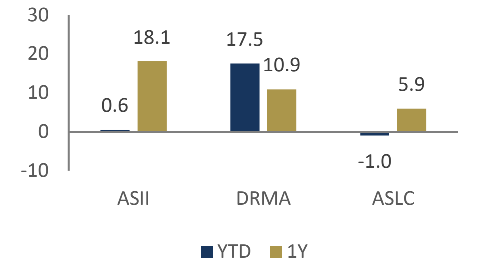
JCI Index 6,221

NEUTRAL

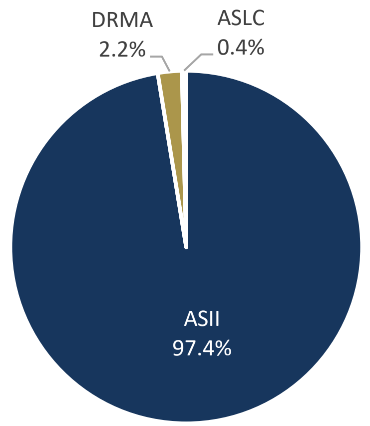
Stock Recommendation

Ticker	Rating	Price (IDR)	TP New/Old (IDR)	Upside (%)
ASII	HOLD	4,800	5,100/5,500	+6.3
DRMA	HOLD	930	950/950	+2.2
ASLC	HOLD	62	65/100	+4.8

Relative to JCI Performance (%)



Sector Weighting, by Market Cap



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May 2026 Auto Sales: Normalized

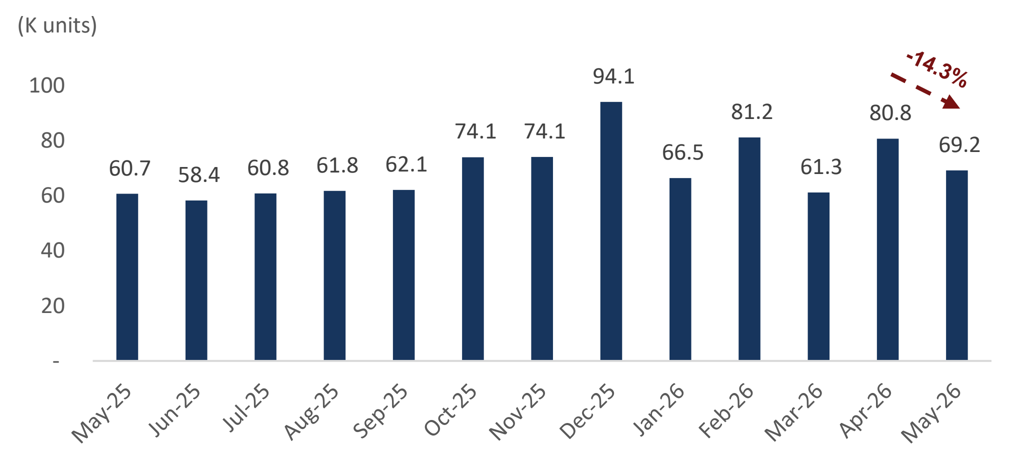
May-26 4W sales fell 14.3% MoM, normalizing from April. In May-26, Indonesia's 4W sales reached 69K units (-14.3% MoM, +14.0% YoY), normalizing from April's post-Lebaran distribution boost. ASII brands outperformed, with market share rising to 55.8% (Apr-26: 51.5%) due to BYD's -80.1% MoM decline caused by supply constraints during the transition from CBU imports to local production at its Subang Smartpolitan factory. This highlighted ASII's sensitivity to BYD's performance. LCGC sales in May-26 dropped to 8.2K (-8.5% MoM, -11.7% YoY), with its share versus ICE vehicles falling 16% versus 19% in May-25, reflecting weaker mid-to-low segment purchasing power and higher social disparity. Given higher interest rates and weak IDR, we expect 2H26 to decelerate, bringing 2026F sales to 820K units (+2% YoY), supported by EV sales, but hurt by high imported inflation and increased car prices particularly amid potential fuel subsidy changes. Key factors to watch include: 1) interest rates and USD: IDR movements, 2) oil price changes, and 3) government policies related to fuel subsidies.

EVs to drive 4W sales with market share increasing to more than 30%. Despite BYD's one-off supply constraints, which caused xEV market share to drop to 25% in May-26 (Apr-26: 29%), 5M26 market share remained resilient at 26% (5M25: 17%), mostly driven by BEVs (+83% YoY) and HEVs (+44% YoY), supported by newcomers such as Jaecoo, GWM, XPENG, and BYD's Atto1. For 2026F, we expect xEV share to exceed 30%, reaching 35–40% in the next 2–3 years, closer to Vietnam's current performance, supported by maintained incentives and increasing new car model entries. We still see the mid-to-low segment buying ICE vehicles (new and second-hand) due to lower prices and better resale values, even though weak purchasing power may persist for the rest of the year, as this price-sensitive segment is disproportionately affected by unfavorable macro conditions, widening the social gap with EV buyers.

Neutral on the automotive sector, with ASII as our top pick. We retain Neutral in the auto sector due to low purchasing power, higher fuel prices, and higher interest rates, while the EV market may remain resilient. Despite limited upside potential, we prefer ASII (HOLD, TP: 5,500) in this auto space, as we prefer big-cap stocks given current volatile market condition and cheap valuation. DRMA (HOLD, TP: 950) will focus on cost efficiency to protect margins amid higher USD-linked materials (~30%) and high fixed costs, while ASLC (HOLD, TP: 65) will partly benefit from weaker purchasing power, supporting used-car demand, although we have cut earnings (Fig.19) on lower margins due to reduced JBA contribution (2026F: ~65% vs. 2025: 84%).

5M26 Auto Sales (Units)	May-26	Apr-26	MoM (%)	May-25	YoY (%)	5M26	5M25	YoY (%)
ASII	**38.6**	**41.6**	**(7.2)**	**34.5**	**12.0**	**181.7**	**172.3**	**5.5**
Toyota + Lexus	24.8	25.7	(3.3)	21.2	17.0	111.1	106.8	4.0
Daihatsu	11.1	13.4	(16.9)	11.2	(0.2)	59.4	55.0	7.9
Isuzu	2.6	2.5	4.1	1.9	35.0	10.8	9.5	14.4
UD Trucks	0.1	0.1	(6.3)	0.2	(55.6)	0.3	1.0	(65.1)
Non-ASII	**30.6**	**39.1**	**(21.9)**	**26.2**	**16.7**	**177.3**	**146.1**	**21.4**
Mitsubishi	6.5	8.8	(25.3)	6.7	(2.8)	41.9	35.2	19.0
Honda	2.4	2.4	0.6	3.2	(24.9)	18.3	28.5	(35.9)
Suzuki	6.1	7.2	(14.7)	3.9	55.8	30.3	22.2	36.1
Hyundai	1.5	1.5	(1.7)	1.7	(8.6)	7.8	10.2	(23.5)
Wuling	1.4	1.6	(14.4)	1.6	(13.4)	6.5	7.6	(14.0)
Chery	1.0	1.1	(16.1)	2.0	(52.1)	5.3	8.0	(33.8)
BYD	1.1	5.7	(80.5)	3.4	(67.8)	20.4	16.0	27.4
Others	10.6	11.0	(2.9)	3.8	182.4	46.9	18.3	156.0
Total Domestic	**69.2**	**80.8**	**(14.3)**	**60.7**	**14.0**	**359.0**	**318.3**	**12.8**

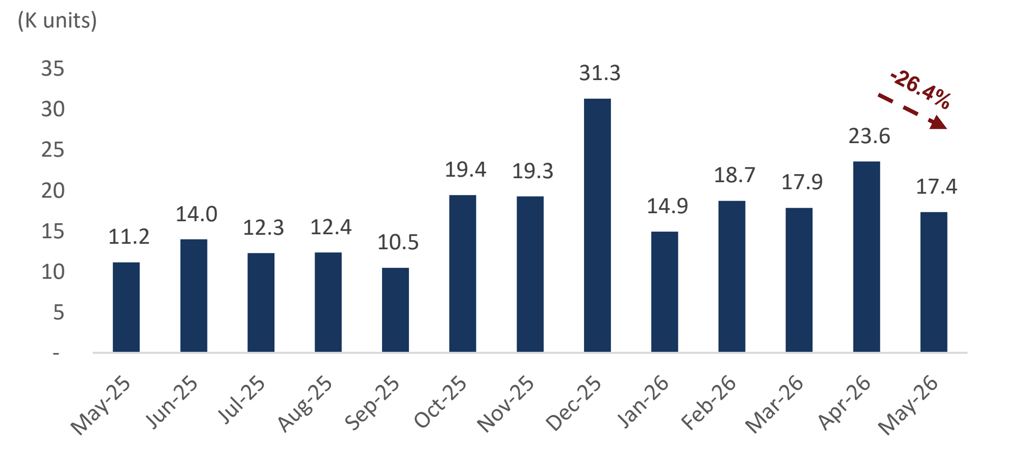
Figure 1. 4W wholesale trend



Sources: Gaikindo, SSI Research

4W sales in May-26 fell 14.3% MoM, normalizing from April's post-Lebaran distribution boost, while 5M26 average reached 71.8K units (5M25 average: 63.7K units)

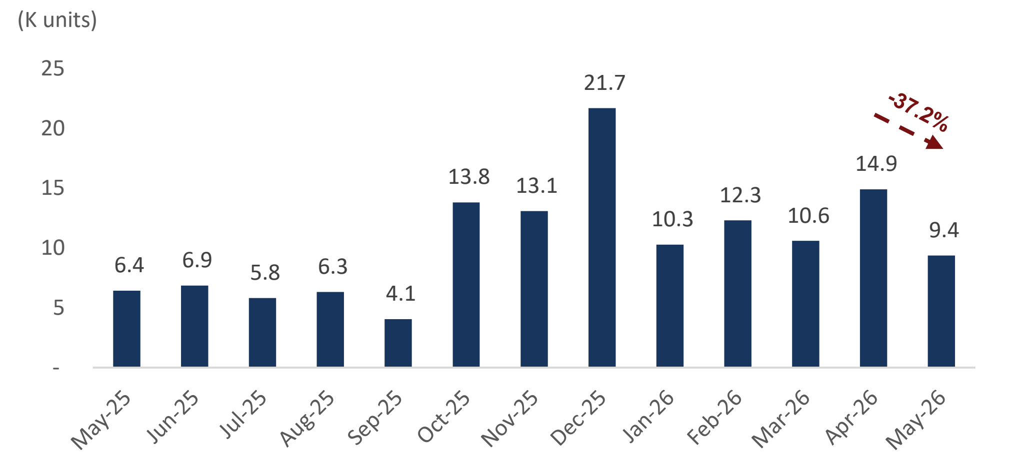
Figure 2. 4W xEV wholesale trend



Sources: Gaikindo, SSI Research

5M26 average xEV sales reached 18.5K units (5M25 average: 10.9K units) while May-26 dropped 26.4% MoM due to…

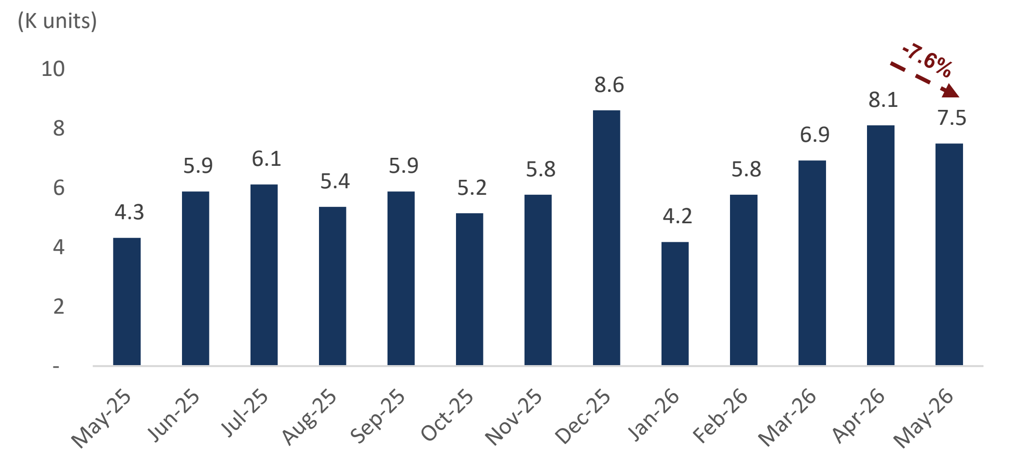
Figure 3. 4W BEV wholesale trend



Sources: Gaikindo, SSI Research

… BYD's 80.1% MoM decline caused by supply constraints during the transition from CBU imports to local production at its Subang Smartpolitan factory and potentially containers unreleased at Tanjung Priok Port, rather than weaker demand; however, 5M26 BEV average still reached 11.5K units (5M25 average: 6.3K units)

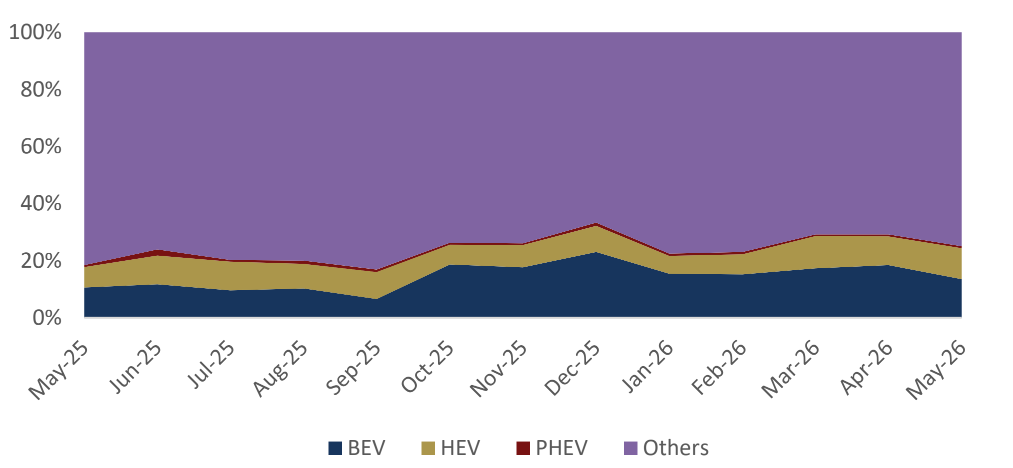
Figure 4. 4W HEV wholesale trend



Sources: Gaikindo, SSI Research

5M26 average HEV sales increased to 6.5K units (5M25: 4.5K units), while May 2026 sales only decreased 7.6% MoM due to April's high base from the post-Lebaran distribution boost

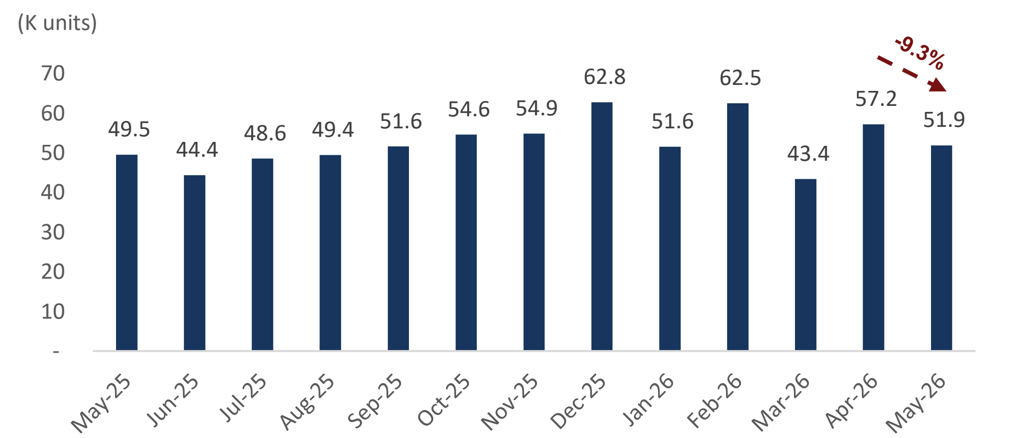
Figure 5. xEV market share trend



Sources: Gaikindo, SSI Research

xEVs (BEV, HEV & PHEV) are expected to continue dominating with 2026F market share of ~30% (May-26: 26%, 5M26: 26%)

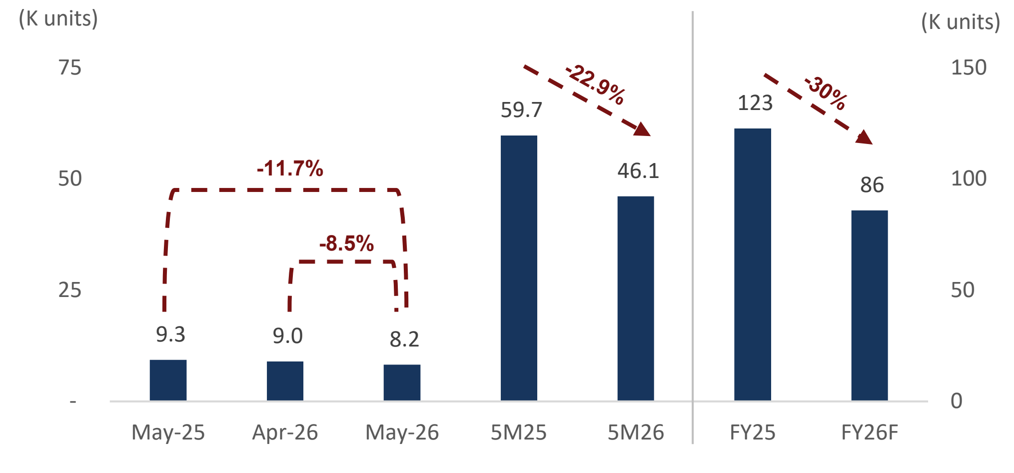
Figure 6. 4W ICE wholesale trend



Sources: Gaikindo, SSI Research

5M26 average 4W ICE sales rose to 53.3K units (5M25: 52.8K units), while May 2026 sales decreased only 9.3% MoM, outperforming xEVs due to BYD's aforementioned supply constraints

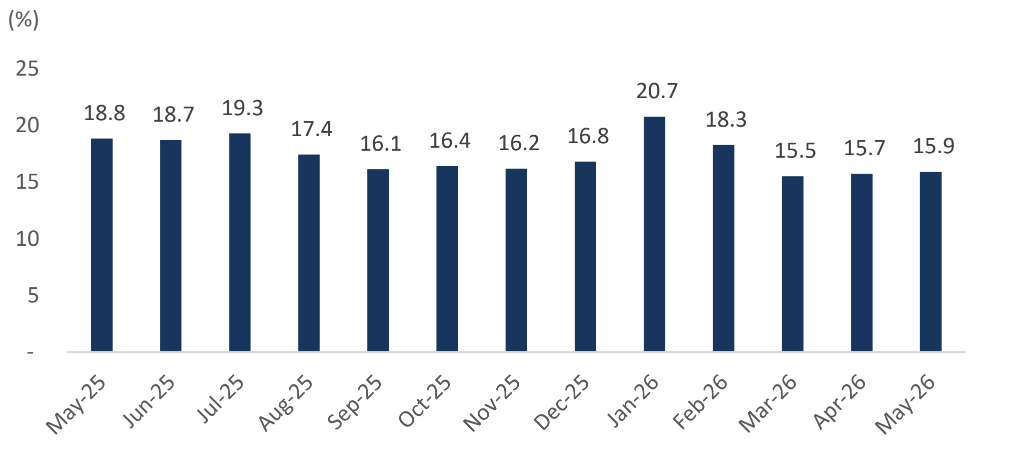
Figure 7. 4W LCGC wholesale trend



Sources: ASII, SSI Research

LCGC sales plunged -8.5% MoM and -11.7% YoY in May 2026, and are expected to decline -30% YoY in FY26F due to weaker purchasing power

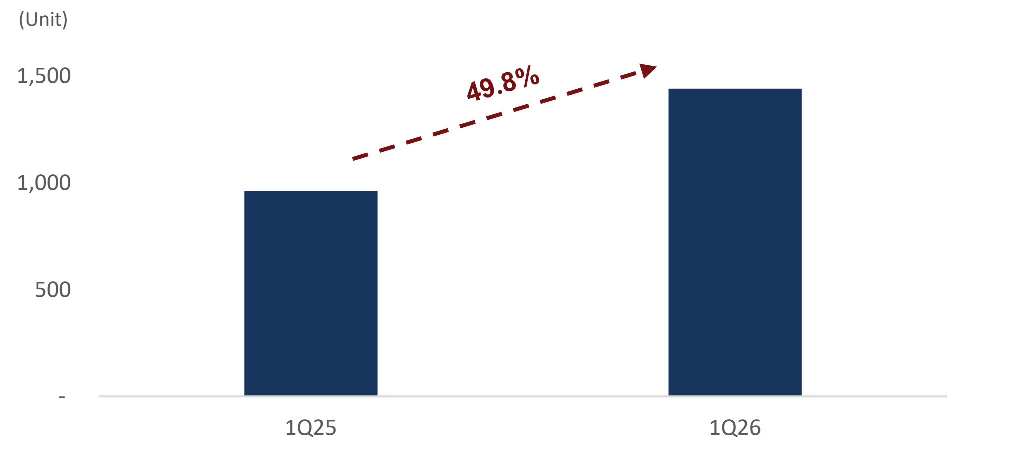
Figure 8. LCGC market share relative to ICE vehicles



Sources: ASII, SSI Research

LCGC market share relative to ICE vehicles fell to 16% in May-26 from 19% in May-25 on the back of low purchasing power impacting sales of cheaper cars

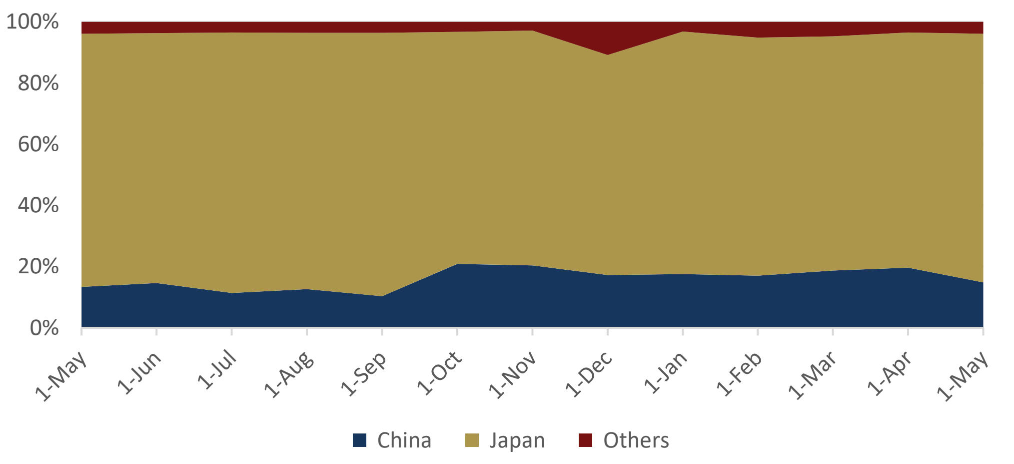
Figure 9. ASLC's Caroline sales volumes



Sources: ASLC, SSI Research

ASLC's 1Q26 used car sales volumes increased 50% YoY, reflecting higher demand for used cars in the current economic environment

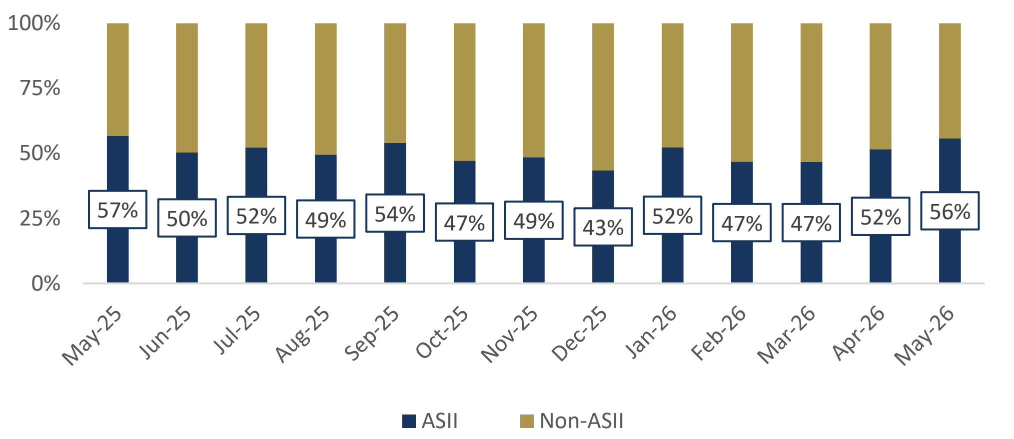
Figure 10. Indonesia auto market share by origin



Sources: Gaikindo, SSI Research

China's market share dropped to 14.9% in May 2026 (Apr-26: 19.6%) as a result of BYD's decline

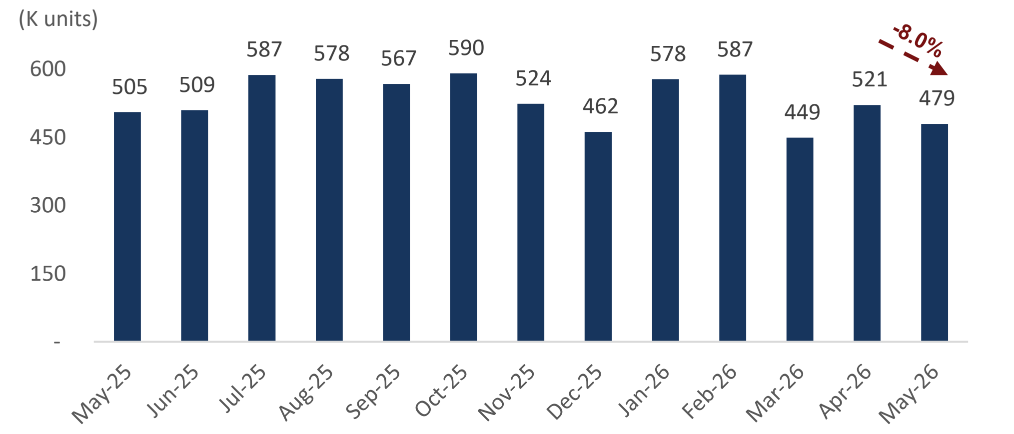
Figure 11. ASII's market share trend



Sources: ASII, SSI Research

ASII's market share rose to 56% in May 2026, the highest in the last 12M, highlighting its sensitivity to BYD's performance

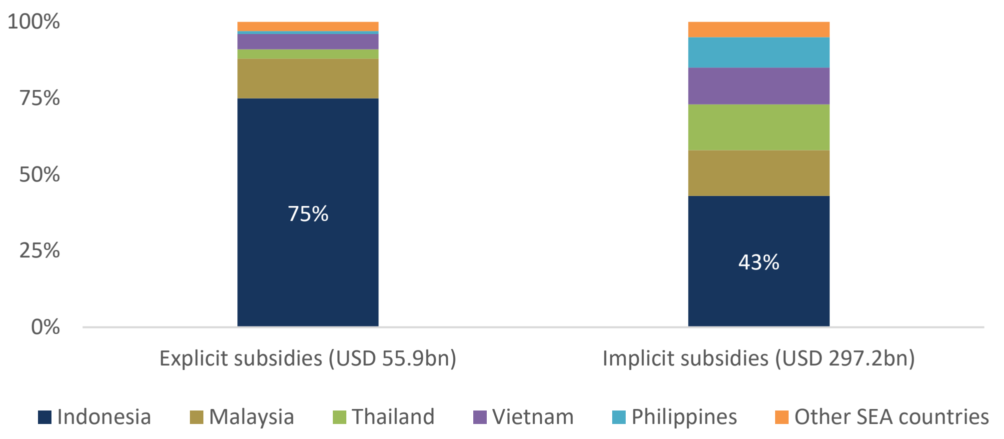
Figure 12. 2W wholesale trend



Sources: AISI, SSI Research

2W sales fell -5.1% YoY and -8.0% MoM in May 2026, fluctuating monthly due to its more elastic segment; we expect 2026F 2W sales to grow only ~2% to 6.5mn units, constrained by low purchasing power but partially supported by downtrading; 5M26 average 2W sales reached 523K units (5M25: 519K units)

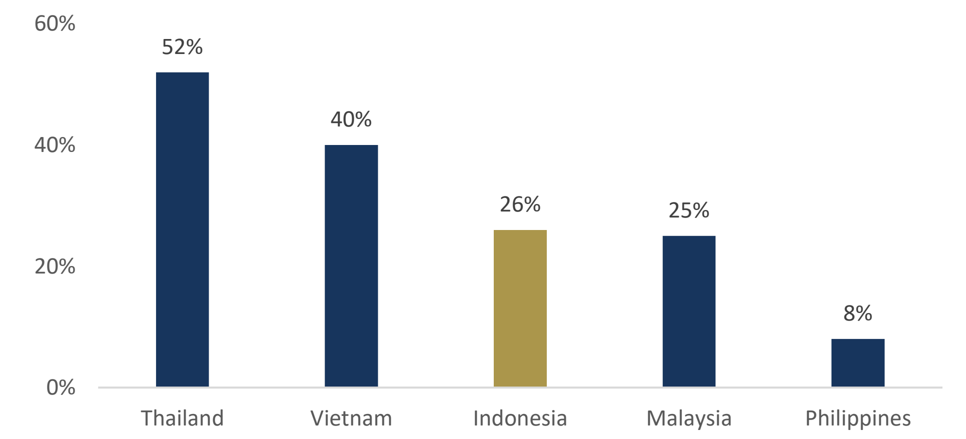
Figure 13. ASEAN's explicit and implicit subsidies on fuel, 2024



Sources: IEEFA, SSI Research

Indonesia accounted for 75% of explicit subsidies (government budget) and 43% of implicit subsidies (underpricing) among ASEAN countries, suggesting potential large drops in ICE sales upon removal of fuel subsidies

Figure 14. ASEAN countries' EV market share, 1Q26



Sources: Various Sources, SSI Research

We expect Indonesia's EV market share to exceed 30% in 2026F, reaching 35–40% in 2–3 years, approaching current levels in Vietnam

Figure 15. Peer comparison, 2026

Company Name	Market Cap. (IDR Tn)	P/E (x)	EPS Gwt (%)	2026 P/B (x)	ROE (%)	P/S (%)
Toyota Motor	4,874	9.3	4.8	0.9	9.4	0.7
Honda Motor	704	14.4	-328.4	0.5	3.2	0.3
Isuzu Motors	169	8.8	26.0	1.0	10.8	0.4
Astra International (Automotive)	38	5.2	-16.7	0.7	13.7	0.6
Sector	***5,785***	***9.8***	***(35.2)***	***0.8***	***8.7***	***0.6***
Astra Otopart	12	5.0	11.4	0.7	13.8	0.6
Selamat Sempurna	9	12.5	-6.4	3.1	24.6	1.8
Dharma Polimetal	4	6.1	11.4	1.3	23.9	0.7
Sector	***26***	***7.9***	***4.9***	***1.7***	***19.5***	***1.0***
Mitra Pinasthika Mustika	4	8.7	-1.7	0.7	7.7	0.3
Putra Mandiri Jembar	1	11.2	7.7	0.5	4.9	0.1
Autopedia Sukses Lestari	1	17.5	15.2	1.0	5.7	0.7
Sector	***6***	***10.3***	***2.5***	***0.7***	***6.8***	***0.3***

Sources: Various Sources, SSI Research

Despite limited upside, we favor ASII for its large-cap status and attractive valuation within the industry amid a volatile market condition

Figure 16. ASII 1Q26 Results

Results: (IDR Bn)	1Q26	4Q25	1Q25	QoQ (%)	YoY (%)	3M26	3M25	YoY (%)	SSI (%)	Cons (%)
Revenue	78,668	79,784	83,361	-1.4	-5.6	78,668	83,361	-5.6	24.5	24.6
Gross Profit	15,494	19,197	17,060	-19.3	-9.2	15,494	17,060	-9.2	22.2	22.4
Operating Profit	6,310	10,275	9,218	-38.6	-31.5	6,310	9,218	-31.5	17.7	17.5
Net Profit	5,850	8,296	6,932	-29.5	-15.6	5,850	6,932	-15.6	19.5	18.8
Key Ratios										
GPM (%)	19.7	24.1	20.5	-	-	19.7	20.5	-	-	-
OPM (%)	8.0	12.9	11.1	-	-	8.0	11.1	-	-	-
NPM (%)	7.4	10.4	8.3	-	-	7.4	8.3	-	-	-

Sources: ASII, SSI Research

ASII's 1Q26 margin drop to 8% was mainly due to UNTR, while the automotive segment itself booked 46.6% fall in EBIT (EBIT margin: 0.8%) due to IDR depreciation

Figure 17. DRMA 1Q26 Results

Results: (IDR Bn)	1Q26	4Q25	1Q25	QoQ (%)	YoY (%)	3M26	3M25	YoY (%)	SSI (%)	Cons (%)
Revenue	1,547	1,547	1,461	0.0	5.9	1,547	1,461	5.9	25.2	24.6
Gross Profit	258	305	254	-15.4	1.7	258	254	1.7	21.0	22.6
Operating Profit	157	208	161	-24.5	-2.0	157	161	-2.0	21.0	19.4
Net Profit	145	182	143	-20.3	1.5	145	143	1.5	19.9	20.9
Key Ratios										
GPM (%)	16.7	19.7	17.4	-	-	16.7	17.4	-	-	-
OPM (%)	10.2	13.5	11.0	-	-	10.2	11.0	-	-	-
NPM (%)	9.4	11.8	9.8	-	-	9.4	9.8	-	-	-

Sources: DRMA, SSI Research

DRMA experienced lower net profit margin to 9.4% due to high materials purchases and salary expenses; we expect the 2026F bottom line to reach IDR 658bn (+0.8% YoY) with NPM of 10.6%

Figure 18. ASLC 1Q26 Results

Results: (IDR Bn)	1Q26	4Q25	1Q25	QoQ (%)	YoY (%)	3M26	3M25	YoY (%)	SSI (%)	Cons (%)
Revenue	284	291	223	-2.5	27.5	284	223	27.5	26.9	N/A
Gross Profit	63	69	66	-9.8	-5.9	63	66	-5.9	21.5	N/A
Operating Profit	4	2	11	67.9	-65.3	4	11	-65.3	10.6	N/A
Net Profit	7	12	12	-41.6	-42.5	7	12	-42.5	15.7	N/A
Key Ratios										
GPM (%)	22.0	23.8	29.9	-	-	22.0	29.9	-	-	-
OPM (%)	1.3	0.8	4.8	-	-	1.3	4.8	-	-	-
NPM (%)	2.5	4.2	5.5	-	-	2.5	5.5	-	-	-

Sources: ASLC, SSI Research

ASLC's EBIT margin dropped to 1.3% due to high fixed costs and higher contribution from Caroline; we expect 2026F margins to remain low, supported by Caroline's performance from modestly increased used car demand

Figure 19. ASLC earnings changes

IDRbn	Old		New		Percentage	
	2026F	2027F	2026F	2027F	2025F	2026F
Revenue	1,133	1,328	1,236	1,596	9.1%	20.2%
% growth	19.8%	17.3%	23.1%	29.1%	-	-
EBITDA	93	113	65	94	-30.2%	-16.5%
% growth	21.4%	21.5%	-12.4%	45.2%	-	-
Net Profit	52	64	29	45	-43.5%	-30.1%
% growth	24.7%	23.6%	-30.2%	52.3%	-	-

Sources: ASLC, SSI Research

We revised down ASLC's 2026F earnings due to JBA underperformance, while headwinds for used cars will come from the high-interest rate environment and IDR depreciation

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