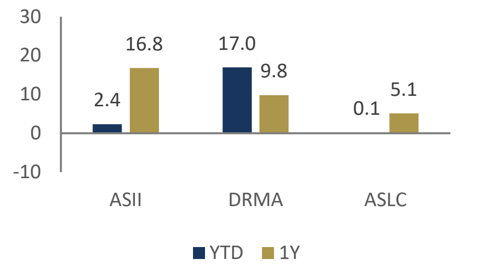
NEUTRAL

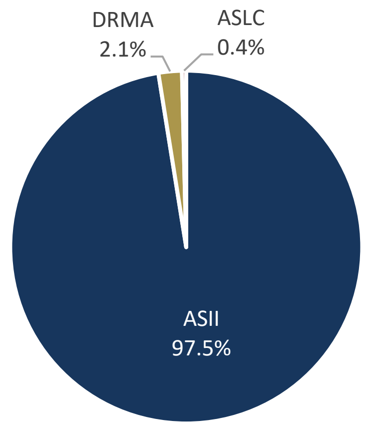
Stock Recommendation

Ticker	Rating	Price (IDR)	TP New/Old (IDR)	Upside (%)
ASII	HOLD	4,810	5,100/5,100	+6.0
DRMA	HOLD	900	950/950	+5.6
ASLC	HOLD	60	65/65	+8.3

Relative to JCI Performance (%)



Sector Weighting, by Market Cap



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June 2026 Auto Sales: MoM Rebound

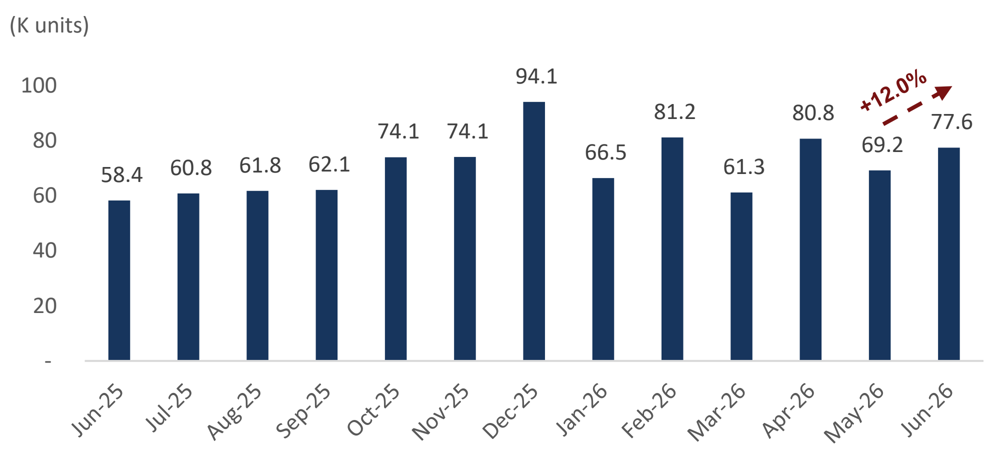
Jun-26 4W sales increased 12% MoM, supported by BYD and Daihatsu. In Jun-26, Indonesia's 4W sales reached 78K units (+12.0% MoM, +32.9% YoY), driven by BYD, whose sales jumped to 5.3K units, marking the highest monthly sales YTD after May-26 supply disruptions. ASII brands declined, with June market share falling to 52% (May-26: 56%) as BYD regained share and Toyota sales dropped 11% MoM but partially offset by 26.8% MoM increase in Daihatsu sales, mostly supported by Gran Max on government projects and logistic replacement cycles. LCGC sales in Jun-26 rose to 9.5K units (+14.8% MoM, +13.9% YoY), while LCGC share versus ICE vehicles fell to 17% from 19% in Jun-25, reflecting weaker mid-to-low segment purchasing power and rising social disparity. Given higher interest rates and weak IDR, we expect 2H26 sales to decelerate, bringing 2026F total sales to 820K units (+2% YoY), supported by EV sales but negatively impacted by high imported inflation and higher car prices. Conversely, lower domestic oil prices provide a tailwind and potential room for saver subsidies. Key factors to watch: 1) USD/IDR, 2) oil price fluctuations, and 3) government policies on fuel subsidies.

EVs regained market share to 30% (1H26: 26%), expected to reach 35% in FY26F. Following BYD's temporary supply constraints in May-26, the xEV market share recovered to 30% in Jun-26 (May-26: 25%), while the 6M26 share held steady at 26%, up from 16% in 6M25. This growth was primarily fueled by BEVs (+84% YoY) and HEVs (+42% YoY), with contributions from new entrants including Jaecoo, XPENG, and BYD's Atto1. Looking ahead, we anticipate xEV penetration to surpass 35% in 2026F and exceed 40% within the next 2–3 years, approaching Vietnam's current adoption levels, supported by ongoing incentives and expanding lineups of new models. Despite this, mid-to-low segment consumers are likely to continue purchasing ICE vehicles, both new and second-hand, due to lower upfront costs and better resale values, even as weaker purchasing power persists and macroeconomic pressures widen affordability gap relative to EV buyers.

Neutral on automotive sector with ASII as a HOLD with TP of IDR 5,100. We retain Neutral in the auto sector due to low purchasing power, volatility in fuel prices, and higher interest rates, while the EV market may remain resilient. Despite limited upside potential, we prefer ASII (HOLD, TP: 5,100) 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%).

6M26 Auto Sales (Units)	Jun-26	May-26	MoM (%)	Jun-25	YoY (%)	6M26	6M25	YoY (%)
ASII	**40.2**	**38.8**	**3.8**	**29.4**	**37.0**	**222.4**	**201.6**	**10.3**
Toyota + Lexus	23.0	25.0	(8.1)	18.0	27.3	134.5	124.8	7.7
Daihatsu	14.1	11.1	26.8	9.4	51.0	73.5	64.4	14.2
Isuzu	3.1	2.6	19.5	1.8	68.2	13.9	11.3	23.1
UD Trucks	.1	.1	6.7	.1	(45.2)	.4	1.1	(62.5)
Non-ASII	**37.3**	**30.5**	**22.6**	**29.0**	**28.7**	**214.2**	**175.1**	**22.4**
Mitsubishi	8.2	6.5	25.7	7.3	12.5	50.1	42.5	17.9
Honda	2.4	2.4	1.0	4.2	(42.5)	20.7	32.7	(36.7)
Suzuki	6.1	6.1	(0.8)	4.9	22.6	36.3	27.2	33.6
Hyundai	1.2	1.5	(18.8)	1.0	25.9	9.0	11.2	(19.2)
Wuling	1.7	1.4	23.0	.7	153.9	8.2	8.3	(0.7)
Chery	1.0	1.0	0.8	2.3	(57.6)	6.3	10.3	(39.1)
BYD	5.7	1.1	418.4	3.8	48.9	26.1	19.8	31.6
Others	11.1	10.5	5.3	4.8	129.3	57.5	23.1	148.5
Total Domestic	**77.6**	**69.2**	**12.0**	**58.4**	**32.9**	**436.6**	**376.7**	**15.9**

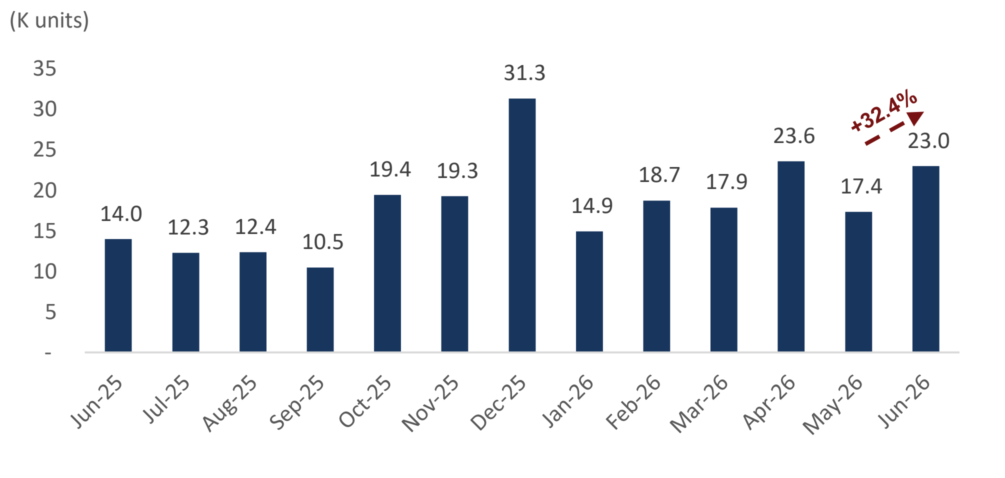
Figure 1. 4W wholesale trend



Sources: Gaikindo, SSI Research

4W sales in Jun-26 grew 12.0% MoM, rebounding due to BYD's recovery and Daihatsu Gran Max's strong performance

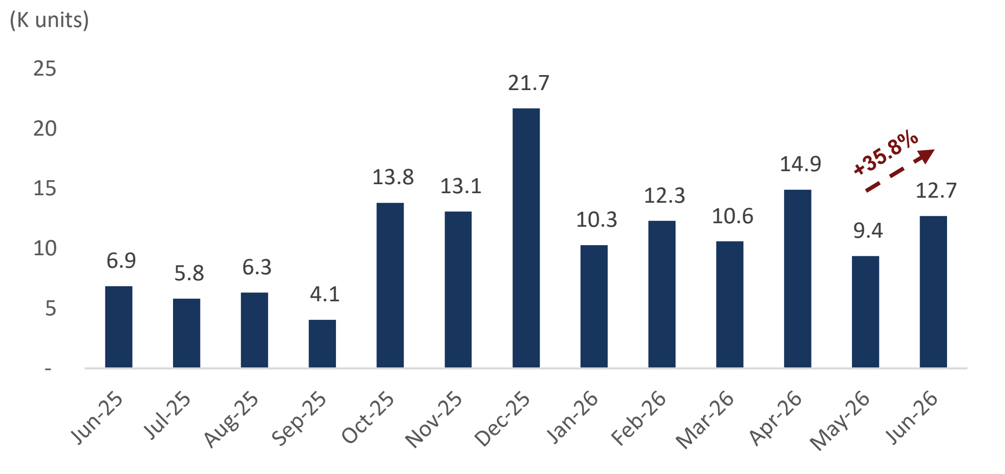
Figure 2. 4W xEV wholesale trend



Sources: Gaikindo, SSI Research

Jun-26 xEV sales increased 32.4% MoM to 23K units, driven by…

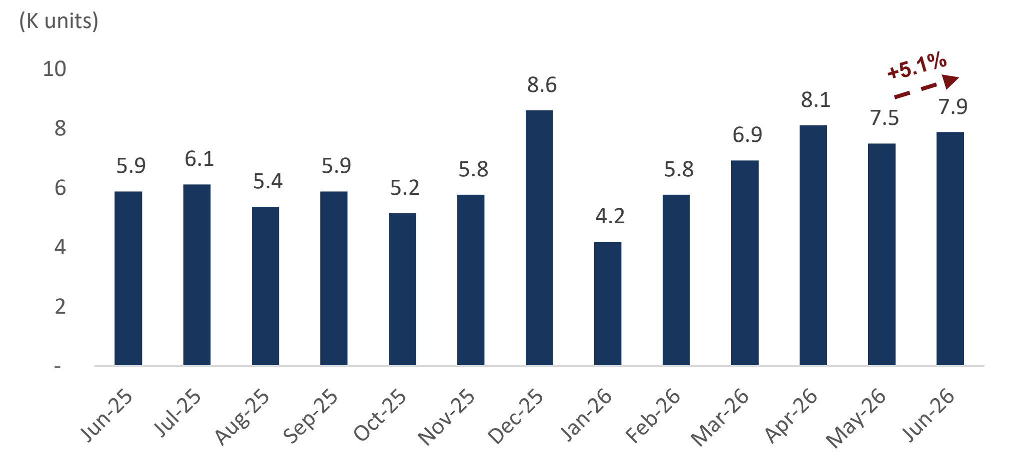
Figure 3. 4W BEV wholesale trend



Sources: Gaikindo, SSI Research

… 35.8% MoM rebound in BEV sales following BYD's May-26 supply disruption

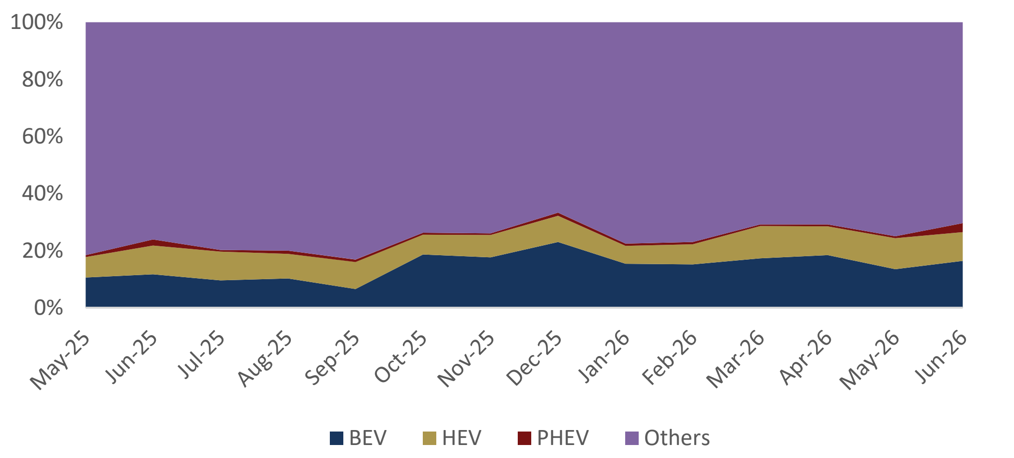
Figure 4. 4W HEV wholesale trend



Sources: Gaikindo, SSI Research

HEV sales increased only 5.1% MoM, underperforming BEVs in Jun-26

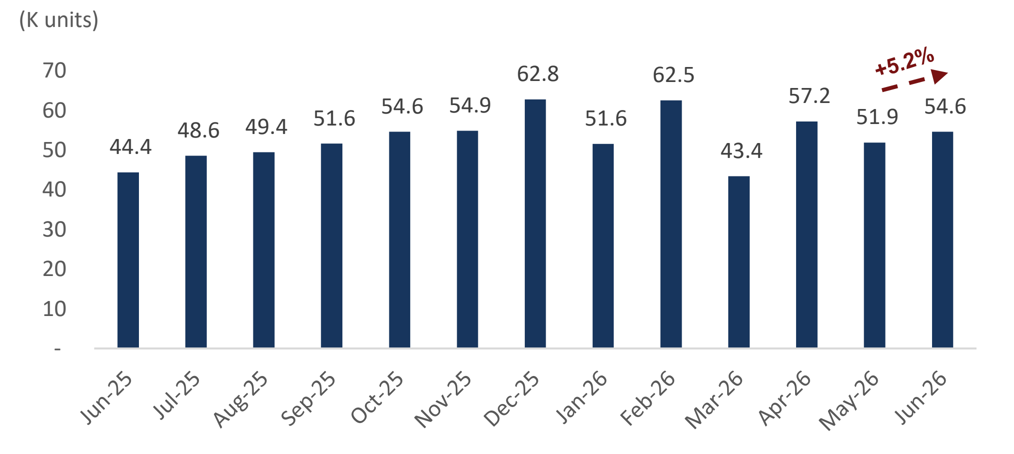
Figure 5. xEV market share trend



Sources: Gaikindo, SSI Research

xEVs (BEV, HEV & PHEV) are expected to continue dominating with 2026F market share of ~35% (Jun-26: 30%, 6M26: 26%)

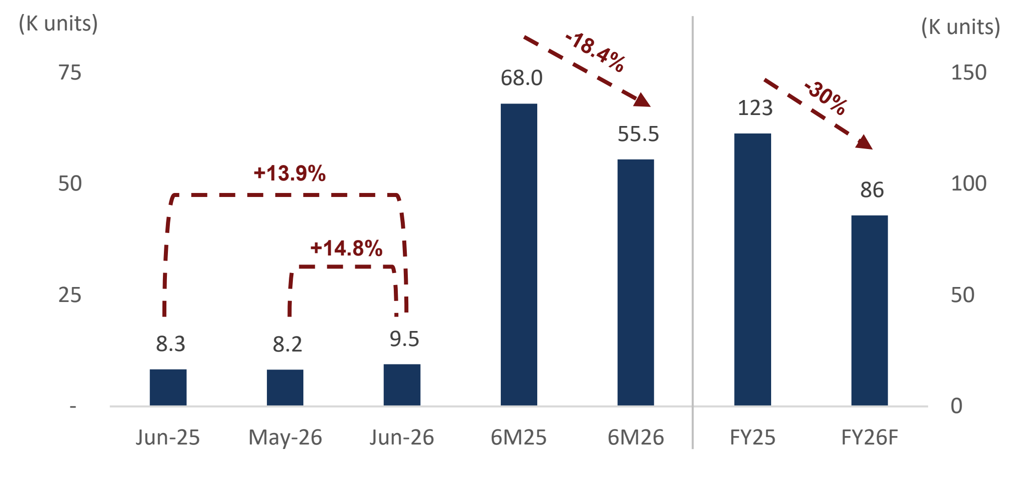
Figure 6. 4W ICE wholesale trend



Sources: Gaikindo, SSI Research

Jun-26 4W ICE sales rose to 54.6K units (6M25: 321.1K units), supported by Daihatsu Gran Max sales from government projects and logistic companies' replacement cycles

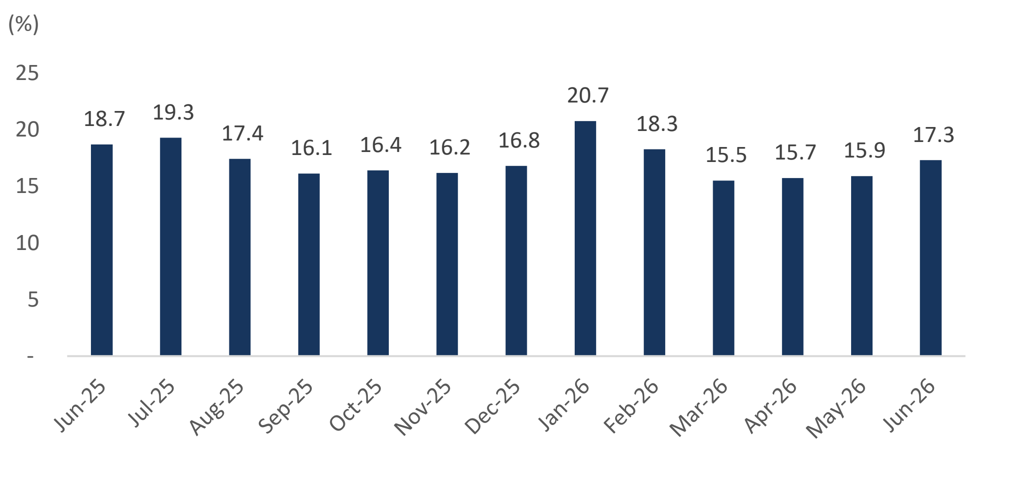
Figure 7. 4W LCGC wholesale trend



Sources: ASII, SSI Research

LCGC sales grew 14.8% MoM and 13.9% YoY in Jun-26, while 6M26 sales declined 18.4% YoY, leading us to expect 30% YoY decline in FY26F due to weaker purchasing power

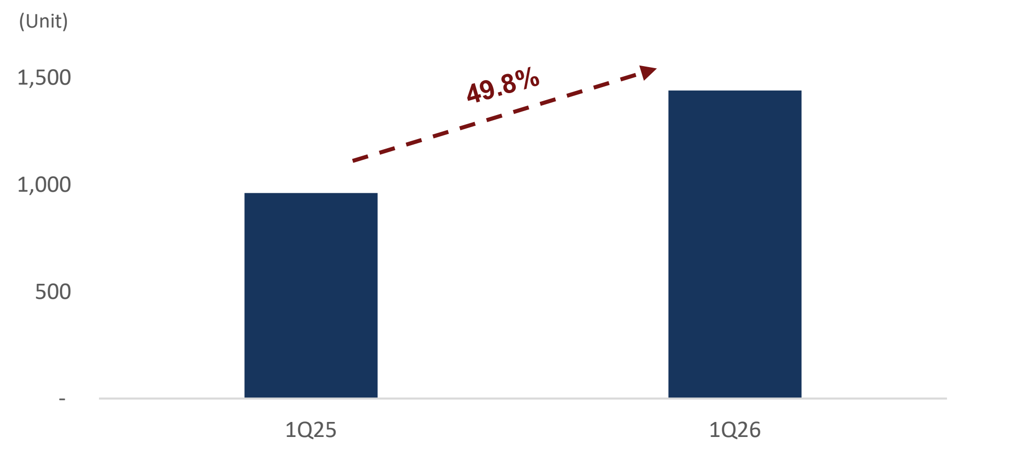
Figure 8. LCGC market share relative to ICE vehicles



Sources: ASII, SSI Research

LCGC market share relative to ICE vehicles fell to 17% in Jun-26 from 19% in Jun-25 on the back of low purchasing power impacting sales of cheaper cars

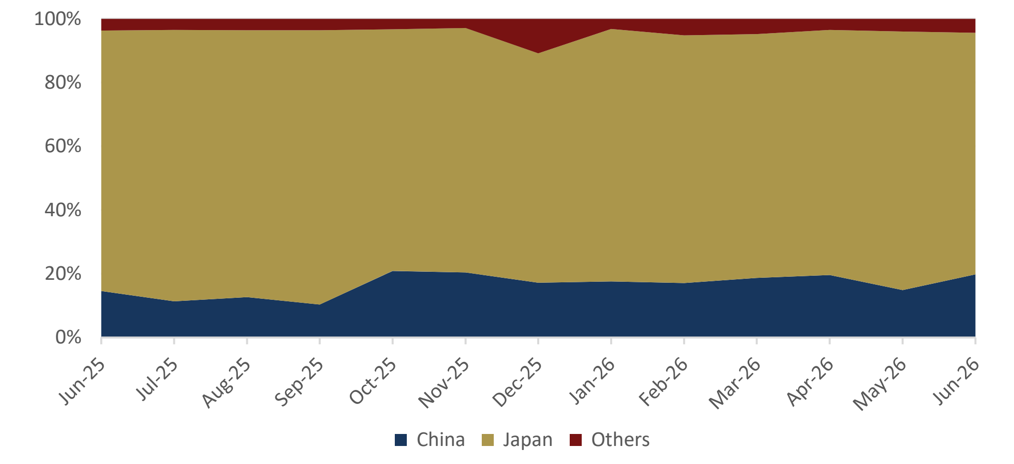
Figure 9. ASLC's Caroline sales volumes



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

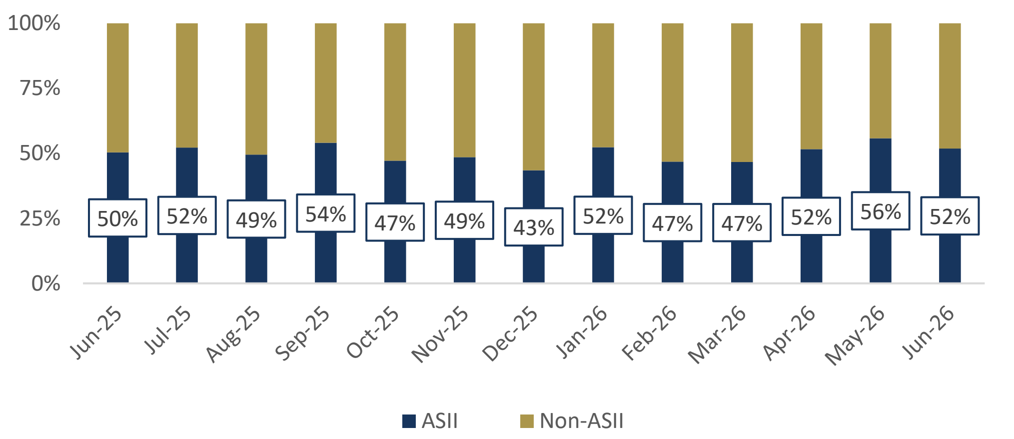
Figure 10. Indonesia's auto market share by origin



Sources: Gaikindo, SSI Research

China's market share grew to 20% in Jun-26 (May-26: 15%) due to BYD's comeback and 11% decline in Toyota sales

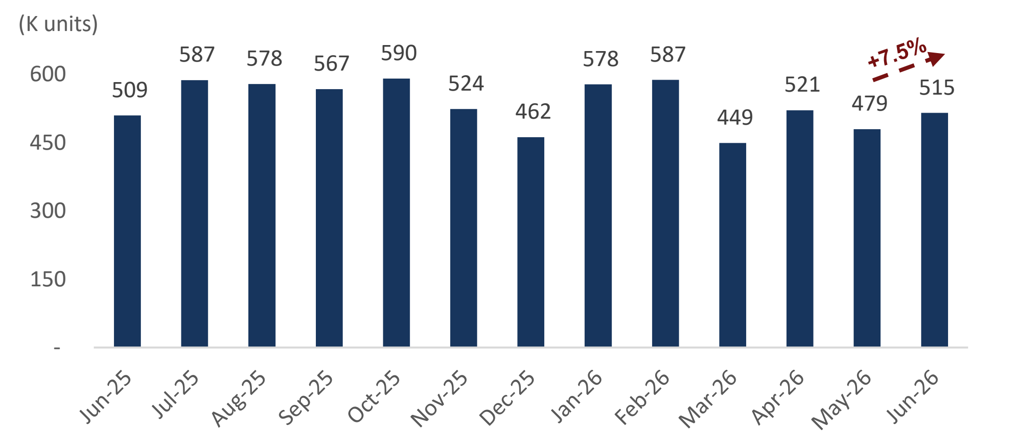
Figure 11. ASII's market share trend



Sources: ASII, SSI Research

ASII's market share dropped to 52% in Jun-26, after reaching its highest point in the last 12 months in May-26, due to BYD's sales rebound

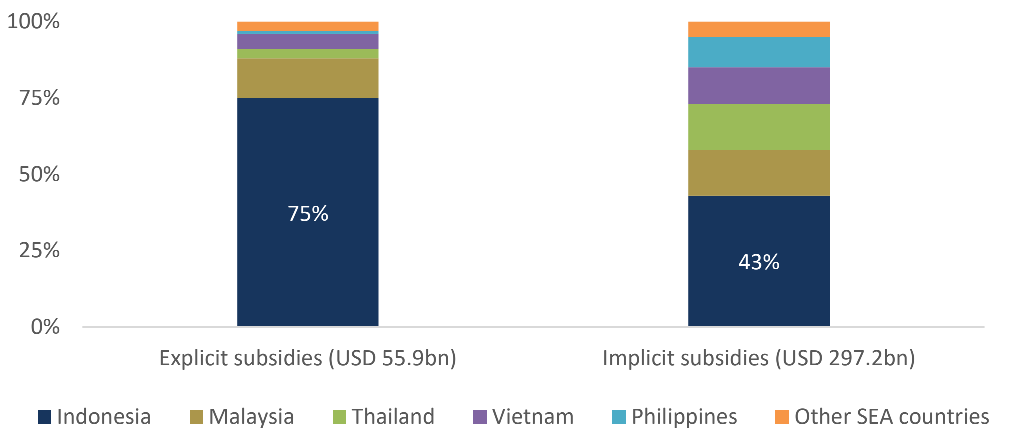
Figure 12. 2W wholesale trend



Sources: AISI, SSI Research

Following a similar trend as 4W, 2W sales increased 7.5% MoM and 1.1% YoY in Jun-26 after both 2W and 4W hit their low bases in the previous month; 2W 6M26 sales rose 0.8% YoY and we expect this to grow 2% only to around 6.5mn units in FY26F, constrained by low purchasing power but partially supported by downtrading

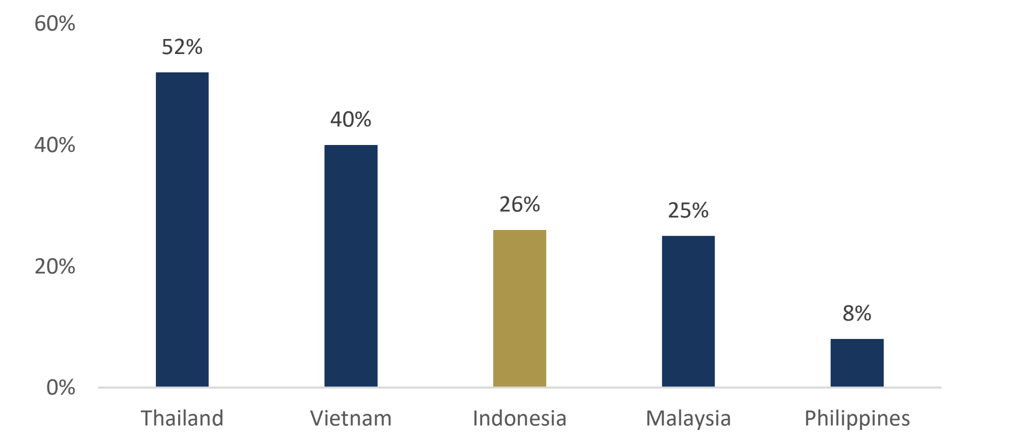
Figure 13. ASEAN's explicit and implicit subsidies on fuel, 2024



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 2026F EV market share to exceed 35%, reaching more than 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	4,573	9.5	3.2	0.9	9.2	0.7
Honda Motor	757	15.7	-315.8	0.5	3.4	0.3
Isuzu Motors	178	9.2	25.6	1.0	10.9	0.5
Astra International (Automotive)	38	5.2	-16.7	0.7	13.7	0.6
Sector	***5,547***	***10.3***	***(39.7)***	***0.8***	***8.5***	***0.7***
Astra Otopart	12	5.0	11.4	0.7	13.8	0.6
Selamat Sempurna	10	12.5	-6.4	3.1	24.6	1.9
Dharma Polimetal	4	6.1	11.4	1.3	23.9	0.7
Sector	***26***	***8.0***	***4.7***	***1.7***	***19.5***	***1.1***
Mitra Pinasthika Mustika	4	9.1	-1.7	0.7	7.7	0.3
Putra Mandiri Jembar	1	10.8	7.7	0.5	4.9	0.1
Autopedia Sukses Lestari	1	17.5	15.2	1.0	5.7	0.7
Sector	***7***	***10.4***	***2.3***	***0.7***	***6.9***	***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 volatile market conditions

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