

Sector Index Performance

	3M	6M	12M
Absolute	25.6%	15.9%	10.7%
Relative to JCI	8.3%	-8.1%	4.0%



Summary Valuation Metrics

	2025F	2026F	2027F
P/E (x)			
ASII IJ	7.7	7.2	6.9
P/BV (x)			
ASII IJ	1.0	0.9	0.9
Div. Yield			
ASII IJ	7.0%	6.5%	6.8%

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Incentive boost for 4W demand recovery

- The government has proposed a title transfer tax incentive for 4W ICEVs, while an extension of the opsen tax incentive remains under review.
- We see the most likely scenario is being the extension of opsen tax incentive and now expect 2026F 4W volumes could recover by 3% yoy.
- We view auto parts players as more attractive, given their lagging performance and potentially stronger growth outlook than ASII.

Increasing layoffs in the auto parts industry due to sluggish sales

Indonesian Automotive Parts and Components Industries Association (GIIAM) stated that layoffs have occurred among smaller auto parts players in Indonesia due to sluggish sales, affecting 3%–24% of each company’s total workforce since mid-2024. In addition, our channel checks indicate that some smaller players are on the verge of shutting down their businesses. As of 2023, the automotive industry workforce in Indonesia stands at 1.5mn, representing 1% of the total workforce.

Potential incentives under review

Given the weakness in demand and the large labor force in the auto industry, the Coordinating Ministry of Economic Affairs has proposed lowering or exempting the vehicle title transfer tax (BBNKB) to stimulate ICEV 4W demand. The BBNKB rate currently ranges from 10%–12.5% of the motor vehicle sales value (NJKB) of new cars and 1% for used cars, depending on provincial regulations. Furthermore, our channel checks suggest that the implementation of the opsen tax is under review for an incentive extension into 2026. As of mid-year, 17 out of 38 provinces in Indonesia have fully implemented the opsen tax without incentives.

Likelihood scenario – only opsen tax incentive being extended

While both incentives would support demand recovery, we remain concerned about the fiscal capacity of provincial governments. Provinces offering opsen tax incentives must cover and transfer the loss in revenue to regional governments, and a BBNKB incentive would add further strain. In addition, transfers to villages and regions in 2026 are set to be reduced by Rp155tr. We therefore see the most likely scenario as only the opsen tax incentive being extended.

Pricing in a better 4W wholesale volume assumption in 2026F

We now assume +3% yoy growth for 4W wholesale volumes in 2026F (vs. -4.5% previously) with the opsen incentive extension. We now expect ASII’s market share to hold at 53% on potential new hybrid model launches, though BEV incentives should remain through 2026F for models meeting the 40% LCR (10% R&D, 30% assembly). (Figs 2–5)

Auto part players are more attractive than ASII

If the opsen tax incentive is extended, we see stronger appeal in auto parts players given their lagging share price performances vs. ASII YTD25. Astra Otoparts (AUTO IJ, Not-Rated) and Dharma Polimetal (DRMA IJ, Not-Rated) still trade at 5.0x/6.8x P/E FY26F, based on Bloomberg consensus. Meanwhile, auto parts players could deliver stronger growth compared to ASII.

More xEV models to be launched

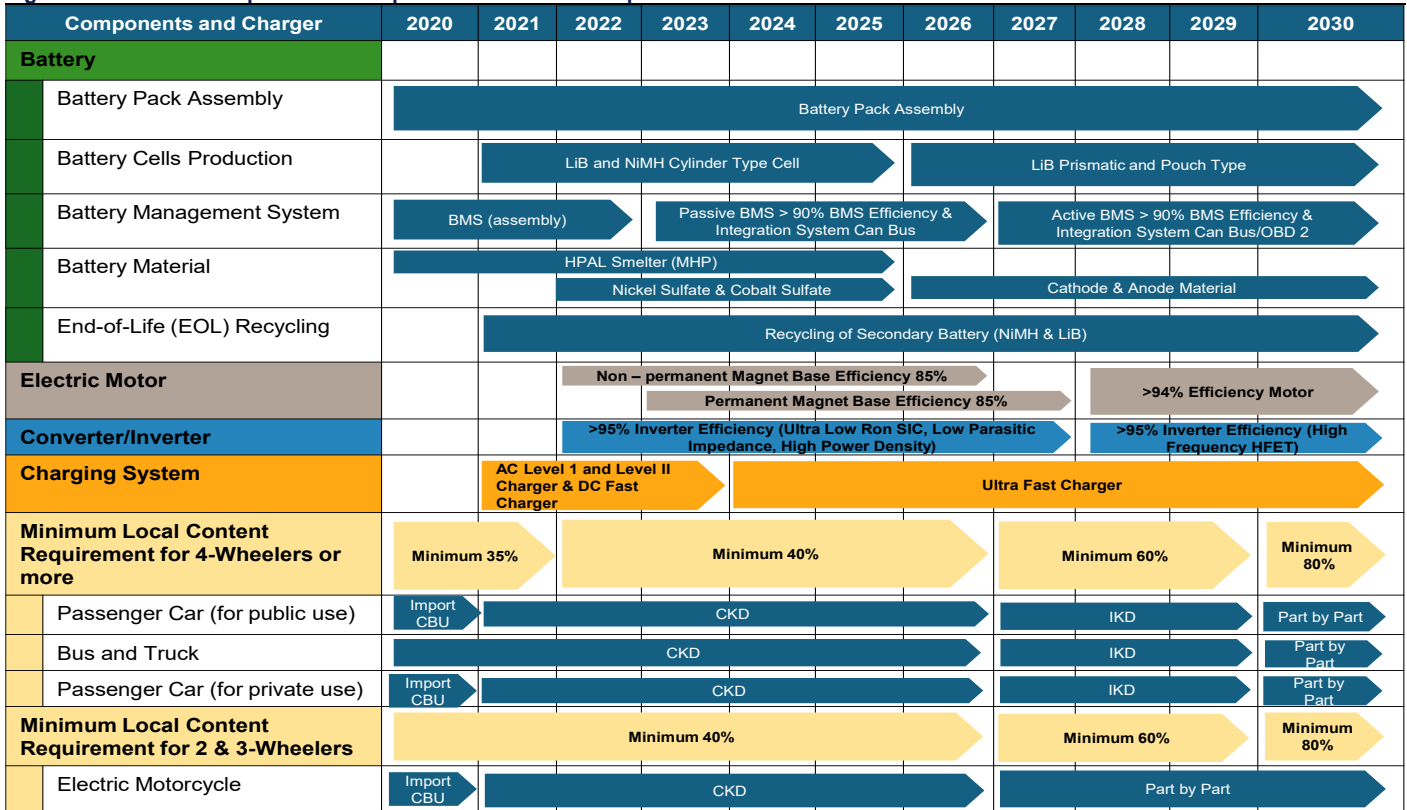
Fig. 1: Chinese brands is expected to dominate the new model launching

Potential launching in 4Q25-2026F	Fuel	Potential price (Rpmm)	Potential launching in 4Q25-2026F	Fuel	Potential price (Rpmm)
Chinese brands			Japanese brands		
BYD and Denza			Toyota		
M9	PHEV	566 - 702	Veloz Hybrid	Hybrid	N/A
BYD Atto 4	BEV	464.3	Fortuner Hybrid	Hybrid	N/A
Denza Z9 GT	BEV	TBA	Urban Cruiser	ICEV	N/A
Yangwang U8	PHEV	TBA	Mitsubishi		
Wuling			Xpander Hybrid	HEV	405.5
E100	BEV	345.6	Suzuki		
E200	BEV	480.0	e-Vitara	BEV	N/A
Cortez Darion EV	BEV	N/A	Nissan		
Cortez Darion PHEV	PHEV	N/A	Ariya	BEV	754.3
Chery			Note e Power	ICEV	N/A
Tiggo 4 Pro	ICEV	457.0	Korean brands		
BAIC			Hyundai		
BJ30	ICEV	499 - 575	Seven Concept	BEV	974.4
Jetour			Other brands		
X50e	BEV	N/A	Morris Garage		
T2	ICEV	N/A	MG 3	HEV	203.0
J6	BEV	N/A	MG G90	ICEV	N/A
X70	ICEV	N/A	Chevrolet		
ZEEKR			Trax		312.0
X	BEV	N/A	Maserati		
Neta			Levante	ICEV	1,292.0
Neta U	BEV	463.8			
Neta L	BEV	N/A			
DFSK					
Glory E3	BEV	445.0			
Seres 3	BEV	370.0			
Mini EV	BEV	220.0			
Seres 7	HEV	N/A			
Geely					
Star Wish	BEV	N/A			

Source: Various sources, Indo Premier

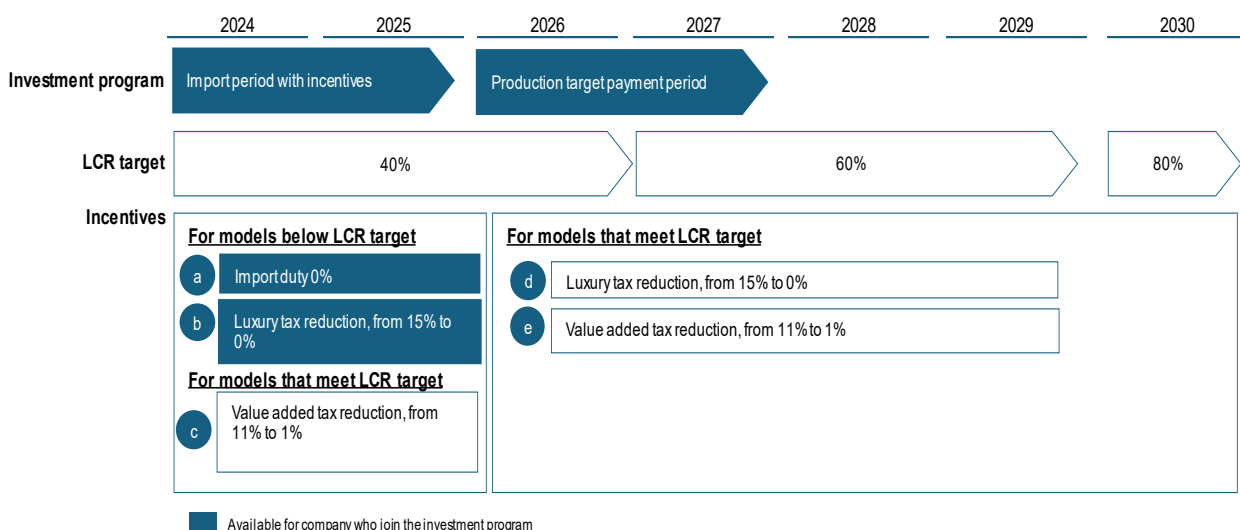
BEV incentives to remain in place through 2026F

Fig. 2: Indonesia's BEV production requirements and roadmap



Source: Government of Indonesia, Indo Premier

Fig. 3: By 2026, we expect most Chinese BEV players to meet the 40% LCR and remain eligible for incentives



Source: Government of Indonesia, Indo Premier

Fig. 4: The 40% LCR can be fulfilled through research and development (10%) and assembly (30%), with most Chinese BEV brands having already secured assembly plants in Indonesia.

Calculation of Local Content Requirement based on Regulation of the Minister of Industry of the Republic of Indonesia No. 6/2022 Jo 7/2023			
Government Regulation No. 55/2019 Jo No. 79/2023	2022 - 2026	2027 - 2029	2030 - onwards
	40%	60%	80%

	2020-2029	2030 - onwards
MAIN COMPONENT	50%	60%
Frame and/or body	5%	5%
Battery	40%	50%
Drive Train, PCU	5%	5%
SUPPORTING COMPONENT	10%	10%
Steering System	2%	2%
Suspension	2%	2%
Brake System	2%	2%
Tires and Rims	2%	2%
Seat and Cable System	2%	2%
Electronic System and Air Conditioning	2%	2%
RESEARCH AND DEVELOPMENT	10%	10%
ASSEMBLY	30%	20%
TOTAL	100%	100%

(1) The Local Content Requirement value for the Assembly Aspect is obtained from the assembly activities of Battery-based Electric Vehicles, which include:
a. joining of the frame, body, and/or chassis;
b. painting;
c. assembly of Main Components and Supporting Components into a complete vehicle; and
d. testing and quality control.

(2) The frame, body, and/or chassis joining process as referred to in paragraph (1a) for four-wheeled or more Battery-based Electric Vehicles includes the joining of the following components:
a. engine hood;
b. fenders;
c. doors;
d. roof;
e. side panels; and/or
f. floor.

(3) The painting process for four-wheeled or more Battery-based Electric Vehicles includes the painting of the following components:
a. engine hood;
b. fenders;
c. doors;
d. roof;
e. side panels; and/or
f. floor.

(4) The painting process also includes the painting of the following components:
a. main frame;
b. side/main stand; and
c. rear/front fender.

(5) The calculation of the Local Content Requirement value for the Assembly Aspect is based on:
a. the utilization of labor in all assembly processes; and
b. the use of tools in the assembly activities.

Source: Various sources, Indo Premier

Fig. 5: Chinese brands assembly point in Indonesia

Brand/Company	Origin	Location	Product	Capacity (in units p.a.)	Investment cost (US\$m)	Operational year	Remarks
Realized investment							
DFSK and Seres	China	Cikande, Banten	ICEV and BEV	50,000	153	Mid 2017	The facility is located in Cikande with capacity of 50,000 units p.a. and addressed to produce DFSK and Seres
Wuling	China	Cikarang, West Java	ICEV & BEV	120,000	1,100	2022	The facility is located in Cikarang with capacity of 120,000 units p.a. Wuling produce its Air EV and Bingo EV in this facility.
Chery	China	Bekasi, West Java	ICEV & BEV	7,200	676	Sep 2022	Assemble facility is in Handal Indonesia Motor facilities; currently already produce Omoda E5, Tiggo 7 Pro, Tiggo 8 Pro
Morris Garage	China	Cikarang, West Java	ICEV & BEV	100,000	267	Feb 2024	
Neta	China	Bekasi, West Java	BEV	27,000	250	May 2024	Assemble facility is in Handal Indonesia Motor facilities; currently already produce Neta V-II and X
Haval	China	Wanaherang, West Java	Hybrid	7,000	N/A	Sep 2024	
Geely	China	Purwakarta, West Java	BEV	60,000	N/A	Sep 2025	Using Assemble facility of Handal Indonesia Motor (HIM)
Upcoming or underdevelopment							
BYD	China	Subang, West Java	BEV	150,000	755	2027F	BYD invested Rp11.7tr in Indonesia with production capacity of 150k units p.a. Start development in 2025

Source: Various sources, Indo Premier

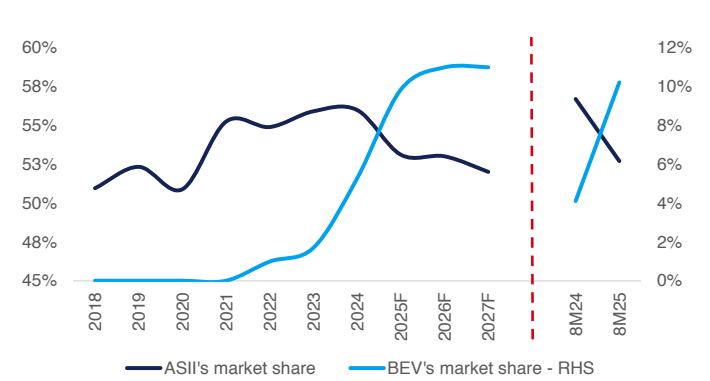
Expecting 4W wholesale volume improvement in FY26-27F

Fig. 6: We expect FY25-27F wholesale volume to be at 785k/809k/849k units (-11%/+3%/+5% yoy), respectively



Source: Gaikindo, Indo Premier

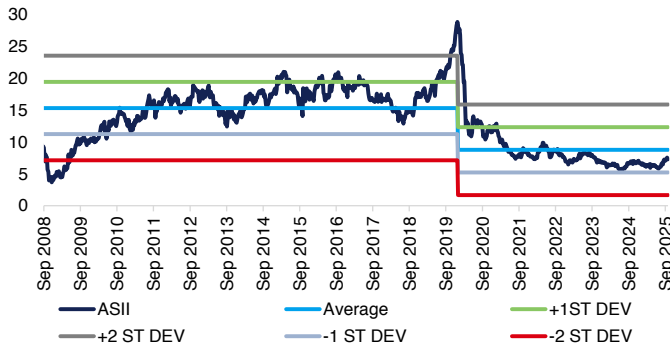
Fig. 7: We estimate ASII's market share could be at 53%/53%/52% in FY25/26/27F respectively



Source: Gaikindo, Indo Premier

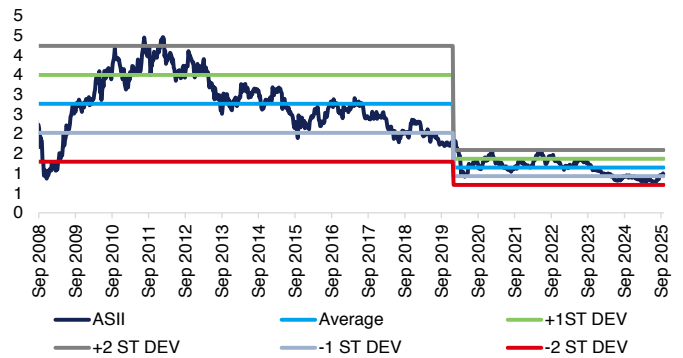
Valuation

Fig. 8: ASII's P/E band



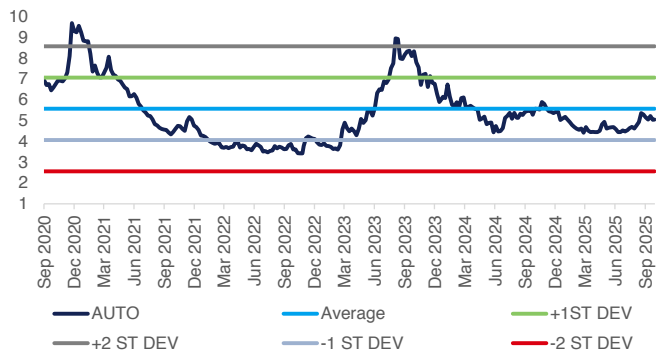
Source: Company data, Bloomberg, Indo Premier

Fig. 9: ASII's P/BV band



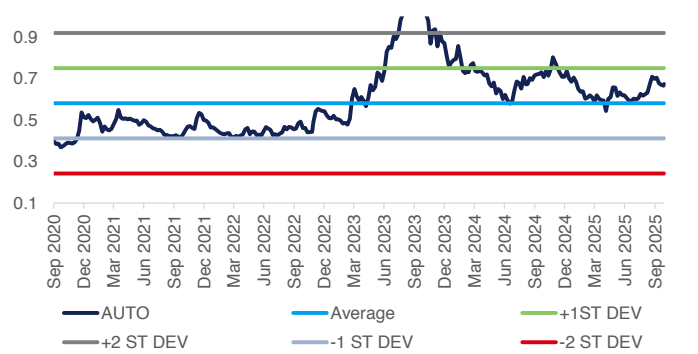
Source: Company data, Bloomberg, Indo Premier

Fig. 10: AUTO's P/E band



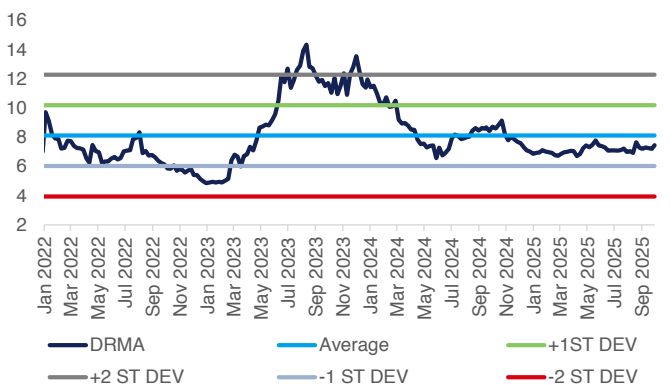
Source: Company data, Bloomberg, Indo Premier

Fig. 11: AUTO's P/BV band



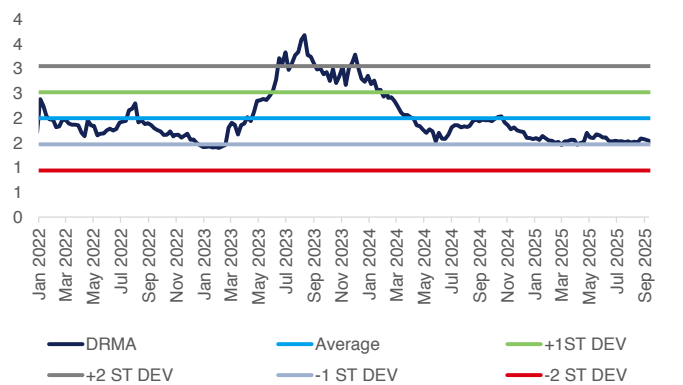
Source: Company data, Bloomberg, Indo Premier

Fig. 12: DRMA's P/E band



Source: Company data, Bloomberg, Indo Premier

Fig. 13: DRMA's P/BV band



Source: Company data, Bloomberg, Indo Premier

Fig. 14: Conglomerates' sector comparison

Company	Rating	Price (local curr.)	Target px	Market Cap (US\$m)	P/E (x)			P/BV (x)			EV/EBITDA (x)			ROE (%)		
					2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Indonesia																
Astra International	HOLD	5,700	5,750	13,903	7.2	7.0	6.7	1.0	0.9	0.9	6.0	6.0	5.8	14%	14%	13%
Saratoga Investama	NR	1,740	N/A	1,422	20.5	18.2	17.7	0.4	0.4	0.4	17.6	32.5	31.9	2%	2%	2%
Median					13.9	12.6	12.2	0.7	0.7	0.7	11.8	19.2	18.8	8%	8%	8%
Singapore																
Jardine Matheson	NR	65	N/A	19,032	11.9	10.9	10.2	0.7	0.6	0.6	10.1	9.8	9.6	5%	5%	6%
Hongkong																
First Pasific	NR	7	N/A	3,570	4.7	4.1	3.8	0.8	0.7	0.6	7.4	7.2	6.8	18%	17%	16%
Median - Conglomerate					11.9	10.9	10.2	0.7	0.7	0.6	10.1	9.8	9.6	8%	8%	8%

Source: Bloomberg, Indo Premier

Fig. 15: Autoparts' sector comparison

Company	Price (local curr.)	Market Cap (US\$m)	P/E (x)			P/BV (x)			EV/EBITDA (x)			ROE (%)		
			2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Indonesia														
Dharma Polimetal	1,025	291	7.6	6.8	6.3	1.7	1.5	1.3	5.1	4.6	4.1	23%	22%	19%
Astra Otoparts	2,340	680	5.4	5.0	4.8	0.7	0.6	0.6	5.6	5.4	5.2	14%	14%	13%
Median		970	6.5	5.9	5.5	1.2	1.1	0.9	5.3	5.0	4.7	18%	18%	16%
Thailand														
Somboon Advance Technology	14	177	8.3	7.8	7.7	0.7	0.7	0.7	1.9	1.8	1.8	8%	8%	9%
Median		177	8.3	7.8	7.7	0.7	0.7	0.7	1.9	1.8	1.8	8%	8%	9%
India														
Suprajit Engineering	464	714	49.6	30.1	22.0	4.6	4.4	3.8	19.6	16.1	12.8	10%	15%	18%
Samvardhana Moth	106	12,550	29.6	27.6	21.5	3.3	2.9	2.6	11.5	11.1	9.6	12%	11%	13%
Median		13,265	39.6	28.9	21.7	4.0	3.7	3.2	15.5	13.6	11.2	11%	13%	15%
Shanghai														
Jiangsu Xinquan Automotive Trim	83	5,682	34.5	26.5	21.6	6.1	5.1	4.2	24.2	19.0	15.7	18%	19%	20%
Foryou	34	2,496	20.9	16.1	12.8	2.5	2.2	2.0	15.5	12.4	10.2	12%	14%	16%
Ningbo Joyson Electronic	35	6,824	31.6	26.3	22.3	3.3	3.1	2.8	10.8	9.9	9.1	11%	12%	13%
Huizhou Desai Automotive	151	11,785	30.6	24.0	19.2	7.0	5.7	4.6	24.0	19.2	15.7	25%	25%	26%
Fuyao Glass Automotive	73	26,753	19.8	17.1	15.2	4.7	4.1	3.5	14.2	11.8	10.5	24%	24%	26%
Median		53,540	30.6	24.0	19.2	4.7	4.1	3.5	15.5	12.4	10.5	18%	19%	20%
Japan														
Sumitomo Electric Industries	4,197	22,667	19.9	15.3	13.9	1.4	1.4	1.3	8.1	7.6	7.0	0.1	0.1	0.1
Toyota Industries	16,600	36,700	18.5	20.1	18.3	0.9	1.0	0.9	16.1	17.3	15.5	5%	5%	5%
Denso	2,129	42,077	13.9	12.1	10.8	1.1	1.2	1.1	6.4	6.1	5.6	8%	10%	11%
Koito MFG CO	2,221	4,671	18.2	21.4	16.9	1.0	1.0	1.0	5.3	5.5	5.0	5%	5%	6%
Aisin Corp	2,517	13,152	18.2	12.8	10.5	1.0	0.9	0.9	5.0	4.8	4.5	5%	7%	9%
Median		119,267	18.2	15.3	13.9	1.0	1.0	1.0	6.4	6.1	5.6	5%	7%	9%
Korea														
Mando	33,950	1,137	9.1	6.7	6.3	0.6	0.6	0.5	4.5	4.2	4.0	7%	9%	9%
Hyundai Mobis	297,000	19,446	6.6	6.1	5.6	0.6	0.5	0.5	4.1	3.8	3.4	9%	9%	9%
Hanon System	3,145	1,523	N.A	32.5	16.1	0.8	0.7	0.7	7.0	6.2	5.7	-2%	3%	5%
Median		22,106	7.9	6.7	6.3	0.6	0.6	0.5	4.5	4.2	4.0	7%	9%	9%
Europe														
Polytec Holding AG	3	81	12.4	5.5	4.0	0.3	0.3	0.3	3.5	2.9	2.6	2%	5%	6%
AKWEL	10	310	12.1	10.3	9.9	0.4	0.4	0.4	2.1	1.9	1.8	3%	4%	4%
SAF - Holland SE	15	790	7.4	6.2	5.7	1.2	1.1	1.0	5.5	5.0	4.6	13%	16%	16%
Kendrion NV	15	271	16.8	12.3	10.8	1.4	1.3	1.2	8.0	7.0	6.4	8%	11%	13%
Hella GMBH & Co	82	10,747	35.9	27.0	23.4	2.7	2.5	2.4	8.6	8.1	7.5	8%	10%	10%
Continental AG	58	13,605	9.0	7.5	6.7	0.8	0.7	0.7	7.8	6.6	6.4	11%	14%	14%
Median		54,765	12.4	10.6	9.7	1.4	1.3	1.2	7.8	7.0	6.4	10%	13%	13%
US and Canada														
Modine Manufacturing Co	148	7,762	38.2	31.6	24.2	8.8	6.6	5.3	21.2	17.9	14.3	20%	20%	21%
American Axle & Manufacturing Hol	6	701	13.9	9.4	5.5	1.0	1.0	0.8	3.9	3.9	3.7	8%	11%	15%
Standard Motor Products	41	901	10.6	9.5	N.A	N.A	N.A	N.A	7.9	9.2	N.A	N.A	N.A	N.A
Strattec Security	70	290	16.5	13.3	11.1	1.3	1.2	1.1	6.5	5.5	4.5	9%	N/A	N/A
Borgwarner INC	44	9,578	9.6	9.0	8.2	1.5	1.3	1.2	5.5	5.3	5.1	16%	15%	14%
Magna International	47	13,381	9.3	8.2	7.0	1.0	1.0	0.9	4.9	4.6	4.3	11%	12%	13%
Magna International	66	13,378	9.3	8.2	7.0	1.0	1.0	0.9	4.9	4.6	4.3	11%	12%	13%
Lear Corp	101	5,387	8.2	7.2	6.1	1.0	1.0	0.9	4.5	4.3	4.0	13%	13%	14%
Median		51,377.0	10.1	9.2	7.0	1.0	1.0	0.9	5.2	5.0	4.3	11%	13%	14%
Median - All		221,146	11.3	9.9	8.7	1.1	1.0	1.0	10.4	8.7	7.6	10%	13%	14%

Source: Bloomberg, Indo Premier

SECTOR RATINGS

- OVERWEIGHT** : An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
- NEUTRAL** : A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
- UNDERWEIGHT** : An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

COMPANY RATINGS

- BUY** : Expected total return of 10% or more within a 12-month period
- HOLD** : Expected total return between -10% and 10% within a 12-month period
- SELL** : Expected total return of -10% or worse within a 12-month period

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