

Auto & Autoparts

Neutral (Maintained)

Sales Volumes Within Expectations

Stocks Covered 2
 Rating (Buy/Neutral/Sell): 2 / 0 / 0
 Last 12m Earnings Revision Trend: Neutral

- **Still NEUTRAL; Top Pick: Astra Otoparts (AUTO).** 4-wheeler (4W) and 2-wheeler (2W) domestic sales volumes for 11M24 were within expectations. However, higher tax levels – from additional tax levies (*opsen*) and higher value-added tax (VAT) – may pose a challenge for auto sales recovery in 2025 and beyond. The good news is that new tax incentives are being proposed for the hybrid segment. We maintain our sector call and prefer AUTO, which should still benefit from demand in replacement and autopart services.
- **11M24 4W and 2W sales volumes in line.** The Association of Indonesia Automotive Industries (GAIKINDO) revealed that November 4W wholesale volumes stood at 74.3k units (-3.6% MoM, -11.9% YoY), bringing the 11M24 figure to 784.7k units (-14.7% YoY), at 92% of our FY24 target (in line). 2W domestic sales volumes of 512.9k units (-5.8% MoM, -10.3% YoY) brought the 11M24 figure to 5.9m units (+2.1% YoY), at 93% of our FY24 estimate (also in line). As expected, auto sales volumes are normalising towards the end of the year on seasonal factors. Also, the continued lack of incentives, coupled with weak purchasing power, leads us to believe that there are limited catalysts to boost auto sales volumes in the remaining period of 2024.
- **Higher tax may be a setback to sales recovery in 2025.** A new *opsen* tax will be introduced in 2025. This provincial tax will add 66% to the motor vehicle tax (PKB) and motor vehicle title transfer fee (BBNKB). This is on top of higher VAT tax of 12% in 2025 (from 11% in 2024). Initially, GAIKINDO was optimistic of an auto sales volume recovery in 2025, with 4W wholesale volume expected at 900k units, and up further to 1m units by 2026. However, the higher taxes will push vehicle selling prices up further. This, coupled with weak purchasing power, indicates that sales volume recovery will be challenging in 2025 and beyond.
- **The good news.** The Ministry of Industry recently announced that new tax incentives are being proposed to the new Government. While it did not outline the details, the ministry revealed that the proposed incentives could benefit not only the battery EV segment, but potentially also the hybrid segment. As of 10M24, the hybrid market accounted for 6.5% of domestic 4W wholesale volumes with 45.9k units (+18% YoY), and we believe this is an area the Government should focus on to boost the market share of the new energy vehicle (NEV) segment.

Top Picks

Astra Otoparts (AUTO IJ) – BUY

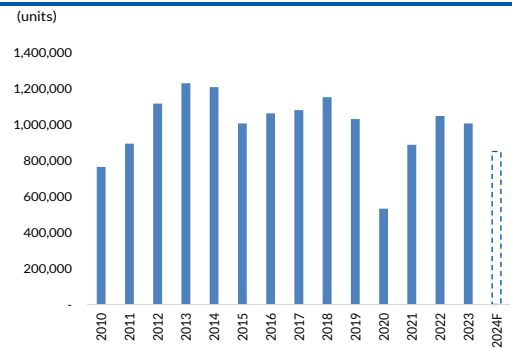
Target Price

IDR2,800

Analyst

Indonesia Research
 +6221 5093 9888
rhb.id.research@rhbgroup.com

4W domestic wholesale volumes

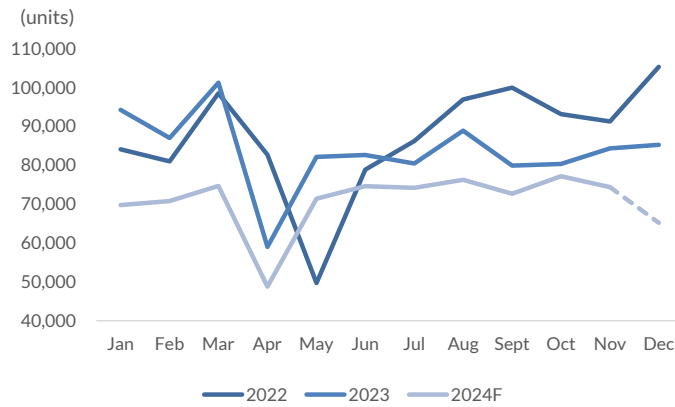


Source: Company data, Gaikindo, RHB

Company Name	Rating	Target (IDR)	% Upside (Downside)	P/E (x) Dec-24F	P/B (x) Dec-24F	ROAE (%) Dec-24F	Yield (%) Dec-24F
Astra International	Buy	6,300	20.6	6.9	1.1	15.9	10.1
Astra Otoparts	Buy	2,800	19.7	6.2	0.7	12.0	4.5

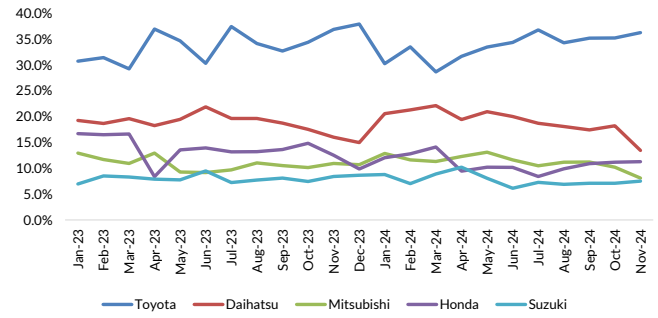
Source: Company data, RHB

Figure 1: 4W monthly wholesale volumes



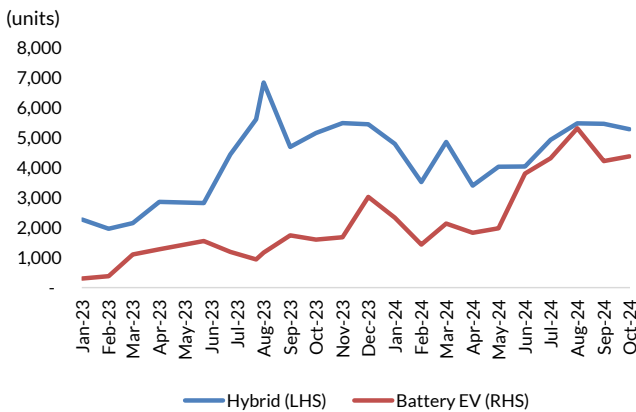
Source: Company data, Gaikindo, RHB

Figure 2: 4W monthly domestic market share by brand



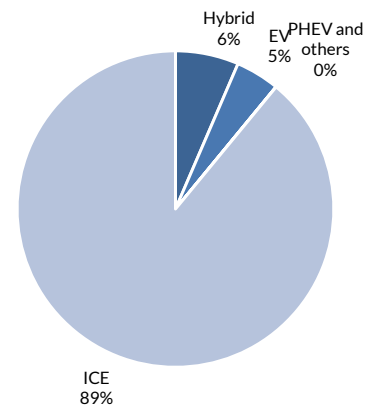
Source: Company data, Gaikindo, RHB

Figure 3: 4W monthly wholesale volumes in NEV segment



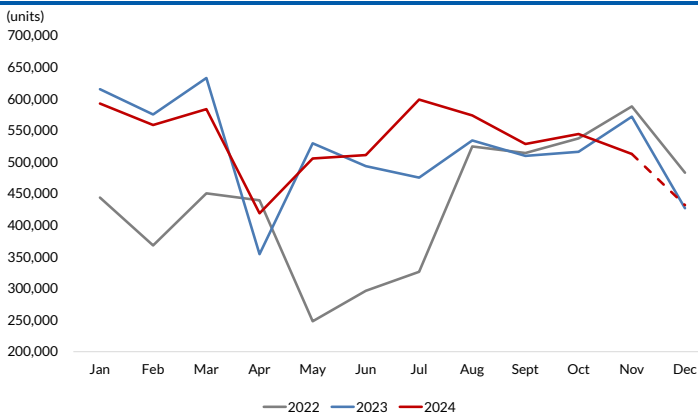
Source: Company data, Gaikindo, RHB

Figure 4: 4W wholesale volume breakdown by type; as of 10M24



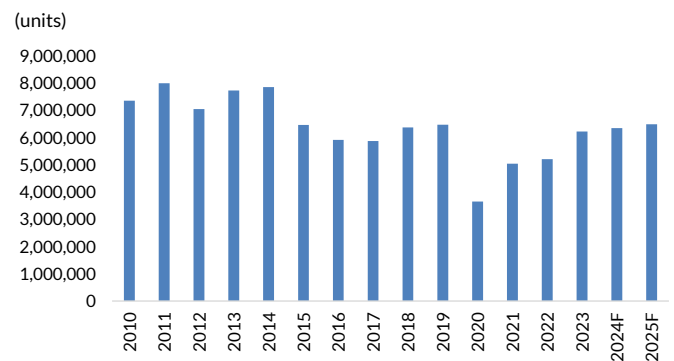
Source: Company data, Gaikindo, RHB

Figure 5: 2W monthly domestic sales volumes



Source: AISI, RHB

Figure 6: 2W yearly domestic sales volumes



Source: AISI, RHB

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KUALA LUMPUR

RHB Investment Bank Bhd
Level 3A, Tower One, RHB Centre
Jalan Tun Razak
Kuala Lumpur 50400
Malaysia
Tel : +603 2302 8100
Fax : +603 2302 8134

JAKARTA

PT RHB Sekuritas Indonesia
Revenue Tower, 11th Floor, District 8 - SCBD
Jl. Jendral Sudirman Kav 52-53
Jakarta 12190
Indonesia
Tel : +6221 509 39 888
Fax : +6221 509 39 777

BANGKOK

RHB Securities (Thailand) PCL
10th Floor, Sathorn Square Office Tower
98, North Sathorn Road, Silom
Bangrak, Bangkok 10500
Thailand
Tel: +66 2088 9999
Fax :+66 2088 9799

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RHB Bank Berhad (Singapore branch)
90 Cecil Street
#04-00 RHB Bank Building
Singapore 069531
Fax: +65 6509 0470