

Overweight

Automotive

Robust Feb25 4W Sales, Yet Still Down in 2M25

- 2M25 sales fell to 134.1k units (-4% yoy, 15% of our/Gaikindo estimate, or slightly below), despite strong Feb25 sales (+17% mom).
- 4W discount remains quite a decent post-IIMS expo, with several brands maintaining discount that they offer during IIMS.
- Reiterate the OW rating on sector, with Buy on ASII. We expect Feb25 run rate to continue, supported by deliveries on several CBU models.

2M25 number still showing weakness, despite robust Feb25 sales

4W wholesales reached 72.3k in Feb25 (+17% mom/+2% yoy), bringing 2M25 sales to 134.1k units (-4% yoy, 15% of our/Gaikindo estimate, or slightly below). Despite the robust Feb25 sales, mainly due to IIMS 2025 (recording ~22k SPK) and BCA Expo, it is still insufficient to lead 2M25 figures to positive growth, even with low base in 2M24. We think this shows the impact of lower purchasing power, yet also partially due to lack of exciting new models. Wuling (+92% mom/+61% yoy), Chery (+58% mom/-0.4% yoy), and Mitsubishi (+33% mom/+11% yoy) were showing robust growth in Feb25, which we think driven by hefty discount that by Wuling and Chery offer. Meanwhile, 4W retail sales reached 69.9k in Feb25 (+9% mom/-0.8% yoy), bringing 4W retail sales to 133k (-10% yoy). Inventory at retail level continues to remain high for Toyota, which might induce further discounts in upcoming months. Meanwhile, 2W sales still recorded decent growth, reaching 581k in Feb25 (+4% mom/+4% yoy), bringing 2M25 sales to 1.1mn (-0.8% yoy).

Post-IIMS 4W discounts are higher mom, though still decent

Despite our observation of large discounts during IIMS, especially on Hyundai and Wuling, post-IIMS discount remains relatively high at 7.6% of unit price, based on our price tracker, vs 6.3% in Jan25. Nevertheless, it is not as high as the discount on Aug24 (8.2%). We observed Toyota and Wuling are still maintaining IIMS discount rate at end of Feb25, with ~3% discount of OTR price for Innova, and Wuling EV at >10% discount. Additionally, as we mentioned in the [previous report](#), we notice that Toyota has raised its OTR price by 3%-4%, while Honda has not increased its price (we heard it is planning around 3% price hike). Meanwhile, Mitsubishi has also raised its Xpander price by 3%.

Reiterate Overweight for Auto Sector

We reiterate our **Overweight** rating, as we observed lower contraction in 4W in 2M25 (-4% yoy, vs -11% yoy in 1M25). We expect the Feb25 run rate to continue in upcoming months, supported by deliveries of several CBU models (ie Denza, BYD Sealion). While ASII's market share declined slightly to 54% in Feb25 (vs 2-years average of 56%), we believe it is temporary due to the lack of new models in IIMS and less aggressive discount. We have a **Buy** rating for ASII, with a TP of **Rp5,800**. Downside risks for the sector: 1) 4W run-rate slowdown in upcoming months, thus implying downside to 4W growth expectations; 2) Steep rise on auto loan financing rate.

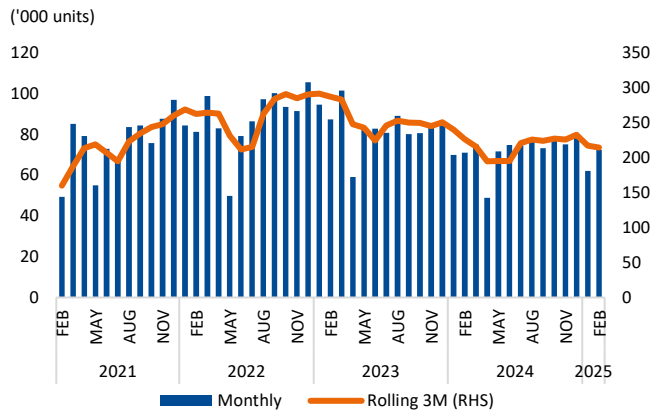
BRI Danareksa Sekuritas Analysts

Richard Jerry, CFA

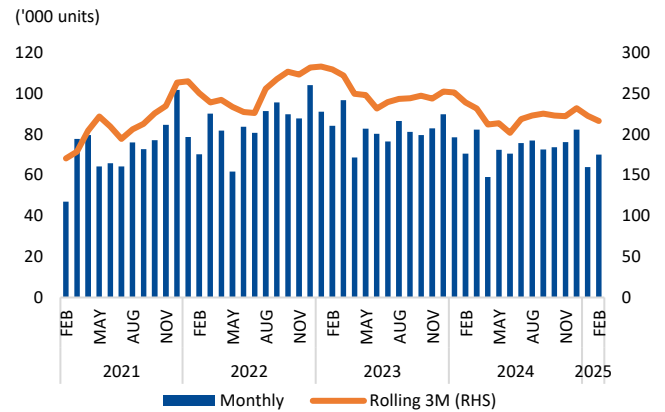
(62-21) 5091 4100 ext. 3511
natalia.sutanto@brids.co.id

Sabela Nur Amalina

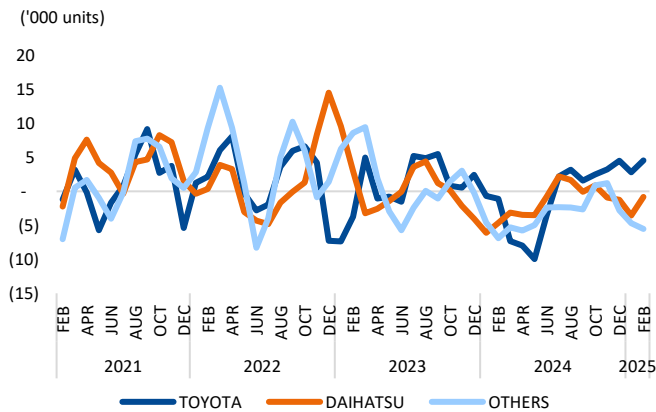
(62-21) 5091 4100 ext. 4202
sabela.amalina@brids.co.id

Exhibit 1. Industry 4W Monthly Wholesales


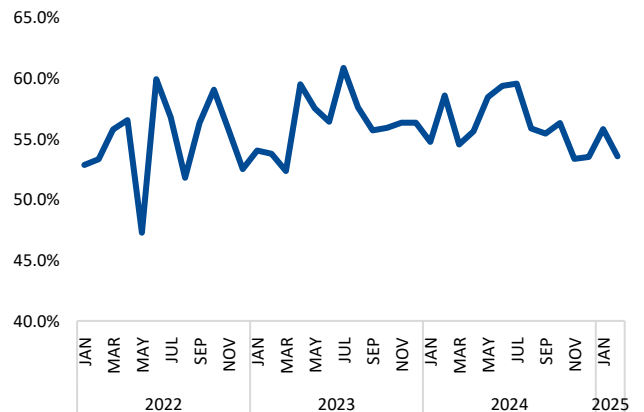
Source: Gaikindo, BRIDS

Exhibit 2. Industry 4W Monthly Retail Sales


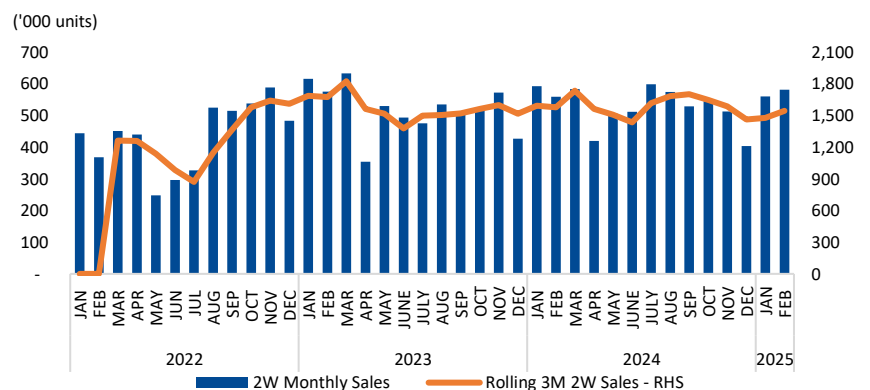
Source: Gaikindo, BRIDS

Exhibit 3. Industry 4W Inventory Level


Source: Gaikindo, BRIDS

Exhibit 4. ASII 4W Market Share


Source: Gaikindo, BRIDS

Exhibit 5. Industry 2W Monthly Sales


Source: AISI, BRIDS

Exhibit 6. % Price Discounts of 4W to OTR Prices

Brand	Type	Sep-24	Nov-24	Dec-24	Jan-25	Feb-25
Toyota	Fortuner	4.9%	5.2%	4.5%	3.6%	4.3%
	Rush	10.5%	10.5%	10.6%	7.8%	
	Innova	3.9%	5.8%	4.7%	3.5%	3.4%
Mitsubishi	Avanza	5.7%	9.5%	10.5%	5.8%	8.5%
	Xpander	4.0%	6.8%		6.5%	
Honda	BR-V	10.4%	6.5%		14.7%	
	Brio	11.0%	10.9%		0.5%	1.6%
	HR-V	9.3%	6.5%	11.7%	11.7%	6.5%

Source: BRIDS Survey

BRI Danareksa Equity Research Team

Erindra Krisnawan, CFA	Head of Equity Research, Strategy, Coal	erindra.krisnawan@brids.co.id
Natalia Sutanto	Consumer, Cigarettes, Pharmaceuticals, Retail	natalia.sutanto@brids.co.id
Niko Margaronis	Telco, Tower, Technology, Media	niko.margaronis@brids.co.id
Timothy Wijaya	Metal, Oil and Gas	timothy.wijaya@brids.co.id
Victor Stefano	Banks, Poultry	victor.stefano@brids.co.id
Ismail Fakhri Suweleh	Healthcare, Property, Industrial Estate	ismail.suweleh@brids.co.id
Richard Jerry, CFA	Automotive, Cement, Infrastructure	richard.jerry@brids.co.id
Ni Putu Wilastita Muthia Sofi	Research Associate	wilastita.sofi@brids.co.id
Naura Reyhan Muchlis	Research Associate	naura.muchlis@brids.co.id
Sabela Nur Amalina	Research Associate	sabela.amalina@brids.co.id
Kafi Ananta Azhari	Research Associate	kafi.azhari@brids.co.id

BRI Danareksa Economic Research Team

Helmy Kristanto	Chief Economist, Macro Strategy	helmy.kristanto@brids.co.id
Dr. Telisa Aulia Falianty	Senior Advisor	telisa.falianty@brids.co.id
Kefas Sidauruk	Economist	kefas.sidauruk@brids.co.id

BRI Danareksa Institutional Equity Sales Team

Yofi Lasini	Head of Institutional Sales and Dealing	yofi.lasini@brids.co.id
Novrita Endah Putrianti	Institutional Sales Unit Head	novrita.putrianti@brids.co.id
Ehrlich Suhartono	Institutional Sales Associate	ehrliech@brids.co.id
Yunita Nababan	Institutional Sales Associate	yunita@brids.co.id
Adeline Solaiman	Institutional Sales Associate	adeline.solaiman@brids.co.id
Andreas Kenny	Institutional Sales Associate	andreas.kenny@brids.co.id
Christy Halim	Institutional Sales Associate	christy.halim@brids.co.id
Jason Joseph	Institutional Sales Associate	jason.joseph@brids.co.id

BRI Danareksa Sales Traders

Mitcha Sondakh	Head of Sales Trader	mitcha.sondakh@brids.co.id
Suryanti Salim	Sales Trader	suryanti.salim@brids.co.id

INVESTMENT RATING

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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