



## **RESULTS COMMENTS**

# Selamat Sempurna (HOLD – TP Rp2,850)

## 9M13 Results – Inline

#### In line results

SMSM's 9M13 result is broadly in line with the seasonality, in which the company will book higher revenue in the last quarter. The company posted Rp190 bn in net profit (+7%yoy, +41%qoq) on the back of Rp38 bn forex gain in 3Q13, even though with the flat revenues growth. All product segment posted positive growth yoy, except karoseri sales that has dragging down the company's revenue since the beginning of the year due to unfavorable conditions in the mining and plantation sectors. Export sales shown progress, especially in the US sales which helped the radiator sales. Maintain HOLD on the counter.

#### Challenging karoseri sales

The newly acquisition, Hydraxle, has become the company's growth bottleneck since early this year. Karoseri's sales in 9M13 fall 39%yoy to Rp150 bn. However, we see some slight improvement on quarterly basis as the company already shift some production base into construction sector. By comparison, sales of SMSM's main products, filter and radiator, still showed only single digit growth following slow export recovery, which become our major concern. However, we see that the company may pick up its sales again for next year, following some improvement shown in the export market, especially in the US and Europe market.

#### Manageable margin level

The gross margin in 9M13 has slightly down to 24.3% from 25.9% in 9M12, following the weak margin in 2Q13. However, at the same time, the company can manage its opex to sales better in 9M13, which resulting the operating margin only down by 100bps in 9M13 to 15.9%, still manageable in our view. SMSM's Rp38 bn forex gain from its export sales has helped the net margin slightly improved to 11.5% in 9M13.

#### No problem in balance sheet, waiting for dividend

SMSM balance sheet remained strong as of September 2013 with cash on hand of Rp150 bn, even after company's bond payment in July 2013. Yet, after the payment, the net gearing fell down to only 15%. With no further capex expansion in the meantime, we see the company have no problem in its balance sheet. Furthermore, as the company known as the high dividend player with DPR of 65-70%, we expect the company to distribute its FY13 DPS of Rp110, offering a yield of 3.7% at the current share price.



(in Rp bn)       9M13       9M12       %       3Q13       2Q13       %       3Q12       %       FY13F       %         Revenue       1,659       1,656       0.2       570       590       (3.3)       5.33       6.8       2,302       7.21         Gross profit       0404       429       (5.0)       131       1.41       130       (1.41)       16.5       7.01         Operating expenses       (1.40)       (1.49)       (6.0)       (4.3)       (47)       (6.8)       10.0       1.6.5       380       69.4         ENTDA       343       352       (5.4)       121       111       8.8       10.0       1.0.5       500       68.0         Net interest       (2.0)       (2.1)       (6.5)       (6.6)       1.3       (8)       (2.5.3)       (2.7)       7.4.8         Other income (expenses)       2.8       7       2.8.4       2.4       (0.0)       (17.95.3)       3.5       5.6.9       2.4.8       7.6.3         Net profit       1.90       1.77       7.4       78       5.0       5.0       5.0       2.5.9       2.2.1       1.8.8       1.5.7       7.6.3       3.5.7       7.6.3       3.5.7	Exhibit 1. SMSM 1H13 results										
Pervenue       1,659       1,656       0.2       570       590       (3.3)       533       6.8       2,302       72.1         Gross profit       404       429       (5.9)       136       131       4.1       130       5.1       576       70.1         Operating profit       264       280       (5.8)       93       84       10.2       80       16.5       380       69.4         BRTDA       343       362       (5.4)       121       111       8.8       109       10.5       500       68.6         Net interest       (20)       (21)       (6.5)       (6)       (6)       1.3       (8)       (25.3)       3       95.7       3       95.7         Other income (expenses)       28       7       28.4       2.4       (0)       (17.95.3)       3       61.5       3       95.7       7.4.3       357       7.6.3       7.9       9.4       8.5       7.6.6       7.9       9.4       8.5       5.00       66.9       2.1.7       7.8       10.8       10.8       5.0       16.5       16.5       16.5       16.5       16.5       16.5       16.5       16.5       16.5       16.5       16.5	(in Rp bn)	9M13	9M12	%	3Q13	2Q13	%	3Q12	%	FY13F	%
Operating expenses         (140)         (149)         (6.0)         (43)         (47)         (6.8)         (50)         (13.0)         (195)         71.6           Operating profit         264         280         (5.8)         93         84         10.2         80         16.5         380         69.4           BITDA         343         362         (5.4)         121         111         8.8         10.9         10.5         500         68.6           Net income (expenses)         28         7         285.4         24         (0)         (17.95.3)         3         615.7         3         955.4           Pre-tax income         272         266         2.2         111         82         35.9         75         48.1         357         76.6           Operating margin         15.9         16.9         16.3         14.3         150         16.5         21.7           Net margin         15.9         16.9         16.3         14.3         150         16.5         21.7           Net margin         15.0         10.7         13.8         9.5         9.4         10.8           Portodut	Revenue	1,659	1,656	0.2			(3.3)		6.8	2,302	72.1
Operating profit         264         280         (5.8)         93         84         10.2         80         16.5         380         69.4           EBITDA         343         362         (5.4)         121         111         88         109         10.5         500         68.6           Deter income (expenses)         28         7         285.4         24         (0)         (17,595.3)         3         615.7         3         955.4           Pre-tax income         272         266         2.2         111         82         35.9         75         48.1         357         76.3           Net profit         190         177         7.4         78         56         40.5         50         56.9         248         76.6           Opex to sales         8.4         9.0         7.6         7.9         9.4         8.5         0         0.65         21.7         Net margin         11.5         10.7         13.8         9.5         9.4         10.8         10.8           By Product	Gross profit	404	429	(5.9)	136	131	4.1	130	5.1	576	70.1
EliTDA       343       362       (5.4)       121       111       8.8       109       10.5       500       68.6         Net interest       (20)       (21)       (6.5)       (6)       (1.3)       (8)       (22.3)       (27)       7.4.8         Other income (expenses)       28       7       285.4       24       (0)       (17,595.3)       3615.7       3       955.4         Pre-tax income       272       266       2.2       111       82       35.9       75       48.1       357       76.3         Net profit       190       177       7.4       78       56       40.5       50       56.9       24.8       76.5         Operating margin       24.3       25.9       23.9       22.2       24.3       25.0       5       51.5       5       56       9.4       8.5       5       56       20.5       21.7       Net margin       10.8	Operating expenses	(140)	(149)	(6.0)	(43)	(47)	(6.8)	(50)	(13.0)	(195)	71.6
Net interest       (20)       (21)       (6.5)       (6)       (6)       1.3       (8)       (25.3)       (27)       74.8         Other income (expenses)       28       7       285.4       24       (0)       (17.959.3)       3       615.7       3       955.4         Pre-tax income       272       266       2.2       111       82       35.9       75       48.1       35.7       76.3         Net profit       190       177       7.4       78       56       40.5       50       56.9       248       76.6         (%)	Operating profit	264	280	(5.8)	93	84	10.2	80	16.5	380	69.4
Other income (expenses)         28         7         285.4         24         (0)         (17,595.3)         3         615.7         3         955.4           Pretax income         272         266         2.2         111         82         35.9         75         48.1         357         76.3           Net profit         190         177         7.4         78         56         40.5         50         56.9         24.8         76.6           (%)	EBITDA	343	362	(5.4)	121	111	8.8	109	10.5	500	68.6
Pre-tax income       272       266       2.2       111       62       35.9       75       48.1       357       76.3         Net profit       190       177       7.4       78       56       40.5       50       56.9       248       76.6         (%)       Gross margin       24.3       25.9       23.9       22.2       24.3       25.0       0         Operating margin       15.9       16.9       16.3       14.3       15.0       16.5       EBITOA margin       20.6       21.7       18.8       20.5       21.7       10.8         Port margin       11.5       10.7       13.8       9.5       9.4       8.5       2.1       18.8       20.5       2.1.7       10.8         By Product	Net interest	(20)	(21)	(6.5)	(6)	(6)	1.3	(8)	(25.3)	(27)	74.8
Net profit (%)         190         177         7.4         78         56         40.5         50         56.9         248         76.6           Gross margin         24.3         25.9         23.9         22.2         24.3         25.0           Opex to sales         8.4         9.0         7.6         7.9         9.4         8.5           Operating margin         15.9         16.9         16.3         14.3         15.0         16.5           EBITDA margin         20.6         21.9         21.1         18.8         20.5         21.7           Net margin         10.7         13.8         9.5         9.4         10.8         10.8           Image: second se	Other income (expenses)	28	7	285.4	24	(0)	(17,595.3)	3	615.7	3	955.4
(%)       U <thu< th=""> <thu< th=""> <thu< th=""></thu<></thu<></thu<>	Pre-tax income	272	266	2.2	111	82	35.9	75	48.1	357	76.3
Gross margin       24.3       25.9       23.9       22.2       24.3       25.0         Opex to sales       8.4       9.0       7.6       7.9       9.4       8.5         Operating margin       15.9       16.9       16.3       14.3       15.0       16.5         EBITDA margin       20.6       21.9       21.1       18.8       20.5       21.7         Net margin       11.5       10.7       13.8       9.5       9.4       10.8         In Rp bn)       9M13       9M12       %       3Q13       2Q13       %       3Q12       %         By Product	Net profit	190	177	7.4	78	56	40.5	50	56.9	248	76.6
Opex to sales         8.4         9.0         7.6         7.9         9.4         8.5           Operating margin         15.9         16.9         16.3         14.3         15.0         16.5           EBITDA margin         20.6         21.9         21.1         18.8         20.5         21.7           Net margin         10.7         13.8         9.5         9.4         30.8         20.5           (in Rp bn)         9M13         9M12         %         3Q13         2Q13         %         3Q12         %           Radiator         293         272         7.9         102         100         2.2         91         12.7           Karoseri         150         246         (3.9.0)         55         51         7.3         56         (2.9)           Others         198         169         17.1         63         76         (17.6)         57         10.2           Distribution         238         210         13.1         78         85         (7.7)         71         11.2           Elimination         (37)         (352)         1.5         (115)         (120)         (4.2)         (100)         14.5           O	(%)										
Operating margin       15.9       16.9       16.3       14.3       15.0       16.5         EBITDA margin       20.6       21.9       21.1       18.8       20.5       21.7         Net margin       11.5       10.7       13.8       9.5       9.4       10.8         Image       Mathematical       Mathematical       Mathematical       Mathematical       Mathematical       Mathematical       Mathematical         (in Rp bn)       9M13       9M12       %       3Q13       2Q13       %       3Q12       %         By Product	Gross margin	24.3	25.9		23.9	22.2		24.3		25.0	
EBITDA margin       20.6       21.9       21.1       18.8       20.5       21.7         Net margin       11.5       10.7       13.8       9.5       9.4       10.8         (in Rp bn)       9M13       9M12       %       3Q13       2Q13       %       3Q12       %         By Product	Opex to sales	8.4	9.0		7.6	7.9		9.4		8.5	
Net margin         11.5         10.7         13.8         9.5         9.4         10.8           (in Rp bn) By Product         9M13         9M12         %         3Q13         2Q13         %         3Q12         %           By Product         11.5         1.11         2.4         386         398         (3.0)         359         7.6           Radiator         293         272         7.9         100         2.2         91         12.7           Karoseri         150         246         (3.90)         55         51         7.3         56         (2.9)           Others         198         169         17.1         63         76         (17.6)         57         10.2           Distribution         238         210         13.1         78         85         (7.7)         71         11.2           Elimination         (357)         (52)         1.5         (120)         (4.2)         (100)         14.5           (Gross margin,%)	Operating margin	15.9	16.9		16.3	14.3		15.0		16.5	
(in Rp bn)       9M13       9M12       %       3Q13       2Q13       %       3Q12       %         By Product	EBITDA margin	20.6	21.9		21.1	18.8		20.5		21.7	
By Product       Filter       1,138       1,111       2.4       386       398       (3.0)       359       7.6         Radiator       293       272       7.9       102       100       2.2       91       12.7         Karoseri       150       246       (39.0)       55       51       7.3       56       (2.9)         Others       198       169       17.1       63       76       (17.6)       57       10.2         Distribution       238       210       1.1       78       85       (7.7)       71       11.2         Elimination       (357)       (352)       1.5       (115)       (120)       (4.2)       (100)       14.5         (Gross margin,%)       Filter       23.2       25.0       21.7       19.7       24.1         Radiator       20.7       20.0       22.3       23.1       18.1       18.1         Karoseri       12.1       22.0       17.5       7.1       24.0       0         Others       12.4       9.5       10.7       15.5       8.2       10         Distribution       15.4       12.9       17.2       15.5       23.3       1 </td <td>Net margin</td> <td>11.5</td> <td>10.7</td> <td></td> <td>13.8</td> <td>9.5</td> <td></td> <td>9.4</td> <td></td> <td>10.8</td> <td></td>	Net margin	11.5	10.7		13.8	9.5		9.4		10.8	
By Product         Filter       1,138       1,111       2.4       386       398       (3.0)       359       7.6         Radiator       293       272       7.9       102       100       2.2       91       12.7         Karoseri       150       246       (39.0)       55       51       7.3       56       (2.9)         Others       198       169       17.1       63       76       (17.6)       57       10.2         Distribution       238       210       13.1       78       85       (7.7)       71       11.2         Elimination       (357)       (352)       1.5       (115)       (120)       (4.2)       (100)       14.5         (Gross margin,%)       Filter       23.2       25.0       21.7       19.7       24.1       14.5         Karoseri       12.1       22.0       17.5       7.1       24.0       <	(in Rp bn)	9M13	9M12	%	3Q13	2Q13	%	3Q12	%		
Radiator       293       272       7.9       102       100       2.2       91       12.7         Karoseri       150       246       (39.0)       55       51       7.3       56       (2.9)         Others       198       169       17.1       63       76       (17.6)       57       10.2         Distribution       238       210       13.1       78       85       (7.7)       71       11.2         Elimination       (357)       (352)       1.5       (115)       (120)       (4.2)       (100)       14.5         (Gross margin, %)       T       19.7       24.1       18.1       18.1       18.1       18.1       18.1       18.1       19.3       12.4       9.5       10.7       15.5       8.2       10.3       12.3       12.3       12.3       12.4       9.5       10.7       15.5       8.2       15.3       12.3       12.4       19.5       12.3       12.3       12.3       12.3       12.3       12.4       19.5       12.3       12.3       12.4       19.5       12.3       12.3       12.4       11.5       12.3       12.3       12.4       11.4       12.5       12.3       12.3											
Karoseri150246(39.0)55517.356(2.9)Others19816917.16376(17.6)5710.2Distribution23821013.17885(7.7)7111.2Elimination(357)(352)1.5(115)(120)(4.2)(100)14.5(Gross margin,%)	Filter	1,138	1,111	2.4	386	398	(3.0)	359	7.6		
Others         198         169         17.1         63         76         (17.6)         57         10.2           Distribution         238         210         13.1         78         85         (7.7)         71         11.2           Elimination         (357)         (352)         1.5         (115)         (120)         (4.2)         (100)         14.5           (Gross margin,%)   <	Radiator	293	272	7.9	102	100	2.2	91	12.7		
Distribution         238         210         13.1         78         85         (7.7)         71         11.2           Elimination         (357)         (352)         1.5         (115)         (120)         (4.2)         (100)         14.5           (Gross margin, %)              14.7         14.7           Radiator         20.7         20.0         22.3         23.1         18.1            Karoseri         12.1         22.0         17.5         7.1         24.0            Others         12.4         9.5         10.7         15.5         8.2            Distribution         15.4         12.9         17.2         15.5         12.3            By Geographical            5.3         348         342         1.9         322         8.0           Asia         374         360         4.0         133         138         (3.6)         126         5.9           America         298         266         12.2         100         100         0.2         88         14.1           Australia         99	Karoseri	150	246	(39.0)	55	51	7.3	56	(2.9)		
Elimination(357)(352)1.5(115)(120)(4.2)(100)14.5(Gross margin, %) </td <td>Others</td> <td>198</td> <td>169</td> <td>17.1</td> <td>63</td> <td>76</td> <td>(17.6)</td> <td>57</td> <td>10.2</td> <td></td> <td></td>	Others	198	169	17.1	63	76	(17.6)	57	10.2		
(Gross margin, %)       Filter       23.2       25.0       21.7       19.7       24.1         Radiator       20.7       20.0       22.3       23.1       18.1         Karoseri       12.1       22.0       17.5       7.1       24.0         Others       12.4       9.5       10.7       15.5       8.2         Distribution       15.4       12.9       17.2       15.5       12.3         By Geographical         Export       991       941       5.3       348       342       1.9       322       8.0         Asia       374       360       4.0       133       138       (3.6)       126       5.9         America       298       266       12.2       100       100       0.2       88       14.1         Australia       99       100       (0.7)       34       32       4.8       37       (9.7)         Europe and Others       220       216       1.8       81       71       13.7       71       13.6	Distribution	238	210	13.1	78	85	(7.7)	71	11.2		
Filter       23.2       25.0       21.7       19.7       24.1         Radiator       20.7       20.0       22.3       23.1       18.1         Karoseri       12.1       22.0       17.5       7.1       24.0         Others       12.4       9.5       10.7       15.5       8.2         Distribution       15.4       12.9       17.2       15.5       12.3         By Geographical       Export       991       941       5.3       348       342       1.9       322       8.0         Asia       374       360       4.0       133       138       (3.6)       126       5.9         America       298       266       12.2       100       100       0.2       88       14.1         Australia       99       100       (0.7)       34       32       4.8       37       (9.7)         Europe and Others       220       216       1.8       81       71       13.7       71       13.6	Elimination	(357)	(352)	1.5	(115)	(120)	(4.2)	(100)	14.5		
Radiator       20.7       20.0       22.3       23.1       18.1         Karoseri       12.1       22.0       17.5       7.1       24.0         Others       12.4       9.5       10.7       15.5       8.2         Distribution       15.4       12.9       17.2       15.5       12.3         By Geographical       Export       991       941       5.3       348       342       1.9       322       8.0         Asia       374       360       4.0       133       138       (3.6)       126       5.9         America       298       266       12.2       100       100       0.2       88       14.1         Australia       99       100       (0.7)       34       32       4.8       37       (9.7)         Europe and Others       220       216       1.8       81       71       13.7       71       13.6	(Gross margin, %)										
Karoseri       12.1       22.0       17.5       7.1       24.0         Others       12.4       9.5       10.7       15.5       8.2         Distribution       15.4       12.9       17.2       15.5       12.3         By Geographical       Export       991       941       5.3       348       342       1.9       322       8.0         Asia       374       360       4.0       133       138       (3.6)       126       5.9         America       298       266       12.2       100       100       0.2       88       14.1         Australia       99       100       (0.7)       34       32       4.8       37       (9.7)         Europe and Others       220       216       1.8       81       71       13.7       71       13.6	Filter	23.2	25.0		21.7	19.7		24.1			
Others Distribution         12.4 15.4         9.5 12.9         10.7 17.2         15.5 15.5         8.2 12.3           By Geographical         By Geographical         Solution         668 991         715 991         (6.5) 5.3         222 348         248 342         (10.5) 9.9         211 5.0         5.0           Export         991         941         5.3         348         342         1.9         322         8.0           Asia         374         360         4.0         133         138         (3.6)         126         5.9           America         298         266         12.2         100         100         0.2         88         14.1           Australia         99         100         (0.7)         34         32         4.8         37         (9.7)           Europe and Others         220         216         1.8         81         71         13.7         71         13.6	Radiator	20.7	20.0		22.3	23.1		18.1			
Distribution         15.4         12.9         17.2         15.5         12.3           By Geographical	Karoseri	12.1	22.0		17.5	7.1		24.0			
By Geographical         Domestic         668         715         (6.5)         222         248         (10.5)         211         5.0           Export         991         941         5.3         348         342         1.9         322         8.0           Asia         374         360         4.0         133         138         (3.6)         126         5.9           America         298         266         1.22         100         00         0.2         88         14.1           Australia         99         100         (0.7)         34         32         4.8         37         (9.7)           Europe and Others         220         216         1.8         81         71         13.7         71         13.6	Others	12.4	9.5		10.7	15.5		8.2			
Domestic668715(6.5)222248(10.5)2115.0Export9919415.33483421.93228.0Asia3743604.0133138(3.6)1265.9America29826612.21001000.28814.1Australia99100(0.7)34324.837(9.7)Europe and Others2202161.8817113.77113.6	Distribution	15.4	12.9		17.2	15.5		12.3			
Export9919415.33483421.93228.0Asia3743604.0133138(3.6)1265.9America29826612.21001000.28814.1Australia99100(0.7)34324.837(9.7)Europe and Others2202161.8817113.77113.6											
Export         991         991         9.3         546         542         1.9         522         8.0           Asia         374         360         4.0         133         138         (3.6)         126         5.9           America         298         266         12.2         100         100         0.2         88         14.1           Australia         99         100         (0.7)         34         32         4.8         37         (9.7)           Europe and Others         220         216         1.8         81         71         13.7         71         13.6	Domestic					_					
America29826612.21001000.28814.1Australia99100(0.7)34324.837(9.7)Europe and Others2202161.8817113.77113.6	•		941	5.5							
Australia99100(0.7)34324.837(9.7)Europe and Others2202161.8817113.77113.6											
Europe and Others 220 216 1.8 81 71 13.7 71 13.6											
				. ,							
				1.8	81	71	13.7	71	13.6		

Source: Company, Danareksa Sekuritas

### Analyst Joko Sogie Equity Research | PT Danareksa Sekuritas Jl. Medan Merdeka Selatan No. 14 Jakarta 10110 - Indonesia

 <sup>a</sup>: (62-21) 2955 5888 ext 3512 or (62-21) 2955 5827 (direct)
 <sup>a</sup>: jokos@danareksa.com
 <sup>b</sup>

