



## 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.



### Exhibit 1. SMSM 1H13 results

(in Rp bn)	9M13	9M12	%	3Q13	2Q13	%	3Q12	%	FY13F	%
Revenue	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 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
EBITDA	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)	(27)	74.8
Other 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
(%)										
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	%
<b>By Product</b>								
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
<b>(Gross margin, %)</b>								
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	
<b>By Geographical</b>								
<b>Domestic</b>	668	715	(6.5)	222	248	(10.5)	211	5.0
<b>Export</b>	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

Source: Company, Danareksa Sekuritas

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