



Rating
Hold

Asia
Indonesia

Automobiles &
Components

Company
**Selamat Sempurna
Alert**

Reuters
SMSM.JK

Bloomberg
SMSM JI

Exchange
JKT

Ticker
SMSM

Date
31 March 2015

Results

Price at 30 Mar 2015 (IDR)	4,500
Price target - 12mth (IDR)	4,500
52-week range (IDR)	5,025 - 3,500
Jakarta Comp. Index	5,438.66

Nicholas Nugroho

PT Deutsche Bank Verdhana Indonesia
Research Analyst
(+62) 21 2964 4558
nicholas.nugroho@db.com

FY14 net profit +21% yoy; in-line at 104% DB FY14F

* FY14 revenue reached Rp2.6tr (+11% yoy) – representing 98% of DB FY14F.

* Operating margin expanded c.85bps yoy thanks to weaker Rupiah (recall SMSM products are majority exports), benign input costs such as steel and aluminium, and acquisition of PT Cahaya Mitra Gemilang (a distributor of SMSM's products in North Sumatera and Aceh) in June 2014. Note that on the back of the acquisition, SMSM restated its accounts and hence qoq comparison is irrelevant. See table below for results summary.

* Overall, FY14 operating profit grew 15% yoy (representing 102% of DB FY14F). Below operating line items were also largely in-line; interest expense continues to fall yoy as SMSM further paid down debt, as of end 2014, net debt mere Rp184bn (net debt to equity of 0.16x vs. 0.23x in FY13).

* FY14 pre-tax and net profit reached Rp541bn and Rp391bn (+21% yoy), respectively, representing 101% and 104% of DB FY14F, respectively.

* The stock currently trades at c.15.5x FY15F P/E; at a premium to other Auto-related stocks. Current price have reached our TP; reiterate Hold rating.

Figure 1: FY14 results summary

in Rp bn	2013	2014	yoy %	% FY14F
Sales	2,382	2,633	11%	98%
COGS	1,738	1,848		95%
Gross profit	644	785	22%	105%
Gross margin	27.0%	29.8%		
OPEX	220	237		
% of sales	9.3%	9.0%		
Other op. inc/(exp)	69	18		
Operating profit	492	566	15%	102%
Operating margin	20.7%	21.5%		
Other inc/(exp)	(31)	(25)		
- Interest inc/(exp) - net	(27)	(24)		
- Interest income	3	5		
- Interest expense	(30)	(28)		
- Associate's income	(4)	(1)		
Pre-tax profit	461	541	17%	101%
Income tax expense	108	120		
Tax rate	24%	22%		
Minority interest	30	30		
Net profit	322	391	21%	104%
Net margin	13.5%	14.9%		

Source: Deutsche Bank and Company data

Stock data

Market cap (IDRbn)	6,479
Market cap (USDm)	495
Shares outstanding (m)	1,439.7
Major shareholders	-
Free float (%)	42
Avg daily value traded (USDm)	0.132

Source: Deutsche Bank

Key data

FYE 12/31	2013A	2014E	2015E
Sales (IDRbn)	2,373	2,700	3,121
Net Profit (IDRbn)	320.4	375.3	414.2
DB EPS (IDR)	222.58	260.70	287.73
PER (x)	12.3	17.3	15.6
Yield (net) (%)	3.1	2.2	2.6

Source: Deutsche Bank

Deutsche Bank AG/Hong Kong

This research has been prepared in association with PT Deutsche Bank Verdhana Indonesia. The opinions contained in this report are those of PT Deutsche Bank Verdhana Indonesia.

The views expressed above accurately reflect the personal views of the authors about the subject companies and its(their) securities. The authors have not and will not receive any compensation for providing a specific recommendation or view. Deutsche Bank does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. FOR OTHER IMPORTANT DISCLOSURES PLEASE VISIT <http://gm.db.com/ger/disclosure/Disclosure.eqsr?ricCode=SMSM.JK> MCI (P) 148/04/2014.