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## FY12 Results Review

# Selamat Sempuma

### Neutral

Target	IDR2,475
Previous	IDR2,475
Price	IDR2,500

### Auto Parts & Equipment

Selamat Sempurna produces automotive filters and radiators for the domestic market as well as exports to 105 countries.

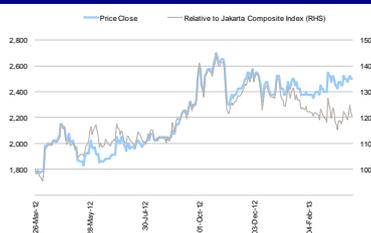
### Stock Statistics

Bloomberg Ticker	SMSM IJ
Market Cap	IDR3,599,172m
	USD370m
52 wk H/L price	2,700   1,770
3m ADT	IDR2,889m
YTD Returns (%)	(1.0)
Beta (x)	0.81

### Share Price Performance (%)

Month	Absolute	Relative
1m	(2.0)	(5.8)
3m	5.3	(8.0)
6m	8.7	(7.1)
12m	40.4	20.3

### 6-month Share Price Performance



Source: Bloomberg

## Within Expectations

**SMSM's FY12 net profit of IDR233bn (+69% q-o-q, +16% y-o-y) was in line with our forecast of IDR232bn owing to a seasonally stronger 4Q12 and better-than-expected margins. We maintain our NEUTRAL call and TP at IDR2,475 (13.2x FY13 PE). The counter is currently trading at a 13.3x FY13 PE.**

**The Hydraxle effect.** Selamat Sempurna (SMSM)'s consolidated FY12 revenue jumped 20% y-o-y to IDR2.2trn from IDR1.8trn in FY11. Most of the growth was attributed to revenue from its dump truck and hoist business, which came in at IDR293bn due to consolidation of Hydraxle, which led to an organic top-line growth of IDR63bn (+3% y-o-y). This came mostly from the domestic market, where revenue increased by IDR43bn, and surprisingly, Europe, from which revenue was higher by IDR26bn. The company's filter sales edged up 4% but radiator sales dipped 4%. Meanwhile, sales of other products like fuel tanks, brakes and mufflers surged by a strong 54%, which may be an indication that the company is benefiting from its growing domestic automotive capacity. SMSM's products are mainly for original equipment manufacturers. Volume-wise, however, filter sales flattened while radiator sales slipped 10%, while sales of its other products increased by 38% on average.

**Another margin surprise.** Although the group's sales only reached 91% of our target owing to lower organic growth, its overall blended margin was cause for cheer, as gross margin came in at 25.3% compared with our forecast for 23.6%. Our initial forecast was based on expectations of a decline in blended gross margin (last year's gross margin was 25.5%) as Hydraxle was fetching gross margins that were lower than the holding company's. The group's net profit margin stood at 10.8%, wider than our forecast for 9.8%.

**All priced in.** We like SMSM as a dividend play, providing a 6.1% dividend yield based on its FY13F earnings. However, we are keeping our forecast and NEUTRAL call since the counter is already trading at a 13.3x FY13 PE, close to our unaltered DCF-based IDR2,475 FV, which reflects a 13.2x FY13 PE.

## RHB Guide to Investment Ratings

**Buy:** Share price may exceed 10% over the next 12 months

**Trading Buy:** Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain

**Neutral:** Share price may fall within the range of +/- 10% over the next 12 months

**Take Profit:** Target price has been attained. Look to accumulate at lower levels

**Sell:** Share price may fall by more than 10% over the next 12 months

**Not Rated:** Stock is not within regular research coverage

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