PT Selamat Sempurna Tbk. and Subsidiaries

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CREDIT PROFILE

Corporate Rating *idA+/Stable*

Rated Issues
Bond I/ Year 2000 *idA+/Stable*

Rating Period
Bond I *April 15, 2005–July 17, 2005*
Corporate *April 15, 2005 – May 1, 2006*

Rating History
July, 2004 *idA/Stable*
July, 2003 *idA/Stable*
July, 2002 *idA/Stable*
July, 2001 *idA/Stable*
May, 2000 *idA/Stable*

FINANCIAL HIGHLIGHTS

As of/for the year ended	Dec-2004 (audited)	Dec-2003 (audited)	Dec-2002 (audited)	Dec-2001 (audited)
Total Adjusted Assets [IDR Bln]	650.93	632.61	576.52	567.04
Total Adjusted Debt [IDR Bln]	130.24	115.02	109.73	105.12
Total Adjusted Equity [IDR Bln]	343.16	357.33	348.12	331.12
Total Sales [IDR Bln]	730.96	637.59	603.35	565.09
Net Income [IDR Bln]	57.37	47.90	40.22	54.64
EBIT Margin [%]	14.34	14.05	13.94	19.09
Return on Permanent Capital [%]	19.57	17.00	16.61	22.98
Adjusted Debt/Adj. Equity [X]	0.38	0.32	0.32	0.32
EBITDA/Total Adjusted Debt [X]	1.18	1.21	1.26	1.53
EBITDA/IFCCI [X]	8.62	7.91	7.26	7.97
(Net Operating CF+IP)/IFCCI [X]	3.90	4.49	7.72	6.49
USD Exchange Rate [IDR/USD]	9,290	8,465	8,940	10,400

Return on Permanent Capital = (Annualized EBIT) / Average (Total Adjusted Debt + Total Adjusted Equity + Minority Interest)
EBITDA = (Operating Profit + Depreciation Exp + Amortization Exp)
IFCCI = (Gross Interest Expense + Other Financial Charges + Capitalized Interest); FX Loss not included
** Annualized* *IP= Interest Payment*
The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.

RATIONALE

PEFINDO upgraded the ratings for PT Selamat Sempurna Tbk. (SMSM or the Company) and its IDR100 billion bond I due in July 2005 to "**idA+**" from "**idA**". The ratings reflect SMSM's favorable filter sales growth, very conservative capital structure and strong cash flow protection. The ratings, however, are still mitigated by the Company's high dividend payout ratio. SMSM is one of the leading auto-component companies in Indonesia, producing filter, radiator and other automotive products such as brake pipes, mufflers, fuel tanks, and air conditioning for many types of cars, heavy-duty vehicles, and other transportation vehicles. SMSM is a member of ADR Group, a group of auto-related companies. The Company has two subsidiaries, namely PT Andhi Chandra Automotive Products Tbk. (ACAP/64.9% of ownership) and PT Panata Jaya Mandiri (PJM/70%), a joint venture company with Donaldson, USA. The Company has two major production facilities, consisting of filter factory with production capacity of 32.5 million units per year and radiator (600,000 units per year). In addition, the Company will continue to focus in export market and AFM (after market) products, which contributed more than 70% to its total revenue.

Supporting factors for the above rating are:

- ***Favorable filter sales growth in domestic and export markets***. The Company's total filter sales volume has favorably increased by 23.9% to 35.2 million units in 2004 from 28.4 million units in 2003, resulted from better demand in both local and export markets and increased production capacity. In 2004, filter export sales volume inclined by 17.5% y-y to 24.5 million units, while the revenue from it grew by 31.2% y-y. In domestic market, filter sales volume has also substantially improved by 41.5% y-y to 10.7 millions units in 2004, generating a revenue growth of 19.2% y-y. The combination of having strong commitments on producing high product quality and accomplishment of having certification from ISO-9002, QS-9000 and ISO/TS 16949 have supported the Company to successfully penetrate export market and maintain its market position despite the tightening competition. Those certificates are strongly required by top world automotive manufactures such as General Motor, Daimler Chrysler, and Ford.
- ***Very conservative capital structure***. The Company's capital structure can be considered to remain conservative although its Debt to Equity Ratio (DER) has slightly weakened to 0.38x in 2004 from 0.32x in 2003, which mainly due to higher letter of credits facilities. Going forward, the Company's capital structure is projected to remain conservative with a maximum DER of 0.4x.
- ***Strong cash flow protection***. The Company's cash flow protection remains strong, as indicated by high EBITDA/Total Adjusted Debt and EBITDA/IFCCI of 1.18x and 8.62x in 2004 compared to 1.21x and 7.91x in 2003, respectively. The strong cash flow protection was resulted from stable profitability and conservative capital structure. The Company also has strong liquidity to repay its maturing bond I of IDR100 billion supported by strong EBITDA of around IDR153.4 billion in 2004 and available banking facilities of IDR100 billion from Bank Mandiri and Bank Mizuho Indonesia.

Mitigating factor for the above rating is:

- ***High dividend pay out ratio***. The Company's dividend pay out ratio is high. The Company has distributed cash dividend of IDR71.43 billion (or 149% of last year net income) in 2004 as compared to IDR38.96 billion (97%) in 2003. In the medium term, the Company will continue applying high dividend pay out ratio of around 90%. As a result of high dividend payment, the Company's cash and cash equivalents balance has decreased to IDR18.1 billion in 2004 from IDR79.4 billion in 2003 and IDR100.0 billion in 2002, respectively.

OUTLOOK

A **"stable"** outlook is assigned to the above ratings. Without any major expansion plan in the next medium term and any reduction in operating activity efficiency, the Company is expected to record the existing favorable financial performance.