Indonesia autoparts

Sector outlook

Defensive moat

Insights from auto-parts company, Selamat Sempurna (SMSM IJ, N-R)

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Indonesia
Autos

Selamat Sempurna	SMSM IJ
Rec	**N-R**
Market cap	US$0.6bn
3M ADV	US$0.2mn
Price	Rp1,755

With 50 years of experience, Selamat Sempurna (SMSM IJ, not rated), is a of ADR Group, market leader in auto component filters and radiators. By focusing on recurring aftermarket sales and being export-oriented with a well-diversified global presence, it was able to deliver double-digit profit growth in 2025. Management is more cautious on 2026 however, maintaining a high cash level and pricing power amid the higher input cost environment.

Fifty years in filters and radiators manufacturing

- Selamat Sempurna, the flagship automotive arm of ADR Group, has built its reputation in auto components, filter and radiator manufacturing, since 1976. With 50 years of experience, it is the largest filter manufacturer in the region having over 10,000 part numbers, with c.80% of its revenue from the recurring aftermarket.
- SMSM continues to deliver consistent growth with 18% and 28% revenue and net profit 33-year Cagrs. The company achieved record performance in 2025 with revenue at Rp5.3tn (+3% YoY) and net profit at Rp1.1tn (+10% YoY). Filters contribute 76% of revenue, followed by radiators (11%) and body makers (3%).
- Through its home brand, Sakura, and JV-brand, Donaldson, one-third of its revenue comes from passenger vehicles (PV) whilst two-thirds from heavy duty and commercial vehicles (CV), helping the company to remain resilient amidst the weak PV market.

Export-driven with diversified global presence

- While focusing on the replacement market, management's strategy this year is to leverage its well-diversified global market amidst geopolitical uncertainty and Middle East conflict. At 65% export to sales, overseas revenue grew 11% YoY in 2025, whilst domestic fell 8% due to duty free CBU truck imports from China.
- Its top five export destination countries are the US, Malaysia, Australia, Thailand and Singapore. Revenue from the US grew 9% due to more favourable tariffs on automobiles and automobile parts (Section 232) for Indonesia at 27.5% versus China up to 85%, making customers to shift as it becomes more competitive than Chinese products.
- The company also exports to Europe (10% of revenue), where the 17% YoY decline in 2025 was due to reduced exposure to Russia to mitigate risk of collectability in response to the Russia-Ukraine war. Restrictions on the Strait of Hormuz will likely impact Europe exports, thus management wants to shift its focus to Australia and the US this year.

All time high margins and risks

- SMSM's margin has grown over the years, from a 31% gross margin and 15% net margin in 2015, to 37% and 21% in 2025. Economies of scale and a focus on the aftermarket segment, automation and vertical integration (distributors and suppliers' integration) have helped SMSM's margins to be superior to other auto-parts players.
- The main raw material in radiators is aluminium, which is up 11% YTD, whilst for filters it is media paper, steel plate and rubber. Management shared it usually takes three months to raise prices and mostly imports these from Korea and China. It also has pricing power especially as a leader in the domestic market with 30% share.
- SMSM has also seen a higher OEM contribution, from 16% in 2022 to 21% in 2025, which has lower margins than the aftermarket segment.

Guidance 2026

- Management guided for 5% revenue and 10% net profit growth in 2026. The first half of the year is typically slower in seasonality versus the second half, but management shared Jan-Feb has been good so far, yet March should be affected by fewer workdays.
- The company is in a net cash position, with it maintaining Rp1.1tn cash (>60% US dollars) since 2023. SMSM has paid a quarterly dividend since 2015 with a commitment to yearly dividend growth (19% 20-year Cagr). It guided for Rp140-Rmb145/share in total dividends for 2025 (72%-74% payout, c.8% yield), with the final dividend to be paid in June 2026.
- SMSM currently trades at 8.2x 2026 PE based on its guidance.

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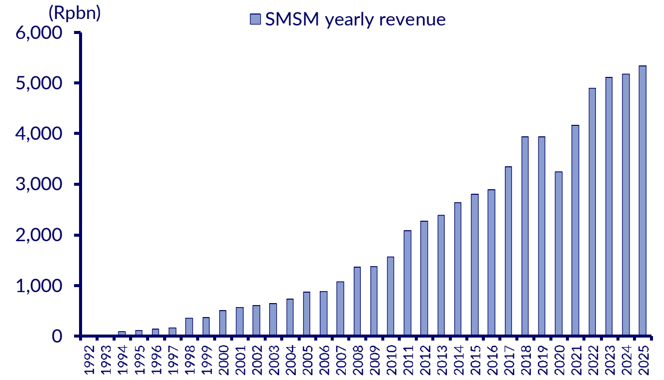
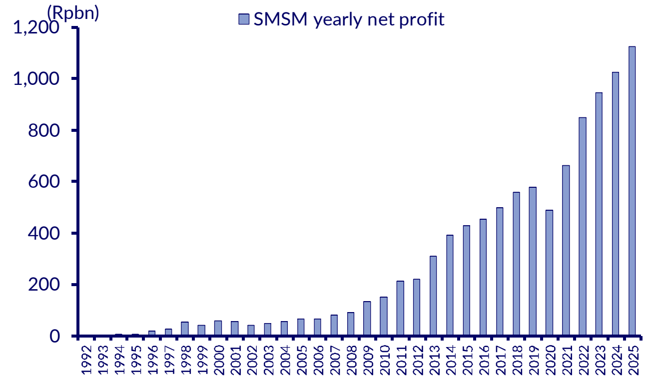
Figure 1
SMSM yearly revenue since listing, 18% 33-year Cagr



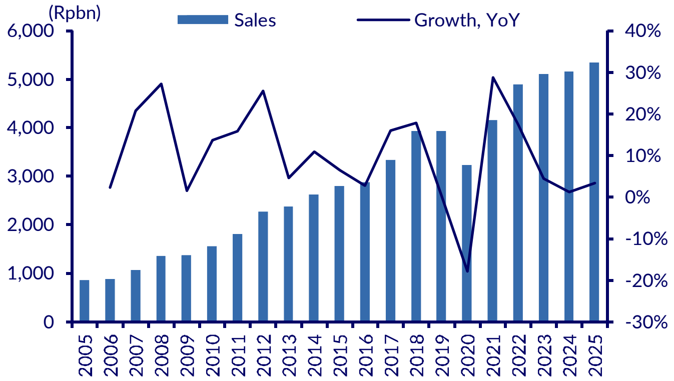
Source: SMSM

Figure 2
SMSM yearly net profit since listing, 28% 33-year Cagr



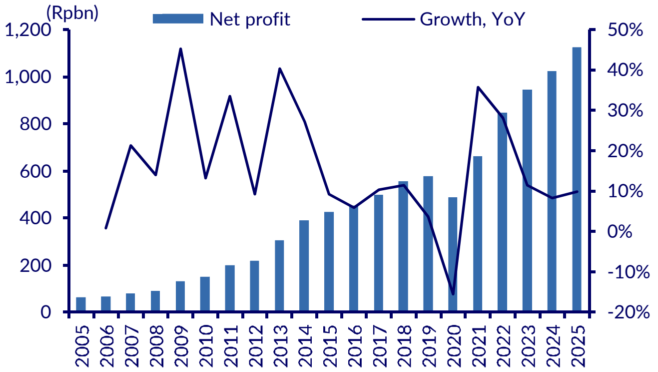
Source: SMSM

Figure 3
SMSM revenue growth



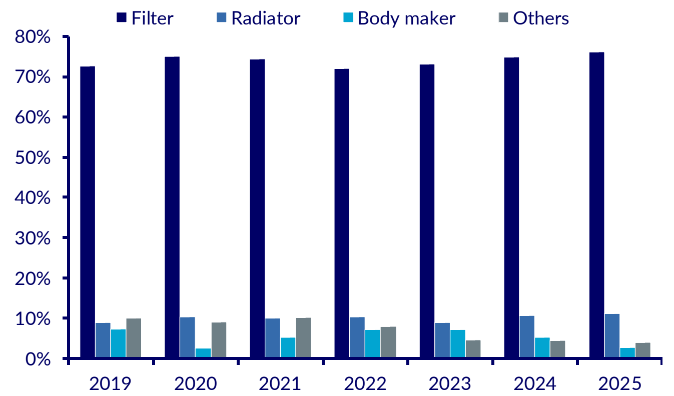
Source: SMSM

Figure 4
SMSM net profit growth



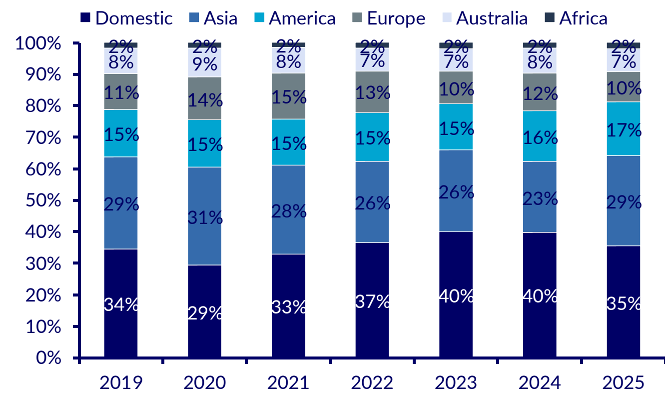
Source: SMSM

Figure 5
SMSM revenue breakdown by product



Source: SMSM

Figure 6
SMSM revenue breakdown by geography



Source: SMSM

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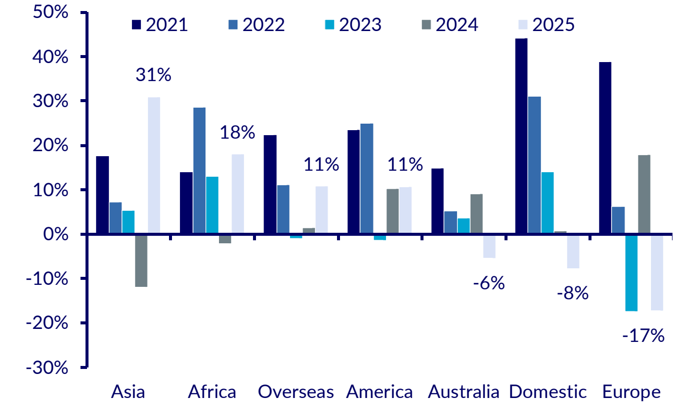
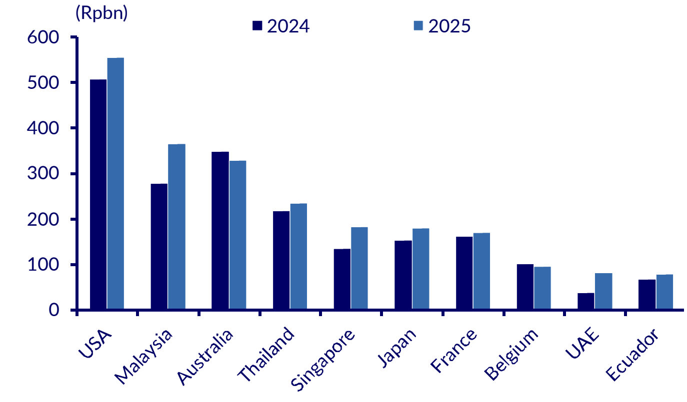
Figure 7
Revenue growth by geography



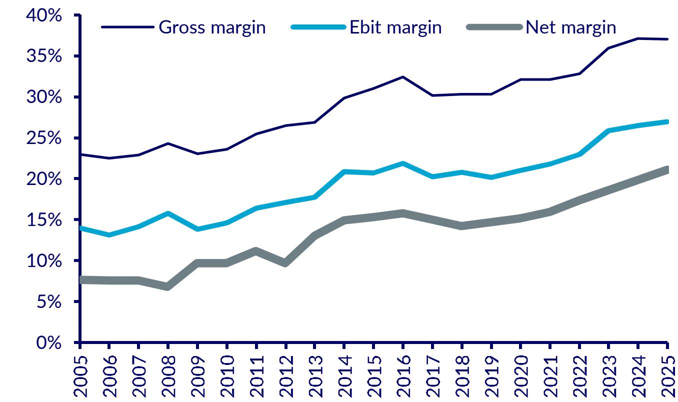
Source: SMSM

Figure 8
Top 10 export destinations by countries



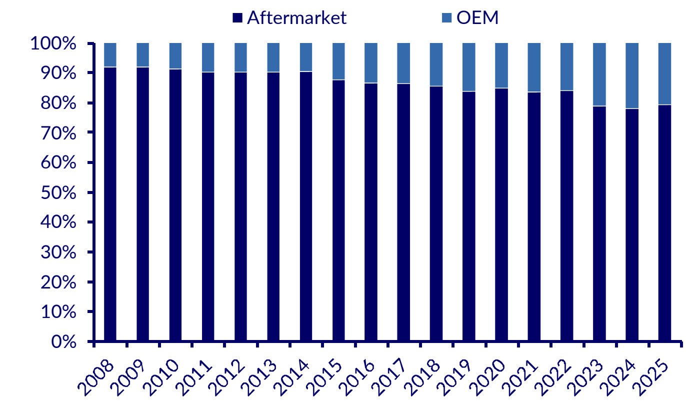
Source: SMSM

Figure 9
SMSM margins



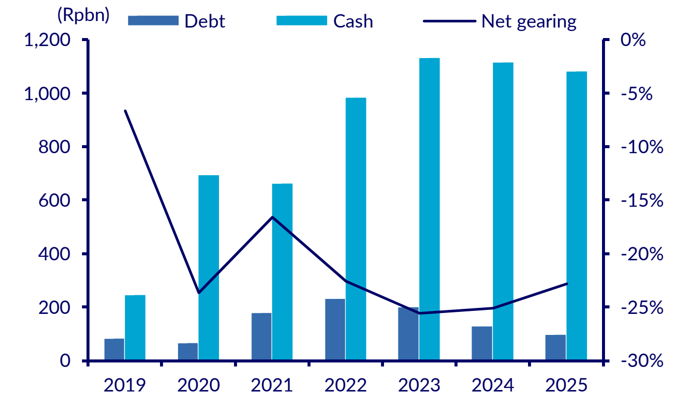
Source: SMSM

Figure 10
SMSM product segment (aftermarket versus OEM)



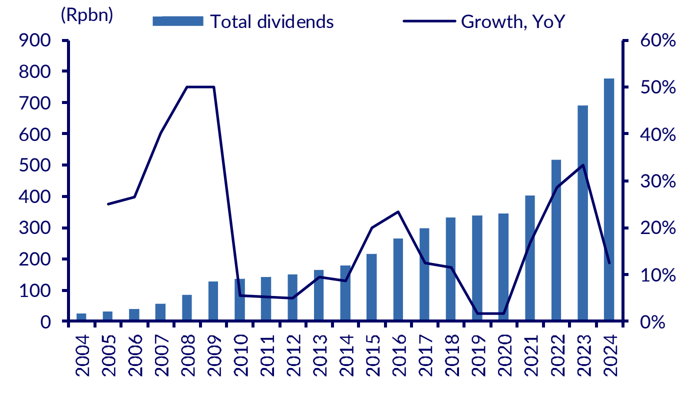
Source: SMSM

Figure 11
SMSM net gearing



Source: SMSM

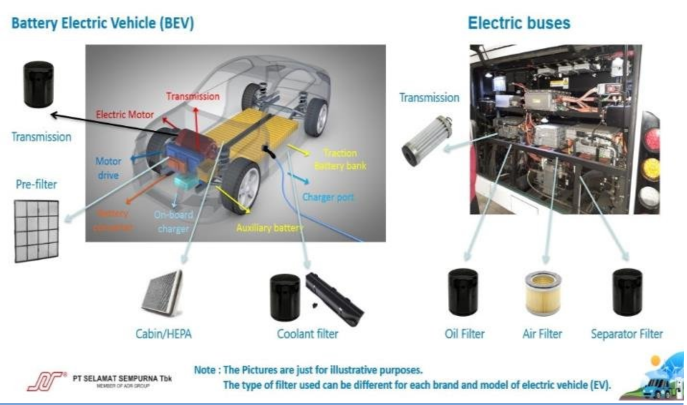
Figure 12
SMSM dividend and growth



Source: SMSM

Figure 13

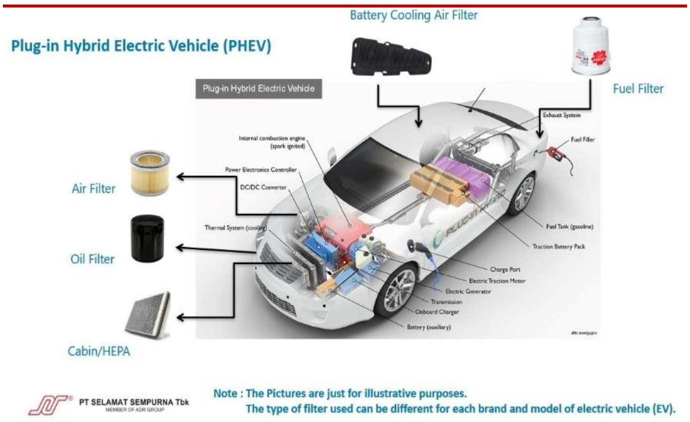
Filters for BEV



Source: SMSM

Figure 14

Filters for PHEV



Source: SMSM

Figure 15

CLSA group meeting with SMSM Vice President Director, CFO, Investor Relations

Source: CLSA

Figure 16

Indonesia auto-parts peer valuations

Ticker	Company	Market cap (US$bn)	PE (2025), x	PE (2026), x	Revenue (2026)	NPAT (2026)	Ebit margin (2026)	EPS growth (2026)	ROE (2026)
SMSM IJ	Selamat Sempurna	0.6	9.4	8.6	5,805	1,149	26%	8%	20%
AUTO IJ	Astra Otoparts	0.7	5.9	5.4	20,824	2,306	6%	10%	14%
DRMA IJ	Dharma Polimetal	0.3	7.6	7.0	6,285	687	13%	9%	22%
BOLT IJ	Garuda Metalindo	0.1	20.6	18.8	1,648	55	12%	9%	12%
	Average		**10.9**	**10.0**			**14%**	**9%**	**17%**

Source: Bloomberg. 2026 figures using Bloomberg Consensus (30 March 2026)

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