



Rating  
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Asia  
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Components

Company  
**Selamat Sempurna  
Alert**

Reuters SMSM.JK    Bloomberg SMSM IJ    Exchange JKT    Ticker SMSM

Date  
29 October 2013

**Results**

Price at 28 Oct 2013 (IDR)	3,000
Price target - 12mth (IDR)	2,950
52-week range (IDR)	3,225 - 2,272
Jakarta Comp. Index	4,590.54

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**Headline NP boosted by FX gain; core profit slightly below**

\* 9M13 core earnings (net profit excluding FX gains) was slightly below our expectation – representing c.70% of FY13F. Some Rp38bn FX gain as of 9M13 (Rp34bn in 3Q) boosts 9M13 headline net profit to Rp190bn (82% of FY13F).

\* Top-line in 3Q13 grew 7% yoy (-3% qoq), with overall 9M13 revenue representing 70% of FY13F. 9M13 filter and radiator sales volume of 40.3m units (+1% yoy) and 0.58m units (+4% yoy) accounts for 70% and 72% of our FY13F filter and radiator volume, respectively. Split by geography, 9M13 export sales was up 5% yoy, whilst domestic sales declined 6% yoy (the latter is due to Hydraxle's weak performance compared to last year). Both gross and operating margin tracks well with our forecast. See table below for details.

\* Due to seasonality, we expect SMSM to see better qoq performance in 4Q. Nonetheless, overall we currently see around 5% downside risk to our FY13F revenue, gross profit and operating profit, albeit headline net profit should see limited risk thanks to FX gains as SMSM benefits from weaker Rupiah.

Figure 1: SMSM – 9M13 results summary

in Rp bn	1Q12*	2Q12*	3Q12*	1Q13*	2Q13	3Q13	yoy %	qoq %	9M12	9M13	yoy %	% DB FY13F
Sales	536	587	533	500	590	570	7%	-3%	1,656	1,659	0%	70%
Gross profit	138	162	130	137	131	136	5%	4%	429	404	-6%	69%
Gross margin	25.8%	27.5%	24.3%	27.3%	22.2%	23.9%			25.9%	24.3%		
OPEX	48	51	50	50	47	43			149	140	-6%	71%
Operating profit	90	111	80	87	84	93	17%	10%	280	264	-6%	69%
Operating margin	16.8%	18.9%	15.0%	17.4%	14.3%	16.3%			16.9%	15.9%		
Other inc/(exp)	(5.8)	(3.8)	(4.6)	(7.6)	(2.5)	18.3			(14)	8		
- Forex gain/(losses)	2	5	2	1	4	34			10	38		
- Interest expense	(7)	(7)	(9)	(9)	(6)	(7)			(23)	(22)		65%
Pre-tax profit	84	107	75	79	82	111	48%	36%	266	272	2%	77%
Net profit	56	71	50	56	56	78	57%	40%	177	190	8%	82%
Net margin	10.5%	12.0%	9.4%	11.2%	9.5%	13.8%			10.7%	11.5%		
Net profit excl. FX	54	67	48	55	53	52	8%	-2%	169	161	-5%	69%

\* Numbers are restated to give retrospective effect to acquisition of Hydraxle, PTC and SSP

Volume (in mn unit)	1Q12	2Q12	3Q12	1Q13	2Q13	3Q13	yoy %	qoq %	9M12	9M13	yoy %	% DB FY13F
Filter volume (mn units)	12.8	14.4	12.6	13.3	14.3	12.7	1%	-11%	39.8	40.3	1%	70%
Radiator volume (mn units)	0.2	0.20	0.18	0.18	0.21	0.19	9%	-7%	0.6	0.58	4%	72%

Source: Deutsche Bank

Stock data

Market cap (IDRbn)	4,319
Market cap (USDm)	390
Shares outstanding (m)	1,439.7
Major shareholders	-
Free float (%)	42
Avg daily value traded (USDm)	0.000

Source: Deutsche Bank

Key data

FYE 12/31	2012A	2013E	2014E
Sales (IDRbn)	2,164	2,383	2,800
Net Profit (IDRbn)	233.2	232.6	282.2
DB EPS (IDR)	161.99	161.58	195.99
PER (x)	12.2	18.6	15.3
Yield (net) (%)	6.6	3.5	3.8

Source: Deutsche Bank

Deutsche Bank AG/Hong Kong

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