

Dividend Aristocrat

Maintain Buy with TP of 2,500

A dividend aristocrat refers to a company that has paid a **consistently growing dividend** over 25 years (according to S&P), signaling both earnings resilience and strong shareholder return commitment (read our note on TSR [here](#)). SMSM has, over the past 20 years, consistently increased dividends, and the company is committed to delivering **at least** another four years of growing dividend, increasing the likelihood of becoming Indonesia's Dividend Aristocrat. SMSM is **the only company in Indonesia** that is closest to this criterion (BBCA IJ, Buy] only has 17 years of dividend growth).

Indeed, in 1H25, the company again proved its growth capability by recording NPAT growth of 18% y-y. Assuming a profit CAGR of 6.6% in 2024-2027F and a steady payout of 76%, we forecast a cumulative dividend of IDR2,646bn over 2025F-2027F (equivalent to 24% of the current market cap or roughly a 7-8% yield p.a.).

Understanding SMSM market – commercial vehicles harder to shift to EV

About 65-70% of SMSM's products are heavy-duty commercial vehicles, such as trucks, excavators, and cranes, among others. These segments are less prone to EV transition, in our view. Commercial vehicles require high energy storage and thus are harder to pivot to EVs, in our view. According to the IEA, the global stock of heavy-duty trucks is ~35mn units (assuming 20 years of usage). EV penetration remains minimal, with only 94k EV trucks sold in 2024, equivalent to ~0.3% of global stocks. This means virtually all trucks on the road still use internal combustion engine (ICE) and will continue to have demand for regular filter replacements. We believe this will provide opportunities for SMSM in the auto spare parts replacement market. The transition to EV for other commercial vehicles such as excavators will be slower than trucks, in our view, because they have higher energy consumption.

For passenger vehicles, while EV sales are growing, growth is plateauing, especially in China ([Fig. 5](#)). Plug-in hybrids are also equally important, in our view, as they require filters, similar to gasoline-based vehicles. Thus, this offers support to SMSM.

Room to re-rate: current 10x → potential 12x P/E; maintain Buy

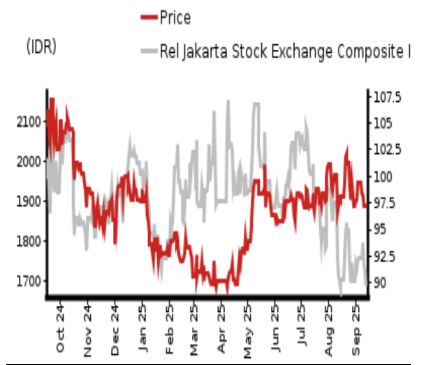
Our TP of IDR2,500 is based on a target 12.4x 2026F P/E, equivalent to its average P/E from 2019. The stock is currently trading at 10x FY25F P/E. Downside risks include: sharp IDR appreciation, continued weakness in the filter segment, and significant jump in raw material costs.

Year-end 31 Dec	FY24	FY25F		FY26F		FY27F	
Currency (IDR)	Actual	Old	New	Old	New	Old	New
Revenue (bn)	5,165	5,793	5,444	0	5,750	0	6,069
Reported net profit (bn)	1,024	1,052	1,084	0	1,161	0	1,241
Normalised net profit (bn)	1,024	1,052	1,084	0	1,161	0	1,241
FD normalised EPS	177.85	182.68	188.27		201.62		215.48
FD norm. EPS growth (%)	8.5	7.1	5.9		7.1		6.9
FD normalised P/E (x)	10.6	–	10.0	–	9.3	–	8.7
EV/EBITDA (x)	6.8	–	6.1	–	5.5	–	5.0
Price/book (x)	3.1	–	2.9	–	2.7	–	2.5
Dividend yield (%)	7.2	–	7.6	–	8.1	–	8.7
ROE (%)	30.6	28.6	30.1		30.0		29.8
Net debt/equity (%)	net cash	net cash	net cash		net cash		net cash

Source: Company data, Verdhana estimates

Rating Remains	Buy
Target price Remains	IDR 2,500
Closing price 15 September 2025	IDR 1,880
Implied upside	+33.0%
Market Cap (USD mn)	659.9
ADT (USD mn)	0.1

Relative performance chart



Source: LSEG, Verdhana

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Key data on Selamat Sempurna

Performance

(%)	1M	3M	12M		
Absolute (IDR)	-1.6	-1.1	-10.0	M cap (USDmn)	659.9
Absolute (USD)	-3.1	-1.7	-15.6	Free float (%)	41.5
Rel to Jakarta Stock Exchange Composite Index	-1.0	-10.7	-10.6	3-mth ADT (USDmn)	0.1

Income statement (IDRbn)

Year-end 31 Dec	FY23	FY24	FY25F	FY26F	FY27F
Revenue	5,100	5,165	5,444	5,750	6,069
Cost of goods sold	-3,271	-3,251	-3,434	-3,623	-3,821
Gross profit	1,830	1,914	2,011	2,128	2,249
SG&A	-550	-539	-563	-589	-615
Employee share expense	0	0	0	0	0
Operating profit	1,280	1,375	1,448	1,539	1,633
EBITDA	1,409	1,511	1,619	1,714	1,812
Depreciation	-129	-136	-171	-175	-179
Amortisation	0	0	0	0	0
EBIT	1,280	1,375	1,448	1,539	1,633
Net interest expense	11	21	66	83	102
Associates & JCEs	8	6	4	2	2
Other income	0	0	0	0	0
Earnings before tax	1,300	1,402	1,517	1,625	1,736
Income tax	-263	-284	-334	-357	-382
Net profit after tax	1,037	1,118	1,183	1,267	1,354
Minority interests	-92	-94	-99	-106	-114
Other items	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Normalised NPAT	944	1,024	1,084	1,161	1,241
Extraordinary items	0	0	0	0	0
Reported NPAT	944	1,024	1,084	1,161	1,241
Dividends	-605	-777	-823	-881	-942
Transfer to reserves	340	247	261	280	299

Valuations and ratios

Reported P/E (x)	11.5	10.6	10.0	9.3	8.7
Normalised P/E (x)	11.5	10.6	10.0	9.3	8.7
FD normalised P/E (x)	11.5	10.6	10.0	9.3	8.7
Dividend yield (%)	5.6	7.2	7.6	8.1	8.7
Price/cashflow (x)	9.7	9.2	7.1	6.7	6.4
Price/book (x)	3.4	3.1	2.9	2.7	2.5
EV/EBITDA (x)	7.3	6.8	6.1	5.5	5.0
EV/EBIT (x)	8.0	7.5	6.8	6.2	5.5
Gross margin (%)	35.9	37.1	36.9	37.0	37.0
EBITDA margin (%)	27.6	29.2	29.7	29.8	29.9
EBIT margin (%)	25.1	26.6	26.6	26.8	26.9
Net margin (%)	18.5	19.8	19.9	20.2	20.4
Effective tax rate (%)	20.2	20.3	22.0	22.0	22.0
Dividend payout (%)	64.0	75.9	75.9	75.9	75.9
ROE (%)	39.4	30.6	30.1	30.0	29.8
ROA (pretax %)	43.7	38.0	34.5	33.1	34.4

Growth (%)

Revenue	4.2	1.3	5.4	5.6	5.5
EBITDA	7.0	7.2	7.2	5.9	5.7
Normalised EPS	11.3	8.5	5.9	7.1	6.9
Normalised FDEPS	11.3	8.5	5.9	7.1	6.9

Source: Company data, Verdhana estimates

Cashflow statement (IDRbn)

Year-end 31 Dec	FY23	FY24	FY25F	FY26F	FY27F
EBITDA	1,409	1,511	1,619	1,714	1,812
Change in working capital	-97	-128	-821	-127	-125
Other operating cashflow	-199	-200	737	24	18
Cashflow from operations	1,113	1,182	1,535	1,611	1,705
Capital expenditure	-257	-337	-256	-266	-270
Free cashflow	855	845	1,279	1,346	1,435
Reduction in investments	0	0	0	0	0
Net acquisitions	0	0	0	0	0
Dec in other LT assets	-44	11	-13	-12	-12
Inc in other LT liabilities	-7	-3	0	0	0
Adjustments	103	94	0	0	0
CF after investing acts	908	946	1,267	1,334	1,423
Cash dividends	-605	-777	-823	-881	-942
Equity issue	0	0	0	0	0
Debt issue	-20	-27	0	0	0
Convertible debt issue	0	0	0	0	0
Others	-141	-153	-13	-11	-10
CF from financial acts	-765	-958	-836	-893	-952
Net cashflow	143	-11	430	441	471
Beginning cash	982	1,125	1,114	1,544	1,985
Ending cash	1,125	1,114	1,544	1,985	2,456
Ending net debt	-928	-986	-1,416	-1,857	-2,328

Balance sheet (IDRbn)

As at 31 Dec	FY23	FY24	FY25F	FY26F	FY27F
Cash & equivalents	1,125	1,114	1,544	1,985	2,456
Marketable securities	0	0	0	0	0
Accounts receivable	1,082	1,075	1,134	1,197	1,264
Inventories	1,082	1,075	1,134	1,197	1,264
Other current assets	20	336	1,093	1,136	1,173
Total current assets	3,309	3,600	4,904	5,515	6,157
LT investments	64	71	75	77	79
Fixed assets	851	933	861	793	720
Goodwill	0	0	0	0	0
Other intangible assets	0	0	0	0	0
Other LT assets	351	317	310	304	298
Total assets	4,575	4,920	6,150	6,689	7,254
Short-term debt	95	51	51	51	51
Accounts payable	259	369	390	411	434
Other current liabilities	285	349	381	403	425
Total current liabilities	640	769	822	865	910
Long-term debt	104	77	77	77	77
Convertible debt	0	0	0	0	0
Other LT liabilities	201	148	1,024	1,209	1,392
Total liabilities	945	994	1,923	2,151	2,379
Minority interest	414	453	491	526	562
Preferred stock	0	0	0	0	0
Common stock	199	198	198	198	198
Retained earnings	3,000	3,251	3,512	3,791	4,090
Proposed dividends	0	0	0	0	0
Other equity and reserves	17	24	28	23	25
Total shareholders' equity	3,216	3,473	3,737	4,012	4,313
Total equity & liabilities	4,575	4,920	6,150	6,689	7,254

Liquidity (x)

Current ratio	5.17	4.68	5.96	6.37	6.76
Interest cover	-	-	-	-	-

Leverage

Net debt/EBITDA (x)	net cash	net cash	net cash	net cash	net cash
Net debt/equity (%)	net cash	net cash	net cash	net cash	net cash

Per share

Reported EPS (IDR)	163.96	177.85	188.27	201.62	215.48
Norm EPS (IDR)	163.96	177.85	188.27	201.62	215.48
FD norm EPS (IDR)	163.96	177.85	188.27	201.62	215.48
BVPS (IDR)	558.38	603.01	648.94	696.67	748.96
DPS (IDR)	105.00	135.00	142.91	153.04	163.57

Activity (days)

Days receivable	77.5	76.5	74.0	74.0	74.0
Days inventory	113.2	121.5	117.4	117.4	117.6
Days payable	28.9	35.4	40.4	40.4	40.4
Cash cycle	161.7	162.5	151.1	151.0	151.2

Source: Company data, Verdhana estimates

Company profile

PT Selamat Sempurna Tbk. (SMSM), established on January 19, 1971, is a leading manufacturer of automotive and industrial parts in Indonesia. The company has a diverse portfolio of manufacturing filters, radiators, oil coolers, condensers, brake pipes, fuel pipes, fuel tanks, exhaust systems, and press parts. The core of SMSM's business is its Sakura Filter and ADR Radiator brands.

Valuation Methodology

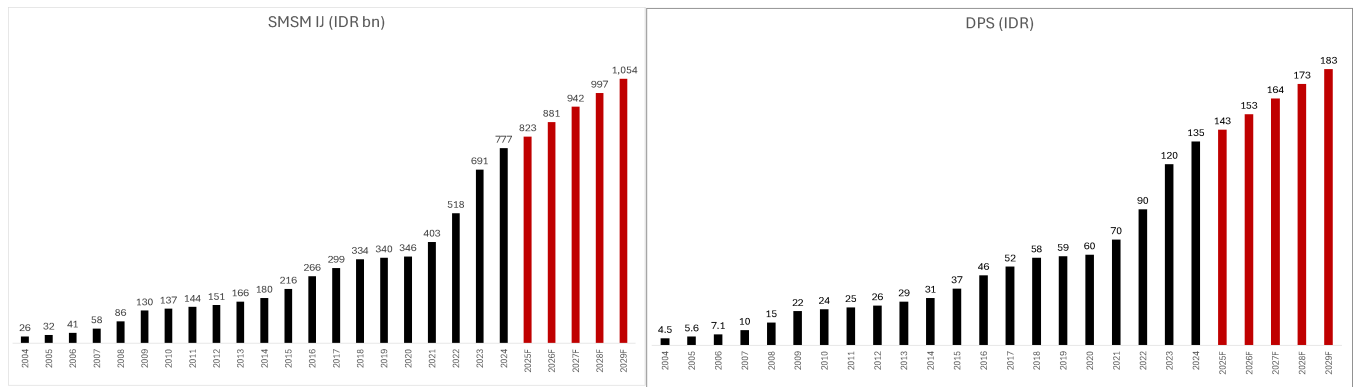
Our TP of IDR2,500 is based on our target 2025F P/E of 12.4x (equivalent to its average P/E from 2019). The benchmark index is JCI.

Risks that may impede the achievement of the target price

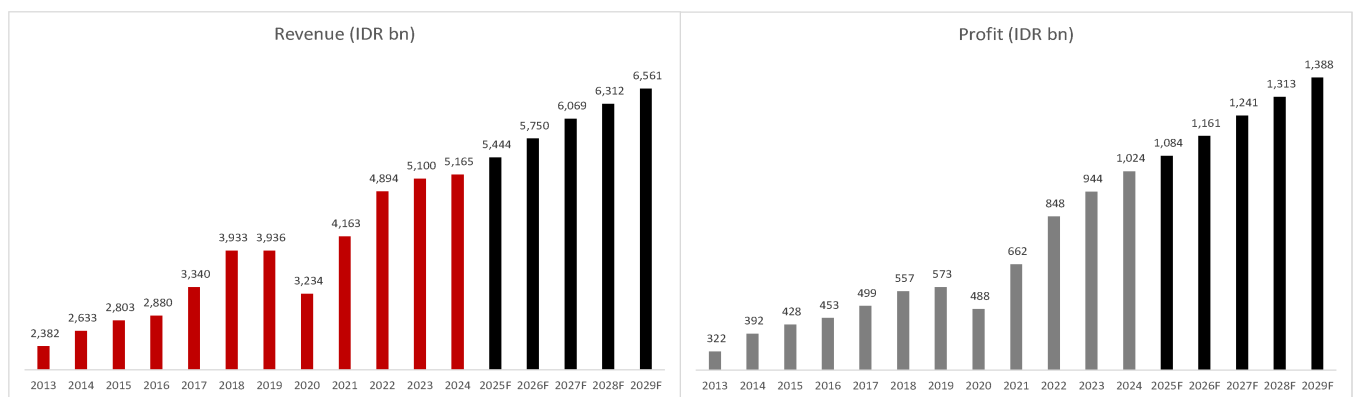
Downside risks include: sharp IDR appreciation, continued weakness in the body maker segment, and significant jump in raw material costs.

ESG

As an auto parts manufacturer, SMSM continues to invest in responsible manufacturing, primarily in waste treatment and energy usage. Company gradually streamlines production activity to be more energy efficient. Besides that, SMSM also allocate funds for social matters, related to health, education, and surrounding society development.

Fig. 1: SMSM's dividend growth (2004–2029F)

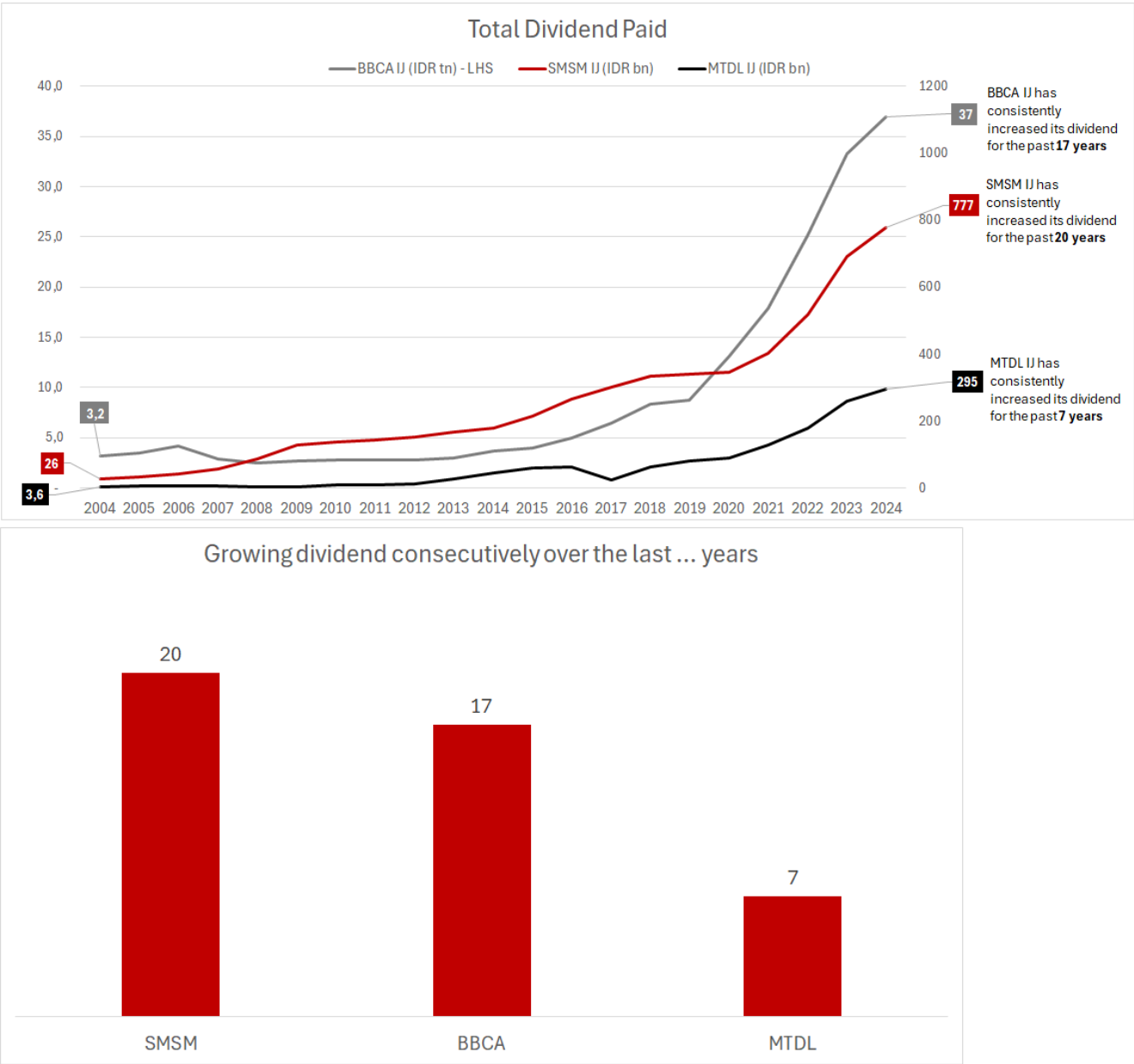
Source: Company data, Verdhana estimates

Fig. 2: Profit and revenue – still growing strongly despite EV growth globally

Source: Company data, Verdhana research

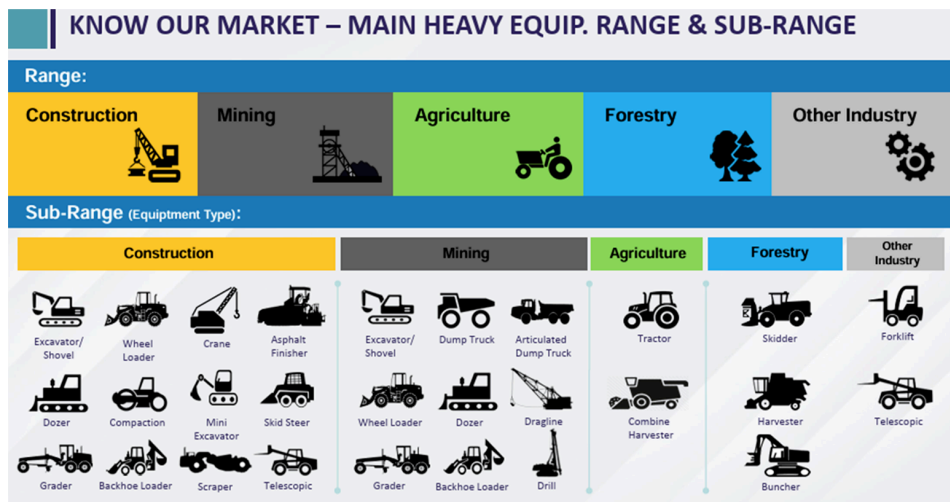
Source: Company data, Verdhana research

Fig. 3: Growing dividend comparison



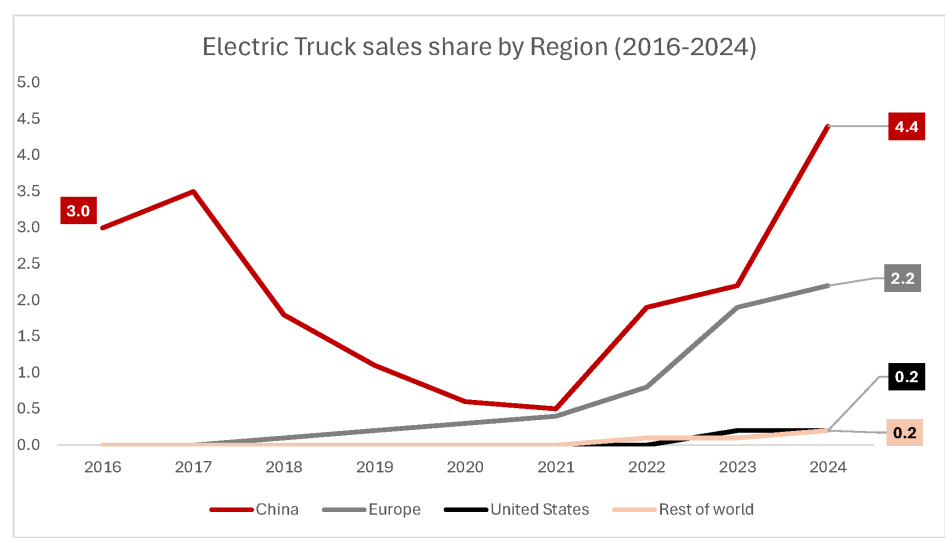
Source: Company data, Verdhana research

Fig. 4: SMSM market – heavy equipment and commercial vehicle segment

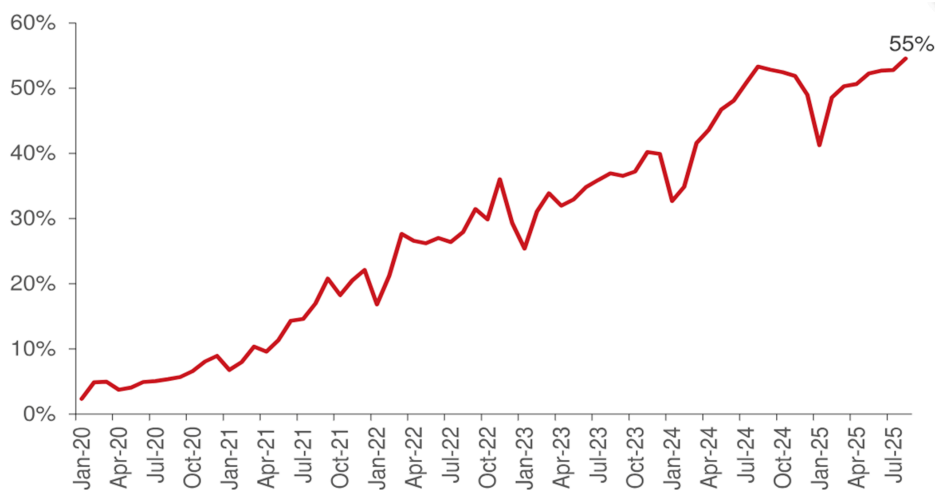


Source: Company data, Verdhana research

Fig. 5: Electric truck sales penetration – very sluggish



Source: IEA, Verdhana research

Fig. 6: China – PV market EV penetration trends – flat for the past 1 year at 50-55%

Source: CPCA, Verdhana research

Fig. 7: Peer comparison

Ticker	Company Name	Rating	Mkt cap USDmn	Sales growth (%)			Gross profit margin (%)			EBIT margin (%)			P/E (x)			Net margin (%)			ROE (%)		
				2024	2025F	2026F	2024	2025F	2026F	2024	2025F	2026F	2024	2025F	2026F	2024	2025F	2026F	2024	2025F	2026F
Asia																					
7259 JP EQUITY	aisin corp	NR	13,170	2.5%	2.7%	3.2%	12%	12%	13%	4%	5%	5%	14	12	11	2.8%	3.2%	3.5%	7.1%	8.6%	9.4%
6902 JP EQUITY	DENSO CORP	NR	42,220	2.2%	2.9%	3.2%	17%	17%	18%	9%	9%	10%	13	12	11	6.8%	7.2%	7.6%	9.4%	10%	11%
5802 JP EQUITY	SUMITOMO ELECTRIC INDUSTRIES	Buy	22,508	7.5%	2.4%	2.1%	18%	19%	19%	7%	7%	8%	16	14	13	4.4%	4.8%	5.2%	8.8%	9.3%	9.6%
603305 CH EQUITY	NINGBO XUSHENG GROUP CO LT-A	NR	2,132	6.6%	19%	17%	21%	22%	22%	11%	12%	12%	29	24	19	10%	10%	11%	7.3%	8.7%	9.9%
002126 CH EQUITY	ZHEJIANG YINLUN MACHINERY -A	NR	4,252	39%	18%	16%	21%	21%	21%	8.6%	9.1%	10%	29	23	19	6.8%	7.2%	7.5%	15%	16%	16%
300580 CH EQUITY	WUXI BEST PRECISION MACHIN-A	NR	2,031	15%	18%	18%	35%	35%	36%	24%	25%	25%	43	37	31	21%	21%	21%	10%	11%	12%
601058 CH EQUITY	SAILUN GROUP CO LTD-A	NR	6,868	41%	16%	14%	26%	26%	26%	13%	14%	14%	12	10	8.2	11%	12%	12%	18%	19%	19%
603197 CH EQUITY	SHANGHAI BAOLONG AUTOMOTIV-A	NR	1,169	47%	21%	19%	24%	24%	24%	7.1%	7.7%	8.2%	19	14	11	5.1%	5.5%	5.9%	13%	15%	16%
AH TB EQUITY	AAPICO HITECH PCL	NR	148	-6.3%	3.9%	3.9%	8.7%	8.9%	9.2%	2.3%	3.1%	3.5%	6.0	5.3	4.6	3.1%	3.3%	3.7%	7.2%	7.9%	8.1%
018880 KS EQUITY	HANON SYSTEMS	Reduce	1,654	5.7%	4.9%	4.0%	8.4%	9.2%	9.7%	1.5%	2.5%	3.1%	38	39	19	-0.6%	0.5%	1.1%	-2.5%	1.7%	3.6%
MOTHERSON IN EQUITY	SAMVARDHANA MOTHERSON INTERN	Buy	12,880	45%	8.5%	2.0%	46%	45%	53%	5.1%	5.7%	5.8%	29	22	21	3.2%	3.8%	3.9%	11%	13%	13%
SONACOMS IN EQUITY	SONA BLW PRECISION FORGINGS	Buy	3,062	57%	19%	18%	55%	55%	55%	18%	19%	19%	40	33	27	15%	15%	16%	11%	13%	13%
UNOMINDA IN EQUITY	UNO MINDA LTD	Buy	8,507	59%	18%	19%	36%	35%	35%	8.1%	8.6%	8.9%	62	50	41	6.1%	6.5%	6.7%	19%	19%	20%
BIL IN EQUITY	BALKRISHNA INDUSTRIES LTD	Neutral	5,292	8.2%	14%	18%	52%	52%	50%	19%	19%	18%	27	23	21	15%	15%	14%	16%	16%	15%
Asia Average			8,992	24%	12%	11%	27%	27%	28%	10%	10%	11%	21	23	18	7.9%	8.3%	8.5%	11%	12%	13%
EMEA																					
FRVIA FP EQUITY	FORVIA	NR	2,580	5.1%	1.8%	3.9%	13%	14%	14%	5.3%	5.8%	6.3%	95	7.6	4.5	-0.1%	1.1%	1.8%	-1.1%	8.2%	13%
FR FP EQUITY	VALEO	NR	3,035	1.3%	2.8%	3.7%	19%	19%	20%	4.0%	4.9%	5.6%	9.0	5.7	4.1	1.4%	2.2%	2.9%	7.0%	11%	14%
MG CN EQUITY	MAGNA INTERNATIONAL INC	NR	13,090	-4.2%	1.4%	3.2%	14%	14%	14%	5.2%	5.7%	5.9%	9.2	8.2	7.4	3.5%	3.8%	4.1%	11%	12%	13%
HFD LN EQUITY	HALFORDS GROUP PLC	NR	408	25%	3.0%	3.0%	51%	51%	51%	2.8%	3.2%	3.5%	10	8.5	7.5	1.7%	2.0%	2.2%	5.9%	7.0%	7.9%
CON GR EQUITY	CONTINENTAL AG	NR	16,957	1.9%	-2.6%	-0.2%	22%	24%	24%	6.1%	7.6%	8.4%	11	8.3	7.3	3.5%	4.6%	5.2%	9.8%	12%	13%
GEST SM EQUITY	GESTAMP AUTOMOCION SA	NR	2,284	4.0%	3.1%	5.1%	37%	38%	38%	5.0%	5.6%	6.0%	9.2	6.9	5.9	1.8%	2.3%	2.6%	8.6%	10%	11%
EMEA Average			6,392	5.5%	1.6%	3.1%	26%	27%	27%	4.7%	5.4%	5.9%	7.7	7.5	6.1	2.0%	2.7%	3.1%	6.9%	10%	12%
US																					
VC US EQUITY	VISTEON CORP	NR	3,398	-4.3%	3.3%	5.3%	14%	14%	14%	9.2%	9.0%	9.2%	14	13	12	6.5%	6.6%	6.8%	18%	16%	15%
LEA US EQUITY	LEAR CORP	NR	5,620	-2.9%	2.0%	3.0%	7.3%	7.5%	7.8%	4.6%	4.7%	5.1%	8.6	7.9	7.0	2.9%	3.1%	3.3%	14%	13%	14%
BWA US EQUITY	BORGWARNER INC	NR	9,456	0.4%	4.0%	2.8%	19%	19%	20%	10%	10%	10%	9.8	9.3	8.8	6.8%	6.9%	7.1%	16%	15%	14%
AXL US EQUITY	AMERICAN AXLE & MFG HOLDINGS	NR	697	-4.2%	-0.7%	4.4%	12%	12%	13%	4.2%	4.2%	4.6%	14	9.3	5.7	0.9%	1.3%	2.0%	8.0%	11%	15%
DAN US EQUITY	DANA INC	NR	2,759	-24%	-5.3%	3.3%	8.3%	10%	11%	3.9%	5.7%	5.7%	28	14	12	1.2%	2.6%	2.9%	1.2%	16%	18%
ADNT US EQUITY	ADIENT PLC	NR	1,949	-6.5%	-1.2%	3.4%	6.6%	7.1%	7.8%	3.9%	3.8%	4.3%	12	11	7.2	1.1%	1.3%	1.8%	7.7%	7.9%	11%
APTIV US EQUITY	APTIV PLC	NR	18,028	0.6%	4.3%	4.9%	19%	19%	20%	12%	12%	13%	11	10	9.3	8.2%	8.4%	8.7%	17%	16%	19%
US Average			5,987	-5.8%	0.9%	3.9%	12%	13%	13%	6.9%	7.1%	7.4%	14	11	8.9	3.9%	4.3%	4.7%	12%	13%	15%
Global Average			7,124	7.8%	4.9%	6.1%	22%	22%	23%	7.2%	7.7%	8.0%	9.2	14	11	4.6%	5.1%	5.5%	10%	12%	13%
SMISM U Equity	SELAMAT SEMPURNA PT	Buy	663	-2.8%	8.4%	-0.1%	37%	36%	37%	27%	27%	24%	10	9.2	9.3	20%	20%	20%	22%	20%	18%

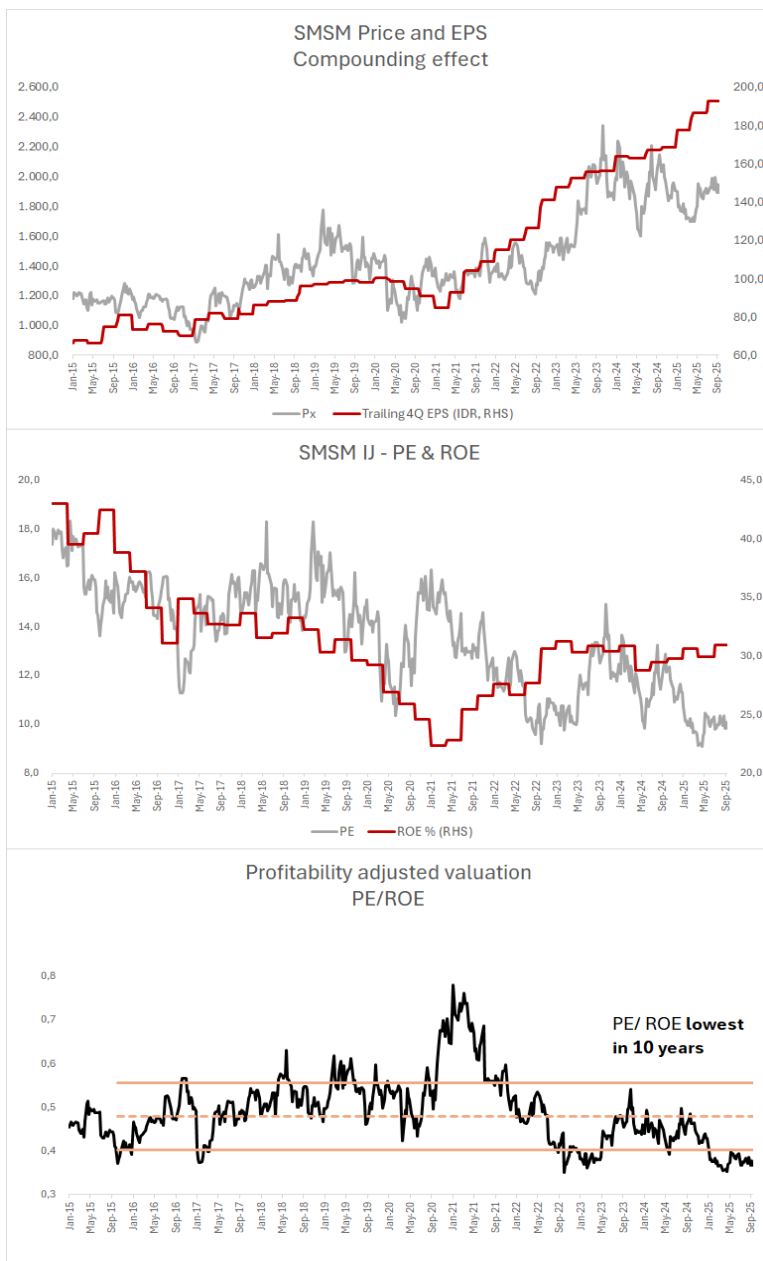
Note: Bloomberg consensus estimates for Not rated (NR) stocks; pricing as of 15 September 2025 Source: Bloomberg L.P., Verdhana estimates

Fig. 8: Target price determination

Earnings 2026F (IDR bn)	1,161
Target PE (x)	12.4
Mkt cap (IDR bn)	14,397
# of share outstanding (bn)	5.8
TP/share (IDR)	2,500
Current Price (IDR)	1,885
Upside/(downside)	33%

Source: Company data, Verdhana estimates

Fig. 9: PE/ROE is at its lowest in 10 years



Source: Company data, Verdhana estimates

INVESTMENT RATINGS

A rating of 'Buy', indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months. A rating of 'Neutral', indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months. A rating of 'Reduce', indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months. A rating of 'Suspended', indicates that the rating, target price, and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies. Securities and/or companies that are labelled as 'Not Rated' or 'No Rating' are not in regular research coverage. Benchmark is Indonesia Composite Index ('IDX Composite'). A 'Target Price', if discussed, indicates the analyst's forecast for the share price with a 12-month time horizon, reflecting in part of the analyst's estimates for the company's earnings, and may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market in general.

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