

Solid growth track record

Quick Note

Selamat Sempurna (SMSM) posted FY25 revenue of IDR5,339bn (+3.4% y-y), in line with our estimate but ahead of consensus. NPAT reached a record high of IDR1,125bn (+10% y-y), in line with our estimate and consensus. Filter — the core segment — drove growth with revenue rising +5.1% y-y to IDR4,057bn and GP rising +8.1% y-y to IDR1,238bn. GP margin held firm at 37% for FY25, with EBITDA margin expanding to 31% from 29% in FY24. We expect SMSM to declare **another record-high dividend for FY25F**, sustaining its ~70-80% payout and implying a yield of approximately 7%.

A relatively large market opportunity to tap into

Our analysis suggests that there is still a large filter market for SMSM – especially in the non-auto/heavy equipment segment. Filter currently contributes about 60-70% of revenue, two-thirds of which comes from heavy equipment. We estimate the company's utilization is at about 70% – and thus there is ample room for it to improve sales without incurring high capex. SMSM is foraying into industrial filters such as Heating, Ventilation, and Air Conditioning (HVAC), or machinery filters – which we view as a good strategy – leveraging its solid engineering and already healthy balance sheet.

Filter business drives earnings

Filter revenue grew +5.1% y-y to IDR 4,057bn in 4Q25, with the segment's GPM expanding to 37% from 35% in 4Q24 — the highest quarterly reading since 4Q23. The improvement reflects a richer OEM mix and favourable raw material dynamics. Filter gross profit rose +8.1% y-y to IDR 1,238bn in 4Q25, driving much of FY25's EBIT growth. Radiator contributed positively with revenue rising +8.8% y-y to IDR592bn at stable margins (~40% GPM in 4Q25). Trading revenue grew +4.1% y-y but GPM compressed to 26.6% in 4Q25 (vs. 29.4% in 4Q24), reflecting competitive pricing in the distribution segment.

Maintain Buy – on track to be Indonesia's dividend aristocrat

Our TP of IDR2,500 is based on a target 12.4x 2026F P/E, in line with its average P/E since 2019. The stock is currently trading at 8.7x FY26F P/E. Downside risks include: a more challenging competitive landscape, sharp IDR appreciation, continued weakness in the body-maker segment, and significant jump in raw material costs.

Rating Remains	Buy
Target price Remains	IDR 2,500
Closing price 30 March 2026	IDR 1,755

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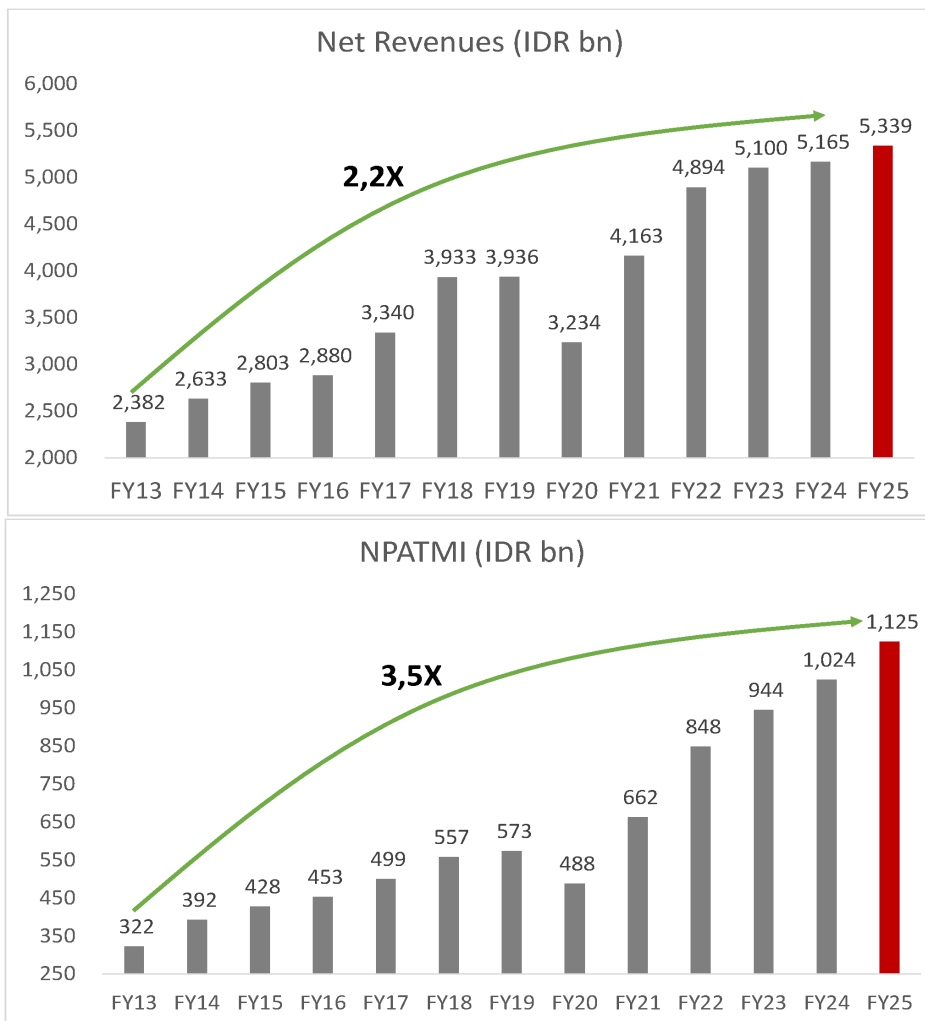
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Fig. 1: SMSM IJ FY25 results

SMSM IJ (IDRbn)	3Q24	4Q24	3Q25	4Q25	q-q%	y-y%	FY24	FY25	y-y%	% Ours	% Cons
Revenue	1,468	1,347	1,363	1,420	4.2%	5.4%	5,165	5,339	3.4%	101%	92%
Filter	1,077	1,027	1,036	1,115	7.6%	8.6%	3,861	4,057	5.1%		
Radiator	161	134	165	130	-21%	-2.9%	544	592	8.8%		
Trading	434	407	433	423	-2.3%	3.8%	1,594	1,659	4.1%		
Body maker	79	68	35	32	-9.1%	-53%	266	144	-46%		
Others	63	67	59	56	-4.2%	-16%	227	212	-6.6%		
GP	534	554	489	577	18%	4.2%	1,914	1,978	3.4%	100%	93%
Filter	321	355	290	410	42%	16%	1,145	1,238	8.1%		
Radiator	56	48	57	52	-9.1%	7.9%	197	212	7.5%		
Trading	136	120	138	113	-18%	-6.0%	496	506	2.0%		
Body maker	10	11	0.1	(1.7)	na	-115%	29	1.2	-96%		
Others	15	19	8.9	14	59%	-24%	51	39	-23%		
EBIT	374	410	387	416	7.5%	1.7%	1,375	1,502	9.3%	104%	98%
EBITDA	409	447	428	460	7.5%	2.9%	1,511	1,655	10%	102%	112%
NPAT	274	302	289	305	5.6%	1.0%	1,024	1,125	10%	103%	95%
Margins %	3Q24	4Q24	3Q25	4Q25			FY24	FY25			
GP	36%	41%	36%	41%			37%	37%			
Filter	30%	35%	28%	37%			30%	31%			
Radiator	35%	36%	35%	40%			36%	36%			
Trading	31%	29%	32%	27%			31%	30%			
Body maker	13%	17%	0.2%	-5.4%			11%	0.9%			
Others	24%	28%	15%	25%			22%	18%			
EBIT	26%	30%	28%	29%			27%	28%			
EBITDA	28%	33%	31%	32%			29%	31%			
NP	19%	22%	21%	21%			20%	21%			
Bal. sheet Rp bn	3Q24	4Q24	3Q25	4Q25							
Cash	966	1,114	1,044	1,080							
Debt	148	129	99	97							
Net debt (cash)	(818)	(985)	(945)	(983)							
Equity	3,831	3,926	4,241	4,307							
MI	445	453	489	498							
Net gearing (x)	(0.21)	(0.25)	(0.22)	(0.23)							
ROE TTM%	29%	29%	30%	30%							

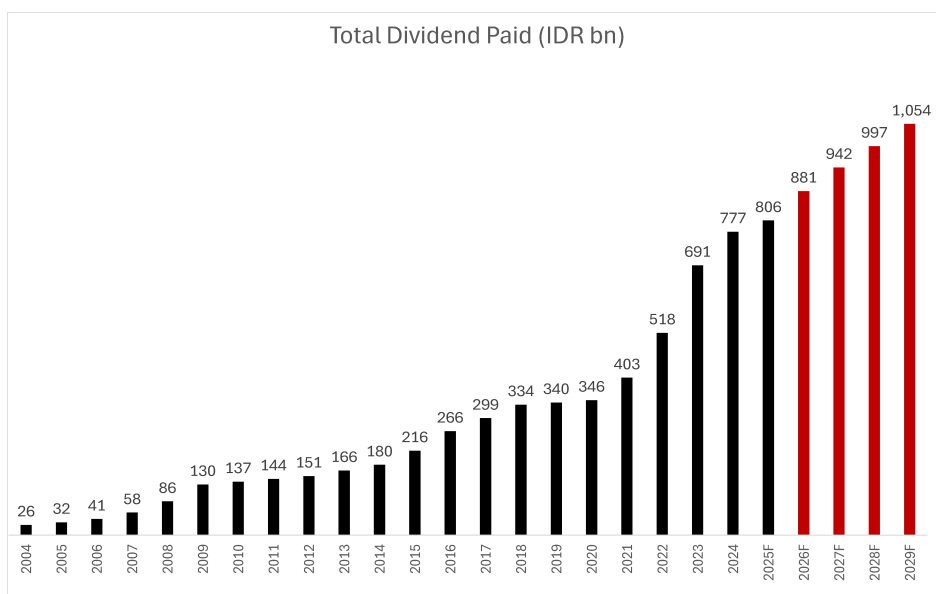
Note: The consensus number are from Bloomberg
Source: Company data, Bloomberg Finance L.P., Verdhana estimates

Fig. 2: SMSM IJ revenue and NPAT – a decade of compounding



Source: Company data, Verdhana research

Fig. 3: SMSM IJ – track record of being a consistent dividend compounder



Source: Company data, Verdhana estimates

INVESTMENT RATINGS

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