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INDONESIA EQUITY
Investment Research

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FY11 Results Review

Selamat Sempurna

Well in Line

BUY ÛÜ

Target	**IDR2,050**
Previous	**IDR2,050**
Price	**IDR1,770**

Automotive Parts

Selamat Sempurna produces automotive filters and radiators to the domestic as well as exports markets in 105 countries.

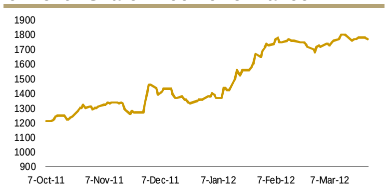
Stock Statistics	
Bloomberg Ticker	SMSM IJ
Share Capital (m)	1,439.7
Market Cap (IDRbn)	2,548.2
52 week H│L Price (IDR)	1,800│ 1,100
3mth Avg Vol ('000)	732.2
YTD Returns	30.2
Beta (x)	0.92

Major Shareholders (%)	
PT. Adrindo Intiperkasa	58.0

Share Performance (%)

Month	Absolute	Relative
1m	2.9	-1.8
3m	31.1	23.5
6m	41.6	24.2
12m	60.9	47.8

6-month Share Price Performance



SMSM's FY11 results were in line with our forecast, with net income and revenue coming in at IDR201bn (+34% y-o-y, +10% q-o-q) and IDR1,808bn (+16% y-o-y, +17% q-o-q), comprising 106% and 100% of our FY11 forecasts. Its full year gross margin and operating margin slightly beat our estimate, although these were partially offset by a slightly higher effective tax expense. We maintain our BUY recommendation and target price at IDR2,050, which implies 13.1x FY12 earnings. The counter is currently trading at a 11.3x FY12 PE, and a 7.1% FY12 based dividend yield.

Healthy results. Top-line grew by a healthy 16% y-o-y, equally driven by the export and domestic markets. Product-wise, sales of filters (75% of revenue) jumped 18% y-o-y while that for radiators (22% of revenue) rose 9% y-o-y. In term of sales volume, the company sold 58.2m units of filter (+10% y-o-y) and 865k radiators (+4% y-o-y), pretty much in line with our estimates of 59.2m filters and 916k radiators. In more detail, aluminum radiator sales grew 6% while copper brass radiator sales fell 18%, which was not surprising since consumers have been shifting from copper brass radiators to aluminum ones.

Margin better than estimated. The FY11 gross margin and operating margin expansion of 25.5% and 16.4% respectively (vs forecast of 24.0% and 15.6%) boosted the company's pretax profit to IDR280bn, or 10% higher than our estimate. However, the effective tax rate of 22%, which was also slightly higher than our estimate of 20%, partially offset the net income to IDR201bn, but it still beat our forecast by 6%.

High dividend yield. As we expect SMSM to pay at least 80% of its net income as dividend, we expect its FY11 and FY12 dividend yields to reach 6.3% and 7.1%. The company paid a IDR50/share (a 2.8% dividend yield) interim dividend last November.

Not much impact from domestic headwinds. We are maintaining our forecast for 12% growth in the company's top- and bottom-lines. We believe SMSM will not be impacted much by domestic headwinds in the automotive sector such as the fuel hike and higher downpayment rules since its exports contribute 73% of sales, and almost all of its sales are to the replacement market while the heavy equipment segment also plays a major part.

Maintain BUY. We also maintain our BUY recommendation and target price at IDR2,050, which implies 13.1x FY12 earnings. The counter is currently trading at a 11.3x FY12 PE.

FY12M (IDRbn)	FY009	FY10	FY11	FY12 f	FY13f
Revenue	1,375	1,562	1,808	2,025	2,277
Net Profit	133	150	201	225	256
% chg y-o-y	45.2	13.2	33.5	12.1	13.7
EPS (IDR)	92	104	140	156	178
DPS (IDR)	90	95	112	125	142
Dividend yield (%)	5.1	5.4	6.3	7.1	8.0
ROAE (%)	25.4	29.6	35.7	34.7	36.3
ROAA (%)	14.2	15.0	18.2	19.3	20.8
PER (x)	19.2	16.9	12.7	11.3	10.0
BV/share (IDR)	346	361	421	467	513
P/BV (x)	5.1	4.9	4.2	3.8	3.5
EV/ EBITDA (x)	10.2	9.2	7.1	6.6	5.9

Notes: If any.

Figure 1: FY11 Results Review

IDR (bn)	3Q11	4Q11	Chg q-q	FY10	FY11	Chg y-y	FY11f	% to FY11e	Comments
Sales	431	502	*17%*	1,562	1,808	*16%*	1,816	*100%*	in line
GOGS	(327)	(364)	*11%*	(1,193)	(1,347)	*13%*	(1,380)		
Gross profit	104	138	*33%*	369	461	*25%*	436	*106%*	In line
Selling expenses	(21)	(27)	*27%*	(78)	(89)	*14%*	(86)		
G&A expenses	(10)	(35)	*253%*	(63)	(76)	*20%*	(66)		
Operating expenses	(31)	(62)	*98%*	(141)	(164)	*16%*	(152)		
Operating profit	73	76	*5%*	228	297	*30%*	284	*105%*	In line
Interest income	0	0		2	2	*12%*	2		
Forex gain (loss)	3	5		(5)	2	*-140%*	(6)		
Interest expense	(6)	(7)		(24)	(28)	*19%*	(24)		
Others	(2)	(0)		4	8	*101%*	2		
Other Expenses - Net	(5)	(2)	*-65%*	(23)	(17)	*-27%*	(29)		
Pre tax profit	67	75	*10%*	205	280	*37%*	254	*110%*	In line
Tax	(15)	(16)	*11%*	(40)	(60)	*51%*	204		
Earning before minority	53	58		165	219		204		
Minority interest	(4)	(5)	*19%*	(14)	(18)	*27%*	(14)		
Net profit	49	53	*10%*	150	201	*34%*	189	*106%*	in line

Source: Company, OSK Research

Figure 2: FY11 Operational Review

	3Q11	4Q11	Chg q-q	FY10	FY11	Chg y-y
Radiator - cooper	17,624	22,044	*25%*	89,572	73,464	*-18%*
Radiator - alumunium	173,633	180,787	*4%*	744,361	791,487	*6%*
Total radiator	191,257	202,831	*6%*	833,933	864,951	*4%*
Filter	14,017,326	15,375,958	*10%*	53,018,441	58,240,709	*10%*

Source: Company, OSK Research

OSK Research Guide to Investment Ratings

Buy: Share price may exceed 10% over the next 12 months
Trading Buy: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral: Share price may fall within the range of +/- 10% over the next 12 months
Take Profit: Target price has been attained. Look to accumulate at lower levels
Sell: Share price may fall by more than 10% over the next 12 months
Not Rated: Stock is not within regular research coverage

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