SIMINVEST

SELAMAT SEMPURNA

RESILIENT EARNINGS, SOLID OUTLOOK

Christine Nathania
christine.nathania@sinarmassekuritas.co.id

Investment Thesis:

- **Solid Revenue Growth Driven by Filters and Radiators –** SMSM booked 2Q25 revenue of IDR 1.3 tn (+4% QoQ, +9% YoY), bringing 1H25 topline to IDR 2.56 tn (+9% YoY). The filter segment remained the main growth driver, rising 14% YoY to IDR 1.4 tn, while radiator sales grew 19% YoY to IDR 271 bn, mainly supported by exports to the U.S. Body maker sales fell 36% YoY to IDR 76 bn but had limited impact on overall performance. Trading and other segments posted moderate growth of 5% and 2% YoY, respectively.

- **Export Strength Lifts Contribution to 65% of Sales –** Export momentum remained robust, with sales up 18% YoY to IDR 1.7 tn, raising export contribution to 65% of total revenue (vs 60% in FY24). Southeast Asia led the expansion (+34% YoY to IDR 703 bn), while the U.S. grew 5% YoY, helped by competitive pricing versus Chinese products. Other regions also contributed positively: Europe (+18%), Australia (+2%), and Africa (+40%). Domestic sales declined 5% YoY, mainly due to weaker body maker demand, although filter and radiator sales remained positive.

- **Favorable U.S. Tariffs Bolster Competitiveness –** We note that SMSM benefits from preferential U.S. import duties, with Indonesian automotive parts subject to 27.5% total tariffs under Section 232, significantly lower than the 95% levied on Chinese imports. This tariff advantage supported a 20% QoQ rise in U.S. sales. Management also noted that distributors bear these tariff costs, preserving SMSM's selling prices and maintaining competitiveness in the U.S. market.

- **Strong Profitability Supported by Aftermarket and Export Focus –** Gross profit rose 8% YoY to IDR 1.6 tn with GPM improving to 36% (vs. 35% in 1H24). Opex fell slightly, aided by the reversal of receivables provision which lowered other operating expenses. Operating profit increased 18% YoY to IDR 698 bn, while net profit rose to IDR 531 bn (+18% YoY) with NPM at 21% (vs. 19%). This strong profitability reflects SMSM's focus on the aftermarket segment, which is less exposed to domestic auto sector weakness, and its strong export presence that sustains demand. Ongoing R&D continues to expand the product range, with current emphasis on heavy-duty filters.

- **Cautious but Positive 2H25 Outlook –** Historically, SMSM delivers stronger second-half performance as customers push to meet annual sales targets. 1H25 results were in line with expectations, with revenue reaching 48%/48% of our/consensus estimates and net profit at 49%/50%. While management guides for FY25 topline growth of +8% and bottom-line growth of +10% YoY, we remain conservative, projecting revenue of IDR 5.4 tn (+4% YoY) and net profit of IDR 1.1 tn (+5%).

Valuation & Recommendation:

- **Resilient Earnings and Attractive Yield, Maintain BUY –** SMSM is currently trading at 10.4x 2025F P/E, below its 3-year mean of 11.0x. We continue to favor SMSM for its consistent earnings delivery and ambition to establish itself as a dividend aristocrat. With domestic auto demand soft, its diversified export base across 125+ countries and aftermarket focus provides a natural hedge against volatility. We forecast a 2025F DPR of 80%, translating to DPS of IDR 142 or an attractive 7.3% dividend yield at the current price. We reiterate our **BUY** recommendation with a 5-year DCF-based **TP of IDR 2,520**, implying 13.4x 2025F P/E.

3M/12M Rating	**ADD/BUY**
3M/12M TP	**IDR2,170/IDR2,520**

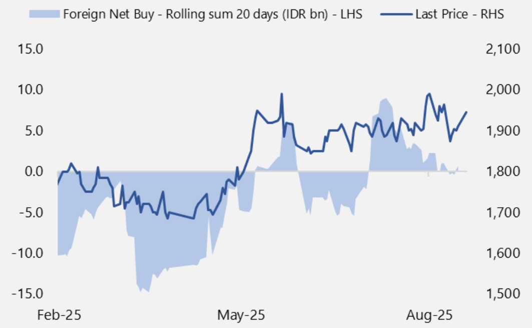
Stock Information

Ticker	SMSM
Share price	1,945
52-week range.	1,630 – 2,190
Share Out. (bn)	5.8
Market Cap. (IDR tn)	11.0
Daily turnover (bn)	2.0
Free Float (%)	41.4

Key Shareholders (%)

PT Adrindo Intiperkasa	50.5

Flow Tracker



Source: Bloomberg

Key Financial Highlights

IDR bn	2024	2025F	2026F
Revenue	5,165	5,356	5,809
Gross Profit	1,914	1,979	2,173
Operating Profit	1,375	1,445	1,567
Net Profit	1,024	1,079	1,174
Net Margin	*20%*	*20%*	*20%*
EPS	178	187	204
EPS Growth	*8%*	*5%*	*9%*

Source: Bloomberg, SimInvest Research

Share Price Performance

	3M	6M	12M
Absolute	-1%	9%	-2%
Relative to JCI	-13%	-11%	-9%

Bloomberg ESG Rating

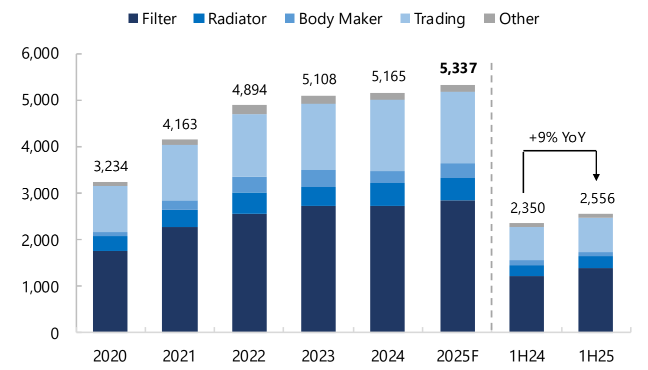
Environmental	N/A
Social	N/A
Governance	N/A

2Q25 | 1H25 Earnings Review

in IDR bn	2Q24	1Q25	2Q25	YoY	QoQ	1H24	1H25	YoY	2025F	%SIM
Revenue	**1,191**	**1,255**	**1,301**	**9%**	**4%**	**2,350**	**2,556**	**9%**	**5,337**	**48%**
Filter	621	688	694	12%	1%	1,215	1,382	14%	2,834	49%
Radiator	114	124	147	29%	18%	227	271	19%	506	54%
Body Maker	66	43	33	-50%	-22%	118	76	-36%	306	25%
Trading	356	362	395	11%	9%	721	757	5%	1,529	50%
Other	34	38	32	-7%	-17%	69	70	2%	163	43%
Gross profit	**414**	**441**	**471**	**14%**	**7%**	**827**	**912**	**10%**	**1,970**	**46%**
- Opex	108	90	124	14%	37%	236	214	-9%	550	39%
Operating profit	**306**	**351**	**348**	**14%**	**-1%**	**591**	**698**	**18%**	**1,421**	**49%**
- Other non-opex	(8)	(8)	(8)	5%	2%	(15)	(17)	11%	(32)	51%
Pre-tax profit	**314**	**359**	**356**	**14%**	**-1%**	**606**	**715**	**18%**	**1,453**	**49%**
- Tax expense	62	72	70	12%	-3%	120	141	18%	294	48%
- Minority interest	20	22	20	2%	-9%	38	43	11%	97	44%
Net profit	**231**	**265**	**266**	**15%**	**0%**	**448**	**531**	**18%**	**1,062**	**50%**
Profitability:										
GPM	35%	35%	36%			35%	36%		37%	
OPM	26%	28%	27%			25%	27%		27%	
NPM	19%	21%	20%			19%	21%		20%	
GPM by Segment:										
Filter	39%	37%	41%			39%	39%			
Radiator	39%	42%	34%			41%	38%			
Body Maker	8%	11%	-5%			6%	4%			
Trading	33%	35%	33%			33%	34%			
Other	26%	25%	21%			25%	23%			
Revenue by Geographical										
Domestic	491	466	435	-11%	-7%	952	902	-5%		
Asia	267	306	397	49%	30%	527	703	34%		
America	192	187	224	17%	20%	393	412	5%		
Europe	117	158	122	4%	-22%	237	280	18%		
Australia	106	108	100	-6%	-8%	204	208	2%		
Africa	18	29	22	22%	-26%	37	51	40%		

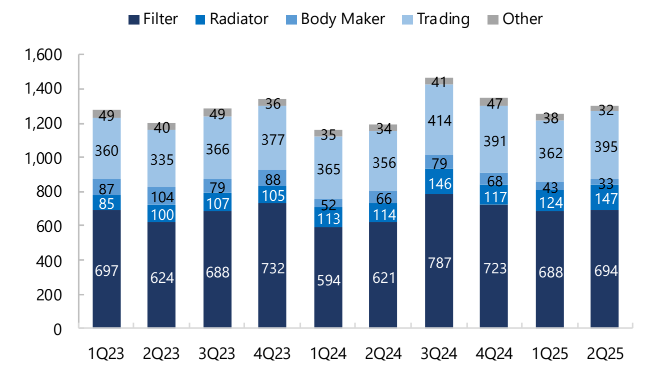
Source: Company, SimInvest Research

Revenue Trend (IDR bn)



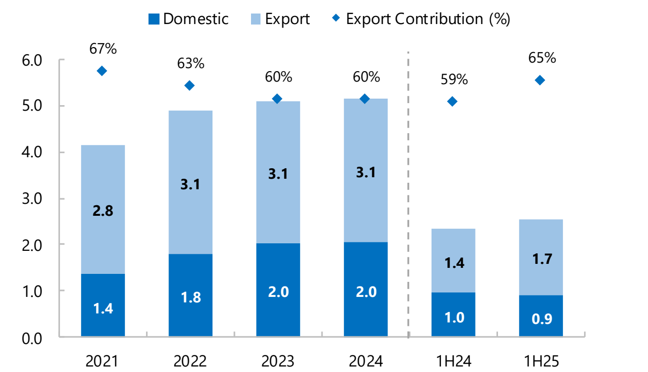
Source: Company, SimInvest Research

Revenue by Operating Segment (IDR bn)



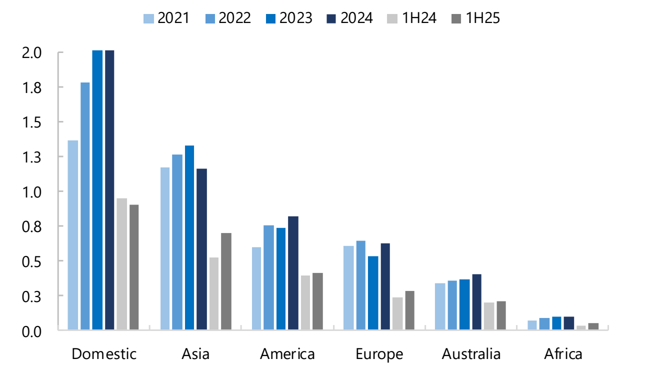
Source: Company, SimInvest Research

Domestic vs Export Sales (IDR tn)



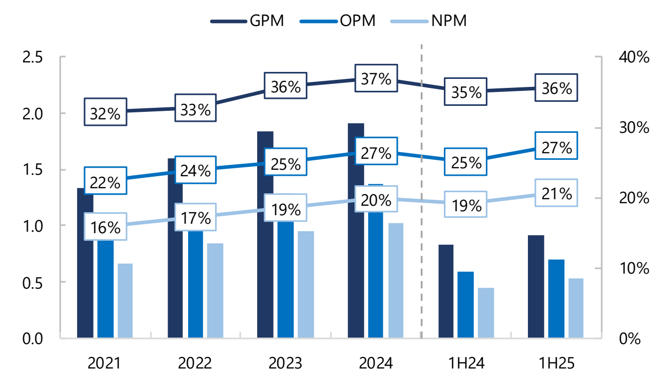
Source: Company, SimInvest Research

Revenue by Geographical Segment (IDR tn)



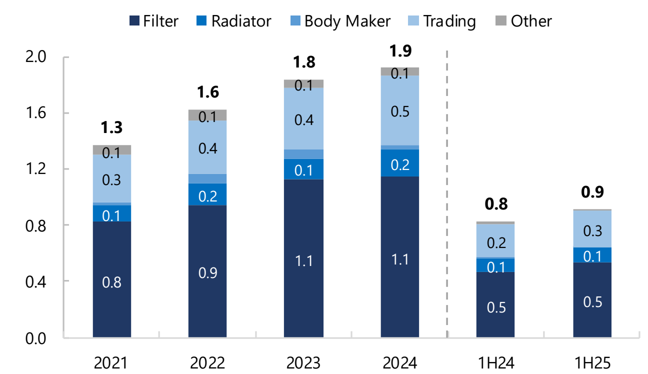
Source: Company, SimInvest Research

Profitability (IDR tn) and Margin (%)



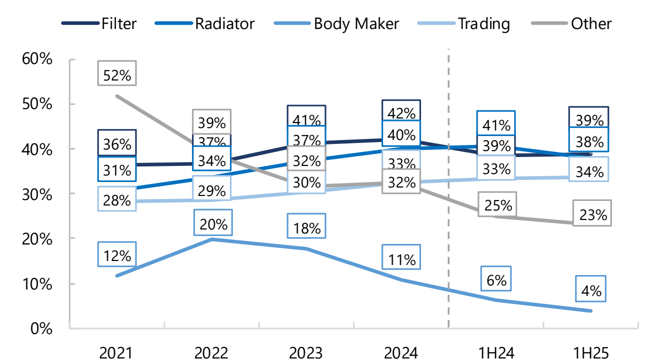
Source: Company, SimInvest Research

Gross Profit by Segment (IDR tn)



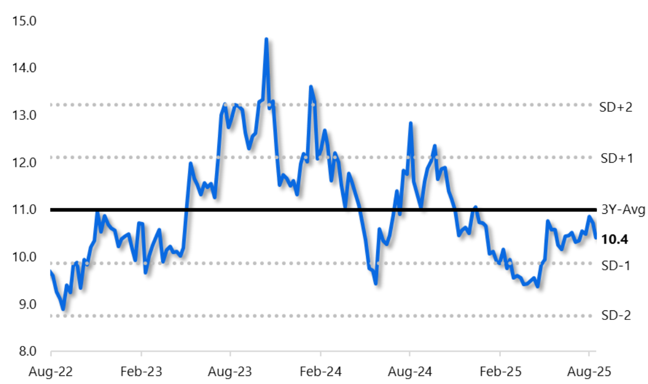
Source: Company, SimInvest Research

Segment Gross Margin



Source: Company, SimInvest Research

SMSM P/E Blended Forward



Source: Company, SimInvest Research

Institutional Research Team			
Isfhan Helmy	Head of Institutional Research - Macro & Strategy	isfhan.helmy@sinarmassekuritas.co.id	(+62-21) 50507000
Inav Chandra	Deputy Head of Institutional Research - Commodities	inav.chandra@sinarmassekuritas.co.id	
Yosua Zisokhi	Analyst - Plantation, Poultry, Telco, Cement	yosua.zisokhi@sinarmassekuritas.co.id	
Ivan Purnama	Analyst - Banks, Multifinance	ivan.purnama.putera@sinarmassekuritas.co.id	
Vita Lestari	Analyst - Consumer Staples, Retail	vita.lestari@sinarmassekuritas.co.id	
Kenny Shan	Analyst - Energies	kenny.christopher@sinarmassekuritas.co.id	
Christine Nathania	Analyst - Property, Automotive	christine.nathania@sinarmassekuritas.co.id	

Institutional Sales Team			
Hanna Marionda	Institutional Sales Manager	hanna.marionda@sinarmassekuritas.co.id	(+62-21) 39834566
Rendy Ben Philips	Institutional Equity Sales	rendy.benphilip@sinarmassekuritas.co.id	(+62-21) 3927313
Hesty Iskandar	Institutional Equity Sales	hesty.iskandar@sinarmassekuritas.co.id	(+62-21) 39834570

Dealing Team			
Odaligo Ndraha	Head of Equity Dealing	odaligo.ndraha@sinarmassekuritas.co.id	(+62-21) 3927312
Tutik Dwi Anggraeni	Equity Dealer	tutik.dwi@sinarmassekuritas.co.id	
Abdus Sugro	Equity Dealer	abdus.sugro@sinarmassekuritas.co.id	
Dedi Kriswanto	Equity Dealer	dedi.kriswanto@sinarmassekuritas.co.id	

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ADD : Share price may range between 10% to 15% over the next 12 months.
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PT Sinarmas Sekuritas
Sinarmas Land Plaza Tower 3, 6th Fl. Jl. M.H. Thamrin no.51, Jakarta, Indonesia
Phone: +62 21 392 5550
Email: research@sinarmassekuritas.co.id