QUICK REVIEW (SMSM)

SELAMAT SEMPURNA TBK.

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Recommendation

Recommendation : **HOLD**

Fair Value : **IDR 1,360**

Current Price (24/11) : IDR 1,380

Company Description

PT Selamat Sempura Tbk manufactures automotive components. The Company offers filters, radiators, condensers, air conditioners, brake and fuel pipes, fuel tanks, mufflers, and machinery spare parts. The Company serves clients in Indonesia.

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Brands Portfolio

SAKURA S/F
SAKURA
Filtration Product

ADR
RADIATOR

ADR
DUMP HOIST

ADR
COOLANT

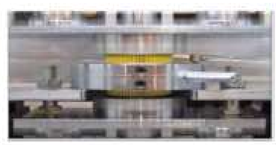
ADR
BRAKE PARTS

Source: Company

Production Facilities

Kapuk (Fasilitas Radiator)

Tangerang (Produk Filter & Lainnya)


- Filter : 96 juta pcs per tahun
- Radiator: 1.95 juta per tahun

Source: Company

Earnings Update

Earnings Results : 3Q 2020

In Billions of IDR	Q3 2020	Q3 2019	%YoY	Q3 2020	Q2 2020	%QoQ
Revenue	**839**	**1,013**	**-17.2%**	**839**	**661**	**26.9%**
- Cost of Revenue	567	686	-17.3%	567	467	21.4%
Gross Profit	**272**	**328**	**-17.1%**	**272**	**194**	**40.3%**
- Operating Expenses	98	121	-18.7%	98	20	380.3%
Operating Income (Loss)	**178**	**232**	**-23.4%**	**178**	**202**	**-12.1%**
- Non-Operating (Income) Loss	23	2	-1274.3%	23	86	-126.9%
Pretax Income (Loss), GAAP	**200**	**245**	**-18.2%**	**200**	**116**	**73.0%**
- Income Tax Expense (Benefit)	35	52	-32.3%	35	24	48.5%
Net Income Avail to Common, GAAP	**150**	**174**	**-13.9%**	**150**	**88**	**69.7%**

Source: Bloomberg, MCS Research

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Earnings Update

Earnings Estimate : 4QE 2020

In Billions of IDR	Q4 2020 Est	Q4 2019	%YoY	Q4 2020 Est	Q3 2020	%QoQ
Revenue	**1,015**	**1,150**	**-11.7%**	**1,015**	**839**	**21.0%**
- Cost of Revenue	696	787	-11.6%	696	567	22.7%
Gross Profit	**319**	**363**	**-12.1%**	**319**	**272**	**17.4%**
- Operating Expenses	115	143	-19.4%	115	98	16.9%
Operating Income (Loss)	**215**	**237**	**-9.5%**	**215**	**178**	**20.9%**
- Non-Operating (Income) Loss	4	11	-61.8%	4	23	-82.0%
Pretax Income (Loss), GAAP	**211**	**244**	**-13.6%**	**211**	**200**	**5.2%**
- Income Tax Expense (Benefit)	48	55	-14.0%	48	35	34.4%
Net Income Avail to Common, GAAP	**147**	**170**	**-13.6%**	**147**	**150**	**-1.9%**

Source: Bloomberg, MCS Research

Selamat Sempurna (SMSM) Received IDR 20.88 Billion from Subsidiary Dividends

PT Selamat Sempurna Tbk., Reported dividend income from subsidiaries. Based on the disclosure of information on the Indonesia Stock Exchange website Wednesday (23/9/2020), Director Selamat Sempurna Ang Andri Pribadi conveyed dividend income from subsidiaries. There are three subsidiaries that reported paying dividends.

First, PT Panata Jaya Mandiri, worth IDR 13.65 billion. The entity has a business line producing filter products for heavy equipment, gas turbines, industrial machines, as well as construction and automotive equipment.

Second, PT Selamat Sempana Perkasa worth IDR 2.22 billion. The company produces rubber O-rings, rubber compounds, polyurethanes, and plastisol adhesives for the automotive industry.

Third, PT Prapat Tunggal Cipta, valued at IDR5.00 billion. The subsidiary operates the distribution of the group's products in the Indonesian aftermarket sector.

(Source: Bisnis Indonesia)

Selamat Sempurna (SMSM) Benefited of the US-China Trade War

Issuer of factory engine parts and vehicles PT Selamat Sempurna Tbk. said that the fastest recovery in demand came from the United States market amid the spread of the Covid-19 pandemic.

Director of Selamat Sempurna Ang Andri Pribadi, on export requests from the United States (US) recovered the fastest. According to him, this condition was caused by the impact of the trade war between the US and China. Mr. Pribadi explained that the import tariff for Indonesian filters or filters and radiators to the US is still 0 percent. Conversely, products from China are subject to 20 to 30 percent.

(Source: Bisnis Indonesia)

Balanced Sheet : Annual

In Billions of IDR	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Total Assets										
+ Cash, Cash Equivalents & STI	14	23	63	93	76	123	97	71	67	244
+ Accounts & Notes Receiv	314	428	467	558	574	600	728	767	937	1,020
+ Inventories	307	427	425	398	432	561	555	657	758	784
+ Other ST Assets	27	27	32	48	52	85	74	75	92	91
Total Current Assets	**662**	**904**	**986**	**1,097**	**1,134**	**1,369**	**1,454**	**1,570**	**1,854**	**2,138**
+ Property, Plant & Equip, Net	377	525	522	555	493	715	658	684	749	751
+ LT Investments & Receivables	10	2	33	30	0	0	0	63	63	63
+ Other LT Assets	18	14	15	19	131	137	142	126	135	155
Total Noncurrent Assets	**405**	**541**	**570**	**604**	**624**	**852**	**800**	**873**	**947**	**969**
Total Assets	**1,067**	**1,445**	**1,556**	**1,701**	**1,758**	**2,220**	**2,255**	**2,443**	**2,801**	**3,107**
Liabilities & Shareholders' Equity										
+ Payables & Accruals	125	101	97	164	152	177	246	303	362	358
+ ST Debt	121	159	270	212	260	219	115	66	57	53
+ Other ST Liabilities	59	98	113	147	125	176	147	51	50	50
Total Current Liabilities	**304**	**359**	**481**	**523**	**537**	**572**	**508**	**420**	**470**	**461**
+ LT Debt	159	159	111	115	0	95	42	40	32	28
+ Other LT Liabilities	36	49	54	56	99	113	125	155	148	175
Total Noncurrent Liabilities	**195**	**208**	**165**	**171**	**99**	**208**	**166**	**195**	**181**	**203**
Total Liabilities	**499**	**567**	**646**	**694**	**636**	**780**	**675**	**615**	**651**	**665**
+ Preferred Equity and Hybrid Capital	0	0	0	0	0	0	0	0	0	0
+ Share Capital & APIC	163	179	186	193	194	194	194	194	194	194
- Treasury Stock	0	0	0	0	0	0	0	0	0	0
+ Retained Earnings	340	427	459	644	789	1,034	1,193	1,392	1,666	1,893
+ Other Equity	16	153	90	0	0	8	9	6	3	2
Equity Before Minority Interest	519	759	735	838	983	1,220	1,378	1,592	1,863	2,089
+ Minority/Non Controlling Interest	48	120	175	169	139	220	202	236	287	353
Total Equity	**568**	**878**	**910**	**1,007**	**1,122**	**1,440**	**1,580**	**1,828**	**2,150**	**2,442**
Total Liabilities & Equity	**1,067**	**1,445**	**1,556**	**1,701**	**1,758**	**2,220**	**2,255**	**2,443**	**2,801**	**3,107**

Source: Bloomberg, MCS Research

Balanced Sheet : Quarter

In Billions of IDR	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Total Assets										
+ Cash, Cash Equivalents & STI	75	79	67	225	104	173	244	458	545	530
+ Accounts & Notes Receiv	782	882	937	858	807	911	1,020	981	687	747
+ Inventories	818	798	758	840	839	821	784	871	969	820
+ Other ST Assets	101	70	92	88	91	92	91	71	87	68
Total Current Assets	**1,776**	**1,830**	**1,854**	**2,012**	**1,841**	**1,997**	**2,138**	**2,381**	**2,288**	**2,165**
+ Property, Plant & Equip, Net	722	761	749	754	740	782	751	888	840	842
+ LT Investments & Receivables	63	63	63	63	63	63	63	63	64	53
+ Other LT Assets	153	141	135	144	154	136	155	169	175	178
Total Noncurrent Assets	**938**	**964**	**947**	**961**	**957**	**981**	**969**	**1,119**	**1,078**	**1,073**
Total Assets	**2,714**	**2,794**	**2,801**	**2,973**	**2,799**	**2,978**	**3,107**	**3,500**	**3,367**	**3,238**
Liabilities & Shareholders' Equity										
+ Payables & Accruals	272	316	362	369	264	312	358	357	312	237
+ ST Debt	218	114	57	70	75	58	53	84	59	49
+ Other ST Liabilities	57	86	50	57	45	46	50	156	51	60
Total Current Liabilities	**548**	**516**	**470**	**497**	**384**	**416**	**461**	**597**	**422**	**345**
+ LT Debt	175	42	32	32	31	40	28	121	115	112
+ Other LT Liabilities	33	172	148	154	158	162	175	179	180	185
Total Noncurrent Liabilities	**209**	**214**	**181**	**186**	**190**	**202**	**203**	**301**	**295**	**297**
Total Liabilities	**756**	**730**	**651**	**684**	**574**	**618**	**665**	**898**	**717**	**642**
+ Preferred Equity and Hybrid Capital	0	0	0	0	0	0	0	0	0	0
+ Share Capital & APIC	194	194	194	194	194	194	194	194	194	194
- Treasury Stock	0	0	0	0	0	0	0	0	0	0
+ Retained Earnings	1,486	1,579	1,666	1,791	1,739	1,826	1,893	2,008	2,097	2,022
+ Other Equity	13	15	3	8	1	5	2	20	10	7
Equity Before Minority Interest	1,693	1,788	1,863	1,993	1,932	2,025	2,089	2,223	2,281	2,223
+ Minority/Non Controlling Interest	265	276	287	296	293	336	353	380	368	373
Total Equity	**1,957**	**2,064**	**2,150**	**2,289**	**2,225**	**2,360**	**2,442**	**2,602**	**2,649**	**2,596**
Total Liabilities & Equity	**2,714**	**2,794**	**2,801**	**2,973**	**2,799**	**2,978**	**3,107**	**3,500**	**3,367**	**3,238**

Source: Bloomberg, MCS Research

Profit & Loss : Annual

In Billions of IDR	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 Est	FY 2021 Est
Revenue	**2,269**	**2,373**	**2,633**	**2,803**	**2,880**	**3,340**	**3,933**	**3,936**	**3,318**	**3,590**
- Cost of Revenue	1,669	1,735	1,848	1,933	1,946	2,333	2,740	2,744	2,290	2,490
Gross Profit	**600**	**638**	**785**	**870**	**934**	**1,007**	**1,193**	**1,192**	**1,028**	**1,100**
+ Other Operating Income	3	4	25	72	54	37	7	46	47	48
- Operating Expenses	211	219	236	314	308	337	395	446	437	394
Operating Income (Loss)	**392**	**423**	**573**	**627**	**680**	**707**	**805**	**792**	**639**	**754**
- Non-Operating (Income) Loss	22	-36	31	44	22	-8	-21	17	-39	-3
Pretax Income (Loss), Adjusted	**370**	**459**	**542**	**584**	**658**	**715**	**826**	**775**	**677**	**756**
- Abnormal Losses (Gains)	3	-18	3	3	3	-5	-3	-48	-28	-16
Pretax Income (Loss), GAAP	**370**	**459**	**542**	**584**	**658**	**721**	**828**	**822**	**705**	**772**
- Income Tax Expense (Benefit)	83	108	120	122	156	165	195	183	152	175
Income (Loss) from Cont Ops	**287**	**351**	**422**	**461**	**502**	**555**	**634**	**639**	**553**	**597**
- Net Extraordinary Losses (Gains)	32	13	0	0	0	0	0	0	0	0
Income (Loss) Incl. MI	**255**	**338**	**422**	**461**	**502**	**555**	**634**	**639**	**553**	**597**
- Minority Interest	35	30	30	34	49	56	77	61	53	59
Net Income, GAAP	**219**	**308**	**392**	**428**	**453**	**499**	**557**	**578**	**499**	**538**
- Preferred Dividends	0	0	0	0	0	0	0	0	0	0
- Other Adjustments	0	0	0	0	0	0	0	0	0	0
Net Income Avail to Common, GAAP	**219**	**308**	**392**	**428**	**453**	**499**	**557**	**578**	**499**	**538**

Source: Bloomberg, MCS Research

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Profit & Loss : Quarter

In Billions of IDR	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020 Est	Q1 2021 Est
Revenue	**1,081**	**891**	**881**	**1,013**	**1,150**	**803**	**661**	**839**	**1,015**	**812**
- Cost of Revenue	725	625	646	686	787	559	467	567	696	568
Gross Profit	**355**	**266**	**236**	**328**	**363**	**244**	**194**	**272**	**319**	**244**
+ Other Operating Income	4	11	0	26	17	3	29	5	11	12
- Operating Expenses	109	91	98	121	143	203	20	98	115	72
Operating Income (Loss)	**251**	**185**	**137**	**232**	**237**	**44**	**202**	**178**	**215**	**184**
- Non-Operating (Income) Loss	14	6	2	2	11	106	86	23	4	11
Pretax Income (Loss), Adjusted	**237**	**179**	**135**	**234**	**226**	**150**	**116**	**201**	**211**	**195**
- Abnormal Losses (Gains)	0	0	19	11	17	29	0	1	0	0
Pretax Income (Loss), GAAP	**237**	**179**	**154**	**245**	**244**	**178**	**116**	**200**	**211**	**195**
- Income Tax Expense (Benefit)	61	42	34	52	55	46	24	35	48	44
Income (Loss) from Cont Ops	**176**	**137**	**121**	**193**	**189**	**133**	**92**	**165**	**163**	**151**
- Net Extraordinary Losses (Gains)	0	0	0	0	0	0	0	0	0	0
Income (Loss) Incl. MI	**176**	**137**	**121**	**193**	**189**	**133**	**92**	**165**	**163**	**151**
- Minority Interest	20	12	12	19	19	18	4	15	16	15
Net Income, GAAP	**157**	**125**	**109**	**174**	**170**	**115**	**88**	**150**	**147**	**136**
- Preferred Dividends	0	0	0	0	0	0	0	0	0	0
- Other Adjustments	0	0	0	0	0	0	0	0	0	0
Net Income Avail to Common, GAAP	**157**	**125**	**109**	**174**	**170**	**115**	**88**	**150**	**147**	**136**

Source: Bloomberg, MCS Research

Cash Flow : Annual

In Billions of IDR	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Cash from Operating Activities										
+ Net Income	150	201	219	308	392	428	453	499	557	578
+ Depreciation & Amortization	77	90	119	113	108	115	109	111	120	134
+ Non-Cash Items	76	61	73	29	50	7	21	164	134	33
Cash from Operating Activities	**151**	**230**	**411**	**450**	**450**	**536**	**583**	**446**	**543**	**678**
Cash from Investing Activities										
+ Change in Fixed & Intang	118	100	114	106	109	96	68	102	171	110
+ Net Change in LT Investment	2	0	151	101	0	11	0	0	0	0
+ Net Cash From Acq & Div	0	0	0	0	0	0	0	0	24	2
+ Other Investing Activities	0	0	1	0	34	156	60	0	1	0
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Investing Activities	**120**	**100**	**266**	**207**	**143**	**263**	**128**	**102**	**196**	**112**
Cash from Financing Activities										
+ Dividends Paid	130	115	187	122	223	180	281	288	299	334
+ Cash From (Repayment) Debt	115	18	62	54	68	16	162	55	25	17
+ Cash (Repurchase) of Equity	0	0	0	0	0	0	0	0	0	0
+ Other Financing Activities	12	6	20	36	35	30	41	27	30	32
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Financing Activities	**26**	**127**	**105**	**212**	**326**	**226**	**484**	**370**	**354**	**383**
Net Changes in Cash	**6**	**2**	**40**	**30**	**19**	**47**	**29**	**24**	**5**	**176**

Source: Bloomberg, MCS Research

Cash Flow : Quarter

In Billions of IDR	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Cash from Operating Activities										
+ Net Income	102	179	157	125	109	174	170	115	88	150
+ Depreciation & Amortization	26	29	42	27	29	32	47	33	20	87
Cash from Operating Activities	**32**	**253**	**203**	**189**	**73**	**217**	**199**	**202**	**137**	**265**
Cash from Investing Activities										
+ Change in Fixed & Intang	30	64	40	34	28	30	17	29	19	20
+ Net Change in LT Investment	0	0	0	0	1	1	0	0	0	0
+ Net Cash From Acq & Div	0	0	24	0	0	0	2	0	0	0
+ Other Investing Activities	33	18	8	0	0	1	0	0	1	1
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Investing Activities	**63**	**47**	**56**	**35**	**29**	**28**	**20**	**29**	**20**	**21**
Cash from Financing Activities										
+ Dividends Paid	127	86	86	0	161	86	86	0	0	225
+ Cash From (Repayment) Debt	125	102	54	1	5	27	4	2	12	35
+ Cash (Repurchase) of Equity	0	0	0	0	0	0	0	0	0	0
+ Other Financing Activities	9	13	7	2	12	10	7	1	6	14
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Financing Activities	**11**	**201**	**148**	**1**	**168**	**124**	**90**	**1**	**6**	**274**
Net Changes in Cash	**105**	**6**	**5**	**150**	**123**	**64**	**85**	**216**	**80**	**7**

Source: Bloomberg, MCS Research

MEGACAPITAL Sekuritas

Valuation

SMSM IJ Equity | Export | Settings | Equity Relative Valuation

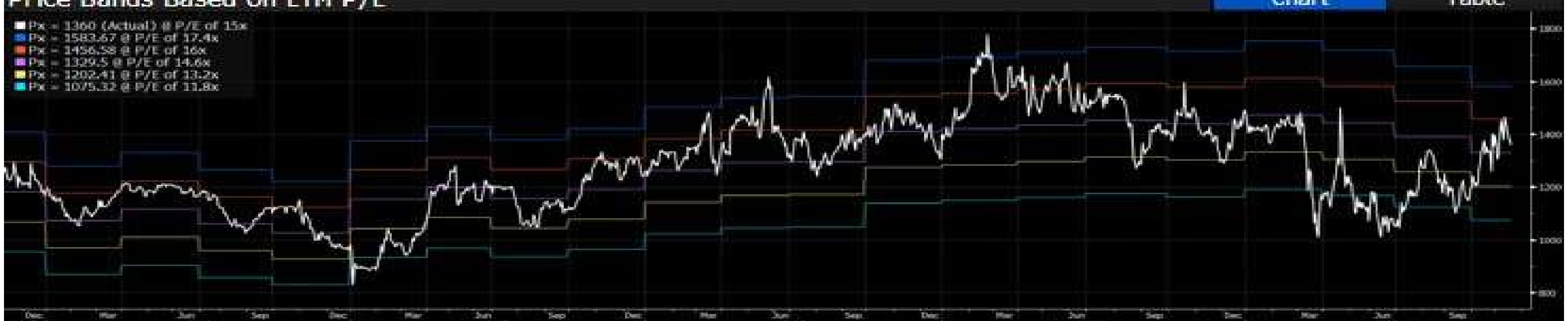
Comp Source BICS Best Fit (Algo) | Region Global | Mkt Cap > | Curr IDR

vs Comps | Group Dynamics | vs Self | Price Bands

3M 6M 1Yr 2Yr 5Yr 10Yr

Valuation Metric Bands							12M Fwd Implied Price @		
Metric	Current	5Yr Avg	Band (x)	Avg+x	Avg-x	Est (IDR)	5Yr Avg	Avg+x	Avg-x
Current Price							1,360.00	1,360.00	1,360.00
LTM P/E	15.0x	14.6x	1.4	16.0x	13.2x	97.48	1,427.64	1,564.11	1,291.17
LTM P/BV	3.5x	4.5x	0.7	5.2x	3.8x	432.29	1,937.64	2,240.25	1,635.04
LTM P/CF	9.7x	14.7x	6.8	21.5x	7.9x	--	--	--	--
LTM P/S	2.3x	2.2x	0.2	2.4x	2.0x	666.80	1,449.03	1,582.39	1,315.68

Price Bands Based On LTM P/E | Chart | Table



Source: Bloomberg

Valuation

PER	EPS	Value
14.6x	IDR 93	**IDR 1,360**

PT. Mega Capital Sekuritas

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