

Selamat Sempurna

SMSM IJ / SMSM JK

COMPANY NOTE

▶ **Market Cap**
US\$286.4m
Rp2,677,784m

▶ **Avg Daily Turnover**
US\$0.32m
Rp2,941m

▶ **Free Float**
41.9%
1,440 m shares

Current Target **Rp1,860**
Previous Target **Rp2,525**
Up/downside **35.8%**

SHORT TERM (3 MTH) **LONG TERM**
TRADING BUY **OUTPERFORM**
TRADING SELL NEUTRAL
UNDERPERFORM

Notes from the Field



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Company Visit Expert Opinion
Channel Check Customer Views

“Target production for HP in 2012 is 4,000 units and could reach 10,000 units by 2016, assuming 25% p.a. growth.”

– Ang Andri Priyadi, CFO

Crank it up

Our recent factory tour for Selamat Sempurna's recently acquired Hydraxle Perkasa confirmed that it is doubling production, which will strengthen HP's market leadership and Selamat Sempurna's market share. In addition, it will lead to 3-4% net profit accretion.

The strengthening of its market position through the high-growth HP and potential cost synergies could catalyse the stock. Post-acquisition, Selamat Sempurna receives 49% of HP profit. We maintain our Outperform rating and DCF-based target price.

Market leader ▶

HP is the market leader in dump hoist installation for trucks with 30% market share. The closest competitor accounts for 15% market share with the rest of the pie split between numerous players. HP has attained its position through long-time branding as one of the segment's oldest players and by focusing mainly on category 3 dump trucks. Compared to most of its competitors, HP's integrated operations cover a larger chunk of the production process as steel moulding, bending and slitting are done inhouse.

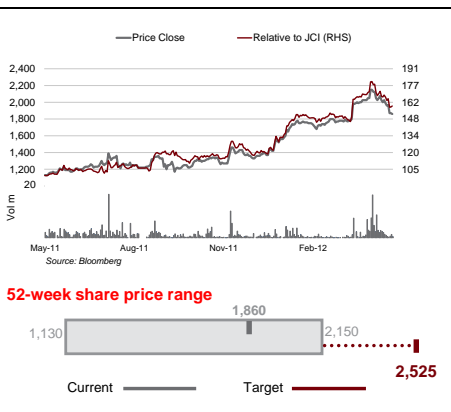
Aiming for larger share ▶

Riding on the positive impact of Indonesian mining activity on light truck sales, HP's sales have doubled during 2009-11 while profit has

grown fivefold. HP is aiming to double its production in the next 3 years and capture more market share in category 2 and 3 dump trucks by gradually softening its current premium pricing (5-10% above average) and leveraging economies of scale. Labour and manufacturing overheads (currently 19% of COGS) as well as fixed SG&A costs (3% of sales) are the main targets for improvement. Current capacity utilisation stands at 60-70% and capex is projected to be modest at Rp30bn per year, with most of it funded via internal cash flow.

Small but welcome boost ▶

Subtracting SMSM's share of HP's profit from funding costs (Rp113bn uncollateralised loan from Mizuho at 7% interest rate p.a.), the acquisition is accretive as Selamat Sempurna's net profit increased by 3-4%. The new shareholder is demanding higher growth from HP to complement its main auto parts business. As such, there could be earnings upside should management deliver.



Financial Summary

	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue (Rpb)	1,562	1,808	2,093	2,464	2,929
Operating EBITDA (Rpb)	304.9	386.5	449.8	523.3	612.6
Net Profit (Rpb)	150.4	200.9	247.4	291.5	348.8
Core EPS (Rp)	105.0	134.2	169.0	199.7	239.5
Core EPS Growth	11.2%	27.9%	25.9%	18.1%	19.9%
FD Core P/E (x)	17.72	13.86	11.01	9.32	7.77
DPS (Rp)	90.0	80.0	129.0	158.1	185.7
Dividend Yield	4.84%	4.30%	6.94%	8.50%	9.99%
EV/EBITDA (x)	9.53	7.71	6.51	5.86	4.97
P/FCFE (x)	21.49	29.10	7.41	16.39	12.48
Net Gearing	32.6%	36.7%	42.2%	56.1%	48.6%
P/BV (x)	5.16	4.42	4.01	3.65	3.28
Recurring ROE	29.7%	34.4%	38.2%	41.0%	44.5%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.10	1.14	

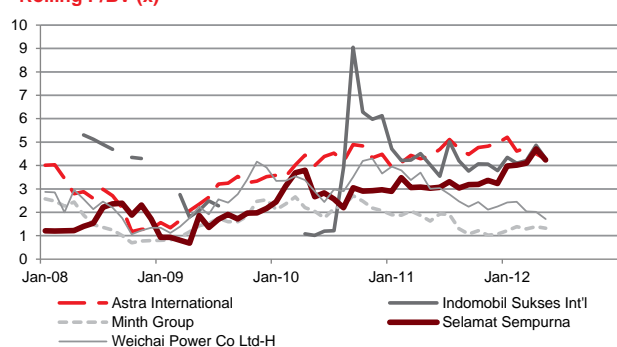
SOURCE: CIMB, COMPANY REPORTS

PEER COMPARISON

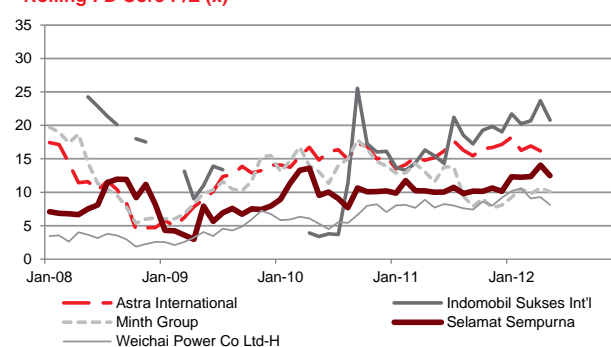
Research Coverage

	Bloomberg Code	Market	Recommendation	Mkt Cap US\$m	Price	Target Price	Upside
Astra International	ASII J	ID	OUTPERFORM	29,616	68,400	77,000	12.6%
Indomobil Sukses Int'l	IMAS J	ID	OUTPERFORM	2,359	15,950	18,400	15.4%
Minth Group	425 HK	HK	NEUTRAL	1,286	9.27	7.70	-16.9%
Selamat Sempurna	SMSM IJ	ID	OUTPERFORM	286	1,860	2,525	35.8%
Weichai Power Co Ltd-H	2338 HK	HK	NEUTRAL	7,868	31.15	34.40	10.4%

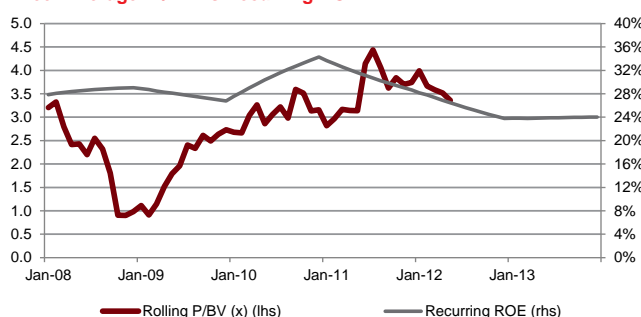
Rolling P/BV (x)



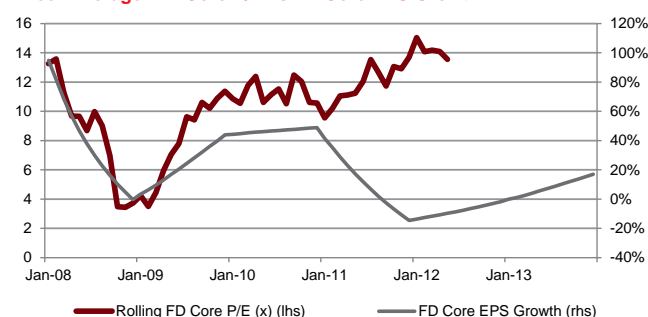
Rolling FD Core P/E (x)



Peer Average: P/BV vs Recurring ROE



Peer Average: FD Core P/E vs FD Core EPS Growth



Valuation

	FD Core P/E (x)			P/BV (x)			EV/EBITDA (x)		
	Dec-11	Dec-12	Dec-13	Dec-11	Dec-12	Dec-13	Dec-11	Dec-12	Dec-13
Astra International	15.86	15.14	12.21	4.58	3.91	3.25	13.61	11.74	9.24
Indomobil Sukses Int'l	23.74	17.73	12.32	4.71	3.80	2.98	34.22	23.75	17.46
Minth Group	10.32	9.67	8.51	1.36	1.24	1.13	5.05	4.51	3.68
Selamat Sempurna	13.86	11.01	9.32	4.42	4.01	3.65	7.71	6.51	5.86
Weichai Power Co Ltd-H	7.54	9.05	8.69	1.85	1.54	1.32	3.94	3.71	3.44

Growth and Returns

	FD Core EPS Growth			Recurring ROE			Dividend Yield		
	Dec-11	Dec-12	Dec-13	Dec-11	Dec-12	Dec-13	Dec-11	Dec-12	Dec-13
Astra International	21.3%	4.8%	24.0%	31.8%	27.9%	29.1%	2.51%	2.46%	2.53%
Indomobil Sukses Int'l	43.3%	33.9%	43.9%	27.3%	23.7%	27.1%	0.00%	0.55%	0.85%
Minth Group	-6.2%	6.8%	13.6%	13.8%	13.5%	13.9%	3.15%	3.56%	4.04%
Selamat Sempurna	27.9%	25.9%	18.1%	34.4%	38.2%	41.0%	4.30%	6.94%	8.50%
Weichai Power Co Ltd-H	-41.6%	-16.7%	4.0%	27.1%	18.6%	16.3%	0.39%	0.33%	0.34%

SOURCE: CIMB, COMPANY REPORTS

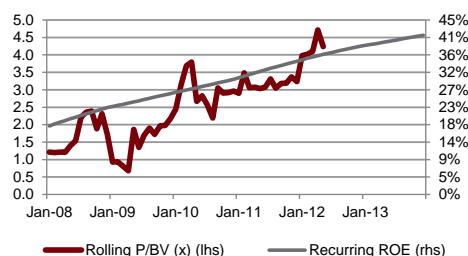
Calculations are performed using EFA™ Monthly Interpolated Annualisation and Aggregation algorithms to December year ends

BY THE NUMBERS

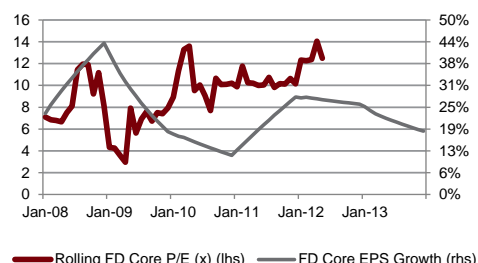
Share price info

Share px perf. (%)	1M	3M	12M
Relative	-4.2	4.4	56.9
Absolute	-8.2	5.7	61.7
Major shareholders			% held
Adrindo Inti Perkasa			58.1

P/BV vs Recurring ROE



FD Core P/E vs FD Core EPS Growth



SMSM's share of HP's profit is incorporated as a one line item using the equity method (not consolidated). It bumps up net profit by 3-4%.

Profit & Loss

(Rpb)	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue	1,562	1,808	2,093	2,464	2,929
Cost Of Sales	(1,193)	(1,347)	(1,552)	(1,830)	(2,172)
Gross Profit	368.8	460.7	541.0	634.1	757.0
Total Operating Costs	(140.9)	(164.2)	(189.7)	(218.5)	(262.1)
Operating Profit	227.8	296.5	351.3	415.6	494.9
Operating EBITDA	304.9	386.5	449.8	523.3	612.6
Depreciation And Amortisation	(77.1)	(90.0)	(98.5)	(107.7)	(117.7)
Operating EBIT	227.8	296.5	351.3	415.6	494.9
Net Interest Income	(22.23)	(26.60)	(33.69)	(41.75)	(47.40)
Exchange Gains	(4.73)	1.91	0.00	0.00	0.00
Other Income	3.87	7.79	5.09	5.09	5.09
Associates' Profit	0.00	0.00	14.24	18.13	22.56
Profit Before Tax (pre-EI)	204.8	279.6	336.9	397.1	475.1
Exceptional Items	-	-	-	-	-
Pre-tax Profit	204.8	279.6	336.9	397.1	475.1
Taxation	(39.92)	(60.34)	(67.39)	(79.41)	(95.02)
Profit After Tax	164.8	219.3	269.5	317.7	380.1
Minority Interests	(14.43)	(18.40)	(22.17)	(26.12)	(31.26)
Net Profit	150.4	200.9	247.4	291.5	348.8
Recurring Net Profit	151.1	193.3	243.3	287.5	344.8

Most capex for HP can be funded by internal cash.

Cash Flow

(Rpb)	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Pre-tax Profit	204.8	279.6	336.9	397.1	475.1
Depreciation And Non-cash Adj.	104.0	114.7	118.0	131.3	142.5
Change In Working Capital	(84.0)	(68.7)	(11.4)	(194.4)	(60.6)
Tax Paid	(39.92)	(60.34)	(67.39)	(79.41)	(95.02)
Other Operating Cashflow	(33.65)	(28.69)	(43.38)	(52.22)	(58.63)
Cashflow From Operations	151.2	236.6	332.7	202.4	403.4
Capex	(103.9)	(96.3)	(103.5)	(120.5)	(122.1)
Disposals Of FAs/subsidiaries	0.91	1.91	3.52	2.88	3.41
Acq. Of Subsidiaries/investments	(1.9)	0.0	(127.4)	(18.1)	(22.6)
Other Investing Cashflow	(14.73)	(6.06)	0.25	(0.96)	(0.13)
Cash Flow From Investing	(119.6)	(100.4)	(227.1)	(136.7)	(141.4)
Debt Raised/(repaid)	115.2	(17.5)	289.6	139.4	0.0
Equity Raised/(Repaid)	-	-	-	-	-
Dividends Paid	(141.3)	(117.1)	(185.8)	(227.6)	(267.4)
Net Cash Interest	(22.23)	(26.60)	(33.69)	(41.75)	(47.40)
Other Financing Cashflow	22.23	26.60	33.69	41.75	47.40
Cash Flow From Financing	(26.1)	(134.6)	103.8	(88.2)	(267.4)
Total Cash Generated	5.6	1.5	209.4	(22.5)	(5.4)
Change In Net Cash	(109.6)	19.0	(80.1)	(162.0)	(5.4)
Free Cashflow To Equity	124.6	92.0	361.5	163.3	214.6

BY THE NUMBERS

SMSM's gearing increased from 33% to 50% after the acquisition while Hydraxle's gearing of 38% as of Dec-11 dropped to zero.

Balance Sheet

(Rp)	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Fixed Assets	376.8	397.7	404.8	419.9	426.6
Intangible Assets	-	-	-	-	-
Other Long Term Assets	28.6	20.2	147.3	166.4	189.1
Total Non-current Assets	405.4	417.9	552.2	586.3	615.7
Total Cash And Equivalents	14.31	16.62	21.00	15.31	16.54
Inventories	307.0	324.5	377.8	445.8	529.2
Accounts Receivable	313.7	357.9	414.4	487.9	579.8
Other Current Assets	26.67	19.91	21.93	25.85	31.00
Total Current Assets	662	719	835	975	1,156
Trade Creditors	124.8	86.5	100.1	117.9	140.1
Short-term Debt	41.0	103.2	140.2	140.2	190.2
Other Current Liabilities	138.5	71.8	158.6	91.8	189.4
Total Current Liabilities	304.4	261.5	398.9	349.9	519.7
Total Long-term Debt	158.7	159.3	194.1	333.8	269.4
Other Liabilities	28.11	35.99	41.67	49.06	58.30
Deferred Tax	7.46	6.25	6.98	8.23	9.84
Total Non-current Liabilities	194.3	201.5	242.8	391.1	337.5
Shareholders' Equity	519.4	605.9	668.3	732.9	815.2
Minority Interests	49.10	64.75	74.22	84.03	96.51
Preferred Shareholders Funds	-	-	-	-	-
Total Equity	568.5	670.6	742.5	817.0	911.7

Key Ratios

	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue Growth	13.6%	15.8%	15.8%	17.7%	18.8%
Operating EBITDA Growth	14.6%	26.7%	16.4%	16.3%	17.1%
Operating EBITDA Margin	19.5%	21.4%	21.5%	21.2%	20.9%
Net Cash Per Share (Rp)	(128.8)	(170.8)	(217.6)	(318.6)	(307.8)
BVPS (Rp)	360.8	420.8	464.2	509.1	566.2
Gross Interest Cover	9.56	10.44	9.90	9.54	10.06
Tax Rate	19.5%	21.6%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	86.1%	57.3%	75.1%	78.1%	76.6%
Accounts Receivables Days	69.18	67.79	67.52	66.82	66.53
Inventory Days	85.97	85.55	82.79	82.12	81.93
Accounts Payables Days	43.70	28.62	22.00	21.74	21.68
ROIC (%)	23.2%	25.7%	28.1%	29.8%	31.6%
ROCE (%)	31.1%	35.1%	35.1%	35.3%	37.3%

Key Drivers

	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
ASP (% chg, main prod./serv.)	7.6%	8.0%	5.2%	6.0%	5.7%
Unit sales grth (% , main prod./serv.)	22.5%	8.2%	11.6%	12.8%	14.3%
Util. rate (% , main prod./serv.)	56.0%	60.6%	67.7%	61.0%	59.8%
ASP (% chg, 2ndary prod./serv.)	-6.8%	5.1%	2.5%	2.5%	2.6%
Unit sales grth (% , 2ndary prod/serv)	13.4%	3.8%	7.0%	8.0%	8.0%
Util. rate (% , 2ndary prod/serv)	44.4%	45.1%	48.4%	52.3%	56.5%
Unit raw mat ASP (%chg,main)	21.4%	15.0%	N/A	N/A	N/A
Unit raw mat ASP (%chg,2ndary)	47.4%	20.4%	N/A	N/A	N/A
Total Export Sales Growth (%)	10.0%	N/A	N/A	N/A	N/A
Export Sales/total Sales (%)	72.9%	N/A	N/A	N/A	N/A

SOURCE: CIMB, COMPANY REPORTS

Expanding the business

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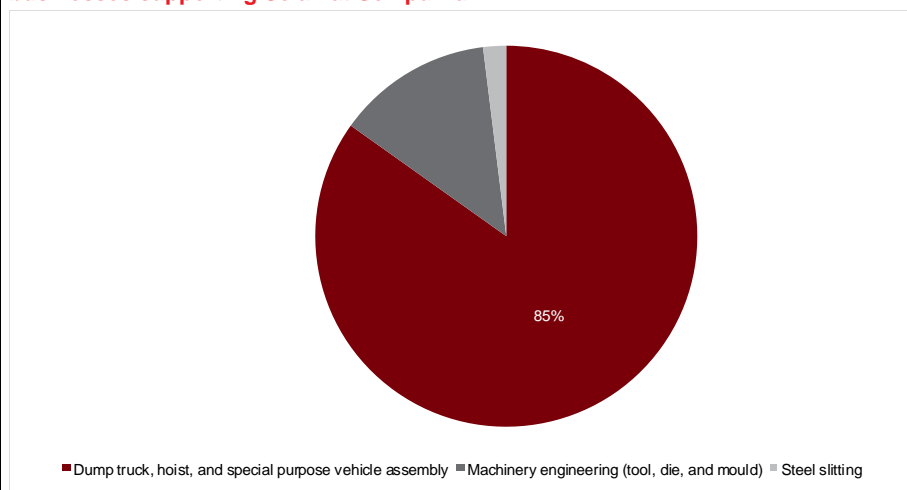
1. BACKGROUND

1.1 Market leader in a relatively fragmented segment ▶

We recently visited HP's 9.4ha Tangerang factory, which is located in the same complex as SMSM's factory. Established in 1982, HP's business consists mainly of dump hoist installation (85% of revenue) in addition to a steel slitting and a tool, die and mould operation supporting Selamat Sempurna and the ADR Group. HP controls 30% market share in the dump hoist installation segment, with the closest competitor holding a 10-15% share. HP's competitors are mostly local assemblers and there are no significant foreign players due to the high transportation costs, importance of after-sales service and the made-to-order nature of the sales.

HP attained its leadership by focusing its business mainly on the category 2 and 3 dump trucks, unlike the more comprehensive portfolios of some other players. Being one of the oldest dump truck assemblers in Indonesia, it also has a well-known brand 'ADR'. HP's products are priced at a 5-10% premium over the segment average. The average price for HP's dump truck system installation is around Rp90m for a Rp700m category 3 truck. The average usage life of a dump truck is around five years or more and most of the after-sales service is performed at the truck's dealerships by a dealership technician with only occasional assistance by HP's technician.

Figure 1: 85% of sales come from dump truck assembly while the rest is made up of businesses supporting Selamat Sempurna



SOURCES: CIMB, COMPANY REPORTS

Figure 2: HP's top 10 competitors (in no particular order). Each has an estimated capacity of 200-450 units per month, compared to HP's 600 units

Company	Brand
Porter Rekayasa Unggul	PRU
Sanggar Sarana Baja	SSB
PT Untied Tractor Pandu Engineering	PATRIA
PT Hodaya Maju Mandiri	HMM
Bengawan Karya Sakti	BENG
Harapan Duta Pertiwi	HDP
Sukses Tunggal Mandiri	STM
Subur Pratama Mandiri	-
PT Antika Raya	AR
Surya Putra	-

SOURCES: CIMB, COMPANY REPORTS

Figure 3: HP focuses mainly on category 3 truck dump hoist installation (70% of dump hoist sales) with most orders coming from Hino dealers



SOURCES: CIMB, COMPANY REPORTS

HP's customers are light truck dealerships, which usually order dump trucks after receiving a purchase order from their customers. HP then receives a truck chassis from the dealership, installs a hoist and dump system and returns it to the dealers. The average order to shipping time is around two weeks. Hino trucks dominate the orders (60%), followed by Nissan, Fuso and Isuzu. It is estimated that 70-80% of sales are to dealers near mining areas while the rest probably goes to the construction, forestry and plantation sectors. Sumatra and Kalimantan combined, rather than Java, is HP's largest market.

Figure 4: HP is one of the oldest dump truck assemblers in Indonesia and holds a well-known brand, 'ADR'



SOURCES: CIMB, COMPANY REPORTS

Figure 5: HP's integrated operations cover a larger chunk of the production process compared to most of its competitors



SOURCES: CIMB, COMPANY REPORTS

2. OUTLOOK

2.1 Growth aspiration for market share ►

The management is guiding to double its production from 4,000 units p.a. to 10,000 units by 2014-2015. In addition to sector growth, the company's strategy is to gradually soften its premium pricing and improve cost efficiency through economies of scale. Labour and manufacturing overheads (19% of COGS) and fixed SG&A costs (3% of sales) are the main items that could benefit from economies of scale, although raw materials (81% of COGS), mostly steel, are still the largest cost component. The company is also aiming to market more aggressively to the smaller size category 2 dump truck segment.

Current capacity utilisation stands at around 60-70%, all residing on its 9.4ha factory in the ADR Group complex. HP is expected to incur Rp30bn capex annually (less than 10% of sales) in the next three years for gradual capacity improvement through debottlenecking with most of the capex funded via internal cash flow from operations. HP also has close to 0% gearing post acquisition.

3. FINANCIALS

3.1 An accretive acquisition ►

Selamat Sempurna financed the Rp113bn acquisition via a loan from Bank Mizuho Indonesia, uncollateralised with 7% interest p.a. After subtracting the funding cost of the transaction, the valuation is accretive as SMSM received a small boost in profit (3-4% of SMSM's annual profit). HP's old debt of Rp70bn, which has a higher interest rate of around 9-10%, has also been paid off, resulting in immediate savings in financing expenses for HP.

Figure 6: Acquisition terms and details

Transaction details	
Effective date	May 1, 2012
Hydraxle Perkasa's stake bought	49%
Transaction value (Rp bn)	113
Price per share (Rp)	157
Number of shares bought (m)	721
New shares issued by Hydraxle (m)	721
Valuation	
Implied purchase price - FY11 P/E	10.3x
Implied purchase price - FY11 P/BV	2.1x

SOURCES: CIMB, COMPANY REPORTS

Figure 7: Acquisition is accretive to SMSM's profit and subsequently eliminates HP's debt

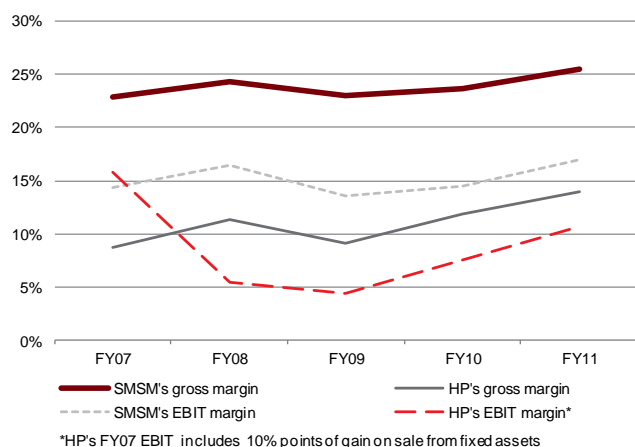
Funding for the transaction	
Loan size (Rp bn)	113
Counter party	Bank Mizuho Indonesia
Terms	Uncollateralized, 7% interest p.a.
Funding cost per year net of tax (Rp bn)	6
Potential impact to SMSM's financials (Rp bn)	
HP's 2011 net profit	22
SMSM's share of HP's profit	11
(-) Funding cost	6
SMSM share of HP's profit net of funding cost	4
% to SMSM's 2011 profit	2.2%
Potential impact to HP's financials (Rp bn)	
Proceeds from acquisition in cash	113
HP's outstanding debt to be paid off	70
Current HP's cost of debt	9.5%
Savings in financing expenses p.a., net of tax	5

SOURCES: CIMB, COMPANY REPORTS

3.2 A fast-growing business ▶

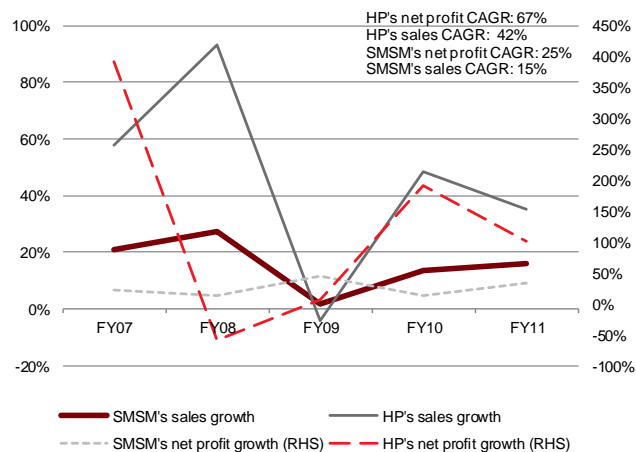
HP's business has been growing at a faster pace than Selamat Sempurna's due to its high exposure to the booming Indonesian economy, in particular the mining sector post the 2008 slowdown. However, HP's FY11 EBIT gross margin was 14% vs. SMSM's 25% while its EBIT margin was 11% vs. SMSM's 17%.

Figure 8: A lower-margin business than SMSM's core auto parts business...



SOURCES: CIMB, COMPANY REPORTS

Figure 9: ...however, it is growing at a faster pace. HP's sales and net profit posted 42% and 67% CAGR in the past five years



SOURCES: CIMB, COMPANY REPORTS

Figure 10: Growth coming from topline expansion and margin improvement

HP financial snapshot (Rp Bn)	2006	2007	2008	2009	2010	2011
Net sales	53	83	161	154	229	310
<i>growth</i>		58%	93%	-4%	48%	35%
COGS	(48)	(76)	(143)	(140)	(202)	(267)
Gross profit	5	7	18	14	27	43
<i>gross margin</i>	9%	9%	11%	9%	12%	14%
Opex	(3)	(5)	(9)	(8)	(9)	(11)
<i>growth</i>		40%	80%	-7%	16%	15%
Operating profit	1	3	10	6	18	33
<i>Operating profit margin</i>		3%	6%	4%	8%	10%
Net profit	2	9	4	4	11	22
<i>growth</i>		392%	-58%	7%	191%	101%
<i>Net profit margin</i>	3%	10%	2%	2%	5%	7%
Liabilities						
Bank loan					27	42
Trade payables						
Related party					0.1	0.1
Third party					21	24
Others					7	17
Equity					105	112
Debt to equity (debt are paid off after acquisition)					26%	38%

SOURCES: CIMB, COMPANY REPORTS

Figure 11: HP's 1Q12 sales and net profit grew 24% and 119% yoy, respectively

HP 1Q12 results review (Rp Bn)	3M11	3M12
Net sales	83	103
<i>growth</i>		24%
COGS	(74)	(85)
Gross profit	9	18
<i>gross margin</i>	11%	18%
Opex	(2)	(3)
<i>growth</i>		79%
Operating profit	7	15
<i>Operating profit margin</i>	8%	15%
Net profit	5	10
<i>growth</i>		119%
<i>Net profit margin</i>	6%	10%

SOURCES: CIMB, COMPANY REPORTS

4. VALUATION AND RECOMMENDATION

4.1 Maintain Outperform ►

As we have expounded on the acquisition impact in our previous update, we maintain our target price, EPS targets and Outperform recommendation. Selamat Sempurna acquired HP's dump hoist installation business to complement its main focus on auto and heavy equipment filters. Selamat Sempurna is also demanding higher growth from HP post acquisition, targeting to double sales in three years. Should HP deliver, this could translate into upside in earnings.

Figure 12: Sector comparison – CIMB coverage

Company	Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY 2012	CY 2013		CY 2012	CY 2013	CY 2014	CY 2012	CY 2013	CY 2012	CY 2013		
Astra International	ASII IJ	Outperform	68,400	77,000	29,616	15.1	12.2	12.8%	3.91	3.25	27.9%	29.1%	27.3%	11.3	8.9	2.5%	2.5%
Indomobil Sukses Int'l	IMAS IJ	Outperform	15,950	18,400	2,359	17.7	12.3	35.2%	3.80	2.98	23.7%	27.1%	24.5%	23.1	17.0	0.6%	0.8%
Selamat Sempurna	SMSM IJ	Outperform	1,860	2,525	286	11.0	9.3	19.2%	4.01	3.65	38.6%	41.0%	44.5%	6.4	5.8	6.9%	8.5%
Indonesia average						15.3	12.2	22.4%	3.91	3.23	27.7%	29.0%	27.2%	11.8	9.3	2.4%	2.5%
Proton Holdings	PROH MK	Neutral	5.48	5.50	960	28.9	21.2	-21.5%	0.53	0.51	1.9%	2.4%	1.0%	5.5	5.0	1.4%	1.4%
Tan Chong Motor Holdings	TCM MK	Neutral	4.50	4.75	965	12.0	8.4	19.7%	1.49	1.30	13.3%	16.6%	16.4%	8.2	6.3	2.2%	2.3%
UMW Holdings	UMWH MK	Outperform	7.63	8.30	2,844	11.2	10.3	11.4%	1.92	1.79	17.5%	18.0%	17.9%	5.9	5.5	5.3%	5.8%
Malaysia average						13.1	11.0	3.2%	1.20	1.12	9.4%	10.5%	11.9%	6.1	5.5	3.9%	4.2%
Brilliance China Automotive	1114 HK	Outperform	6.98	10.80	4,517	9.8	7.6	33.4%	2.58	1.93	30.1%	28.8%	24.9%	66.1	51.9	0.0%	0.0%
Dongfeng Motor Group	489 HK	Neutral	12.58	15.80	13,958	8.4	7.8	6.4%	1.64	1.39	21.3%	19.4%	17.6%	3.4	2.4	1.8%	1.9%
Geely Automobile Holdings	175 HK	Neutral	2.54	3.30	2,445	8.3	6.5	19.2%	1.39	1.16	18.2%	19.5%	17.8%	6.2	4.7	1.4%	1.8%
Great Wall Motor	2333 HK	Outperform	14.50	19.30	6,925	8.3	7.2	15.0%	1.78	1.49	23.6%	22.7%	21.0%	4.1	3.4	3.2%	3.7%
Guangzhou Auto - H	2238 HK	Underperform	6.40	6.70	7,203	7.8	6.8	8.4%	1.00	0.90	13.4%	13.9%	14.1%	9.3	6.8	3.7%	4.2%
Qingling Motors Company-H	1122 HK	Outperform	2.00	3.50	639	10.0	8.6	16.7%	0.56	0.55	5.6%	6.4%	7.4%	-3.0	-2.9	8.2%	9.6%
Minth Group	425 HK	Neutral	9.27	7.70	1,286	9.7	8.5	10.9%	1.24	1.13	13.5%	13.9%	13.9%	4.5	3.7	3.6%	4.0%
Weichai Power Co Ltd-H	2338 HK	Neutral	31.15	34.40	7,868	9.0	8.7	-2.6%	1.54	1.32	18.6%	16.3%	14.6%	3.7	3.4	0.3%	0.3%
Hong Kong average						8.6	7.6	13.4%	1.50	1.29	18.9%	18.2%	17.0%	4.5	3.5	1.9%	2.2%
Average all countries						10.8	9.3	13.0%	2.00	1.71	19.8%	19.9%	19.0%	7.0	5.8	2.2%	2.4%

SOURCES: CIMB, COMPANY REPORTS

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Recommendation Framework #1 *

Stock

OUTPERFORM: The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 12 months.

NEUTRAL: The stock's total return is expected to be within +/-5% of a relevant benchmark's total return.

UNDERPERFORM: The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 12 months.

TRADING BUY: The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 3 months.

TRADING SELL: The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 3 months.

Sector

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months.

TRADING BUY: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 3 months.

TRADING SELL: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 3 months.

* This framework only applies to stocks listed on the Singapore Stock Exchange, Bursa Malaysia, Stock Exchange of Thailand and Jakarta Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.

Recommendation Framework #2 **

Stock

OUTPERFORM: Expected positive total returns of 15% or more over the next 12 months.

NEUTRAL: Expected total returns of between -15% and +15% over the next 12 months.

UNDERPERFORM: Expected negative total returns of 15% or more over the next 12 months.

TRADING BUY: Expected positive total returns of 15% or more over the next 3 months.

TRADING SELL: Expected negative total returns of 15% or more over the next 3 months.

Sector

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +15% or better over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, has either (i) an equal number of stocks that are expected to have total returns of +15% (or better) or -15% (or worse), or (ii) stocks that are predominantly expected to have total returns that will range from +15% to -15%; both over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -15% or worse over the next 12 months.

TRADING BUY: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +15% or better over the next 3 months.

TRADING SELL: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -15% or worse over the next 3 months.

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