

## Selamat Sempurna

SMSM IJ / SMSM JK

## COMPANY NOTE

<b>Market Cap</b> <b>US\$307.7m</b> Rp2,915,330m	<b>Avg Daily Turnover</b> <b>US\$0.26m</b> Rp2,462m	<b>Free Float</b> <b>41.9%</b> 1,440 m shares	Current <b>Rp2,025</b> Target <b>Rp2,375</b> Previous Target Rp2,375 Up/downside <b>17.3%</b>	<b>SHORT TERM (3 MTH)</b> TRADING BUY TRADING SELL	<b>LONG TERM</b> <b>OUTPERFORM</b> NEUTRAL UNDERPERFORM
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### Notes from the Field



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*“Selamat Sempurna’s management is getting more involved in Hydraxle and is pushing for a more intensive marketing.”*

– Ang Andri Pribadi, CFO

## Consolidating Hydraxle

Selamat Sempurna increased its shareholding in Hydraxle from 49% to 51%. This triggered financial consolidation, but the bottom-line impact was minimal. The company also announced an interim dividend of Rp50 per share, reaffirming its pay-out commitment

We incorporated the increase in ownership and consolidated the financial statements, resulting in a minimal increase in our EPS targets. We maintain our DCF-based target price of Rp2,375 and Outperform rating, with the key catalyst being strong domestic OEM demand.

additional 2% stake implies 14.0x Hydraxle’s 2012 P/E (based on management earnings guidance). Hydraxle’s strong earnings have made SMSM’s original 49% stake look even cheaper at 6.9x 2012 P/E.

### Committed to dividends

Reaffirming its dividend commitment, SMSM will pay an interim dividend of Rp50 per share for an aggregate of Rp72bn, or about 32% of its 2012 earnings on our numbers. This implies 2.5% dividend yield. The shares trade cum-dividend from 4 Sep 2012 and ex-dividend from 5 Sep 2012.

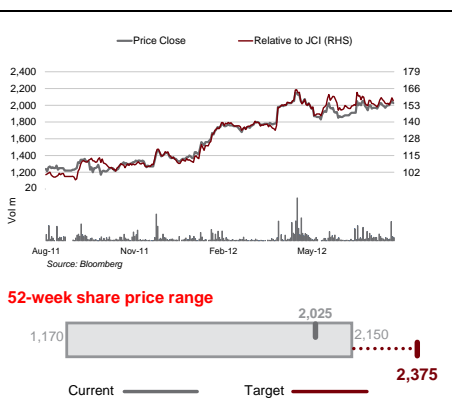
### Strong Hydraxle performance triggered consolidation

Selamat Sempurna (SMSM) exercised its rights to increase its ownership in Hydraxle from 49% to 51%, effective 1 Aug 2012. The company exercised all of the rights it received during its initial Hydraxle stake purchase, spending Rp9.4bn for the newly issued shares – this translates to Rp157 per share, the same price as the initial purchase. SMSM currently has no outstanding rights to further increase its stake in Hydraxle.

### Minimal impact, fundamentals unchanged

SMSM’s increased stake triggered consolidation under accounting standards as opposed to its previous equity accounting method. However, the bottom-line impact is minimal as the stake increase is so small. We maintain our forecasts and Outperform rating and expect to see growth on buoyant domestic OEM demand.

Hydraxle’s markedly improved performance was one of the main reasons SMSM increased its stake in Hydraxle – the latter’s 1H12 sales and earnings grew 38% and 144% yoy, respectively. The price of the



### Financial Summary

	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue (Rpb)	1,562	1,808	2,161	2,613	3,129
Operating EBITDA (Rpb)	304.9	386.5	440.3	526.3	615.9
Net Profit (Rpb)	150.4	200.9	226.4	279.2	335.3
Core EPS (Rp)	105.0	134.2	154.5	192.0	231.8
Core EPS Growth	11.2%	27.9%	15.1%	24.3%	20.7%
FD Core P/E (x)	19.29	15.08	13.11	10.55	8.74
DPS (Rp)	90.0	80.0	100.0	129.3	158.6
Dividend Yield	4.44%	3.95%	4.94%	6.38%	7.83%
EV/EBITDA (x)	10.57	8.33	7.75	6.58	5.75
P/FCFE (x)	15.16	31.40	26.23	17.98	14.67
Net Gearing	46.6%	36.7%	30.3%	25.7%	22.7%
P/BV (x)	5.61	4.81	4.23	3.72	3.27
Recurring ROE	29.7%	34.4%	34.4%	37.6%	39.9%
% Change In Core EPS Estimates			0.221%	0.208%	0.417%
CIMB/consensus EPS (x)			0.98	1.04	1.09

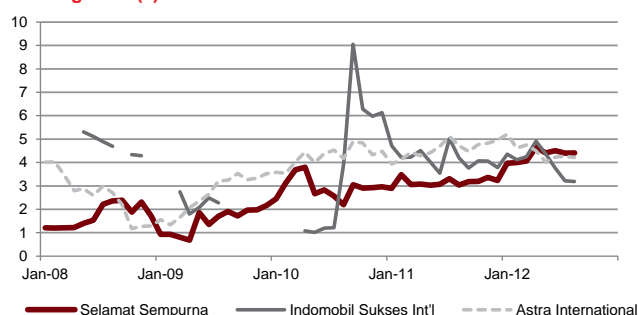
SOURCE: CIMB, COMPANY REPORTS

## PEER COMPARISON

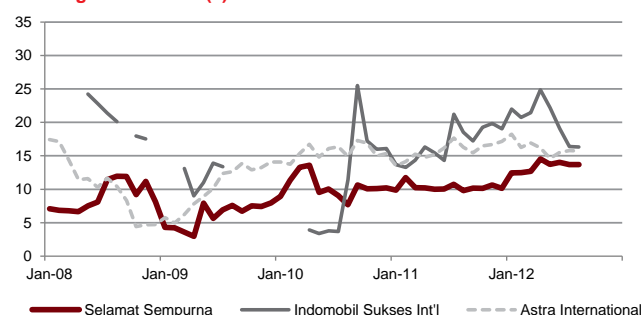
### Research Coverage

	Bloomberg Code	Market	Recommendation	Mkt Cap US\$m	Price	Target Price	Upside
<b>Selamat Sempurna</b>	<b>SMSM IJ</b>	<b>ID</b>	<b>OUTPERFORM</b>	<b>308</b>	<b>2,025</b>	<b>2,375</b>	<b>17.3%</b>
Indomobil Sukses Int'l	IMAS IJ	ID	OUTPERFORM	1,795	6,150	7,000	13.8%
Astra International	ASII IJ	ID	OUTPERFORM	29,906	7,000	7,700	10.0%

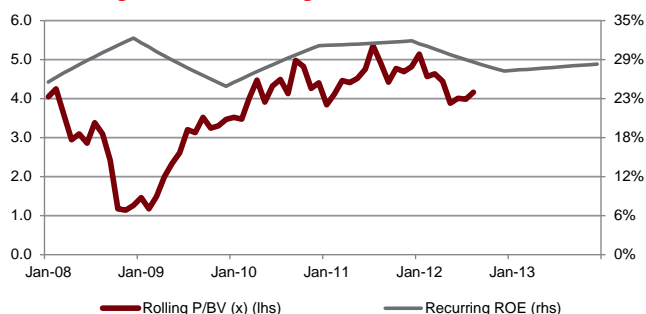
### Rolling P/BV (x)



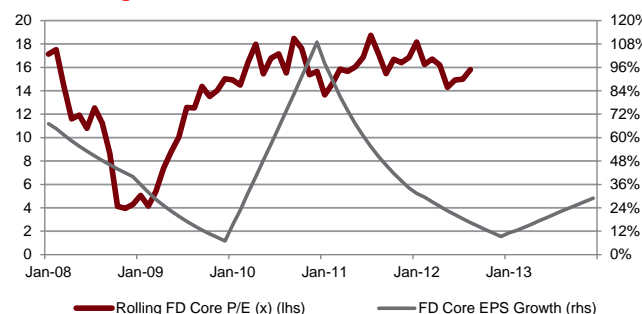
### Rolling FD Core P/E (x)



### 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
<b>Selamat Sempurna</b>	<b>15.08</b>	<b>13.11</b>	<b>10.55</b>	<b>4.81</b>	<b>4.23</b>	<b>3.72</b>	<b>8.33</b>	<b>7.75</b>	<b>6.58</b>
Indomobil Sukses Int'l	18.30	15.49	11.15	3.64	3.01	2.42	27.12	23.24	16.90
Astra International	16.23	15.51	12.66	4.69	4.01	3.34	13.90	12.44	9.90

### 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
<b>Selamat Sempurna</b>	<b>27.9%</b>	<b>15.1%</b>	<b>24.3%</b>	<b>34.4%</b>	<b>34.4%</b>	<b>37.6%</b>	<b>3.95%</b>	<b>4.94%</b>	<b>6.38%</b>
Indomobil Sukses Int'l	43.0%	18.1%	38.9%	27.3%	21.2%	24.1%	0.00%	0.72%	0.97%
Astra International	21.3%	4.7%	22.5%	31.8%	27.9%	28.8%	2.46%	2.40%	2.47%

SOURCE: CIMB, COMPANY REPORTS

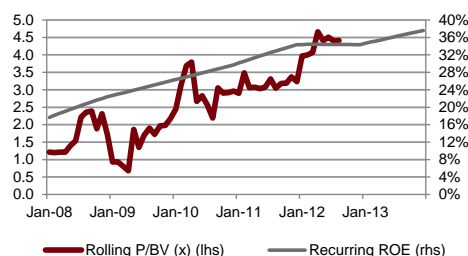
Calculations are performed using EFA™ Monthly Interpolated Annualisation and Aggregation algorithms to December year ends

## BY THE NUMBERS

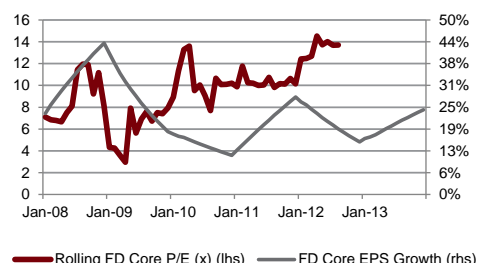
### Share price info

Share px perf. (%)	1M	3M	12M
Relative	-2.4	0.6	52
Absolute	-1.2	-2.4	51.1
Major shareholders	% held		
Adrindo Inti Perkasa	58.1		

### P/BV vs Recurring ROE



### FD Core P/E vs FD Core EPS Growth



2012 sales increased 11% post consolidation and gross margin dropped 90bp – bottom line changes are minimal

### Profit & Loss

(Rpb)	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue	1,562	1,808	2,161	2,613	3,129
Other Operating Income	-	-	-	-	-
Cost Of Sales	(1,193)	(1,347)	(1,630)	(1,971)	(2,362)
<b>Gross Profit</b>	<b>368.8</b>	<b>460.7</b>	<b>530.7</b>	<b>642.2</b>	<b>767.0</b>
Total Operating Costs	(140.9)	(164.2)	(185.2)	(222.4)	(267.6)
<b>Operating Profit</b>	<b>227.8</b>	<b>296.5</b>	<b>345.4</b>	<b>419.8</b>	<b>499.4</b>
<b>Operating EBITDA</b>	<b>304.9</b>	<b>386.5</b>	<b>440.3</b>	<b>526.3</b>	<b>615.9</b>
Depreciation And Amortisation	(77.1)	(90.0)	(94.9)	(106.4)	(116.5)
<b>Operating EBIT</b>	<b>227.8</b>	<b>296.5</b>	<b>345.4</b>	<b>419.8</b>	<b>499.4</b>
<b>Net Interest Income</b>	<b>(22.23)</b>	<b>(26.60)</b>	<b>(28.54)</b>	<b>(26.36)</b>	<b>(24.67)</b>
Exchange Gains	(4.73)	1.91	0.00	0.00	0.00
Other Income	3.87	7.79	5.00	3.50	2.00
Associates' Profit	-	-	-	-	-
Profit Before Tax (pre-EI)	204.8	279.6	321.9	397.0	476.7
Exceptional Items	-	-	-	-	-
<b>Pre-tax Profit</b>	<b>204.8</b>	<b>279.6</b>	<b>321.9</b>	<b>397.0</b>	<b>476.7</b>
Taxation	(39.92)	(60.34)	(64.38)	(79.39)	(95.34)
Exceptional Income - post-tax	-	-	-	-	-
<b>Profit After Tax</b>	<b>164.8</b>	<b>219.3</b>	<b>257.5</b>	<b>317.6</b>	<b>381.4</b>
Minority Interests	(14.43)	(18.40)	(31.10)	(38.35)	(46.06)
Other Adjustments - post-tax	-	-	-	-	-
<b>Net Profit</b>	<b>150.4</b>	<b>200.9</b>	<b>226.4</b>	<b>279.2</b>	<b>335.3</b>
<b>Recurring Net Profit</b>	<b>151.1</b>	<b>193.3</b>	<b>222.4</b>	<b>276.4</b>	<b>333.7</b>

Having an ample cash position, Selamat Sempurna is paying an interim dividend of Rp72bn

### Cash Flow

(Rpb)	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
<b>Pre-tax Profit</b>	<b>204.8</b>	<b>279.6</b>	<b>321.9</b>	<b>397.0</b>	<b>476.7</b>
Depreciation And Non-cash Adj.	104.0	114.7	123.4	132.8	141.1
<b>Change In Working Capital</b>	<b>(16.4)</b>	<b>(68.7)</b>	<b>(201.8)</b>	<b>(280.5)</b>	<b>(89.1)</b>
Tax Paid	(39.92)	(60.34)	(64.38)	(79.39)	(95.34)
Other Operating Cashflow	(33.6)	(27.9)	208.0	3.5	7.3
<b>Cashflow From Operations</b>	<b>218.9</b>	<b>237.4</b>	<b>387.1</b>	<b>173.3</b>	<b>440.7</b>
Capex	(103.9)	(96.3)	(103.3)	(120.5)	(139.8)
Disposals Of FAs/subsidiaries	0.91	1.91	3.52	2.88	3.41
Acq. Of Subsidiaries/investments	(1.9)	0.0	(133.7)	0.0	0.0
Other Investing Cashflow	(14.73)	(6.06)	(4.02)	3.31	(1.14)
<b>Cash Flow From Investing</b>	<b>(119.6)</b>	<b>(100.4)</b>	<b>(237.5)</b>	<b>(114.4)</b>	<b>(137.6)</b>
Debt Raised/(repaid)	115.2	(17.5)	(9.9)	129.6	(79.8)
Equity Raised/(Repaid)	-	-	-	-	-
Dividends Paid	(141.3)	(117.1)	(144.0)	(186.1)	(228.4)
Net Cash Interest	(22.23)	(26.60)	(28.54)	(26.36)	(24.67)
Other Financing Cashflow	22.23	26.60	28.54	26.36	24.67
<b>Cash Flow From Financing</b>	<b>(26.1)</b>	<b>(134.6)</b>	<b>(153.9)</b>	<b>(56.6)</b>	<b>(308.2)</b>
Total Cash Generated	73.24	2.31	(4.28)	2.39	(5.01)
Change In Net Cash	(42.0)	19.8	5.6	(127.2)	74.8
Free Cashflow To Equity	192.3	92.8	111.1	162.2	198.7

## BY THE NUMBERS

ROAA fell about 160bp after consolidation due to Hydraxle's faster growing but less mature business. ROAE remains the same.

### Balance Sheet

(Rpb)	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Fixed Assets	376.8	397.7	511.0	527.3	552.9
Intangible Assets	-	-	-	-	-
Other Long Term Assets	28.6	20.2	163.0	159.7	160.8
<b>Total Non-current Assets</b>	<b>405.4</b>	<b>417.9</b>	<b>674.0</b>	<b>687.0</b>	<b>713.7</b>
Total Cash And Equivalents	14.31	16.62	12.33	14.72	9.71
Inventories	307.0	324.5	427.5	514.8	616.2
Accounts Receivable	313.7	357.9	448.4	542.2	649.3
Other Current Assets	26.67	19.91	30.90	36.72	44.28
<b>Total Current Assets</b>	<b>662</b>	<b>719</b>	<b>919</b>	<b>1,108</b>	<b>1,319</b>
Trade Creditors	124.8	86.5	123.2	148.9	178.4
Short-term Debt	120.6	103.2	124.4	0.0	79.4
Other Current Liabilities	58.9	71.8	81.9	98.5	117.8
<b>Total Current Liabilities</b>	<b>304.4</b>	<b>261.5</b>	<b>329.4</b>	<b>247.4</b>	<b>375.5</b>
Total Long-term Debt	158.7	159.3	196.6	316.1	236.8
Other Liabilities	28.11	39.21	43.01	52.01	62.29
Deferred Tax	7.46	6.25	6.67	8.22	9.88
<b>Total Non-current Liabilities</b>	<b>194.3</b>	<b>204.7</b>	<b>246.2</b>	<b>376.4</b>	<b>308.9</b>
<b>Shareholders' Equity</b>	<b>519.4</b>	<b>605.9</b>	<b>689.1</b>	<b>783.0</b>	<b>890.7</b>
Minority Interests	49.1	64.7	328.3	388.7	458.1
Preferred Shareholders Funds	-	-	-	-	-
<b>Total Equity</b>	<b>568</b>	<b>671</b>	<b>1,017</b>	<b>1,172</b>	<b>1,349</b>

### Key Ratios

	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue Growth	13.6%	15.8%	19.5%	20.9%	19.8%
Operating EBITDA Growth	14.6%	26.7%	13.9%	19.5%	17.0%
Operating EBITDA Margin	19.5%	21.4%	20.4%	20.1%	19.7%
Net Cash Per Share (Rp)	(184.1)	(170.8)	(214.3)	(209.3)	(212.8)
BVPS (Rp)	360.8	420.8	478.7	543.9	618.7
Gross Interest Cover	9.56	10.44	11.31	14.55	18.38
Tax Rate	19.5%	21.6%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	86.1%	57.3%	63.6%	66.7%	68.1%
Accounts Receivables Days	69.18	67.79	68.28	69.19	69.49
Inventory Days	85.97	85.55	84.42	87.27	87.39
Accounts Payables Days	43.70	28.62	23.53	25.20	25.29
ROIC (%)	23.2%	25.7%	25.3%	25.6%	26.9%
ROCE (%)	29.5%	33.5%	30.6%	29.9%	31.8%

### Key Drivers

	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
ASP (% chg, main prod./serv.)	7.6%	8.0%	5.2%	4.0%	4.2%
Unit sales grth (% , main prod./serv.)	22.5%	8.2%	2.0%	15.0%	15.0%
Util. rate (% , main prod./serv.)	56.0%	60.6%	61.8%	56.9%	56.1%
ASP (% chg, 2ndary prod./serv.)	-6.8%	5.1%	-2.0%	5.0%	2.6%
Unit sales grth (% , 2ndary prod/serv)	13.4%	3.8%	7.0%	13.0%	13.0%
Util. rate (% , 2ndary prod/serv)	44.4%	45.1%	49.0%	55.4%	62.6%
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

# Consolidating Hydraxle

## 1. BACKGROUND

### 1.1 Increasing its stake ▶

Selamat Sempurna (SMSM) exercised all the rights it received with its initial Hydraxle stake purchase to buy 60m newly issued shares, increasing its stake in the company from 49% to 51% effective 1 Aug. The transaction cost Rp9.4bn, and was indirectly funded by Rp22bn in cash dividends SMSM received from its subsidiaries, Hydraxle and Panata Jaya Mandiri. Thus, the purchase had minimal impact to the company's already ample cash flow.

The implied purchase price, based on the term already agreed during the initial Hydraxle purchase, was at Rp157 per share. This implies valuation of 1.9x Hydraxle's Jun 2012 P/BV and 14.0x its 2012 P/E, based on management guidance, though the guidance looks conservative to us after strong 1H12 performance. The valuation can be compared to SMSM current valuation of 13.1x CY12 P/E and 4.2x CY12 P/BV.

An important thing to note is that Hydraxle's strong 1H12 performance has made SMSM's initial purchase of a 49% stake in the company looks cheap. At Rp113bn, the previous transaction implies a valuation of just 6.9x Hydraxle's 2012 P/E.

#### Notes from the Field

*"Selamat Sempurna's management is getting more involved in Hydraxle and is pushing for a more intensive marketing."*

– Ang Andri Pribadi, CFO

**Figure 1: SMSM bought newly issued Hydraxle shares, injecting more capital**

Transaction details	
Effective date	1-Aug-12
New Hydraxle shares issued (m)	60
Price per share (Rp)	157
Transaction value (Rp Bn)	9.4
Ownership added	2%
SMSM ownership in Hydraxle post transaction	51%
Valuation	
Implied additional stake price over FY12F P/E (management guidance)	14.0x
Implied additional stake price over Jun-12 P/BV	1.9x
Implied purchase price of initial 49% stake over FY12F P/E	6.9x

SOURCES: CIMB, COMPANY REPORTS

### 1.2 Hydraxle's strong performance was the trigger ▶

SMSM's management had previously noted that Hydraxle's performance would be the main criteria determining whether or not it would exercise its options and consolidate the company. Hydraxle 1H12 performance has been very strong, with net profit growing 144%, lifted by gross margin expansion, 38% yoy sales growth and lighter interest burden. Noting strong market demand, SMSM's management is getting more involved in Hydraxle's operations, intensifying the subsidiary's marketing effort.

With 1H12 profit accounting for 70% of full-year guidance, Hydraxle's performance seems to be on track even though it faces a more challenging second half due to headwinds from the mining sector. Moreover, the company has not made any price cuts to date to increase its market share.

**Figure 2: Hydraxle grew exponentially in 1H12 and full-year guidance seems achievable despite the more challenging industry outlook**

P&L (Rp bn)	1H11	1H12	Yoy growth	% to FY guidance	2012F management guidance
Net sales	150	207	38%	57%	360
COGS	(132)	(164)		55%	(300)
<b>Gross profit</b>	<b>19</b>	<b>43</b>	<b>129%</b>	<b>71%</b>	<b>61</b>
<i>Gross margin</i>	12%	21%			17%
Selling expenses	(1)	(1)			
G&A expenses	(4)	(8)			
<b>Operating expenses</b>	<b>(4)</b>	<b>(9)</b>	<b>109%</b>	<b>66%</b>	<b>(14)</b>
<b>Operating profit</b>	<b>14</b>	<b>34</b>	<b>135%</b>	<b>72%</b>	<b>47</b>
<i>Operating profit margin</i>	10%	16%			13%
Non-operating income (expenses)	(1)	(2)	41%	98%	(2)
<b>Profit before tax</b>	<b>13</b>	<b>32</b>	<b>145%</b>	<b>71%</b>	<b>45</b>
Income tax	(3)	(8)		72%	(11)
<b>Net income</b>	<b>10</b>	<b>24</b>	<b>144%</b>	<b>70%</b>	<b>34</b>
<i>Net profit margin</i>	6%	11%			9%

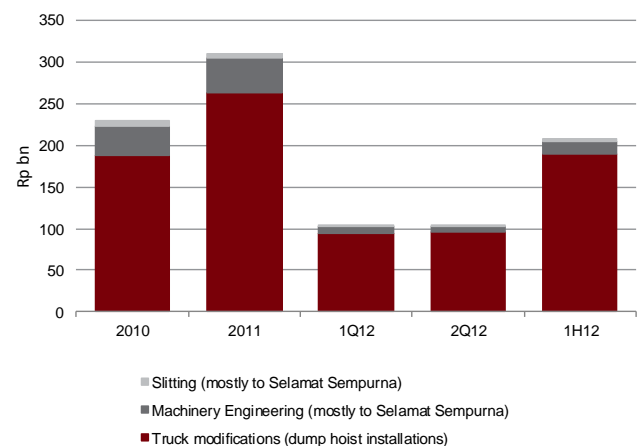
SOURCES: CIMB, COMPANY REPORTS

**Figure 3: Hydraxle's profitability improvement is mainly driven by higher sales and gross margin based on production scale**

	2008	2009	2010	2011	1H11	1H12
ROAA	2%	2%	7%	13%	12%	20%
ROAE	2%	2%	7%	13%	17%	13%
Net profit margin	2%	2%	5%	7%	6%	11%
Operating profit margin	6%	4%	8%	10%	10%	16%
Gross profit margin	11%	9%	12%	14%	12%	21%
Asset turnover	99%	96%	151%	174%	185%	172%
Net debt (cash) to equity	83%	38%	26%	37%	24%	-10%

SOURCES: CIMB, COMPANY REPORTS

**Figure 4: Hydraxle's sales growth was driven by its dump hoist installation business**



SOURCES: CIMB, COMPANY REPORTS

### 1.3 Interim dividend of Rp50 per share announced

Having ample cash, SMSM has announced an interim dividend of Rp50 per share, matching its interim dividend last year. This payment implies 2.5% dividend yield and represents 32% of 2012 net profit on our numbers. Management has noted that a 63% dividend payout ratio for 2012 is the likely minimum level, as it aims to increase its absolute dividend value each year.

**Figure 5: Interim dividend of Rp50 per share. Share trades cum dividend from 4 Sep 2012**

**Dividend details**

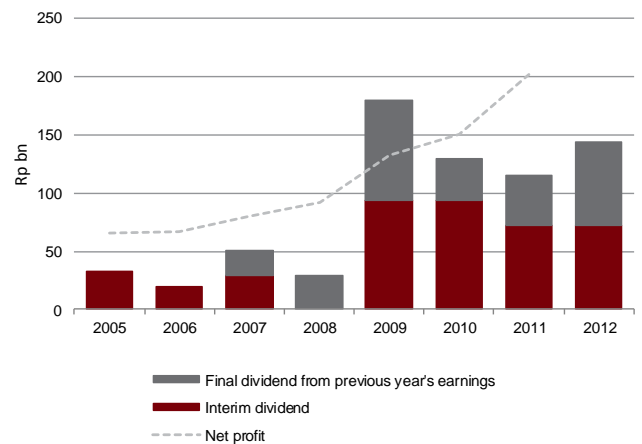
Total interim dividend paid out (Rp Bn)	72
Interim dividend per share (Rp)	50
Interim dividend yield	2.5%
2012F net income	226
Interim dividend over 2011 net income	32%

**Timeline**

Shares trade cum-dividend	4-Sep-12
Shares trade ex-dividend	5-Sep-12
Record date for entitlement of dividend	7-Sep-12
Payment of dividend	21-Sep-12

SOURCES: CIMB, COMPANY REPORTS

**Figure 6: Interim dividend matches last year's, continuing a good payout record**



SOURCES: CIMB, COMPANY REPORTS

### 1.4 Transaction has minimal impact to bottom line, fundamentals unchanged ▶

Although the increased stake triggered consolidation, the bottom-line impact is minimal, amounting to less than 0.5% to our CY12-14 forecasts due to the small size of the additional stake. The addition of Hydraxle's sales (net of interrelated sales) increased overall sales numbers 11%. Gross margin declined 90bp as Hydraxle's 17% gross margin is lower than SMSM's 25.5%. The company's 2012 ROAE ratio remained constant, as leverage increased to compensate for mathematically lower consolidated margin. We maintain our Outperform rating and target price.

**Figure 7: After consolidation, our earnings forecasts increase slightly due to added ownership**

2012F (Rp Bn)	Prev. forecast	Post consolidation	Change
Net sales	1,945	2,161	11%
(-) COGS	(1,450)	(1,630)	12%
<b>Gross profit</b>	<b>495</b>	<b>531</b>	<b>7%</b>
(-) Operating expenses	(173)	(185)	7%
<b>Operating profit</b>	<b>322</b>	<b>345</b>	<b>7%</b>
(-) Non-operating expenses	(25)	(24)	-6%
(+) Equity income (loss) in associates	8	0	-100%
<b>Profit before tax</b>	<b>305</b>	<b>322</b>	<b>6%</b>
(-) Income tax	(59)	(64)	9%
(-) Minority interest	(20)	(31)	59%
<b>Net income</b>	<b>226</b>	<b>226</b>	<b>0%</b>
Gross margin	25.5%	24.6%	
Operating profit margin	16.5%	16.0%	
Profit margin	11.6%	10.5%	

SOURCES: CIMB, COMPANY REPORTS

Figure 8: 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 2012	CY 2013	CY 2014	CY 2012	CY 2013	CY 2012	CY 2013
Astra International	ASII IJ	Outperform	7,000	7,700	29,906	15.5	12.7	12.3%	4.01	3.34	27.9%	28.8%	27.1%	11.9	9.4	2.4%	2.5%
Indomobil Sukses Int'l	IMAS IJ	Outperform	6,150	7,000	1,795	15.5	11.2	30.7%	3.01	2.42	21.2%	24.1%	23.5%	22.4	16.3	0.7%	1.0%
Selamat Sempurna	SMSM IJ	Outperform	2,025	2,375	308	13.1	10.5	16.9%	4.23	3.72	35.1%	37.6%	39.9%	7.6	6.6	4.9%	6.4%
<b>Indonesia average</b>						<b>15.5</b>	<b>12.5</b>	<b>20.0%</b>	<b>3.94</b>	<b>3.27</b>	<b>27.4%</b>	<b>28.5%</b>	<b>26.9%</b>	<b>12.2</b>	<b>9.7</b>	<b>2.3%</b>	<b>2.4%</b>
Tan Chong Motor Holdings	TCM MK	Underperform	4.40	4.20	945	14.3	9.2	15.4%	1.49	1.32	11.0%	15.3%	15.4%	9.0	6.9	2.2%	2.4%
UMW Holdings	UMWH MK	Outperform	9.76	10.60	3,643	13.3	12.0	13.7%	2.45	2.26	19.1%	19.7%	19.2%	7.1	6.3	4.5%	5.0%
<b>Malaysia average</b>						<b>13.8</b>	<b>10.6</b>	<b>14.6%</b>	<b>1.97</b>	<b>1.79</b>	<b>15.0%</b>	<b>17.5%</b>	<b>17.3%</b>	<b>8.1</b>	<b>6.6</b>	<b>3.4%</b>	<b>3.7%</b>
Brilliance China Automotive	1114 HK	Outperform	7.14	10.10	4,627	10.8	8.2	31.3%	3.02	2.20	32.5%	31.3%	26.4%	71.9	58.4	0.0%	0.0%
Dongfeng Motor Group	489 HK	Neutral	11.26	15.80	12,511	7.6	7.0	6.4%	1.48	1.26	21.3%	19.4%	17.6%	2.8	1.9	1.9%	2.1%
Geely Automobile Holdings	175 HK	Neutral	2.51	2.80	2,420	10.1	7.7	11.1%	1.40	1.20	14.9%	16.9%	15.3%	7.5	5.9	1.2%	1.5%
Great Wall Motor	2333 HK	Outperform	17.60	18.30	7,275	10.5	9.5	11.8%	2.20	1.87	22.8%	21.3%	20.0%	5.5	4.8	2.5%	2.8%
Guangzhou Auto - H	2238 HK	Trading buy	5.59	7.50	6,556	6.7	5.7	9.4%	0.88	0.79	13.7%	14.5%	14.6%	6.0	3.4	4.5%	5.2%
Qingling Motors Company-H	1122 HK	Outperform	1.81	3.50	579	9.1	7.9	16.7%	0.51	0.50	5.6%	6.4%	7.4%	-3.6	-3.5	9.0%	10.5%
Mint Group	425 HK	Neutral	7.90	7.70	1,097	8.3	7.3	10.9%	1.07	0.97	13.5%	13.9%	13.9%	3.4	2.7	4.1%	4.7%
Weichai Power Co Ltd-H	2338 HK	Neutral	21.20	34.40	6,109	6.2	6.0	-2.6%	1.06	0.90	18.6%	16.3%	14.6%	1.9	1.8	0.5%	0.5%
<b>Hong Kong average</b>						<b>8.1</b>	<b>7.2</b>	<b>11.9%</b>	<b>1.41</b>	<b>1.21</b>	<b>18.7%</b>	<b>18.1%</b>	<b>16.9%</b>	<b>4.0</b>	<b>3.1</b>	<b>2.1%</b>	<b>2.3%</b>
<b>Average all countries</b>						<b>12.5</b>	<b>10.1</b>	<b>15.5%</b>	<b>2.44</b>	<b>2.09</b>	<b>20.4%</b>	<b>21.3%</b>	<b>20.4%</b>	<b>8.1</b>	<b>6.5</b>	<b>2.6%</b>	<b>2.8%</b>

SOURCES: CIMB, COMPANY REPORTS



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#### 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.

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### Recommendation Framework #2 \*\*

#### Stock

**OUTPERFORM:** Expected positive total returns of 10% or more over the next 12 months.

**NEUTRAL:** Expected total returns of between -10% and +10% over the next 12 months.

**UNDERPERFORM:** Expected negative total returns of 10% or more over the next 12 months.

**TRADING BUY:** Expected positive total returns of 10% or more over the next 3 months.

**TRADING SELL:** Expected negative total returns of 10% 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 +10% 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 +10% (or better) or -10% (or worse), or (ii) stocks that are predominantly expected to have total returns that will range from +10% to -10%; 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 -10% 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 +10% 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 -10% or worse over the next 3 months.

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