

Selamat Sempurna

SMSM IJ / SMSM JK

COMPANY NOTE

Market Cap US\$338.2m Rp3,239,255m	Avg Daily Turnover US\$0.23m Rp2,150m	Free Float 41.9% 1,440 m shares
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Current	Rp2,250
Target	Rp2,425
Previous Target	Rp2,375
Up/downside	7.8%

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

“While we are seeing monthly Hydraxle sales easing from its peaks in 2Q, we are optimistic that it can meet our target.”

– Ang Andri Priyadi, CEO

Delivering growth anyway

Selamat Sempurna has lowered its auto-parts sales guidance due to tepid demand in export markets. Even then, strong domestic demand and a robust margin outlook, supported by lower steel prices and a weak rupiah, should still propel its earnings growth above 15%.

Its more conservative guidance for auto-parts sales and earnings is still higher than our previous targets. Adjusting our margin assumptions, we raise our FY12 EPS by 1%, lifting our DCF-based (WACC 12.0%) target price slightly. Maintain Outperform.

Contained impact of mining slump

The domestic mining industry's slowdown has made only a limited dent on its domestic heavy-equipment filter sales (13% of sales). In fact, cost-conscious miners have been increasingly turning to its products (priced 20-30% lower than OEM parts), adding to its domestic market share. Its dump-truck business (5% of earnings) has tapered off by 10-20% since peaking in 2Q12, but remains on pace to eclipse full-year targets.

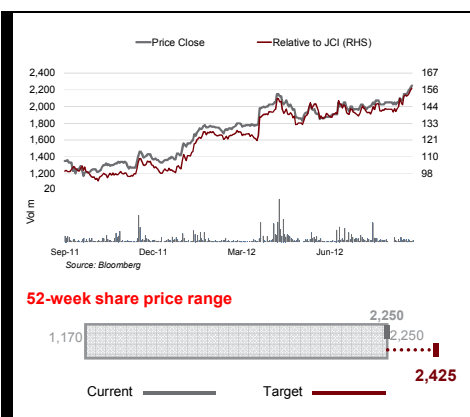
Lower sales, buffered by higher margins

Management has lowered its auto-parts sales target by 7%, expecting flat exports this year due to soft demand in the US, Chinese, and Japanese markets, and flat European sales. To buffer weak US radiator sales (-Rp30bn yoy in 1H12), SMSM will be commencing its JV with Tokyo Radiator by Apr 13, to supply domestic OEM radiators. The initial sales target is Rp57bn for 9M13.

Growth consistency

Management consistency in delivering growth despite tough market conditions remains SMSM's biggest appeal, as in 2008. Production capacity should still be sufficient, until 2014/15. Hence, an unchanged high dividend payout can be expected for next year, supported by a robust balance sheet. It recently paid out an interim dividend of Rp50/share, for a 64% payout of 1H12 earnings.

The lower sales will be compensated by cheaper materials and a weaker rupiah. Auto parts' gross margins will continue to inch up as the price of steel (45% of COGS) has plunged another 6% since Jun, or 17% YTD. Another boost should come from rupiah weakness against the US\$ (US\$/Rp exchange rate is -6% YTD).



Financial Summary

	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue (Rpb)	1,562	1,808	2,080	2,613	3,129
Operating EBITDA (Rpb)	304.9	386.5	442.9	526.0	615.4
Net Profit (Rpb)	150.4	200.9	228.4	279.3	335.4
Core EPS (Rp)	105.0	134.2	155.9	192.1	231.8
Core EPS Growth	11.2%	27.9%	16.1%	23.2%	20.7%
FD Core P/E (x)	21.44	16.76	14.43	11.71	9.71
DPS (Rp)	90.0	80.0	100.0	130.4	158.7
Dividend Yield	4.00%	3.56%	4.44%	5.80%	7.05%
EV/EBITDA (x)	11.63	9.17	8.35	7.19	6.26
P/FCFE (x)	16.85	34.89	22.11	24.16	16.29
Net Gearing	46.6%	36.7%	26.8%	25.3%	22.3%
P/BV (x)	6.24	5.35	4.69	4.13	3.63
Recurring ROE	29.7%	34.4%	34.6%	37.5%	39.9%
% Change In Core EPS Estimates			0.91%	0.04%	0.01%
CIMB/consensus EPS (x)			1.01	1.02	1.04

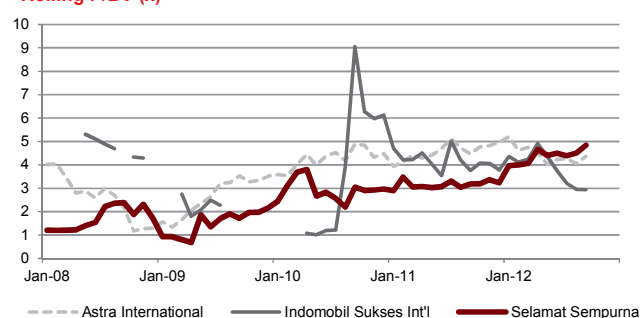
SOURCE: CIMB, COMPANY REPORTS

PEER COMPARISON

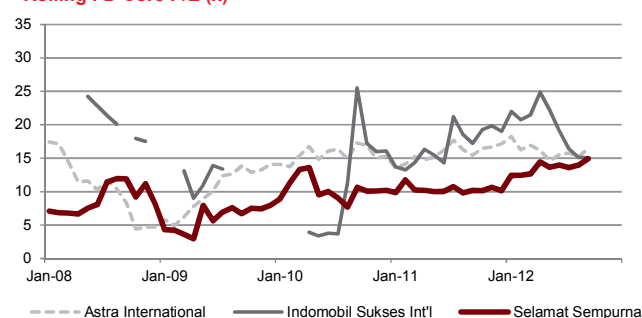
Research Coverage

	Bloomberg Code	Market	Recommendation	Mkt Cap US\$m	Price	Target Price	Upside
Astra International	ASII IJ	ID	OUTPERFORM	31,070	7,350	7,600	3.4%
Indomobil Sukses Int'l	IMAS IJ	ID	OUTPERFORM	1,660	5,750	7,000	21.7%
Selamat Sempurna	SMSM IJ	ID	OUTPERFORM	338	2,250	2,425	7.8%

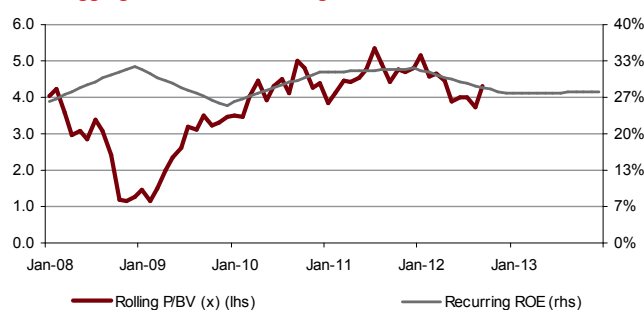
Rolling P/BV (x)



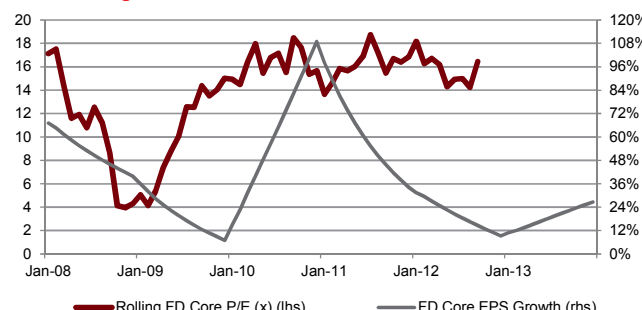
Rolling FD Core P/E (x)



Peer Aggregate: 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	17.04	16.30	13.80	4.92	4.21	3.54	14.53	13.17	10.77
Indomobil Sukses Int'l	17.11	14.49	10.43	3.40	2.81	2.27	25.56	22.20	16.17
Selamat Sempurna	16.76	14.43	11.71	5.35	4.69	4.13	9.17	8.35	7.19

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%	4.6%	18.1%	31.8%	27.8%	27.9%	2.34%	2.29%	2.35%
Indomobil Sukses Int'l	43.0%	18.1%	38.9%	27.3%	21.2%	24.1%	0.00%	0.77%	1.04%
Selamat Sempurna	27.9%	16.1%	23.2%	34.4%	34.6%	37.5%	3.56%	4.44%	5.80%

SOURCE: CIMB, COMPANY REPORTS

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

BY THE NUMBERS

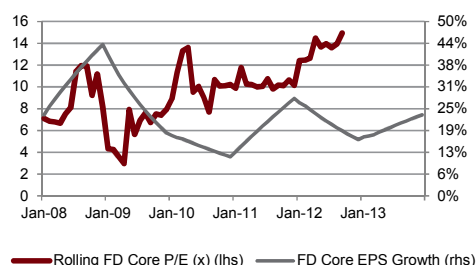
Share price info

Share px perf. (%)	1M	3M	12M
Relative	10.3	12.7	64.7
Absolute	11.1	21	71.8
Major shareholders			% held
Adrindo Inti Perkasa			58.1

P/BV vs Recurring ROE



FD Core P/E vs FD Core EPS Growth



Sales on track to grow by 14% yoy (consolidated), 7% from organic growth and the remainder from acquisitions

Profit & Loss

(Rpb)	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue	1,562	1,808	2,080	2,613	3,129
Other Operating Income	-	-	-	-	-
Cost Of Sales	(1,193)	(1,347)	(1,550)	(1,971)	(2,362)
Gross Profit	368.8	460.7	530.0	642.0	766.6
Total Operating Costs	(140.9)	(164.2)	(182.0)	(222.4)	(267.6)
Operating Profit	227.8	296.5	348.0	419.6	498.9
Operating EBITDA	304.9	386.5	442.9	526.0	615.4
Depreciation And Amortisation	(77.1)	(90.0)	(94.9)	(106.4)	(116.5)
Operating EBIT	227.8	296.5	348.0	419.6	498.9
Net Interest Income	(22.23)	(26.60)	(28.54)	(26.36)	(24.67)
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	324.4	396.7	476.3
Exceptional Items	-	-	-	-	-
Pre-tax Profit	204.8	279.6	324.4	396.7	476.3
Taxation	(39.92)	(60.34)	(64.89)	(79.34)	(95.25)
Exceptional Income - post-tax	-	-	-	-	-
Profit After Tax	164.8	219.3	259.5	317.4	381.0
Minority Interests	(14.43)	(18.40)	(31.10)	(38.03)	(45.66)
Other Adjustments - post-tax	-	-	-	-	-
Net Profit	150.4	200.9	228.4	279.3	335.4
Recurring Net Profit	151.1	193.3	224.4	276.5	333.8

Led by a strong margin outlook, earnings should grow by 17% yoy, 12% organically this year

Cash Flow

(Rpb)	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Pre-tax Profit	204.8	279.6	324.4	396.7	476.3
Depreciation And Non-cash Adj.	104.0	114.7	123.4	132.8	141.1
Change In Working Capital	(16.4)	(68.7)	(166.9)	(309.1)	(88.6)
Tax Paid	(39.92)	(60.34)	(64.89)	(79.34)	(95.25)
Other Operating Cashflow	(33.6)	(27.9)	206.4	4.2	7.3
Cashflow From Operations	218.9	237.4	422.5	145.2	440.9
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)
Cash Flow From Investing	(119.6)	(100.4)	(237.5)	(114.4)	(137.6)
Debt Raised/(repaid)	115.2	(17.5)	(9.9)	129.6	(79.8)
Equity Raised/(Repaid)	-	-	-	-	-
Dividends Paid	(141.3)	(117.1)	(144.0)	(187.8)	(228.5)
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
Cash Flow From Financing	(26.1)	(134.6)	(153.9)	(58.2)	(308.3)
Total Cash Generated	73.24	2.31	31.07	(27.34)	(4.92)
Change In Net Cash	(42.0)	19.8	41.0	(156.9)	74.9
Free Cashflow To Equity	192.3	92.8	146.5	134.1	198.9

BY THE NUMBERS

With ample production capacity, there may be no need for expansion until 2014, at the earliest, implying healthy dividend payments next year

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
Total Non-current Assets	405.4	417.9	674.0	687.0	713.7
Total Cash And Equivalents	14.31	16.62	47.69	20.35	15.43
Inventories	307.0	324.5	405.1	508.8	609.8
Accounts Receivable	313.7	357.9	431.6	542.2	649.3
Other Current Assets	26.67	19.91	29.78	36.41	43.95
Total Current Assets	662	719	914	1,108	1,318
Trade Creditors	124.8	86.5	118.5	148.9	178.4
Short-term Debt	120.6	103.2	124.4	0.0	79.4
Other Current Liabilities	58.9	71.8	81.1	98.4	117.7
Total Current Liabilities	304.4	261.5	324.0	247.4	375.4
Total Long-term Debt	158.7	159.3	196.6	316.1	236.8
Other Liabilities	28.11	39.21	41.40	52.01	62.29
Deferred Tax	7.46	6.25	6.72	8.22	9.87
Total Non-current Liabilities	194.3	204.7	244.7	376.3	308.9
Shareholders' Equity	519.4	605.9	691.1	783.5	891.2
Minority Interests	49.1	64.7	328.3	387.5	456.6
Preferred Shareholders Funds	-	-	-	-	-
Total Equity	568	671	1,019	1,171	1,348

Key Ratios

	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue Growth	13.6%	15.8%	15.0%	25.6%	19.8%
Operating EBITDA Growth	14.6%	26.7%	14.6%	18.8%	17.0%
Operating EBITDA Margin	19.5%	21.4%	21.3%	20.1%	19.7%
Net Cash Per Share (Rp)	(184.1)	(170.8)	(189.8)	(205.4)	(208.9)
BVPS (Rp)	360.8	420.8	480.1	544.2	619.0
Gross Interest Cover	9.56	10.44	11.39	14.54	18.36
Tax Rate	19.5%	21.6%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	86.1%	57.3%	63.0%	67.2%	68.1%
Accounts Receivables Days	69.18	67.79	69.46	68.01	69.49
Inventory Days	85.97	85.55	86.16	84.63	86.41
Accounts Payables Days	43.70	28.62	24.21	24.77	25.28
ROIC (%)	23.2%	25.7%	25.9%	26.0%	27.0%
ROCE (%)	29.5%	33.5%	30.8%	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

Margin to the rescue

1. OUTLOOK

1.1 Lowered sales guidance ▶

We recently attended Selamat Sempurna's annual Public Expose and discussed several developments and its outlook amid the global slowdown and domestic mining slump. In response to the slow recovery in global sales, management has cut its sales and profit guidance for its core filter, radiator and auto parts sales. Sales and profit targets have been lowered by 7% and 4%, implying 2012 yoy sales and profit growth of 14% and 17%, respectively. In terms of organic growth, management is expecting sales and profit growth of 7% and 12%. Despite its cuts, its earnings guidance is still 4% higher than our previous forecasts, which had been scaled back in Jul.

Figure 1: Management has lowered its guidance for organic growth by 7% for sales and 4% for net profit

Rp bn	Latest management guidance (consolidated)	Latest guidance excluding Hydraxle	Previous guidance excluding Hydraxle	% change in guidance
Sales	2,070	1,935	2,070	-7%
Net profit	235	225	235	-4%

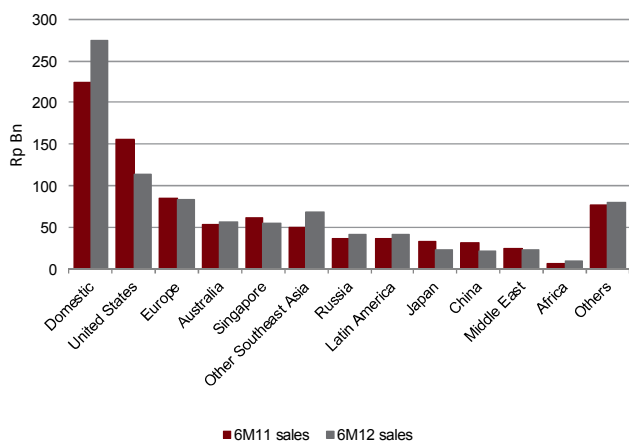
	Yoy consolidated growth	Yoy organic growth
Sales	14%	7%
Net profit	17%	12%

SOURCES: CIMB, COMPANY REPORTS

The culprit is sales contraction in the US, China, and Japan, though the US (18% of sales) slowdown is the worst. Europe is surprisingly resilient (flat), while ex-Singapore South-East Asia (36% yoy sales growth) and the domestic market (22% yoy growth) continue to make the largest gains.

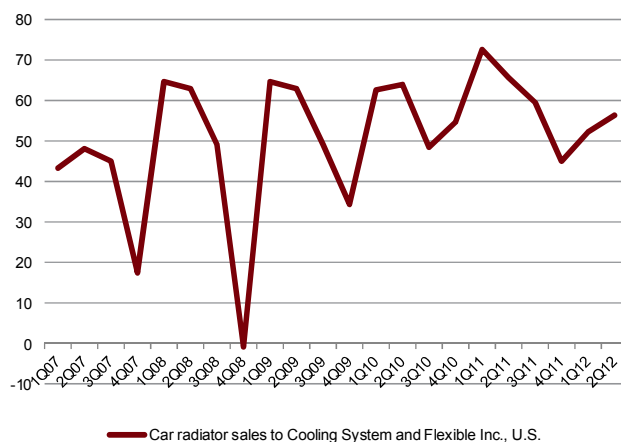
Specifically, US car-radiator sales have been the biggest drag on growth (down Rp30bn yoy in 1H12), as distributors keep their inventories low amid uncertainties. To compensate for this, SMSM is on track to commence its domestic OEM radiator JV with Tokyo Radiator in Apr 13, with an initial sales target of Rp57bn for 9M13.

Figure 2: Domestic market is stronger, while the US has been dragging down growth. Europe is surprisingly resilient as SMSM's value positioning fares well



SOURCES: COMPANY REPORTS

Figure 3: The biggest laggard is US radiator sales (1H12 sales down Rp30bn yoy), which have been slow to recover and follow the usual inventory cycle



SOURCES: COMPANY REPORTS

Figure 4: To compensate for US weakness, SMSM has formed a JV with Tokyo Radiator to sell radiators domestically

Company name	PT Tokyo Radiator Selamat Sempurna
Paid in capital	Rp17.2bn
Shareholder composition	Tokyo Radiator Mfg. Co. Ltd. 67%, Selamat Sempurna 33%
Main product	Radiator
Capacity	60,000 pieces of radiators / year
Market segment	Indonesian domestic OEM
Apr-Dec 2013 initial sales target	Rp 57bn
Commercial operation	April 2013
Location	ADR industrial complex (same compound as SMSM main factory)

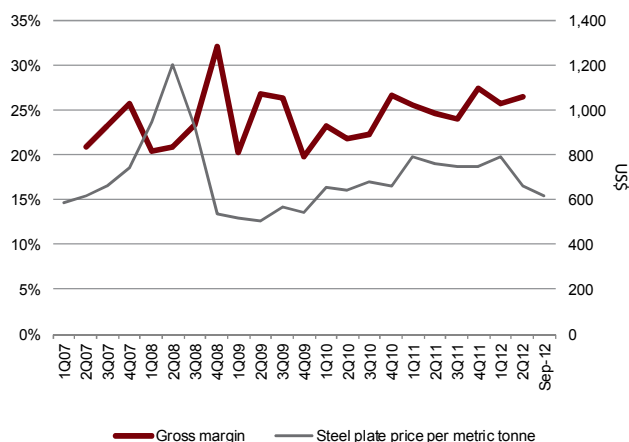
SOURCES: COMPANY REPORTS

1.2 Strong margin outlook to compensate weaker sales ▶

Despite its lowered sales guidance, margins are expected to remain strong for the rest of 2012, as steel prices continue to plunge and the rupiah has been weakening against the US\$ since the beginning of the year. Auto-parts earnings are now expected to be only 4% below management's guidance at the beginning of the year, while consolidated earnings have been guided slightly higher than our previous forecast.

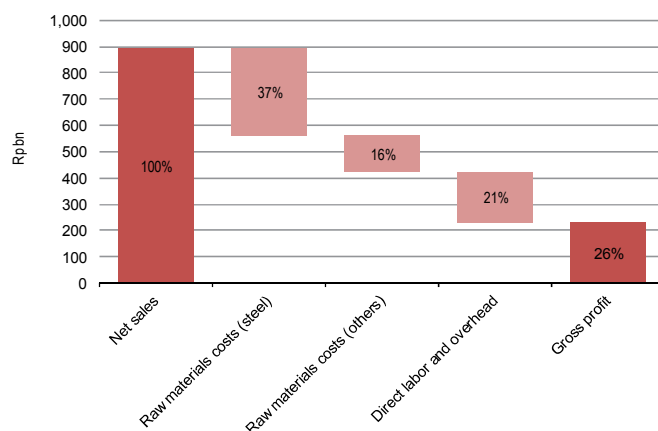
Steel makes up about 70% of its raw-material COGS, or 37% to sales. Its price has plunged another 6% since Jun or 17% YTD, potentially allowing gross margins to inch up about 1% pt from the first half. Margins should also be supported by rupiah weakness (rupiah down 6% against the US\$ YTD).

Figure 5: Despite weak sales, strong gross margins can compensate as steel prices continue to slide



SOURCES: CIMB, COMPANY REPORTS

Figure 6: Steel makes up 70% of raw-material costs, about 37% to sales



SOURCES: CIMB, COMPANY REPORTS

Figure 7: Margin support should also come from Rp weakness. Our sensitivity analysis suggests that SMSM's net profit could benefit by 3% for every 1% Rp weakness against the US\$, ceteris paribus

in m US\$		
Estimated US\$ sales	162	70% of SMSM sales is export
Estimated US\$ COGS (import raw materials)	(76)	60% of raw materials is imported
Currency forward / hedge	(13)	
Net US\$ exposure	73	
<hr/>		
2012F profit (Rp bn)	226	
Impact to SMSM net profit for 1% of Rp weakness against US\$	3.0%	
Base Rp/US\$ assumption end of 2012	9,581	
Base average Rp/US\$ assumption throughout 2012	9,325	

SOURCES: CIMB, COMPANY REPORTS

1.3 Contained impact from domestic mining slowdown ▶

There are concerns over the impact of the domestic mining slowdown on SMSM's earnings, as SMSM is directly exposed in two ways, through: Hydraxle Perkasa (5% of earnings, 80% sales to mining), and domestic heavy-equipment filters (13% of sales). Management notes that the impact on its domestic heavy-equipment filter sales has been muted so far. In fact, SMSM has been able to gain market share. The current slump has forced many coal miners to be more conscious of costs, prompting some to switch to SMSM's heavy-equipment filters, which are priced 20-30% below global brands.

Meanwhile, Hydraxle is not unscathed, as its monthly dump truck sales have tapered off by 10-20% from their peak in 2Q12. Still, the unit is on pace to meet expectations, with 70% of its FY12 profit target already booked in 1H12.

Figure 8: Hydraxle's monthly sales have eased by 10-20% since peaking in 2Q, but it remains on pace to break its conservative guidance

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

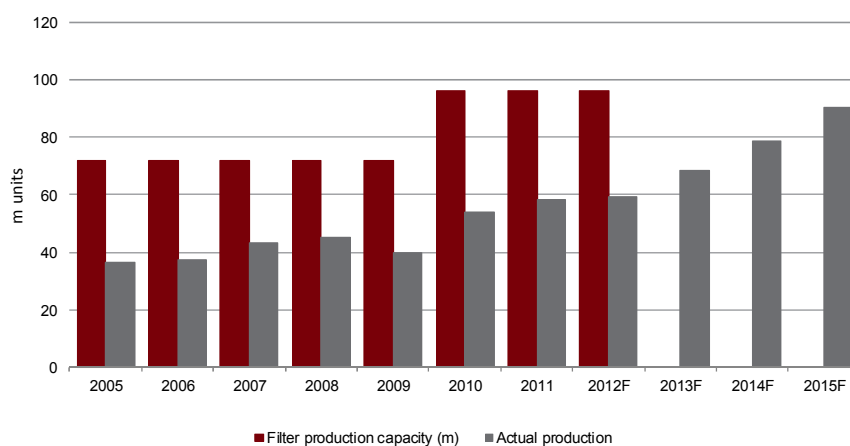
SOURCES: CIMB, COMPANY REPORTS

2. VALUATION AND RECOMMENDATION

2.1 Unblemished growth record ▶

SMSM is set to finish the year with filter capacity utilisation of 62%, providing ample production capacity before any expansion would be needed around 2014-15. This should support healthy dividend payments next year, we believe, after SMSM paid out an interim dividend of Rp50/share recently. Moreover, SMSM's business has proven to be fairly resilient so far, with the company set to continue its growth track record despite major headwinds. We maintain our Outperform as SMSM continues to increase the weighting of its domestic business.

Figure 9: SMSM has ample production capacity at least until 2014, ensuring ample cash for dividend payments



SOURCES: CIMB, COMPANY REPORTS

Figure 10: Comparison with global filtration companies

Bloomberg ticker	Bloomberg short name	Price (index currency)	Market cap (US\$ m)	P/E (x) CY2011	P/E (x) CY2012	5-yr EPS CAGR (%)		P/BV (x) CY2011	P/BV (x) CY2012	ROE (%) CY2011	ROE (%) CY2012	Div yield (%) CY2011	Div yield (%) CY2012
						up to 2012							
SMSM IJ	SELAMAT SEMPURNA	2,250	338	16.1	14.2	23.2		5.3	4.7	35.6	35.2	3.6	4.4
DCI US	DONALDSON CO INC	36	5,388	25.3	20.9	13.5		5.8	5.9	26.8	28.0	1.0	0.9
CLC US	CLARCOR INC	49	2,459	20.3	N/A	N/A		2.9	N/A	15.6	N/A	0.9	1.0

SOURCES: CIMB, COMPANY REPORTS

Figure 11: 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	7,350	7,600	31,070	16.3	13.8	11.1%	4.21	3.54	27.8%	27.9%	26.5%	12.4	10.2	2.3%	2.3%
Indomobil Sukses Int'l	IMAS IJ	Outperform	5,750	7,000	1,660	14.5	10.4	30.7%	2.81	2.27	21.2%	24.1%	23.5%	21.3	15.5	0.8%	1.0%
Selamat Sempurna	SMSM IJ	Outperform	2,250	2,425	338	14.4	11.7	16.5%	4.69	4.13	35.6%	37.5%	39.9%	8.1	7.2	4.4%	5.8%
Indonesia average						16.2	13.6	19.5%	4.11	3.45	27.4%	27.7%	26.4%	12.7	10.4	2.2%	2.3%
Tan Chong Motor Holdings	TCM MK	Underperform	4.60	3.65	1,006	17.4	10.9	10.8%	1.58	1.43	9.6%	13.8%	14.2%	10.8	8.2	2.1%	2.3%
UMW Holdings	UMWH MK	Outperform	10.08	11.75	3,832	12.5	11.1	18.3%	2.51	2.30	20.8%	21.6%	21.1%	6.6	5.8	4.8%	5.4%
Malaysia average						14.9	11.0	14.5%	2.04	1.86	15.2%	17.7%	17.6%	8.7	7.0	3.5%	3.8%
Brilliance China Automotive	1114 HK	Outperform	7.36	10.10	4,770	11.1	8.4	31.3%	3.10	2.26	32.5%	31.3%	26.4%	74.8	61.3	0.0%	0.0%
Dongfeng Motor Group	489 HK	Outperform	10.12	16.20	11,244	6.7	6.1	7.6%	1.32	1.12	21.6%	19.8%	18.2%	2.1	0.9	2.2%	2.4%
Geely Automobile Holdings	175 HK	Neutral	2.57	2.80	2,479	10.2	7.8	11.1%	1.43	1.23	14.9%	16.9%	15.3%	7.7	6.0	1.2%	1.5%
Great Wall Motor	2333 HK	Neutral	18.76	18.30	7,663	11.1	10.0	11.8%	2.33	1.98	22.8%	21.3%	20.0%	5.8	5.1	2.4%	2.7%
Guangzhou Auto - H	2238 HK	Neutral	5.52	6.30	5,499	8.0	6.4	6.3%	0.88	0.80	11.4%	13.1%	13.9%	na	na	3.8%	4.7%
Qingling Motors Company-H	1122 HK	Outperform	1.71	2.23	547	11.3	10.2	2.9%	0.48	0.47	4.2%	4.7%	5.1%	0.9	0.9	7.3%	8.1%
Minth Group	425 HK	Neutral	9.14	8.30	1,270	9.2	8.2	10.9%	1.22	1.11	13.9%	14.1%	13.9%	4.2	3.4	3.7%	4.2%
Weichai Power Co Ltd-H	2338 HK	Neutral	24.05	22.30	6,353	9.0	7.9	-4.3%	1.24	1.08	14.8%	14.6%	14.8%	3.9	3.5	0.3%	0.4%
Hong Kong average						8.6	7.4	9.7%	1.42	1.22	17.7%	17.6%	16.9%	4.6	3.5	1.9%	2.2%
Average all countries						13.2	10.5	14.7%	2.52	2.17	20.1%	21.3%	20.5%	8.6	6.8	2.5%	2.8%

SOURCES: CIMB, COMPANY REPORTS

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Score Range	90 – 100	80 – 89	70 – 79	Below 70 or No Survey Result
Description	Excellent	Very Good	Good	N/A

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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 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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Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (IOD) in 2011.

ADVANC - Excellent, AMATA - Very Good, AOT - Excellent, AP - Very Good, BANPU - Excellent, BAY - Excellent, BBL - Excellent, BCP - Excellent, BEC - Very Good, BECL - Very Good, BGH - not available, BH - Very Good, BIGC - Very Good, BTS - Very Good, CCET - Good, CK - Very Good, CPALL - Very Good, CPF - Very Good, CPN - Excellent, DELTA - Very Good, DTAC - Very Good, GLOBAL - not available, GLOW - Very Good, GRAMMY - Excellent, HANA - Very Good, HEMRAJ - Excellent, HMPRO - Very Good, INTUCH - Very Good, ITD - Good, IVL - Very Good, JAS - Very Good, KBANK - Excellent, KTB - Excellent, LH - Very Good, LPN - Excellent, MAJOR - Very Good, MCOT - Excellent, MINT - Very Good, PS - Excellent, PSL - Excellent, PTT - Excellent, PTTGC - not available, PTTEP - Excellent, QH - Excellent, RATCH - Excellent, ROBINS - Excellent, SC - Excellent, SCB - Excellent, SCC - Excellent, SCCC - Very Good, SIRI - Very Good, SPALI - Very Good, STA - Very Good, STEC - Very Good, TCAP - Very Good, THAI - Very Good, THCOM - Very Good, TISCO - Excellent, TMB - Excellent, TOP - Excellent, TRUE - Very Good, TUF - Very Good.