

Selamat Sempurna

SMSM IJ / SMSM.JK


COMPANY NOTE

Market Cap US\$351.2m Rp3,383,222m	Avg Daily Turnover US\$0.12m Rp1,194m	Free Float 41.9% 1,440 m shares
--	---	---

Current	Rp2,350
Target	Rp2,600
Previous Target	Rp2,600
Up/downside	10.6%

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

Notes from the Field



Erwan Teguh
T (62) 21 30061720
E erwan.teguh@cimb.com

Hadi Soegiarto
T (62) 21 30061722
E hadi.soegiarto@cimb.com

Company Visit Expert Opinion
Channel Check Customer Views

“As a relatively small player in the global market, we see opportunities to expand our market position.”

— Ang Andri Priyadi, CFO

On a global drive

Against a lukewarm global outlook, SMSM is diversifying its markets globally and domestically while also pursuing selected domestic OEM opportunities. Destocking caused the disappointment so far in 2012 but visibility is improving, boosted by inorganic growth potential.

We maintain our Neutral rating and DCF-based target price on valuations and the lack of near-term catalysts. Our CY13 EPS growth estimate of 14% (10% organically, 4% from new Tokyo Radiator JV and full consolidation of Hydraxle) takes into account a modest global recovery in 2H13.

Improving export visibility

Barring a global contraction, the combination of a growing global replacement market, SMSM's expanding global reach and a lower starting point should push SMSM to better its FY12 export performance in 2013. With inventory destocking by US and European distributors already happening in 2012 and denting exports by 1.5% yoy, the sales growth in 2013 should be a better reflection of actual demand. We are projecting export growth of 10% for 2013, in line with the moderately improving economic outlook.

this segment is set to sustain its strong sales, supported by buoyant OEM demand. This, combined with the full-year consolidation of Hydraxle, should more than offset weakness in domestic heavy equipment filter sales, lifting FY13 overall domestic sales by 44% (a 5% contraction if we take out Hydraxle acquisition). The Tokyo Radiator JV, set to start operating in April, should also give a minor boost.

Near-term headwinds aside, long-term value remains

Whether SMSM achieves a sub 10% growth or over 15% growth in 2013 hinges on the speed of global recovery. That said, its commitment to a high dividend stream, robust balance sheet, strong long-term execution capability and a buoyant domestic auto industry are reasons to keep the stock. The recently announced interim dividend of Rp30 per share (1.3% yield) should add to this confidence.

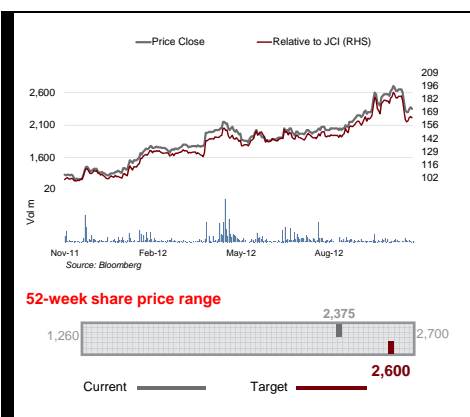
Domestic boosted by OEMs and Hydraxle

Though OEM's overall contribution is still modest at less than 10% of sales,

Financial Summary

	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue (Rpm)	1,561,787	1,807,891	1,908,036	2,314,917	2,766,057
Operating EBITDA (Rpm)	304,936	386,472	438,773	502,502	583,309
Net Profit (Rpm)	150,420	200,865	218,938	240,009	288,985
Core EPS (Rp)	105.0	134.2	145.1	164.9	198.9
Core EPS Growth	11.2%	27.9%	8.1%	13.6%	20.6%
FD Core P/E (x)	22.39	17.51	16.19	14.25	11.82
DPS (Rp)	90.0	80.0	100.0	125.1	153.5
Dividend Yield	3.83%	3.40%	4.26%	5.32%	6.53%
EV/EBITDA (x)	12.10	9.54	8.58	7.56	6.54
P/FCFE (x)	17.60	36.45	28.11	22.53	16.05
Net Gearing	46.6%	36.7%	40.1%	38.3%	34.8%
P/BV (x)	6.51	5.58	4.96	4.56	4.17
Recurring ROE	29.7%	34.4%	32.5%	33.3%	36.9%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.95	0.88	0.90

SOURCE: CIMB, COMPANY REPORTS

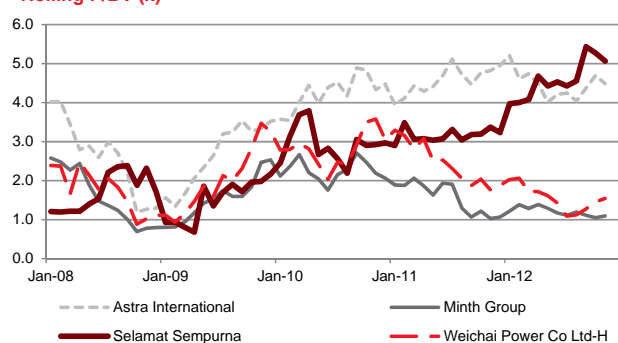


PEER COMPARISON

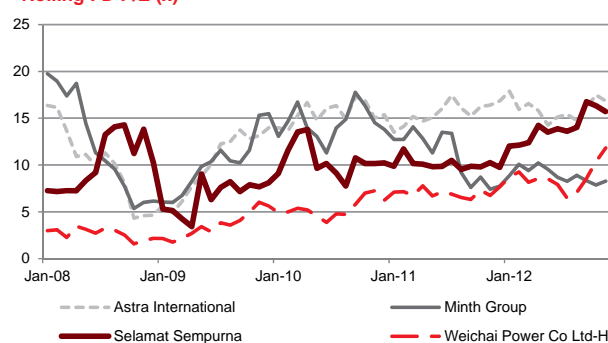
Research Coverage

	Bloomberg Code	Market	Recommendation	Mkt Cap US\$m	Price	Target Price	Upside
Astra International	ASII J	ID	OUTPERFORM	32,784	7,800	9,200	17.9%
Minth Group	425 HK	HK	NEUTRAL	1,129	8.12	8.30	2.2%
Selamat Sempurna	SMSM J	ID	NEUTRAL	355	2,375	2,600	9.5%
Weichai Power Co Ltd-H	2338 HK	HK	NEUTRAL	6,744	29.00	24.30	-16.2%

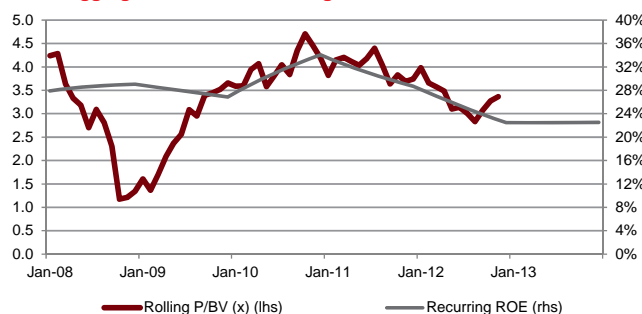
Rolling P/BV (x)



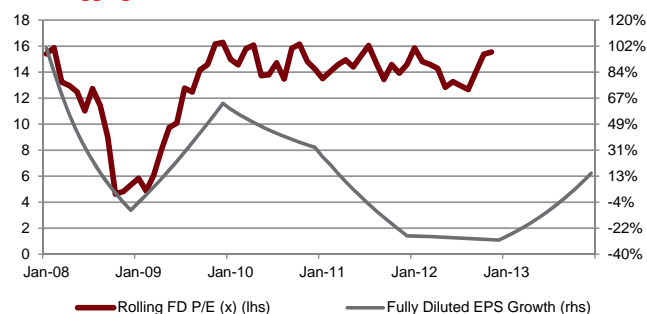
Rolling FD P/E (x)



Peer Aggregate: P/BV vs Recurring ROE



Peer Aggregate: FD P/E vs FD EPS Growth



Valuation

	P/E (FD) (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	17.75	16.79	14.39	5.22	4.43	3.73	15.33	13.37	11.29
Minth Group	8.56	8.08	7.19	1.18	1.07	0.97	3.95	3.25	2.58
Selamat Sempurna	16.84	15.45	14.10	5.58	4.96	4.56	9.54	8.58	7.56
Weichai Power Co Ltd-H	6.98	12.46	10.66	1.70	1.51	1.33	3.56	5.44	4.86

Growth and Returns

	Fully Diluted 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	23.8%	5.8%	16.6%	31.8%	28.6%	28.1%	2.20%	2.15%	2.28%
Minth Group	-2.9%	5.9%	12.4%	13.8%	13.9%	14.1%	3.65%	4.26%	4.79%
Selamat Sempurna	33.5%	9.0%	9.6%	34.4%	32.5%	33.3%	3.40%	4.26%	5.32%
Weichai Power Co Ltd-H	-38.1%	-44.0%	16.9%	27.1%	12.9%	13.2%	0.43%	0.24%	0.28%

SOURCE: CIMB, COMPANY REPORTS

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

BY THE NUMBERS

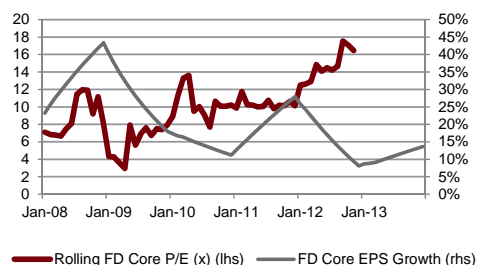
Share price info

Share px perf. (%)	1M	3M	12M
Relative	-8.3	7.5	64.3
Absolute	-6.9	13.3	78
Major shareholders			% held
Adrindo Inti Perkasa			58.1

P/BV vs Recurring ROE



FD Core P/E vs FD Core EPS Growth



On top of organic growth, profit growth will be supported by the new JV and full-year consolidation of Hydraxle

Profit & Loss

(RpM)	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue	1,561,787	1,807,891	1,908,036	2,314,917	2,766,057
Other Operating Income	0	0	0	0	0
Cost Of Sales	(1,192,997)	(1,347,221)	(1,430,428)	(1,758,890)	(2,100,425)
Gross Profit	368,790	460,670	477,608	556,027	665,633
Total Operating Costs	(140,944)	(164,164)	(169,323)	(198,837)	(238,225)
Operating Profit	227,845	296,506	308,285	357,191	427,407
Operating EBITDA	304,936	386,472	438,773	502,502	583,309
Depreciation And Amortisation	(77,091)	(89,966)	(130,488)	(145,312)	(155,902)
Operating EBIT	227,845	296,506	308,285	357,191	427,407
Net Interest Income	(22,226)	(26,604)	(28,363)	(28,906)	(29,089)
Exchange Gains	(4,725)	1,910	10,000	0	0
Other Income	3,871	7,787	0	0	0
Associates' Profit	0	0	10,000	13,104	13,414
Profit Before Tax (pre-EI)	204,765	279,598	299,922	341,388	411,732
Exceptional Items	0	0	0	0	0
Pre-tax Profit	204,765	279,598	299,922	341,388	411,732
Taxation	(39,915)	(60,338)	(57,984)	(65,657)	(79,664)
Exceptional Income - post-tax	0	0	0	0	0
Profit After Tax	164,850	219,260	241,938	275,732	332,068
Minority Interests	(14,429)	(18,395)	(23,000)	(35,723)	(43,084)
Other Adjustments - post-tax	0	0	0	0	0
Net Profit	150,420	200,865	218,938	240,009	288,985
Recurring Net Profit	151,108	193,261	208,938	237,388	286,302

As capacity is still ample, 2013 capex projection of around Rp100bn is mainly for maintenance and debottlenecking

Cash Flow

(RpM)	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Pre-tax Profit	204,765	279,598	299,922	341,388	411,732
Depreciation And Non-cash Adj.	104,042	114,660	148,851	161,114	171,577
Change In Working Capital	(16,387)	(68,657)	5,147	(134,478)	(49,562)
Tax Paid	(39,915)	(60,338)	(57,984)	(65,657)	(79,664)
Other Operating Cashflow	(33,590)	(27,896)	70,228	(23,932)	(27,267)
Cashflow From Operations	218,915	237,367	466,163	278,436	426,817
Capex	(103,918)	(96,281)	(103,303)	(101,444)	(100,733)
Disposals Of FAs/subsidiaries	913	1,909	3,523	2,880	3,411
Acq. Of Subsidiaries/investments	(1,860)	0	(133,735)	(5,223)	(10,310)
Other Investing Cashflow	(14,733)	(6,056)	(4,018)	4,399	0
Cash Flow From Investing	(119,599)	(100,428)	(237,533)	(99,387)	(107,633)
Debt Raised/(repaid)	115,192	(17,505)	(79,927)	0	(79,351)
Equity Raised/(Repaid)	0	0	0	0	0
Dividends Paid	(141,270)	(117,124)	(143,967)	(180,150)	(221,008)
Net Cash Interest	(22,226)	(26,604)	(28,363)	(28,906)	(29,089)
Other Financing Cashflow	22,226	26,604	28,363	28,906	29,089
Cash Flow From Financing	(26,078)	(134,628)	(223,894)	(180,150)	(300,359)
Total Cash Generated	73,238	2,311	4,736	(1,102)	18,825
Change In Net Cash	(41,954)	19,816	84,663	(1,102)	98,176
Free Cashflow To Equity	192,282	92,831	120,340	150,143	210,743

BY THE NUMBERS

Management aims to keep its pledge of increasing nominal dividends every year, which translates into a payout ratio of at least 65% for 2012 profit

Balance Sheet

(Rpm)	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Fixed Assets	376,795	397,702	475,404	433,769	380,816
Intangible Assets	0	0	0	0	0
Other Long Term Assets	28,610	20,215	163,007	171,711	185,125
Total Non-current Assets	405,405	417,917	638,411	605,481	565,942
Total Cash And Equivalents	14,305	16,616	21,352	30,251	44,075
Inventories	307,044	324,506	370,301	465,852	555,519
Trade Debtors	313,677	357,905	395,918	480,345	573,957
Other Current Assets	26,672	19,914	27,166	32,614	39,284
Total Current Assets	661,698	718,941	814,737	1,009,062	1,212,835
Trade Creditors	124,834	86,470	108,758	131,950	157,665
Short-term Debt	120,599	103,210	212,351	133,000	212,351
Other Current Liabilities	58,921	71,831	74,863	86,499	103,346
Total Current Liabilities	304,354	261,511	395,972	351,449	473,363
Total Long-term Debt	158,703	159,278	153,555	260,555	196,204
Other Liabilities	28,109	39,206	37,982	46,082	55,062
Deferred Tax	7,463	6,251	6,007	6,802	8,253
Total Non-current Liabilities	194,274	204,735	197,544	313,439	259,519
Shareholders' Equity	519,375	605,864	681,632	742,288	811,062
Minority Interests	49,101	64,749	178,000	207,367	234,833
Preferred Shareholders Funds	0	0	0	0	0
Total Equity	568,475	670,612	859,632	949,655	1,045,895

Key Ratios

	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue Growth	13.6%	15.8%	5.5%	21.3%	19.5%
Operating EBITDA Growth	14.6%	26.7%	13.5%	14.5%	16.1%
Operating EBITDA Margin	19.5%	21.4%	23.0%	21.7%	21.1%
Net Cash Per Share (Rp)	(184.1)	(170.8)	(239.3)	(252.4)	(253.2)
BVPS (Rp)	360.8	420.8	473.5	515.6	563.4
Gross Interest Cover	9.56	10.44	10.15	11.56	13.75
Effective Tax Rate	19.5%	21.6%	19.3%	19.2%	19.3%
Net Dividend Payout Ratio	86.1%	57.3%	65.8%	75.1%	76.5%
Accounts Receivables Days	69.18	67.79	72.30	69.08	69.56
Inventory Days	85.97	85.55	88.89	86.76	88.74
Accounts Payables Days	43.70	28.62	24.98	24.98	25.16
ROIC (%)	25.4%	27.1%	26.1%	26.1%	28.5%
ROCE (%)	29.5%	33.5%	28.7%	28.0%	30.7%

Key Drivers

	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
ASP (% chg, main prod./serv.)	7.6%	8.0%	0.0%	0.2%	5.0%
Unit sales grth (% , main prod./serv.)	22.5%	8.2%	-0.4%	10.0%	15.0%
Util. rate (% , main prod./serv.)	56.0%	60.6%	60.4%	66.4%	76.3%
ASP (% chg, 2ndary prod./serv.)	-6.8%	5.1%	-5.0%	0.0%	4.0%
Unit sales grth (% ,2ndary prod/serv)	13.4%	3.8%	-1.5%	10.0%	5.0%
Util. rate (% , 2ndary prod/serv)	44.4%	44.2%	44.8%	48.7%	50.8%
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

Defending the fort

1. FINANCIAL OUTLOOK

1.1 Export growth to normalise for the better but pace still depends on global recovery ▶

After shrinking by 1.5% yoy in 9M12, exports are set for a better showing in 2013 though a very strong performance is unlikely unless the global economy recovers strongly. The main drag on export growth has been Japan and US sales. Specifically for US sales, radiator sales to a major radiator distributor, Cooling System and Flexible Inc., fell by 19% yoy in 9M12 due to ongoing inventory destocking after a strong 2011. So far this year, market demand has been soft and prospects for sustained economic growth are still uncertain.

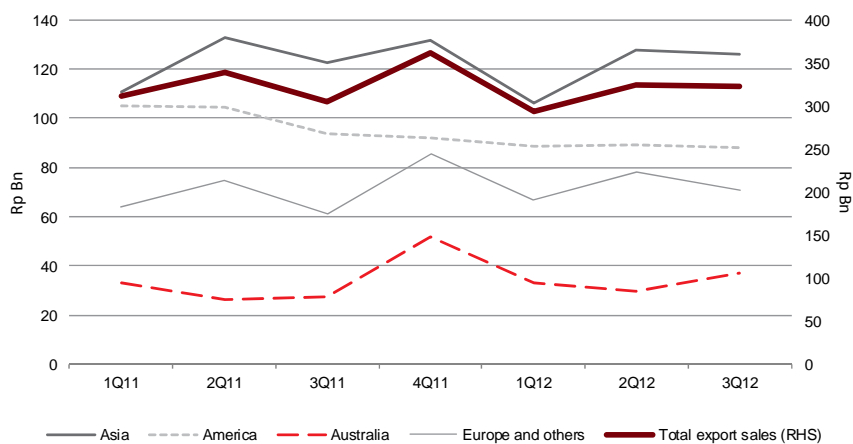
With destocking most likely in the rear-view mirror and with the US economy still projected to expand modestly in 2013, we are unlikely to see a repeat of the pronounced sales declines. The export mix has also shifted slightly away from the US and Japan to emerging regions such as Southeast Asia and the Middle East. Exports to the US are down from 15% of total sales in 2011 to 13% as of Sep 12 while exports to Japan have fallen from 4% to 3%. The rest of the exports are quite fragmented, going to more than 26 countries. We project export sales to recover by 10% in 2013 on the back of a growing global economy, which is set to grow at a pace not much different from 2012.

Notes from the Field

“As a relatively small player in the global market, we see opportunities to expand our market position.”

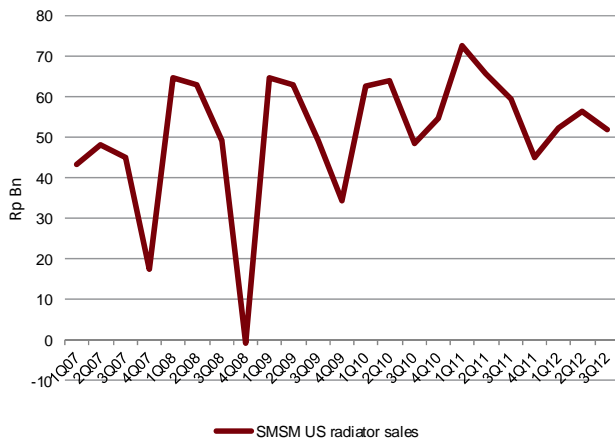
– Ang Andri Pribadi, CFO

Figure 1: Weak US sales (13% of sales) in recent quarters dragged down exports; sales resilient in other markets



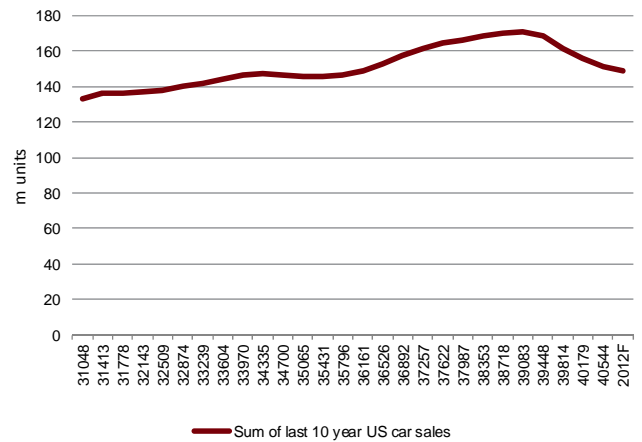
SOURCES: COMPANY REPORTS

Figure 2: SMSM's US radiator sales especially weak. Double-digit growth from US market difficult to sustain with average car age at all-time high of 11 years



SOURCES: CIMB, COMPANY REPORTS

Figure 3: Car population in US seems to have passed its peak though renewed economic growth could reverse the trend



SOURCES: CIMB, COMPANY REPORTS

Figure 4: Sales to emerging countries increased, while sales in many developed countries declined

Sales (Rp Bn)	9M11	9M12	% yoy
United States	220	172	-22%
Australia	79	90	14%
Singapore (trading hub)	91	86	-5%
Russia	54	59	9%
Japan	48	37	-23%
Netherlands	30	34	13%
Thailand	20	33	65%
China	39	30	-23%
Ecuador	32	27	-16%
Malaysia	25	26	4%
Germany	28	23	-18%
France	16	19	19%
Belgium	18	17	-6%
Italy	14	16	14%
Taiwan	17	15	-12%
Iran	11	15	36%
Sri Lanka	11	14	27%
Saudi Arabia	9	14	56%
Total export sales	956	941	-2%

SOURCES: COMPANY REPORTS

Figure 5: Sales mix shifting to higher-growth emerging countries

% to total sales	9M11	9M12
United States	16.8%	12.9%
Australia	6.0%	6.8%
Singapore (trading hub)	7.0%	6.5%
Russia	4.1%	4.5%
Japan	3.7%	2.8%
Netherlands	2.3%	2.6%
Thailand	1.5%	2.5%
China	3.0%	2.3%
Ecuador	2.5%	2.0%
Malaysia	1.9%	1.9%
Germany	2.1%	1.8%
France	1.2%	1.4%
Belgium	1.4%	1.3%
Italy	1.1%	1.2%
Taiwan	1.3%	1.1%
Iran	0.8%	1.1%
Sri Lanka	0.8%	1.1%
Saudi Arabia	0.7%	1.0%
Total export	73.2%	69.3%

SOURCES: COMPANY REPORTS

Figure 6: Expectation is for better-but-still-modest 2013 global growth

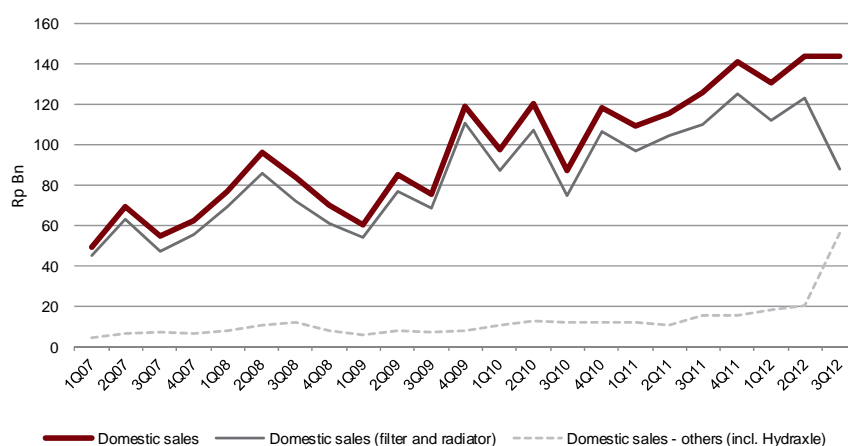
% GDP growth yoy	2008	2009	2010	2011	1Q12	2Q12	2012E	2013F
US	-0.3	-3.5	3.0	1.7	2.0	1.7	1.5-2.0	2.0
Eurozone	0.3	-4.2	1.7	1.5	0.0	-0.5	-0.5	0.5-1.0
Japan	-1.0	-5.5	4.0	-0.9	5.5	1.4	1.5-2.0	1.0-1.5
China	9.6	9.2	10.4	9.3	8.1	7.6	7.8	8.3
India	8.2	6.4	8.9	7.5	5.3	5.5	5.5-6.0	6.0-6.5
Indonesia	6.0	4.6	6.2	6.5	6.3	6.4	6.0	9.5
Malaysia	4.0	-1.6	7.2	5.1	4.9	5.4	5.0	5.5
Singapore	1.5	-0.8	14.5	4.9	1.6	1.9	3.0	3.0-4.0
Thailand	2.5	-2.3	7.8	0.1	0.4	4.2	5.5	5.5

SOURCES: CEIC, CIMB

1.2 Domestic growth boost from OEMs and Hydraxle ▶

We expect the current domestic mining activity to continue dampening organic domestic growth before it posts a modest recovery in 2H13. Domestic filter sales (half of it being heavy equipment filters) and Hydraxle sales showed softness in 3Q12 though for Hydraxle, the Lebaran holiday was a contributory factor. Still, the full-year consolidation of Hydraxle in 2013, compared to just five months of sales and eight months of earnings in 2012, combined with contribution from the Tokyo Radiator JV, should help domestic growth reach double digits though a repeat of the 19% growth posted in 9M12 is unlikely, barring a swift recovery of the mining sector in 2013.

Figure 7: Domestic filter sales contracted in 3Q12, similar to historical trend of softness during Lebaran, which did not affect the strong 2011



SOURCES: COMPANY REPORTS

1.3 OEM: getting a piece of the action ▶

OEM sales already account for close to 10% of total SMSM sales, having doubled in value this year. SMSM's OEM products include filters, mufflers, brake pipes and radiators which it supplies to various car manufacturers, especially Daihatsu and Isuzu. The new Tokyo Radiator JV, which supplies to Isuzu, Daihatsu and Nissan, will start off small (less than 2% of SMSM's profit in 2013) but will, nevertheless, be earnings accretive for SMSM.

Figure 8: JV with Hydraxle starts off small but is a step into OEM manufacturing

JV 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 radiator per year
Market segment	Indonesian domestic OEM (potentially to Isuzu, Daihatsu, Nissan)
Apr-Dec 2013 initial sales target	Rp 57bn
Commercial operation	Apr-13
Location	ADR Industrial Complex (same location as SMSM main factories)

SOURCES: CIMB, COMPANY REPORTS

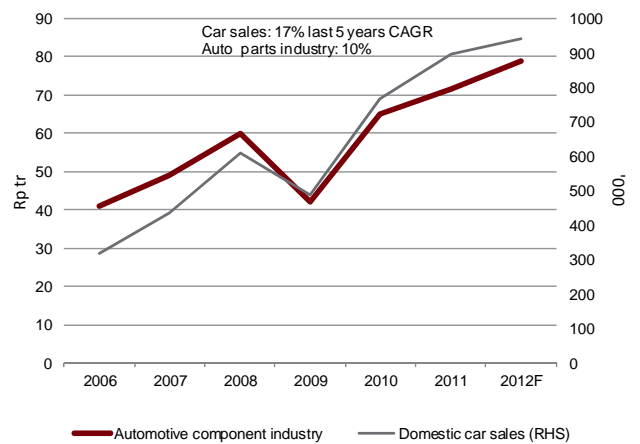
The OEM segment is set to sustain its strong sales, supported by a buoyant OEM parts environment. Indonesian car production could increase by more than 15% next year, boosted by the low-cost green car addition. This will lead to escalating needs for local auto parts, of which capacity growth has not been able to keep up with car sales growth in recent years.

Figure 9: Car manufacturing to expand significantly in the near term

Production capacity (units)	2011	2012F	2013F	2014F
Toyota Astra Motor	110,000	180,000	230,000	230,000
Daihatsu Astra Motor	330,000	430,000	430,000	430,000
Nissan Motor Indonesia	100,000	100,000	180,000	250,000
Suzuki Indonesia	140,000	140,000	240,000	240,000
Honda Prospect Motor	60,000	60,000	60,000	180,000

SOURCES: COMPANY REPORTS

Figure 10: Auto parts industry is straining to keep up with higher-than-expected car sales growth



SOURCES: CIMB, ASSOCIATION OF INDONESIAN AUTOMOTIVE PARTS AND COMPONENTS MANUFACTURERS

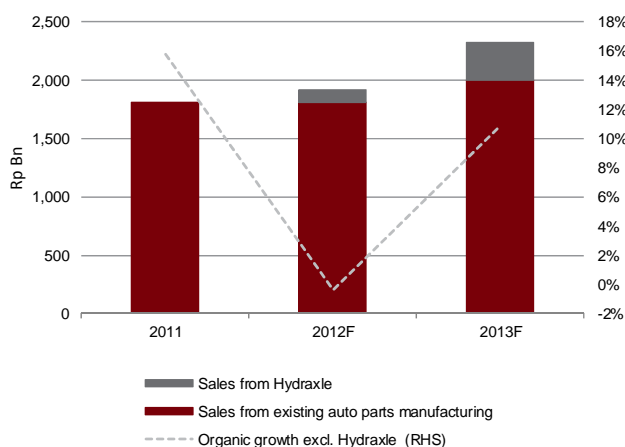
Figure 11: The localisation drive should provide another boost to auto parts. Local content in a mature market like India has reached 70%

	Local content	Market share Jun-12
Toyota and Daihatsu's low cost green car	84%	
Proposed minimum for low cost green car subsidy	80%	
Toyota Avanza & Daihatsu Xenia	80%	23%
Daihatsu Gran Max	85%	3%
Toyota Innova	75%	7%
Nissan Evalia	75%	N/A
Suzuki Ertiga	60%	4%
Honda Jazz & Brio	40%	3%
Mitsubishi Outlander	20%	N/A
Indonesian cars average	30-40%	

SOURCES: CIMB, COMPANY REPORTS

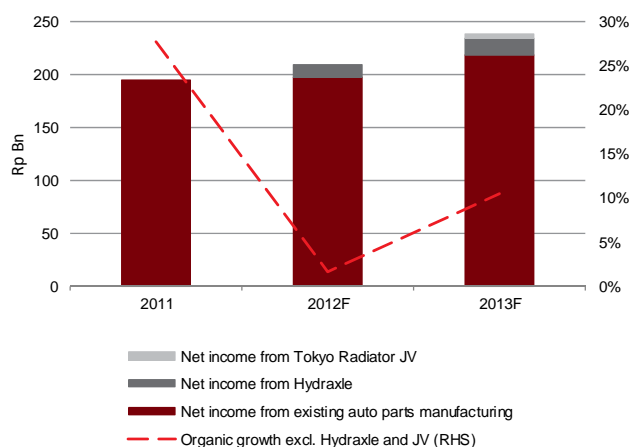
Though SMSM has been considering new JVs and has received offers from some potential Japanese partners, management emphasises the importance of being selective since OEM sales typically offer lower margins than the replacement market, especially if it is small in scale. Evaluating the new initiatives' long-term outlook against the company's current ROIC of 26% is one criterion.

Figure 12: SMSM's 2013 organic sales growth forecast at 11%; 21% in total



SOURCES: CIMB, COMPANY REPORTS

Figure 13: SMSM's 2013 net profit of 14% comes from 10% organic growth and 4% inorganic growth



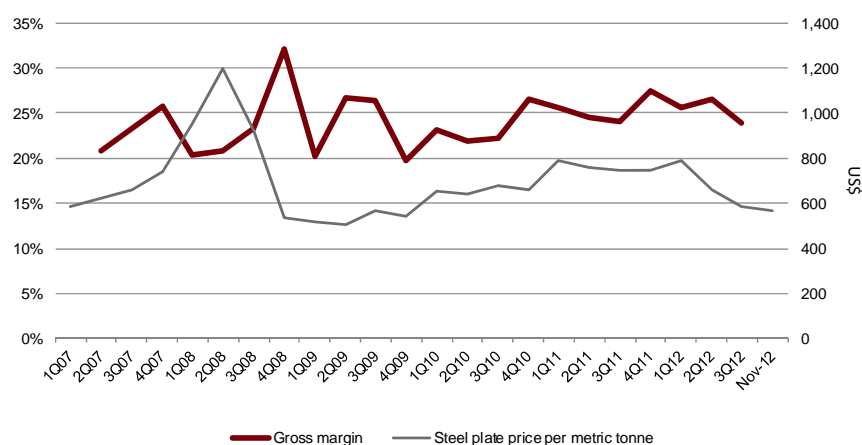
SOURCES: CIMB, COMPANY REPORTS

1.4 Margin resilience and continued dividend commitment

SMSM has performed better than global peers so far, posting over 5% growth in 9M12 compared to flat sales for global peers such as Donaldson and Clarcor. Although topline growth is weak, margin has been maintained on a yoy basis as fast-dropping steel prices enabled SMSM to give distributors incentives to support sales without denting its own margins. This is in line with SMSM's strategy during the 2009 slowdown.

SMSM is also redeeming its Rp80bn outstanding bond (about 20% of total debt) in June 2013. As these bonds have a coupon of 10.3% compared to SMSM's existing cost of debt of around 7%, the bond redemption will provide a small lift to profit margins.

Figure 14: Lower raw material prices helped keep margin steady yoy despite rising contribution from lower-margin OEM and Hydraxle and higher distributor incentives



SOURCES: BLOOMBERG, COMPANY REPORTS

SMSM aims to maintain its pledge of increasing nominal dividend amount each year, implying a payout of at least 65% of FY12 profit, which it has done so through two interim dividends this year. Cash flow is ample and the capex outlook is manageable as capacity utilisation stands at a comfortable 60%. SMSM has maintained its track record of maintaining its gearing at around 50% or below, with current net gearing at 38% after paying out an interim dividend.

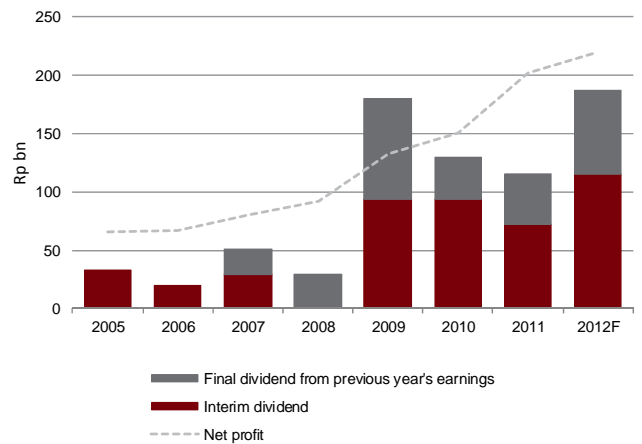
Figure 15: Interim dividend of Rp30 announced on 09 Nov 2012

Details of interim dividend announced 09 Nov 2012	
Total interim dividend paid out (Rp Bn)	43
Interim dividend per share (Rp)	30
Interim dividend yield	1.3%
2012F net income	219
Interim dividend over 2012F net income	20%

Timeline	
Shares trade cum-dividend	3-Dec-12
Shares trade ex-dividend	4-Dec-12
Record date for entitlement of dividend	6-Dec-12
Payment of dividend	20-Dec-12

SOURCES: CIMB, COMPANY REPORTS

Figure 16: This year, SMSM has paid out 53% of FY12 net profit through interim dividends



SOURCES: CIMB, COMPANY REPORTS

1.5 Continuous expansion despite weak market ▶

True to its strategy during the previous slowdown, SMSM continues to expand its reach and increase its global market share. Sales to Southeast Asia and the Middle East are among the main gainers this year, reducing SMSM's dependence on countries like Japan and the US.

SMSM is also bolstering its domestic reach, especially in the eastern part of Indonesia where the company is less established. Its main distributor of domestic replacement parts is planning to open a new branch in Samarinda and potentially, Balikpapan.

1.6 Realising the value of its land ▶

Changing road infrastructure in Kamal Muara area has prompted SMSM to consolidate all of its manufacturing facility in Tangerang area. SMSM has recently completed the relocation of its other products (brake pipe, muffler, etc) manufacturing facility from Kamal Muara factory to Tangerang, in the same manufacturing complex as its other factories.

Though SMSM still has parts of its radiator manufacturing in the Kamal Muara factory, it might just a matter of time before the company sells its Kamal Muara factory and the property it is on. The transaction could come as early as 2H13, though no definite timeline has been set. Should the land be sold, it could result in potentially an Rp105bn gain on sale gross of tax, in our approximation based on upside to market value of Rp 3m per sqm. The Kamal Muara area is adjacent to the bustling Pantai Indah Kapuk Area.

The flyover infrastructure connecting Pantai Indah Kapuk to the airport toll road could be completed as early as end of this year, advancing the progress of a flyover construction between Pantai Indah Kapuk and Kamal Muara area, where SMSM's factory is located. Current land price in fast rising Pantai Indah Kapuk residential area already reaches Rp15m per square meter (sqm).

Figure 17: Realising the value of its land asset in Kamal Muara could result in Rp105bn gain on sale gross of tax, in our approximation

Location	Area (sqm)	Average book value per sqm (Rp)	Market value per sqm (Rp)	Market value (Rp Bn)	Potential upside (Rp Bn)
Sidoarjo, Jawa Timur	56,183	250,676	400,000	27	8
Kamal Muara, Penjaringan	38,125	250,676	3,000,000	127	105
TOTAL					113

SOURCES: CIMB, COMPANY REPORTS

Figure 18: Land price on the adjacent Pantai Indah Kapuk area (next to the golf course in the picture) has reached Rp15m per sqm. A flyover construction between the two areas could lift up Kamal Muara land price significantly



SOURCES: CIMB, GOOGLE MAPS

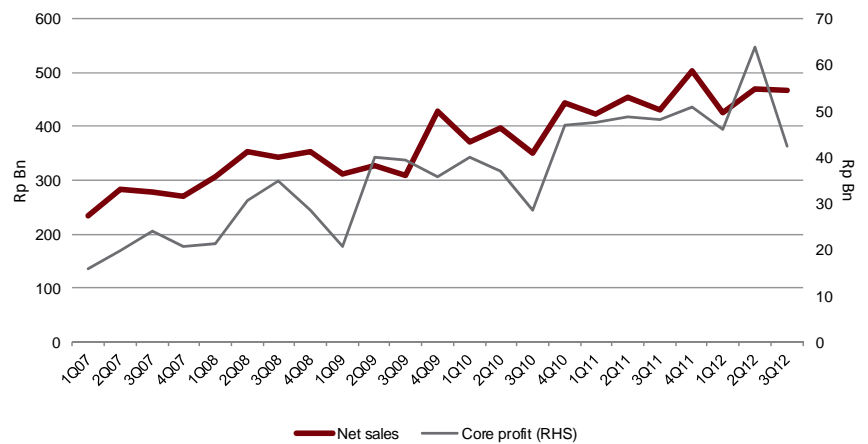
2. RISKS

2.1 Short-term growth outlook ►

Weaker domestic mining activity and global economic uncertainty have clouded the near-term topline visibility. 3Q12 sales edged up only 1.3% organically (8% in total). Close to 15% of SMSM's earnings are exposed to domestic mining through Hydraxle and replacement heavy equipment filters. Domestic miners which are facing low coal prices are planning to cut their stripping ratios. Though this is unsustainable in the longer run, it could bring down heavy equipment usage by 12% in 2013.

Still, we do not foresee an earnings contraction for SMSM due to its well-diversified portfolio. However, the speed of the global economic recovery and to a lesser extent, domestic mining activity recovery could decide whether earnings growth is single digit or double digit next year.

Figure 19: Macro and industry factors, combined with Lebaran seasonality, has hit SMSM hard in 3Q12 . Near-term performance could be rocky



SOURCES: CIMB, COMPANY REPORTS

3. VALUATION AND RECOMMENDATION

3.1 Still in Neutral gear ▶

SMSM is trading at a premium over its domestic and global peers, supported by its position as a dominant replacement parts brand in the domestic market. It also has a track record of maintaining a high ROE and an aggressive dividend payout.

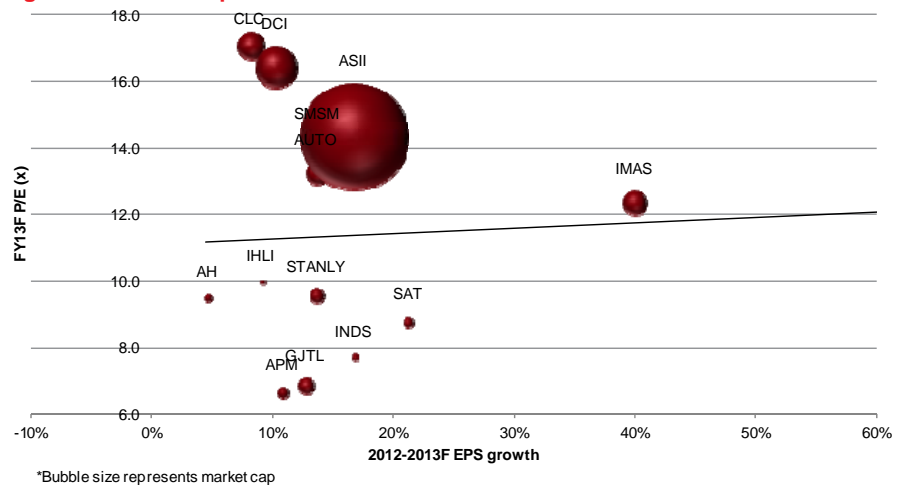
Though the long-term outlook and positioning is robust, the near-term performance carries more risk compared to the smooth sailing in 2010 and 2011. We are, therefore, maintaining our Neutral rating. The medium-term catalyst for the stock could be new OEM initiatives amid the current uptrend for Indonesian autoparts.

Figure 20: Sector comparison

Bloomberg ticker	Market cap (US\$ m)	Name	Main products	FY12F P/E (x)	FY13F P/E (x)	2012-2013 EPS growth	2013F dividend yield	2013F ROAE
SMSM IJ	344	Selamat Sempurna	Filter and radiator	16.2	14.3	13.6%	5.3%	33.3%
AUTO IJ	1,451	Astra Otoparts	Various auto parts	15.1	13.3	13.5%	2.9%	19.2%
INDS IJ	133	Indospring	Leaf spring	9.1	7.8	16.7%	2.8%	21.6%
MASA IJ	358	Multistrada Arah Sarana	Automotive tires	20.8	12.5	66.7%	N/A	8.6%
GJTL IJ	778	Gajah Tunggal	Automotive tires	7.8	6.9	12.7%	0.5%	17.4%
Indonesian auto parts average				13.8	10.9	24.6%	2.9%	20.0%
IMAS IJ	1,565	Indomobil Sukses International	Nissan and Suzuki cars	17.3	12.4	39.9%	0.9%	20.5%
ASII IJ	32,573	Astra International	Cars, heavy equipment	16.8	14.4	16.6%	2.3%	28.1%
Total Indonesian average				14.7	11.6	25.7%	2.4%	21.2%
Thailand and Malaysia								
STANLY TB	540	Thai Stanley Electric	Automotive light bulbs	10.9	9.6	13.6%	3.3%	17.1%
SAT TB	308	Somboon Advance Technology	Axle shafts, spring, brakes	10.7	8.8	21.1%	3.5%	19.2%
IHL TB	103	Interhides	Leather automotive upholstery	10.9	10.0	9.0%	3.5%	34.7%
AH TB	163	Aapico Tech	Car assembly jigs and dies	10.0	9.5	4.5%	3.7%	12.9%
APM MK	319	APM Automotive Holdings	Various auto parts	7.4	6.7	10.7%	4.4%	15.3%
Average Thai and Malaysia				10.0	8.9	11.8%	3.7%	19.9%
Other global peers								
CLC US	2,229	Clarcor Inc	Industrial and auto filters	18.5	17.1	8.0%	1.1%	13.7%
DCI US	4,821	Donaldson Co Inc	Filtration system and parts	18.1	16.5	10.1%	1.1%	28.5%
Average others				18.3	16.8	9.1%	1.1%	21.1%
Average - ALL				13.2	11.0	18.3%	2.7%	20.7%

SOURCES: CIMB, BLOOMBERG CONSENSUS

Figure 21: Peer comparison chart



SOURCES: CIMB, COMPANY REPORTS

Figure 22: 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 (%)	
						2012 CY	2013 CY		2012 CY	2013 CY	2012 CY	2013 CY	2014 CY	2012 CY	2013 CY	2012 CY	2013 CY
Astra International	ASII IJ	Outperform	7,800	9,200	32,784	16.8	14.4	12.4%	4.43	3.73	28.6%	28.1%	27.2%	12.6	10.6	2.2%	2.3%
Indomobil Sukses Int'l	IMAS IJ	Outperform	5,500	6,400	1,579	17.3	12.4	24.0%	2.80	2.33	17.4%	20.5%	21.7%	24.5	19.2	0.8%	0.9%
Selamat Sempurna	SMSM IJ	Neutral	2,350	2,600	351	16.2	14.3	10.5%	4.96	4.56	33.4%	33.3%	36.9%	8.3	7.6	4.3%	5.3%
Indonesia average						16.8	13.7	15.6%	4.06	3.54	26.5%	27.3%	28.6%	15.1	12.4	2.4%	2.8%
Tan Chong Motor Holdings	TCM MK	Underperform	4.45	3.65	977	16.8	10.6	10.8%	1.53	1.38	9.6%	13.8%	14.2%	10.5	8.0	2.2%	2.4%
UMW Holdings	UMWH MK	Outperform	9.97	11.75	3,805	12.3	11.0	18.3%	2.48	2.27	20.8%	21.6%	21.1%	6.5	5.7	4.9%	5.5%
Malaysia average						14.6	10.8	14.5%	2.01	1.83	15.2%	17.7%	17.6%	8.5	6.9	3.5%	3.9%
Brilliance China Automotive	1114 HK	Outperform	8.79	10.10	5,699	13.0	9.8	31.3%	3.64	2.66	32.5%	31.3%	26.4%	94.1	79.9	0.0%	0.0%
Dongfeng Motor Group	489 HK	Outperform	9.63	15.70	10,705	6.9	6.1	5.5%	1.26	1.07	19.8%	19.0%	17.6%	2.1	0.8	2.1%	2.4%
Geely Automobile Holdings	175 HK	Neutral	3.60	2.80	3,477	14.1	10.8	11.1%	1.97	1.69	14.9%	16.9%	15.3%	10.6	8.4	0.8%	1.1%
Great Wall Motor	2333 HK	Underperform	23.45	17.50	9,209	11.8	12.7	8.7%	2.77	2.40	26.1%	20.3%	18.3%	6.5	6.9	2.3%	2.1%
Guangzhou Auto - H	2238 HK	Neutral	5.20	5.50	4,905	10.0	7.8	-3.8%	0.84	0.78	8.6%	10.3%	10.9%	na	na	3.0%	3.8%
Qingling Motors Company-H	1122 HK	Outperform	1.82	2.23	583	11.9	10.7	2.9%	0.50	0.49	4.2%	4.7%	5.1%	1.4	1.3	6.9%	7.7%
Mintch Group	425 HK	Neutral	8.12	8.30	1,129	8.1	7.2	10.9%	1.07	0.97	13.9%	14.1%	13.9%	3.4	2.7	4.3%	4.8%
Weichai Power Co Ltd-H	2338 HK	Neutral	29.00	24.30	6,744	12.4	10.6	-6.6%	1.50	1.32	12.9%	13.2%	14.3%	5.6	5.0	0.2%	0.3%
Hong Kong average						11.0	9.5	7.5%	1.70	1.42	16.6%	16.2%	15.2%	17.7	15.0	2.5%	2.8%
Average all countries						14.1	11.3	12.6%	2.59	2.26	19.4%	20.4%	20.5%	13.8	11.4	2.8%	3.2%

SOURCES: CIMB, COMPANY REPORTS

DISCLAIMER

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

By accepting this report, the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth below and agrees to be bound by the limitations contained herein (including the "Restrictions on Distributions" set out below). Any failure to comply with these limitations may constitute a violation of law. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMB.

Unless otherwise specified, this report is based upon sources which CIMB considers to be reasonable. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research.

Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of CIMB or its affiliates to any person to buy or sell any investments.

CIMB, its affiliates and related companies, their directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, CIMB, its affiliates and its related companies do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

CIMB or its affiliates may enter into an agreement with the company(ies) covered in this report relating to the production of research reports. CIMB may disclose the contents of this report to the company(ies) covered by it and may have amended the contents of this report following such disclosure.

The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report. CIMB prohibits the analyst(s) who prepared this research report from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific recommendation for, or view of, a particular company. Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations and the research personnel involved in the preparation of this report may also participate in the solicitation of the businesses as described above. In reviewing this research report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request.

Reports relating to a specific geographical area are produced by the corresponding CIMB entity as listed in the table below. The term "CIMB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, CIMB Group Holdings Berhad ("CIMBGH") and its affiliates, subsidiaries and related companies.

Country	CIMB Entity	Regulated by
Australia	CIMB Securities (Australia) Limited	Australian Securities & Investments Commission
Hong Kong	CIMB Securities Limited	Securities and Futures Commission Hong Kong
Indonesia	PT CIMB Securities Indonesia	Badan Pengawas Pasar Modal & Lembaga Keuangan (Bapepam)
Malaysia	CIMB Investment Bank Berhad	Securities Commission Malaysia
Singapore	CIMB Research Pte. Ltd.	Monetary Authority of Singapore
Thailand	CIMB Securities (Thailand) Co. Ltd.	Securities and Exchange Commission Thailand

(i) As of November 8, 2012 CIMB has a proprietary position in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) Tan Chong Motor Holdings, UMW Holdings

(ii) As of November 9, 2012, the analyst(s) who prepared this report, has / have an interest in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) -

The information contained in this research report is prepared from data believed to be correct and reliable at the time of issue of this report. CIMB may or may not issue regular reports on the subject matter of this report at any frequency and may cease to do so or change the periodicity of reports at any time. CIMB is under no obligation to update this report in the event of a material change to the information contained in this report. This report does not purport to contain all the information that a prospective investor may require. CIMB or any of its affiliates does not make any guarantee, representation or warranty, express or implied, as to the adequacy, accuracy, completeness, reliability or fairness of any such information and opinion contained in this report. Neither CIMB nor any of its affiliates nor its related persons shall be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

This report is general in nature and has been prepared for information purposes only. It is intended for circulation amongst CIMB and its affiliates' clients generally and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. The information and opinions in this report are not and should not be construed or considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments thereof.

Investors are advised to make their own independent evaluation of the information contained in this research report, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this research report. The securities of such company(ies) may not be eligible for sale in all jurisdictions or to all categories of investors.

Australia: Despite anything in this report to the contrary, this research is provided in Australia by CIMB Securities (Australia) Limited ("CSAL") (ABN 84 002 768 701, AFS Licence number 240 530). CSAL is a Market Participant of ASX Ltd, a Clearing Participant of ASX Clear Pty Ltd, a Settlement Participant of ASX Settlement Pty Ltd, and, a participant of Chi X Australia Pty Ltd. This research is only available in Australia to persons who are "wholesale clients" (within the meaning of the Corporations Act 2001 (Cth)) and is supplied solely for the use of such wholesale clients and shall not be distributed or passed on to any other person. This research has been prepared without taking into account the objectives, financial situation or needs of the individual recipient.

France: Only qualified investors within the meaning of French law shall have access to this report. This report shall not be considered as an offer to subscribe to, or used in connection with, any offer for subscription or sale or marketing or direct or indirect distribution of financial instruments and it is not intended as a solicitation for the purchase of any financial instrument.

Hong Kong: This report is issued and distributed in Hong Kong by CIMB Securities Limited ("CHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact the Head of Sales at CIMB Securities Limited. The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CHK has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CHK. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CHK. Unless permitted to do so by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the securities covered in this report, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong).

Indonesia: This report is issued and distributed by PT CIMB Securities Indonesia ("CIMBI"). The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMBI has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CIMBI. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMBI. Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesia residents except in compliance with applicable Indonesian capital market laws and regulations.

Malaysia: This report is issued and distributed by CIMB Investment Bank Berhad ("CIMB"). The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMB has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CIMB. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMB.

New Zealand: In New Zealand, this report is for distribution only to persons whose principal business is the investment of money or who, in the course of, and for the purposes of their business, habitually invest money pursuant to Section 3(2)(a)(ii) of the Securities Act 1978.

Singapore: This report is issued and distributed by CIMB Research Pte Ltd ("CIMBR"). Recipients of this report are to contact CIMBR in Singapore in respect of any matters arising from, or in connection with, this report. The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMBR has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only. If the recipient of this research report is not an accredited investor, expert investor or institutional investor, CIMBR accepts legal responsibility for the contents of the report without any disclaimer limiting or otherwise curtailing such legal responsibility. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMBR.

As of November 8, 2012, CIMBR does not have a proprietary position in the recommended securities in this report.

Sweden: This report contains only marketing information and has not been approved by the Swedish Financial Supervisory Authority. The distribution of this report is not an offer to sell to any person in Sweden or a solicitation to any person in Sweden to buy any instruments described herein and may not be forwarded to the public in Sweden.

Taiwan: This research report is not an offer or marketing of foreign securities in Taiwan. The securities as referred to in this research report have not been and will not be registered with the Financial Supervisory Commission of the Republic of China pursuant to relevant securities laws and regulations and may not be offered or sold within the Republic of China through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Law of the Republic of China that requires a registration or approval of the Financial Supervisory Commission of the Republic of China.

Thailand: This report is issued and distributed by CIMB Securities (Thailand) Company Limited (CIMBS). The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMBS has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CIMBS. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMBS.

Corporate Governance Report:

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CIMBS does not confirm nor certify the accuracy of such survey result.

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

United Arab Emirates: The distributor of this report has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This report is strictly private and confidential and has not been reviewed by, deposited or registered with UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This report is being issued outside the United Arab Emirates to a limited number of institutional investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the sale of investments under any subscription agreement or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.

United Kingdom and Europe: In the United Kingdom and European Economic Area, this report is being disseminated by CIMB Securities (UK) Limited ("CIMB UK"). CIMB UK is authorised and regulated by the Financial Services Authority and its registered office is at 27 Knightsbridge, London, SW1X 7YB. This report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are persons that are eligible counterparties and professional clients of CIMB UK; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"); (c) are persons falling within Article 49(2) (a) to (d) ("high net worth companies, unincorporated associations etc") of the Order; (d) are outside the United Kingdom; or (e) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with any investments to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Only where this report is labelled as non-independent, it does not provide an impartial or objective assessment of the subject matter and does not constitute independent "investment research" under the applicable rules of the Financial Services Authority in the UK. Consequently, any such non-independent report will not have been prepared in accordance with legal requirements designed to promote the independence of investment research and will not be subject to any prohibition on dealing ahead of the dissemination of investment research.

United States: This research report is distributed in the United States of America by CIMB Securities (USA) Inc, a U.S.-registered broker-dealer and a related company of CIMB Research

Pte Ltd, CIMB Investment Bank Berhad, PT CIMB Securities Indonesia, CIMB Securities (Thailand) Co. Ltd, CIMB Securities Limited, and is distributed solely to persons who qualify as "U.S. Institutional Investors" as defined in Rule 15a-6 under the Securities and Exchange Act of 1934. This communication is only for Institutional Investors whose ordinary business activities involve investing in shares, bonds and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not a U.S. Institutional Investor or Major Institutional Investor must not rely on this communication. The delivery of this research report to any person in the United States of America is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. CIMB Securities (USA) Inc, is a FINRA/SIPC member and takes responsibility for the content of this report. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CIMB Securities (USA) Inc.

Other jurisdictions: In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is only for distribution to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Spitzer Chart for stock being researched (2 year data)



Distribution of stock ratings and investment banking clients for quarter ended on 31 October 2012		
805 companies under coverage		
	Rating Distribution (%)	Investment Banking clients (%)
Outperform/Buy/Trading Buy	55.6%	6.1%
Neutral	33.6%	1.9%
Underperform/Sell/Trading Sell	10.9%	4.8%

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, Jakarta Stock Exchange, Australian Securities Exchange, Korea Exchange, Taiwan Stock Exchange and National Stock Exchange of India/Bombay 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	Sector
<p>OUTPERFORM: Expected positive total returns of 10% or more over the next 12 months.</p>	<p>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.</p>
<p>NEUTRAL: Expected total returns of between -10% and +10% over the next 12 months.</p>	<p>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.</p>
<p>UNDERPERFORM: Expected negative total returns of 10% or more over the next 12 months.</p>	<p>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.</p>
<p>TRADING BUY: Expected positive total returns of 10% or more over the next 3 months.</p>	<p>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.</p>
<p>TRADING SELL: Expected negative total returns of 10% or more over the next 3 months.</p>	<p>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.</p>

*** This framework only applies to stocks listed on the Hong Kong Stock Exchange and China listings on the Singapore 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.*

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

AAV – not available, ADVANC - Excellent, AMATA - Very Good, AOT - Excellent, AP - Very Good, BANPU - Excellent, BAY - Excellent, BBL - Excellent, BCH - Good, 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, KAMART – not available, KBANK - Excellent, KK - 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, RS - 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, WORK - Good.