

Selamat Sempurna

SMSM IJ / SMSM JK

COMPANY NOTE

▶ **Market Cap**
US\$314.7m
Rp2,951,321m

▶ **Avg Daily Turnover**
US\$0.41m
Rp3,724m

▶ **Free Float**
41.9%
1,440 m shares

Current **Rp2,050**
Target **Rp2,375**
Previous Target **Rp2,525**
Up/downside **15.9%**

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

"We are currently maintaining our targets, despite a challenging year."

— Ang Andri Pribadi, CFO

Cooling down the global heat

Selamat Sempurna is facing a challenging year as foreign distributors are keeping inventories low in the face of an overcast global outlook. We are scaling back our FY12 topline growth forecast from 17% to 8%, in anticipation of mixed export performances.

We are cutting our CY12-14 EPS forecasts and DCF-based target price (WACC: 12.3%, LTG: 6%). But the stock remains an Outperform given its strong product positioning, robust management and above peers' ROE.

Mixed export outlook ▶

Much like the mixed global economic picture, Selamat Sempurna faces a mixed outlook for its various export destinations. Europe and China, which make up 15-20% of sales, have become more challenging. The outlook for the US, Middle East, Russia and Australia is brighter though risks are higher than in 2011.

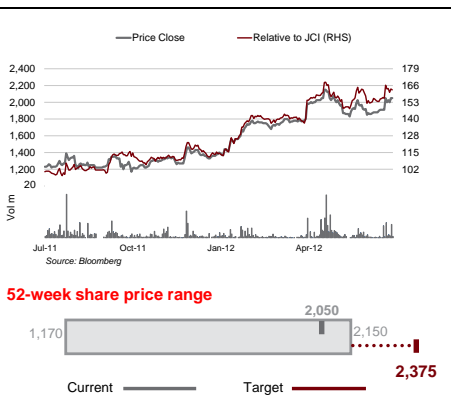
We understand that some foreign distributors have become more cautious, reduced new orders and are conservative in their inventory levels. This could translate into softer 1H12 sales growth, especially with last year's high base. Still, we expect 2Q to be an improvement on the lacklustre 1Q12 as there should be some cyclical demand growth in the US. That said, our earlier sales growth assumption of 17% is unrealistic.

Brisk domestic momentum ▶

In contrast, domestic sales should continue to scale new highs this year, aided by a bigger vehicle population (12% more cars on the road compared to last year) and more OEM orders. We do not see any let-up in the robust 19% yoy domestic growth achieved in 1Q12. However, there is some downside risk from the heavy equipment filter segment as a prolonged mining sector slump (if coal price stays at US\$90) could force more small miners to stop production. The filter business exposed to the affected miners constitutes 2-3% of Selamat Sempurna's total sales, in our estimation.

Cyclical not structural ▶

Despite the cut in our 2012 outlook, we think that Selamat Sempurna's replacement parts business and market positioning remain solid. Higher domestic contribution should buffer the downside risk while an above peers' ROE adds to its mid-term appeal. An improvement in the global growth outlook would be a catalyst for the stock.



Financial Summary

	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue (Rpb)	1,562	1,808	1,945	2,332	2,787
Operating EBITDA (Rpb)	304.9	386.5	420.2	493.3	576.3
Net Profit (Rpb)	150.4	200.9	226.0	279.9	336.4
Core EPS (Rp)	105.0	134.2	154.2	191.6	230.8
Core EPS Growth	11.2%	27.9%	14.8%	24.3%	20.5%
FD Core P/E (x)	19.53	15.27	13.30	10.70	8.88
DPS (Rp)	90.0	80.0	103.5	129.1	159.0
Dividend Yield	4.39%	3.90%	5.05%	6.30%	7.76%
EV/EBITDA (x)	10.68	8.42	7.68	6.61	5.71
P/FCFE (x)	23.67	31.79	19.82	20.72	14.51
Net Gearing	46.6%	36.7%	43.3%	41.6%	39.7%
P/BV (x)	5.68	4.87	4.32	3.79	3.33
Recurring ROE	29.7%	34.4%	34.4%	37.7%	39.9%
% Change In Core EPS Estimates			(8.77%)	(4.04%)	(3.61%)
CIMB/consensus EPS (x)			0.98	1.04	1.09

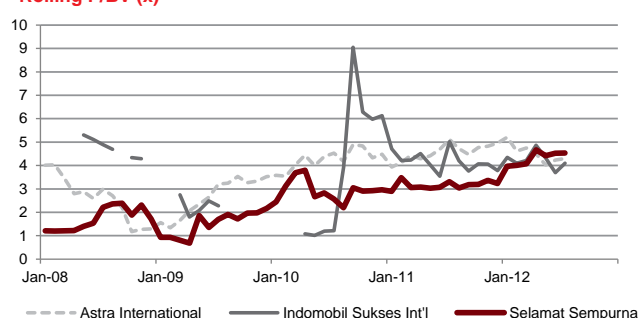
SOURCE: CIMB, COMPANY REPORTS

PEER COMPARISON

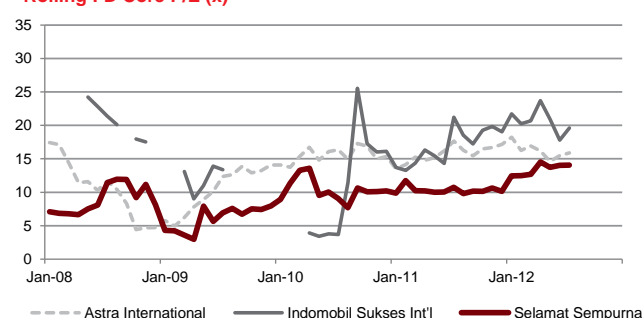
Research Coverage

	Bloomberg Code	Market	Recommendation	Mkt Cap US\$m	Price	Target Price	Upside
Astra International	ASII IJ	ID	OUTPERFORM	30,431	7,050	7,700	9.2%
Indomobil Sukses Int'l	IMAS IJ	ID	OUTPERFORM	2,329	7,900	9,200	16.5%
Selamat Sempurna	SMSM IJ	ID	OUTPERFORM	315	2,050	2,375	15.9%

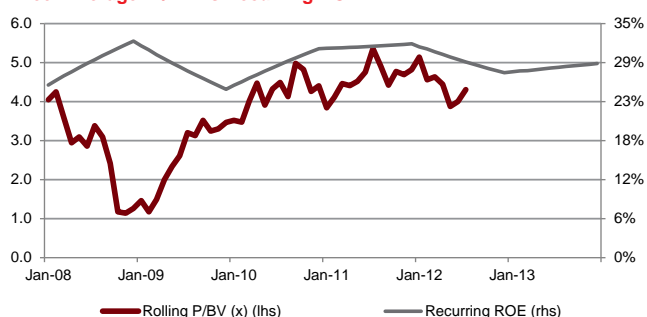
Rolling P/BV (x)



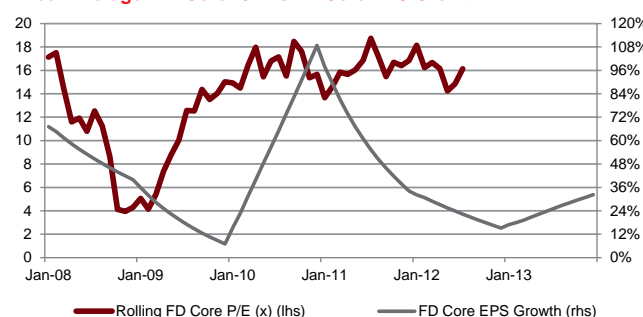
Rolling FD Core P/E (x)



Peer Average: P/BV vs Recurring ROE



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



Valuation

	FD Core P/E (x)			P/BV (x)			EV/EBITDA (x)		
	Dec-11	Dec-12	Dec-13	Dec-11	Dec-12	Dec-13	Dec-11	Dec-12	Dec-13
Astra International	16.35	15.61	12.58	4.72	4.04	3.35	13.99	12.07	9.50
Indomobil Sukses Int'l	23.51	17.56	12.20	4.67	3.77	2.95	33.93	23.57	17.34
Selamat Sempurna	15.27	13.30	10.70	4.87	4.32	3.79	8.42	7.68	6.61

Growth and Returns

	FD Core EPS Growth			Recurring ROE			Dividend Yield		
	Dec-11	Dec-12	Dec-13	Dec-11	Dec-12	Dec-13	Dec-11	Dec-12	Dec-13
Astra International	21.3%	4.8%	24.0%	31.8%	27.9%	29.1%	2.44%	2.38%	2.45%
Indomobil Sukses Int'l	43.3%	33.9%	43.9%	27.3%	23.7%	27.1%	0.00%	0.56%	0.85%
Selamat Sempurna	27.9%	14.8%	24.3%	34.4%	34.4%	37.7%	3.90%	5.05%	6.30%

SOURCE: CIMB, COMPANY REPORTS

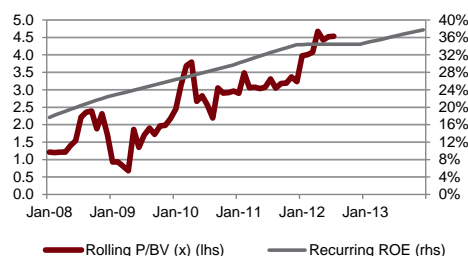
Calculations are performed using EFA™ Monthly Interpolated Annualisation and Aggregation algorithms to December year ends

BY THE NUMBERS

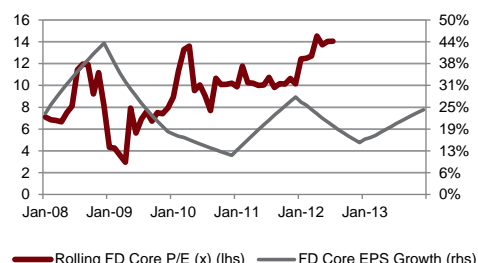
Share price info

Share px perf. (%)	1M	3M	12M
Relative	-4.7	15.3	63.6
Absolute	6.8	13.9	66.7
Major shareholders	% held		
Adrindo Inti Perkasa	58.1		

P/BV vs Recurring ROE



FD Core P/E vs FD Core EPS Growth



2012 sales growth target scaled back to 7% due to weak global demand.

Profit & Loss

(Rpb)	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue	1,562	1,808	1,945	2,332	2,787
Other Operating Income	-	-	-	-	-
Cost Of Sales	(1,193)	(1,347)	(1,450)	(1,737)	(2,084)
Gross Profit	368.8	460.7	495.0	595.1	703.4
Total Operating Costs	(140.9)	(164.2)	(173.4)	(209.5)	(244.7)
Operating Profit	227.8	296.5	321.6	385.6	458.6
Operating EBITDA	304.9	386.5	420.2	493.3	576.3
Depreciation And Amortisation	(77.1)	(90.0)	(98.5)	(107.7)	(117.7)
Operating EBIT	227.8	296.5	321.6	385.6	458.6
Net Interest Income	(22.23)	(26.60)	(30.17)	(31.06)	(32.58)
Exchange Gains	(4.73)	1.91	0.00	0.00	0.00
Other Income	3.87	7.79	5.09	5.09	5.09
Associates' Profit	0.00	0.00	8.26	15.88	19.86
Profit Before Tax (pre-EI)	204.8	279.6	304.8	375.5	451.0
Exceptional Items	-	-	-	-	-
Pre-tax Profit	204.8	279.6	304.8	375.5	451.0
Taxation	(39.92)	(60.34)	(59.31)	(71.92)	(86.23)
Exceptional Income - post-tax	-	-	-	-	-
Profit After Tax	164.8	219.3	245.5	303.6	364.8
Minority Interests	(14.43)	(18.40)	(19.51)	(23.66)	(28.36)
Other Adjustments - post-tax	-	-	-	-	-
Net Profit	150.4	200.9	226.0	279.9	336.4
Recurring Net Profit	151.1	193.3	221.9	275.8	332.3

Earnings growth should top 10%, thanks to sustained margins and the recent boost from Hydraxle

Cash Flow

(Rpb)	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Pre-tax Profit	204.8	279.6	304.8	375.5	451.0
Depreciation And Non-cash Adj.	104.0	114.7	120.4	122.9	130.4
Change In Working Capital	(84.0)	(68.7)	44.5	(199.8)	(63.3)
Tax Paid	(39.92)	(60.34)	(59.31)	(71.92)	(86.23)
Other Operating Cashflow	(33.59)	(27.90)	(30.40)	(18.21)	(17.43)
Cashflow From Operations	151.3	237.4	380.1	208.5	414.4
Capex	(103.9)	(96.3)	(103.5)	(120.5)	(122.1)
Disposals Of FAs/subsidiaries	0.91	1.91	3.52	2.88	3.41
Acq. Of Subsidiaries/investments	(1.9)	0.0	(121.4)	(15.9)	(19.9)
Other Investing Cashflow	(14.73)	(6.06)	0.25	(0.96)	(0.13)
Cash Flow From Investing	(119.6)	(100.4)	(221.1)	(134.5)	(138.7)
Debt Raised/(repaid)	115.2	(17.5)	20.1	99.6	(39.8)
Equity Raised/(Repaid)	-	-	-	-	-
Dividends Paid	(141.3)	(117.1)	(149.0)	(185.8)	(228.9)
Net Cash Interest	(22.23)	(26.60)	(30.17)	(31.06)	(32.58)
Other Financing Cashflow	22.23	26.60	30.17	31.06	32.58
Cash Flow From Financing	(26.1)	(134.6)	(128.9)	(86.2)	(268.7)
Total Cash Generated	5.63	2.31	30.10	(12.28)	6.99
Change In Net Cash	(109.6)	19.8	10.0	(111.8)	46.8
Free Cashflow To Equity	124.7	92.8	148.9	142.5	203.3

BY THE NUMBERS

Some foreign distributors are reducing their inventory levels due to global uncertainty

Balance Sheet

(Rp)	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Fixed Assets	376.8	397.7	404.8	419.9	426.6
Intangible Assets	-	-	-	-	-
Other Long Term Assets	28.6	20.2	141.4	158.2	178.2
Total Non-current Assets	405.4	417.9	546.2	578.1	604.8
Total Cash And Equivalents	14.31	16.62	46.71	34.44	41.42
Inventories	307.0	324.5	351.0	422.5	506.2
Accounts Receivable	313.7	357.9	385.0	461.8	551.7
Other Current Assets	26.67	19.91	20.04	24.22	29.13
Total Current Assets	662	719	803	943	1,128
Trade Creditors	124.8	86.5	93.0	111.6	133.3
Short-term Debt	120.6	103.2	296.6	117.2	236.6
Other Current Liabilities	58.9	71.8	71.6	86.7	101.9
Total Current Liabilities	304.4	261.5	461.2	315.4	471.8
Total Long-term Debt	158.7	159.3	79.4	278.9	199.6
Other Liabilities	28.11	39.21	41.93	49.65	58.69
Deferred Tax	7.46	6.25	6.14	7.45	8.93
Total Non-current Liabilities	194.3	204.7	127.4	336.0	267.2
Shareholders' Equity	519.4	605.9	683.7	778.6	886.9
Minority Interests	49.1	64.7	76.6	91.0	107.4
Preferred Shareholders Funds	-	-	-	-	-
Total Equity	568.5	670.6	760.3	869.6	994.3

Key Ratios

	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue Growth	13.6%	15.8%	7.6%	19.9%	19.5%
Operating EBITDA Growth	14.6%	26.7%	8.7%	17.4%	16.8%
Operating EBITDA Margin	19.5%	21.4%	21.6%	21.1%	20.7%
Net Cash Per Share (Rp)	(184.1)	(170.8)	(228.7)	(251.2)	(274.2)
BVPS (Rp)	360.8	420.8	474.9	540.8	616.0
Gross Interest Cover	9.56	10.44	10.06	11.73	13.34
Tax Rate	19.5%	21.6%	19.5%	19.2%	19.1%
Net Dividend Payout Ratio	86.1%	57.3%	65.9%	66.4%	68.1%
Accounts Receivables Days	69.18	67.79	69.91	66.25	66.37
Inventory Days	85.97	85.55	85.27	81.25	81.35
Accounts Payables Days	43.70	28.62	22.66	21.49	21.45
ROIC (%)	23.2%	25.7%	26.5%	29.0%	30.5%
ROCE (%)	29.5%	33.5%	31.3%	32.3%	34.2%

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%	4.0%
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

Pricing in global risks

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Notes from the Field

“We are currently maintaining our targets, despite a challenging year.”

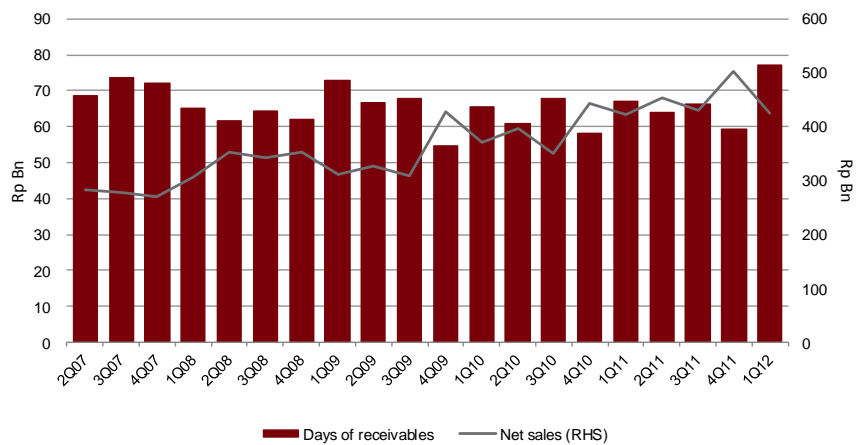
– Ang Andri Pribadi, CFO

1. BACKGROUND

1.1 Revisiting our forecasts ▶

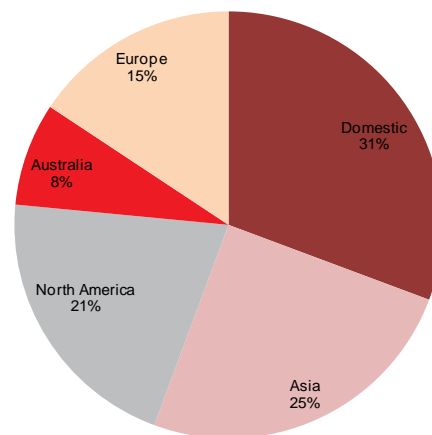
We are reviewing our forecasts for Selamat Sempurna as export sales, which make up 73% of group sales, are likely to be affected by the overcast outlook for western economies. The challenging macro outlook has already prompted Selamat Sempurna’s rivals to downgrade their aggressive growth guidance, especially after the lukewarm results for the first five months of 2012. In this note, we will also discuss other risks to our assumptions such as the current slump in Indonesian mining activity and short-term rupiah volatility.

Figure 1: 1Q12: Flat sales and stretched receivables turnover



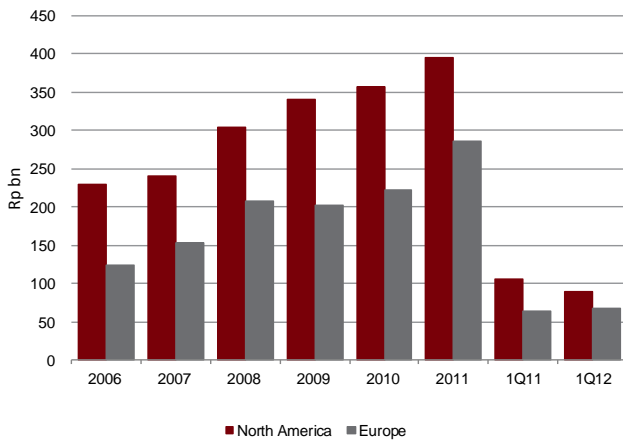
SOURCES: CIMB, COMPANY REPORTS

Figure 2: Major export destinations: Asia (25% of sales), North America (21%), Europe (16%) and Australia (8%)



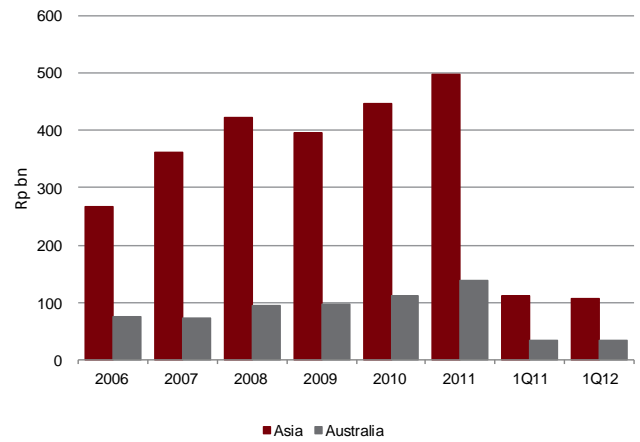
SOURCES: CIMB, COMPANY REPORTS

Figure 3: 1Q12: weak US sales, slightly higher Europe sales



SOURCES: CIMB, COMPANY REPORTS

Figure 4: 1Q12: Asian sales down slightly, Australia is flat



SOURCES: CIMB, COMPANY REPORTS

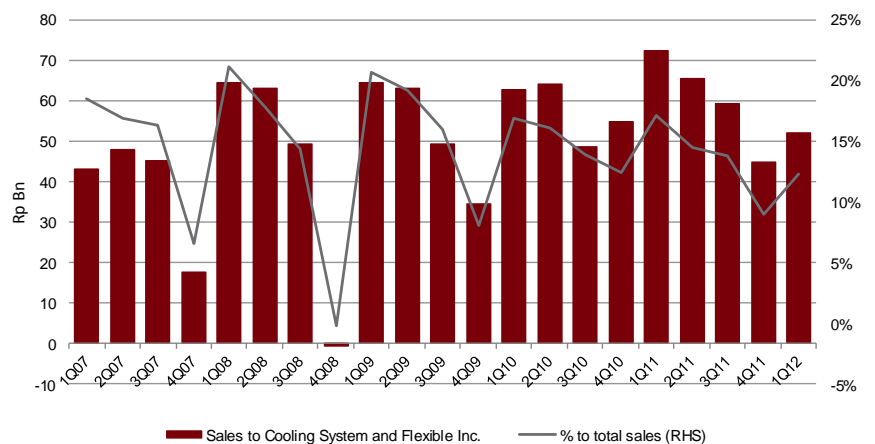
2. OUTLOOK

2.1 Cyclical rebound for US sales (21% of total) ▶

We are expecting US sales to rebound from the poor 1Q12 levels due to favourable conditions for the auto sector and low inventory held by Selamat Sempurna's distributors. Selamat Sempurna's sales, especially for car radiators, should pick up after the cyclically low inventory stocking by distributors in 1Q12.

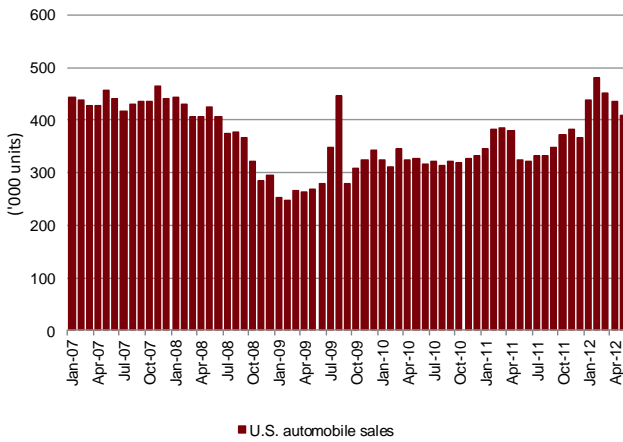
The US auto sector also fared very well in early 2012 though signposts are pointing to more modest growth in 2H12. The cautious stance of some distributors, which reportedly have reduced their inventories by a month to about 1-2 months, indicates that the recovery could be strong if the demand situation exceeds expectations. Structurally, the prospects for the US replacement market remain good as the average car age in the US continues to scale all-time highs.

Figure 5: Sales of a major radiator distributor expected to go up after a cyclical low



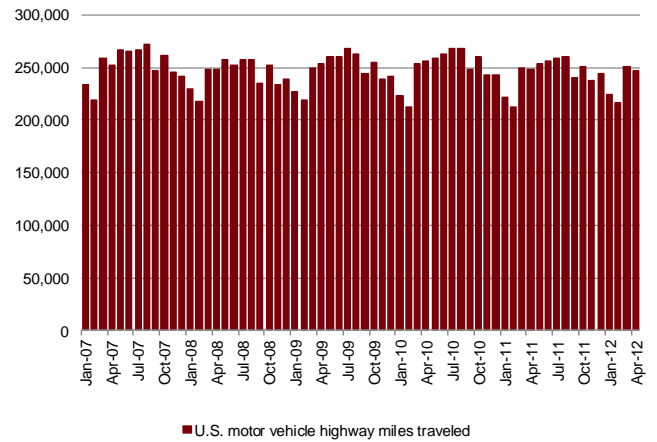
SOURCES: CIMB, COMPANY REPORTS

Figure 6: US market faring well though slower than brisk start to the year



SOURCES: CIMB, COMPANY REPORTS

Figure 7: Auto mileage in the US remains steady, indicating a sustainable replacement market

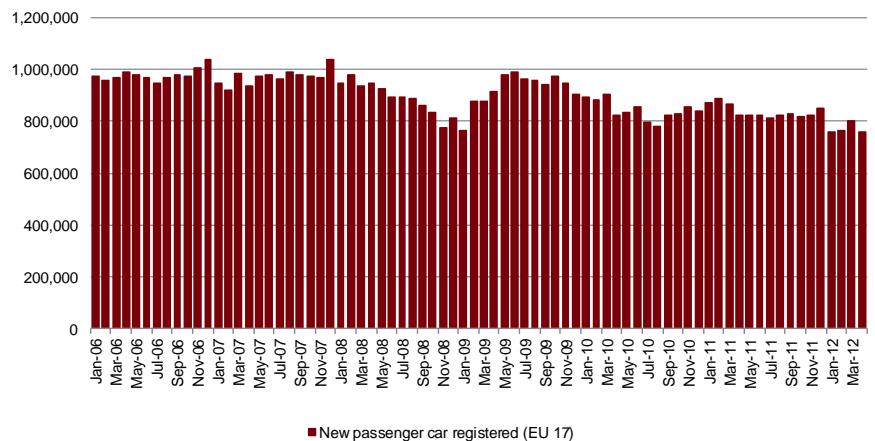


SOURCES: CIMB, COMPANY REPORTS

2.2 Mixed demand outlook for Europe (16% of sales) ▶

Management and competing companies have noted challenging market conditions as macro uncertainty lingers, especially in the EU. But Selamat Sempurna has historically been resilient due to its positioning as an affordable OEM alternative. Exports to the EU dipped by only 2% after the 2008 crisis. The inroads that it recently made into Russia, a peripheral country should be a major driver of growth.

Figure 8: EU remains a challenging market due to its weakening auto sector



SOURCES: CIMB, COMPANY REPORTS

2.3 Asia (25%) may face hiccup from China; Australia (8%) holding up well ▶

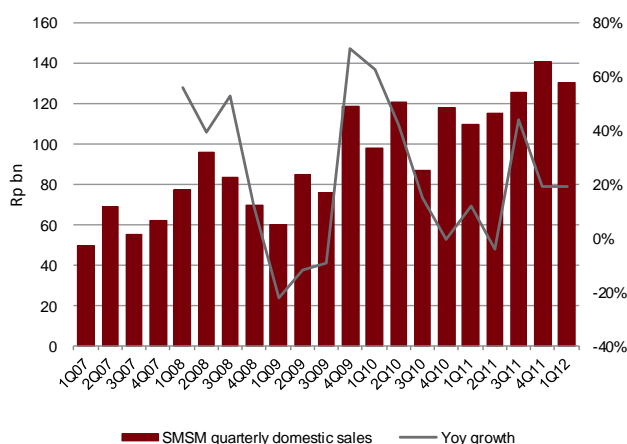
Although Selamat Sempurna's exports to Asia go mostly to Japan, Middle East and Singapore, a small amount of exports, particularly heavy equipment filters under the Donaldson brand, are exported to China. Though overall numbers may not be big, a slowdown in China's manufacturing and heavy duty filter market could dent Selamat Sempurna's sales in the region. But we are not worried about it as the stabilising market in Japan, a fundamentally strong Middle East market and robust Australian sales should pick up the slack.

2.4 Buoyant domestic auto (15-20% of sales) segment ▶

We expect the domestic auto segment to be the main growth driver this year. Domestic sales kicked off the year on a strong note, rising 19% in 1Q12, coming in at 31% of total sales. An increasingly large domestic market should allow Selamat Sempurna to keep reaching all-time highs.

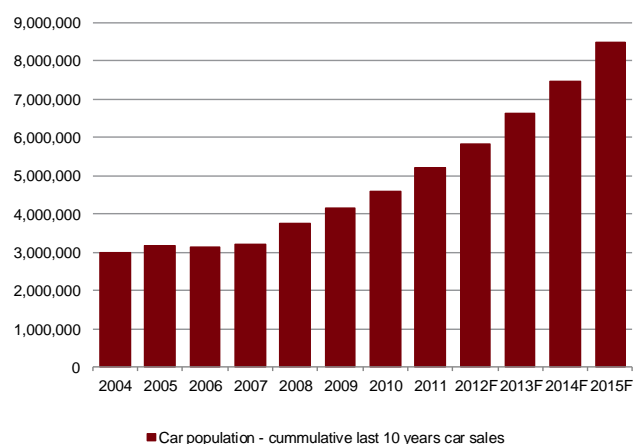
The company has continued to strengthen its domestic foothold by setting several aims and initiatives for this year 1) double domestic OEM sales from last year's Rp90bn, and 2) defend its 40% share of the replacement car filter market, which is expected to expand by more than 12% p.a. in the next several years. It has also formed a joint venture with Tokyo Radiator to produce OEM car radiators.

Figure 9: Domestic sales begin the year strong with 19% growth



SOURCES: CIMB, COMPANY REPORTS

Figure 10: Expanding car replacement market



SOURCES: CIMB, COMPANY REPORTS

2.5 Potential risk from domestic heavy equipment (15-20%) ▶

Selamat Sempurna's earnings exposure to Indonesia's mining sector is estimated to be less than 20%, mainly from its domestic heavy equipment replacement filter sales (about 10-15%) and Hydraxle's dump hoist business (4%).

We do not foresee significant contraction in this segment due to the more limited impact on the replacement parts market. Downside should come mainly from a production halt by small miners since the recent coal price weakness has prompted a few small-scale miners (15% of total Indonesian coal production) to stop production. More may join the fray if the weakness persists. We may not see a replacement cycle if production is halted for too long, which could happen if coal price stays at the US\$90 level. On the bright side, the important large-scale miners which account for 85% of total Indonesian coal production have so far maintained their production.

Although Hydraxle's business (4% of Selamat Sempurna's earnings) might also be affected because of its 80% exposure to the mining sector, a strong construction sector should pick up some of the slack. Furthermore, our estimates of 26% sales growth and 13% earnings growth are conservative. We also think that its position as the market leader leaves ample room for efficiency improvement.

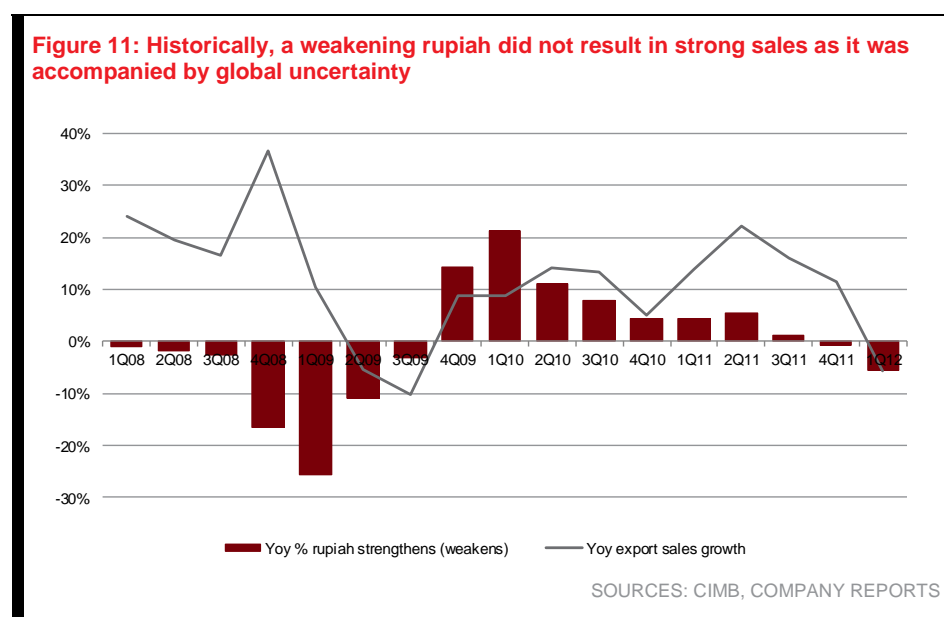
Even if coal price stays at this low level (\$90ish) until the end of year, the impact is fairly small. We estimate about 3% downside to sales due mainly to lower heavy equipment filter sales. The risk is if coal price falls further, which could force large-scale miners to cut their production.

3. RISKS

3.1 Impact of weakening rupiah ▶

Barring a slowdown in sales, Selamat Sempurna stands to benefit from a strengthening of the US\$. Taking into account exports' 73% contribution to sales, 40% of imported raw materials in COGS and a currency forward hedge of US\$16.5m as of Mar 12, the company has a net exposure of US\$74.7m (US\$ sales – US\$ raw materials – US\$ currency forward hedge).

Based on that, we estimate that every 2% strengthening of US\$ against the rupiah would boost net profit by 6%, ceteris paribus. Our current assumption for the average exchange rate for 2012 is Rp9,200 per US\$. But sales upside from a depreciating rupiah has historically been offset by weakening export demand, which appear to be the case currently. Any earnings upside from further rupiah weakening should be evaluated against a changing macro outlook.

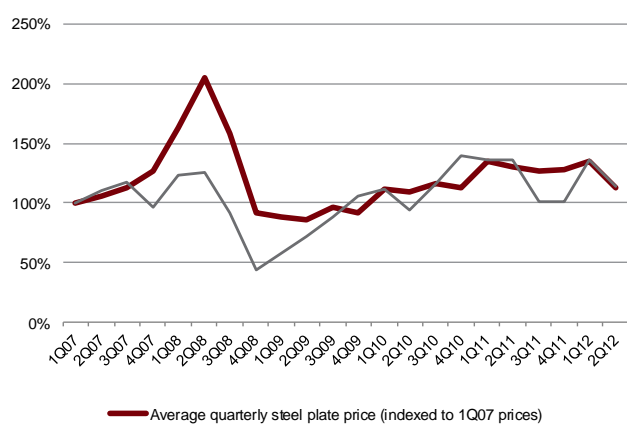


4. FINANCIALS

4.1 Changes to our assumptions and forecasts ▶

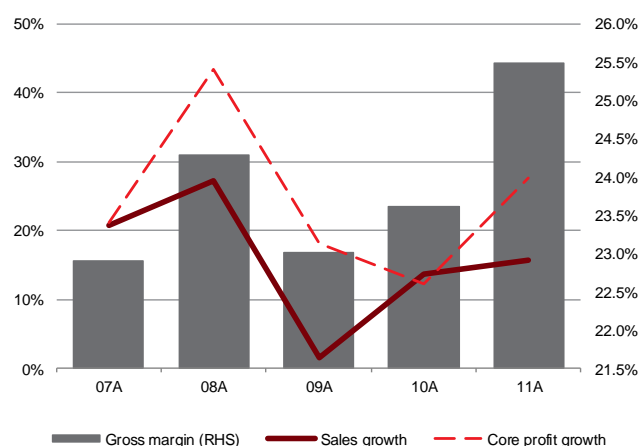
As uncertainty remains the watchword for the global economy, we are now expecting relatively tame sub-17% yoy sales growth for the company in the second half of 2012, following a lukewarm first half. Margins are expected to be resilient, within 1% point of 2011's margins, aided by benign steel and raw material prices. 2Q12 earnings are likely to see a rebound from 1Q12's flat growth though growth may still be softer than last year due to cautious inventory stocking by Selamat Sempurna's distributors. At this point of time, we are not pricing in a global downturn on par with the global financial crisis.

Figure 12: Benign raw material prices should aid margins



SOURCES: CIMB, COMPANY REPORTS

Figure 13: Selamat Sempurna was resilient but not unscathed by the previous downturn



SOURCES: CIMB, COMPANY REPORTS

We now project 8% sales growth for 2012, instead of 17%. Gross margin is largely maintained, reducing our core EPS forecasts by 9% for CY12 and 5% for CY13 and CY14. There is upside to our forecast if the European economy and its auto segment make a swift recovery.

Figure 14: Forecast changes

	Previous forecast			New forecast			Changes		
	2012F	2013F	2014F	2012F	2013F	2014F	2012F	2013F	2014F
Sales	2,093	2,437	2,858	1,945	2,332	2,787	-7%	-4%	-2%
Sales growth	15.8%	16.4%	17.3%	7.6%	19.9%	19.5%			
Gross margin	25.9%	25.6%	25.6%	25.5%	25.5%	25.2%			
EBIT	356	409	485	327	391	464	-8%	-5%	-4%
EBIT growth	16.4%	14.9%	18.4%	6.7%	19.6%	18.7%			
EBIT margin	17.0%	16.8%	17.0%	16.8%	16.7%	16.6%			
EBITDA	455	517	602	425	498	581	-6%	-4%	-4%
Net profit	247	292	349	226	280	336	-9%	-4%	-4%
Net profit growth	23.1%	17.9%	19.7%	12.5%	23.9%	20.2%			
Core profit	243	287	345	220	273	328	-9%	-5%	-5%
Core profit growth	25.0%	18.2%	19.9%	13.2%	23.8%	20.4%			

SOURCES: CIMB, COMPANY REPORTS

5. VALUATION AND RECOMMENDATION

5.1 Cyclical setback does not derail long-term outlook ►

We view the current hiccup as a result of cyclical uncertainty rather than a long-term demand decline. Structurally, the global replacement market remains solid as vehicle populations continue to reach new highs in most of Selamat Sempurna's export destinations.

We also like the company's positioning as a supplier of affordable but reputable products under brands that have been around since the 1990s. Selamat Sempurna has delivered sales growth during economic upturns as well as downturns during the past 19 years and consecutive profit growth in the last nine years. The company's sustainable capital structure, high dividend yield and above-peers ROE are other reasons why we continue to rate it an Outperform. An improvement in global growth is the main catalyst.

Figure 15: Sector comparisons

Company	Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY 2012	CY 2013		CY 2012	CY 2013	CY 2014	CY 2012	CY 2013	CY 2012	CY 2013		
Astra International	ASII IJ	Outperform	6,950	7,700	29,999	15.4	12.4	12.8%	3.98	3.30	27.9%	29.1%	27.3%	11.5	9.0	2.4%	2.5%
Indomobil Sukses Int'l	IMAS IJ	Outperform	7,450	9,200	2,197	16.6	11.5	35.2%	3.55	2.78	23.7%	27.1%	24.5%	21.8	16.1	0.6%	0.9%
Selamat Sempurna	SMSM IJ	Outperform	2,050	2,375	315	13.3	10.7	17.2%	4.32	3.79	35.0%	37.7%	39.9%	7.6	6.6	5.0%	6.3%
Indonesia average						15.4	12.3	21.7%	3.95	3.27	27.6%	29.0%	27.2%	11.9	9.3	2.3%	2.4%
Proton Holdings	PROH MK	Neutral	5.48	5.50	955	28.9	21.2	-21.5%	0.53	0.51	1.9%	2.4%	1.0%	5.5	5.0	1.4%	1.4%
Tan Chong Motor Holdings	TCM MK	Underperform	4.57	4.20	975	14.8	9.5	15.4%	1.55	1.37	11.0%	15.3%	15.4%	9.3	7.1	2.1%	2.3%
UMW Holdings	UMWH MK	Outperform	9.28	9.55	3,440	12.8	12.3	10.5%	2.33	2.16	18.9%	18.3%	18.1%	6.9	6.6	4.7%	4.9%
Malaysia average						14.7	12.6	1.5%	1.35	1.27	9.4%	10.3%	11.6%	6.8	6.3	3.6%	3.8%
Brilliance China Automotive	1114 HK	Outperform	6.61	11.70	4,285	9.0	6.5	38.2%	2.71	1.92	35.3%	34.3%	28.6%	63.9	49.0	0.0%	0.0%
Dongfeng Motor Group	489 HK	Neutral	11.38	15.80	12,646	7.7	7.1	6.4%	1.49	1.27	21.3%	19.4%	17.6%	2.8	1.9	1.9%	2.1%
Geely Automobile Holdings	175 HK	Neutral	2.62	3.30	2,526	8.6	6.7	19.2%	1.44	1.21	18.2%	19.5%	17.8%	6.4	4.8	1.4%	1.8%
Great Wall Motor	2333 HK	Outperform	15.00	18.60	7,259	8.7	7.9	12.4%	1.86	1.58	23.2%	21.6%	20.2%	4.5	3.9	3.1%	3.4%
Guangzhou Auto - H	2238 HK	Trading buy	6.18	7.50	6,437	7.4	6.3	9.4%	0.97	0.87	13.7%	14.5%	14.6%	8.7	6.1	4.1%	4.8%
Qingling Motors Company-H	1122 HK	Outperform	1.84	3.50	589	9.3	8.0	16.7%	0.51	0.51	5.6%	6.4%	7.4%	-3.5	-3.4	8.9%	####
Minth Group	425 HK	Neutral	8.55	7.70	1,188	9.0	7.9	10.9%	1.15	1.05	13.5%	13.9%	13.9%	3.9	3.2	3.8%	4.4%
Weichai Power Co Ltd-H	2338 HK	Neutral	30.85	34.40	7,350	9.0	8.7	-2.6%	1.54	1.31	18.6%	16.3%	14.6%	3.6	3.4	0.3%	0.3%
Hong Kong average						8.3	7.3	13.8%	1.46	1.24	19.1%	18.5%	17.3%	4.2	3.3	2.0%	2.3%
Average all countries						10.7	9.2	12.3%	1.99	1.71	19.9%	20.1%	19.2%	6.9	5.7	2.3%	2.4%

SOURCES: CIMB, COMPANY REPORTS

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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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