

# Automotive (Neutral ↔)

INDUSTRY INSIGHT

6 January 2014

## Outlook in 2014 - Down-Trading

### Highlights & Comments

- As the government cut subsidies and implement GST, consumers are **burdened with increasing cost of living**, affecting their affordability on car ownership. Given the right pricing, we believe **Malaysian will still opt to own cars** due to convenience and poor public transport infrastructure.
- Hence, the trend moving forward will **focus on cheaper and smaller car**, known as “Down-Trading”, which national cars i.e. Proton (DRB) and Perodua (UMW & MBMR) dominates.
- The upcoming **NAP** (to be announced by mid Jan 2014) will focus on **restructuring the whole automotive ecosystem, supporting the EEV policy (Efficient Energy Vehicle)**, which is to position Malaysia as the regional EEV manufacturing hub.
- Government is likely to give **various incentives and supports** to existing and new OEMs that **bring EEV technology into the country**. Major OEMs are strategizing in line with the policy. Local autoparts and components manufacturer i.e. **DRB and MBMR will benefit from the higher localization rate and increasing vehicle manufacturing volume**.
- Government unlikely to implement ELV (End Life Vehicle) Policy, but may **regulate compulsory annual car checks for old cars**, to determine their road-worthiness. National cars i.e. **Proton (DRB) and Perodua (UMW & MBMR) may benefit from the policy**, as majority of the poorly maintained old car owners are from lower income group.
- We expect margin depression due to **stiff competitions among the OEMs** especially the foreign marques. The **depreciation of RM will further affect these OEMs** which import raw materials, CKDs packs and CBUs in US\$.

### Risks

- Slowdown in the Malaysian economy.
- Announcement of immediate drastic cut in car prices.
- Global automotive supply chain disruption.
- Sudden jump in fuel prices and interest rate.

### Forecasts

- Adjusted lower earnings for DRB, MBMR, UMW and TCM, after accounting for higher operational cost, stiff competition and RM depreciation.

### Rating

**Neutral ↔**

- Positives –
  - Potential export to regional market, i.e. Malaysia as a hub;
  - Implementation of Energy Efficient Policy;
  - Implementation of Annual Car Check Policy.
- Negatives –
  - Tightening of bank lending rules and rise in inflation;
  - Instability of global automotive supply chain;
  - Depreciation of RM.

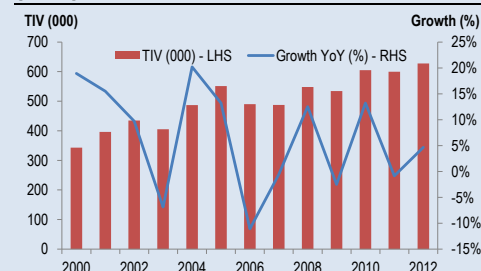
### Valuation

- Maintained Overweight outlook on Automotive Sector with Top Picks: DRB (RM3.38) and MBM Resources (RM4.52).

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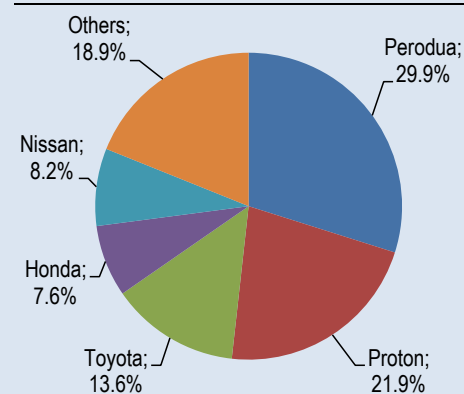
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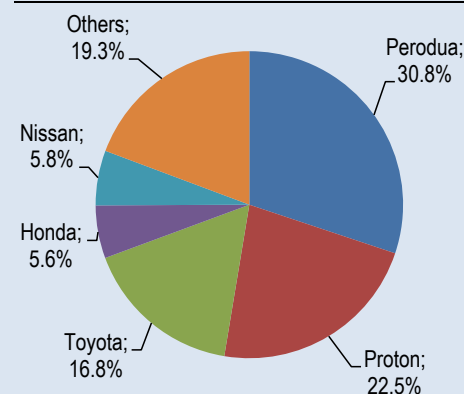
Source: MAA

### 2013 YTD Market Share



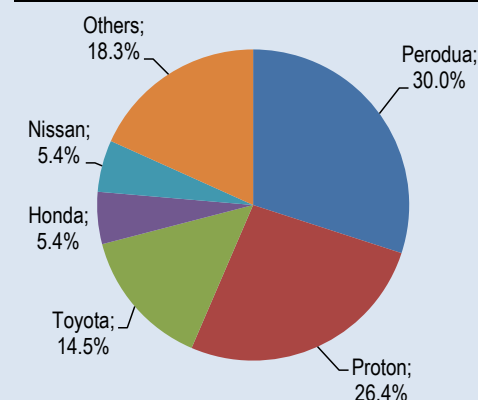
Source: MAA

### 2012 Market Share



Source: MAA

### 2011 Market Share



Source: MAA

## Down-Trading Trend

With the government **policy on cutting subsidies burden** i.e. natural gas, power, fuel, sugar etc, consumers are gradually feeling the heat of **increasing cost of living**, which **affect consumer's affordability on car ownership**. It's no brainer that **businesses are passing down the higher cost to the consumers** in terms of higher pricing (selling price). Furthermore, the expected **implementation of GST** (Government Service Tax) by April 2014 is likely to **further burden consumers**.

Despite the higher cost, we believe **most Malaysian will still opt to own cars, mainly due to convenience and poor public transport infrastructure** (the new MRT is only scheduled to commence operation by early 2017). We believe that consumers will **continue to buy cars, given the right pricing**. Hence, consumers are likely to go for **lower priced car** (i.e. lower segment), or a trend that we term as **"Down-Trading"**. "Down-Trading" is mainly driven by:

- 1) **Affordability** – Cheaper cars require lower deposits and installments (lower hire purchase amount), as well as lower fuel consumption (smaller cars with smaller engine capacity) and repair and maintenance cost;
- 2) **Practicality** – Consumers are more educated and rationalized, and only purchase cars that meet their requirements, in balancing their financial burdens e.g. smaller households with only 1-2 children buying smaller family car, young population entering into work-force buying small and affordable car for own usage, and parents buying small car for their children who attained new driving license.
- 3) **Bank Guideline** – Banks will be more selective towards risks, as being guided by Bank Negara. Not wanting to increase their bad debts exposure (resulting in higher provisions), banks will be more stringent towards hire purchase approval such as lower debt commitment to income ratio, a significant factor in determining the approved hire purchase amount (installment). Hence, given similar income level, financing for smaller and cheaper cars are likely to fair better chances of loan approval.

**Figure #1: EPF Members Breakdown**

Category	Salary Range (RM)	No of Active Members	Percentage (%)	Cumulative (%)
Low Income	< 500	986,218	15.7%	15.7%
	500 - 1,000	1,405,309	22.4%	38.2%
	1,001 - 2,000	1,771,231	28.3%	66.5%
	2,001 - 3,000	917,045	14.6%	81.1%
Middle Income	3,001 - 5,000	690,493	11.0%	92.1%
	5,001 - 7,000	215,393	3.4%	95.6%
Top Income	7,001 - 10,000	138,571	2.2%	97.8%
	> 10,000	138,572	2.2%	100.0%
Total		6,262,832	100.0%	

EPF

**Figure #2: Peninsular Malaysia Household Income Breakdown**

Income Class (RM)	Urban (%)	Rural (%)	Total (%)	Cumulative (%)
< 500	0.3%	1.0%	0.5%	0.5%
500 - 999	2.9%	8.5%	4.5%	5.0%
1,000 - 1,499	5.8%	15.4%	8.5%	13.5%
1,500 - 1,999	6.9%	15.3%	9.3%	22.8%
2,000 - 2,499	7.5%	12.4%	8.9%	31.7%
2,500 - 2,999	6.3%	9.2%	7.1%	38.8%
3,000 - 3,499	9.3%	9.5%	9.4%	48.2%
3,500 - 3,999	7.5%	6.6%	7.3%	55.5%
4,000 - 4,999	12.4%	7.7%	11.0%	66.5%
5,000 and above	41.0%	14.4%	33.5%	100.0%

EPU

**Increasing cost of living to affect consumers' affordability on car ownership.**

**Malaysian will still opt to have own car, given the right pricing. "Down-Trading" trend.**

**Affordability.**

**Practicality.**

**Bank guideline - risk management.**

**More than 80% of EPF members are in low income category, earning RM3,000 or below per month.**

**More than 66% of Malaysian Household is earning below RM5,000 per month.**

According to statistics released by EPF (Employee Pension Fund), **81.1% of EPF members** (individual Malaysian salary earner) are **low income earner** with less than RM3k a month and another 14.5% are middle income earner with RM3-7k a month (See Figure #1). On the other hand, **statistics from EPU** (Economic Planning Unit) showed that **38.8% of Malaysian household earns below RM3k a month** and another 27.8% earns RM3-5k a month (See Figure #2).

Based on the income statistics and the estimated normal expenditure for Individual and household nowadays, **majority of Malaysian can afford car installment amounts of RM500 to RM800 range** (See Figure #3). However, as government reduced subsidies and cost of living increased, **consumers are likely to seek lower installment range at RM400 to RM600** (See Figure #4). As such, national cars i.e. **Proton (DRB) and Perodua (UMW & MBMR) are the major beneficiaries of the trend** (See Figure #5).

**Figure #3: Estimated Expenses Breakdown**

Category		Newly Employed	Household with 1 Child
<b>Monthly Gross Income</b>	<b>A</b>	<b>2,500.00</b>	<b>5,000.00</b>
<b>Monthly Net Income (EPF Deduction)</b>	<b>B = A x 89%</b>	<b>2,225.00</b>	<b>4,450.00</b>
Room Rental (Individual) / House Installment (RM300k)		300.00	1,200.00
Handphone Bills		50.00	100.00
Utility Bills (Electricity + Water)		50.00	150.00
Food		600.00	1,000.00
Entertainment		100.00	100.00
Insurance		50.00	150.00
Child Expense		0.00	300.00
Home Expenses		50.00	100.00
<b>Sub Total</b>	<b>C</b>	<b>1,200.00</b>	<b>3,100.00</b>
	<b>D = B - C</b>	<b>1,025.00</b>	<b>1,350.00</b>
<b>Car Expenses</b>			
Fuel Cost		250.00	300.00
Toll		30.00	30.00
Car Parks		100.00	100.00
Insurance		50.00	100.00
Maintenance		50.00	50.00
<b>Total</b>	<b>E</b>	<b>480.00</b>	<b>580.00</b>
<b>Installment Affordability</b>	<b>F = D - E</b>	<b>545.00</b>	<b>770.00</b>

Note: As individual and household income increase, the expenses also increase (i.e. higher than our estimates)

**Have not take into Account:**

- Holiday/Travelling
- Savings
- Medical Expenses
- Contribution to Parents/Home

HLIB

**Figure #4: Car Ownership Pricing and Installment**

Car Pricing										
Range (RM)	30-40k	40-50k	50-60k	60-70k	70-80k	80-90k	90-100k	100-110k	110-120k	
Deposits (RM)										
Asuming 10%	3-4k	4-5k	5-6k	6-7k	7-8k	8-9k	9-10k	10-11k	11-12k	
Monthly										
Instalment (RM) <b>Assuming 3% pa</b>										
5 years	520-690	690-865	885-1,035	1,035-1,210	1,210-1,380	1,380-1,555	1,555-1,725	1,725-1,900	1,900-2,070	
7 years	390-520	520-650	650-780	780-910	910-1,040	1,040-1,170	1,170-1,295	1,295-1,425	1,425-1,555	
9 years	320-425	425-530	530-635	635-740	740-850	850-955	955-1,060	1,060-1,165	1,165-1,270	
Instalment (RM) <b>Assuming 1% pa</b>										
5 years	470-630	630-790	790-945	945-1,105	1,105-1,260	1,260-1,420	1,420-1,575	1,575-1,735	1,735-1,890	
7 years	345-460	460-575	575-688	688-805	805-915	915-1,030	1,030-1,145	1,145-1,260	1,260-1,375	
9 years	270-365	365-455	455-545	545-635	635-725	725-820	820-910	910-1,000	1,000-1,090	

HLIB

**Consumers are likely to seek lower commitment for car installment ranging RM400-600.**

**National cars – Proton (DRB) and Perodua (UMW & MBMR) are the major beneficiaries.**

**Low income and high cost of living limit consumers' affordability on car ownership.**

**The sweet spot for car affordability is pricing below RM80,000.**

**Figure #5: OEMs Product Pricing Range**

Car Pricing Range (RM)	30-40k	40-50k	50-60k	60-70k	70-80k	80-90k	90-100k	100-110k	110-120k
Proton (DRB)	Saga	Persona	Persona	Preve Exora	Suprima S Preve Exora	Inspira Exora			
Perodua (UMW, MBMR)	Viva	MyVi	MyVi	MyVi Alza	Alza				
Toyota (UMW)				Avanza	Vios Avanza	Vios	Vios Prius C Innova	Innova	T.Altis
Honda (DRB)					Jazz	City	Jazz H	Freed Insight	Civic
Nissan (TCM)				Almera	Almera	G Livina Sentral	G Livina Latio	G Livina	Sylphy
Mazda (BAuto)						Mazda 2		Mazda 3	Mazda 3
VW (DRB, MBMR)								Polo Sdn	Polo
Hyundai & Ford (Sime Darby)			H. i10			F. Fiesta	H. Elantra	H. Elantra	H. Elantra
Kia & Peugeot (Naza)			Kia Picanto		Kia Rio	Peu. 208	Peu. 208	Peu. 308	Peu. 408 Kia Cerato Kia Cerato

HLIB, Respective OEMs

## Upcoming NAP Expectation

The government has indicated that the upcoming NAP (National Automotive Policy) will be announced by mid Jan 2014. The new NAP seeks to **revamp the whole automotive ecosystem** in tandem with the **objective of EEV Policy (Energy Efficient Vehicle) to promote Malaysia as regional hub for EEV production**, complementing Thailand and Indonesia.

The CEO of MAI (Malaysia Automotive Institute), Encik Madani believe that the EEV Policy is better than Thailand's Eco Car Program and Indonesia's Low-Cost Green Car Program, as the **EEV Policy take into account the energy efficiency of the entire industry value-chain and ecosystem**. Not limited to hybrid and electric vehicle technology, EEV also includes the conventional internal combustion engine technology, as long as it is **fuel efficient/low carbon emission**.

Among the **incentives expected** includes new manufacturing licenses, investment allowances, tax allowance/tax break, government funds (lower cost of funds) etc. The government will also **encourage the expansion (investment) of the automotive supply chain and develop human capital to support the industry growth**.

**Major OEMs are seen to heed the new EEV Policy development:**

- 1) Proton (DRB) is developing Global Small Car model by 2013, Hybrid model by 2014 and Electric Vehicle model by 2015.
- 2) Perodua (UMW & MBMR) is investing into a new efficient manufacturing plant (employing Daihatsu technology) and developing its own car model (collaboration with partners).
- 3) Toyota (UMW) is expected to assemble Camry hybrid for the domestic market in 2014.
- 4) Honda (DRB) is investing to double up its manufacturing capacity in Melaka and has started to assemble Jazz hybrid for the domestic market.
- 5) Nissan (TCM) has started its EV program (Nissan Leaf) and is expected to assemble Serena hybrid for the domestic market in 2014.
- 6) Mazda (BAuto) is investing into its own manufacturing facility in Kulim, which will assemble Mazda cars with latest fuel efficient technology for domestic and regional export market.
- 7) VW has set up JVs with DRB to set up regional VW manufacturing hub in Pekan for its fuel efficient VW technology.

**National cars – Proton (DRB) and Perodua (UMW & MBMR) dominates the lower pricing car range.**

**Upcoming NAP seeks to revamp the whole automotive ecosystem.**

**EEV program to focus on fuel efficient/low carbon emission technology.**

**Government to provide incentives and support to the EEV policy.**

Supporting the EEV Policy, the government is also encouraging improvements along the automotive supply chains in order to reduce cost and improve product quality. In the **near term, autopart and component suppliers are expected to suffer from margin squeeze** as OEMs aims to cut input cost. **Larger players** with better production efficiency and stronger financial backups are **likely to benefit in the longer term** from: **1) increase localization rate; 2) more CKD productions for domestic market; and 3) higher production volume for export market.** We expect **DRB and MBMR to be the major beneficiaries** from the success of the EEV Policy.

The recent talk of **ELV Policy (End Life Vehicle) is unlikely to be implemented in view of its unpopular public reception.** However, the government may **regulate compulsory annual vehicle check** to determine vehicle safety (road worthiness) of older cars. Checks showing below satisfactory result will require vehicle owners to reinstate (overhaul) the car before road tax can be renewed or vehicle owners may choose to scrap the car.

We believe the **policy will benefit the national cars i.e. Proton (DRB) and Perodua (UMW & MBMR),** as most of the old cars (majority of them with bad maintenance record) are owned by the **lower income group,** who do not wish to spend much on vehicle ownerships. This group may not want to spend too much to reinstate the old car and **choose to buy a new car within their budget** (most probably A or B segment car with low installment and maintenance cost). **The government may further promote the policy by giving incentives** (monetary terms) to owners who scrap their old cars. According to MAI, there are ~2.7m cars on the road that are more than 10 years old.

At the moment, **only Puspakom (100% owned by DRB) has the license and expertise (and equipment) to run the necessary vehicle checks.** Government is mulling to open up the market and extend licenses to other parties in order to increase the accessibility/availability of the services to the public.

## Market Jitter – Depreciation of RM

Malaysia automotive industry imports raw materials (e.g. steel), automotive parts and components, CKD (Complete Knock Down) packs and SKD (Semi Knock Down) packs for local assembly, as well as CBU (Complete Built Up) units. Hence, **OEMs are exposed to currency risks, as majority of the imports are denominated in US\$ and JP¥.** The lower local content for a product, the higher risk of foreign currency. As **RM depreciate** (especially against US\$ and JP¥), **OEMs faced higher input cost and margin squeeze.**

National cars i.e. **Proton (DRB) and Perodua (UMW & MBMR)** are relatively safe from foreign currency for they have **high localization rate (> 80%).** On the other hand foreign OEMs i.e. **Toyota (UMW), Honda (DRB) and Nissan (TCM)** are **highly exposed to foreign currency risk:**

- 1) Toyota (51% by UMW) - ~42% localization; 60% exposure to US\$;
- 2) Nissan (100% by TCM) - ~42% localization; 36% exposure to US\$; 24% to JP¥;
- 3) Honda (38% by DRB) - 45% localization; 55% exposure to JP¥.

Meanwhile, most of our automotive listed companies have operations in overseas markets, which exposed them to foreign currency translation:

- 1) UMW – exposed to manufacturing and non-core O&G operation in China (RMB), non-core O&G operation in India (US\$), and O&G operation in Thailand (US\$).
- 2) TCM – exposed to investment into Indochina market (majority in VND and MMK)
- 3) DRB – major exposure to Lotus Group operation based in UK (UK£).

We reckon that **TCM will lose out from RM depreciation against US\$ in terms of operation** due to higher input cost and **DRB will be affected from RM depreciation against UK£ in terms of forex translation,** due to losses incurred by Lotus Group. **DRB is working towards turning around Lotus by 2015,** while the **low JP¥/RM (all Japanese CKD imports) should offset the high UK£/RM.** **UMW will be fairly neutral,** given its UMW OG and part of the engineering and equipment revenue are denominated in US\$, which may offset Toyota's margin decline.

**Large autoparts makers to benefit from increasing localization and higher production from existing and new OEMs.**

**Government to regulate compulsory annual vehicle check on old cars.**

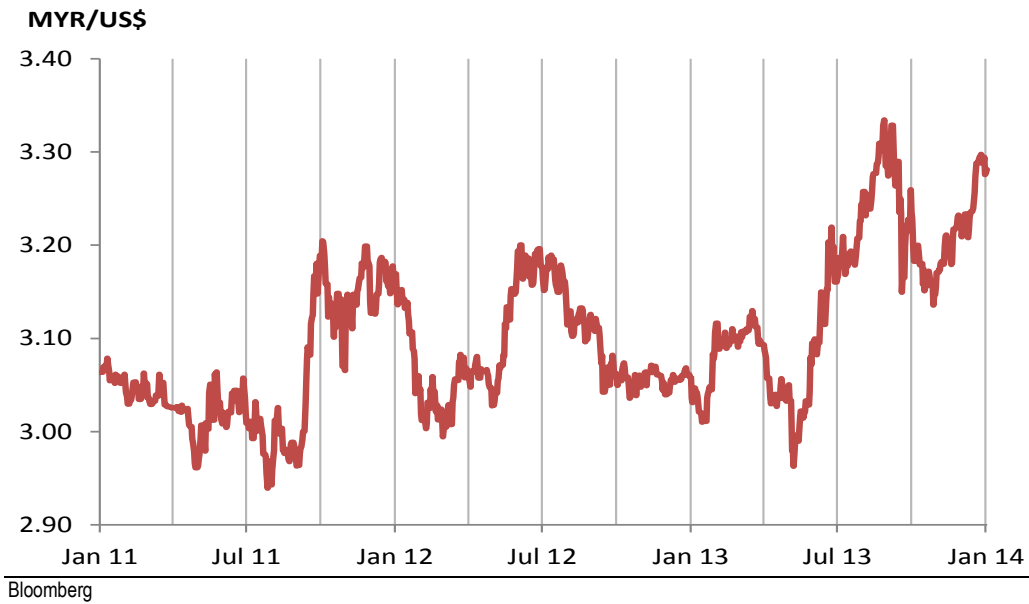
**National cars – Proton (DRB) and Perodua (UMW & MBMR) to benefit, as they offer cheapest entry cost for new car.**

**At the moment, Puspakom (DRB) has monopoly on vehicle checks.**

**OEMs risks margin depression as they are exposed to RM depreciation through imports of CBUs and CKDs parts and components.**

**Toyota (UMW) is highly exposed to US\$, and followed by Nissan (TCM).**

**Figure #6: RM vs US\$**



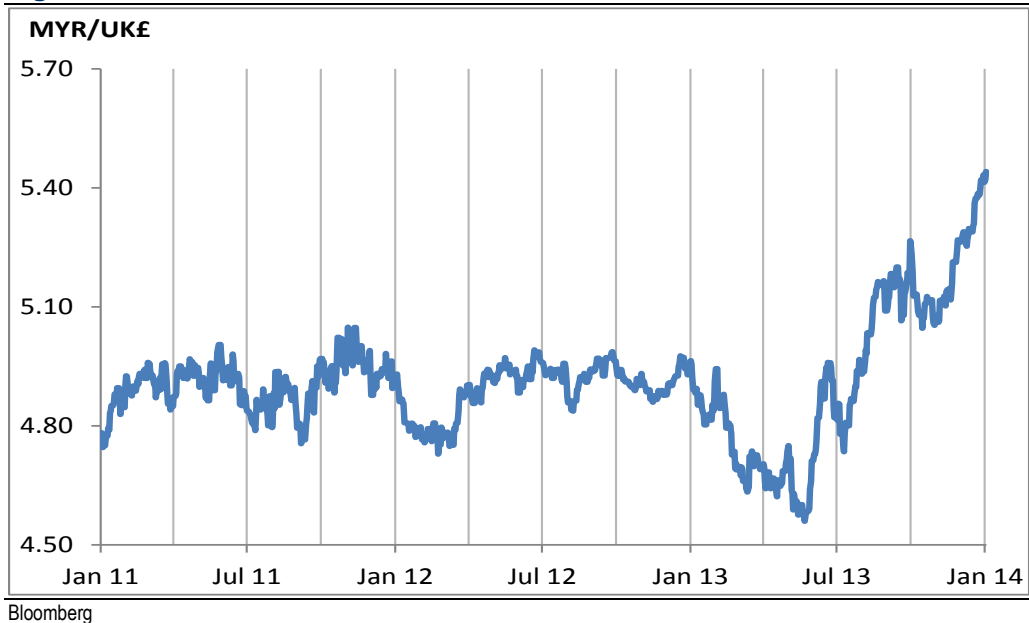
**RM depreciated against US\$.**

**Figure #7: RM vs JP¥**



**RM appreciated against JP¥.**

**Figure #8: RM vs UK£**



**RM depreciated against UK£.**

## Competitive Market Ahead of GST 2015

We expect OEMs to take the opportunity to launch new models in 2014 in order to defend/capture market share ahead of the implementation of GST by April 2015, which is likely to affect consumer sentiments and purchasing power (affecting the demand for cars). In realizing their sales target, **stiff competition is unavoidable** i.e. **aggressive sales and marketing activities** are expected in 2014. Hence, we expect OEMs (especially foreign marques) to **experience margin depression** in 2014.

**Stiff market competition in 2014 to affect margins of OEMs, especially foreign players.**

**Figure #9: New Launches in 2013 and 2014**

	2012	2013
Proton:	Preve, Existing model variants	Preve Hatchback, Existing model variants
Perodua:	Existing model variants	S-series (Existing model variants)
Toyota:	Prius C, Camry, 86, Prius Facelift, Avanza Facelift	Vios, Altis
Nissan:	NV200, Almera, Murano, Elgrand	Evalia, Teana Facelift, Livina Facelift, Leaf, Serena
Honda:	Civic, City Facelift, CRZ, Jazz, Insight Facelift	CRV, Accord, CRZ Facelift, Freed Facelift
Others:	Suzuki Vitara, Ford Focus, Fiesta & Ranger, SX4 & Kizashi, Mitsubishi Mirage, Peugeot 308, 408 & 508, Hyundai Veloster & Elantra, Mazda CX5	Citroen DS4 & DS5, Ford Kuga, Mazda 6, Peugeot 208, VW Golf, Suzuki Swift, Kia Sorento, Rio & Forte, Hyundai I10 & Sonata

MAA, HLIB

## Forecasts, Valuations and Recommendations

We maintained **Neutral on Automotive Sector outlook** with **Top Picks: DRB Hicom and MBM Resources** as they will be the main beneficiaries of the changing landscape. On the other hand, we have **Hold recommendation on both UMW and TCM**, as they are fully valued at the current share prices.

Despite **higher Proton car sales assumption**, we have **cut DRB's FY03/15-16 earnings marginally by 0.5% and 3.7% respectively on higher marketing and promotional expenses. Maintained Buy on DRB-Hicom with higher Target Price of RM3.38** (from RM3.33) as we roll-forward our valuation into FY15 based on SOP (See Figure #10)

**Figure #10: DRB Hicom SOP**

Division	Stakes (%)	Value (RMm)	RM/Share	Basis
Autos	Various	4,952.2	2.56	FY14 PE 10x
Puspakom	100	206.0	0.11	DCF with WACC of 10.0%
KLAS	100	394.1	0.20	DCF with WACC of 10.0%
Alam Flora	97.4	731.1	0.38	DCF with WACC of 10.0%
Bank Muamalat	70	1,716.4	0.89	FY14 PB 1.4x
Scott & English	70	47.5	0.02	FY15 PE 8x
Uni.Asia Life	51	264.2	0.14	Disposal Price at RM518m
Uni.Asia General	34.7	205.5	0.11	FY14 PB 1.5x
POS	32.2	956.2	0.49	Target Price of RM5.53
Property	Various	2,021.3	1.05	FY14 PB 1.0x
		11,494.5	5.95	
FY13 Net Debts (Holdings)		(3,324.9)	(1.72)	As at end FY2013
SOP (RMm)		8,169.6	4.23	
Target Price (RM)			<b>3.38</b>	Holding Company Discount 20%
* No of Shares		1,933.2		As at Q1FY13

HLIB

We have cut MBM's FY13-15 earnings by 2-11%, after considering higher cost associated with commencement of new Perodua manufacturing plant (low utilization rate) as well as deferred profit turnaround of the alloy wheel plant. Maintained Buy on MBM Resources with higher Target Price of RM4.52 (from RM4.35) as we roll-forward into FY15 valuation based on SOP (See Figure #11).

#### Figure #11: MBM Resources SOP

	Stakes	FY15E attributed to MBM	Value (RMm)	Basis
Perodua	22.6%	134.9	1,619.0	On par with UMW; Control largest domestic market share
Hino	42.0%	9.7	77.3	Discounted due to low volumes
Others	Various	27.8	167.0	Benchmarked against other autopart and component manufacturers
<b>Subtotal</b>		<b>172.4</b>	<b>1,863.2</b>	<b>Implied FY15 P/E of 10.8x</b>
Cash Raised from Warrants			234.1	Cash from Warrants (73.116m warrants x RM3.20)
<b>Total</b>			<b>2,097.3</b>	
No of Shares			391.1	As at end FY2013
No of Warrants			73.2	
<b>Total</b>			<b>464.3</b>	
<b>Target Price (RM)</b>			<b>4.52</b>	

HLIB

We have cut TCM's earnings marginally in FY13 and 3-5% in FY14-15, after taking into account RM depreciation and higher marketing and promotional expenses in FY14-15. Maintained Hold on TCM with lower Target Price of RM6.04 (from RM6.12) based on 11x FY15 P/E (See Figure #12).

#### Figure #12: TCM Valuation

Division	FY15 PATMI				Basis
	Stakes (%)	(RM m)	Value (RMm)	RM/Share	
Automotive	100	358.7	3,945.9	6.04	FY15 PE 11x
Segambut Land (Market Value)					Removed the land bank valuation, as the Segambut Plant is expected to continue operation for contract assembly within the foreseeable future
<b>Target Price (RMm)</b>			<b>3,945.9</b>	<b>6.04</b>	
* No of Shares			652.8		As at end FY2013

HLIB

We have cut UMW's FY13-15 earnings by 3-8%, after factoring lower stakes in UMW OG, RM depreciation and higher marketing and promotional expenses in FY14-15. Maintained Hold recommendation on UMW with higher Target Price of RM12.40 (from RM12.30) based on SOP (See Figure #13), as we roll-forward our valuation into FY15.

#### Figure #13: UMW SOP

Division	FY15 PATMI				Basis
	Stakes (%)	(RM m)	Value (RMm)	RM/Share	
Automotive	Various	662.65	7,951.80	6.81	FY15 PE 12x
Equipment	Various	186.30	1,862.96	1.59	FY15 PE 10x
Oil & Gas	55.20	257.24	4,630.49	3.96	Target Price of RM3.88
Manufacturing & Engineering	Various	6.84	54.75	0.05	FY15 PE 8x
Others	Various	(116.30)	(116.30)	(0.10)	
FY13 Net Cash (Holdings)			100.00	0.09	Estimated as at end FY2013
<b>Target Price (RM)</b>				<b>12.40</b>	<b>Implied FY15 P/E of 14.7x</b>
* No of Shares		1,168.29			As at end FY2013

HLIB



## Financial Projections – DRB (TP: RM3.38)

### Income statement

FYE 31 Mar (RMm)	2012A	2013A	2014E	2015E	2016E
<b>Revenue</b>	<b>6,878</b>	<b>13,135</b>	<b>15,780</b>	<b>17,688</b>	<b>19,259</b>
Operating cost	-6,221	-11,708	-14,363	-16,056	-17,399
<b>EBITDA</b>	<b>657</b>	<b>1,427</b>	<b>1,416</b>	<b>1,631</b>	<b>1,860</b>
Depreciation	-217	-771	-765	-798	-826
<b>EBIT</b>	<b>440</b>	<b>656</b>	<b>651</b>	<b>833</b>	<b>1,034</b>
Interest income	52	95	85	67	62
Interest expense	-153	-338	-359	-364	-366
JVs & Associates	168	163	264	294	327
Exceptionals	1,334	377	0	0	0
<b>Pretax profit</b>	<b>1,821</b>	<b>1,037</b>	<b>641</b>	<b>831</b>	<b>1,057</b>
Taxation (Inc Def Tax)	-148	-338	-115	-150	-190
Minorities	-382	-124	-105	-136	-173
<b>Net profit</b>	<b>1,292</b>	<b>575</b>	<b>420</b>	<b>545</b>	<b>693</b>
<b>Core Profit (Ex Def Tax)</b>	<b>-25</b>	<b>312</b>	<b>420</b>	<b>545</b>	<b>693</b>
No of shares (m)	1,933	1,933	1,933	1,933	1,933
Rep. EPS (sen)	66.8	29.8	21.7	28.2	35.9
<b>Core EPS (sen)</b>	<b>-1.3</b>	<b>16.1</b>	<b>21.7</b>	<b>28.2</b>	<b>35.9</b>

### Balance sheet

FYE 31 Mar (RMm)	2012A	2013A	2014E	2015E	2016E
<b>Fixed assets</b>	<b>4,973</b>	<b>4,984</b>	<b>5,230</b>	<b>5,432</b>	<b>5,606</b>
Other long-term assets	18,883	19,914	21,975	23,571	25,319
Other short-term assets	3,300	3,512	2,625	2,331	2,256
<b>Working capital</b>	<b>4,041</b>	<b>5,581</b>	<b>6,881</b>	<b>7,761</b>	<b>8,457</b>
Receivables	3,195	4,306	5,173	5,798	6,313
Payables	-673	-715	-787	-867	-954
Inventory	1,519	1,990	2,496	2,830	3,098
<b>Net cash</b>	<b>-2,327</b>	<b>-3,193</b>	<b>-4,190</b>	<b>-4,536</b>	<b>-4,658</b>
Cash	3,040	3,284	2,397	2,103	2,028
ST debt	-1,892	-2,809	-2,809	-2,809	-2,809
LT debt	-3,476	-3,668	-3,778	-3,829	-3,877
<b>Shareholders' funds</b>	<b>6,556</b>	<b>7,101</b>	<b>7,434</b>	<b>7,863</b>	<b>8,412</b>
Share capital	1,720	1,720	1,720	1,720	1,720
Reserves	4,836	5,381	5,714	6,143	6,692
Minorities	1,216	1,254	1,329	1,435	1,579
Other liabilities	21,099	22,443	23,759	25,262	26,989

### Assumption Metrics

FYE 31 Mar (RMm)	2011A	2012A	2013E	2014E	2015E
<b>Revenue</b>					
Automotive	4,059	10,136	12,709	14,412	15,776
Property & Infra	260	407	458	396	344
Services	2,559	2,591	2,612	2,880	3,139
<b>EBIT</b>					
Automotive	139	246	186	324	492
Property & Infra	-15	38	42	35	28
Services	318	351	403	455	494
Holdings	23	18	20	20	20
<b>JVs &amp; Associates</b>					
Automotive	125	106	200	220	240
Property & Infra	15	8	10	10	10
Services	28	49	54	64	77

### Cashflow

FYE 31 Mar (RMm)	2012A	2013A	2014E	2015E	2016E
<b>EBITDA</b>	<b>657</b>	<b>1,427</b>	<b>1,416</b>	<b>1,631</b>	<b>1,860</b>
Net interest received	-101	-242	-274	-296	-304
Working cap changes	992	-2,087	-1,538	-50	180
Taxation	-91	-195	-115	-150	-190
Others	-1,325	1,582	0	0	0
<b>Operating cashflow</b>	<b>132</b>	<b>484</b>	<b>-511</b>	<b>1,136</b>	<b>1,546</b>
Capex & acquisitions	-2,615	-1,085	-1,000	-1,000	-1,000
<b>Free cashflow</b>	<b>-2,484</b>	<b>-601</b>	<b>-1,511</b>	<b>136</b>	<b>546</b>
Other inv cashflow	-2,070	177	-206	-334	-350
Net borrowings	2,888	1,154	110	51	48
Share issuance	0	0	0	0	0
Dividends paid	-115	-77	-117	-146	-175
Other fin cashflow	-263	-309	0	0	0
<b>Net cashflow</b>	<b>-2,044</b>	<b>346</b>	<b>-1,723</b>	<b>-293</b>	<b>68</b>
Forex translation	0	-3	0	0	0
<b>Beginning cashflow</b>	<b>7,737</b>	<b>5,693</b>	<b>6,035</b>	<b>4,312</b>	<b>4,019</b>
<b>Ending cashflow</b>	<b>5,693</b>	<b>6,035</b>	<b>4,312</b>	<b>4,019</b>	<b>4,087</b>

### Valuation Ratios

FYE 31 Mar (RMm)	2012A	2013A	2014E	2015E	2016E
<b>Reported basic EPS (sen)</b>	<b>66.8</b>	<b>29.8</b>	<b>21.7</b>	<b>28.2</b>	<b>35.9</b>
<b>Core basic EPS (sen)</b>	<b>-1.3</b>	<b>16.1</b>	<b>21.7</b>	<b>28.2</b>	<b>35.9</b>
<b>Core FD EPS (sen)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PER (x)</b>	<b>-225.6</b>	<b>17.9</b>	<b>13.2</b>	<b>10.2</b>	<b>8.0</b>
<b>FD PER (x)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net DPS (sen)</b>	<b>4.5</b>	<b>5.5</b>	<b>4.5</b>	<b>6.0</b>	<b>7.5</b>
<b>Net DY (%)</b>	<b>1.7</b>	<b>2.1</b>	<b>1.7</b>	<b>2.3</b>	<b>2.9</b>
<b>BV/ share (RM)</b>	<b>3.4</b>	<b>3.7</b>	<b>3.8</b>	<b>4.1</b>	<b>4.4</b>
<b>PB (x)</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>
<b>FCF/ share (sen)</b>	<b>-128.5</b>	<b>-31.1</b>	<b>-78.2</b>	<b>7.0</b>	<b>28.2</b>
<b>FCF yield (%)</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>2.4</b>	<b>9.8</b>
<b>Market capitalization</b>	<b>5,568</b>	<b>5,568</b>	<b>5,568</b>	<b>5,568</b>	<b>5,568</b>
Net cash	-2,327	-3,193	-4,190	-4,536	-4,658
Enterprise value	7,895	8,761	9,758	10,103	10,226
EV/ EBITDA (x)	12.0	6.1	6.9	6.2	5.5
<b>ROE (%)</b>	<b>-0.4</b>	<b>4.6</b>	<b>5.8</b>	<b>7.1</b>	<b>8.5</b>

### Other Ratios

FYE 31 Mar (RMm)	2011A	2012A	2013E	2014E	2015E
<b>Growth (%)</b>					
Sales Growth	1.1	91.0	20.1	12.1	8.9
EBITDA Growth	10.0	117.2	-0.7	15.2	14.0
EBIT Growth	1.3	48.9	-0.7	28.0	24.1
PBT Growth	-18.7	13.6	11.3	29.7	27.2
Net Profit Growth	-106.2	-1363.2	34.8	29.7	27.2
<b>Margins (%)</b>					
EBITDA Margin	9.5	10.9	9.0	9.2	9.7
EBIT Margin	6.4	5.0	4.1	4.7	5.4
PBT Margin	7.4	4.4	4.1	4.7	5.5
Net Profit Margin	-0.4	2.4	2.7	3.1	3.6
<b>Net Debt/Equity (%)</b>	<b>35.5</b>	<b>45.0</b>	<b>56.4</b>	<b>57.7</b>	<b>55.4</b>

## Financial Projections – UMW (TP: RM12.40)

### Income statement

FYE 31 Dec (RMm)	2011A	2012A	2013E	2014E	2015E
<b>Revenue</b>	<b>13,536</b>	<b>15,864</b>	<b>13,687</b>	<b>15,034</b>	<b>15,677</b>
Operating cost	-11,626	-13,713	-11,993	-13,138	-13,586
<b>EBITDA</b>	<b>1,909</b>	<b>2,151</b>	<b>1,694</b>	<b>1,896</b>	<b>2,092</b>
Depreciation	-298	-297	-295	-348	-372
<b>EBIT</b>	<b>1,612</b>	<b>1,854</b>	<b>1,399</b>	<b>1,548</b>	<b>1,720</b>
Interest income	71	72	100	110	96
Interest expense	-90	-89	-99	-105	-102
Associates	121	122	218	235	248
Exceptionals	-332	51	0	0	0
<b>Pretax profit</b>	<b>1,381</b>	<b>2,010</b>	<b>1,618</b>	<b>1,788</b>	<b>1,961</b>
Taxation (Inc Def Tax)	-412	-432	-326	-336	-351
Minorities	-467	-466	-451	-573	-638
<b>Net profit</b>	<b>502</b>	<b>1,112</b>	<b>841</b>	<b>879</b>	<b>972</b>
<b>Core profit (Ex Def Tax)</b>	<b>834</b>	<b>1,060</b>	<b>841</b>	<b>879</b>	<b>972</b>
No of shares (m)	1,168	1,168	1,168	1,168	1,168
Rep. EPS (Sen)	43.0	95.1	72.0	75.3	83.2
<b>Core EPS (sen)</b>	<b>71.4</b>	<b>90.8</b>	<b>72.0</b>	<b>75.3</b>	<b>83.2</b>

### Balance sheet

FYE 31 Dec (RMm)	2011A	2012A	2013E	2014E	2015E
Fixed assets	3,155	3,007	4,757	5,783	5,872
Other long-term assets	2,037	2,180	2,299	2,417	2,541
Other short-term assets	391	490	490	490	490
<b>Working capital</b>	<b>1,293</b>	<b>2,098</b>	<b>1,717</b>	<b>1,888</b>	<b>1,975</b>
Receivables	938	1,079	931	1,022	1,066
Payables	-1,164	-750	-720	-788	-815
Inventory	1,519	1,769	1,506	1,654	1,725
<b>Net cash</b>	<b>-375</b>	<b>-215</b>	<b>1,020</b>	<b>98</b>	<b>234</b>
Cash	2,219	2,493	4,168	3,163	3,215
ST debt	-851	-1,074	-1,074	-1,074	-1,074
LT debt	-1,743	-1,634	-2,075	-1,991	-1,907
<b>Shareholders' funds</b>	<b>4,249</b>	<b>4,848</b>	<b>5,143</b>	<b>5,450</b>	<b>5,791</b>
Share capital	584	584	584	584	584
Reserves	3,665	4,264	4,558	4,866	5,207
Minorities	1,329	1,450	3,879	3,965	4,060
Other liabilities	923	1,261	1,261	1,261	1,261

### Assumption Metrics

FYE 31 Dec	2011A	2012A	2013E	2014E	2015E
GDP Growth (%)	5.0%	5.6%	4.5%	5.0%	5.0%
TIV	599,877	627,753	652,863	678,978	685,767
Growth (%)	-0.9%	4.6%	4.0%	4.0%	1.0%
Unit Sale (Unit)	268,651	295,759	286,031	292,957	295,236
Toyota (Unit)	86,951	105,151	90,220	93,829	93,829
Lexus (Unit)	1,711	1,471	1,000	1,200	1,500
Perodua (Unit)	179,989	189,137	194,811	197,928	199,907
Average Price					
UMW (RM)	98,673	102,127	97,020	101,871	103,909
Perodua (RM)	42,765	43,322	43,756	43,756	44,193

### Cashflow

FYE 31 Dec (RMm)	2011A	2012A	2013E	2014E	2015E
EBITDA	1,909	2,151	1,694	1,896	2,092
Net interest received	-19	-17	1	5	-6
Working cap changes	-69	29	381	-171	-88
Taxation	-310	-309	-326	-336	-351
Others	-125	-691	0	0	0
<b>Operating cashflow</b>	<b>1,386</b>	<b>1,163</b>	<b>1,750</b>	<b>1,395</b>	<b>1,647</b>
Capex & acquisitions	-435	-491	-1,407	-1,375	-461
<b>Free cashflow</b>	<b>951</b>	<b>671</b>	<b>343</b>	<b>20</b>	<b>1,186</b>
Other inv cashflow	-161	-133	109	118	124
Net borrowings	-142	78	441	-84	-84
Share issuance	82	23	0	0	0
Dividends paid	-349	-350	-547	-572	-632
Share repurchase	1	0	0	0	1
Other fin cashflow	-384	-384	-384	-487	-542
<b>Net cashflow</b>	<b>-3</b>	<b>-95</b>	<b>-37</b>	<b>-1,005</b>	<b>53</b>
Forex translation	18	16	0	0	0
<b>Beginning cash</b>	<b>2,131</b>	<b>2,146</b>	<b>2,123</b>	<b>3,799</b>	<b>2,793</b>
<b>Ending cash</b>	<b>2,146</b>	<b>2,123</b>	<b>3,799</b>	<b>2,793</b>	<b>2,845</b>

### Valuation Ratios

FYE 31 Dec (RMm)	2011A	2012A	2013E	2015E	2015E
Reported basic EPS (sen)	43.0	95.1	72.0	75.3	83.2
Core basic EPS (sen)	71.4	90.8	72.0	75.3	83.2
Core FD EPS (sen)	-	-	-	-	-
<b>PER (x)</b>	<b>15.8</b>	<b>12.4</b>	<b>15.6</b>	<b>15.0</b>	<b>13.5</b>
FD PER (x)	-	-	-	-	-
Net DPS (sen)	31.0	50.0	46.8	48.9	54.1
Net DY (%)	2.8	4.4	4.2	4.3	4.8
<b>BV/ share (RM)</b>	<b>3.6</b>	<b>4.1</b>	<b>4.4</b>	<b>4.7</b>	<b>5.0</b>
P/BV (x)	3.3	2.9	2.7	2.6	2.4
FCF/ share (sen)	81.4	57.5	29.3	1.7	1424.8
FCF yield (%)	6.8	4.8	2.4	0.1	118.3
<b>Market capitalization</b>	<b>7,033</b>	<b>7,033</b>	<b>7,033</b>	<b>7,033</b>	<b>7,033</b>
Net cash	-375	-215	1,020	98	234
Enterprise value	7,408	7,248	6,013	6,935	6,799
EV/ EBITDA (x)	3.9	3.4	3.5	3.7	3.3
<b>ROE (%)</b>	<b>20.1</b>	<b>23.3</b>	<b>16.8</b>	<b>16.6</b>	<b>17.3</b>

### Other Ratios

FYE 31 Dec (RMm)	2011A	2012A	2013E	2015E	2015E
<b>Growth (%)</b>					
Sales Growth	5.6	17.2	-13.7	9.8	4.3
EBITDA Growth	22.7	12.6	-21.2	11.9	10.3
EBIT Growth	26.4	15.0	-24.6	10.7	11.1
PBT Growth	24.5	14.3	-17.4	10.5	9.7
Net Profit Growth	39.5	27.2	-20.7	4.6	10.6
<b>Margins (%)</b>					
EBITDA Margin	14.1	13.6	12.4	12.6	13.3
EBIT Margin	11.9	11.7	10.2	10.3	11.0
PBT Margin	12.7	12.3	11.8	11.9	12.5
Net Profit Margin	6.2	6.7	6.1	5.8	6.2
<b>Net Debt/Equity (%)</b>	<b>8.8</b>	<b>4.4</b>	<b>-19.8</b>	<b>-1.8</b>	<b>-4.0</b>

## Financial Projections – TCM (TP: RM6.04)

### Income statement

FYE 31 Dec (RMm)	2011A	2012A	2013E	2014E	2015E
<b>Revenue</b>	<b>3,860</b>	<b>4,086</b>	<b>5,280</b>	<b>5,975</b>	<b>6,367</b>
Operating cost	-3,472	-3,771	-4,734	-5,403	-5,750
<b>EBITDA</b>	<b>388</b>	<b>315</b>	<b>546</b>	<b>573</b>	<b>617</b>
Depreciation	-70	-73	-75	-95	-107
<b>EBIT</b>	<b>318</b>	<b>243</b>	<b>470</b>	<b>477</b>	<b>510</b>
Interest income	11	15	21	23	22
Interest expense	-25	-43	-51	-53	-51
Associates	1	1	5	5	5
Exceptionals	0	2	0	0	0
<b>Pretax profit</b>	<b>305</b>	<b>218</b>	<b>446</b>	<b>452</b>	<b>486</b>
Taxation (Inc Def Tax)	-90	-61	-134	-127	-126
Minorities	1	2	0	-1	-1
<b>Net profit</b>	<b>216</b>	<b>156</b>	<b>312</b>	<b>325</b>	<b>359</b>
<b>Core profit (Ex Def Tax)</b>	<b>216</b>	<b>156</b>	<b>312</b>	<b>325</b>	<b>359</b>
No of shares (m)	653	653	653	653	653
Rep. EPS (Sen)	33.1	24.2	47.8	49.8	54.9
<b>Core EPS (sen)</b>	<b>33.1</b>	<b>23.9</b>	<b>47.8</b>	<b>49.8</b>	<b>54.9</b>

### Balance sheet

FYE 31 Dec (RMm)	2011A	2012A	2013E	2014E	2015E
Fixed assets	705	895	1,155	1,429	1,472
Other long-term assets	439	319	324	329	334
Other short-term assets	202	209	209	209	209
<b>Working capital</b>	<b>1,041</b>	<b>1,378</b>	<b>1,294</b>	<b>1,331</b>	<b>1,351</b>
Receivables	407	469	589	659	698
Payables	-326	-503	-615	-702	-747
Inventory	960	1,412	1,320	1,374	1,401
<b>Net cash</b>	<b>-475</b>	<b>-783</b>	<b>-710</b>	<b>-806</b>	<b>-629</b>
Cash	325	634	776	726	773
ST debt	-520	-1,071	-1,071	-1,021	-971
LT debt	-280	-346	-414	-510	-430
<b>Shareholders' funds</b>	<b>1,841</b>	<b>1,937</b>	<b>2,190</b>	<b>2,411</b>	<b>2,655</b>
Share capital	336	336	336	336	336
Reserves	1,505	1,601	1,854	2,075	2,319
Minorities	8	6	6	7	8
Other liabilities	62	74	74	74	74

### Assumption Metrics

FYE 31 Dec (RMm)	2011A	2012A	2013E	2014E	2015E
GDP Growth (%)	5.0%	5.6%	4.5%	5.0%	5.0%
TIV	599,877	627,753	652,863	678,978	685,767
TIV Growth (%)	-0.9%	4.6%	4.0%	4.0%	1.0%
Domestic					
Nissan	32,276	36,271	53,681	54,755	55,850
Renault	132	90	50	60	80
Foreign					
Nissan	1,733	1,924	2,900	5,100	6,400

### Cashflow

FYE 31 Dec (RMm)	2011A	2012A	2013E	2014E	2015E
EBITDA	388	315	546	573	617
Net interest received	-14	-28	-30	-30	-29
Working cap changes	-101	-208	85	-37	-20
Taxation	-97	-64	-134	-127	-126
Others	1	-3	0	0	0
<b>Operating cashflow</b>	<b>177</b>	<b>11</b>	<b>467</b>	<b>379</b>	<b>442</b>
Capex & acquisitions	-165	-305	-335	-370	-150
<b>Free cashflow</b>	<b>12</b>	<b>-294</b>	<b>132</b>	<b>9</b>	<b>292</b>
Other inv cashflow	128	44	0	0	0
Net borrowings	99	620	68	46	-130
Share issuance	0	0	0	0	0
Dividends paid	-59	-59	-59	-104	-114
Share repurchase	0	0	0	0	0
Other fin cashflow	0	0	0	0	0
<b>Net cashflow</b>	<b>180</b>	<b>311</b>	<b>141</b>	<b>-50</b>	<b>47</b>
Forex translation	0	-1	0	0	0
<b>Beginning cash</b>	<b>144</b>	<b>324</b>	<b>634</b>	<b>776</b>	<b>726</b>
<b>Ending cash</b>	<b>324</b>	<b>634</b>	<b>776</b>	<b>726</b>	<b>773</b>

### Valuation Ratios

FYE 31 Dec (RMm)	2011A	2012A	2013E	2014E	2015E
Reported basic EPS (sen)	33.1	24.2	47.8	49.8	54.9
Core basic EPS (sen)	33.1	23.9	47.8	49.8	54.9
Core FD EPS (sen)	-	-	-	-	-
<b>PER (x)</b>	<b>18.7</b>	<b>25.9</b>	<b>13.0</b>	<b>12.5</b>	<b>11.3</b>
FD PER (x)	-	-	-	-	-
Net DPS (sen)	9.0	9.0	16.0	17.5	20.0
Net DY (%)	1.5	1.5	2.6	2.8	3.2
<b>BV/ share (RM)</b>	<b>2.8</b>	<b>3.0</b>	<b>3.4</b>	<b>3.7</b>	<b>4.1</b>
P/BV (x)	2.2	2.1	1.8	1.7	1.5
FCF/ share (sen)	1.8	-45.0	20.2	1.4	44.7
FCF yield (%)	0.3	NA	3.3	0.2	7.2
<b>Market capitalization</b>	<b>2,083</b>	<b>2,083</b>	<b>2,083</b>	<b>2,083</b>	<b>2,083</b>
Net cash	-475	-783	-710	-806	-629
Enterprise value	2,559	2,866	2,793	2,889	2,712
EV/ EBITDA (x)	6.6	9.1	5.1	5.0	4.4
<b>ROE (%)</b>	<b>12.3</b>	<b>8.3</b>	<b>15.1</b>	<b>14.1</b>	<b>14.2</b>

### Other Ratios

FYE 31 Dec (RMm)	2011A	2012A	2013E	2014E	2015E
<b>Growth (%)</b>					
Sales Growth	10.1	5.9	29.2	13.2	6.6
EBITDA Growth	0.1	-18.7	73.1	5.0	7.7
EBIT Growth	-3.8	-23.7	94.0	1.5	6.8
PBT Growth	-4.1	-29.2	106.5	1.4	7.5
Net Profit Growth	-4.0	-27.7	99.7	4.1	10.4
<b>Margins (%)</b>					
EBITDA Margin	10.0	7.7	10.3	9.6	9.7
EBIT Margin	8.2	5.9	8.9	8.0	8.0
PBT Margin	7.9	5.3	8.4	7.6	7.6
Net Profit Margin	5.6	3.8	5.9	5.4	5.6
<b>Net Debt/Equity (%)</b>	<b>25.8</b>	<b>40.4</b>	<b>32.4</b>	<b>33.4</b>	<b>23.7</b>

## Financial Projections – MBMR (TP: RM4.52)

### Income statement

FYE 31 Dec (RMm)	2011A	2012A	2013E	2014E	2015E
<b>Revenue</b>	<b>1,706</b>	<b>2,268</b>	<b>2,337</b>	<b>2,560</b>	<b>2,745</b>
Operating cost	-1,649	-2,161	-2,242	-2,452	-2,623
<b>EBITDA</b>	<b>57</b>	<b>107</b>	<b>95</b>	<b>108</b>	<b>122</b>
Depreciation	-9	-20	-25	-30	-32
<b>EBIT</b>	<b>48</b>	<b>87</b>	<b>70</b>	<b>79</b>	<b>90</b>
Interest income	3	5	8	8	8
Interest expense	-2	-25	-25	-23	-21
Associates	108	122	142	151	159
Exceptionals	-6	5	0	0	0
<b>Pretax profit</b>	<b>151</b>	<b>197</b>	<b>199</b>	<b>219</b>	<b>240</b>
Taxation (Inc Def Tax)	-13	-22	-19	-20	-22
Minorities	-17	-39	-41	-44	-46
<b>Net profit</b>	<b>121</b>	<b>136</b>	<b>139</b>	<b>155</b>	<b>172</b>
<b>Core profit (Ex Def Tax)</b>	<b>127</b>	<b>133</b>	<b>139</b>	<b>155</b>	<b>172</b>
No of shares (m)	243	391	391	392	392
Rep. EPS (Sen)	49.9	34.9	35.6	39.5	44.0
Adj. Core EPS (Sen)	32.5	34.0	35.6	39.5	44.0
<b>Adj FD Core EPS (sen)</b>	<b>27.3</b>	<b>28.7</b>	<b>30.0</b>	<b>33.3</b>	<b>37.1</b>

### Balance sheet

FYE 31 Dec (RMm)	2011A	2012A	2013E	2014E	2015E
Fixed assets	236	324	379	420	407
Other long-term assets	1,020	1,094	1,184	1,279	1,379
Other short-term assets	34	55	55	55	55
<b>Working capital</b>	<b>214</b>	<b>359</b>	<b>352</b>	<b>390</b>	<b>422</b>
Receivables	216	286	296	319	339
Payables	-264	-320	-318	-339	-356
Inventory	262	394	374	410	439
<b>Net cash</b>	<b>-176</b>	<b>-261</b>	<b>-270</b>	<b>-306</b>	<b>-278</b>
Cash	253	291	282	246	274
ST debt	-96	-236	-236	-236	-236
LT debt	-333	-317	-317	-317	-317
<b>Shareholders' funds</b>	<b>1,108</b>	<b>1,339</b>	<b>1,447</b>	<b>1,563</b>	<b>1,688</b>
Share capital	243	391	391	392	392
Reserves	865	948	1,056	1,171	1,296
Minorities	201	221	242	264	287
Other liabilities	19	11	11	11	11

### Assumption Metrics

FYE 31 Dec (RMm)	2011A	2012A	2013E	2014E	2015E
GDP Growth (%)	5.1	5.6	4.5	5.0	5.0
TIV	599,877	627,753	652,863	678,978	685,767
Growth (%)	-0.9%	4.6%	4.0%	4.0%	1.0%
Dealership Sales					
Volvo, VW, Mitsubishi	3,107	4,339	4,070	4,679	5,219
Hino	2,916	2,012	2,418	2,869	3,181
Perodua	17,213	19,156	21,040	22,168	22,989
Associate Sales					
Perodua	179,989	189,137	194,811	197,928	199,907

### Cashflow

FYE 31 Dec (RMm)	2011A	2012A	2013E	2014E	2015E
EBITDA	57	107	95	108	122
Net interest received	1	-20	-17	-15	-13
Working cap changes	-50	-175	8	-38	-32
Taxation	-12	-28	-19	-20	-22
Others	-5	7	0	0	0
<b>Operating cashflow</b>	<b>-9</b>	<b>-109</b>	<b>66</b>	<b>35</b>	<b>55</b>
Capex & acquisitions	-322	-84	-80	-70	-20
<b>Free cashflow</b>	<b>-331</b>	<b>-193</b>	<b>-14</b>	<b>-36</b>	<b>35</b>
Other inv cashflow	17	58	57	61	64
Net borrowings	409	166	0	0	0
Share issuance	1	107	0	0	0
Dividends paid	-34	-12	-31	-39	-47
Share repurchase	0	0	0	0	0
Other fin cashflow	-6	-19	-20	-22	-23
<b>Net cashflow</b>	<b>57</b>	<b>107</b>	<b>-9</b>	<b>-36</b>	<b>28</b>
Forex translation	0	0	0	0	0
<b>Beginning cash</b>	<b>181</b>	<b>224</b>	<b>288</b>	<b>279</b>	<b>243</b>
<b>Ending cash</b>	<b>224</b>	<b>288</b>	<b>279</b>	<b>243</b>	<b>271</b>

### Valuation Ratios

FYE 31 Dec (RMm)	2011A	2012A	2013E	2014E	2015E
Reported basic EPS (sen)	49.9	34.9	35.6	39.5	44.0
Core basic EPS (sen)	32.5	34.0	35.6	39.5	44.0
Core FD EPS (sen)	27.3	28.7	30.0	33.3	37.1
<b>PER (x)</b>	<b>10.1</b>	<b>9.6</b>	<b>9.2</b>	<b>8.3</b>	<b>7.5</b>
FD PER (x)	12.0	11.4	10.9	9.8	8.8
Net DPS (sen)	6.0	9.0	8.0	10.0	12.0
Net DY (%)	1.8	2.7	2.4	3.0	3.7
<b>BV/ share (RM)</b>	<b>2.8</b>	<b>3.4</b>	<b>3.7</b>	<b>4.0</b>	<b>4.3</b>
P/BV (x)	1.2	1.0	0.9	0.8	0.8
FCF/ share (sen)	-136.1	-49.5	-3.5	-9.1	8.8
FCF yield (%)	NA	NA	NA	NA	2.7
<b>Market capitalization</b>	<b>797</b>	<b>1,281</b>	<b>1,283</b>	<b>1,285</b>	<b>1,286</b>
Net cash	-176	-261	-270	-306	-278
Enterprise value	972	1,542	1,553	1,591	1,564
EV/ EBITDA (x)	17.0	14.4	16.3	14.7	12.8
<b>ROE (%)</b>	<b>11.9</b>	<b>10.9</b>	<b>10.0</b>	<b>10.3</b>	<b>10.6</b>

### Other Ratios

FYE 31 Dec (RMm)	2011A	2012A	2013E	2014E	2015E
<b>Growth (%)</b>					
Sales Growth	11.6	33.0	3.0	9.6	7.2
EBITDA Growth	2.8	87.8	-11.3	14.2	12.6
EBIT Growth	1.4	80.5	-19.2	11.7	14.2
PBT Growth	-6.9	22.7	3.5	10.0	9.7
Net Profit Growth	-6.5	4.8	4.7	11.0	11.5
<b>Margins (%)</b>					
EBITDA Margin	3.3	4.7	4.1	4.2	4.4
EBIT Margin	2.8	3.8	3.0	3.1	3.3
PBT Margin	9.2	8.5	8.5	8.6	8.8
Net Profit Margin	7.4	5.9	6.0	6.0	6.3
<b>Net Debt/Equity (%)</b>	<b>15.8</b>	<b>19.5</b>	<b>18.6</b>	<b>19.6</b>	<b>16.5</b>

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<b>BUY</b>	Positive recommendation of stock under coverage. Expected absolute return of more than +10% over 12-months, with low risk of sustained downside.
<b>TRADING BUY</b>	Positive recommendation of stock not under coverage. Expected absolute return of more than +10% over 6-months. Situational or arbitrage trading opportunity.
<b>HOLD</b>	Neutral recommendation of stock under coverage. Expected absolute return between -10% and +10% over 12-months, with low risk of sustained downside.
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<b>NEUTRAL</b>	The sector, based on weighted market capitalization, is expected to have absolute return between -5% and +5% over 12-months.
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