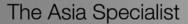
# Macquarie **Equities Research**



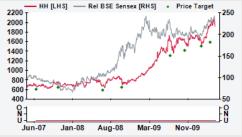


| INDIA               |             |           |
|---------------------|-------------|-----------|
| HH IN               | Under       | perform   |
| Price 19 Apr 10     | Rs1         | ,896.90   |
| 12-month target     | Rs          | 1,630.00  |
| Upside/Downside     | %           | -14.1     |
| Valuation<br>- DCF  | Rs          | 1,630.00  |
| GICS sector Automo  | obiles & Co | omponents |
| Market cap          | Rsm         | 378,787   |
| 30-day avg turnover | US\$m       | 27.5      |
| Market cap          | US\$m       | 8,547     |

# Number shares on issue Investment fundamentals

| Year end 31 Mar |    | 2009A | 2010E  | 2011E  | 2012E  |
|-----------------|----|-------|--------|--------|--------|
| Total revenue   | bn | 123.2 | 157.4  | 175.0  | 189.1  |
| EBITDA          | bn | 17.1  | 26.6   | 28.0   | 29.3   |
| EBITDA growth   | %  | 26.7  | 55.8   | 5.1    | 4.5    |
| EBIT            | bn | 15.3  | 24.7   | 26.0   | 27.1   |
| EBIT growth     | %  | 28.6  | 61.7   | 5.0    | 4.2    |
| Reported profit | bn | 12.8  | 22.3   | 23.3   | 24.2   |
| Adjusted profit | bn | 12.8  | 22.3   | 23.3   | 24.2   |
| EPS rep         | Rs | 64.18 | 111.63 | 116.82 | 121.36 |
| EPS rep growth  | %  | 32.4  | 73.9   | 4.6    | 3.9    |
| EPS adj         | Rs | 64.18 | 111.63 | 116.82 | 121.36 |
| EPS adj growth  | %  | 32.4  | 73.9   | 4.6    | 3.9    |
| PER rep         | Х  | 29.6  | 17.0   | 16.2   | 15.6   |
| PER adj         | Х  | 29.6  | 17.0   | 16.2   | 15.6   |
| Total DPS       | Rs | 20.00 | 110.00 | 35.00  | 37.00  |
| Total div yield | %  | 1.1   | 5.8    | 1.8    | 2.0    |
| ROA             | %  | 27.4  | 35.4   | 33.2   | 31.4   |
| ROE             | %  | 37.8  | 61.4   | 55.3   | 42.1   |
| EV/EBITDA       | Х  | 21.6  | 13.9   | 13.2   | 12.6   |
| Net debt/equity | %  | -3.7  | -27.3  | -2.6   | -18.5  |
| P/BV            | Х  | 10.0  | 10.9   | 7.6    | 5.8    |

# HH IN rel BSE Sensex performance, & rec history



Note: Recommendation timeline - if not a continuous line, then there was no Macquarie coverage at the time or there was an embargo period.

Source: FactSet, Macquarie Research, April 2010

(all figures in INR unless noted)

**Sanjay Doshi** 91 22 6653 3061

sanjay.doshi@macquarie.com

20 April 2010

# Hero Honda

# Competition to limit earnings growth

#### **Event**

Hero Honda reported 4Q FY3/10 results, which were around 2% ahead of our estimate on operating level. We maintain Underperform as we expect lower volume growth, increasing competition and rising raw material prices to limit earnings growth.

### **Impact**

199.7

- 4Q results largely in-line on operating level: Hero Honda reported net sales of Rs40.9bn (up 20% YoY), bang in-line with estimates. Operating profit at Rs6.8bn (up ~27% YoY) was around 2% ahead of our estimate of Rs6.7bn. However PAT at Rs5.9 bn (up 49% YoY) was significantly ahead of our and street estimates. The difference was mainly on account of higher other income and lower tax rate due to increased production at new plant.
- Margins decline to continue in next fiscal: Operating margins for the quarter stood at 16.7%, down over 30bps on QoQ basis. While raw material costs as % of sales reduced by 90bps due to increased local procurement for new facility, other expenditure shot up by 130bps on QoQ basis. Operating margins for the fiscal stood at 16.9%, in-line with estimates and we expect margins to decline further on account of increasing raw material prices.
- Increasing competition a key concern: Competitive intensity is increasing in the executive motorcycle segment with key new model launches by Bajaj Auto (BJAUT IN, Rs2010, UP, TP: Rs1550), Honda Motors and Scooters India (HMSI) (not listed), TVS Motors (TVSL IN, Rs81, NR) and India Yamaha Motors (not listed) in the last few quarters (See fig 1). Hero Honda has already lost ~11ppt market share from its peak in the 75-125cc segment (See fig 3) and we expect the company to loose market share further in the coming months as the recently launched new products from competition gain traction.

### Earnings and target price revision

 We increase FY11 & FY12 estimates by 5% and 4% respectively mainly on account of higher other income and lower taxes. Marginally increase target price to Rs1,630 from Rs1,590 earlier.

#### **Price catalyst**

- 12-month price target: Rs1,630.00 based on a DCF methodology.
- Catalyst: Increasing raw material prices and loss in market share

#### **Action and recommendation**

• Maintain Underperform: After robust 26% volume growth in domestic two wheeler space in FY10, we expect industry volume growth to slow down to 13-14% in the next fiscal. As all players remain focused on market share, we believe that increasing competition and rising material prices will lead to significant decline in margins for Hero Honda. We thus expect earnings growth to be muted and at over a 16x FY11E PER, the stock appears expensive.

Please refer to the important disclosures and analyst certification on inside back cover of this document, or on our website www.macquarie.com.au/research/disclosures.

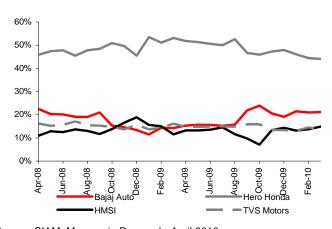
# Key product launches and market share movement

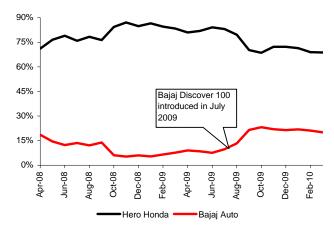
Fig 1 Recent key launches in motorcycle space

| Company                         | Model                | Price point (Rs) | Launch date |
|---------------------------------|----------------------|------------------|-------------|
| Bajaj Auto                      | Discover 100         | 40,000           | Jul-09      |
| Bajaj Auto                      | Pulsar 135           | 51,000           | Dec-09      |
| HMŚI                            | CB Twister           | 44,000           | Jan-10      |
| TVS Motors                      | Jive                 | 41,000           | Jan-10      |
| India Yamaha Motors             | YBR 110              | 41,000           | Apr-10      |
| Source: Company data, Macquarie | Research, April 2010 |                  |             |

Fig 2 Domestic 2wheeler – Bajaj gains market share

Fig 3 Domestic executive segment market share





Source: SIAM, Macquarie Research, April 2010

Source: SIAM, Macquarie Research, April 2010

Hero Honda has already lost ~11ppt market share in the 75-125cc segment, since the launch of Bajaj Discover 100 in July 2009. We expect the company to loose market share further as the recently launched new products by HMSI, TVS Motors and India Yamaha Motors gain traction in the coming months.

## 4Q FY3/10 result analysis

Fig 4 Hero Honda - 4Q FY3/10 volumes and realisations

|                               |         |           | •    | •                                |
|-------------------------------|---------|-----------|------|----------------------------------|
| Motorcycles                   | 948,366 | 1,120,086 | 18.1 | Strong growth in domestic market |
| Scooters                      | 49,489  | 66,450    | 34.3 |                                  |
| Two-wheelers                  | 997,855 | 1,186,536 | 18.9 |                                  |
| Average Realisation (Rs/unit) | 34,192  | 34,492    | 0.9  | Reflects improved product mix    |

Fig 5 Hero Honda - 4Q FY3/ 10 market share

| (%)  | 4Q FY09        | 4Q FY10        | bp chg       | Macquarie Comments         |  |  |  |
|--|----------------|----------------|--------------|----------------------------|--|--|--|
| Motorcycles market share<br>Two-wheelers market share      | 56.7%<br>48.0% | 49.1%<br>41.2% | -767<br>-686 | Lost market share to Bajaj |  |  |  |
| Source: Company data, SIAM, Macquarie Research, April 2010 |                |                |              |                            |  |  |  |

Fig 6 Hero Honda - 4Q FY3/ 10 financial data

| (Rsm)                     | 4Q FY09         | 4Q FY10       | % chg | Macquarie Comments   |
|---------------------------|-----------------|---------------|-------|--|
| Net sales                 | 34,118          | 40,926        | 20.0  | Bang in-line with estimate   |
| Raw Materials             | 23,565          | 27,684        | 17.5  | Should see increase in commodity prices in coming quarters                     |
| Manpower                  | 1,190           | 1,460         | 22.7  | In line with estimate  |
| Manufacturing and Other   | 3,980           | 4,962         | 24.7  | Other expenditure shoots up as % of sales despite higher volumes               |
| Total Expenditure         | 28,734          | 34,106        | 18.7  |  |
| EBITDA                    | 5,384           | 6,820         | 26.7  | Ahead of estimate by ~2%   |
| Interest                  | -96             | -45           | -53.6 | •  |
| Other Income              | 549             | 992           | 80.6  | Rs290m (~40%) ahead of estimates   |
| EBDT                      | 6,030           | 7,857         | 30.3  | ,  |
| Depreciation              | 444             | 487           | 9.7   | Marginally lower than estimate   |
| PBT                       | 5,586           | 7,370         | 31.9  | ,  |
| Tax                       | 1,564           | 1,382         | -11.6 | Much lower than estimates, benefits due to higher production at Haridwar Plant |
| PAT                       | 4,022           | 5,988         | 48.9  | Around 14% ahead of estimates  |
| Source: Company data, Mac | quarie Research | n, April 2010 |       |  |

Fig 7 Hero Honda - 4Q FY3/ 10 key ratios

|                         | 4Q FY09        | 4Q FY10         | bp chq | Macquarie Comments  |
|-------------------------|----------------|-----------------|--------|---|
|                         |                |                 |        | macquaire comments  |
| OPM % (Net sales)       | 15.8           | 16.7            | 88     | Declined by over 30bps on QoQ basis   |
| Tax/ PBT (%)            | 28.0           | 18.8            | -925   | Dependant on production at Haridwar plant;<br>down ~170bp QoQ   |
| Net Profit margins (%)  | 11.8           | 14.6            | 284    |   |
| Raw Materials / Sales   | 69.1           | 67.6            | -142   | Down 90bps on QoQ, benefiting from higher volume and increasing local procurement for new plant. Expect increase in coming quarters |
| Staff Costs / Sales     | 3.5            | 3.6             | 8      |   |
| Other expense / Sales   | 11.7           | 12.1            | 46     | Significant jump of 130bps on QoQ basis   |
| Source: Company data, M | lacquarie Rese | arch, April 201 | 0      |   |

Hero Honda (HH IN, Underperform, Target Price: Rs1,630.00)

| Quarterly Results                      | derperto      | 3Q/10A            | 4Q/10E            | 1Q/11E            | 2Q/11E                 | Profit & Loss                           |               | 2009A              | 2010E              | 2011E              | 2012E              |
|--|---------------|-------------------|-------------------|-------------------|------------------------|---|---------------|--------------------|--------------------|--------------------|--------------------|
| Revenue                                | m             | 41,710            | 42,497            | 41,485            | 39,910                 | Revenue                                 | m             | 123,191            | 157,395            | 175,043            | 189,128            |
| Gross Profit                           | m             | 9,910             | 10,097            | 9,390             | 9,033                  | Gross Profit                            | m             | 26,185             | 37,395             | 39,618             | 41,651             |
| Cost of Goods Sold                     | m             | 31,800            | 32,400            | 32,096            | 30,877                 | Cost of Goods Sold                      | m             | 97,006             | 120,000            | 135,425            | 147,477            |
| EBITDA                                 | m             | 7,061             | 7,194             | 6,637             | 6,385                  | EBITDA                                  | m             | 17,097             | 26,645             | 28,004             | 29,257             |
| Depreciation                           | m             | 479               | 479               | 512               | 512                    | Depreciation                            | m             | 1,807              | 1,915              | 2,049              | 2,203              |
| Amortisation of Goodwill               | m             | 0                 | 0                 | 0                 | 0                      | Amortisation of Goodwill                | m             | 0                  | 0                  | 0                  | , 0                |
| Other Amortisation                     | m             | 0                 | 0                 | 0                 | 0                      | Other Amortisation                      | m             | 0                  | 0                  | 0                  | 0                  |
| BIT                                    | m             | 6,582             | 6,715             | 6,125             | 5,873                  | EBIT                                    | m             | 15,290             | 24,730             | 25,955             | 27,054             |
| Net Interest Income                    | m             | 175               | 178               | 148               | 143                    | Net Interest Income                     | m             | 537                | 661                | 625                | 675                |
| ssociates                              | m             | 0                 | 0                 | 0                 | 0                      | Associates                              | m             | 0                  | 0                  | 0                  | 0.0                |
| exceptionals                           | m             | ő                 | Ö                 | 0                 | Ö                      | Exceptionals                            | m             | ő                  | Ö                  | ő                  | 0                  |
| Forex Gains / Losses                   | m             | 0                 | 0                 | 0                 | 0                      | Forex Gains / Losses                    | m             | 0                  | 0                  | 0                  | 0                  |
| Other Pre-Tax Income                   | m             | 769               | 783               | 699               | 673                    | Other Pre-Tax Income                    | m             | 1,987              | 2,900              | 2,950              | 2,950              |
| Pre-Tax Profit                         |               | 7,526             | 7,677             | 6,972             | 6,688                  | Pre-Tax Profit                          | m             | 17,814             | 28,291             | 29,530             | 30,679             |
|  | m             | -1,589            | -1,619            | -1,470            |                        |   |               | -4,997             | -5,998             | -6,201             |                    |
| ax Expense                             | m             |                   |                   |                   | -1,414<br><b>5.074</b> | Tax Expense                             | m             |                    |                    |                    | -6,443             |
| let Profit<br>//inority Interests      | <b>m</b><br>m | <b>5,936</b><br>0 | <b>6,058</b><br>0 | <b>5,502</b><br>0 | <b>5,274</b><br>0      | Net Profit Minority Interests           | <b>m</b><br>m | <b>12,817</b><br>0 | <b>22,293</b><br>0 | <b>23,328</b><br>0 | <b>24,236</b><br>0 |
| •                                      |               |                   |                   |                   |                        |   |               |                    |                    |                    |                    |
| Reported Earnings<br>Adjusted Earnings | m<br>m        | 5,936<br>5,936    | 6,058<br>6,058    | 5,502<br>5,502    | 5,274<br>5,274         | Reported Earnings<br>Adjusted Earnings  | m<br>m        | 12,817<br>12,817   | 22,293<br>22,293   | 23,328<br>23,328   | 24,236<br>24,236   |
| PS (rep)                               |               | 29.73             | 30.33             | 27.55             | 26.41                  | EPS (rep)                               |               | 64.18              | 111.63             | 116.82             | 121.36             |
| EPS (adj)                              |               | 29.73             | 30.33             | 27.55             | 26.41                  | EPS (adj)                               |               | 64.18              | 111.63             | 116.82             | 121.36             |
| PS Growth yoy (adj)                    | %             | 74.8              | 75.0              | 4.6               | 4.6                    | EPS Growth (adj)                        | %             | 32.4               | 73.9               | 4.6                | 3.9                |
|  |               |                   |                   |                   |                        | PE (rep)                                | Х             | 29.6               | 17.0               | 16.2               | 15.6               |
|  |               |                   |                   |                   |                        | PE (adj)                                | Х             | 29.6               | 17.0               | 16.2               | 15.6               |
|  |               |                   |                   |                   |                        |   |               |                    |                    |                    |                    |
| BITDA Margin                           | %             | 16.9              | 16.9              | 16.0              | 16.0                   | Total DPS                               |               | 20.00              | 110.00             | 35.00              | 37.00              |
| BIT Margin                             | %             | 15.8              | 15.8              | 14.8              | 14.7                   | Total Div Yield                         | %             | 1.1                | 5.8                | 1.8                | 2.0                |
| arnings Šplit                          | %             | 26.6              | 27.2              | 23.6              | 22.6                   | Weighted Average Shares                 | m             | 200                | 200                | 200                | 200                |
| Revenue Growth                         | %             | 27.8              | 27.8              | 11.2              | 11.2                   | Period End Shares                       | m             | 200                | 200                | 200                | 200                |
| BIT Growth                             | %             | 62.4              | 62.7              | 4.9               | 4.9                    |   |               |                    |                    |                    |                    |
| rofit and Loss Ratios                  |               | 2009A             | 2010E             | 2011E             | 2012E                  | Cashflow Analysis                       |               | 2009A              | 2010E              | 2011E              | 2012E              |
| Revenue Growth                         | %             | 19.2              | 27.8              | 11.2              | 8.0                    | EBITDA                                  | m             | 17,097             | 26,645             | 28,004             | 29,257             |
| EBITDA Growth                          | %<br>%        | 26.7              | 55.8              | 5.1               | 4.5                    | Tax Paid                                |               |                    |                    |                    | -6,443             |
|  |               |                   |                   |                   |                        |   | m             | -5,016             | -5,878             | -6,201             |                    |
| BIT Growth                             | %             | 28.6              | 61.7              | 5.0               | 4.2                    | Chgs in Working Cap                     | m             | 985                | -5,104             | -380               | -542               |
| Gross Profit Margin                    | %             | 21.3              | 23.8              | 22.6              | 22.0                   | Net Interest Paid                       | m             | 0                  | 0                  | 0                  | 0                  |
| BITDA Margin                           | %             | 13.9              | 16.9              | 16.0              | 15.5                   | Other                                   | m             | 524                | 550                | 600                | 600                |
| BIT Margin                             | %             | 12.4              | 15.7              | 14.8              | 14.3                   | Operating Cashflow                      | m             | 13,590             | 16,213             | 22,022             | 22,872             |
| et Profit Margin                       | %             | 10.4              | 14.2              | 13.3              | 12.8                   | Acquisitions                            | m             | -192,073           | -4,716             | -3,456             | -2,930             |
| ayout Ratio                            | %             | 31.2              | 98.5              | 30.0              | 30.5                   | Capex                                   | m             | -3,151             | -1,795             | -4,000             | -4,000             |
| V/EBITDA                               | X             | 21.6              | 13.9              | 13.2              | 12.6                   | Asset Sales                             | m             | 185,897            | 2,100              | 2,100              | 2,100              |
| V/EBIT                                 | X             | 24.2              | 14.9              | 14.2              | 13.7                   | Other                                   | m             | 715                | 936                | 900                | 950                |
|  |               |                   |                   |                   |                        | Investing Cashflow                      | m             | -8,612             | -3,475             | -4,456             | -3,880             |
| Salance Sheet Ratios                   |               |                   |                   |                   |                        | Dividend (Ordinary)                     | m             | -3,794             | -4,673             | -25,701            | -8,178             |
| OE                                     | %             | 37.8              | 61.4              | 55.3              | 42.1                   | Equity Raised                           | m             | 0                  | 0                  | -0                 | 0                  |
| OA                                     | %             | 27.4              | 35.4              | 33.2              | 31.4                   | Debt Movements                          | m             | -535               | 1,715              | 0                  | 0                  |
| OIC                                    | %             | 36.8              | 53.2              | 81.5              | 44.1                   | Other                                   | m             | -670               | -25                | -25                | -25                |
| let Debt/Equity                        | %             | -3.7              | -27.3             | -2.6              | -18.5                  | Financing Cashflow                      | m             | -4,999             | -2,982             | -25,726            | -8,203             |
| nterest Cover<br>rice/Book             | X<br>X        | nmf<br>10.0       | nmf<br>10.9       | nmf<br>7.6        | nmf<br>5.8             | Net Chg in Cash/Debt                    | m             | -21                | 9,755              | -8,161             | 10,789             |
| Book Value per Share                   | ^             | 190.3             | 173.3             | 249.1             | 327.2                  |   |               |                    | ·                  |                    |                    |
|  |               |                   |                   |                   |                        | Free Cashflow                           | m             | 10,439             | 14,418             | 18,022             | 18,872             |
|  |               |                   |                   |                   |                        | Balance Sheet                           |               | 2009A              | 2010E              | 2011E              | 2012E              |
|  |               |                   |                   |                   |                        | Cash                                    | m             | 2,196              | 11,951             | 3,791              | 14,580             |
|  |               |                   |                   |                   |                        | Receivables                             | m             | 1,499              | 3,206              | 4,131              | 5,103              |
|  |               |                   |                   |                   |                        | Inventories                             | m             | 3,268              | 4,776              | 5,346              | 5,795              |
|  |               |                   |                   |                   |                        | Investments                             | m             | 33,653             | 38,369             | 41,825             | 44,756             |
|  |               |                   |                   |                   |                        | Fixed Assets                            | m             | 16,943             | 16,822             | 18,773             | 20,570             |
|  |               |                   |                   |                   |                        | Intangibles                             | m             | 0                  | 0                  | 0                  | 0                  |
|  |               |                   |                   |                   |                        | Other Assets                            | m             | 3,206              | 3,694              | 3,694              | 3,694              |
|  |               |                   |                   |                   |                        | Total Assets                            | m             | 60.765             | 78,817             | <b>77,560</b>      | 94,497             |
|  |               |                   |                   |                   |                        | Payables                                | m             | 7,030              | 8,955              | 10,071             | 10,950             |
|  |               |                   |                   |                   |                        | Short Term Debt                         | m             | 0 0 0              | 0,955              | 0,071              | 10,930             |
|  |               |                   |                   |                   |                        | Long Term Debt                          | m             | 785                | 2,500              | 2,500              | 2,500              |
|  |               |                   |                   |                   |                        | Provisions                              |               |                    | 26.418             |                    | 9,362              |
|  |               |                   |                   |                   |                        |   | m             | 5,270              | -,                 | 8,894              |                    |
|  |               |                   |                   |                   |                        | Other Liabilities                       | m             | 9,673              | 6,344              | 6,344              | 6,344              |
|  |               |                   |                   |                   |                        | Total Liabilities                       | m             | 22,757             | 44,218             | 27,810             | 29,156             |
|  |               |                   |                   |                   |                        | Shareholders' Funds                     | m             | 38,008             | 34,600             | 49,750             | 65,342             |
|  |               |                   |                   |                   |                        | Minority Interests                      | m             | 0                  | 0                  | 0                  | C                  |
|  |               |                   |                   |                   |                        | Other                                   | m             | 0                  | 0                  | 0                  | C                  |
|  |               |                   |                   |                   |                        |   |               |                    |                    |                    |                    |
|  |               |                   |                   |                   |                        | Total S/H Equity                        | m             | 38,008             | 34,600             | 49,750             |                    |
|  |               |                   |                   |                   |                        | Total S/H Equity Total Liab & S/H Funds | m<br>m        | 38,008<br>60,765   | 34,600<br>78,817   | 49,750<br>77,560   | 65,342<br>94,497   |

#### Important disclosures:

#### **Recommendation definitions**

#### Macquarie - Australia/New Zealand

Outperform – return >5% in excess of benchmark return Neutral – return within 5% of benchmark return Underperform – return >5% below benchmark return

#### Macquarie - Asia/Europe

Outperform – expected return >+10% Neutral – expected return from -10% to +10% Underperform – expected return <-10%

#### Macquarie First South - South Africa

Outperform – expected return >+10% Neutral – expected return from -10% to +10% Underperform – expected return <-10%

#### Macquarie - Canada

Outperform – return >5% in excess of benchmark return Neutral – return within 5% of benchmark return Underperform – return >5% below benchmark return

#### Macquarie - USA

Outperform (Buy) – return >5% in excess of Russell 3000 index return

Neutral (Hold) – return within 5% of Russell 3000 index return

Underperform (Sell)- return >5% below Russell 3000 index return

Recommendations - 12 months

**Note:** Quant recommendations may differ from Fundamental Analyst recommendations

#### Volatility index definition\*

This is calculated from the volatility of historical price movements.

Very high-highest risk – Stock should be expected to move up or down 60–100% in a year – investors should be aware this stock is highly speculative.

**High** – stock should be expected to move up or down at least 40–60% in a year – investors should be aware this stock could be speculative.

**Medium** – stock should be expected to move up or down at least 30–40% in a year.

**Low-medium** – stock should be expected to move up or down at least 25–30% in a year.

**Low** – stock should be expected to move up or down at least 15–25% in a year

down at least 15–25% in a year.

\* Applicable to Australian/NZ/Canada stocks only

#### **Financial definitions**

All "Adjusted" data items have had the following adjustments made:

Added back: goodwill amortisation, provision for catastrophe reserves, IFRS derivatives & hedging, IFRS impairments & IFRS interest expense Excluded: non recurring items, asset revals, property revals, appraisal value uplift, preference dividends & minority interests

EPS = adjusted net profit / efpowa\*

ROA = adjusted ebit / average total assets

ROA Banks/Insurance = adjusted net profit /average total assets

ROE = adjusted net profit / average shareholders funds Gross cashflow = adjusted net profit + depreciation \*equivalent fully paid ordinary weighted average number of shares

All Reported numbers for Australian/NZ listed stocks are modelled under IFRS (International Financial Reporting Standards).

#### Recommendation proportions - For quarter ending 31 March 2010

|              | AU/NZ  | Asia   | RSA    | USA    | CA     | EUR    |  |
|--------------|--------|--------|--------|--------|--------|--------|--|
| Outperform   | 50.55% | 62.20% | 42.25% | 42.39% | 62.16% | 46.74% | (for US coverage by MCUSA, 6.53% of stocks covered are investment banking clients) |
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|-----------------------------------|-------------------|
| David Rickards (Global Co - Head) | (44 20) 3037 4399 |
| Chris Hunt (Asia – Head)          | (852) 3922 1119   |
| Tim Smart (Asia – Deputy Head)    | (852) 3922 3565   |
|                                   |                   |

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|----------------------------------|------------------|
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| Sarah Wu (China)                 | (852) 3922 4068  |
| Jemmy Huang (Hong Kong, Taiwan)  | (8862) 2734 7530 |
| Mudit Painuly (India)            | (9122) 6653 3044 |
| Suresh Ganapathy (India)         | (9122) 6653 3042 |
| Ferry Wong (Indonesia)           | (6221) 515 7335  |
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#### Gary Pinge (Asia) Jessie Qian (China, Hong Kong) (852) 3922 3557 (852) 3922 3568 Toby Williams (Japan) (813) 3512 7392 HongSuk Na (Korea) Edward Ong (Malaysia) Alex Pomento (Philippines) (822) 3705 8678 (603) 2059 8982 (632) 857 0899 Linda Huang (Taiwan) (8862) 2734 7521

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| Adam Worthington (Indonesia) | (65) 6231 2981   |
| Riaz Hyder (Indonesia)       | (6221) 2598 8486 |
| Polina Diyachkina (Japan)    | (813) 3512 7886  |
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#### Commodities

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|--------------|------------------|
| Max Layton   | (4420) 3037 4273 |
| Duncan Hobbs | (4420) 3037 4497 |
| Bonnie Liu   | (8621) 2412 9008 |
| Graeme Train | (8621) 2412 9035 |
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|-----------------------------|-----------------|
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| Richard Gibbs (Australia)   | (612) 8232 3935 |
| Paul Cavey (China)          | (852) 3922 3570 |
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#### Quantitative

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|-----------------|
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| (612) 8232 6539 |
| (813) 3512 7876 |
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#### Strategy/Country

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|-------------------------------|------------------|
| Daniel McCormack (Asia)       | (852) 3922 4073  |
| Mark Matthews (Asia)          | (852) 3922 3585  |
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| Edward Ong (Malaysia)         | (603) 2059 8982  |
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| Luke Sullivan (New York)         | (1 212) 231 2507 |
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| Rob Fabbro (UK/Europe)           | (44) 20 3037 4865 |
| Nick Ainsworth (Generalist)      | (852) 3922 2010   |
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# Sales Trading

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|---------------------------|-------------------|
| Mike Keen (Europe)        | (44) 20 3037 4905 |
| Yat Quan Tan (Hong Kong)  | (852) 3922 2028   |
| Stanley Dunda (Indonesia) | (6221) 515 1555   |
| Mario Argyrides (Korea)   | (822) 3705 8610   |
| Edward Robinson (London)  | (44) 20 3037 4902 |

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| Matthew Ryan (Singapore)     | (65) 6231 2888   |
| Isaac Huang (Taiwan)         | (8862) 2734 7582 |
| Dominic Shore (Thailand)     | (662) 694 7707   |
| Phil Sellaroli (Tokyo)       | (813) 3512 7837  |
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|--------------------------------------|-----------------|
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