Deutsche Bank
Markets Research

Asia
Pan-Asia

Strategy

Periodical

Asia Equities Daily Focus

Date
08 March 2012

Carissa Szeto
Equity Focus
(+852) 2203 6171
carissa.szeto@db.com

Today's Research Headlines Asian Edition

TOP STORIES

Global Economic Perspectives	Will Oil Stall Asia's Recovery?	Peter Hooper	Page 6
Zhaojin Mining (1818.HK),HKD14.46 Hold Price Target HKD15.00	Quality company, premium price; initiating with a Hold	Laura Zhai	Page 7
Energy	Feedback from our 'crude supply shock' local roadshow	Thapana Phanich	Page 8
BNI (BBNI.JK),IDR3,650.00 Buy Price Target IDR5,850.00	Undervalued growth bank	Raymond Kosasih	Page 9

INITIATION OF COVERAGE

SUN ART RETAIL GROUP (6808.HK),HKD10.12 Hold Price Target HKD10.42	A volume game beneficiary; initiating with Hold	Anne Ling	Page 10

RECOMMENDATION CHANGES

Bank of Phil Islands (BPI.PS),PHP71.40 Hold Price Target PHP68.00	Upgrading forecasts and target price, but rating down to Hold	Rafael Garchitorena	Page 11

ESTIMATE & TARGET PRICE CHANGES

ASM Pacific Technology (0522.HK),HKD98.80 Sell Price Target HKD78.00	The semiconductor business is shaping up	Michael Chou	Page 12
China Resources Land (1109.HK),HKD13.46 Buy Price Target HKD21.13	A fast-growing integrated property company in Chin	Tony Tsang	Page 13
Genting Malaysia BHD (GENM.KL),MYR3.83 Buy Price Target MYR4.38	Embracing (long-term) growth	Aun-Ling Chia	Page 14
Security Bank Corp (SECB.PS),PHP129.40 Buy Price Target PHP145.00	Growth strategy emerges; estimates & target price raised	Rafael Garchitorena	Page 15

STRATEGY/ECONOMICS

Global Strategy Flash	Weekly Cross Asset Views	Dominic Konstam	Page 16
Asia Data Flash	Taiwan export growth rebounds	Juliana Lee	Page 17

Asian Index Closings

EQUITIES	Close	1D Chg	%Chg
SHSZ300	2603.01	-0.69	10.97
HSCEI	10976.49	-1.28	10.47
HSI	20627.78	-0.86	11.90
TWSE	7903.08	-0.44	11.75
KOSPI	1982.15	-0.91	8.57
FSSTI	2913.16	-0.64	10.08
KLCI	1574.83	-0.95	2.88
SENSEX	17145.52	-0.16	10.94
NIFTY	5220.45	-0.04	12.89
SET	1153.16	-0.41	12.47
JCI	3942.52	-0.62	3.15
PCOMP	4921.36	-0.93	12.57
ASX200	4143.66	-1.45	2.15
FOREX (vs US$)	**Close**	**1D Chg**	**YTD %Chg**
Rmb	6.31	-0.03	-0.24
HK$	7.76	-0.02	0.05
NT$	29.54	-0.09	2.49
Won	1124.80	-0.19	2.46
S$	1.26	0.41	2.99
M$	3.03	-0.20	4.58
Rupee	50.29	0.18	5.52
Baht	30.72	0.33	2.70
Rupiah	9118.00	0.78	-0.54
Peso	42.92	0.28	2.15
A$	1.06	0.26	3.63

Source: Bloomberg Finance LP

Latest Commodity Prices

COMMODITIES	Close	1D %Chg	YTD %Chg
West Texas	105.78	1.03	7.03
Brent	123.96	0.99	15.23
CRB	314.08	-0.12	2.88
Copper	376.05	0.79	9.44
Gold (Spot)	1684.33	0.60	7.71
Alum. (LME)	2235.50	-2.30	10.67
Baltic Dry	787.00	0.64	-54.72

Source: Bloomberg Finance LP

DB CORPORATE ACCESS

DB Access Philippines Corporate Day - Singapore 3/13 - 14, HK 3/15
DB Access Asia Conference 2012 - Singapore 5/28 - 30
DB Access Korea Conference 2012 - Seoul 11/12 - 13
DB Access Taiwan Conference 2012 - Taipei 11/15 - 16
DB Access Indonesia Conference 2012 - Jakarta 12/4 - 5
DB Access Philippines Conference 2012 - Manila October (date TBC)

STRATEGY/ECONOMICS (Continued)

ADDITIONAL RESEARCH

DB CONFERENCE/CORPORATE DAY

DB Access Philippines Corporate Day - Singapore 3/13 - 14, HK 3/15
DB Access Asia Conf. 2012 - Singapore 5/28 - 30
DB Access Korea Conf. 2012 - Seoul 11/12 - 13
DB Access Taiwan Conf.2012 - Taipei 11/15 - 16
DB Access Indonesia Conf. 2012 - Jakarta 12/4 - 5
DB Access Philippines Conf. 2012 - Manila October (date TBC)

NDRS

PT Cardig Aero Services (CASS IJ) - SG 3/8 - 9
PT Nusantara Infrastructure (META IJ) - HK 3/13 - 14, SG 3/15 - 16
Yuanda Holdings (2789HK) - HK 3/16 & 20, SG 3/21
West China Cement (2233HK) - HK 3/16 - 20, SG 3/21 - 23
Kaisa Group Holdings (1638 HK) - HK 3/20
Guangzhou R&F (2777HK) - HK 3/21
China Power Int'l Development (2380HK) - HK 3/26 - 27
Shui On land (272 HK) - SG 3/26 - 27
Jiangsu Expressway (177 HK) - HK 3/27
Tianrui Cement (1352 HK) - HK 3/27 - 28
New World Department Store China (0825HK) - HK 3/29
Hutchison Whampoa (0013 HK) - HK 3/30
China Shipping Container Lines (2866.HK) - SG 4/2 - 3
China Shanshui Cement Group (691 HK) - SHA 4/10

DB ANALYST/SALES ROADSHOWS

Phyllis Wang: China Rail, China Construction Machinery & Expressway - SG 3/8
Seunghoon Han & Hanjoon Kim: Technology - HK 3/8
KC Kao, Ivy Lee & William Yang: Taiwan Tech Hardware - HK 3/8
Rachman Koeswanto & Jovin Ng: Indo Autos, Heavy Equipment & Cement Names - HK 3/8 - 9
Sanghi Han: Korea Construction & Utilities - SG 3/12 - 13, HK 3/14 - 15
Reggy Susanto: Indonesia Consumers: Short-term headwind from fuel price hike, but fundamentals intact - SG 3/12 - 14, HK 3/15 - 16
Michael Cherry: Overview of the Healthcare Services & Technology - PEK 3/19 - 20, HK 3/21, SG 3/22

DB INTERNATIONAL PRODUCT ROADSHOWS

Justin Yagerman: Transports & Shipping - SG 3/12, HK 3/13, PEK 3/14, SEL 3/15
Craig WongPan: Aus Developers & Contractors - SG 3/13, HK 3/14
Altera Corporation (ALTR US) - SHA 3/14, SG 3/14
OM Holdings (OMH AU) - HK 3/19 - 20
Bob Kommers: Russian banks: nothing can stop us now? - HK 3/19, SG 3/20 -21
BC Iron (BCI.AX) - HK 3/20 - 21
Brockman Resources (BRM AU) - HK 3/22 - 23
Debbie Jonew: Paper & Forest Products - PEK 3/22, HK 3/26
Diageo (DGE LN) - HK 3/23
Ausenco Limited (AAX AU) - HK 3/26 - 27, SG 3/28
Paul-D Young: Australian Resources - SG 3/26, HK 3/27 - 28, PEK 3/29
APA Group (APA.AU) - HK 4/2 - 3, SG 4/4

Source: Deutsche Bank, Bloomberg Finance LP, BSE

ADDITIONAL RESEARCH (Continued)

Lanco Infratech (LAIN.BO),INR18.80 Buy Price Target INR25.00	Namaste India conference highlights	Abhishek Puri	Page 43
Larsen & Toubro Ltd (LART.BO),INR1,236.85 Buy Price Target INR1,600.00	Namaste India conference highlights	Manish Saxena	Page 44
NHPC (NHPC.BO),INR20.65 Buy Price Target INR28.00	Namaste India conference highlights	Abhishek Puri	Page 45
Petronet LNG Limited (PLNG.BO),INR162.00 Buy Price Target INR200.00	Namaste India conference highlights	Harshad Katkar	Page 46
Tata Power (TTPW.BO),INR109.00 Hold Price Target INR105.00	Namaste India conference highlights	Abhishek Puri	Page 47

GLOBAL RESEARCH

Press Kogyo (7246.T),¥481 Buy Price Target ¥560	Raising our FY3/13 estimates, reiterating Buy	Takeshi Kitaura	Page 48
Bank sector	Rise in regional banks' lending implies grassroots economic recovery	Yoshinobu Yamada	Page 49
Nippon Yusen (9101.T),¥232 Buy Price Target ¥294	Maintaining long-term Buy rating; potential RP estimated at ¥54bn	Seigo Ando	Page 50

The notes and reports contained in this Daily are all excerpts of previously published documents. Please refer to the published notes on our web site for details on risks, valuations and earnings changes.
The information found at these links is intended only for the original recipient of this email from Deutsche Bank It is not intended for, and should not be viewed by, anyone else

DAILY REVISIONS:

RATING CHANGES

Company	Ticker	Date		New	Previous	Chg (%)
Bank of Phil Islands	BPI.PS	07-Mar	▼	Hold	Buy	
Daelim Industrial	000210.KS	06-Mar	▼	Hold	Buy	
SUN ART RETAIL GROUP	6808.HK	06-Mar		Hold	NR	
Zhaojin Mining	1818.HK	07-Mar		Hold	NR	

TARGET PRICE CHANGES

Company	Ticker	Date		New	Previous	Chg (%)
ASM Pacific Technology [Sell]	0522.HK	07-Mar	▲	78.00	73.00	6.8
			▲	73.00	68.00	7.4
BRI [Buy]	BBRI.JK	06-Mar	▼	8,500.00	9,100.00	-6.6
Bank of Phil Islands [Hold]	BPI.PS	07-Mar	▲	68.00	62.00	9.7
China Resources Land [Buy]	1109.HK	07-Mar	▲	21.13	19.22	9.9
Genting Malaysia BHD [Buy]	GENM.KL	07-Mar	▼	4.38	4.50	-2.7
Kinsus [Buy]	3189.TW	06-Mar	▲	105.00	103.00	1.9
SUN ART RETAIL GROUP [Hold]	6808.HK	06-Mar		10.42		
Security Bank Corp [Buy]	SECB.PS	07-Mar	▲	145.00	105.00	38.1
Zhaojin Mining [Hold]	1818.HK	07-Mar		15.00		

EPS REVISIONS

Company	Ticker	Date			New	Previous	Chg (%)
ASM Pacific Technology [Sell]	0522.HK	07-Mar	Dec 11	▲	7.37	4.85	51.8
			Dec 12	▲	5.32	4.96	7.3
			Dec 13	▲	6.05	5.86	3.2
			Dec 14		6.71		
BNI [Buy]	BBNI.JK	07-Mar	Dec 11	▲	0.31	0.31	1.4
			Dec 12	▲	0.37	0.36	2.0
			Dec 13	▲	0.44	0.43	1.6
			Dec 14		0.53		
BRI [Buy]	BBRI.JK	06-Mar	Dec 11	▲	0.61	0.56	9.9
			Dec 12	▲	0.67	0.65	2.4
			Dec 13	▲	0.74	0.72	2.2
			Dec 14		0.83		
Bank of Phil Islands [Hold]	BPI.PS	07-Mar	Dec 11		0.00		nm
			Dec 12		0.00		nm
			Dec 13		0.00		nm
China Resources Land [Buy]	1109.HK	07-Mar	Dec 10	▲	0.84	0.79	6.4
			Dec 11	▲	1.07	1.07	0.4
			Dec 12	▼	1.32	1.36	-2.8
			Dec 13	▼	1.46	2.39	-39.1
China Steel [Sell]	2002.TW	06-Mar	Dec 11	▼	1.26	1.26	0.0
			Dec 12	▼	1.35	1.50	-9.8
			Dec 13	▼	1.90	1.94	-2.3
Daelim Industrial [Hold]	000210.KS	06-Mar	Dec 11	▼	9,743.63	9,743.67	0.0
			Dec 12	▼	14,014.72	14,016.42	0.0
			Dec 13	▼	16,824.13	16,825.15	0.0
			Dec 14	▼	19,162.07	19,163.10	0.0

DAILY REVISIONS (Continued):

Company	Ticker	Date			New	Previous	Chg (%)
Genting Malaysia BHD [Buy]	GENM.KL	07-Mar	Dec 11	▲	0.26	0.26	0.2
			Dec 12	▼	0.31	0.31	-0.6
			Dec 13	▼	0.34	0.35	-2.3
			Dec 14		0.37		
Kinsus [Buy]	3189.TW	06-Mar	Dec 12	▲	7.81	7.68	1.7
			Dec 13	▼	9.74	9.74	0.0
POWER ASSETS [Hold]	0006.HK	07-Mar	Dec 11	▲	4.25	4.08	4.3
			Dec 12	▲	4.30	4.21	2.1
			Dec 13	▲	4.32	4.20	2.7
SK Innovation [Buy]	096770.KS	07-Mar	Dec 11	▼	33,850.01	34,125.37	-0.8
			Dec 12	▼	25,724.96	26,074.77	-1.3
			Dec 13	▼	28,549.76	28,906.83	-1.2
SUN ART RETAIL GROUP [Hold]	6808.HK	06-Mar	Dec 11		0.20		
			Dec 12		0.26		
			Dec 13		0.33		
			Dec 14		0.42		
Security Bank Corp [Buy]	SECB.PS	07-Mar	Dec 11	▲	13.30	8.80	51.1
			Dec 12	▲	11.41	9.73	17.3
			Dec 13	▲	12.49	10.57	18.1
Total Access Communication [Sell]	DTAC.BK	06-Mar	Dec 11	▲	4.99	4.88	2.3
			Dec 12	▼	4.41	4.46	-1.2
			Dec 13	▼	5.25	5.32	-1.3
			Dec 14	▲	5.17	4.93	4.9
True Corporation [Hold]	TRUE.BK	06-Mar	Dec 11	▲	-0.19	-0.20	8.3
			Dec 12	▼	-0.01	0.00	-9.3
			Dec 13	▼	0.11	0.13	-14.3
			Dec 14	▲	0.14	0.04	211.4
Zhaojin Mining [Hold]	1818.HK	07-Mar	Dec 10		0.82		
			Dec 11		0.62		
			Dec 12		0.80		
			Dec 13		0.90		

Source: Deutsche Bank

Global

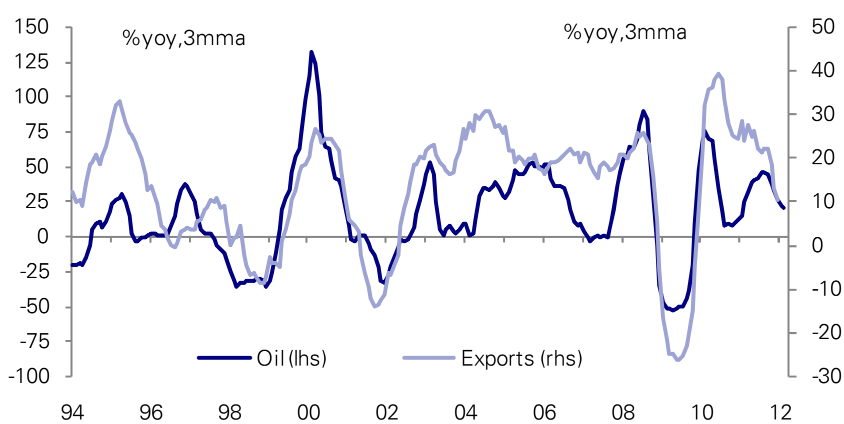
2 March 2012

Global Economic Perspectives

Will Oil Stall Asia's Recovery?

- **We reckon that crude oil prices have risen more because of improving sentiment regarding global growth than because of geopolitical risk concerns.**
- **This leads us to view these price increases as benign – a reflection of stronger growth rather than a barrier to growth.**
- **But even without further oil price increases we think the cost of providing subsidies has risen sharply in India and Indonesia. We expect both governments will announce large price increases in the coming months. These could push inflation up by 100bps in India and as much as 450bps in Indonesia.**
- **Elsewhere, at current levels, the YoY change in oil prices – and therefore in deregulated retail prices – will likely start rising again by May. But history suggests the passthrough from crude oil to headline inflation in these countries is very modest.**
- **Hence, only in India and Indonesia are we inclined at this point to see much of a negative impact from the recent rise in oil prices.**

Higher oil prices are usually good news for Asia



Sources: Bloomberg Finance LP, CEIC and Deutsche Bank. Combined exports from China, Hong Kong, India, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand.

Economics

Table of Contents

Research Team

Peter Hooper
(+1) 212 250-7352
peter.hooper@db.com

Thomas Mayer
(+44) 20 754-72884
tom.mayer@db.com

Michael Spencer, Ph.D
(+852) 2203 8303
michael.spencer@db.com

Torsten Slok
(+1) 212 250-2155
torsten.slok@db.com

Asia China
Resources Metals & Mining

7 March 2012

Zhaojin Mining

Reuters: **1818.HK** Bloomberg: **1818 HK** Exchange: **HSI** Ticker: **1818**

Quality company, premium price; initiating with a Hold

Laura Zhai
Research Analyst
(+852) 2203 5929
laura.zhai@db.com

Elizabeth Lee
Research Associate
(+852) 2203 6158
elizabeth-tp.lee@db.com

Nam Nguyen
Research Analyst
(+852) 2203 5928
nam.nguyen@db.com

Company positives fully priced in; initiating with a Hold
Zhaojin has been trading at a premium versus its peers since early 2011, which we believe is largely justified as the company provides >90% exposure to the gold price, and offers strong production growth and a competitive cost structure. However, we think the above positives are now fully priced in, and that there is potential risk of upward cost pressure ahead, as Zhaojin's future production growth comes mainly from greenfield developments of smaller projects. We initiate coverage with a Hold and a target price of HKD15.00, or 15x FY12E EPS.

Quality company with high longer-term production growth
Zhaojin is one of the largest pure gold plays in China, with more than 90% of its revenues exposed to gold. The company has achieved 15% p.a. production growth in the past five years, a competitive cost structure, an expanding resource base and a domestically-focused acquisition strategy. Zhaojin plans to continue to grow at a double-digit rate in the next few years through M&A and organic growth.

Positive outlook for gold remains throughout the year
Deutsche Bank's view on gold remains positive as it is the main beneficiary of: 1) negative real interest rates, 2) a weak USD, 3) ongoing central bank diversification, and 4) European debt crisis uncertainties. We forecast gold to average USD1,825/oz in 2012 and USD2,000/oz in 2013, up from the 2011 average of USD1,576/oz.

Positives fully priced in; potential risk from costs; initiating with a Hold
We value Zhaojin at HKD15.00, or 15x FY12E EPS, at the higher end of its global peers, given its higher long-term growth profile, commitment to remain a pure gold producer, fairly competitive cost structure and good management track record. However, our earnings forecasts and current target price assume that the company will be able to maintain its production growth while keeping costs under control, which could ultimately prove optimistic, as new production is likely to come from new, smaller-sized projects, and new acquisitions could prove costly, given the current high gold price environment. Risks: lower-/higher-than-expected gold price; higher-/lower-than-expected cost pressure; project execution. For exposure to gold, we prefer Zijin (Buy; HK$3.4), which trades on lower valuations (9x FY12E PE) and offers diversified risk, given its growing copper exposure.

Forecasts and ratios

Year End Dec 31	2009A	2010A	2011E	2012E	2013E
Sales (CNYm)	2,797.0	4,097.8	**5,676.1**	7,342.2	8,259.1
EBITDA (CNYm)	1,287.8	2,110.7	**3,246.7**	4,137.0	4,686.4
Reported NPAT (CNYm)	754.0	1,201.7	**1,806.8**	2,335.0	2,619.7
DB EPS FD(CNY)	0.54	0.82	**0.62**	0.80	0.90
PER (x)	9.7	10.5	**19.0**	14.7	13.1
EV/EBITDA (x)	6.1	6.7	**11.0**	8.3	7.1

Source: Deutsche Bank estimates, company data

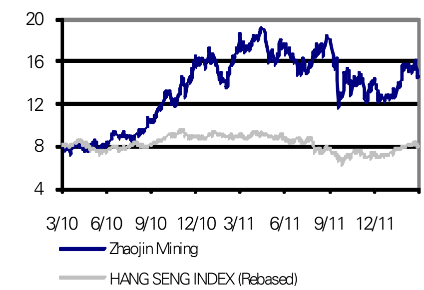
[1] DB EPS is fully diluted and excludes non-recurring items
[2] Multiples and yields calculations use average historical prices for past years and spot prices for current and future years, except P/B which uses the year end close

Coverage Change

Hold

Price at 6 Mar 2012 (HKD)	**14.48**
Price target - 12mth (HKD)	**15.00**
52-week range (HKD)	**19.12 - 11.52**
HANG SENG INDEX	**20,806**

Price/price relative



Performance (%)	1m	3m	12m
Absolute	*-4.1*	*2.4*	*-19.4*
HANG SENG INDEX	*0.5*	*8.1*	*-10.8*

Stock data

Market cap (HKDm)	**42,207**
Market cap (USDm)	**5,437**
Shares outstanding (m)	**2,914.9**
Major shareholders	**Shandong Zhaojin Group (37.84%)**
Avg daily value traded (USDm)	**0.0**
Free float(%)	**77**

Key indicators (FY1)

ROE (%)	**27.7**
Net debt/equity (%)	**12.6**
Book value/share (CNY)	**2.62**
Price/book (x)	**4.5**
Net interest cover (x)	**34.6**
Operating profit margin (%)	**45.0**

Asia ASEAN Thailand
Energy

07 Mar 2012 - 06:15:44 AM GMT

INDUSTRY ALERT

Industry Update

Energy

Feedback from our 'crude supply shock' local roadshow

Focus stocks

PTT (PTT.BK),THB353.00 Hold, Price Target THB370.00

PTT Exploration & Prod (PTTE.BK),THB180.50 Hold, Price Target THB190.00

PTT Global Chemical (PTTGC.BK),THB74.00 Buy, Price Target THB87.00

Thai Oil Pcl (TOP.BK),THB72.00 Buy, Price Target THB83.00

IRPC PCL (IRPC.BK),THB4.68 Hold, Price Target THB5.30

We went on a road show last week to speak to local investors about the effect of crude supply disruption on PTT group companies (as a result of a potential conflict in the Middle East). **To recap**:

- Our supply shock scenario calls for a 67% reduction in Thailand's crude intake. We assumed that the Trans-Arabian Pipeline (Tapline) cannot offset supply loss, and Thailand cannot secure crude from other regions. We also assumed that imported crude price would spike to US$200-220/bbl, resulting in a 40% reduction in refined product sales volume.
- Our analysis shows that (in the ST) TOP and IRPC will be the biggest losers. PTTEP, followed by PTTGC are the biggest gainers. PTT is a gainer (but only just). We also observed that PTT group stock price performance has not fully reflected supply disruption risks as TOP has been the biggest gainer YTD, while PTTEP the least.

Feedback/our view:

- Most investors agreed that TOP/IRPC is a 'top priority sell list' if such scenario were to happen. However, view on PTT varies. Some believe that because this scenario implies a national crisis, the Thai government could force PTT to subsidize petroleum prices (note that we have discussed this issue with PTT management and they had insisted that this would not be the case, and any oil subsidies would come from the government's pocket).
- While investors agreed that PTTEP is the biggest beneficiary of crude supply disruption, there was little interest in the company. In our view, this may have stemmed from PTTEP's recent attempt to bid for Cove Energy (which triggered capital raising concerns). One investor believe the market has in fact correctly priced in supply disruption risk for PTTEP - but the capital raising discount effect has prevented the stock from rising more.
- We estimate that the so-called discount effect may have chopped off at least 20% of PTTEP's value. We observed that PTTEP was trading at 14.6x forward P/E when Brent reached US$126.5/bbl in April 2011. It currently trades at 11.3x forward PE. The good news is that most investors we talked to appear to be willing to shrug off capital raising concern if conflicts were to break out - implying that PTTEP could be poised for a big gain 'once the shooting starts'.
- Nonetheless, given that such conflict is difficult to predict, we continue to stick to PTTGC as our top pick as the stock is also highly leveraged to crude price but has limited 'internal risks'.

Thapana Phanich
Tisco Securities Co, Ltd
Research Analyst
(+66) 2 633 6472
thapana.phanich@db.com

Asia ASEAN Indonesia
Banking/Finance

7 March 2012

BNI

Reuters: **BBNI.JK** Bloomberg: **BBNI IJ** Exchange: **JKT** Ticker: **BBNI**

Undervalued growth bank

Raymond Kosasih, CFA
PT Deutsche Bank Verdhana Indonesia
Research Analyst
(+62) 21 318 9525
raymond.kosasih@db.com

Arinta Harsono
PT Deutsche Bank Verdhana Indonesia
Research Analyst
(+62) 21 318 9519
arinta.harsono@db.com

Forecast Change

Buy

Price at 6 Mar 2012 (IDR)	**3,700**
Price target - 12mth (IDR)	**5,850**
52-week range (IDR)	**4,575 - 3,175**
Jakarta Comp. Index	**3,967.08**

Key changes

Provisioning (FYE)	4,049.8 to 3,149.0 ↓	**-22.2%**
Net int margin (FYE)	5.79 to 5.46 ↓	**-5.7%**
Net profit (FYE)	6,693.5 to 6,828.6 ↑	**2.0%**

Price/price relative

Performance (%)	1m	3m	12m
Absolute	*8.0*	*-3.3*	*-2.6*
Jakarta Comp. Index	*-0.2*	*5.7*	*12.0*

Stock data

Market cap (IDRbn)	**69,004**
Market cap (USDm)	**7,552**
Shares outstanding (m)	**18,649.7**
Major shareholders	**Government of Indo (60%)**
Free float (%)	**40**
Avg daily value traded (USDm)	**15.724**

Key indicators (FY1)

ROE (%)	**17.0**
Loan/deposit ratio (%)	**75.5**
Book value/share (IDR)	**2,289.59**
Price/book (x)	**1.6**
NPL/total loans (%)	**3.6**
Net int margin (%)	**5.5**
Adjusted ROE (%)	**0.0**

Under-appreciated growth; Buy

We have raised our earnings projections for BNI after FY11 results. We believe that the company's turnaround momentum continues into 2012-14, which should translate into a three-year (2011-14F) earnings CAGR of 19.6% – among the fastest growing banks – resulting into a gradual uptrend in NIM. Despite strong growth, we think the stock is still under-appreciated as seen in its lowest 12F PEG multiple of 0.5x (compared to the sector's average of 0.8x). Maintaining Buy.

Marginal earnings upgrades after FY11 results

We have tweaked up our 2012-13F earnings by c.2% after the FY11 results. BNI's investments in both personnel and distribution channels, while raising costs, are imperative to drive its future growth, as the bank has moved to the next stage of transformation (away from asset restructuring). This should translate into a three-year (11-14F) earnings CAGR of 20%, ahead of the sector average of 15%.

Undervalued growth bank

Among the major banks, BNI is the cheapest growth stock. At current price, the stock trades at a 12F PEG of 0.5x, which is at a 37% discount to the sector average of 0.8x. We argue that one of the main drivers to the stock's relatively superior growth profile relates to its underutilized balance sheet, which should result in a marginal decline in its NIM. Indeed, since 2005, BNI has been hovering at c.5.5%, unlike its peers in the high-yield segments which see an evident NIM downtrend (see inside for details).

Target price of Rp5,850

We derive our target price based on the DuPont Model (see inside). Key risks are higher opex and NPL formation, intense competition in lending (which could lower loan growth and asset yields) and deposit taking (which could raise COFs).

Forecasts and ratios

Year End Dec 31	2010A	2011A	2012E	2013E	2014E
Provisioning (IDRbn)	3,629.4	2,420.7	**3,149.0**	4,319.8	5,183.7
Pre-prov profit (IDRbn)	9,115	9,882	**11,663**	14,578	17,607
Net profit (IDRbn)	4,101.7	5,825.9	**6,828.6**	8,224.2	9,956.3
EPS (IDR)	219.95	312.39	**366.15**	440.99	533.86
EPS growth (%)	35.2	42.0	**17.2**	20.4	21.1
PER (x)	13.0	12.2	**10.1**	8.4	6.9
Price/book (x)	2.2	1.9	**1.6**	1.4	1.2
Yield (net) (%)	1.8	2.0	**2.4**	2.8	3.4
ROE (%)	15.7	16.4	**17.0**	17.9	18.9

Source: Deutsche Bank estimates, company data

[1] DB EPS is fully diluted and excludes non-recurring items
[2] Multiples and yields calculations use average historical prices for past years and spot prices for current and future years, except P/B which uses the year end close

Asia China
Consumer Retail/Wholesale Trade

7 March 2012

SUN ART RETAIL GROUP

Reuters: **6808.HK** Bloomberg: **6808 HK** Exchange: **HSI** Ticker: **6808**

A volume game beneficiary; initiating with Hold

Anne Ling
Research Analyst
(+852) 2203 6177
anne.ling@db.com

Lydia Ling
Research Associate
(+852) 2203 6181
lydia.ling@db.com

A retailer that understands consumer satisfaction drives traffic and sales
We expect Sun Art will likely be a long-term beneficiary of China's secular trends and management's operational expertise. It is the largest hypermarket retailer in China, and we expect 52-64 new stores per year to drive a 35.4% CAGR in net profit in 2011-14. However, we believe the current valuation at 31.6x and 24.3x FY12E and FY13E PE is fair. The 1H12 operating environment might be tough due to a lower CPI in China. Our DCF target price is HK$10.42; thus, we initiate at Hold. Our preference is for Buy-rated Belle Int'l at this time.

Sun Art continues to enjoy secular growth trends and market consolidation
Sun Art stands out as the largest hypermarket operator in China (12.8% by value in 2011) and is one of few national players. We attribute its success to its focus on planning (a standard store opening manual) and execution (focus on traffic with a low price policy, customer satisfaction and comfortable environments). We adjust GPM on a comparable basis; it shows that better EBITM from peers is due to higher average sales per store, and matching rental income with expense.

FY11-14E – net profit CAGR of 35.4% mainly driven by sales growth
We expect sales growth of 23.8% CAGR for FY11-14E, driven by 20.7% store growth (52-64 stores per year) and mid- to high-single digit SSS growth. The company aims to improve GPM by altering its mix toward high-margin products to offset the operating cost pressure. Therefore, we expect Sun Art to report 35.4% net earnings three-year CAGR for FY11-14E. We expect higher growth in FY12 owing to Sun Art's acquisition of minority stakes.

DCF-based target price of HK$10.42 implies FY12E PE of 33x; risks
Our primary valuation methodology is DCF (p.5), which yields a target price of HK$10.42. We also look at trading multiples in the consumer sector, which we believe support this target price when taking into account the strong earnings growth that we expect Sun Art to deliver. Downside risks: 1) keen competition, 2) over expansion and 3) increasing operating costs. Upside risks: 1) better-than-expected SSS growth and 2) higher-than–guided EBITM trend (see p.50 for more).

Forecasts and ratios

Year End Dec 31	2010A	2011A	**2012E**	2013E	2014E
Sales (CNYm)	56,168.0	68,084.0	**83,398.1**	104,371.9	129,266.6
EBITDA (CNYm)	3,609.0	4,344.0	**5,620.0**	7,110.8	8,817.5
Reported NPAT (CNYm)	1,031.0	1,600.0	**2,432.7**	3,163.7	3,972.8
Reported EPS FD(CNY)	0.19	0.20	**0.26**	0.33	0.42
DB EPS FD(CNY)	0.19	0.20	**0.26**	0.33	0.42
DB EPS growth (%)	27.1	6.8	**27.4**	30.0	25.6
PER (x)	–	40.8	**31.6**	24.3	19.4
EV/EBITDA (x)	–	13.3	**12.2**	9.5	7.3
DPS (net) (CNY)	0.13	0.08	**0.10**	0.13	0.17
Yield (net) (%)	–	1.0	**1.3**	1.6	2.1

Source: Deutsche Bank estimates, company data

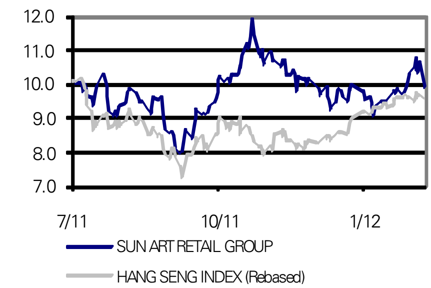
[1] DB EPS is fully diluted and excludes non-recurring items
[2] Multiples and yields calculations use average historical prices for past years and spot prices for current and future years, except P/B which uses the year end close

Coverage Change

Hold

Price at 5 Mar 2012 (HKD)	**9.93**
Price target - 12mth (HKD)	**10.42**
52-week range (HKD)	**11.92 - 7.92**
HANG SENG INDEX	**21,265**

Price/price relative



Performance (%)	1m	3m	12m
Absolute	6.9	-5.6	–
HANG SENG INDEX	2.4	10.9	-9.2

Stock data

Market cap (HKDm)	**94,732**
Market cap (USDm)	**12,202**
Shares outstanding (m)	**9,540.0**
Major shareholders	**Ruextex Group (41.29%)**
Free float (%)	**23**
Avg daily value traded (USDm)	**0.000**

Key indicators (FY1)

ROE (%)	**15.3**
Net debt/equity (%)	**-49.6**
Book value/share (CNY)	**1.74**
Price/book (x)	**4.6**
Net interest cover (x)	**–**
Operating profit margin (%)	**4.3**

Asia ASEAN Philippines
Banking/Finance Banks

7 March 2012

Bank of Phil Islands

Reuters: **BPI.PS** Bloomberg: **BPI PM** Exchange: **PHS** Ticker: **BPI**

Upgrading forecasts and target price, but rating down to Hold

Rafael Garchitorena
Deutsche Regis Partners, Inc.
Research Analyst
(+63) 2 894 6644
rafael.garchitorena@db.com

Leveraged to growth; but reflected in share price
BPI seems to have shifted into growth mode with a strong performance from its loans, fund management and insurance operations. Headline net profit of P12.8bn in 2011 also beat our expectations. The bank is arguably among the most leveraged to growth, given 65% LDR and 15% CAR at end-2011. We upgrade our target price to P68/sh, but downgrade our recommendation to Hold, given the stock's recent strong performance.

2011 net profit up 13% on strong loans (+20%), trust and insurance
In recent years, BPI seems to have increased its risk appetite. Loans grew 20% in 2011, its fastest expansion since before the 1997 Asian Financial Crisis. Trust assets under management (AUM) jumped 38% including the acquisition of the domestic fund management business of ING. BPI's JV with Philamlife saw insurance income surge 50% in 9M11. These developments helped net profit grow 13% to P12.8bn in 2011, ahead of our expectations.

Lots of capacity for growth; earnings estimates raised 7-10%
Despite its more aggressive growth posture, BPI remains conservatively funded and capitalized. At end-2011, the bank's LDR stood at just 65% and CAR was 14.9%, giving it sufficient capacity for several years of elevated loan growth. We increase our loan growth estimates from 12% to 15% for 2012F/13F, and raise net profit forecasts by 7% in 2012F and 10% in 2013F.

Target price raised to P68/sh; but recommendation down to Hold
We believe BPI is best positioned to ride what we believe is the start of a sustained upturn in the investment and credit cycles. We increase our target price by c.10% to P68/sh, based on (ROE-g)/(COE-g) methodology, assuming COE of 13% (previously 14%), a long-term ROE of 19% and growth of 9%. However, the stock has surged 26% since 4Q11, and now trades close to our revised target price. Upside and downside risks include overall loan demand and the competitive landscape (more on valuation and risk from p. 5).

Forecasts and ratios

Year End Dec 31	2009A	2010A	**2011E**	2012E	2013E
Net profit (PHPm)	8,516.0	11,312.0	**12,632.5**	14,327.3	16,789.0
EPS (PHP)	2.62	3.32	**3.55**	4.03	4.72
EPS growth (%)	32.6	26.7	**6.8**	13.4	17.2
PER (x)	16.1	14.8	**19.9**	17.6	15.0
Price/book (x)	2.33	2.48	**2.87**	2.64	2.38
Yield (net) (%)	4.3	3.4	**2.5**	2.5	2.5
ROE (%)	13.1	15.3	**15.0**	15.6	15.8

Source: Deutsche Bank estimates, company data

[1] DB EPS is fully diluted and excludes non-recurring items
[2] Multiples and yields calculations use average historical prices for past years and spot prices for current and future years, except P/B which uses the year end close

Recommendation Change

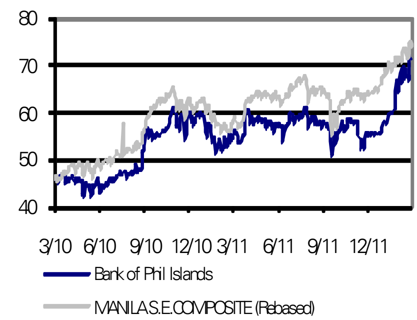
Hold

Price at 6 Mar 2012 (PHP)	**70.85**
Price target - 12mth (PHP)	**68.00**
52-week range (PHP)	**72.00 - 51.00**
MANILA S.E.COMPOSITE	**4,967**

Key changes

Rating	Buy to Hold	↓	
Price target	62.00 to 68.00	↑	**9.7%**
Provisioning (FYE)	3,067.6 to 2,188.1	↓	**-28.7%**
Net int margin (FYE)	3.43 to 3.37	↓	**-1.7%**
Net profit (FYE)	12,133.9 to 12,632.5	↑	**4.1%**

Price/price relative



Performance (%)	1m	3m	12m
Absolute	*6.1*	*27.7*	*31.9*
MANILA S.E.COMPOSITE	*3.1*		*16.0*

Stock data

Market cap (PHPm)	**251,957**
Market cap (USDm)	**5,866**
Shares outstanding (m)	**3,245.6**
Major shareholders	**Ayala Corp (36%)**
Free float (%)	**30**
Avg daily value traded (USDm)	**3.1**

Key indicators (FY1)

ROE (%)	**15.0**
Loan/deposit ratio (%)	**66.8**
Book value/share (PHP)	**24.65**
Price/book (x)	**2.9**
NPL/total loans (%)	**2.8**
Net int margin (%)	**3.37**
Adjusted ROE (%)	**0.0**

Related recent research	Date
Philippine Banks - This time it's (a little) different	
Rafael Garchitorena	14 Oct 2011

Asia Hong Kong
Technology Semiconductor & Semiconductor Equipment

8 March 2012

ASM Pacific Technology

Reuters: **0522.HK** Bloomberg: **522 HK** Exchange: **HKG** Ticker: **0522**

The semiconductor business is shaping up

Michael Chou
Research Analyst
(+886) 2 2192 2836
michael.chou@db.com

Kevin Wang
Research Associate
(+886) 2 2192 2823
kevin.wang@db.com

Raising estimates
We raise our 2012-13 EPS forecasts by 7%/3%, respectively, to factor in an improved outlook for ASMP's copper wire-bonder business. We expect the company to gain share in the semiconductor copper wire bonder market at a faster pace based on its enhanced product lines. We also introduce our 2014 EPS forecast. We lift our target price from HK$73 to HK$78. However, we maintain our Sell rating due to the stretched valuation.

4Q11 met our estimates; we expect moderate recovery in 1Q12
EPS came in at HK$0.39 in 4Q11 (57% QoQ and 82% YoY drop), in line with our estimate. Sales, GM, and tax beat our forecasts in 4Q11 while OPM slightly missed our estimate. We expect sales to grow 5% QoQ in 1Q12, driven mainly by the cyclical recovery in the semiconductor equipment. We project GM and OPM to recover 2.5ppt and 3.6ppt QoQ to 32.0% and 12.2% in 1Q12, respectively, as a result of a higher utilization in the semiconductor business and continued cost-down efforts in the SMT products.

Market share expansion in copper wire-bonders
Management highlighted positive feedback for its new copper wire-bonders which can enhance the yield rate and throughput vs. the level of its previous products. We now project the company to penetrate more top-tier OSAT (outsourced semiconductor assembly and testing) vendors in 2012-13 (i.e., ASMP used to have limited share in top-tier OSAT companies for copper wire bonders).

Catalysts, valuation and risks
In our view, negative catalysts for the stock include: 1) limited addressable market for flip-chip bonders and ASMP's moderate market share expansion in 2012, and 2) weaker-than-expected outlook for the LED back-end equipment market and ASMP's market share decline in 2012E. Our revised target price of HK$78 (NT$73 previously) is based on 4.1x 2012E P/B, which is below the 2003-11 average P/B of 5.2x. This reflects the 2012-13E average ROE of 30%, which is well below the 2003-11 average of 41%. Upside risks include faster market share gain in flip-chip/SMT and strong demand.

Forecasts and ratios

Year End Dec 31	2010A	2011A	**2012E**	2013E	2014E
Sales (HKDm)	9,515	12,915	**13,312**	14,588	15,498
Net Income (HKDm)	2,842	2,932	**2,117**	2,407	2,671
DB EPS FD(HKD)	7.17	7.37	**5.32**	6.05	6.71
DB EPS growth (%)	202.1	2.7	**-27.8**	13.7	11.0
PER (x)	9.8	12.6	**18.6**	16.3	14.7
Price/BV (x)	7.6	5.5	**5.2**	4.5	3.9
DPS (net) (HKD)	4.80	2.40	**2.90**	3.39	3.44
Yield (net) (%)	6.8	2.6	**2.9**	3.4	3.5
ROE (%)	66.5	51.4	**30.7**	29.7	28.6

Source: Deutsche Bank estimates, company data

[1] DB EPS is fully diluted and excludes non-recurring items
[2] Multiples and yields calculations use average historical prices for past years and spot prices for current and future years, except P/B which uses the year end close

Results

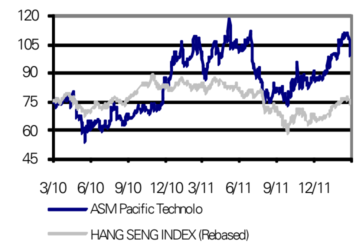
Sell

Price at 7 Mar 2012 (HKD)	**98.80**
Price target - 12mth (HKD)	**78.00**
52-week range (HKD)	**117.50 - 72.75**
HANG SENG INDEX	**20,628**

Key changes

Price target	73.00 to 78.00 ↑	**6.8%**
Sales (FYE)	11,995 to 13,312 ↑	**11.0%**
Op prof margin (FYE)	20.2 to 19.6 ↓	**-2.8%**
Net profit (FYE)	1,963.4 to 2,116.9 ↑	**7.8%**

Price/price relative



Performance (%)	1m	3m	12m
Absolute	*-3.4*	*9.1*	*0.9*
HANG SENG INDEX	*-0.3*	*7.2*	*-11.5*

Stock data

Market cap (HKDm)	**38,934**
Market cap (USDm)	**5,015**
Shares outstanding (m)	**394.1**
Major shareholders	**ASM International (52.6%)**
Free float (%)	**46**
Avg daily value traded (USDm)	**7.5**

Key indicators (FY1)

ROE (%)	**30.7**
Net debt/equity (%)	**-24.5**
Book value/share (HKD)	**18.9**
Price/book (x)	**5.2**
Net interest cover (x)	**–**
Operating profit margin (%)	**19.6**

DB EPS estimates vs. consensus

Year	2012E	2013E
DB's estimates (NT$)	5.32	6.05
Consensus estimates (NT$)	4.97	6.78
DB over consensus (%)	7%	-11%

Asia China
Property Property

7 March 2012

China Resources Land

Reuters: **1109.HK** Bloomberg: **1109 HK** Exchange: **HKG** Ticker: **1109**

A fast-growing integrated property company in China

Tony Tsang
Research Analyst
(+852) 2203 6256
tony.tsang@db.com

Jason Ching, CFA
Research Analyst
(+852) 2203 6205
jason.ching@db.com

Reiterating Buy, raising TP to HK$21.13 on growth in investment properties
In the past five years, CR Land has continued to expand its operational scale in both property sales and property investment by entering more new cities (including Tier-3/4 cities) and broadening its foothold in cities that it has entered. This expansion strategy now provides CR Land with solid increases in saleable resources for property sales and increases in recurrent rental income for property investment. With these, we expect strong growth momentum for earnings and NAV for CR Land, which should become a large integrated property company.

GFA of CR Land's investment properties portfolio to rise 93% by end-2013
Currently, the rentable GFA of CR Land's investment properties portfolio is about 0.91msm. Based on CR Land's development plan, the rentable GFA of its investment properties portfolio should increase to about 1.75msm by end-2013. This planned increase should drive growth in the company's recurrent rental income. At the same time, with more investment properties completed, the resulting revaluations of investment properties on the balance sheet should help increase CR Land's shareholders' equity, which should help bring down the gearing levels on the balance sheet and further enhance its financing capacities.

Strong sales momentum should continue in 2012
In 2011, CR Land achieved contracted sales of RMB35.88bn, up 61% YoY, beating its target by 20%. The strong increase in contracted sales was achieved by an increase in saleable resources and management's flexible pricing strategy, which enhanced asset turnover. In our view, this upward trend should continue for 2012 and 2013. Based on CR Land's latest plan, in 2012 it is planning to complete 41 projects in 21 cities, with a total GFA of 4.16msm, up from 26 projects in 13 cities with 2.25msm in 2011. In 2013, its completion is scheduled to rise further to 52 projects in 31 cities with total GFA of about 5.4msm.

Convincing valuations at 49% NAV discount and 1.4x 2011E P/B
Our target price (revised up from HK$19.22 to HK$21.13) is based on a 20% discount to our estimated NAV of HK$26.41 for CR Land, which factors in 10-20% declines in ASPs in 2012 for Tier-1/2 cities. We have increased our NAV and target price on new projects and better-than-expected growth in rents and capital values of commercial properties in 2011. Risks: stricter-than-expected tightening, weaker-than-expected volume pick-up after price cuts and unexpected economic volatility.

Forecasts and ratios

Year End Dec 31	2009A	2010A	**2011E**	2012E	2013E
Sales (HKDm)	16,601.3	25,729.2	**29,751.7**	41,184.6	46,895.7
Reported NPAT (HKDm)	4,408.9	6,026.5	**5,890.5**	7,670.0	8,487.0
DB EPS FD (HKD)	0.60	0.84	**1.07**	1.32	1.46
DB EPS growth (%)	55.6	40.4	**26.9**	22.9	10.7
PER (x)	25.0	18.3	**12.6**	10.2	9.2
Yield (net) (%)	1.6	2.0	**2.3**	2.3	2.3

Source: Deutsche Bank estimates, company data

[1] DB EPS is fully diluted and excludes non-recurring items
[2] Multiples and yields calculations use average historical prices for past years and spot prices for current and future years, except P/B which uses the year end close

Company Update

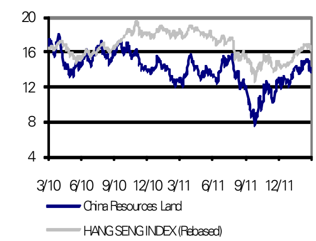
Buy

Price at 7 Mar 2012 (HKD)	**13.46**
Price target - 12mth (HKD)	**21.13**
52-week range (HKD)	**15.64 - 7.49**
HANG SENG INDEX	**20,628**

Key changes

Price target	19.22 to 21.13 ↑	**9.9%**
Sales (FYE)	28,830 to 29,752 ↑	**3.2%**
Op prof margin (FYE)	35.5 to 36.1 ↑	**1.6%**
Net profit (FYE)	5,855.2 to 5,890.5 ↑	**0.6%**

Price/price relative



Performance (%)	1m	3m	12m
Absolute	*-0.6*	*5.0*	*6.7*
HANG SENG INDEX	*-0.3*	*7.2*	*-11.5*

Stock data

Market cap (HKDm)	**78,408**
Market cap (USDm)	**10,100**
Shares outstanding (m)	**5,496.4**
Major shareholders	**CR Hldgs Co Ltd (65.05%)**
Free float (%)	**34**
Avg daily value traded (USDm)	**22.6**

Key indicators (FY1)

ROE (%)	**11.6**
Net debt/equity (%)	**75.3**
Book value/share (HKD)	**9.54**
Price/book (x)	**1.4**
Net interest cover (x)	**11.8**
Operating profit margin (%)	**36.1**

Asia ASEAN Malaysia
Consumer Hotels/Leisure/Gaming

8 March 2012

Genting Malaysia BHD

Reuters: **GENM.KL** Bloomberg: **GENM MK** Exchange: **KLS** Ticker: **GENM**

Embracing (long-term) growth

Aun-Ling Chia, CFA
Research Analyst
(+60) 3 2053 6768
aun-ling.chia@db.com

Forecast Change

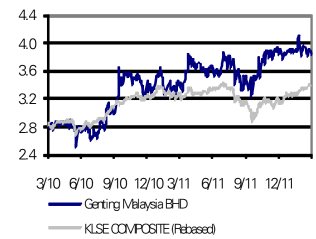
Buy

Price at 7 Mar 2012 (MYR)	**3.83**
Price target - 12mth (MYR)	**4.38**
52-week range (MYR)	**4.10 - 3.23**
KLSE COMPOSITE	**1,575**

Key changes

Price target	4.50 to 4.38	↓	**-2.7%**
Sales (FYE)	9,800 to 8,045	↓	**-17.9%**
Op prof margin (FYE)	25.6 to 30.5	↑	**19.1%**
Net profit (FYE)	1,856.0 to 1,827.2	↓	**-1.5%**

Price/price relative



Performance (%)	1m	3m	12m
Absolute	*-4.5*	*-1.8*	*12.6*
KLSE COMPOSITE	*2.3*	*6.2*	*3.9*

Stock data

Market cap (MYRm)	**22,690**
Market cap (USDm)	**7,501**
Shares outstanding (m)	**5,924.4**
Major shareholders	**Genting Bhd (48.5%)**
Free float (%)	**52**
Avg daily value traded (USDm)	**6.6**

Key indicators (FY1)

ROE (%)	**14.5**
Net debt/equity (%)	**-16.5**
Book value/share (MYR)	**2.25**
Price/book (x)	**1.7**
Net interest cover (x)	**–**
Operating profit margin (%)	**30.5**

Pause for next stage of regional expansion
Genting Malaysia's value proposition remains intact despite a temporary setback for its aggressive expansion plan in the US. We forecast FY12 core NP growth of 18.5%, reaping the full benefit of RWNY opening, before tapering to 8-9% pa. The upcoming general elections in Malaysia may be an overhang for those concerned about potential changes in political dynamics impacting the gaming sector. We trim the target price marginally to RM4.38/share.

Reaping regional expansion benefits; US liberalization to resume in 2013
In the last two years, Genting Malaysia expanded aggressively, spending RM5.0bn (US$1.67bn) to transform itself from a single market operator to one having a presence in three different jurisdictions. The US and the UK are projected to account for 18% of FY12E EBITDA. We believe the focus this year will be on reaping the benefits of investments while preparing for potential further gambling liberalization in Florida and New York, which we expect to gain momentum from 2013.

Earnings reviewed; we forecast 2-year NP CAGR of 18.5% or 13.4% ex-EI
We have marginally cut FY12-13E net profit by 0.6-2.3% after taking into account the recent gaming floor addition at Resorts World Genting (RWG) and a slower growth projection for the UK. Combined with full-year contribution from Resorts World New York (RWNY), we forecast a 2-year core NP CAGR of 13.4% (ex one-offs) where resilient domestic mass gaming market, cross marketing synergies of VIP players and continuous revitalization programmes at UK provincial casinos should drive RWG and UK CAGR at 9.3% and 8.3% respectively. Our FY12-13 forecasts are 8-11% above Street.

Target price revised to RM4.38/share; maintaining Buy
We are trimming SOTP-derived target price from RM4.50 to RM4.38 to reflect our latest EBITDA forecasts for each gaming market, projected FY12 net cash and various investment properties at book cost. Our TP implies 2012E EV/EBITDA of 7.0x and PE of 14.0x. Key risks: intensifying regional competition, regulatory changes in operating countries and an economic downturn affecting visitations.

Forecasts and ratios

Year End Dec 31	2010A	2011A	**2012E**	2013E	2014E
Sales (MYRm)	5,333.1	8,493.7	**8,044.6**	8,618.2	9,200.5
EBITDA (MYRm)	2,024.1	2,330.2	**2,874.7**	3,100.0	3,318.4
Reported NPAT (MYRm)	1,276.1	1,427.8	**1,827.2**	2,005.3	2,188.2
Reported EPS FD(MYR)	0.22	0.24	**0.31**	0.34	0.37
DB EPS FD(MYR)	0.24	0.26	**0.31**	0.34	0.37
% Change	1.7%	0.2%	**-0.6%**	-2.3%	–
DB EPS growth (%)	-0.2	10.8	**18.5**	8.6	9.1
PER (x)	12.6	13.7	**12.3**	11.3	10.4
EV/EBITDA (x)	6.0	7.2	**6.0**	5.1	4.3
Yield (net) (%)	2.0	1.8	**1.8**	2.0	2.1

Source: Deutsche Bank estimates, company data

[1] DB EPS is fully diluted and excludes non-recurring items
[2] Multiples and yields calculations use average historical prices for past years and spot prices for current and future years, except P/B which uses the year end close

Asia ASEAN Philippines
Banking/Finance Banks

7 March 2012

Security Bank Corp

Reuters: **SECB.PS** Bloomberg: **SECB PM** Exchange: **PHS** Ticker: **SECB**

Growth strategy emerges; estimates & target price raised

Rafael Garchitorena
Deutsche Regis Partners, Inc.
Research Analyst
(+63) 2 894 6644
rafael.garchitorena@db.com

Raising target price to P145 - maintaining Buy
SECB has outlined a growth strategy that involves a near-doubling of its branch network by 2014, through which it intends to push consumer, SME, leasing and wealth management products. Meanwhile, the bank posted remarkable 2011 results, prompting us to increase our 2012/13 estimates by an average of 15%. We raise our target price to P145/sh and maintain our Buy recommendation.

Nearly doubling branch network – from 130 in 2010 to 258 by 2014F
SECB was awarded 50 new branch licenses in the restricted areas (RA) of Metro Manila. Together with its acquisition of Premier Bank and the opening of new non-RA branches, SECB intends to have 258 branches by 2014, nearly double the 2010 level. The bank is beefing up its stock broking and asset management divisions to sell wealth management products to its high net-worth deposit clientele. It has also entered a JV with Marubeni for the leasing of construction and mining equipment, to capitalize on these sectors' potentially explosive growth.

2011 net profit beats by 51% – upgrading 2012/13 estimates by 17.5%
Headline 2011 net profit of P6.7bn was 51% ahead of our forecasts. While trading gains accounted for much of the surprise, net interest income was also strong, on loan growth of 24%. We have increased our 2012/13 estimates by an average of 17.5% as a result, already taking into account the high upfront cost of SECB's branch expansion plans.

Raising target price 38% to P145
We increase our target price for SECB by 38% to P145/sh, owing to our higher earnings estimates and a lower COE (13% vs. 14% previously), based on (ROE-g)/(COE-g) methodology assuming long-term ROE of 18% and growth of 8%. Maintaining Buy. Key downside risks relate to execution on SECB's branch expansion and to intense competition (more on valuation and risks from page 6).

Forecasts and ratios

Year End Dec 31	2009A	2010A	2011E	2012E	2013E
Provisioning (PHPm)	512.4	247.3	**0.0**	416.8	588.4
Net profit (PHPm)	3,094.9	7,182.5	**6,706.0**	5,756.4	6,295.6
EPS (PHP)	6.82	14.25	**13.30**	11.41	12.49
EPS growth (%)	34.8	108.9	**-6.7**	-14.2	9.4
PER (x)	4.7	4.0	**9.7**	11.3	10.4
Price/book (x)	1.14	1.46	**2.15**	1.88	1.66
Yield (net) (%)	4.7	2.9	**1.5**	2.3	2.3
ROE (%)	20.1	33.8	**24.4**	17.7	17.0

Source: Deutsche Bank estimates, company data

[1] DB EPS is fully diluted and excludes non-recurring items
[2] Multiples and yields calculations use average historical prices for past years and spot prices for current and future years, except P/B which uses the year end close

Forecast Change

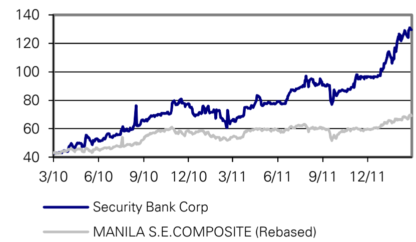
Buy

Price at 6 Mar 2012 (PHP)	**129.40**
Price target - 12mth (PHP)	**145.00**
52-week range (PHP)	**131.00 - 65.00**
MANILA S.E.COMPOSITE	**4,967**

Key changes

Price target	105.00 to 145.00	↑	**38.1%**
Provisioning (FYE)	459.2 to 0.0	↓	**-100.0%**
Net int margin (FYE)	3.91 to 4.20	↑	**7.4%**
Net profit (FYE)	4,422.2 to 6,683.1	↑	**51.1%**

Price/price relative



Performance (%)	1m	3m	12m
Absolute	*6.7*	*35.1*	*99.1*
MANILA S.E.COMPOSITE	*3.1*	*16.0*	

Stock data

Market cap (PHPm)	**65,005**
Market cap (USDm)	**1,513**
Shares outstanding (m)	**502.4**
Major shareholders	**Frederick Dy (42%)**
Free float (%)	**37**
Avg daily value traded (USDm)	**3.5**

Key indicators (FY1)

ROE (%)	**24.4**
Loan/deposit ratio (%)	**77.4**
Book value/share (PHP)	**60.27**
Price/book (x)	**2.1**
NPL/total loans (%)	**0.9**
Net int margin (%)	**4.20**
Adjusted ROE (%)	**0.0**

Related recent research	Date
Philippine Banks - This time it's (a little) different	
Rafael Garchitorena	14 Oct 2011

Global

6 March 2012

Global Strategy Flash

Weekly Cross Asset Views

Strategy Update

Research Team

Dominic Konstam
Research Analyst
(+1) 212 250-9753
dominic.konstam@db.com

Joseph LaVorgna
Economist
(+1) 212 250-7329
joseph.lavorgna@db.com

Carl Riccadonna
Economist
(+1) 212 250-0186
carl.riccadonna@db.com

John Clinkard
Chief Economist
(+1) 416 682-8221
john.clinkard@db.com

Makoto Yamashita, CMA
Strategist
(+81) 3 5156-6622
makoto.yamashita@db.com

Greg Poole
Equity Focus
(+1) 212 250-9902
greg.poole@db.com

Economics

- U.S.: A key reason why we have become more optimistic on the labor market this year is due to decelerating productivity growth. Even though we may see a one-tenth upward revision to Q4 2011 nonfarm productivity to +2.0%, the trend has definitely been moving downward.
- Canada: Recent economic releases including the IVEY Purchasing Managers Index, the 2012 Survey of Investment and both the Q4/2011 and the Dec GDP reports were generally positive.

Interest Rates and FX

- Japan: The 10-year JGB yield remained in a range of 0.95-1.00%. The JGB market tested upside as end-February maturity lengthening by index players was longer than in normal months, however, JGBs were capped due to firm Japanese stocks and the yen depreciation.
- U.S.: Our regression analysis of real yields on the SOMA Treasury portfolio duration as a share of the Treasury market suggests the Twist has been worth about 50bp in ten-year real yield in some models. If the market fully prices in a continuation of the Twist in the second half of 2012, real yields are likely to decline further, particularly in the long end.
- Canada: The 20-year sector on the CAD swaps curve has cheapened since February. We like receiving 20-year swaps vs 10s and 30s.

Credit, MBS & Equities

- Equities: As the market begins to price in excess supply and reduced-to-flat demand over the coming years, it can push oil prices lower and maybe some of the related stock prices too. 1x2 put spreads on the stronger stocks in the energy sector would seem to be a reasonable way to express these views.

Asia Taiwan

7 March 2012

Asia Data Flash

Taiwan export growth rebounds

Periodical

Table of Contents

Research Team

Juliana Lee
Senior Economist
(+852) 2203 8312
juliana.lee@db.com

Exports surprised to the upside in February, with growth rebounding to +10.3%yoy from -16.8% in January. While a rebound was widely expected, as the Lunar New Year holiday effects dropped out of the data, the result was better than the market and our forecast of 9.5%. By goods, this was a broad-based improvement, led by exports of food and mineral products, which rose 52.6% and 43.3%, respectively, in February, vs. the 12.4% and 27.2% fall reported in January. Meanwhile, exports of machinery/electrical equipment, which constitute about 45% of Taiwan's total exports, also recovered, rising 6.6% in February vs. 21.5% fall in January. By destination, this improvement was dominated by exports to ASEAN countries. Exports to the Philippines, Singapore, Thailand, Indonesia and Malaysia rose 38.9%, 32.3%, 22.9%, 18.3%, 16.7%, respectively, in Februray, vs. -10.8%, +6.0%, -12.2%, -9.3% and -6.9% in January. Meanwhile, exports to China rose 3.8% in February, vs. the 25.0% fall reported in January, while exports to the United States contracted at a slower pace of 0.9% vs. 11.2% in the same period. With import growth rebounding at a slower pace, to +1.3% in February from -11.9% in January, Taiwan's trade balance surplus widened to USD2.8bn from USD0.4bn in the same period. With China's PMI rising further and the US ISM remaining above 50, we continue to look for a turnaround in Taiwan's exports in Q1. Note that on a 3mma basis, Taiwan's exports fell at a slower pace of 2.7% in February vs. 5.2% in January, suggesting export growth may have bottomed. While oil price hikes driven by supply shocks pose a serious threat to this recovery, oil prices at the current level are well within the 10% range of our assumption and may very well be explained by global growth. Hence, at the current level of oil prices, we continue to look for a recovery in Taiwan's growth in Q1.

Asia ASEAN Malaysia

7 March 2012

Asia Data Flash

Malaysia: Weak export

Periodical

Research Team

Michael Spencer, Ph.D
Chief Economist
(+852) 2203 8303
michael.spencer@db.com

Growth in Malaysia's exports slowed to a 26-month low of 0.4%yoy in January, partly due to the LNY effect. This was slightly lower than our (1.0%) and consensus (2.1%) expectations. Electronics/electrical exports saw a decline of 5.5%yoy in January versus a 2.2% decline in December. Despite a 6.4%yoy decline in crude oil exports, overall gas and petroleum exports remained very strong in January, rising an estimated 36.5%yoy up from about 21% in December. Note that despite the rise in crude oil prices in recent weeks, the YoY change in crude prices declined in January, so there was likely significantly higher volume growth in January. In recent months, import growth has risen above export growth, and this continued in January. Imports rose 3.3%yoy, a little higher than we'd expected (2.0%) which brought the trade surplus down to MYR8.75bn versus MYR10.0bn a year ago. Exports to China (likely due to the LNY) and Europe were down significantly versus a year ago, but exports to Japan were up 26.6%yoy due to sharply higher petroleum exports. This likely reflects Japan's increased demand for petroleum for power production after it shut down the vast majority of its nuclear power facilities. The "LNY effect" will likely see YoY growth in exports rise sharply in February and then fall back in March. We expect, though that by April evidence will have emerged to support our expectation that Q1 will be the trough for YoY exports, IP and GDP growth in Malaysia.

Global
7 March 2012

Global Commodities Daily

China's public housing spending continues to grow (Revised)

The Day Ahead

Time(EST)	Country	Event	Previous	Market View
00:00	Japan	Leading index CI (Jan)	94	95
06:00	Germany	Factory orders (MoM) (Jan)	1.70%	0.60%
07:00	US	MBA mortgage applications (Mar 0 2)	-0.30%	
08:15	US	ADP employment change (Feb)	170K	213K
10:30	US	EIA crude oil inventories	4160K	1500K

Overview

The correction in the oil price may not only be a sign that geopolitical risk premium may be subsiding but on our measure, it may be more of a function of a deterioration in growth expectations. In this regard, we believe the ratio of the S&P500 to the Brent crude oil price is worth monitoring closely since when oil prices are starting to impinge on economic activity it is very likely that this ratio will be falling as it has over the past few weeks. We therefore view the level of the crude oil price as close to the tipping point on economic activity. Another sign of weakening oil market fundamentals would be the Brent time spread. However, so far the Brent 2M-4M time spread although slight narrower over the past day still remains at relatively extreme levels of backwardation. For those investors concerned of the economic outlook going short backwardation would seem one route to express this view.

Our China economics team believes that 2012 is likely to be the peak year in terms of public housing construction during the 12th FYP. The government plans to start 7 million units and complete building 5 million units by the end of this year. In addition, the 10 million units started last year will continue construction this year. According to 2012 government budget at this week's NPC meeting, the central government will allocate 211.7bn RMB vs 172.1bn RMB in 2011. Meanwhile, total government (local+ central) spending on public housing will increase to 439.8bn vs 382.2bn last year or a 15% rise yoy, Figure 2. We believe a resumption of real estate FAI growth is likely to underpin industrial metals demand in H2 this year.

In aluminium, Rio Tinto Alcan announced that it would shut down its Lynemouth aluminium smelter in the U.K. by the end of this month, following an over three-month consultation with the employee representatives. The smelter, with an annual capacity of 175kt, was in the third quartile of the global cost curve, with cash costs of USD2,237/t. In copper, workers at the Kansanshi copper mine in Zambia resumed work, following a 15% pay rise.

In LNG markets, some have suggested that US LNG exports may be providing a floor for UK gas prices. However, on our calculations, we find that UK gas prices in 2015 would need to be 80p/th in order to attract US LNG away from Asian markets, using the forward curve for oil and assuming that LNG can transit the Panama Canal post-2014 improvements. So in fact, with Winter 14-15 UK prices at 73p/th, they would need to rise further if one assumes that the market must attract incremental LNG from Asia.

Commodities & Global Markets

Commodities News In Brief

- API crude inventories rose 4.6 mn bbls, gasoline down 2.3mmb, distillates up 0.9 mmb.
- China's largest offshore oil producer CNOOC Ltd said it is planning to produce between 330 mn and 340 mn barrels of crude oil in 2012.
- China's steel output in the first two months was 620 mn tonnes annualized and the growth is expected to be slow to 4% in 2012 amid weaker demand, the China Iron and Steel Association said.
- Wheat production in Australia is expected to fall 13% to 25.7 mn tonnes in the year from July 1 compared with 29.5 min tonnes in 2011-2012, the Canberra-based Australian Bureau of Agricultural and Resource Economics and Sciences said.
- China Petroleum & Chemical Corp. plans to boost oil-processing volume at its Luoyang refinery by 21% to 8 mn tonnes of crude oil in 2012 from 6.6 mn tonnes in 2011, the company said.
- Jiangxi Copper Co. Ltd., the largest copper producer in China, expects domestic copper demand in China to grow at c.7% in 2012.
- China's Jinchuan Group Ltd. will diversify into nickel pig iron with total nickel output rising to more than 200,000 metric tons from 130,000 tons of refined metal last year, said company chairman.

Global Markets News In Brief

- EZ GDP (QoQ) remain unchanged at -0.3% in the fourth quarter.

Event Risks

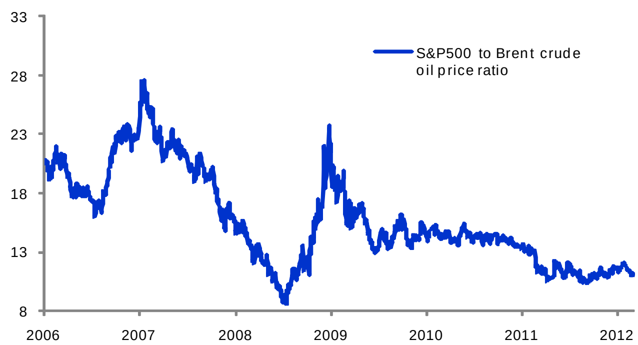
- ECB meeting, France on March 08.
- Italy and Spain auctions on March 09.
- OPEC OMR on March 09.
- EU Finance Ministers meet in Brussels March 12-13.
- FOMC meeting March 13.
- IEA OMR March 14.
- OECD summit New York March 14-15.

Research Team

Xiao Fu
Research Analyst
(44) 20 7547 1558
xiao.fu@db.com

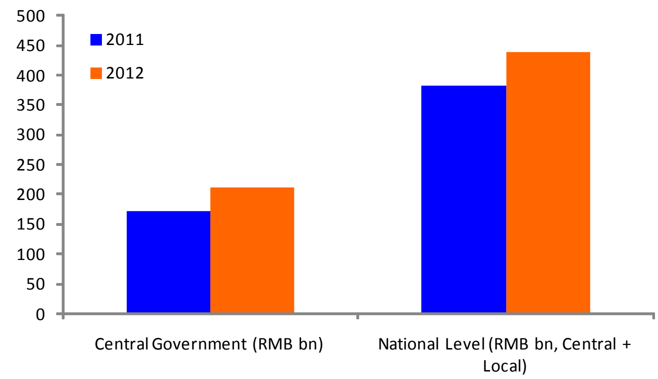
Michael Lewis
Research Analyst
(44) 20 7545 2166
michael.lewis@db.com

Figure 1: S&P 500 to Brent crude oil price ratio



Source: Deutsche Bank Bloomberg Finance LP

Figure 2: China government spending on public housing



Source: NDRC, Deutsche Bank

Commodity Price Summary

Energy	WTI (bbl)	Brent (bbl)	Nat Gas (mmBtu)	RBOB Gas (g)	Heating Oil (g)	API 4 (t)
Close (USD)	104.70	121.98	2.36	3.23	3.19	103.25
Daily price change	-1.9%	-1.5%	0.0%	-0.9%	-0.9%	-0.1%
YTD price change	5.9%	13.6%	-21.2%	20.2%	8.6%	-3.1%
Precious Metals & FX	Comex Gold	Comex Silver	Nymex Platinum	Nymex Palladium	EURUSD	USDJPY
Close (USD/oz) (level)	1672.10	32.74	1611.90	670.00	1.31	80.89
Daily price change	-1.9%	-2.7%	-3.0%	-5.0%	-0.8%	-0.8%
YTD price change	6.7%	17.5%	15.2%	2.1%	1.2%	5.2%
Industrial Metals	Aluminium	Copper	Lead	Nickel	Tin	Zinc
LME close 3M (USD/t)	2236	8290	2068	18745	22310	2012
LME close 3M (USc/lb)	101.4	376.0	93.8	850.3	1012.0	91.3
Daily price change	-2.3%	-2.5%	-3.7%	-1.7%	-3.1%	-3.6%
YTD price change	10.7%	9.1%	1.6%	0.2%	16.2%	9.1%
LME Stocks (t)	5,087,975	283,575	363,950	98,322	11,315	867,125
Daily change (t)	-8,100	-2,250	-850	-288	90	-250
Agriculture & Livestock	Corn (bsh)	Cotton (lb)	Live Cattle (lb)	Soybeans (bsh)	Sugar (lb)	Wheat (bsh)
NY close (USc)	658.00	92.37	125.78	1329.75	24.05	654.00
Daily price change	-1.2%	-0.4%	-2.0%	0.8%	-2.6%	-2.1%
YTD price change	1.8%	0.6%	2.3%	11.0%	3.2%	0.2%
Other prices	Baltic Dry Index	Iron Ore	Steel US HRC	Ethanol	EUA (CO2) Dec12 (Euro)	U3O8 USD/lb
Close (level)	787	143.0	697	2.29	8.54	51.50
Daily change	0.6%	-0.1%	-1.1%	0.1%	-3.4%	-0.5%
YTD change	-54.7%	3.3%	-0.7%	4.0%	16.7%	-1.4%
Indices	DBLCI-OY	DBLCI-MRE	DB Harvest	SPGSCI	DJUBS	SPWCI
NY close (level)	1344	321	289	5215	289	418
Daily change	-1.6%	-1.5%	0.0%	-1.5%	-1.7%	-1.2%
YTD change	5.8%	-4.4%	0.0%	6.8%	2.3%	11.3%

Source: Reuters, Bloomberg Finance LP, UxC, Metals Bulletin, Deutsche Bank

North America United States

7 March 2012

US Daily Economic Notes

Payrolls will ultimately follow the trend in claims

Economic Research
Research Team
Joseph A. LaVorgna
Chief US Economist
212 250-7329
joseph.lavorgna@db.com
Carl J. Riccadonna
Senior US Economist
212-250-0186
carl.riccadonna@db.com
Brett Ryan
Economist
212-250-6294
brett.ryan@db.com

Thursday	Release	Forecast	Previous	Consensus
8:30 am	Initial jobless claims (03/03):	350k	351k	351k

Source: Deutsche Bank, Bloomberg Finance LP

Commentary for Thursday: Initial jobless claims measure layoffs and not hiring per se, but over time, declining claims point to rising payrolls and vice versa. The high inverse correlation can be seen in the chart below, which shows the correlation coefficient (-0.74) between the three-month moving average on the change in nonfarm payrolls and the level of initial jobless claims. There are a couple of key thresholds to note. For instance, when claims fell below 400k last November nonfarm payroll gains accelerated to a roughly +225k pace, registering a +203k increase in December and a +243k increase in January. Since then, claims have fallen to almost 350k—the four-week moving average is 354k. If we sustain these readings, we expect nonfarm payrolls to improve by another 25k, averaging around +250k per month. This is important because if claims remain relatively low this morning, it would mitigate any unexpected weakness in the February employment data. Payrolls are notoriously volatile month to month, and they are prone to substantial upward revision—nonfarm payrolls have been revised up in six out of the last seven months by an average of +54k. Consequently, we will downplay a negative surprise to February payrolls if initial claims continue to hover near their recent readings.

For the Fed, it will be the March employment data, released on April 6, which will have the most importance with respect to any further easing initiatives. When the Fed embarked on QE1, policymakers told us the meeting before (August 2009) the planned purchases were to expire (September 2009) that the program would be extended through October 2009 so as to minimize market disruption. If the Fed allows "Operation Twist" to expire as scheduled in June 2012, we believe the announcement would come at the April 24-25 FOMC gathering. We do not believe the Fed will wait until the June 20 FOMC meeting to make that decision. Consequently, it is the March employment report that matters most, since financial markets and policymakers generally place the highest significance on the most recent economic statistics.

As we discussed in earlier commentary, unit labor costs are surging, up +3.1% over the past four quarters despite elevated unemployment. This bump-up was largely due to last week's extraordinary upward revision to wages and salaries (+$188 billion). It is hard for us to see any meaningful moderation in core inflation with ULCs on the rise and the job market on the mend. Fed take note. *—JL*

Policy Speeches

There are no monetary policy speeches scheduled for Thursday.

Year End Targets

Real GDP growth: +3.0% Q4/Q4
Core CPI: +2.7% Q4/Q4
Unemployment rate: 7.8%
Fed Funds: 0.10%
10 Yr Treasury: 3.00%

Fed Policy

We expect monetary policy to be on hold until the second half of 2013.

Post Employment Conference Call

Friday March 9, 9:00am EDT

Domestic Participant Dial In: (877) 660-0990/ International: (706) 643-3803
Conference ID: 59204039
Replay # (Begins after 11:30am EDT):(855) 859-2056 or (404) 537-3406 Int'l

Tsy Announcements

		Size	Prev.
11:00 am	3-y note (ann.)	$32B	$32B
11:00 am	10-y note (ann.)	$21B	$24B
11:00 am	30-y bond(ann.)	$13B	$16B

Asia
China

Technology
Telecom

Periodical

China TMT Daily

Date
07 March 2012

Alan Hellawell III
Research Analyst
(+852) 2203 6240
alan.hellawell@db.com

Eva Leung, CFA
Research Analyst
(+852) 2203 6190
eva.leung@db.com

Alex Yao
Research Analyst
(+86) 21 3896 2831
alex.yao@db.com

Sina Weibo monetization; also, GAME, 0763.HK

(Please click through to the .pdf version of this document for a full overview of today's news and views.)

FEATURE:

Sina clearly laid out its monetization strategy for its popular Weibo business as part of its recent annual results review. Within less than one week of its earnings release, Sina Weibo introduced an enterprise accounts offering to the auto dealership vertical. The platform is designed as an interactive enterprise marketing solution initially for auto 4S dealers (sales, spare parts, service and survey), to be extended to other industries with time. In today's daily, we introduce how the new enterprise account offering works and compare it with the old version.

Old-version enterprise account
For the purposes of illustration, we compare the older version of the Changchun FAW Audi dealership's enterprise page with its upgraded account. The new Changchun account displays a commercial video of the new Audi A5 on the top of its tweet-list. The dealer's latest promotional event is listed below its introduction on the left column of the webpage. On the right column are common items, such as fans, sub-brands, tabs, etc.

Upgraded Weibo 4S shop
Beijing Borui Xiangyun Audi 4S is the pioneer of the upgraded Weibo enterprise service. On its Weibo homepage, four choices are listed on the left column under the account icon, namely: tweets, map, message board, and online 4S store. The map choice shows the local store's address in detail. The message board allows users to post tweets in four categories, including questions, complaints, appraisals and other. The online 4S store will show the pricing of different Audi models. After clicking on the pictures or details link, users are directed to Sina's auto portal for a more detailed introduction. Users can raise questions about any single model of vehicle, make an appointment to test-drive a car, etc. Users also can share info on any model with their Weibo friends. The right column of the homepage lists maintenance and repair procedures; also a place where users are allowed to ask questions or make an appointment for an on-site visit.

Targeting interactive marketing
According to local news imeigu.com, there are over 5,000 verified auto-related enterprise accounts on Weibo currently. The upgraded service includes diversified paid services for auto-related accounts, with an average annual fee of RMB50,000, such as display ads across Sina’s portal and Weibo platform, a back-end data monitor, statistical analysis, and customized promotional events (group buy offerings, exhibitions, driving trials, etc). Sina is testing its targeted ad service search for users who might be interested in finding 4S stores, reports imeigu, citing a Sina business manager. We expect Sina to expand its upgraded service to
Continue on the next page

TOP CHINA TMT PICKS

Company	Rating	Target Price
AsiaInfo-Linkage	Hold	USD 13.20
China Telecom	Buy	HKD 5.90
ZTE	Buy	HKD 30.95

RATING, TP, EPS CHANGES

CHINA TMT STOCKS

Company	Rating	Close	1D%	3M%
TELCOS		as of 06/03		
China Comm Service	Buy	3.9	-4.6	8.3
China Mobile	Hold	80.7	-0.2	8.4
China Telecom	Buy	4.6	-2.1	-0.6
China Unicom	Buy	13.5	-1.3	-18.1
INTERNET/ONLINE GAMING				
Baidu	Buy	133.3	-2.5	1.5
Ctrip.com Int'l	Hold	25.5	-3.7	1.3
Netease.com	Buy	49.4	-4.1	4.8
Phoenix New Media	Buy	6.9	-5.6	-3.8
RenRen	Sell	5.2	-4.6	41.0
Shanda Games	Buy	4.3	3.4	27.8
Sina Corp	Buy	67.8	-5.1	8.1
Sohu.com	Hold	47.1	-6.2	-9.6
SouFun	Buy	16.7	-4.7	17.2
Taomee	Buy	5.5	-0.7	16.2
Tencent	Buy	195.9	-1.1	27.3
TECHNOLOGY				
AsiaInfo-Linkage	Hold	12.6	-1.7	44.6
AutoNavi	Buy	12.1	-6.4	9.3
ChinaCache	Buy	6.9	-5.3	49.9
Foxconn Int'l Hldgs	Hold	5.4	1.5	10.0
Lenovo Group	Hold	6.8	1.2	23.2
Synnex Technology	Buy	73.7	-0.9	3.8
ZTE	Buy	22.2	-3.3	-3.5

Indices	Close	1D%	3M%
		as of 06/03	
HSI	20806.3	-2.2	8.1
HSCEI	11119.2	-3.1	6.0
Nasdaq	2910.3	-1.4	9.8

Sources: DB, Bloomberg Finance LP

Asia
China

Health Care
Health Care

Industry
China Healthcare

Date
07 March 2012

Industry Update

Jack Hu, Ph.D
Research Analyst
(+852) 2203 6208
jack.hu@db.com

Raymond Yang
Research Associate
(+852) 2203 6139
raymond.yang@db.com

China Edge P65: 2012 DB tender trackers

We track the 2012 non-EDL/medical consumables/EDL tenders

We track all three tenders in order to evaluate the impact of price erosion on the sector and the companies we cover. We anticipate the impact of the 2012 non-EDL tender on companies with large exposure to RDL will be similar to that of the 2011 EDL tender on companies with large exposure on EDL. We also believe that a larger impact could be derived from the potential implementation of the NDRC pricing policy on 1 July. We remain cautious on the sector and with names we cover, such as Sino Biopharm (1177.HK, Hold), United Labs (3933.HK, Hold) and Shineway (2877.HK, Hold).

2012 non-EDL tender tracker: the most important catalyst for the sector

We expect modest pricing erosion in high single digits to teens for drugs with limited competition, and more significant price erosion for those with more than five competitors. The near-term catalysts we track include: 1) Gansu final tender prices, 2) Qinghai bidding prices and final tender results release, and 3) Sichuan tender prices.

2012 EDL tender tracker: a catalyst ignored by the Street

We remain cautious on further price erosion for average tender prices in the 2012 EDL tender season because the magnitude of the price erosion in provinces that completed the EDL tender in early 2011 was much less than for provinces that finished in late 2011. The near-term catalysts we track include: 1) Shandong final tender price releases, 2) Sichuan tender prices, and 3) Beijing tenders. Additionally, we believe that industry objection on the EDL tender model would be considered as noise by policy decision-makers. That said, we do not exclude the possibility of surprises including effective increases of tender prices due to companies' risk mitigation strategies.

2012 medical consumable tender tracker: another shoe dropping

We expect modest pricing erosion in medical consumables because: 1) we believe quality will play a larger role than it does in drug tenders, and 2) there are fewer competitors in the space, especially bellwethers. However, as high-end medical consumables incur much attention from policy decision-makers, the pressure may well extend beyond the 2012 tender season.

We prefer multiples-based valuation; risks relate mainly to policy/regulations

We prefer to stay on the sideline in the near term for most manufacturer and distributor names until further clarity on the magnitude of price erosion. We continue to expect street consensus to come down. We continue to use a multiples-based valuation approach in light of the sustainable long-term growth that we expect from the sector. Industry risks relate mainly to government policies and regulatory changes in China, particularly healthcare reforms, which could negatively affect pricing. Additional risks generally relate to rising raw material costs and over-exposure to EDL and non-EDL tenders.

Companies Featured			
(0460.HK),HKD2.89			Buy
	2010A	2011E	2012E
P/E (x)	38.6	14.3	11.4
EV/EBITDA (x)	23.2	6.1	4.5
Price/book (x)	3.0	1.7	1.5
Shandong Weigao (1066.HK),HKD7.47			Buy
	2010A	2011E	2012E
P/E (x)	83.6	28.6	24.3
EV/EBITDA (x)	95.2	26.9	21.1
Price/book (x)	22.8	6.0	4.8
(1177.HK),HKD2.13			Hold
	2010A	2011E	2012E
P/E (x)	35.0	19.1	16.5
EV/EBITDA (x)	12.5	7.2	6.2
Price/book (x)	3.8	2.9	2.6
(2607.HK),HKD13.38			Buy
	2010A	2011E	2012E
P/E (x)	–	14.8	13.6
EV/EBITDA (x)	–	8.6	7.9
Price/book (x)	0.0	1.2	1.1
China Shineway (2877.HK),HKD13.12			Hold
	2010A	2011E	2012E
P/E (x)	19.2	11.2	10.7
EV/EBITDA (x)	13.4	5.8	5.8
Price/book (x)	5.0	2.3	2.0
(3933.HK),HKD5.32			Hold
	2010A	2011E	2012E
P/E (x)	13.8	12.1	11.4
EV/EBITDA (x)	8.9	6.1	6.1
Price/book (x)	3.9	1.3	1.2
Mindray Medical (MR.N),USD31.06			Buy
	2011A	2012E	2013E
P/E (x)	16.8	17.3	15.0
EV/EBITDA (x)	11.5	10.6	9.1
Price/book (x)	2.6	2.7	2.4
WuXi PharmaTech (WX.N),USD13.34			Buy
	2010A	2011E	2012E
P/E (x)	15.0	11.4	9.8
EV/EBITDA (x)	8.6	5.5	4.0
Price/book (x)	2.9	2.0	1.6

Asia China
Transportation Road/Rail

07 Mar 2012 - 11:19:42 AM CST

COMPANY ALERT

CSR Corp Ltd

Key takeaways from CSR conference call

Company Update

Buy

Reuters:1766.HK Exchange:HKG Ticker:1766

Price (HKD)	**5.77**
Price target (HKD)	**6.77**
52-week range (HKD)	**9.30 - 2.43**
Market cap (USDm)	**8,800**
Shares outstanding (m)	**11,840.0**
Net debt/equity (%)	**32.3**
Book value/share (CNY)	**1.89**
Price/book (x)	**2.5**

FYE 12/31	2010A	2011E	2012E
Sales (CNYm)	63,912	82,321	94,289
Net Profit (CNYm)	2,531.4	3,798.5	4,620.5
DB EPS (CNY)	0.21	0.32	0.33
PER (x)	27.1	14.6	14.0
Yield (net) (%)	0.7	1.4	1.4

CSR arranged a conference call yesterday to clarify the 'Luxury MU' issue. Key takeaways:

1) According to the company, the widely reported issue of luxury products facilitated in high-speed trains is misleading. After a thorough internal check, the reported prices of these products are 50% higher than CSR's actual purchasing prices.

2) CSR procures a whole system instead of a single accessory, the price of which was quoted by the mass media to represent the whole system in order to exaggerate the reporting influence. All of the products equipped in high-speed trains require special design and extensive testing - much different compared to the products for civil use.

3) The selling price of CSR's MU is only of 36% of foreign-name comparable series. After reporting to the MoR, CSR clarified the issue & will see no big change in its high-speed train price in the future.

In addition, regarding product outlook, CSR guided that: i) CSR & CNR's current backlog of high-grade high-speed trains (380-series) could meet the need this year, but there is no backlog regarding low-grade high-speed trains (250-series). Hence, CSR expects that new orders for 250-series trains are sure to come. They believe the MoR's Rmb85bn 2012 procurement plan is conservative; **ii)** it is shifting the design of its locomotive product from 6-axle 7200/9600kW to 8-axle 9600kW. New models will be put into production at the end of this year & new orders for this new model are likely to come in 2H12. Major contributions from this new model to CSR will likely come after 2012. Hence, CSR expects revenue from locomotives in 2012 will not drop yoy & it sees a promising outlook for 2013; **iii)** it is positive on rapid-transit vehicle outlook & expects the growth rate to maintain at ~10% in the next few years as most cities have not finished planning.

DB view: Mgmt guidance (on high-speed trains and locomotives) is largely as expected. However, their expectation on rapid-transit vehicles is below our estimate (esp. after 2012). We expect the impact to be small as revenue from rapid-transit vehicles only accounts for 9% of CSR's total sales in '12E. Reiterate Buy on CSR due to continued solid demand outlook for rolling stock. Near-term catalysts for new orders will likely come in 2Q/3Q. CSR is trading at 14x FY12E & 12.2x FY13E (vs. the 19x historic average).

Phyllis Wang
Research Analyst
(+86) 21 3896 2839
phyllis.wang@db.com

Joe Liew, CFA
Research Analyst
(+852) 2203 6198
joe.liew@db.com

Asia Hong Kong
Property

07 Mar 2012 - 02:32:32 PM HKT

COMPANY ALERT

Breaking News

Hui Xian REIT

Buy

Pontential consumption and luxury tax cut may benefit HX

Reuters:87001.HK Exchange:HKG Ticker:87001

Price (CNY)	**4.01**
Price target (CNY)	**4.63**
52-week range (CNY)	**4.97 - 2.70**
Market cap (USDm)	**3,185**
Shares outstanding (m)	**5,009.5**
Net debt/equity (%)	**1.1**
Book value/share (CNY)	**5.15**
Price/book (x)	**0.8**

FYE 12/31	2011A	2012E	2013E
Sales (CNYm)	1,588	2,480	2,662
Net Profit (CNYm)	459.0	1,073.6	1,187.0
DB EPS (CNY)	0.09	0.21	0.24
PER (x)	43.8	18.7	16.9
Yield(%)	3.7	6.3	6.9

China Daily reported in the morning, deputy head of Ministry of Commerce Jianguo Wei said China would lower the consumption taxes and luxury taxes to stimulate domestic consumption.

Luxury consumer brand like Prada soared in the morning trading. However, we bevelive HX REIT, the owner of Beijing Oriental Plaza should also stand to beneifit such tax cut.

As a reference, HX REIT's shopping center The Malls accounts for 38.6% and 47.5% of HX's revenue and net property income in 2011. Furthermore, it enjoys profit sharing agreement with tenants, if the turnover rents surpass minimum hurdle. We believe the reported tax cuts, if true, will boost luxury goods consumption. With almost 50% net profit income coming from retail property rental income, we believe The Malls could be the new growth driver for HX. Reiterate Buy

Ling Ye
Research Analyst
(+852) 2203 6207
ling.ye@db.com

Asia Hong Kong
Utilities Utilities

08 Mar 2012 - 03:47:09 AM HKT

COMPANY ALERT

Results

POWER ASSETS

Hold

FY11 results slightly above expectation; DPS up 10% yoy

Reuters:0006.HK Exchange:HKG Ticker:0006

Price (HKD)	**57.45**
Price target (HKD)	**58.30**
52-week range (HKD)	**64.50 - 50.15**
Market cap (USDm)	**15,793**
Shares outstanding (m)	**2,134.3**
Net debt/equity (%)	**29.4**
Book value/share (HKD)	**28.45**
Price/book (x)	**2.0**

FYE 12/31	2010A	2011E	2012E
Sales (HKDm)	10,371	10,233	10,359
Net Profit (HKDm)	7,179.0	9,075.2	9,174.0
DB EPS (HKD)	3.37	4.25	4.30
PER (x)	13.9	13.5	13.4
Yield (net) (%)	4.5	4.0	4.3

Power Assets announced its FY11 results after market close on Mar 7. Reported earnings were marginally above our expectation, up 26% yoy to HK $9,075m (EPS: HK$4.25), mainly due to the full year contributions from its UK power networks business (acquired in Oct 2010) and Seabank Power (acquired in Jun 2010). Dividend per share was up 10% yoy to HK$2.32, the first time since 2008. We show yoy comparison in the table below.

Earnings from the HK SoC business were marginally below expectation, down 3% yoy to HK$4,480m, largely due to higher interest expense. Power Assets also bear a higher negative balance for its fuel clause surcharge account in FY11 (up to HK$1bn from HK$500-600m in FY10 and we expect such negative balance to further widen in 2012). However, earnings from the UK exceed our expectation, which the company attributed to a better-than-expected improvement in its UK power networks business (partly offset by higher emergency and repair costs from Northern Gas Networks due to adverse weather conditions). We see improvement from the Australia business, with contributions up 12% yoy (vs. down 1% yoy in 1H11), in-line with the 12-13% appreciation in Australian dollar (vs. HK dollar) in FY11. Power Assets' overseas earnings accounted for c.51% of the company's net profit in FY11.

We believe Power Assets is one of the most defensive plays among the HK-listed stocks and acquisition through a further geared-up balance sheet would be one of the key catalysts. However, among the HK utilities, we prefer CLP (0002.HK, Buy, TP: HK$70) on its better organic growth and potential valuation upside from the spin-off of its Australian assets.

(HK$m)	FY10	FY11	YoY	Deutsche Bank comment
Contributions from SoC	4,620	4,480	-3.0%	Down due to higher interest exp. & deferred tax adj. reflecting higher FCA balance
Contributions from Australia	756	843	11.5%	Up on improvement in 2H11 and 12-13% appreciation of Australian dollar vs. HK dollar
Contributions from UK	999	3,558	256.2%	Up due to full-year contributions from UK Power Networks & Seabank Power in FY11
Contributions from China	535	507	-5.2%	Down largely on higher unit fuel cost
Other infrastructure investments	282	410	45.4%	FY11 incl. contributions from Meridian Cogeneration (acquired in Apr 2011)
Others	2	(723)		Largely interest expense related to the financing to acquire the UK power business
Total net profit (HK$m)	**7,194**	**9,075**	26.1%	4% above our estimates
% of HK contribution	*64%*	*49%*		More than 50% earnings now generated from overseas business
EPS (HK$)	3.37	4.25	26.1%	
DPS (HK$)	2.11	2.32	10.0%	First dividend increase since 2008 (representing 55% payout ratio)
implied payout	*63%*	*55%*		
Gearing (net debt/equity)	36%	30%	-5.3ppt	We estimated a c.85% look-through gearing in FY11 (incl. share of debt in JCE & assoc.)

Source: Deutsche Bank, company data

Eric Cheng, CFA
Research Analyst
(+852) 2203 6202
eric-ct.cheng@db.com

Michael Tong, CFA
Research Analyst
(+852) 2203 6167
michael.tong@db.com

Asia Hong Kong

07 Mar 2012 - 07:56:40 PM HKT

STRATEGY ALERT

Strategy Update

China's NPC: consumption subsidy and import taxes policy

Policymakers discussed several measures to boost consumption as part of the structural economic adjustment during the NPC. Minister of Commerce Chen Deming mentioned that the existing subsidy program to support the sale of home appliance in the countryside will continue in 28 provinces as originally planned. But the subsidy program for the exchange of old appliance to new ones expired last December is unlikely to be reintroduced this year. The government focus now is on new product in water-saving sanitary ware, energy efficient car and environmentally friendly contruction materials.

Former deputy minister of commerce Wei Jiangguo is reported to suggest that China will lower import tariff at least twice for a wide range of goods this year and tariff reduction on consumer goods including luxury goods will boost domestic consumption. Though the tariff cut on luxury goods might happen in the medium term, it probably will take time for it to happen given the possible objection of Ministry of Finance on the ground of social equality. We believe that there is still significant uncertainty on the timing and scale of tariff cut on luxury consumption good. Overall, potenital consumption stimulus following the NPC did not offer much upside surprise at this moment.

Hui Miao, Ph.D
Strategist
(+852) 2203 5934
hui.miao@db.com

Asia Taiwan
Technology Semiconductor & Semiconductor Equipment

7 March 2012

ASE

Reuters: **2311.TW** Bloomberg: **2311 TT** Exchange: **TAI** Ticker: **2311**

Growth recovery from March; retaining Buy

Michael Chou
Research Analyst
(+886) 2 2192 2836
michael.chou@db.com

Kevin Wang
Research Associate
(+886) 2 2192 2823
kevin.wang@db.com

Momentum is picking up
The company reported in-line February sales. We expect sales YoY to reaccelerate from March into 2Q12 thanks to 1) the uptake of mid-/low-end 3G and high-end 4G smartphone chips, 2) its expertise in wireless packaging/testing, and 3) IDMs' increased outsourcing for low pin-count products from May following an inventory correction. We view the current share price correction as a buying opportunity and reiterate our Buy rating.

Sales momentum on track in February
ASE's consolidated sales in February grew 5% MoM due to more working days. Sales YoY improved to 2% in February from -13% in January. Sales of ASE's IC ATM (excluding the EMS business) increased 2% MoM in February, in line with our estimate. The aggregate sales of January and February accounted for 65% of our 1Q12 sales forecast. We project sales of IC ATM to grow 5-10% MoM in March, driven mainly by smartphone-related chips. We expect sales of IC ATM to drop 9% QoQ in 1Q12 vs. the company's guidance of an 8-10% decline.

Turnaround story in 2Q12
Management maintains its guidance of IC ATM sales growth of over 15% QoQ in 2Q12 vs. our estimate of a 16% QoQ increase. This should be attributable to fabless inventory restocking and increased outsourcing from IDMs (low pin-count from May and June). We forecast ASE's earnings to grow 68% QoQ and decline 6% YoY in 2Q12 vs. a 25% QoQ decrease and a 50% YoY drop in 1Q12.

Catalysts, valuation and risks
In our view, the catalysts for the stock include 1) the 4G LTE uptrend, 2) the rollout of more mid-/low-end smartphones and tablet PCs in 1H12, and 3) continued copper migration. Our 12-month target price of NT$33 is based on 1.9x 2012E P/B. This is higher than the 2007-11 average of 1.8x, which reflects our expected 2012-13 average ROE of 16%, slightly higher than the 2007-11 average of 14%. Downside risks: slower copper migration, a sharper ASP drop, weaker demand and the faster ramp-up of TSMC's new interposer-based back-end solutions.

Forecasts and ratios

Year End Dec 31	2009A	2010A	2011E	2012E	2013E
Sales (TWDm)	85,775	188,743	**185,348**	205,411	232,369
Net Income (TWDm)	6,745	18,336	**13,726**	15,447	20,881
DB EPS FD(TWD)	1.05	2.79	**2.07**	2.34	3.17
DB EPS growth (%)	11.2	165.0	**-25.8**	13.3	35.2
PER (x)	19.8	9.8	**13.4**	11.9	8.8
Price/BV (x)	2.6	2.4	**1.8**	1.6	1.5
DPS (net) (TWD)	0.36	0.65	**0.75**	0.85	1.15
Yield (net) (%)	1.7	2.4	**2.7**	3.1	4.1
ROE (%)	9.5	22.5	**14.3**	14.5	17.7

Source: Deutsche Bank estimates, company data

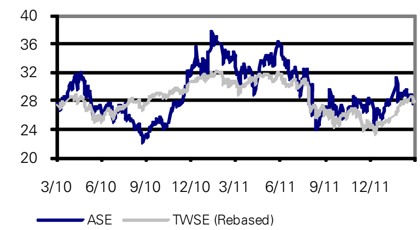
[1] DB EPS is fully diluted and excludes non-recurring items
[2] Multiples and yields calculations use average historical prices for past years and spot prices for current and future years, except P/B which uses the year end close

Results

Buy

Price at 7 Mar 2012 (TWD)	**27.80**
Price target - 12mth (TWD)	**33.00**
52-week range (TWD)	**36.20 - 24.00**
TWSE	**7,903**

Price/price relative



Performance (%)	1m	3m	12m
Absolute	*-4.6*	*0.2*	*-18.4*
TWSE	*2.5*	*12.4*	*-9.3*

Stock data

Market cap (TWDm)	**180,922**
Market cap (USDm)	**6,129**
Shares outstanding (m)	**6,508.0**
Major shareholders	**HK International**
Free float (%)	**78**
Avg daily value traded (USDm)	**29.5**

Key indicators (FY1)

ROE (%)	**14.3**
Net debt/equity (%)	**51.2**
Book value/share (TWD)	**15.3**
Price/book (x)	**1.8**
Net interest cover (x)	**12.6**
Operating profit margin (%)	**9.1**

DB EPS estimates vs. consensus

Year	2012E	2013E
DB's estimates (NT$)	2.34	3.17
Consensus estimates (NT$)	2.21	2.76
DB over consensus (%)	6%	15%

Asia Taiwan
Technology Semiconductor & Semiconductor Equipment

07 Mar 2012 - 06:57:34 PM CST

COMPANY ALERT

Phison Electronics

February sales in-line; directionless NAND prices

Company Update

Sell

Reuters:8299.TWO Exchange:TWO Ticker:8299

Price (TWD)	**260.00**
Price target (TWD)	**213.00**
52-week range (TWD)	**269.00 - 123.00**
Market cap (USDm)	**1,575**
Shares outstanding (m)	**178.9**
Net debt/equity (%)	**-50.2**
Book value/share (TWD)	**59.18**
Price/book (x)	**4.4**

FYE 12/31	2010A	2011E	2012E
Sales (TWDm)	31,796	32,343	37,010
Net Profit (TWDm)	1,515.7	2,606.5	2,716.0
DB EPS (TWD)	8.56	14.57	15.19
PER (x)	19.9	17.8	17.1
Yield (net) (%)	2.9	1.7	2.7

Event: Phison reported February sales on March 7

February sales vs. DBe

(1) February sales totaled NT$2.8bn, up 19% MoM and 36.4% YoY, vs. January's down 13.7% MoM and down 7% YoY. This sales figure was higher than our expectation of around NT$2.7bn.

(2) Accumulated January and February sales is NT$5.1bn, representing 64% of our 1Q12 forecast. To meet our 1Q12 forecast, Phison needs to have around NT$2.9bn sales in March, which we think is very reachable and we actually don't exclude potential upside as Phison is keen to push its old inventory out.

(3) We are still cautious on near-term NAND flash market. NAND spot price for 32 GB 4Gx8 MLC has been gradually went down again this week and reached US$3.0 currently after a temporary rebound to US$3.02 on 29 February and US$3.08 on 1 March 29. We think the price pressure remains.

DB research view on Phison

We view Phison's execution as solid and see monthly sales as resilient. Besides, we think its margins could see a better support from now as it has increased sales weights on controlle ICs to around 17% lately from 10-15% previously. However, we think NAND Flash market remain seeing risks of continued weakness, it may be too optimistic to extrapolate Phison's high margin in 4Q11 into this year. We maintain Sell on high valuation.

(in NT$m)		Jan. (A)	Feb. (A)	Mar. (A)	Accu 1Q12A	Achieve %	DB 1Q12E
Net sales	m	2,349	2,800		5,149	64.14%	8,027
MoM/QoQ	%	(13.7)	19.2				
YoY	%	(6.9)	36.4				

Source: Deutsche Bank estimates

Jessica Chang
Research Analyst
(+886) 2 2192 2838
jessica.chang@db.com

Daisy Tsai
Research Associate
(+886) 2 2192 2864
daisy.tsai@db.com

Asia Korea, Republic of
Energy Oil & Gas

7 March 2012

SK Innovation

Reuters: **096770.KS** Bloomberg: **096770 KS** Exchange: **KSC** Ticker: **096770**

Well on track

Shawn Park
Research Analyst
(+82) 2 316 8977
shawn.park@db.com

Company visit update

We provide an update on SK Innovation's business divisions, and believe its 1Q12 earnings will meet our and Street expectations. Considering our expectation of S-Oil missing Street consensus, we view SKI's differentiated business development to be a positive catalyst for the stock. We maintain Buy on the stock with W220,000 as our target price.

1Q12 to meet expectations

We expect SK Innovation to record an operating profit of W773bn (-35% YoY, +125% QoQ), which should be in line with consensus expectations. The YoY decline is a result of a high-base effect in 1Q11, when a one-off inventory gain of W300bn was recognized. On the other hand, strong QoQ growth stems from a low base (a one-off pension expense of W214bn in 4Q11) and improved oil refining earnings. Since we expect its peer S-Oil to miss Street expectations, we believe SKI's 1Q12 business development provides a greater incentive for investors.

Incheon oil restructuring

According to the company, SKI has finalized plans to convert the simple oil refining complex (Incheon oil) into an aromatic-focused facility. The company is currently looking for a potential JV to pursue this and has begun constructing a condensate splitter, which will be completed by 2H13. We expect developments related to the Incheon oil makeover to dissipate the valuation discount on SKI going forward.

Valuation and risks

Our target price is based on a sum-of-the-parts valuation, in which we value each of the company's four business divisions based on the mid-cycle EBITDA multiple (DCF for E&P). We also incorporate the DCF value of the battery separator business and consider net debt to derive our W220,000 target price. Downside risks are 1) a sharp decline in oil prices, 2) a product price cut announcement, and 3) ongoing court proceedings against SK Group's top management.

Forecasts and ratios

Year End Dec 31	2009A	2010A	2011E	2012E	2013E
Sales (KRWbn)	43,867	53,706	**68,375**	69,209	72,783
EBITDA (KRWbn)	1,940	2,933	**3,461**	3,919	4,255
Reported NPAT (KRWbn)	666.6	1,122.2	**3,172.2**	2,410.8	2,675.5
DB Net Profit (KRW)	666.6	1,122.2	**3,172.2**	2,410.8	2,675.5
Reported EPS FD(KRW)	7,113.09	11,974.37	**33,850.01**	25,724.96	28,549.76
DB EPS FD(KRW)	7,113	11,974	**33,850**	25,725	28,550
DB EPS growth (%)	–	68.3	**182.7**	-24.0	11.0
PER (x)	14.2	10.9	**5.2**	6.9	6.2
EV/EBITDA (x)	6.8	6.2	**6.0**	5.1	4.5
DPS (net) (KRW)	2,100	2,100	**2,800**	2,500	2,600
Yield (net) (%)	2.1	1.6	**1.6**	1.4	1.5

Source: Deutsche Bank estimates, company data

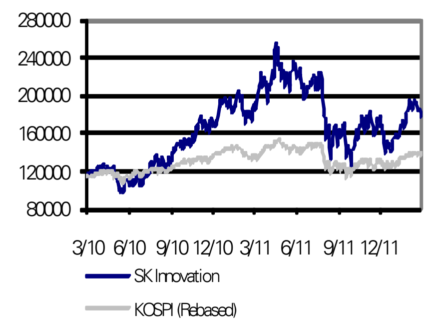
[1] DB EPS is fully diluted and excludes non-recurring items
[2] Multiples and yields calculations use average historical prices for past years and spot prices for current and future years, except P/B which uses the year-end close

Company Update

Buy

Price at 6 Mar 2012 (KRW)	**177,500**
Price target - 12mth (KRW)	**220,000**
52-week range (KRW)	**254,000 - 122,500**
KOSPI	**2,000.36**

Price/price relative



Performance (%)	1m	3m	12m
Absolute	*-2.7*	*1.7*	*-4.6*
KOSPI	*1.4*	*5.1*	*-0.2*

Stock data

Market cap (KRWbn)	**16,634**
Market cap (USDm)	**14,815**
Shares outstanding (m)	**93.7**
Major shareholders	**SK Holdings (30%)**
Free float (%)	**67**
Avg daily value traded (USDm)	**74.062**

Key indicators (FY1)

ROE (%)	**24.8**
Net debt/equity (%)	**39.1**
Book value/share (KRW)	**152,879**
Price/book (x)	**1.16**
Net interest cover (x)	**9.7**
Operating profit margin (%)	**4.2**

Asia ASEAN Singapore
Transportation

07 Mar 2012 - 11:51:08 AM GMT

INDUSTRY ALERT

Industry Update

Transportation

S'PORE LAND TRANSPORT: More government announcements

Focus stocks

ComfortDelgro (CMDG.SI),SGD1.53 Buy, Price Target SGD1.70

SMRT Corporation (SMRT.SI),SGD1.74 Buy, Price Target SGD2.00

SINGAPORE LAND TRANSPORT: The Transport Minister made a number of announcements in Parliament today. Key highlights below. We have Buy ratings on ComfortDelgro and SMRT; ComfortDelgro is preferred.

More details on the Bus Services Enhancement Programme

It was announced 70% of the 800 new buses under the Bus Services Enhancement Progamme (BSEP) will be front-loaded over the next three years, starting 3Q12. Of the 550 buses to be funded by the government, 300 will be deployed to reduce load factors and improve bus frequencies of existing services while the remaining 250 buses will be used to operate 40 new bus routes (to be introduced progressively over the next five years). In addition, the government announced stricter service standards for the public transport operators. For example, load factors for all basic bus services will be reduced to 85% from the current 95%. The public transport operators will also be required to improve bus frequencies across the board. We believe the BSEP will have a generally neutral financial impact on operators.

No fare adjustment in 2012

It was announced 2012's fare adjustment exercise will be suspended while the fare formula review is ongoing (for implementation in 2013). In the absence of near-term fare adjustments, there is a slight risk that average fares could fall faster than we currently assume, especially if distance-based fares continue to impact. But we estimate the potential downside to our revenue forecasts for both operators is relatively marginal. From a broader perspective, the impending fare formula review creates some policy uncertainty. But our concerns are assuaged by recent government announcements, which point to a generally more supportive regulatory environment. For reference, we currently assume sustained long-term fare erosion for both ComfortDelgro and SMRT.

Bus financing framework to be refined

Finally, it was indicated the bus financing framework will be refined, with greater support to the operators. For example, the government will bear the development and land costs for bus depots and bus parking infrastructure. In addition, operators will be allowed to retain a portion of the advertising revenues from bus shelters, which is currently retained by the government. While specifics (e.g. timelines) remain unclear, the proposed changes are clearly supportive and should improve bus profitability going forward.

Wei-Shi Wu
Research Analyst
(+65) 6423 4114
wei-shi.wu@db.com

Asia ASEAN Malaysia
Market Update

7 March 2012

Malaysia Strategy

FTSE Asia-Pac review: AIRA & BAB in

FTSE Asia-Pac ex-Japan Index review
Positive momentum for 4 Malaysian stocks, but impact on the market likely to be negligible as additional demand equates to less than 2 days of trading.

IN: AirAsia, Bumi Armada, YTL Corp & MMHE; OUT: MISC

Four in; one out

FTSE announced on 6 March the results of its 2012 annual review for the FTSE Asia Pac ex-Japan Index. The changes will become effective as of the close of March 16. In total, there were 37 additions and 41 deletions. Specifically for Malaysia, there were 4 additions (AirAsia, Bumi Armada, YTL Corp and MMHE) and one deletion (MISC).

Impact likely to be minimal, but marginally positive

According to DB's Index Research team, this should translate to USD11.1m worth of demand for AirAsia, US$5.3m for Bumi Armada, US$3.7m for MMHE and US$13.1m for YTL Corp (see Figure 1 below). The estimated demand should be quickly absorbed, as they represent less than 2 days of trading. We don't think this will impact the market materially as we believe most institutional investors investing in Malaysia are benchmarked against MSCI indices. However, at the margin, this is positive for the four (addition) stocks as historical trends suggest that share prices rise by 1.2% during the period between the announcement and rebalance date.

Still positive on AirAsia; fair valuation for Bumi Armada

Of the stocks under our coverage, we hold a positive view on AirAsia. Regional LCC penetration rate remains low at 19.1% in 2011 (29.7% in the US and 39% in Europe) and the listings of associates should unlock value. Bumi Armada is a quality name in the offshore service sector and is well poised to benefit from long-term healthy FPSO demand. But current valuations appear fair, hence our Hold recommendation.

Figure 1: Summary of changes in the FTSE Asia-Pac ex-Japan Index – effective as of close of 16 March 2012

Company	Ticker	Last price	Total Demand (USDmn)	Demand (m shrs)	Vol Ave 20D (m)	Days
AirAsia (+)	**AIRA MK**	**3.68**	**11.14**	**9.12**	**9.2**	**0.99**
Bumi Armada (+)	**BAB MK**	**4.23**	**5.33**	**3.85**	**3.5**	**1.11**
MMHE (+)	MMHE MK	5.33	3.68	2.10	1.3	1.57
YTL Corp (+)	YTL MK	1.71	13.10	22.68	17.5	1.29
MISC (-)	MISC MK	5.40	(16.50)	(8.93)	0.6	(14.33)

Source: Deutsche Bank, FTSE, Bloomberg Finance LP. *Names in bold are DB-covered companies

Companies featured

AirAsia (AIRA.KL),MYR3.67			Buy
	2010A	2011E	2012E
P/E (x)	6.6	15.4	9.6
EV/EBITDA (x)	6.7	9.7	7.9
Price/book (x)	1.9	2.4	1.9
Bumi Armada Berhad (BUAB.KL),MYR4.23			**Hold**
	2011A	2012E	2013E
P/E (x)	26.0	22.3	17.7
EV/EBITDA (x)	13.2	14.6	11.9
Price/book (x)	3.4	3.1	2.7

Related recent research	Date
4Q11: Exceptionals dominate Su-Yin Teoh	01 Mar 2012
Getting the job done Su-Yin Teoh	27 Feb 2012
Confident and busy Malaysians Su-Yin Teoh	01 Feb 2012
M&A activity up Su-Yin Teoh	17 Jan 2012

Su-Yin Teoh
Strategist
(+60) 3 2053 6770
su-yin.teoh@db.com

Cameron Robson
Research Associate
(+65) 6423 5723
cameron.robson@db.com

Asia
ASEAN Malaysia

Telecommunications

Industry
Malaysia Telecom Sector

Date
07 March 2012

Industry Update

Wei-Shi Wu
Research Analyst
(+65) 6423 4114
wei-shi.wu@db.com

William Bratton
Research Analyst
(+852) 2203 6186
william.bratton@db.com

Recent operational trends and telcos' 2012 concerns

Recent operational trends within expectations; cautious 2012 outlook

The Malaysia telcos' 4Q11/2011 results were characterized by one-offs (e.g. broadband infrastructure tax incentive) and dividend surprises. Otherwise, the underlying operational performances were generally in-line with DBe. Sector revenue growth slowed and margins softened, but there were no alarming structural trends over 2011. In terms of the 2012 outlook, telcos generally sounded a cautious tone on concerns that competition may crimp revenue upside and compress margins. We have downside to our target prices for all the Malaysia telcos, except Telekom Malaysia which is our top sector pick.

Slowing revenue growth and softening margins

2011 mobile revenues grew 5% YoY (vs 2010's 7% growth), driven primarily by non-SMS data gains. SMS growth was relatively insignificant with RM80m in related revenue gains booked. Voice remained weak and an estimated RM425m in mobile voice revenues were lost over 2011. Positively, the rate of voice decline decelerated over the course of the year and 2H11 voice revenues were flat YoY (as Celcom and DiGi reversed losses on usage stimulation and market share gains respectively). There was a growing disconnect between revenue and EBITDA growth in 2H11 as margins softened. Sector EBITDA margin peaked in 1Q11 and the 4Q11 margin was at an 18-month low. But overall, the rate of margin compression has been relatively contained.

DiGi outperformed in 2011 but showed signs of recent slowdown

DiGi delivered the best 2011 operational performance with its 10% revenue growth and 15% EBITDA increase significantly ahead of industry average. But there were signs of recent slowdown, with the operator's 4Q11 revenues and EBITDA both growing at the slowest rate in recent quarters. Celcom had a relatively subdued 9M11, partly compensated by a strong 4Q11 when subscriber acquisitions and revenue growth rebounded. But sustained margin erosion resulted in a relatively modest 2% 2011 EBITDA growth for the operator. Maxis was the weakest operational performer with uninspiring subscriber acquisitions, revenue growth and EBITDA gains.

Competition and changing revenue mix are telcos' top 2012 concerns

Most operators anticipate greater competition in the months ahead – a view we generally share, although we believe Telekom Malaysia is strongly positioned to weather competitive headwinds in fixed-line. Within the mobile space, we think U Mobile could be disruptive. None of the Malaysia telcos expects to significantly outperform peers, with most operators anticipating "mid single-digit" revenue growth and margin contraction in 2012 (competition, changing revenue mix). DiGi stands out with its slightly more optimistic "mid to high single-digit" revenue growth guidance and expectation of stable margins, although this would imply EBITDA growth has peaked.

Sector valuations and risks

We value the Malaysia telcos using DCF analysis, apart from Axiata, which we value using SOTP. We use company specific WACC and 0-1% growth to reflect the long-term growth nature of the Malaysia telecom sector. Key sector risks are competition and costs. See p.9-10 for details.

Top Picks			
Telekom Malaysia (TLMM.KL),MYR5.25			Hold

Companies Featured			
Telekom Malaysia (TLMM.KL),MYR5.25			Hold
	2011A	2012E	2013E
P/E (x)	22.9	26.0	21.0
EV/EBITDA (x)	5.3	6.7	6.0
Price/book (x)	2.5	3.2	3.1
Axiata Group Bhd (AXIA.KL),MYR5.16			Hold
	2010A	2011E	2012E
P/E (x)	12.2	16.9	17.5
EV/EBITDA (x)	4.7	5.7	5.3
Price/book (x)	2.1	2.1	2.0
DiGi.Com (DSOM.KL),MYR4.11			Hold
	2011A	2012E	2013E
P/E (x)	18.6	26.6	19.7
EV/EBITDA (x)	8.2	10.8	10.3
Price/book (x)	21.4	33.5	33.5
Maxis (MXSC.KL),MYR5.94			Hold
	2011A	2012E	2013E
P/E (x)	15.6	19.5	18.7
EV/EBITDA (x)	10.3	11.2	10.9
Price/book (x)	5.1	5.5	5.6

Related Recent Research	Date
Maxis: Operational performance in-line, focus on dividends Wei-Shi Wu	24 Feb 2012
Telekom Malaysia: Capital repayment a positive surprise Wei-Shi Wu	24 Feb 2012
DiGi.Com: Another good year; slightly more cautious outlook Wei-Shi Wu	19 Jan 2012
Malaysia Telecoms: 2012 outlook Wei-Shi Wu	18 Jan 2012

Asia ASEAN Indonesia
Resources Metals & Mining

07 Mar 2012 - 12:01:19 PM GMT

INDUSTRY ALERT

Company Update

Metals & Mining

Foreign ownership cap in IUPs; no immediate impact on CoWs

Focus stocks

Harum Energy (HRUM.JK),IDR8,450.00 Buy, Price Target IDR8,800.00

Indo Tambangraya (ITMG.JK),IDR42,150.00 Hold, Price Target IDR40,800.00

PT Bukit Asam (PTBA.JK),IDR20,750.00 Buy, Price Target IDR22,800.00

Adaro Energy (ADRO.JK),IDR1,930.00 Buy, Price Target IDR2,300.00

Bumi (BUMI.JK),IDR2,425.00 Hold, NA

Indika Energy (INDY.JK),IDR2,600.00 Buy, Price Target IDR2,800.00

Vale Indonesia (INCO.JK),IDR3,425.00 Buy, Price Target IDR4,500.00

Government just issued a new regulation (GR No24/2012)which amends certain parts of the previously released regulation (GR No 23/2010). Under the new regulation (amended Article 97), the government requires foreign investors in IUPs (regional/new mining licenses) to divest its stake by a minimum of 51% by the 10th year of production (the previous version required only a minimum 20% foreign stake divestment) down to an ultimate 49% max ownership. Under the new regulation, the divestment will be done in stages / gradually, starting in the 6th year of production. The central and regional government will have the right of first refusal to the divestment stakes.

No immediate impact on foreign-owned CoWs

The language only refers to regional/new licenses IUP, with no mention of CCoWs or CoWs (Contract of Works). Hence, we believe this is unlikely to affect mining ownerships by ITMG and Vale Indonesia, whose key CoWs expire in 2030-2035 and 2025 respectively. Meanwhile, other mining names under our coverage are majority owned by domestic entities.

Risk manageable even after CoWs expires and converts IUPs

There may be a risk after the CoWs expire and they negotiate for an extension, in which case a conversion into an IUP will be required. However, the fact that the concessions are being held through entities that are listed on the local stock exchange (eg. ITMG.JK & VALE.JK), may be sufficient to be categorized as majority "local ownership" despite the ultimate ownership composition. We are still checking with the respective companies, in regards to this interpretation.

Cherie Khoeng
PT Deutsche Bank Verdhana Indonesia
Research Analyst
(+62) 21 318 9542
cherie.khoeng@db.com

Asia ASEAN Indonesia
Resources Metals & Mining

07 Mar 2012 - 05:07:13 AM GMT

INDUSTRY ALERT

Periodical

Metals & Mining

Indo Bara - Foreigners can only own 49% of a mine

Focus stocks

Adaro Energy (ADRO.JK),IDR1,930.00 Buy, Price Target IDR2,300.00

Bumi (BUMI.JK),IDR2,425.00 Hold, NA

Harum Energy (HRUM.JK),IDR8,450.00 Buy, Price Target IDR8,800.00

Indika Energy (INDY.JK),IDR2,600.00 Buy, Price Target IDR2,800.00

Indo Tambangraya (ITMG.JK),IDR42,150.00 Hold, Price Target IDR40,800.00

PT Bukit Asam (PTBA.JK),IDR20,750.00 Buy, Price Target IDR22,800.00

Foreigners can only own 49% of a mine (Government regulation no. 24/ 2012). Government revised the old mining regulation on foreign ownership (No. 23/2010). Under the new regulation, the government required foreign investors to divest its mining investment in Indonesia down to a maximum ownership of 49% (similar to divestment requirements under Contract of Work - CCoW), versus under the old rule whereby foreign investor are only required to divest a minimum of 20%. Further, under the new regulation, the divestment would need to occur in several stages (over 5 years from year 6 of production). (Government)

PTRO signed additional US$188m of contract with Santan Batubara. This will extend the contract with Santan (which originally expired in 2014) to December 2016 as well as extend the work space from Separi block into Uskap block. Hence the total contract that PTRO has with Santan currently reached USD399m. *(Kontan)*

BRAU offers $500mn USD denominated bond with 7.375% coupon rate, lowered than previously indicated 7.875%. (Bisnis)

Cherie Khoeng
PT Deutsche Bank Verdhana Indonesia
Research Analyst
(+62) 21 318 9542
cherie.khoeng@db.com

William Kho
PT Deutsche Bank Verdhana Indonesia
Research Associate
(+62) 21 318 9517
william.kho@db.com

Asia ASEAN Philippines
Utilities Utilities

07 Mar 2012 - 03:16:42 AM GMT

COMPANY ALERT

Energy Development Corp

Key takeaways from results briefing

Company Update

Buy

Reuters:EDC.PS Exchange:PHS Ticker:EDC

Price (PHP)	**5.30**
Price target (PHP)	**7.20**
52-week range (PHP)	**7.02 - 4.90**
Market cap (USDm)	**2,313**
Shares outstanding (m)	**18,750.0**
Net debt/equity (%)	**115.6**
Book value/share (PHP)	**1.57**
Price/book (x)	**3.4**

FYE 12/31	**2010A**	**2011E**	**2012E**
Sales (PHPm)	24,902	25,191	28,771
Net Profit (PHPm)	4,115.7	1,745.7	7,929.5
DB EPS (PHP)	0.38	0.31	0.46
PER (x)	13.6	17.2	11.5
Yield (net) (%)	2.3	3.0	2.1

Exceptional expenses in 4Q11
EDC booked over P600mn in exceptional expenses in 4Q11 (settlement of tax cases, write-down of tax claims) which were included in (ie depressed) its core income. These, together with increased drilling activities, account for a substantial part of the variance between our FY11E expectation (P5.8bn) and the company's reported core income (P4.5bn).

FY12E earnings largely intact
Management guided for cash opex of P12bn this year (flat YoY) - roughly in line with our FY12 assumption of P11.7bn. Note that the FY11 figure included at least P1.5bn in expenses that may not (or may) recur.

Barring any substantial delays in the rehab of Bacman, we believe our FY12E of P8.6bn remains largely intact. Our forecasts assume that BacMan will start running by October on average - leaving some allowance for delays vs management's target of full operations by September.

Test runs on BacMan 2
After turning over the first 55MW unit of BacMan to the UK facility of the original manufacturer of the generators), EDC decided to begin test runs on BacMan 2. Repairs may still need to be done on the unit in the future, but it is better, in our view, to conduct test runs on the unit now to see where any possible problems may arise. The plant has been running continuously since Feb 29 and has slowly ramped up to full capacity (55MW).

Time to deliver
The company's credibility with the markets has, understandably, taken a hit following recent events (BacMan delay + poor results). Only the faithful delivery of disclosed plans can, in our view, change that now.

Gio Dela-Rosa, CFA
Deutsche Regis Partners, Inc.
Research Analyst
(+63) 2 894 6642
giovanni.dela-rosa@db.com

Iza Fernandez, CFA
Deutsche Regis Partners, Inc.
Research Associate
(+63) 2 894 6640
iza.fernandez@db.com

Asia ASEAN Philippines
Telecommunications Fixed Line

07 Mar 2012 - 01:36:43 AM GMT

COMPANY ALERT

PLDT

Results

Hold

FY11 results weak, FY12 guidance weaker

Reuters:TEL.PS Exchange:PHS Ticker:TEL

Price (PHP)	**2,790.00**
Price target (PHP)	**2,300.00**
52-week range (PHP)	**2,870.00 - 1,998.00**
Market cap (USDm)	**12,177**
Shares outstanding (m)	**201.6**
Net debt/equity (%)	**49.6**
Book value/share (PHP)	**779.93**
Price/book (x)	**3.6**

FYE 12/31	**2010A**	**2011E**	**2012E**
Sales (PH-Pm)	144,459	144,013	162,492
Net Profit (PHPm)	39,759.0	38,802.6	38,368.6
DB EPS (PHP)	222.59	207.06	182.79
PER (x)	11.3	13.5	15.3
Yield (net) (%)	8.7	7.7	6.5

Core profit behind expectations
PLDT reported consolidated core profit of P38.6bn (after prefs) and EBITDA of P80bn for FY11. Excluding Digitel's results (consolidated from Oct 26 to Dec 31), we estimate PLDT's core net profit was P38.8bn (-7% YoY) and EBITDA was P78.4bn (-6% YoY). The results were below our comparable forecasts of P39.7bn and P81.1bn, respectively. The full-year result implies core profit of P8.6bn (-18% YoY) and EBITDA of P17.3bn (-13% YoY) in 4Q.

Figures restated, but core revenue remains weak
Consolidated service revenue was P154bn, down 1% YoY. In 4Q alone, despite additional revenue from Digitel, cellular service revenue fell 7.7% YoY (-4.3% QoQ) to P20.7bn. We estimate PLDT lost another 2-3ppts of cellular revenue market share over 4Q. Note that PLDT's revenue figures were re-stated to gross of interconnection charges (vs net previously) with interconnection payments reported as an expense item.

Impairment charge at Digitel
On a stand-alone basis, Digitel wrote down c.P68bn worth of fixed assets. Meanwhile, PLDT booked over P60bn of the P74bn total consideration for Digitel as goodwill. We will not be surprised to see such a huge amount of goodwill subject to impairment charges moving forward.

2012 guidance subdued, we expect downgrades from consensus
For 2012, management expects 7% revenue growth mainly resulting from the full-year consolidation of Digitel. Management is guiding P37bn core net income in 2012, c.7% lower than our expectations and consensus.

The guidance implies revenue for PLDT would be largely flat YoY on a stand-alone basis, with practically no incremental profit from Digitel -- in line with what we have been saying all along. We believe the optimistic consensus expectations of significant "synergies" from Digitel will be disappointed.

PLDT Five-Quarter Results Summary

							4Q11 Ch		FY11 Ch	w/ Digitel	
	4Q10	1Q11	2Q11	3Q11	4Q11*	FY11*	QoQ	YoY	YoY	FY11	Ch YoY
EBITDA	19,904	20,954	20,558	19,559	17,339	78,410	-11%	-13%	-6%	79,959	-4%
Op Income	13,580	14,276	14,118	12,287	2,092	42,773	-83%	-85%	-26%	43,221	-22%
Headline Net Income	8,229	10,734	10,565	9,319	3,726	34,344	-60%	-55%	-15%	31,697	-21%
Core Income	10,605	10,556	10,467	9,579	8,676	39,278	-9%	-18%	-7%	39,035	-7%
Core Inc to Common	10,489	10,442	10,353	9,464	8,561	38,820	-10%	-18%	-7%	38,577	-7%

Source: Deutsche Bank, company data

Gio Dela-Rosa, CFA
Deutsche Regis Partners, Inc.
Research Analyst
(+63) 2 894 6642
giovanni.dela-rosa@db.com

Carissa Mangubat
Deutsche Regis Partners, Inc.
Research Associate
(+63) 2 894 6647
carissa.mangubat@db.com

Asia India
Energy Oil & Gas

07 Mar 2012 - 01:50:12 PM IST

COMPANY ALERT

Company Update

BPCL

Hold

Namaste India conference highlights

Reuters:BPCL.BO Exchange:BSE Ticker:BPCL

Price (INR)	**662.70**
Price target (INR)	**475.00**
52-week range (INR)	**701.35 - 460.80**
Market cap (USDm)	**4,889**
Shares outstanding (m)	**361.5**
Net debt/equity (%)	**109.6**
Book value/share (INR)	**449.34**
Price/book (x)	**1.5**

FYE 3/31	2011A	2012E	2013E
Sales (INRm)	1,536,450	2,259,122	2,522,253
Net Profit (INRm)	16,349.9	14,867.1	18,300.8
DB EPS (INR)	45.22	41.12	50.62
PER (x)	14.1	16.1	13.1
Yield (net) (%)	2.2	2.1	2.3

We met BPCL at the Deutsche Bank Namaste India conference. The key takeaways from the meeting were:

**** Upstream business: i) Mozambique (Area 1 in Rovuma Basin):** BPCL estimates 2P recoverable gas reserve of 15-30 tcf in the block. BPCL expects its share of exploration capex in Mozambique at US$100m each in FY13 and FY14 - 5 exploration and 3 appraisal wells in FY13 and 4 exploration and appraisal wells each in FY14. BPCL holds 10% stake in the block.
ii) Brazil (Block BM-C-30): BPCL estimates its share of exploration capex in the block at US$170m in FY13 (5 exploration wells and 3 appraisal wells) and US$60m in FY14 (2 exploration wells and 1 appraisal well). BPCL holds 12.5% stake in the block.

**** Bina refinery (BPCL 49% stake):** Capacity utilization at the 6mmtpa Bina refinery is currently at 80% and is expected to reach 100% in the next few months. All the secondary units have also been commissioned, and the final capex for the project is INR122bn (US$2.4bn).

**** Kochi refinery expansion:** BPCL plans to expand the Kochi refinery from 9.5mmtpa to 15.5mmtpa and also upgrade it from a Nelson Complexity of 6 to 9.1. The estimated capex for the project is INR120bn (US$2.4bn) and it is expected to be commissioned in FY17. The company also plans to set up a niche specialty chemicals production facility in Kochi with an estimated capex of INR60bn (US$1.2bn).

**** Capex:** BPCL estimates capex spend of INR35-40bn (US$700-800m) in FY13, with cINR18bn (US$360m) being spent on upstream business and the rest on refining and marketing infrastructure. The total capex spend on upstream business over the next five years is expected at INR100bn (US $2bn).

**** Debt:** Gross debt currently stands at INR220bn (US$4.4bn), down from INR250bn (US$5bn) in Dec 2011, after the receipt of Government compensation for 1HFY12 subsidy losses in Jan/Feb 2012.

We rate BPCL a Hold as high oil prices without an increase in regulated product prices are likely to lead to higher losses from sales of subsidized petroleum fuels.

Harshad Katkar
Research Analyst
(+91) 22 7158 4029
harshad.katkar@db.com

Amit Murarka
Research Associate
(+91) 22 7158 4069
amit.murarka@db.com

Asia India
Resources Construction Materials

07 Mar 2012 - 05:28:49 PM IST

INDUSTRY ALERT

Industry Update

Construction Materials

India Cement Sector- Namaste India conference highlights

Focus stocks

ACC (ACC.BO),INR1,293.90 Buy, Price Target INR1,550.00

Grasim (GRAS.BO),INR2,681.15 Buy, Price Target INR3,000.00

We hosted Heidelberg Cement India Ltd (Unrated) at our DB Access India conference. The key takeaways from the meeting are

1) Heidelberg Cement India Ltd (HCIL) expects demand to grow at 7.5 to 8.5% on the back of revival in demand from housing segment and the Government's thrust on infrastructure. With minimal incremental supply pending commissioning, HCIL expects the utilization levels to only get tighter.

2) In this environment, HCIL envisages to become a 15 mn tonne player (in line with parent's vision) by 2015 from the current 6 mn tonne operation. They expect to achieve this through both organic and inorganic expansions.

3) Cost of new capacity addition, meanwhile, has increased by US$ 10-20/t for brownfield expansions (excluding captive power) to US$ 120-140.

4) More importantly, the greenfield capacities, according to HCIL make sense only at a retail price of INR 325-350 per 50 kg bag given the current cost trends. Gestation period meanwhile has increased to 36 months for brownfield expansions (48-60 months for Greenfield expansions).

5) While cost inflation in the form of higher coal, power and freight (including the recent railway freight hike) have kept margins under check, HCIL expects the improving demand supply scenario and the economies of scale from the upcoming 3 mn tonne expansion (commercial production expected by 2QCY12) to help improve EBITDA margins to its target levels of 25-30% and RoEs to 20+%.

We continue to remain positive on the Sector given the improving utilization scenario. At the current valuations, our key overweights are ACC (Buy) and Grasim (Buy) in our coverage universe.

Chockalingam Narayanan
Research Analyst
(+91) 22 7158 4056
chockalingam.narayanan@db.com

Manish Saxena
Research Analyst
(+91) 22 7158 4034
manish.saxena@db.com

Anup Kulkarni
Research Associate
(+91) 22 7158 4265
anup.kulkarni@db.com

Asia India
Resources Construction Materials

07 Mar 2012 - 06:13:08 PM IST

COMPANY ALERT

India Cements

Namaste India conference highlights

Company Update

Hold

Reuters:ICMN.BO Exchange:BSE Ticker:ICMN

Price (INR)	**95.45**
Price target (INR)	**80.00**
52-week range (INR)	**108.35 - 63.10**
Market cap (USDm)	**534**
Shares outstanding (m)	**282.0**
Net debt/equity (%)	**62.9**
Book value/share (INR)	**139.20**
Price/book (x)	**0.7**

FYE 3/31	2011A	2012E	2013E
Sales (INRm)	35,007	43,018	48,913
Net Profit (INRm)	681.0	2,976.0	3,324.4
DB EPS (INR)	2.26	9.69	10.82
PER (x)	48.2	9.9	8.8
Yield (net) (%)	1.6	1.8	1.8

We hosted India Cements, the largest player in South Indian cement industry, at our DB Access India conference. The key takeaways from the meeting are

* South Indian demand, after seven consecutive quarters of negative growth, has started to recover from 3QFY12 with a 11.5% growth. It has continued into the fourth quarter primarily on the back of a pick-up in Government projects in Tamil Nadu, improved real estate demand in Karnataka and the rural demand in Andhra Pradesh.

* With only Jaypee's capacity pending commissioning, the demand recovery in South should help capacity utilizations to improve strongly from the 60% utilization in the region. In this environment, the company expects the prices to hold on, if not improve.

* Cost pressures in the form of higher power costs and railway freight rate hike may have to be passed on as return ratios at current operating levels are not remunerative.

* Next round of capacity additions too could take longer as the time for land acquisition, forest clearances have extended. The capital cost (excluding land and captive power) has also moved up to US$100-120.

* With regards to the company, the company is likely to focus on improving the utilizations at their existing units and look at expansions in Himachal, Madhya Pradesh only over the medium term. The company envisages becoming a 20 mn tonne player (from 15.5 mn tones) over the next 3-4 years.

* Its current gross debt at INR 29 bn (the 0.75x debt to equity). Pending capex of INR 5 bn over the next two years is largely towards the 50 MW captive power plant in Andhra Pradesh, the coal mine in Indonesia and the normal maintenance.

Given the improving industry utilizations, we continue to remain positive on the Sector. At the current valuations, maintain Hold on India Cements. In our coverage universe, we continue to maintain our overweights on ACC (Buy) and Grasim (Buy).

Chockalingam Narayanan
Research Analyst
(+91) 22 7158 4056
chockalingam.narayanan@db.com

Anup Kulkarni
Research Associate
(+91) 22 7158 4265
anup.kulkarni@db.com

Manish Saxena
Research Analyst
(+91) 22 7158 4034
manish.saxena@db.com

Asia India
Resources Metals & Mining

07 Mar 2012 - 01:50:00 PM IST

COMPANY ALERT

Jindal Steel & Power

Namaste India conference highlights

Company Update

Buy

Reuters:JNSP.BO Exchange:BSE Ticker:JNSP

Price (INR)	**545.95**
Price target (INR)	**710.00**
52-week range (INR)	**714.30 - 445.35**
Market cap (USDm)	**10,127**
Shares outstanding (m)	**934.3**
Net debt/equity (%)	**89.5**
Book value/share (INR)	**192.73**
Price/book (x)	**2.8**

FYE 3/31	**2011A**	**2012E**	**2013E**
Sales (INRm)	130,925	178,607	208,025
Net Profit (INRm)	37,347.4	41,800.2	51,424.0
DB EPS (INR)	40.04	44.74	55.04
PER (x)	16.9	12.2	9.9
Yield (net) (%)	0.3	0.9	1.0

Jindal Steel & Power Ltd. (JSPL) represented in our Namaste India conference. The guidance from the company remained same as presented by the company in the post result conference call. The key highlights of the meeting were -

* Debottlenecking has resulted in steel capacity increasing from 2.7mtpa to 3.5mtpa. Production ramp up to be largely completed in the current quarter.

* Target for external pellet sales likely to increase from 1.8mnt in FY12 to 2.5mnt in FY13E.

* Commissioning of capacities in Angul plant is likely to be delayed by c3 months. Operational cost details are paramount and the company's endeavor is that profitability of projects in Angul should be similar to that of existing facilities.

* While JPL has received Environmental Clearance for the Dumka power (likely commissioning FY16), while the same for Godda is still pending (likely COD in FY17). The company has not placed the equipment order for either of these projects.

* After acquiring 60% stake in the Gopalpur port, with a capacity of 20mtpa, the company is open for other inorganic options in steel and power provided investments meet their hurdle rates.

* Within first full year of operation of the Shadeed (Oman) plant, the utilisation has improved to 80%. Management believes there is a further room for improvement.

* The company is in discussion with the Bolivian government to sort out some of the differences regarding the expansion plans there and some outcome is expected in next 1 month.

We have a Buy on JSPL with a target price of INR 710 and it is one of our top-infra picks.

Manish Saxena	Anup Kulkarni	Chockalingam Narayanan
Research Analyst	Research Associate	Research Analyst
(+91) 22 7158 4034	(+91) 22 7158 4265	(+91) 22 7158 4056
manish.saxena@db.com	anup.kulkarni@db.com	chockalingam.narayanan@db.com

Asia India
Resources Metals & Mining

07 Mar 2012 - 12:02:46 PM IST

COMPANY ALERT

JSW Steel

Namaste India conference highlights

Company Update

Buy

Reuters:JSTL.BO Exchange:BSE Ticker:JSTL

Price (INR)	**808.00**
Price target (INR)	**800.00**
52-week range (INR)	**1,000.90 - 470.05**
Market cap (USDm)	**3,678**
Shares outstanding (m)	**223.1**
Net debt/equity (%)	**97.6**
Book value/share (INR)	**777.22**
Price/book (x)	**1.0**

FYE 3/31	2011A	2012E	2013E
Sales (INRm)	238,616	326,947	433,743
Net Profit (INRm)	17,539.8	16,061.1	23,564.1
DB EPS (INR)	78.65	71.99	105.61
PER (x)	14.3	11.2	7.7
Yield (net) (%)	1.1	1.5	1.5

We hosted JSW Steel's management at our DB Access India Conference. The key takeaways from the meeting are :

*Iron ore availability has improved significantly over the last six months. JSW Steel has purchased c. 9m tonnes of iron ore, out of c.16 m tonnes through e-auctions, and received c. 6m tonnes of ore till now.

*The company remains confident of meeting its full-year guidance of c.7.5m tonnes of production in FY12.

*The steelmakers in Karnataka are keenly awaiting the next Supreme Court hearing on the mining ban. The steelmakers expect a partial relaxation of the mining ban, in line with the CEC recommendations. The CEC has recommended resumption of mining in category-A iron ore mines, which are legal mines without any violations. E-auction is likely to continue as the preferred mode for the sale of ore to the steelmakers.

*Management remains optimistic on the steel demand-supply scenario in India. It expects only a minor surplus in the domestic flat products market with the commencement of 15-16m tonnes of capacity over the next two to three years.

*The domestic steel demand has shown an uptick over the past couple of months, allowing the company to increase prices of various steel products. Long steel products are doing better than the flat products.

*Management indicated that the company has plans to spend c.US$3bn over the FY12-14 period and US$0.8bn in FY12 for the capacity in various expansion projects.

*The agreement to supply power at c.INR5/unit by JSW Energy to JSW Ispat is likely to have a positive impact of INR500-700/MT on JSW Ispat's EBITDA level.

*The progress on US coal assets is slow and mining contracts are yet to be awarded. Mozambique coal mines are expected to start operation in another four to five years.

*The company has to make a repayment of c.INR1.2-1.5bn every year excluding FCCB obligations to the tune of c.USD319m which is likely to mature in June 2012.

*The weighted average cost of JSW Steel is c.7-8% and 11-12% for JSW Ispat.

Abhay Laijawala
Research Analyst
(+91) 22 7158 4031
abhay.laijawala@db.com

Anuj Singla
Research Analyst
(+91) 22 7158 4172
anuj.singla@db.com

Asia India
Conglomerates

07 Mar 2012 - 06:20:50 PM IST

COMPANY ALERT

Company Update

Lanco Infratech

Buy

Namaste India conference highlights

Reuters:LAIN.BO Exchange:BSE Ticker:LAIN

Price (INR)	**18.95**
Price target (INR)	**25.00**
52-week range (INR)	**44.45 - 8.83**
Market cap (USDm)	**906**
Shares outstanding (m)	**2,407.8**
Net debt/equity (%)	**504.8**
Book value/share (INR)	**17.79**
Price/book (x)	**1.1**

FYE 3/31	**2011A**	**2012E**	**2013E**
Sales (INRm)	77,589	90,168	156,190
Net Profit (INRm)	5,033.6	-3,395.0	1,943.2
DB EPS (INR)	2.09	-0.90	0.81
PER (x)	28.6	–	23.5
Yield (net) (%)	0.0	0.0	0.0

We hosted the management of Lanco Infra in our Access India conference. Key takeaways from the meetings were similar to ones stated in post-results conference call as-

* Currently, Lanco has a capacity of 4.4GW and expect to reach a capacity of 9.4GW by FY15. In FY13, the company is not adding any capacity.

* Out of the existing 4400MW, 760Mw is available for merchant sale. However, Lanco will look to convert them to PPA in due course.

* Kondapalli Ph-3 open cycle will be commissioned by March'12. But the company said that the plant may not operate for one year on account of gas issues and the interest cost will be added to the project cost during this period. Gas reallocation from other sectors is expected to operationalise the project.

* Udupi U#1 has stabilized and it is currently operating over 90% PLF for last 3 months. For U#2, the company expects the transmission line to be commissioned by Jul-Aug'12 post which commercial generation from U#1 can also commence.

* Anpara project has started commercial operation and Lanco has signed PPA with TN to sell 100MW for a period of 5 years for tariffs upwards of INR4/kWh.

* Lanco management believes that the current PPA structure is risky and hence, they are not signing any fixed case I bidding. The company is awaiting modified case I bidding from government which allows fuel as full pass-through.

* Lanco cited that the SEBs are slow in signing PPA and have resorted to load shedding to reduce supply as they are strapped for cash. Next year tariff rates are expected to be higher as the tariff revision are happening and the power purchase is also expected to rise.

* Lanco is planning to raise $600 to 750mn through private equity (equivalent to 25% stake in ~9000Mw portfolio) and the entire fund would be used for further investments in power business.

* The company has a gross debt of INR330bn with average cost of 11.5% and a debt:equity of 4x. Higher debt has been attributed to coal assets purchased with 100% debt. Total debt under power business is ~INR220bn.

We have a Buy rating with INR25/sh target price.

Abhishek Puri
Research Analyst
(+91) 22 7158 4214
abhishek.puri@db.com

Anup Kulkarni
Research Associate
(+91) 22 7158 4265
anup.kulkarni@db.com

Manish Saxena
Research Analyst
(+91) 22 7158 4034
manish.saxena@db.com

Asia India
Conglomerates

07 Mar 2012 - 11:24:15 AM IST

COMPANY ALERT

Larsen & Toubro Ltd

Namaste India conference highlights

Company Update

Buy

Reuters:LART.BO Exchange:BSE Ticker:LART

Price (INR)	**1,236.05**
Price target (INR)	**1,600.00**
52-week range (INR)	**1,861.25 - 979.10**
Market cap (USDm)	**14,942**
Shares outstanding (m)	**608.9**
Net debt/equity (%)	**121.4**
Book value/share (INR)	**503.65**
Price/book (x)	**2.5**

FYE 3/31	**2011A**	**2012E**	**2013E**
Sales (INRm)	515,520	653,399	744,346
Net Profit (INRm)	44,561.7	43,996.3	48,043.7
DB EPS (INR)	69.93	72.44	78.91
PER (x)	25.7	17.1	15.7
Yield (net) (%)	0.8	1.3	1.4

L&T represented in our Namaste India conference. Key highlights of the meetings were -

*The overall sentiment has improved, but that is not reflected in the ordering at the ground level yet.

* **Margins vs. volumes** - L&T has witnessed intense competition in particular sectors such as roads, hydrocarbon, etc. While the company has not won any blockbuster order during FY12, the overall base level orders have been good and the order book position remains comfortable at the moment, hence the Board has not allowed individual businesses to dilute the minimum margin threshold for bidding of any projects.

* **Risk management** - The basic philosophy is that both 0% and 100% hedging are speculative and also that the viability of business should not rely solely on presence /absence of hedges. Hence the company believes in dynamic hedging for business. While it hedges the forex loans to the extent (currently 80-90%) to reduce P&L volatility, the level of hedging beyond the hygiene level by individual project managers is dynamic, based on project-specific variables like margin profile, the contingencies factored in, etc.

* **Hyderabad Metro** - The govt. has completed the land acquisition and it may allow to start the survey work in 2 weeks and the ground level construction may start in 2 months. However, the 'Appointed Date' is not yet finalized. Meanwhile, L&T is proceeding with the pre-construction work.

* **Middle-east** - Most of the projects in M.E. markets are fixed-price contracts and denominated in local currency (generally pegged to USD). The reason for focusing on these markets is to diversify away from India and also due to high entry-barrier of these markets. (e.g. a new T&D equipment player could take 8-10 years to qualify for all ratings of equipment.)

* **Power equipment JV** - Currently backlog is good for 1.5 years, but may face problems if don't get new orders over next 1 year. In the long term, the proposed efficiency-based bidding for power projects, where fuel cost is pass-through, could be positive for its business as it believes its equipment have one the best efficiency metrics. L&T thinks that to make at least a small margin, the lowest price of its basic boiler must be at least INR 15mn/MW and boiler with ESP, critical piping at INR 18/MW.

We have a Buy on L&T with a target price of INR 1600 and reiterate it as one of our top-infra picks.

Manish Saxena
Research Analyst
(+91) 22 7158 4034
manish.saxena@db.com

Anup Kulkarni
Research Associate
(+91) 22 7158 4265
anup.kulkarni@db.com

Chockalingam Narayanan
Research Analyst
(+91) 22 7158 4056
chockalingam.narayanan@db.com

Asia India
Utilities Utilities

07 Mar 2012 - 06:06:41 PM IST

COMPANY ALERT

Company Update

NHPC

Buy

Namaste India conference highlights

Reuters:NHPC.BO Exchange:BSE Ticker:NHPC

Price (INR)	**20.60**
Price target (INR)	**28.00**
52-week range (INR)	**26.00 - 17.95**
Market cap (USDm)	**5,031**
Shares outstanding (m)	**12,300.7**
Net debt/equity (%)	**45.8**
Book value/share (INR)	**23.10**
Price/book (x)	**0.9**

FYE 3/31	**2011A**	**2012E**	**2013E**
Sales (INRm)	49,167	53,811	65,367
Net Profit (INRm)	23,161.6	27,546.7	25,288.9
DB EPS (INR)	1.48	1.93	2.06
PER (x)	19.6	10.7	10.0
Yield (net) (%)	2.1	3.4	3.7

We hosted the management of NHPC in our Access India conference. Key takeaways from the meetings are-

** Capacity addition on-track for FY13: 313MW (231 MW of Chamera, 22MW of Chutak and 60MW of Uri II) is likely to be added by March 2012. TLD-IV would be commissioned by March 2013. All the units of TLD III will be commissioned by Aug 2012 to Sep 2012, Uri II by April 2012, TDL IV by March 2012, Nimoo Bazgo by April-Sep 2012. While U#1 of Parbati III will start by Jan 2013, full commercialization would depend on water-flow from Parbati II, which has been delayed due to technical and contractual issues.

** For its large 2GW Subansiri project, company has spent INR55bn out of INR100bn which has been delayed due to local protests. In the 12th Plan, NHPC has a target of adding capacity to the tune of 4,189MW.

** While J&K Govt intends to take back NHPC's older projects in the state at depreciated cost, NHPC believes the ownership is with them as per agreements and PPAs have been signed with 6-7 other states.

** CERC has allowed recovery of water cess from beneficiaries. Regulator continues to allow not only geological surprises but also cost overruns due to human intervention (like strikes) as a pass-through.

** The company has downsized its pipeline of projects to 11GW from 16GW mainly due to transfer of few projects to the private sector and denial of environmental clearance for Kotli Bahl (INR800 mn survey and investigation expenses written-off in 3QFY12). All other pipeline projects are expected to receive clearances with no major obstacles, including the new thermal JV projects with Orissa govt. For Tipaimukh (1500MW), some clearances are in place. Projects which are awaiting sanction such as Kotli Bhel Stage IA (195MW), Teesta IV (520MW), Tawang I (600MW), Tawang II (800MW) have got approvals except CEA and Public Investment Board clearances.

** With respect to current regulations, the management hinted that CERC regulations are pro-hydro, but they need to think from IRR perspective rather than only ROE to improve further participation in hydro sector.

** Most good hydro sites have been taken by either States or allocated to private sector for upfront royalty. NHPC has been developing projects at difficult sites like Leh (J&K) earlier and has expertise in designing/planning such projects in harsh conditions.

We have a Buy rating with INR28/sh target price.

Abhishek Puri
Research Analyst
(+91) 22 7158 4214
abhishek.puri@db.com

Anup Kulkarni
Research Associate
(+91) 22 7158 4265
anup.kulkarni@db.com

Chockalingam Narayanan
Research Analyst
(+91) 22 7158 4056
chockalingam.narayanan@db.com

Asia India
Energy Oil & Gas

07 Mar 2012 - 01:59:52 PM IST

COMPANY ALERT

Petronet LNG Limited

Namaste India conference highlights

Company Update

Buy

Reuters:PLNG.BO Exchange:BSE Ticker:PLNG

Price (INR)	**168.35**
Price target (INR)	**200.00**
52-week range (INR)	**182.75 - 113.25**
Market cap (USDm)	**2,576**
Shares outstanding (m)	**750.0**
Net debt/equity (%)	**84.2**
Book value/share (INR)	**46.23**
Price/book (x)	**3.6**

FYE 3/31	**2011A**	**2012E**	**2013E**
Sales (INRm)	131,973	227,868	336,037
Net Profit (INRm)	6,196.2	10,046.6	10,737.2
DB EPS (INR)	8.26	13.40	14.32
PER (x)	12.7	12.6	11.8
Yield (net) (%)	1.9	1.5	1.6

We met Petronet LNG (PLNG) at the Deutsche Bank Namaste India conference. The key takeaways from the meeting were:

** **Kochi LNG terminal:** Management has guided for commercial start-up of the 5mmtpa Greenfield LNG terminal by September 2012 with an estimated capex of INR42bn. PLNG expects a throughput of 1mmtpa in the Kochi terminal for the next 12 months and believes it will increase only after the commissioning of the Kochi-Mangalore-Bangalore pipeline, which it expects to happen by December 2013.

** **Regas margins:** PLNG and the LNG offtakers (GAIL, BPCL, IOC) have agreed to an equity IRR of 16% for the Kochi LNG terminal and the regas margins will be set accordingly. The company expects a 5% p.a. escalation in Kochi regas margin, similar to escalation in Dahej regas margins. PLNG is also considering maintaining lower regas margins initially to promote LNG market around Kochi and increase the margins later to realize their target equity IRR of 16%.

** **LNG sourcing:** PLNG is not looking to enter into any long-term LNG sourcing contracts at present as it expects long-term LNG prices to soften. Instead, PLNG is planning to contract short-term/ medium-term LNG as it is available at a lower price than long-term LNG.

** **Dahej LNG terminal:** The second jetty in Dahej is on track for completion by June 2013, which will increase operating capacity at Dahej LNG terminal from 10 to 13mmtpa. Moreover, PLNG aims to award the EPC contracts for two additional tankers and vaporizers by December 2012. This will enable PLNG to increase capacity in Dahej to 15mmtpa and its total regas capacity to 20 mmtpa by March 2016.

** **East Coast terminal:** PLNG has commissioned a detailed feasibility report (DFR) to set up a 5mmtpa greenfield LNG terminal at Gangavaram in Andhra Pradesh. The estimated capex for the project is US$900m and a final decision on this is expected to be taken in the next 6 months.

We rate PLNG a Buy with a TP of INR200/sh, as a key beneficiary of the persistent gas demand-supply deficit in India.

Harshad Katkar
Research Analyst
(+91) 22 7158 4029
harshad.katkar@db.com

Amit Murarka
Research Associate
(+91) 22 7158 4069
amit.murarka@db.com

Asia India
Utilities Utilities

07 Mar 2012 - 07:11:45 PM IST

COMPANY ALERT

Tata Power

Namaste India conference highlights

Company Update

Hold

Reuters:TTPW.BO Exchange:BSE Ticker:TTPW

Price (INR)	**108.60**
Price target (INR)	**105.00**
52-week range (INR)	**133.72 - 81.60**
Market cap (USDm)	**5,117**
Shares outstanding (m)	**2,373.3**
Net debt/equity (%)	**209.6**
Book value/share (INR)	**65.71**
Price/book (x)	**1.7**

FYE 3/31	**2011A**	**2012E**	**2013E**
Sales (INRm)	194,508	251,989	312,626
Net Profit (INRm)	20,596.0	22,060.7	23,193.1
DB EPS (INR)	8.68	9.30	9.77
PER (x)	15.6	11.7	11.1
Yield (net) (%)	0.1	2.1	2.0

We hosted Tata Power in our Access India conference. Key takeaways are-

* For Mundra project, Tata power is in talks with power procurers and the procurers have asked them to respond on cost detail. The tariff relief may be difficult in the near-term due to lack of ownership of the issue by beneficiaries or Govt. The question is on the extent of relief, if at all, is considered.

* The breakeven tariff for Mundra is INR2.9/kWh and currently it gets INR2.35 according to management. However, the company expects Mundra project to be profitable on stand-alone basis with INR3.2/kWh tariff at the prevailing coal prices, which is cheaper than new domestic coal projects due to economies of scale.

* The company is adopting 3 steps loss-reduction measures for Mundra- a) reduce availability to 80% and PLF to 75%; b) blend low-grade coal- 30% blending achieved, but need to test-run for 50% or more blending (50% blending likely to reduce cost by ~10%); c) Adding another 2x800MW unit at same location to sell at higher tariffs (awaiting EC).

* Regarding transfer of coal assets to Mundra SPV (CGPL), the company is awaiting Direct Tax code which may impact tax benefits (on dividends). On cash flow basis, 75% of investment transfer is likely to make CGPL break-even; while upon 100% transfer the company will make desired 14% ROE.

* For Naraj marthapur (1320MW), the site is close to a wild life sanctuary and may not receive EC. However, it may be converted to gas project whereas alternate land is sought for the coal project.

* While Maithon's U#1 has stabilized and operating at PLF of ~90%, U#2 will start by Apr'12. For U#2, company is building a railway line for coal evacuation which would be ready by Sep'12 due to land acquisition issues. Company expects to manage debt servicing even if U#2 works at a lower PLF initially.

* For coal assets in Indonesia, company has adopted cost cutting measures: 1) new 54MW power plant to reduce diesel requirement; 2) Electrical draglines to replace diesel ones to become all-weather; 3) Coal conveyed via all-weather belts from pits.

* Tata power has formed a 50:50 JV with Exxaro Resources to pursue power projects in SA, Namibia and Botswana, to expand its overseas ambitions.

* NDPL's INR1bn per month receivables have reduced to INR200mn/month. AT&C losses are around 12.5% and is targeting single digit in next 2 years.

We have a Hold recommendation with INR105/sh target price.

Abhishek Puri
Research Analyst
(+91) 22 7158 4214
abhishek.puri@db.com

Anup Kulkarni
Research Associate
(+91) 22 7158 4265
anup.kulkarni@db.com

Japan
Automobiles Autos

7 March 2012

Press Kogyo

Reuters: **7246.T** Bloomberg: **7246 JT** Exchange: **TYO** Ticker: **7246**

Raising our FY3/13 estimates, reiterating Buy

Takeshi Kitaura
Research Analyst
(+81) 3 5156-6738
takeshi.kitaura@db.com

Kurt Sanger, CFA
Research Analyst
(+81) 3 5156-6692
kurt.sanger@db.com

Forecast Change

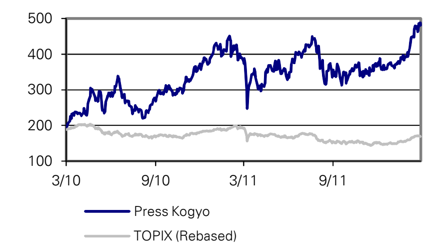
Buy

Price at 6 Mar 2012 (¥)	**481**
Price target - 12mth (¥)	**560**
52-week range (¥)	**488 - 247**

Key changes

Target price (¥)	445 to 560 ↑	**25.8%**
EPS (¥)	51 to 55 ↑	**6.4%**
OP (¥bn)	11.7 to 12.1 ↑	**3.4%**
RP (¥bn)	11.4 to 11.8 ↑	**3.5%**

Price/price relative



Performance (%)	1m	3m	12m
Absolute	*22.1*	*31.8*	*23.0*
TOPIX	*7.5*	*12.1*	*-13.4*

Stock data

Market cap (¥bn)	**52**
Shares outstanding (m)	**109**
Foreign shareholding ratio (%)	**15.7**
TOPIX	**827**

Key indicators (FY1)

ROE (%)	**13.4**
BPS (¥)	**447**
P/B (x)	**1.1**
EPS growth (%)	**-0.2**
Dividend yield (%)	**1.9**

Recovery from quake/Thai floods; expect better FY3/13 business conditions
We expect Press Kogyo to achieve record OP in FY3/12, despite the effects from the Great East Japan Earthquake and Thai floods. In FY3/13, we expect the company to benefit from strong commercial vehicles shipments as well as a firm construction machinery segment, which has maintained a solid performance largely due to its domestic operations (including exports). We raise our FY3/13 earnings forecasts, and reiterate our Buy rating due to strong earnings and a low valuation.

Raising our FY3/13 forecasts, expect OP of ¥13.6bn
We raise our FY3/13 OP forecast from ¥12.5bn to ¥13.6bn (EPS from ¥58 to ¥63). We expect the auto parts segment to continue performing strongly, but the bulk of our revision is due to an estimated ¥900mn profit hike at its domestic construction machinery segment, which makes cabins, including those exported (excludes local China business). We expect Press Kogyo to reach its OP guidance of ¥12.0bn (revised in 1Q), despite effects from the Thai floods in 4Q. We raise our FY3/12 OP forecast from ¥11.7bn to ¥12.1bn (EPS from ¥51.4 to ¥54.6), mainly on a stronger-than-expected performance from the construction machinery segment.

3Q results: Record quarterly OP
3Q results saw record quarterly OP of ¥3.4bn (7.4% operating margin). By segment, the automotive business (OP ¥3.1bn) benefited from strong Japanese truck production. Another positive factor for the automotive business was profit on press dies for new cars launched in Thailand. The construction machinery parts business also performed well, mainly due to domestic production, with 3Q OP continuing its robust performance at ¥1.1bn (up 31% YoY). NP was ¥1.7bn, a YoY fall because of a slightly higher effective tax rate of 40%, but the 1-3Q cumulative NP of ¥4.7bn has already reached more than 80% of full-year guidance of ¥5.8bn.

Raising TP from ¥445 to ¥560
Our TP is based on P/B 1.1x (P/E 8.9x) our FY3/13 estimates. Our new target P/B is in line with the three-year average P/B during FY3/05-FY3/07, a period of stable earnings prior to the financial crisis. We previously applied a lower than historical average P/B 1x and P/E 7.5x, on risk of global economic stagnation. We now raise our target multiple to the past average, given strong earnings and improved business conditions, such as material prices. Risks include weaker than expected domestic demand for commercial vehicles, and lower-than-expected China construction machinery demand.

Forecasts and ratios

Year End Mar 31	2011A	**2012E**	2012CoE	2013E	2014E
Sales (¥bn)	147.1	**168.2**	168.0	182.4	192.9
Operating profit (¥bn)	9.1	**12.1**	12.0	13.6	15.1
Recurring profit (¥bn)	8.7	**11.8**	11.5	13.2	14.8
Net profit (¥bn)	6.1	**5.9**	5.8	6.8	7.8
EPS (¥)	55	**55**	53	63	71
P/E (x)	5.7	**8.8**	9.1	7.7	6.7

Source: Deutsche Securities Inc. estimates, company data

Japan

Financials/Banks

Industry

Bank sector

Date
07 March 2012

Industry Update

Yoshinobu Yamada
Research Analyst
(+81) 3 5156-6754
yoshinobu.yamada@db.com

Rise in regional banks' lending implies grassroots economic recovery

Companies Featured	
MUFG (8306.T),¥408	Buy
SMFG (8316.T),¥2,689	Buy
Mizuho FG (8411.T),¥134	Hold
Resona HD (8308.T),¥387	Hold
Sumitomo Mitsui Trust HD (8309.T),¥276	Hold
Bank of Yokohama (8332.T), ¥401	Hold
Shizuoka Bank (8355.T),¥840	Hold
Chiba Bank (8331.T),¥524	Buy
Fukuoka FG (8354.T),¥369	Buy

Are bank stocks at a plateau or a turning point?

Global bank stocks appear to have stopped at a plateau following completion of the ECB's second LTRO. Major Japanese bank stocks are also down slightly this week following their sharp year-to-date rise and a reduction in the Chinese government's GDP target. Some are also expecting the broader Tokyo market to face selling pressure from financial institutions ahead of the fiscal year-end. We think the environment looks ripe for near-term profit-taking but also believe this is not the time to be altering our Overweight stance on the major banks given their economy-sensitive nature.

Lending to SMEs also rising

We have raised our 2012 GDP forecast from +0.7% to +2.5%, and banks' domestic lending turned upward YoY from last October. Among the larger regional banks, growth is around 4% for Bank of Yokohama, Chiba Bank, and Fukuoka FG and 2% for Shizuoka Bank (Figure 1). The major banks have not disclosed a breakdown of 3Q lending, but regional banks are seeing growth across all customer segments, including large corporations, SMEs, and individuals. Growth in regional bank lending is generally thought to center on local governments and large corporations, but we think it important to note that lending is now also rising to individuals (for home mortgages) and SMEs. SMEs had been cautious on business expansion following last year's quake, but we think they have now turned reasonably optimistic in the wake of the supply chain's recovery. While many in the stock market claim that Japan's economy does not seem to be recovering in any perceptible way, the recovery does appear to be making steady headway at the grassroots level. Regional banks' loan-deposit spreads are narrowing on a decline in home mortgage interest rates, but Shizuoka Bank and certain other banks nonetheless saw net interest income rise YoY in 3Q on increased loan volume.

Political risks

Risks for bank stocks generally include an increase in bad debts and securities-related losses, but credit costs are not rising appreciably. We also expect equity-related P/L to improve QoQ in 4Q. JGB holdings are a latent risk, but long-term interest rates have been low and stable over the past several months. However, we cannot rule out the possibility of a substantial postponement of the consumption-tax hike triggering an adverse upturn in interest rates. We regard the political situation as the key risk facing Japanese bank shares at present.

Valuation/Risk/Reward headline

Our target prices for the major banks are based on a FY3/13E P/E of 11.0x, a discount of around 5% to the 11.6x market average. The historical ten-year average discount is 20%, but we use 5% to reflect additional monetary easing by the BoJ, and reduced concern about capital increases. Risks include an increase in bad debts due to an economic downturn, deterioration in unrealized P/L on investment securities due to a slump in the market, and the protraction of TEPCO-related problems. We base our TP calculations for the regional banks on an FY3/13E P/E of 11.5x, on par with our multiple for the broader market because regional banks' beta is roughly 1.0. Upside risks include improved margins due to a steepening yield curve. Downside risks include growth in bad debts due to downturns in regional economies.

Japan
Transportation

7 March 2012

Nippon Yusen

Reuters: **9101.T** Bloomberg: **9101 JT** Exchange: **TYO** Ticker: **9101**

Maintaining long-term Buy rating; potential RP estimated at ¥54bn

Seigo Ando, CMA
Research Analyst
(+81) 3 5156-6725
seigo.ando@db.com

Maintaining long-term Buy on potential for RP to reach ¥54bn long term
We believe Nippon Yusen's consolidated RP could easily reach the ¥54bn level over the medium term. Although its containership business looks unlikely to become profitable, we expect an earnings contribution exceeding ¥60bn from operations with stable profitability (long-term dry bulker contracts, long-term tanker contracts, car carrier business, terminal business, logistics and real estate). We rate Nippon Yusen a long-term Buy, and forecast 5.9% ROE over the medium term.

Container freight rates to continue rise for time being
The spot freight rate (SCFI) on routes from Asia to Europe has doubled from \$711/TEU (17 February) to \$1,412/TEU (2 March), despite supply/demand conditions not necessarily being all that strong. Rates have never risen so steeply before over a short period, and we thus see an increased likelihood of marine transport companies maintaining the momentum from this success until the May freight rate negotiations for routes from Asia to North America, and then seeking to repeat it. We consequently raise our FY3/13 container freight rate assumptions substantially (Figure 5), but we expect a renewed downward trend in FY3/14 since the supply/demand outlook is not necessarily that strong.

We forecast consolidated RP of ¥26.9bn in FY3/13 and ¥43.5bn in FY3/14
Our forecast for FY3/13 consolidated RP of ¥26.9bn would represent growth of ¥60.3bn on our FY3/12 forecast (recurring loss of ¥33.4bn). By business segment, we forecast ¥27.4bn profit improvement (recurring loss of ¥14.7bn) in container shipping owing to a rise in freight rates; and ¥27.2bn growth at the drybulk shipping segment mainly because we anticipate the return of high-cost dry bulkers to their owners, expansion for car carriers in reaction to the slump following the earthquake and floods in Thailand, and the dropping out of FY3/12 one-time losses for tankers (see Figure 10).

Target price, valuation, risk
Our target price is ¥294 (previously ¥218). We derive it by determining achievable stable ROE (now 5.9%; previously 4.2%) and applying it to the average TOPIX P/E (12.7x; 13.5x) to calculate a target P/B (0.75x; 0.57x). We then apply this to our FY3/13 BPS forecast of ¥391.8. Downside risks include a decline in airfreight rates due to a sharp decline in demand, yen appreciation, higher fuel costs, and a greater-than-expected drop in container freight rates.

Forecasts and ratios

Year End Mar 31	2011A	2012E	2012CoE	2013E	2014E
Sales (¥bn)	1,929.2	**1,802.1**	1,800.0	1,933.1	1,968.1
YoY (%)	13.7	**-6.6**	-6.7	7.3	1.8
Operating profit (¥bn)	122.3	**-21.4**	-19.0	37.9	54.3
YoY (%)	–	**–**	–	–	43.3
Recurring profit (¥bn)	114.2	**-33.4**	-31.0	26.9	43.5
Net profit (¥bn)	78.5	**-31.1**	-26.0	18.0	31.3
EPS (¥)	46	**-18**	-15	11	18
P/E (x)	7.6	**–**	–	22.0	12.6
EV/EBITDA (x)	6.2	**14.9**	–	8.2	6.8
CFPS (¥)	105	**44**	–	75	89
P/CFPS (x)	3.3	**5.3**	–	3.1	2.6

Source: Deutsche Securities Inc. estimates, company data

Forecast Change

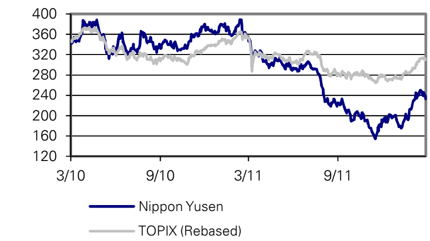
Buy

Price at 6 Mar 2012 (¥)	**233**
Price target - 12mth (¥)	**294**
52-week range (¥)	**355 - 154**

Key changes

Target price (¥)	218 to 294 ↑	**34.9%**
EPS (¥)	-9 to -18 ↓	**100.7%**
OP (¥bn)	-20.6 to -21.4 ↓	**3.9%**
RP (¥bn)	-28.6 to -33.4 ↓	**16.8%**

Price/price relative



Performance (%)	1m	3m	12m
Absolute	*9.4*	*30.9*	*-34.9*
TOPIX	*7.5*	*12.1*	*-13.4*

Stock data

Market cap (¥bn)	**395**
Shares outstanding (m)	**1,696**
Foreign shareholding ratio (%)	**24.8**
TOPIX	**827**

Key indicators (FY1)

ROE (%)	**-4.7**
BPS (¥)	**384**
P/B (x)	**0.6**
EPS growth (%)	**–**
Dividend yield (%)	**0.4**

Appendix 1

Important Disclosures

Additional information available upon request

For disclosures pertaining to recommendations or estimates made on securities other than the primary subject of this research, please see the most recently published company report or visit our global disclosure look-up page on our website at http://gm.db.com/ger/disclosure/DisclosureDirectory.eqsr

Analyst Certification

This report covers more than one security and was prepared by more than one analyst. The views expressed in this report accurately reflect the personal views of each undersigned lead analyst about the subject issuers covered by each, and the securities of those issuers. In addition, the undersigned lead analysts have not and will not receive any compensation for providing a specific recommendation or view in this report. Carissa Szeto

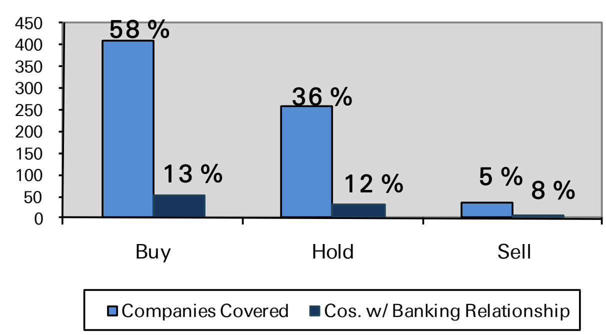
Equity rating key

Buy: Based on a current 12- month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield) , we recommend that investors buy the stock.
Sell: Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock
Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.
Notes:

1. Newly issued research recommendations and target prices always supersede previously published research.
2. Ratings definitions prior to 27 January, 2007 were:

    Buy: Expected total return (including dividends) of 10% or more over a 12-month period
    Hold: Expected total return (including dividends) between -10% and 10% over a 12-month period
    Sell: Expected total return (including dividends) of -10% or worse over a 12-month period

Equity rating dispersion and banking relationships



Asia-Pacific Universe

Regulatory Disclosures

1. Important Additional Conflict Disclosures

Aside from within this report, important conflict disclosures can also be found at https://gm.db.com/equities under the "Disclosures Lookup" and "Legal" tabs. Investors are strongly encouraged to review this information before investing.

2. Short-Term Trade Ideas

Deutsche Bank equity research analysts sometimes have shorter-term trade ideas (known as SOLAR ideas) that are consistent or inconsistent with Deutsche Bank's existing longer term ratings. These trade ideas can be found at the SOLAR link at http://gm.db.com.

3. Country-Specific Disclosures

Australia and New Zealand: This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act and New Zealand Financial Advisors Act respectively.
Brazil: The views expressed above accurately reflect personal views of the authors about the subject company(ies) and its(their) securities, including in relation to Deutsche Bank. The compensation of the equity research analyst(s) is indirectly affected by revenues deriving from the business and financial transactions of Deutsche Bank.
EU countries: Disclosures relating to our obligations under MiFiD can be found at http://www.globalmarkets.db.com/riskdisclosures.
Japan: Disclosures under the Financial Instruments and Exchange Law: Company name - Deutsche Securities Inc. Registration number - Registered as a financial instruments dealer by the Head of the Kanto Local Finance Bureau (Kinsho) No. 117. Member of associations: JSDA, Type II Financial Instruments Firms Association, The Financial Futures Association of Japan, Japan Securities Investment Advisers Association. This report is not meant to solicit the purchase of specific financial instruments or related services. We may charge commissions and fees for certain categories of investment advice, products and services. Recommended investment strategies, products and services carry the risk of losses to principal and other losses as a result of changes in market and/or economic trends, and/or fluctuations in market value. Before deciding on the purchase of financial products and/or services, customers should carefully read the relevant disclosures, prospectuses and other documentation. "Moody's", "Standard & Poor's", and "Fitch" mentioned in this report are not registered credit rating agencies in Japan unless “Japan” or “Nippon” is specifically designated in the name of the entity.
Russia: This information, interpretation and opinions submitted herein are not in the context of, and do not constitute, any appraisal or evaluation activity requiring a license in the Russian Federation.

Deutsche Bank
Markets Research

Deutsche Bank AG/Hong Kong

Asia-Pacific locations

Deutsche Bank AG
Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234

Deutsche Bank AG
Filiale Hongkong
International Commerce Centre,
1 Austin Road West,Kowloon,
Hong Kong
tel: (852) 2203 8888

Deutsche Equities India Pte Ltd
3rd Floor, Kodak House
222, Dr D.N. Road
Fort, Mumbai 400 001
SEBI Nos: INB231196834
INB011196830, INF231196834
Tel: (91) 22 6658 4600

Deutsche Securities Inc.
2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6770

Deutsche Bank (Malaysia) Berhad
Level 18-20
Menara IMC
8 Jalan Sultan Ismail
Kuala Lumpur 50250
Malaysia
Tel: (60) 3 2053 6760

In association with
Deutsche Regis Partners, Inc.
Level 23, Tower One
Ayala Triangle, Ayala Avenue
Makati City, Philippines
Tel: (63) 2 894 6600

Deutsche Securities Korea Co.
17th Floor, YoungPoong Bldg.,
33 SeoRin-Dong,
Chongro-Ku, Seoul (110-752)
Republic of Korea
Tel: (82) 2 316 8888

Deutsche Bank AG
Singapore
One Raffles Quay
South Tower
Singapore 048583
Tel: (65) 6423 8001

Deutsche Securities Asia Ltd
Taiwan Branch
Level 6
296 Jen-Ai Road, Sec 4
Taipei 106
Taiwan
Tel: (886) 2 2192 2888

In association with
TISCO Securities Co., Ltd
TISCO Tower
48/8 North Sathorn Road
Bangkok 10500
Thailand
Tel: (66) 2 633 6470

In association with
PT Deutsche Verdhana Indonesia
Deutsche Bank Building,
6th Floor, Jl. Imam Bonjol No.80,
Central Jakarta,
Indonesia
Tel: (62 21) 318 9541

Deutsche Securities Inc.
2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6770

International locations

Deutsche Securities Inc.
2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6770

Deutsche Bank Securities Inc.
60 Wall Street
New York, NY 10005
United States of America
Tel: (1) 212 250 2500

Deutsche Bank AG London
1 Great Winchester Street
London EC2N 2EQ
United Kingdom
Tel: (44) 20 7545 8000

Deutsche Bank AG
Große Gallusstraße 10-14
60272 Frankfurt am Main
Germany
Tel: (49) 69 910 00

Deutsche Bank AG
Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234

Deutsche Bank AG
Filiale Hongkong
International Commerce Centre,
1 Austin Road West,Kowloon,
Hong Kong
Tel: (852) 2203 8888

Deutsche Securities Inc.
2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6770

Global Disclaimer

The information and opinions in this report were prepared by Deutsche Bank AG or one of its affiliates (collectively "Deutsche Bank"). The information herein is believed to be reliable and has been obtained from public sources believed to be reliable. Deutsche Bank makes no representation as to the accuracy or completeness of such information.

Deutsche Bank may engage in securities transactions, on a proprietary basis or otherwise, in a manner **inconsistent** with the view taken in this research report. In addition, others within Deutsche Bank, including strategists and sales staff, may take a view that is **inconsistent** with that taken in this research report.

Opinions, estimates and projections in this report constitute the current judgement of the author as of the date of this report. They do not necessarily reflect the opinions of Deutsche Bank and are subject to change without notice. Deutsche Bank has no obligation to update, modify or amend this report or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. Prices and availability of financial instruments are subject to change without notice. This report is provided for informational purposes only. It is not an offer or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Target prices are inherently imprecise and a product of the analyst judgement.

As a result of Deutsche Bank's March 2010 acquisition of BHF-Bank AG, a security may be covered by more than one analyst within the Deutsche Bank group. Each of these analysts may use differing methodologies to value the security; as a result, the recommendations may differ and the price targets and estimates of each may vary widely.

In August 2009, Deutsche Bank instituted a new policy whereby analysts may choose not to set or maintain a target price of certain issuers under coverage with a Hold rating. In particular, this will typically occur for "Hold" rated stocks having a market cap smaller than most other companies in its sector or region. We believe that such policy will allow us to make best use of our resources. Please visit our website at http://gm.db.com to determine the target price of any stock.

The financial instruments discussed in this report may not be suitable for all investors and investors must make their own informed investment decisions. Stock transactions can lead to losses as a result of price fluctuations and other factors. If a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the investment. Past performance is not necessarily indicative of future results. Deutsche Bank may with respect to securities covered by this report, sell to or buy from customers on a principal basis, and consider this report in deciding to trade on a proprietary basis.

Unless governing law provides otherwise, all transactions should be executed through the Deutsche Bank entity in the investor's home jurisdiction. In the U.S. this report is approved and/or distributed by Deutsche Bank Securities Inc., a member of the NYSE, the NASD, NFA and SIPC. In Germany this report is approved and/or communicated by Deutsche Bank AG Frankfurt authorized by the BaFin. In the United Kingdom this report is approved and/or communicated by Deutsche Bank AG London, a member of the London Stock Exchange and regulated by the Financial Services Authority for the conduct of investment business in the UK and authorized by the BaFin. This report is distributed in Hong Kong by Deutsche Bank AG, Hong Kong Branch, in Korea by Deutsche Securities Korea Co. This report is distributed in Singapore by Deutsche Bank AG, Singapore Branch, and recipients in Singapore of this report are to contact Deutsche Bank AG, Singapore Branch in respect of any matters arising from, or in connection with, this report. Where this report is issued or promulgated in Singapore to a person who is not an accredited investor, expert investor or institutional investor (as defined in the applicable Singapore laws and regulations), Deutsche Bank AG, Singapore Branch accepts legal responsibility to such person for the contents of this report. In Japan this report is approved and/or distributed by Deutsche Securities Inc. The information contained in this report does not constitute the provision of investment advice. In Australia, retail clients should obtain a copy of a Product Disclosure Statement (PDS) relating to any financial product referred to in this report and consider the PDS before making any decision about whether to acquire the product. Deutsche Bank AG Johannesburg is incorporated in the Federal Republic of Germany (Branch Register Number in South Africa: 1998/003298/10). Additional information relative to securities, other financial products or issuers discussed in this report is available upon request. This report may not be reproduced, distributed or published by any person for any purpose without Deutsche Bank's prior written consent. Please cite source when quoting.