

**The future is always brighter.....
It is just not correct most of the time.**

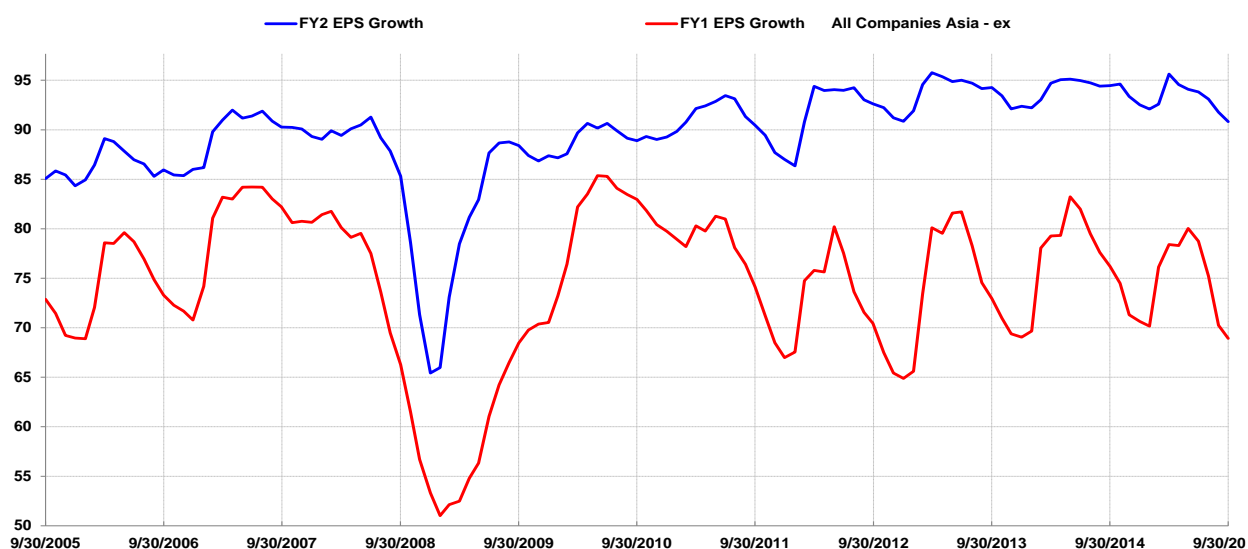
23 Oct. 2015
Patrick Hansen, CFA



As a young Fundamental Analyst I was told that FY3 growth will always be positive. When I enquired why, my Senior Analyst explained because we never reach the third forecast year and in two years there will be a new FY3 forecast and it will be positive. We recently decided to see if this phenomenon is true and the results are even crazier than we had thought.

Now some investors may say that FY3 is just too far out to accurately forecast, so for all of our calculations we used FY2 and FY1 and the results are the same. For example, in Asia – ex Japan, the 10-year average % of Companies with positive FY2 EPS growth is 90% with a standard deviation of 5%. That means that over the last 10 years only 10% of the Company were expected to have negative EPS growth in FY2. In this report we have broken estimates down by Country and then also looked at the actual EPS growth numbers to see how well the Street is forecasting.

% of Companies in Asia with positive FY2 EPS Growth



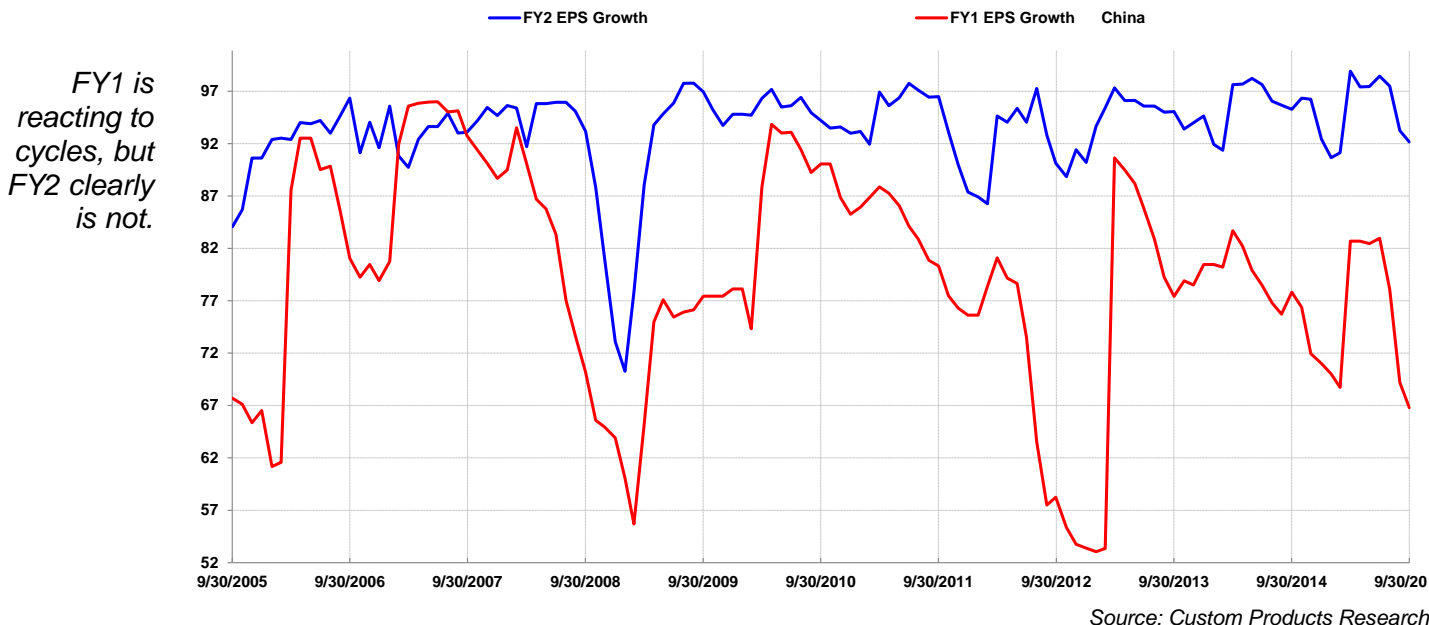
Source: Custom Products Research



Country Level – China

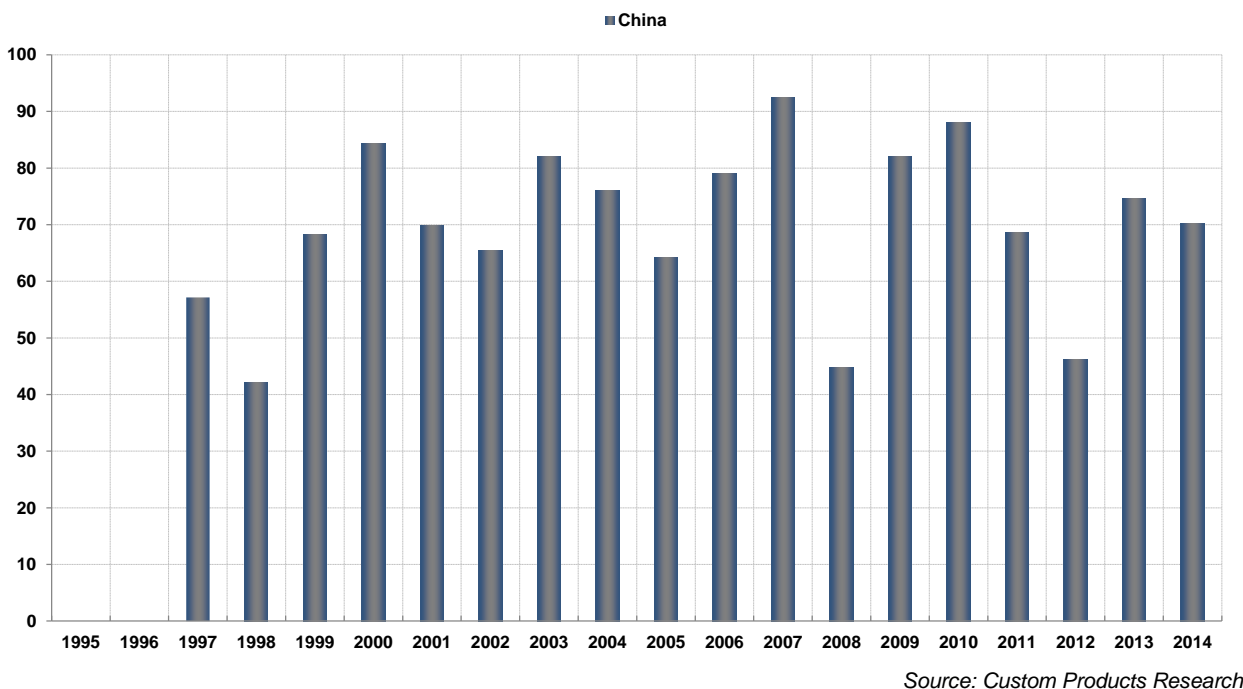
The 10-year average % of Company with positive FY2 EPS is 93% in China with a standard deviation of 4%. Right now 95% of the Consumer Non-Durables names are expected to have EPS grow in FY2. However, this is in line with the historical average.

% of Companies in China with positive FY2 EPS Growth



Actual EPS growth in Consumer Non-Durables is not too bad. On average 74% of the Companies had positive growth. The best sector in China was Finance with an average % of 81%. The worst was Transportation that only averaged 62% of Companies with EPS growth.

% of Companies that achieved Positive EPS Growth





China – Company Level

Companies Analysts always expect to grow but didn't

Ticker	Company name	# of Negative Growth Years (10 Years)	% of Negative FY2 EPS Forecast in last 10 years	Price Performance	
				Price Change 1Y (%)	Price Change 5Y (%)
1211 HK	BYD Co. Ltd. Class H	6.0	0.8	0.8	-12.8
6837 HK	China Telecom Corp. Ltd. Class H	5.0	5.7	-12.1	-1.2
981 HK	Semiconductor Manufacturing International Corp.	5.0	9.8	-3.8	17.2
220 HK	Uni-President China Holdings Ltd.	5.0	0.0	-6.9	31.4
548 HK	TCL Multimedia Technology Holdings Limited	5.0	7.8	40.8	13.1
1070 HK	Haitong Securities Co., Ltd. Class H	5.0	4.8	10.1	na
3900 HK	Greentown China Holdings Ltd.	4.0	0.0	-13.1	-20.5
991 HK	Datang International Power Generation Co., Ltd. Class	4.0	0.0	-20.5	-6.9
2186 HK	Luye Pharma Group Ltd	4.0	0.0	-20.2	na
2338 HK	Weichai Power Co., Ltd. Class H	4.0	8.1	-38.9	-55.8
2369 HK	Coolpad Group Ltd.	4.0	6.3	12.2	-14.5
728 HK	Chinasoft International Ltd.	4.0	0.0	30.4	73.2
1618 HK	Metallurgical Corporation of China Ltd. Class H	4.0	5.4	na	na
1157 HK	Zoomlion Heavy Industry Science & Technology Co. Lt	4.0	0.8	-20.0	na
2877 HK	China Shineway Pharmaceutical Group Limited	4.0	1.6	-24.0	-57.7
322 HK	Tingyi (Cayman Islands) Holding Corp.	4.0	2.4	-29.9	-32.2
2038 HK	FIH Mobile Ltd.	4.0	2.4	-3.8	-37.7
3808 HK	Sinotruk Hong Kong Ltd.	4.0	7.4	-16.5	-63.6
1513 HK	Livzon Pharmaceutical Group Inc Class H	4.0	4.4	-14.8	na
525 HK	Guangshen Railway Co. Ltd. Class H	4.0	4.9	15.9	18.8
1886 HK	China Huiyuan Juice Group Ltd.	4.0	5.0	8.8	-33.8
951 HK	Chaowei Power Holdings Ltd.	3.0	0.0	22.1	103.4
285 HK	BYD Electronic International Co. Ltd.	3.0	5.4	-42.1	21.1
390 HK	China Railway Group Limited Class H	3.0	0.0	78.8	22.2
3968 HK	China Merchants Bank Co., Ltd. Class H	3.0	5.7	56.3	-6.1
189 HK	Dongyue Group Limited	3.0	0.0	-19.5	-21.6
2601 HK	China Pacific Insurance (Group) Co., Ltd. Class H	3.0	6.3	17.0	-2.6
2727 HK	Shanghai Electric Group Co., Ltd. Class H	3.0	8.9	21.2	2.6
2628 HK	China Life Insurance Co. Ltd. Class H	3.0	0.0	40.7	-16.1
546 HK	Fufeng Group Limited	3.0	9.0	3.2	-29.7
763 HK	ZTE Corporation Class H	3.0	0.0	33.6	-13.2
3899 HK	CIMC Enric Holdings Limited	3.0	0.0	-30.2	45.0
177 HK	Jiangsu Expressway Co. Ltd. Class H	3.0	0.0	26.0	17.9
2233 HK	West China Cement Ltd.	3.0	0.0	60.3	-62.6
881 HK	Zhongsheng Group Holdings Ltd.	3.0	0.0	-57.9	-81.0
2777 HK	Guangzhou R&F Properties Co., Ltd. Class H	3.0	0.8	-1.3	-32.2
1387 HK	Renhe Commercial Holdings Co. Ltd.	3.0	8.2	41.3	-70.5
631 HK	Sany Heavy Equipment International Holdings Co., Ltd.	3.0	1.5	4.5	-78.7
2331 HK	Li Ning Co. Ltd.	3.0	1.6	2.0	-83.0
386 HK	China Petroleum & Chemical Corporation Class H	3.0	2.4	-11.3	0.2
2238 HK	Guangzhou Automobile Group Co., Ltd. Class H	3.0	3.3	-7.3	-41.9
2313 HK	Shenzhen International Group Holdings Ltd.	3.0	3.5	42.1	296.3
1530 HK	3SBio Inc	3.0	3.8	na	na
576 HK	Zhejiang Expressway Co. Ltd. Class H	3.0	4.1	20.7	21.1
2208 HK	Xinjiang Goldwind Science & Technology Co., Ltd. Clas	3.0	4.2	13.6	-24.9
598 HK	Dongfeng Motor Group Co., Ltd. Class H	3.0	4.2	-7.2	-36.6
489 HK	Sinotrans Ltd. Class H	3.0	4.9	-25.0	107.8

Source: Custom Products Research

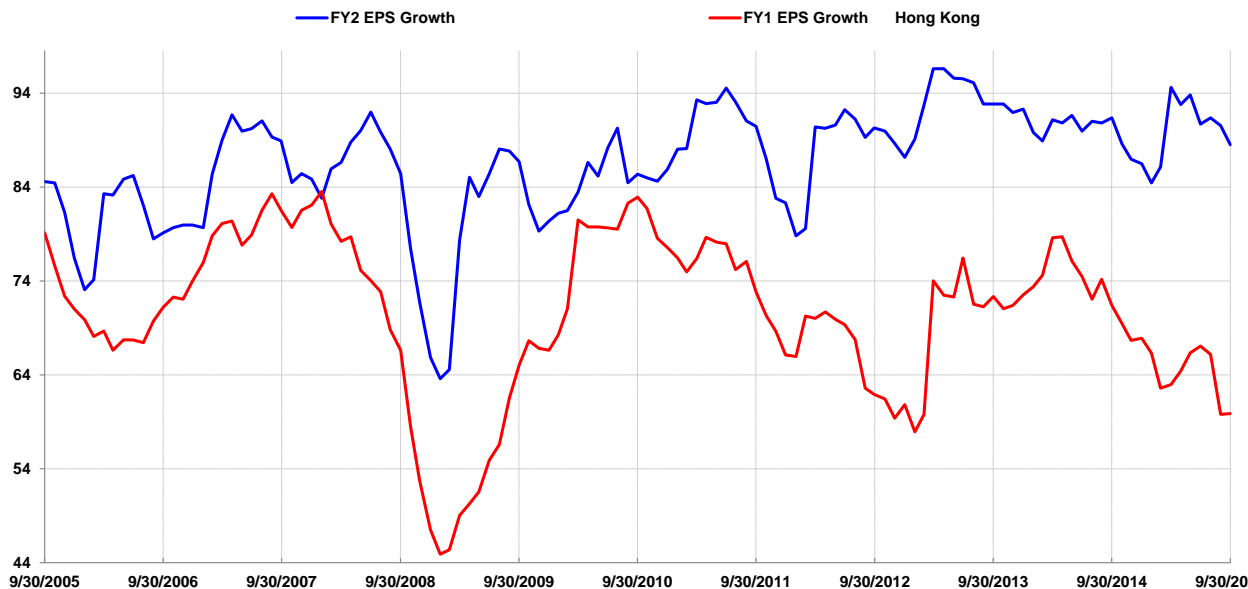
In the above table we compare the number of times actual EPS declines to the FY2 forecast EPS declines as a % of the overall time-series over the last 10 years. We can see that reality differs significantly from Analysts forecasts. BYD has had EPS drop 6 times in the last 10 years, but Analysts have only expected FY2 negative growth 1 month over the 10-year horizon. In the screen, 5 other names have had EPS decline 5 out of 10 times. In China there are 39 Companies that have never had FY2 EPS forecast to decline.



Country Level – Hong Kong

The 10-year average % of Company with positive FY2 EPS is 87% in Hong Kong with a standard deviation of 6%. The worst Sector is Consumer Non-Durables at an average of 97% and the best is Finance with the % of Companies forecast to grow FY2 EPS at 80%

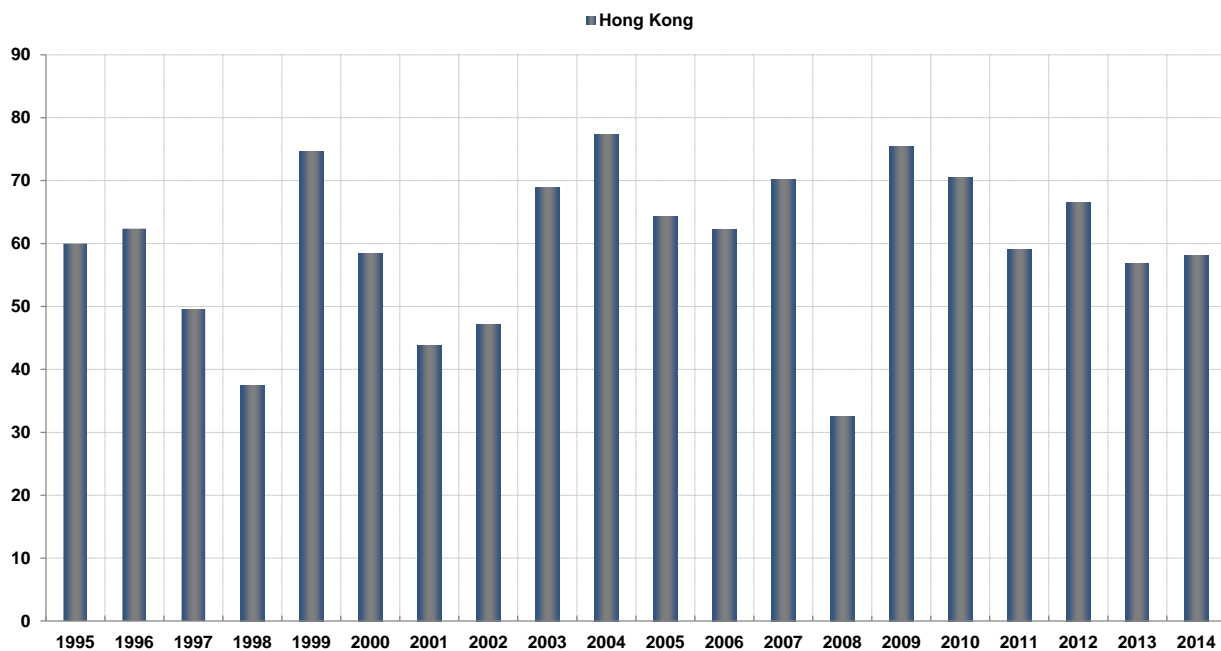
% of Companies in Hong Kong with positive FY2 EPS Growth



Source: Custom Products Research

Now let's look at the actual numbers. On average only 60% of the Companies had positive EPS growth over the last 20 years. Consumer Non-Durables came in at 60%, Consumer Durables was the best at 67% and Finance was the worst at only 56% of Companies with positive growth.

% of Companies that achieved Positive EPS Growth



Source: Custom Products Research



Hong Kong – Company Level

Companies Analysts always expect to grow but don't

Names where EPS declined half of the time, average FY2 forecast is almost always positive

Ticker	Company name	# of Negative Growth Years (10 Years)	% of Negative FY2 EPS Forecast in last 10 years	Price Performance	
				Price Change 1Y (%)	Price Change 5Y (%)
142 HK	First Pacific Co. Ltd.	6.0	3.3	-36.7	-25.1
709 HK	Giordano International Limited	5.0	4.9	2.3	-13.9
148 HK	Kingboard Chemical Holdings Limited	5.0	4.9	-29.9	-66.0
506 HK	China Foods Limited	5.0	0.0	31.3	-38.3
119 HK	Poly Property Group Co. Ltd.	5.0	0.0	-18.4	-69.6
1828 HK	Dah Chong Hong Holdings Limited	5.0	1.0	-23.9	-63.4
845 HK	Glorious Property Holdings Limited	5.0	0.0	-19.2	-63.9
2380 HK	China Power International Development Ltd	5.0	9.8	51.2	183.8
2689 HK	Nine Dragons Paper Holdings Ltd.	5.0	0.9	-10.5	-62.7
836 HK	China Resources Power Holdings Co. Ltd.	5.0	9.8	-5.5	24.3
330 HK	Esprit Holdings Limited	5.0	0.0	-36.3	-84.3
551 HK	Yue Yuen Industrial (Holdings) Limited	5.0	4.9	11.6	-4.0
3998 HK	Bosideng International Holdings Limited	4.0	8.9	-34.8	-79.3
517 HK	COSCO International Holdings Limited	4.0	5.2	33.1	na
8 HK	PCCW Limited	4.0	8.9	-12.9	61.5
1299 HK	AIA Group Limited	4.0	0.0	11.4	na
1224 HK	C C Land Holdings Limited	4.0	9.8	48.6	-33.7
81 HK	China Overseas Grand Oceans Group Limited	4.0	0.0	-34.6	25.3
606 HK	China Agri-Industries Holdings Limited	4.0	4.9	1.7	-71.6
116 HK	Chow Sang Sang Holdings International Limited	4.0	0.0	-17.3	-21.2
2356 HK	Dah Sing Banking Group Limited	4.0	3.3	8.0	13.3
1313 HK	China Resources Cement Holdings Limited	4.0	2.8	-32.4	-36.3
3336 HK	Ju Teng International Holdings Limited	4.0	7.1	-9.4	5.9
1136 HK	TCC International Holdings Limited	4.0	6.8	-47.7	-50.8
1193 HK	China Resources Gas Group Limited	4.0	4.4	1.6	93.0
493 HK	GOME Electrical Appliances Holding Limited	4.0	1.6	6.3	-48.5
315 HK	SmarTone Telecommunications Holdings Limited	4.0	1.6	45.1	161.4
1888 HK	Kingboard Laminates Holdings Limited	4.0	2.8	4.9	-57.3
2314 HK	Lee & Man Paper Manufacturing Limited	4.0	0.0	10.1	-32.3
321 HK	Texwinca Holdings Limited	4.0	0.0	5.0	-16.9
732 HK	Truly International Holdings Limited	4.0	0.0	-53.1	-0.8
1308 HK	SITC International Holdings Co., Ltd.	4.0	0.0	9.4	5.9
1028 HK	C.banner International Holdings Ltd.	4.0	0.0	20.5	na
1836 HK	Stella International Holdings Limited	4.0	4.0	-14.0	13.6
384 HK	China Gas Holdings Limited	4.0	0.8	-3.3	178.4
735 HK	China Power New Energy Development Co., Ltd.	4.0	0.0	18.0	-29.6
754 HK	Hopson Development Holdings Limited	4.0	5.8	-3.1	-27.4
3382 HK	Tianjin Port Development Holdings Limited	4.0	10.0	-15.5	-22.0
440 HK	Dah Sing Financial Holdings Limited	4.0	2.4	-5.8	-18.8
3933 HK	United Laboratories International Holdings Ltd.	4.0	7.1	-25.7	-68.5
303 HK	VTech Holdings Limited	4.0	5.7	1.3	13.9
2618 HK	TCL Communication Technology Holdings Limited	4.0	4.1	-11.6	-5.8
868 HK	Xinyi Glass Holdings Limited	4.0	2.5	-10.9	-13.9

Source: Custom Products Research

First Pacific's FY2 EPS has been forecast to decline only 4 out of the last 120 months or 3% of the time. Despite this First Pacific's actual EPS has declined 6 out of the last 10 years. Giordano is only slightly better as actual EPS only declined 5 times, however Analyst only forecast a decline 6 out of the last 120 months or 5% of the time.

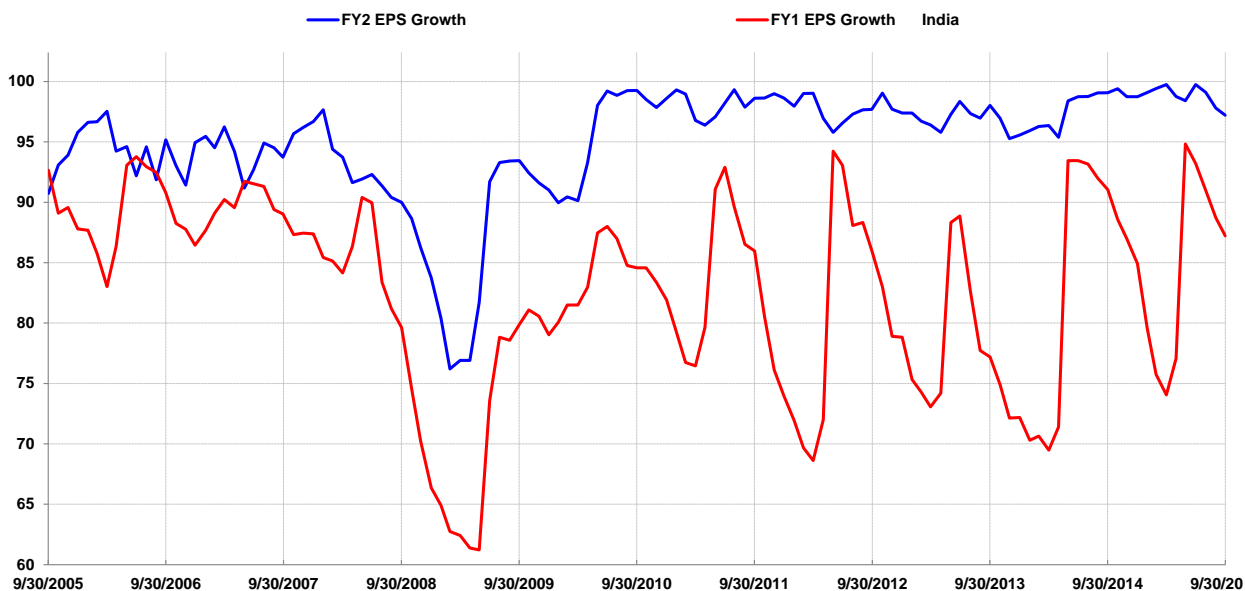
In the above table you can see that 13 Companies over the last 10 years have never had FY2 EPS forecast to decline.



Country Level – India

Consumer Non-Durables, Consumer Services, Industrial Services and Technology Services have an historic average % of Companies expected to grow in FY2 greater than 98%. The overall historic % in India is 95%. Non-Energy minerals is the lowest at 82% on average.

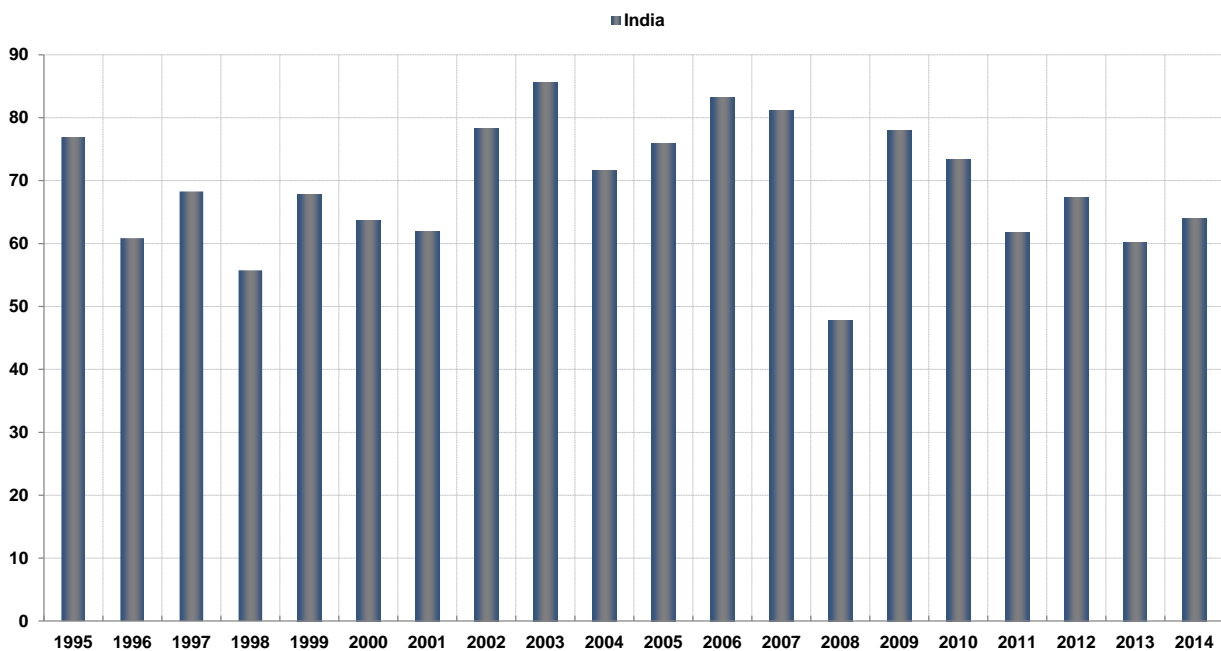
% of Companies in India with positive FY2 EPS Growth



Source: Custom Products Research

The % of Companies with actual growth in Technology Service is pretty good at 81% and is the best sector in India. However, Consumer Services came in at only 68% on average. Energy and Non-Energy were also not that good with average numbers of 66% and 60%

% of Companies that achieved Positive EPS Growth



Source: Custom Products Research

India – Company Level

Companies Analysts always expect to grow but don't

Ticker	Company name	# of Negative Growth Years (10 Years)	% of Negative FY2 EPS Forecast in last 10 years	Price Performance	
				Price Change 1Y (%)	Price Change 5Y (%)
532868 IN	DLF Limited	8.0	5.0	19.5	-63.8
522275 IN	Alstom T&D India Ltd.	6.0	0.0	50.5	89.8
500101 IN	Arvind Limited	6.0	4.1	8.9	445.8
500674 IN	Sanofi India Limited	6.0	0.0	19.6	115.5
533096 IN	Adani Power Limited	5.0	0.0	-32.9	-76.7
532843 IN	Fortis Healthcare (India) Ltd.	5.0	6.0	40.0	0.2
500228 IN	JSW Steel Limited	5.0	0.8	-21.3	-29.0
526299 IN	Mphasis Limited	5.0	4.1	5.6	-32.4
533098 IN	NHPC Limited	5.0	0.0	-8.3	-42.6
500302 IN	Piramal Enterprises Ltd.	5.0	0.0	40.4	73.0
500472 IN	SKF India Limited	5.0	0.0	16.6	117.8
532667 IN	Suzlon Energy Limited	5.0	3.3	107.8	-57.2
500411 IN	Thermax Limited.	5.0	4.9	0.2	11.8
532343 IN	TVS Motor Co. Ltd.	5.0	0.0	7.5	231.8
532432 IN	United Spirits Limited	5.0	0.0	33.7	105.0
500710 IN	Akzo Nobel India Limited	4.0	0.0	12.5	79.3
500877 IN	Apollo Tyres Limited.	4.0	5.7	-6.4	147.9
500477 IN	Ashok Leyland Limited	4.0	0.0	121.6	154.3
532977 IN	Bajaj Auto Limited.	4.0	0.0	3.6	64.2
532149 IN	Bank of India	4.0	0.0	-45.0	-73.0
500547 IN	Bharat Petroleum Corporation Limited	4.0	4.9	37.8	155.4
500530 IN	Bosch Limited	4.0	0.0	48.0	253.3
500825 IN	Britannia Industries Ltd	4.0	0.0	146.4	674.8
532885 IN	Central Bank of India	4.0	1.1	41.7	-51.2
500084 IN	CESC Ltd	4.0	4.1	-11.8	59.4
533278 IN	Coal India Ltd.	4.0	0.0	-3.9	na
532839 IN	Dish Tv India Limited	4.0	2.9	98.2	101.0
500086 IN	Exide Industries Limited	4.0	0.0	-5.3	-2.1
532296 IN	Glenmark Pharmaceuticals Limited	4.0	1.6	46.2	234.7
532754 IN	GMR Infrastructure Limited	4.0	4.6	-33.0	-73.5
500182 IN	Hero Motocorp Limited	4.0	0.0	-9.2	41.8
500104 IN	Hindustan Petroleum Corporation Limited	4.0	7.3	66.0	67.7
500116 IN	IDBI Bank Limited	4.0	5.8	35.0	-48.9
500850 IN	Indian Hotels Co. Ltd.	4.0	2.4	-6.7	-9.8
532777 IN	Info Edge India Ltd.	4.0	4.8	-5.4	153.5
500312 IN	Oil & Natural Gas Corp. Ltd.	4.0	8.9	-35.1	-25.0
500680 IN	Pfizer India Ltd.	4.0	5.7	62.7	127.2
532461 IN	Punjab National Bank	4.0	0.8	-25.4	-46.7
500111 IN	Reliance Capital Ltd	4.0	6.7	-9.5	-51.4
500390 IN	Reliance Infrastructure Limited	4.0	8.1	-31.0	-63.7
503806 IN	Srf Limited	4.0	5.2	100.4	267.4
500770 IN	Tata Chemicals Limited	4.0	5.9	6.1	-1.8
500800 IN	Tata Global Beverages Limited	4.0	2.4	-12.2	7.8
500570 IN	Tata Motors Limited	4.0	4.9	-19.6	67.5
532477 IN	Union Bank of India Limited	4.0	0.0	-20.1	-55.9
532478 IN	United Breweries Limited	4.0	0.0	38.3	108.6
505537 IN	Zee Entertainment Enterprises Limited	4.0	0.0	33.1	211.6

Source: Custom Products Research

DLF Limited is an excellent example of the disconnect between Analyst estimates and actual results. EPS fell 8 out of the last 10 years but FY2 EPS has been forecast to decline only 5% of the time. Kalpataru Power Transmission is even worse. Despite EPS declining 7 out of the 10 years. FY2 EPS has never been forecast to decline over the same period.

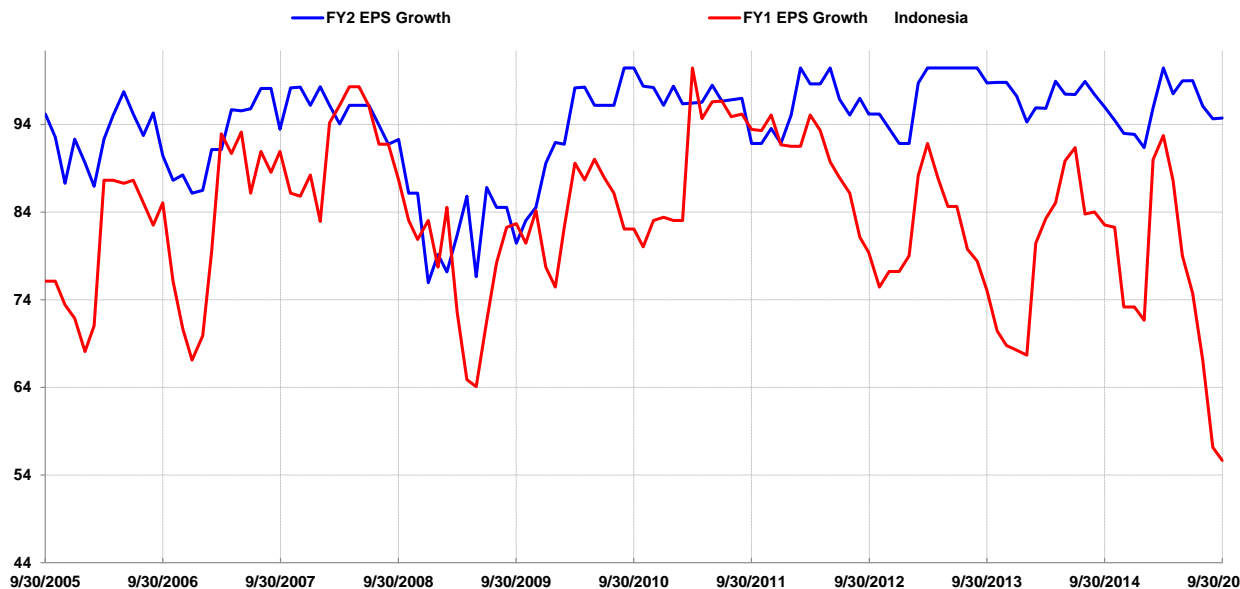
28 Companies in the above table have never seen FY2 negative growth forecasts but they all have had EPS decline at least 4 times in the last 10 years.



Country Level – Indonesia

In Indonesia, the overall historic % of Companies came in at 93% with Consumer Durables at a 99% average. The Finance sector is right behind it at historic average 95% of Companies expected to grow in FY2. In the chart below even the GFC did not hurt forecasts that much.

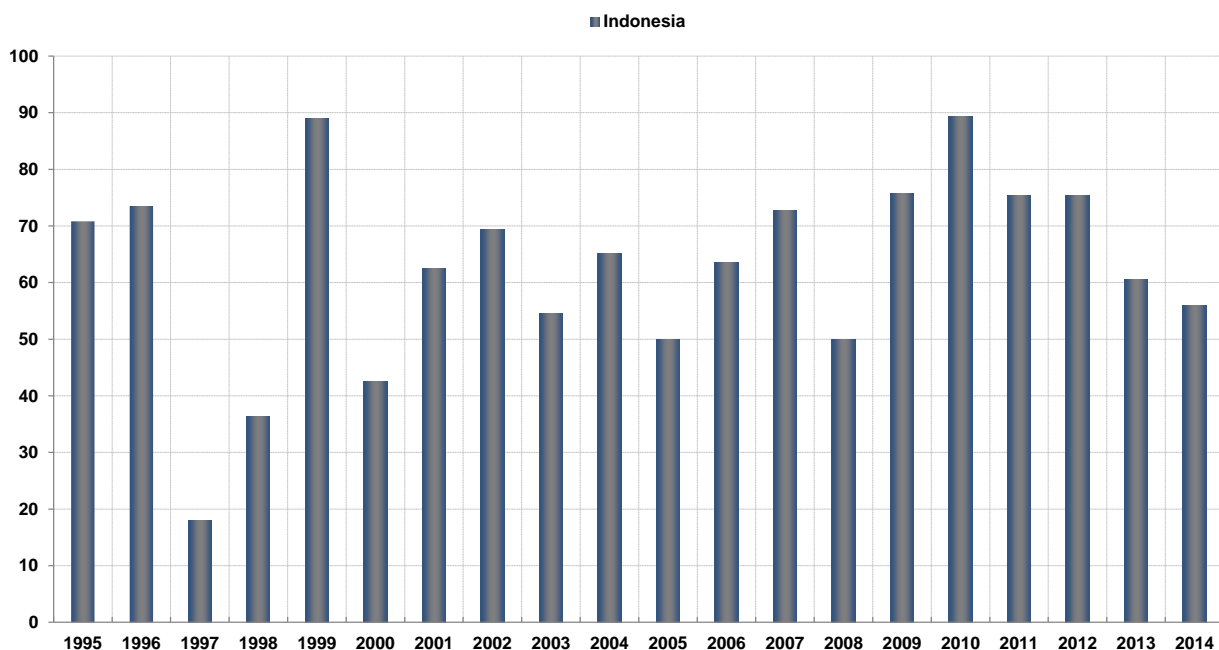
% of Companies in Indonesia with positive FY2 EPS Growth



Source: Custom Products Research

However the actual growth numbers are not nearly as close. Overall only 63% of the Companies had positive EPS growth. Process Industries was the worst at 61% and Finance the best at 68%

% of Companies that achieved Positive EPS Growth



Source: Custom Products Research

Indonesia – Company Level

Companies Analysts always expect to grow but don't

Ticker	Company name	# of Negative Growth Years (10 Years)	% of Negative FY2 EPS Forecast in last 10 years	Price Performance	
				Price Change 1Y (%)	Price Change 5Y (%)
ISAT IJ	PT Indosat Tbk Class B	7.0	2.4	8.2	-32.4
EXCL IJ	PT XL Axiata Tbk	7.0	8.6	-45.7	-41.8
BDMN IJ	PT Bank Danamon Indonesia Tbk Class A	5.0	4.1	-19.4	-46.4
BNII IJ	PT Bank Maybank Indonesia Tbk Class A	5.0	1.4	-44.0	-52.9
PGAS IJ	PT Perusahaan Gas Negara (Persero) Tbk Class B	5.0	0.8	-47.7	-27.7
LSIP IJ	PT Perusahaan Perkebunan London Sumatra Indonesi	5.0	8.1	-25.5	-36.2
AALI IJ	PT Astra Agro Lestari Tbk	4.0	8.9	-5.3	-20.4
SMCB IJ	PT Holcim Indonesia Tbk	4.0	7.3	-59.2	-55.8
UNTR IJ	PT United Tractors Tbk	4.0	6.5	13.8	1.6
ADHI IJ	PT Adhi Karya Persero Tbk	3.0	2.5	-13.4	166.1
AUTO IJ	PT Astra Otoparts Tbk	3.0	0.0	-60.7	-52.2
CTRA IJ	PT Ciputra Development Tbk	3.0	1.9	-2.2	137.9
BMTR IJ	PT Global Mediacom Tbk	3.0	1.5	-44.2	100.0
JSMR IJ	PT Jasa Marga (Persero) Tbk Class B	3.0	2.1	-9.0	56.3
MPPA IJ	PT Matahari Putra Prima Tbk	3.0	9.7	-11.8	95.9
MYOR IJ	PT Mayora Indah Tbk	3.0	0.0	-7.2	197.3
MNCN IJ	PT Media Nusantara Citra Tbk	3.0	2.2	-44.1	208.0
SMRA IJ	PT Summarecon Agung Tbk	3.0	8.9	12.0	142.6
TSPC IJ	PT Tempo Scan Pacific Tbk	3.0	2.7	-33.9	-1.5
ASRI IJ	PT Alam Sutera Realty Tbk	2.0	1.3	-18.4	38.2
ASII IJ	PT Astra International Tbk	2.0	2.4	-0.8	12.8
BBNI IJ	PT Bank Negara Indonesia (Persero) Tbk Class B	2.0	3.4	-9.7	40.6
PNBN IJ	PT Bank Pan Indonesia Tbk	2.0	0.8	-2.0	-11.6
BBTN IJ	PT Bank Tabungan Negara (Persero) Tbk	2.0	0.0	0.4	-39.1
CPIN IJ	PT Charoen Pokphand Indonesia Tbk	2.0	3.5	-36.1	48.5
GGRM IJ	PT Gudang Garam Tbk	2.0	2.4	-28.2	-8.9
INDF IJ	PT Indofood Sukses Makmur Tbk	2.0	0.0	-8.2	27.0
TOWR IJ	PT Sarana Menara Nusantara Tbk	2.0	0.0	-2.9	320.0
SCMA IJ	PT Surya Citra Media Tbk	2.0	8.7	-10.7	360.4
TLKM IJ	PT Telekomunikasi Indonesia, Tbk Class B	2.0	0.0	-3.0	48.1
WIKA IJ	PT Wijaya Karya Tbk	2.0	1.0	3.7	325.0
BMRI IJ	PT Bank Mandiri (Persero) Tbk	1.0	1.6	-7.8	39.4
BTPN IJ	PT Bank Tabungan Pensiunan Nasional Tbk	1.0	0.0	-36.5	37.9
INTP IJ	PT Indocement Tunggul Prakarsa Tbk	1.0	0.0	-17.5	8.3
ICBP IJ	PT Indofood CBP Sukses Makmur Tbk	1.0	0.0	16.9	146.8
PTPP IJ	PT PP (Persero) Tbk	1.0	0.0	50.0	313.0
UNVR IJ	PT Unilever Indonesia Tbk	1.0	0.0	20.0	121.3
ACES IJ	PT ACE Hardware Indonesia Tbk	0.0	2.1	-16.2	214.0
BBCA IJ	PT Bank Central Asia Tbk	0.0	0.8	4.4	94.1
BBRI IJ	PT Bank Rakyat Indonesia (Persero) Tbk Class B	0.0	0.0	-2.6	104.3
JRPT IJ	PT Jaya Real Property Tbk	0.0	1.5	-14.0	230.8
KLBF IJ	PT Kalbe Farma Tbk	0.0	0.0	-14.2	174.5
SMGR IJ	PT Semen Indonesia (Persero) Tbk	0.0	0.0	-33.6	7.4

Source: Custom Products Research

Indonesia actual growth numbers are actually better than other regions, but the FY2 growth estimates are still high. Indosat Tbk has had EPS decline 7 times in the last 10 years, but FY2 EPS growth forecast has only been negative 3 out of 120 months. XL Axiata also had EPS decline 7 times, but at least EPS was forecast to decline 10 out of the 120 months.

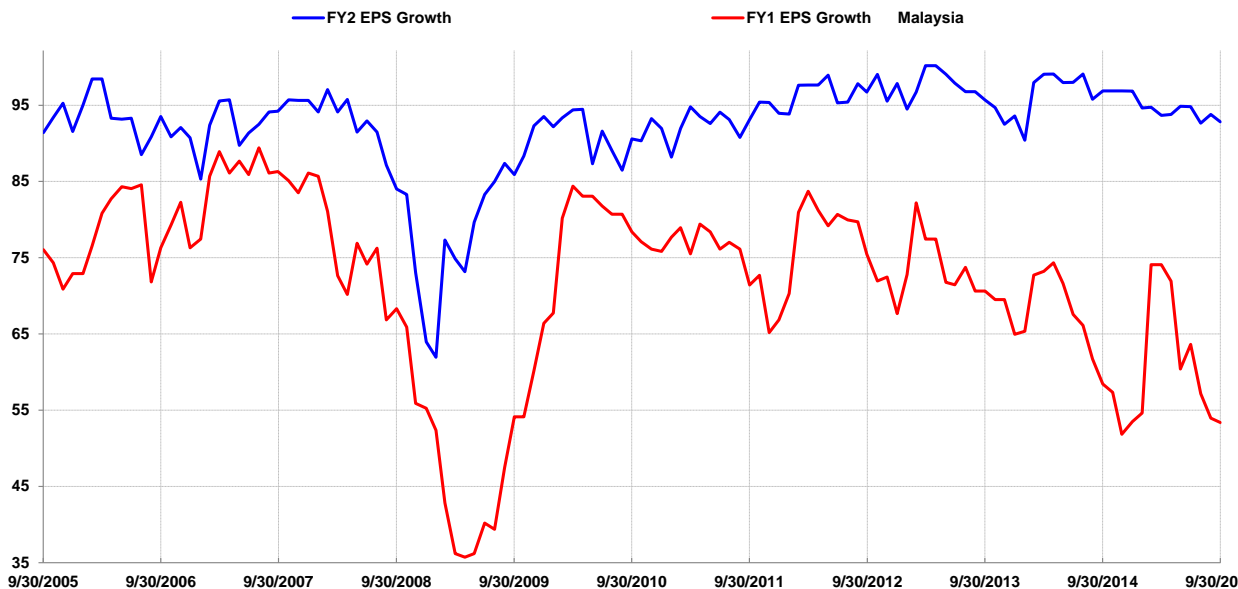
In the above table 14 Companies over the last 10 years have never had FY2 EPS forecast to decline.



Country Level – Malaysia

On average historically 95% of Company is the Communications and Consumer Non-Durables had positive FY2 EPS growth forecast. Right now Analysts are expected every company in 12 out of 20 Sectors to have positive EPS growth in two years.

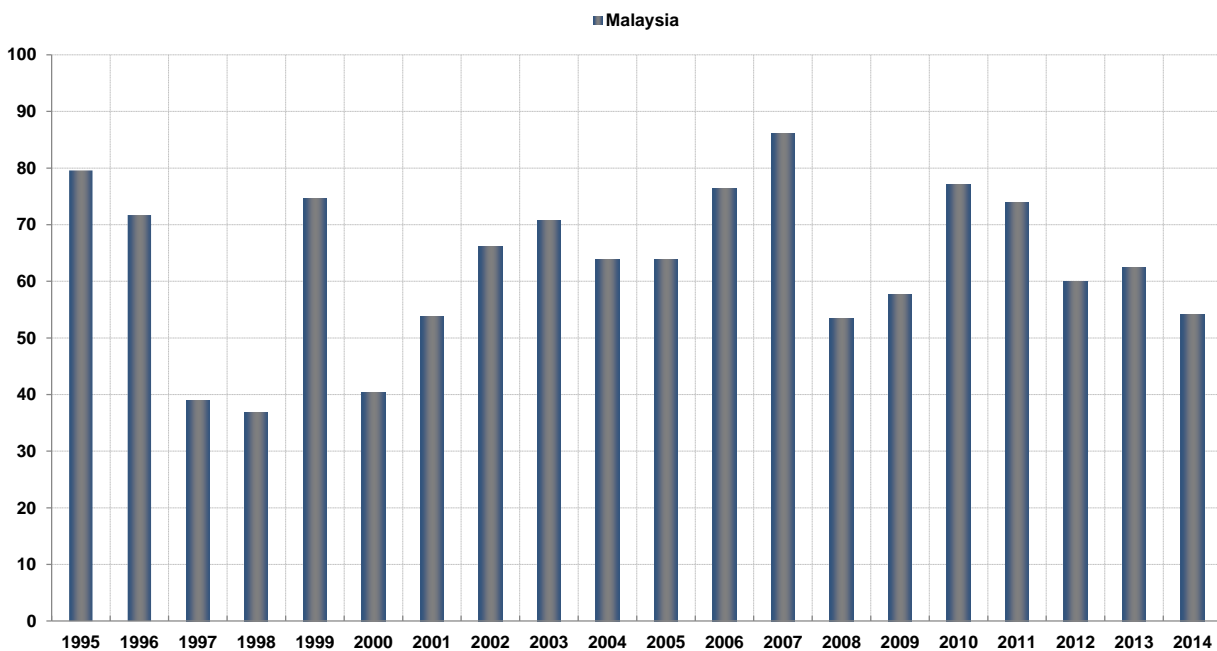
% of Companies in Malaysia with positive FY2 EPS Growth



Source: Custom Products Research

Actuals are of course different. On average 63% of the Companies had positive EPS growth in the last 20 years. Consumer Services was the worst with only 54%, Industrial Services was next with 58%. The best was Communications with only 69% of Company with positive growth.

% of Companies that achieved Positive EPS Growth



Source: Custom Products Research

Malaysia – Company Level

Companies Analysts always expect to grow but don't

Ticker	Company name	# of Negative Growth Years (10 Years)	% of Negative FY2 EPS Forecast in last 10 years	Price Performance	
				Price Change 1Y (%)	Price Change 5Y (%)
1562 MK	Berjaya Sports Toto Bhd.	6.0	3.3	-6.9	-17.8
4006 MK	Oriental Holdings Bhd.	6.0	9.7	-0.6	36.2
5099 MK	AirAsia Bhd.	5.0	5.7	-32.0	-37.3
5032 MK	Bintulu Port Holdings Bhd.	5.0	2.5	1.9	5.0
1619 MK	DRB-Hicom Bhd.	5.0	9.9	-32.3	10.8
5398 MK	Gamuda Bhd.	5.0	2.4	-3.3	26.2
1961 MK	IOI Corp. Bhd.	5.0	2.4	-4.6	-6.7
6012 MK	Maxis Bhd.	5.0	0.0	4.8	27.9
3816 MK	MISC Bhd	5.0	7.3	33.2	4.9
2194 MK	MMC Corp. Bhd.	5.0	5.7	-5.3	-24.1
5517 MK	Shangri-La Hotels Malaysia Bhd.	5.0	2.7	-11.3	135.0
4197 MK	Sime Darby Bhd	5.0	3.3	-5.1	-2.1
4863 MK	Telekom Malaysia Bhd.	5.0	9.8	0.9	129.6
4162 MK	British American Tobacco Malaysia Bhd.	4.0	4.9	-6.4	30.8
2836 MK	Carlsberg Brewery Malaysia Bhd.	4.0	0.8	12.1	139.8
3182 MK	Genting Bhd.	4.0	4.1	-19.0	-31.7
3336 MK	IJM Corp. Bhd.	4.0	0.8	2.2	21.2
2445 MK	Kuala Lumpur Kepong Bhd.	4.0	1.6	12.3	18.9
3794 MK	Lafarge Malaysia Bhd.	4.0	1.6	-10.3	14.3
5183 MK	Petronas Chemicals Group Bhd	4.0	0.0	5.9	na
9059 MK	TSH Resources Bhd.	4.0	5.0	-9.5	178.9
4588 MK	UMW Holdings Bhd	4.0	2.4	-28.4	19.9
5185 MK	AFFIN Holdings Bhd.	3.0	5.7	-24.5	-19.2
2488 MK	Alliance Financial Group Bhd.	3.0	2.5	-24.7	14.6
6888 MK	Axiata Group Bhd.	3.0	0.0	-9.0	44.7
2771 MK	Boustead Holdings Bhd.	3.0	9.5	-20.9	-16.7
2852 MK	Cahaya Mata Sarawak Bhd.	3.0	3.5	30.1	463.7
3026 MK	Dutch Lady Milk Industries Bhd.	3.0	3.8	1.0	155.7
1597 MK	IGB Corp Bhd.	3.0	0.0	-14.3	29.1
6645 MK	Lingkar Trans Kota Holdings Bhd.	3.0	5.7	37.4	52.9
1155 MK	Malayan Banking Bhd.	3.0	8.1	-10.0	-3.3
5681 MK	Petronas Dagangan Bhd.	3.0	1.7	22.5	115.2
8869 MK	Press Metal Bhd.	3.0	6.0	-18.1	157.5
8664 MK	S P Setia Bhd.	3.0	2.4	-2.4	5.3
5218 MK	SapuraKencana Petroleum Bhd.	3.0	0.0	-37.5	105.2
5176 MK	Sunway Real Estate Investment Trust	3.0	0.0	2.6	53.5
7113 MK	Top Glove Corporation Bhd.	3.0	0.0	83.5	59.6
1818 MK	Bursa Malaysia Bhd.	2.0	2.4	7.6	1.6
5180 MK	CapitaLand Malaysia Mall Trust	2.0	7.8	-1.4	30.6
1023 MK	CIMB Group Holdings Bhd	2.0	3.3	-20.9	-38.0
6947 MK	DiGi.Com Bhd	2.0	0.0	-3.1	131.7
3255 MK	Guinness Anchor Bhd.	2.0	0.8	15.0	65.4
5168 MK	Hartalega Holdings Bhd.	2.0	0.0	42.9	265.5
1082 MK	Hong Leong Financial Group Bhd.	2.0	3.4	-15.5	65.3
5878 MK	KPJ Healthcare Bhd.	2.0	6.5	14.4	84.5
8583 MK	Mah Sing Group Bhd.	2.0	0.0	-25.1	28.8
4707 MK	Nestle Malaysia Bhd.	2.0	1.6	7.2	61.1

Source: Custom Products Research

In Malaysia, there are two names where EPS declined 6 times and eleven names that had EPS decline 5 times in the last 10 years. Despite this FY2 EPS was forecast to increase through almost the entire 10 year period.

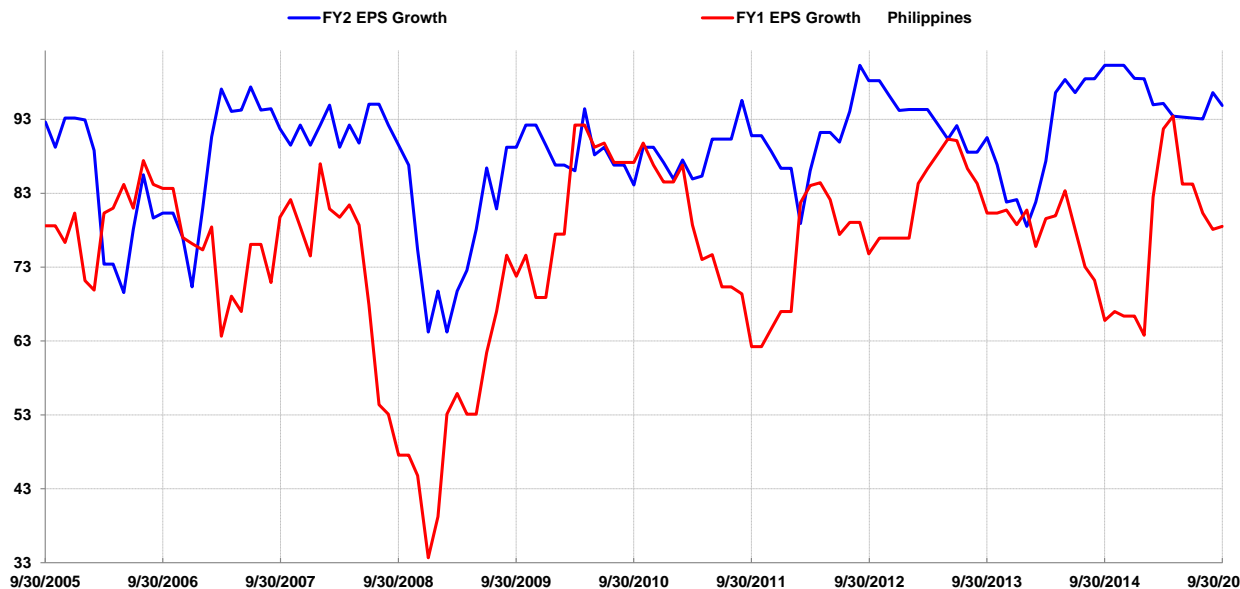
9 Companies over the last 10 years have never had FY2 EPS forecast to decline.



Country Level – Philippines

The Philippines is a little better relative to other markets. On average only 89% of Companies were forecast to grow in FY2 historically. The lowest is 78% in the Utilities sector. Consumer Non-Durables has a high 94% average. However, Retail Trade has a crazy 97% average.

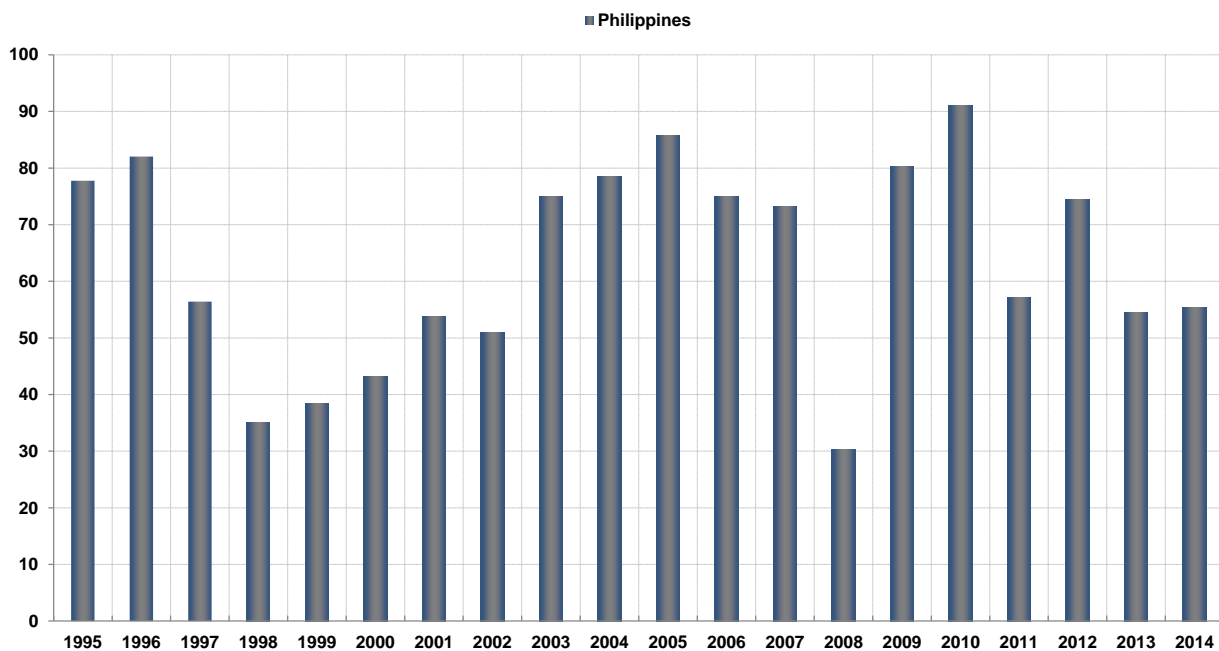
% of Companies in Philippines with positive FY2 EPS Growth



Source: Custom Products Research

Retail Trade lives up to its promise. On average 84% of Companies had positive EPS growth. However they are the exception. On average 62% of Consumer Non-Durable names had positive growth. Finance is at 68% and Utilities are at 64% on average.

% of Companies that achieved Positive EPS Growth



Source: Custom Products Research

Philippines – Company Level

Companies Analysts always expect to grow but don't

Ticker	Company name	# of Negative Growth Years (10 Years)	% of Negative FY2 EPS Forecast in last 10 years	Price Performance	
				Price Change 1Y (%)	Price Change 5Y (%)
EDC PM	Energy Development Corp.	5.0	14.3	-6.7	13.1
GLO PM	Globe Telecom Inc.	5.0	5.7	43.6	158.4
TEL PM	Philippine Long Distance Telephone Co.	5.0	8.9	-30.6	-16.9
BEL PM	Belle Corp.	4.0	16.9	-32.7	49.5
CEB PM	Cebu Air Inc.	4.0	3.3	19.1	na
FPH PM	First Philippine Holdings Corporation	4.0	18.0	-21.7	4.0
SMC PM	San Miguel Corp.	4.0	16.7	-35.6	-26.2
AC PM	Ayala Corp.	3.0	11.4	9.4	117.3
DMC PM	DMCI Holdings Inc.	3.0	17.2	-16.7	90.0
ICT PM	International Container Terminal Services, Inc.	3.0	0.0	-29.7	93.5
PCOR PM	Petron Corp.	3.0	15.0	-34.3	11.9
PNB PM	Philippine National Bank	3.0	8.9	-36.9	-16.7
RCB PM	Rizal Commercial Banking Corporation	3.0	9.4	-44.7	7.7
SECB PM	Security Bank Corp. (Philippines)	3.0	1.7	4.9	144.4
SCC PM	Semirara Mining & Power Corp.	3.0	13.9	11.1	158.6
UBP PM	Union Bank of the Philippines	3.0	15.5	-18.1	61.3
VLL PM	Vista Land & Lifescapes, Inc.	3.0	9.3	-11.7	66.2
AGI PM	Alliance Global Group Inc.	2.0	4.9	-27.3	67.8
BPI PM	Bank of the Philippine Islands	2.0	0.0	-12.6	50.9
BDO PM	BDO Unibank, Inc.	2.0	8.1	7.9	89.9
CHIB PM	China Banking Corp.	2.0	7.6	-12.5	42.4
HLCM PM	Holcim Philippines, Inc.	2.0	3.6	-10.3	26.2
MEG PM	Megaworld Corp.	2.0	13.2	-5.4	70.8
MPI PM	Metro Pacific Investments Corporation	2.0	9.6	8.4	30.4
MBT PM	Metropolitan Bank & Trust Co.	2.0	8.1	2.7	60.4
RLC PM	Robinsons Land Corp.	2.0	5.8	25.5	93.6
URC PM	Universal Robina Corp.	2.0	5.7	12.3	344.3
ALI PM	Ayala Land Inc.	1.0	6.5	7.4	105.5
FLI PM	Filinvest Land Incorporated	1.0	4.1	5.0	22.3
JFC PM	Jollibee Foods Corp.	1.0	1.6	13.3	121.3
SMPH PM	SM Prime Holdings, Inc.	1.0	0.0	30.9	130.0
MWC PM	Manila Water Co. Inc.	0.0	18.7	-11.1	31.6
SM PM	SM Investments Corporation	0.0	2.5	14.4	108.6

Source: Custom Products Research

The lack of names in the overall universe has resulted in fewer names in the screen. However the results are the same. Globe Telecom has had EPS decline 5 out of the last 10 years, but FY2 EPS forecasts have only been negative 6% of the time. Energy Development and Philippine Long Distance Telephone also had 5 actual EPS declines. FY2 EPS forecast growth is just as strong as Globe Telecom.

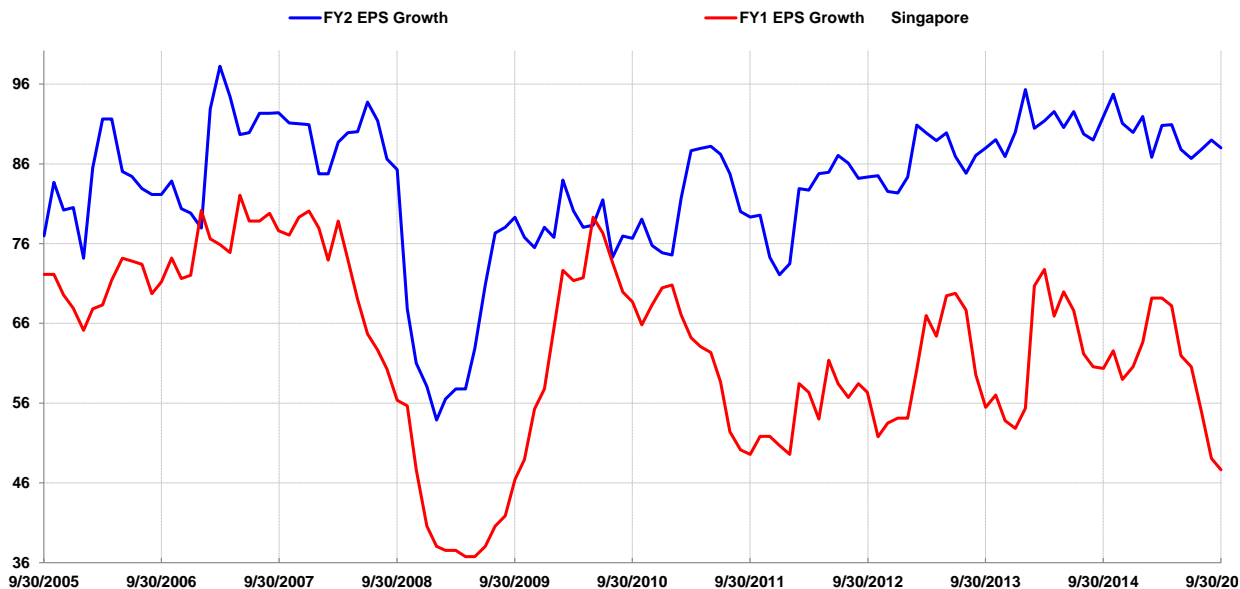
SM Investments is one of the rare cases where FY2 forecasts were strong and the Company delivered. EPS has grown every year over the last 8 years for SM Investments.



Country Level – Singapore

Singapore is better than the Philippines with only a historic 84% average of Companies forecast to grow. Producer Manufacturing is at a 78% average and Consumer Services is only at 72%. Communications and Consumer Non-Durables are high at 93% and 94% historic averages.

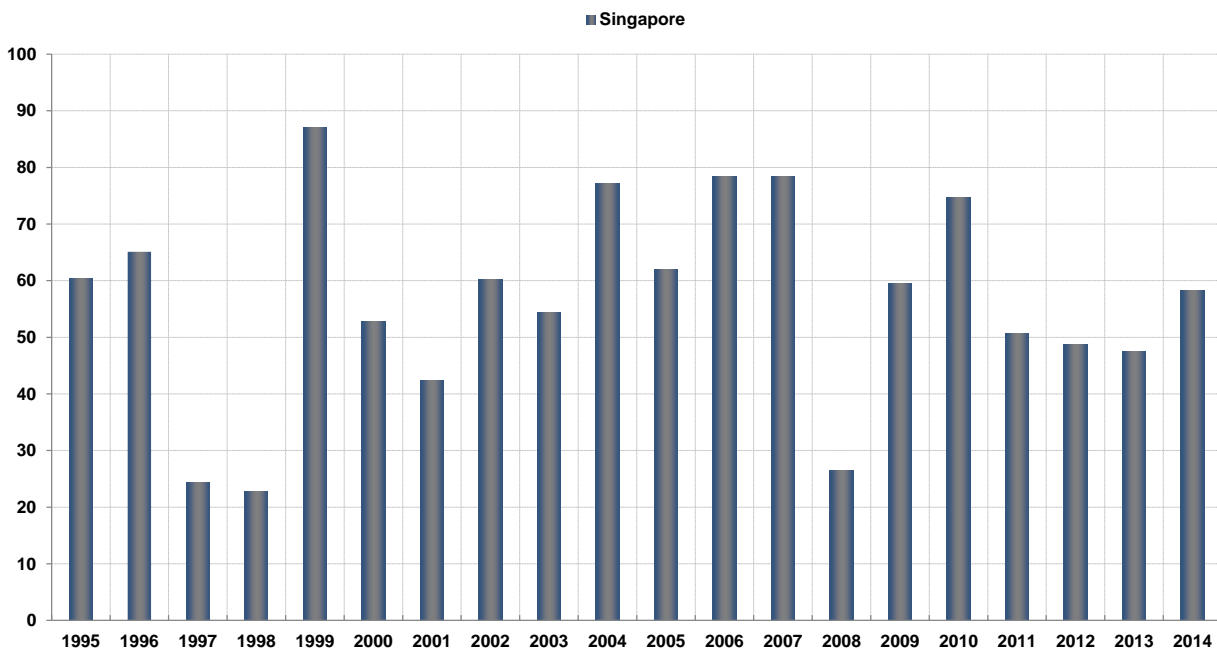
% of Companies in Singapore with positive FY2 EPS Growth



Source: Custom Products Research

The story remains the same. Actuals are nowhere near forecasts. On 54% of Finance names had positive EPS growth on average. Consumer Services and Transportation are only at 56% success rate. The best was Consumer Non-Durables names at a 73% success rate.

% of Companies that achieved Positive EPS Growth



Source: Custom Products Research

Singapore – Company Level

Companies Analysts always expect to grow but don't

Ticker	Company name	# of Negative Growth Years (10 Years)	% of Negative FY2 EPS Forecast in last 10 years	Price Performance	
				Price Change 1Y (%)	Price Change 5Y (%)
N21 SG	Noble Group Limited	7.0	10.6	-59.8	-73.0
U19 SG	CITIC Envirotech Ltd.	6.0	1.0	11.6	191.6
F83 SG	Cosco Corporation (Singapore) Limited	6.0	13.8	na	na
F17 SG	GuocoLand Limited	6.0	8.6	-0.8	-15.9
C6L SG	Singapore Airlines Ltd.	6.0	10.6	13.4	-26.9
V03 SG	Venture Corporation Limited	6.0	0.0	12.7	-10.7
B20 SG	Biosensors International Group, Ltd.	5.0	12.3	6.1	-28.5
D05 SG	DBS Group Holdings Ltd	5.0	4.9	0.1	22.6
G13 SG	Genting Singapore Plc	5.0	14.5	-26.8	-65.7
C07 SG	Jardine Cycle & Carriage Limited	5.0	4.1	-19.0	-15.4
P34 SG	Petra Foods Limited	5.0	4.1	-35.7	60.1
S53 SG	Smrt Corporation Ltd	5.0	0.0	-5.5	-33.3
Z25 SG	Yanlord Land Group Limited	5.0	1.8	-2.3	-39.9
A17U SG	Ascendas Real Estate Investment Trust	4.0	5.7	8.5	15.4
J85 SG	CDL Hospitality Trusts	4.0	14.5	-17.2	-35.4
J69U SG	Frasers Centrepoint Trust	4.0	5.4	6.1	31.5
5JS SG	Indofood Agri Resources Ltd.	4.0	8.7	-30.4	-78.4
M44U SG	Mapletree Logistics Trust	4.0	14.8	-13.0	15.3
O23 SG	OSIM International Ltd	4.0	0.0	-23.6	50.5
S58 SG	SATS Ltd	4.0	6.5	23.6	37.1
S59 SG	SIA Engineering Co. Ltd.	4.0	4.9	-10.6	-13.4
S05 SG	Sim Lian Group Limited	4.0	13.6	6.5	67.6
S68 SG	Singapore Exchange Ltd.	4.0	3.3	10.3	-23.8
S08 SG	Singapore Post Ltd.	4.0	13.8	2.5	56.8
S63 SG	Singapore Technologies Engineering Ltd	4.0	0.8	-10.3	-3.0
Z74 SG	Singapore Telecommunications Limited	4.0	0.0	6.6	27.5
U11 SG	United Overseas Bank Ltd. (Singapore)	4.0	9.8	-8.3	8.0
F34 SG	Wilmar International Limited	4.0	3.6	-4.0	-49.5
CY6U SG	Ascendas India Trust	3.0	7.2	15.8	-16.7
C38U SG	CapitaLand Mall Trust	3.0	5.7	6.5	1.5
C09 SG	City Developments Limited	3.0	11.4	-11.4	-37.8
EB5 SG	First Resources Ltd. (Singapore)	3.0	7.5	-2.2	51.2
F99 SG	Fraser & Neave Ltd.	3.0	4.1	-31.2	24.9
J36 SG	Jardine Matheson Holdings Limited	3.0	12.2	-7.9	16.8
J37 SG	Jardine Strategic Holdings Limited	3.0	6.5	-14.0	13.8
C2PU SG	Parkway Life Real Estate Investment Trust	3.0	8.2	0.4	35.5
CC3 SG	StarHub Ltd	3.0	13.8	-9.7	41.8
Y92 SG	Thai Beverage Public Co., Ltd.	3.0	1.8	-8.1	142.9
J7X SG	Tiger Airways Holdings Limited	3.0	7.4	22.1	-76.7
K2LU SG	Cache Logistics Trust	2.0	3.0	-10.3	4.6
C52 SG	Comfordelgro Corporation Limited	2.0	1.6	23.5	102.0
D01 SG	Dairy Farm International Holdings Limited	2.0	1.7	-32.5	-19.1
B2F SG	M1 Limited	2.0	7.3	-17.4	28.6
O32 SG	Olam International Limited	2.0	0.0	-4.6	-37.7
R01 SG	Raffles Medical Group Ltd	2.0	4.1	15.1	99.5
5CP SG	Silverlake Axis Ltd	2.0	7.3	-42.6	117.1
S10 SG	Super Group Ltd. (Singapore)	2.0	11.6	-25.0	41.6

Source: Custom Products Research

Noble Group is also a great example of what is wrong with the system. Noble Group's EPS has declined 7 out of the last 10 years. However, FY2 forecast number remained strong through the declines. CITIC Envirotech is not much better with 6 EPS declines in 10 years. Its FY2 forecast have been even stronger than Noble Group.

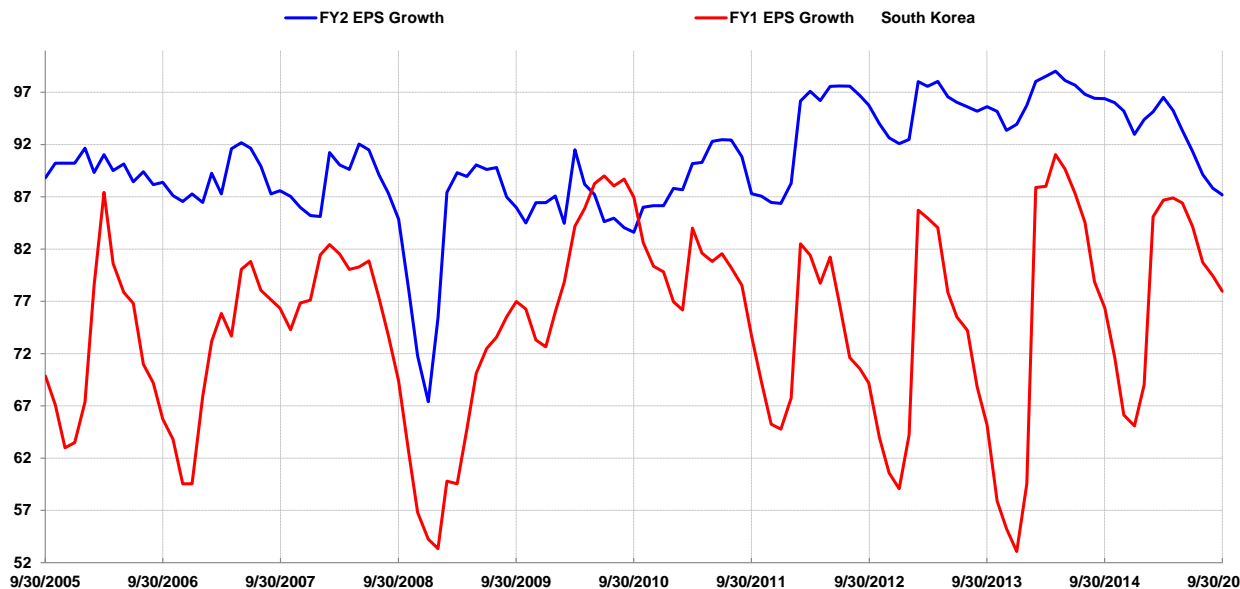
Singapore has 13 names in the above screen that have had EPS decline 5 times or more in the last 10 years and some of them did not have one month where FY2 EPS was forecast to decline.



Country Level – South Korea

Historically 90% of Korea Companies were expected to grow in FY2. Consumer and Industrial Services both have a 96% historic average. Utilities and Transportation are on the other end of the scale with only 80 and 85% of Companies expected to grow in FY2 historically.

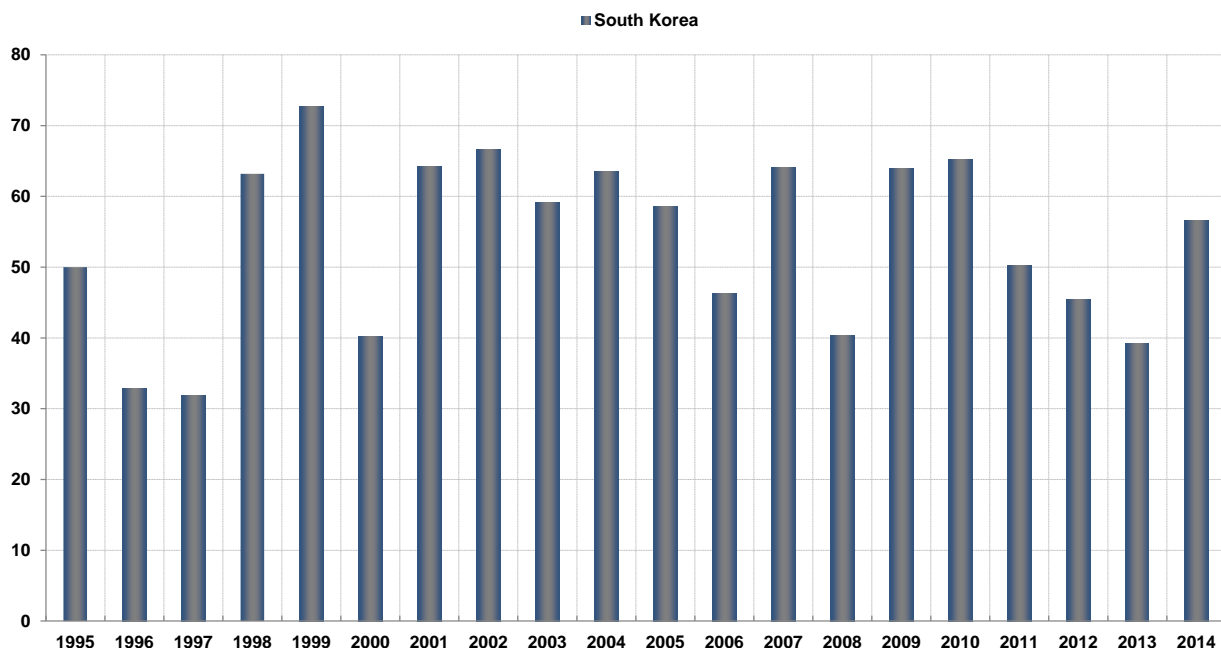
% of Companies in South Korea with positive FY2 EPS Growth



Source: Custom Products Research

However, again actuals are very different. In Korea on average only 54% of Companies had positive EPS over the last 20 years. Transportation was the worst at 48% on average. Non-Energy was next with only 50%. The best sector was Industrial Services at 64% historically.

% of Companies that achieved Positive EPS Growth



Source: Custom Products Research

South Korea – Company Level

Companies Analysts always expect to grow but don't

Ticker	Company name	# of Negative Growth Years (10 Years)	% of Negative FY2 EPS Forecast in last 10 years	Price Performance	
				Price Change 1Y (%)	Price Change 5Y (%)
004370 KS	Nongshim Co., Ltd.	8.0	0.0	36.5	75.2
047050 KS	Daewoo International Corporation	7.0	4.3	-35.1	-40.2
000240 KS	Hankook Tire Worldwide Co., Ltd.	7.0	0.0	-7.6	141.1
036460 KS	Korea Gas Corporation	7.0	2.4	-16.4	-7.6
003550 KS	LG Corp	7.0	2.4	-6.8	-19.5
001120 KS	LG International Corp	7.0	9.8	50.7	-3.7
023530 KS	Lotte Shopping Co., Ltd	7.0	3.4	-15.3	-45.1
020560 KS	Asiana Airlines Inc.	6.0	6.5	24.0	-48.0
079160 KS	CJ CGV Co., Ltd	6.0	2.4	113.7	275.0
035760 KS	CJ O Shopping Co., Ltd.	6.0	4.9	-38.4	-17.6
019680 KS	Daekyo Co., Ltd	6.0	5.9	26.2	54.6
034020 KS	Doosan Heavy Industries & Construction Co., Ltd.	6.0	0.0	-7.7	-75.1
000080 KS	Hite-Jinro Co., Ltd.	6.0	0.0	-6.9	-38.2
011780 KS	Kumho Petrochemical Co., Ltd.	6.0	3.4	-12.0	-11.3
073240 KS	Kumho Tire Co., Inc.	6.0	0.0	-26.0	-65.2
068870 KS	LG Life Sciences, Ltd	6.0	0.0	51.8	20.2
005300 KS	Lotte Chilsung Beverage Co., Ltd	6.0	4.2	15.3	174.7
004990 KS	Lotte Confectionery Co., Ltd	6.0	8.0	-0.3	61.1
006260 KS	LS Corp.	6.0	5.7	-34.8	-64.7
005490 KS	POSCO	6.0	6.5	-42.2	-63.0
022100 KS	POSCO ICT Co., Ltd.	6.0	2.9	-13.1	-46.0
006400 KS	Samsung SDI Co., Ltd	6.0	3.3	8.1	-20.2
034120 KS	Seoul Broadcasting System Co., Ltd.	6.0	0.0	36.2	18.8
034730 KS	SK Holdings Co. Ltd.	6.0	0.0	12.5	193.8
001740 KS	SK Networks Co., Ltd.	6.0	0.0	-28.2	-35.8
011790 KS	SKC Co., Ltd.	6.0	8.1	34.8	10.9
069080 KS	Webzen Inc.	6.0	0.0	153.1	239.3
005180 KS	Binggrae Co., Ltd	5.0	7.5	-23.9	31.6
000210 KS	Daelim Industrial Co., Ltd	5.0	4.1	9.8	-15.8
000640 KS	Dong-A Socio Holdings Co., Ltd.	5.0	6.7	-1.6	242.9
006040 KS	Dongwon Industries Co., Ltd	5.0	5.7	-1.2	158.7
039130 KS	Hanatour Service, Inc.	5.0	0.0	110.8	183.6
004800 KS	Hyosung Corporation	5.0	5.8	77.4	5.2
012630 KS	Hyundai Development Co.	5.0	9.8	62.2	80.5
001450 KS	Hyundai Marine & Fire Insurance Co., Ltd.	5.0	4.1	19.5	45.0
002550 KS	KB Insurance Co., Ltd.	5.0	6.5	-1.7	17.5
015760 KS	Korea Electric Power Corporation	5.0	8.9	9.6	73.8
066570 KS	LG Electronics Inc.	5.0	3.3	-26.6	-53.2
115390 KS	Lock & Lock Co., Ltd	5.0	1.4	11.0	-65.6
010120 KS	LS Industrial Systems Co., Ltd.	5.0	4.9	-23.7	-47.0
036570 KS	NCsoft Corporation	5.0	0.0	46.4	-17.9
002350 KS	Nexen Tire Corp	5.0	4.2	20.2	73.2
004000 KS	Samsung Fine Chemicals Co., Ltd.	5.0	7.3	17.0	-36.4
000070 KS	Samyang Holdings Corporation	5.0	1.4	76.0	163.8
046890 KS	Seoul Semiconductor Co., Ltd	5.0	0.0	-22.8	-59.1
056190 KS	SFA Engineering Corp.	5.0	3.3	6.6	-2.7
003620 KS	SsangYong Motor Co., Ltd.	5.0	0.0	22.6	-6.0

Source: Custom Products Research

If you thought that Singapore was bad, South Korea is worse. Nongshim's EPS has declined 8 out of the last 10 years, but FY2 EPS has never been forecast to decline. Hankook Tire Worldwide is the same. Never forecast to decline however, actual EPS fell 7 out of 10 times.

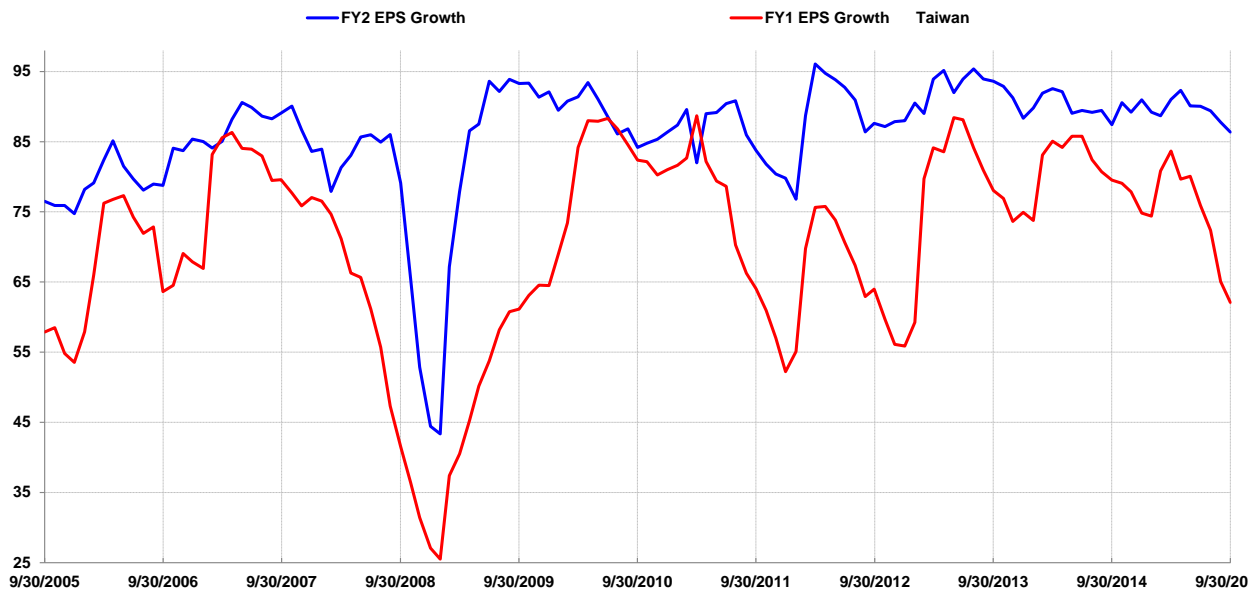
48 names in the screen have had EPS decline 5 or more times in the last 10 years. 43 Companies in the screen have never had FY2 EPS forecast to decline.



Country Level – Taiwan

Taiwan’s forecasts are also relatively reasonable. 85% of Companies were expected FY2 growth historically. Healthcare is up at an average 95%, but most of the other sectors have an average in the 80s and Transportation even has a 68% historic average.

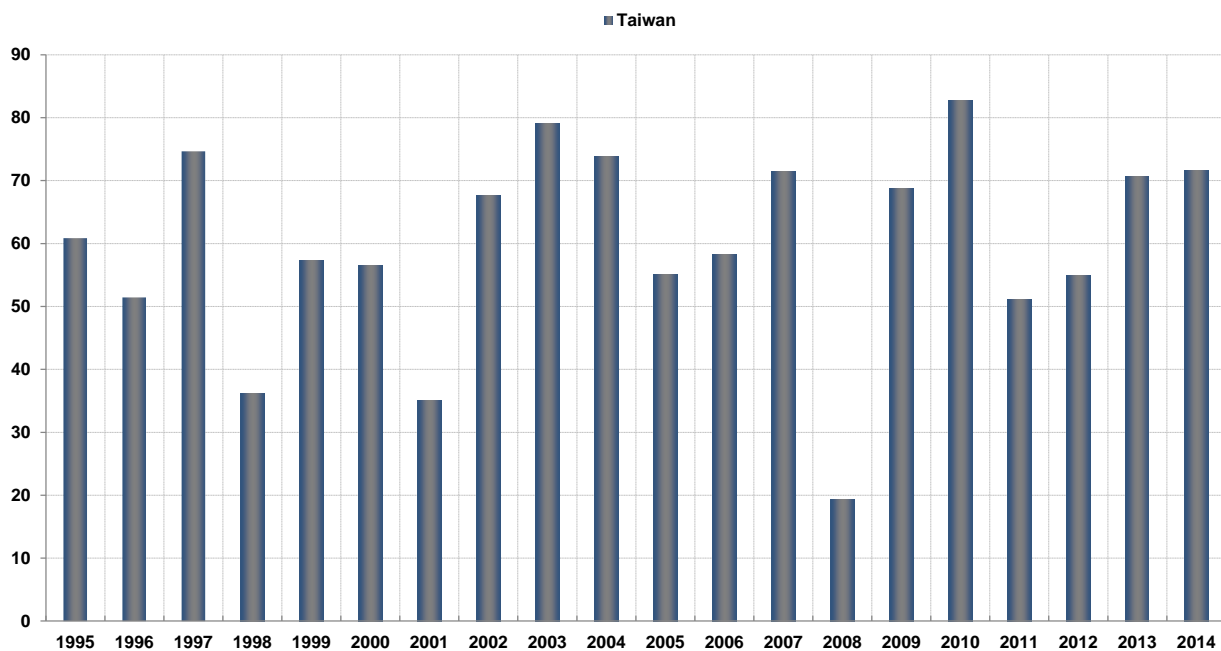
% of Companies in Taiwan with positive FY2 EPS Growth



Source: Custom Products Research

Actuals as with every other market range in the 50 to 60%. The best is Retail Trade with 73% of Companies achieving positive growth on average. The worst is the Transportation and Finance Sectors with historic averages of 53 and 65%.

% of Companies that achieved Positive EPS Growth



Source: Custom Products Research

Taiwan – Company Level

Companies Analysts always expect to grow but don't

Ticker	Company name	# of Negative Growth Years (10 Years)	% of Negative FY2 EPS Forecast in last 10 years	Price Performance	
				Price Change 1Y (%)	Price Change 5Y (%)
1319 TT	Tong Yang Industry Co., Ltd.	7.0	2.4	18.1	-16.1
2903 TT	Far Eastern Department Stores Ltd.	6.0	6.5	-37.9	-42.8
2311 TT	Advanced Semiconductor Engineering, Inc.	5.0	8.1	10.0	97.5
2105 TT	Cheng Shin Rubber Ind Co., Ltd.	5.0	8.9	-9.5	31.5
2392 TT	Cheng Uei Precision Industry Co., Ltd.	5.0	8.2	-0.1	-23.2
6147 TT	Chipbond Technology Corporation	5.0	7.3	-9.2	3.2
8069 TT	E Ink Holdings Inc.	5.0	1.9	11.7	-69.7
2449 TT	King Yuan Electronics Co., Ltd.	5.0	2.4	-11.5	61.6
2301 TT	Lite-On Technology Corp.	5.0	1.6	-16.8	-9.6
6244 TT	Motech Industries, Inc.	5.0	7.4	20.3	-54.1
8046 TT	Nan Ya Printed Circuit Board Corporation	5.0	6.1	-18.7	-70.3
6176 TT	Radiant Opto-Electronics Corp.	5.0	5.7	2.5	152.3
2347 TT	Synnex Technology International Corp.	5.0	0.8	-16.1	-53.4
1802 TT	Taiwan Glass Industry Corp.	5.0	8.6	-39.5	-59.4
3037 TT	Unimicron Technology Corp.	5.0	3.3	-29.1	-70.1
3231 TT	Wistron Corporation	5.0	3.3	-39.5	-62.8
2353 TT	Acer Incorporated	4.0	9.8	-25.8	-81.8
2360 TT	Chroma Ate Inc.	4.0	4.1	-15.3	-14.4
2313 TT	Compeq Manufacturing Co. Ltd.	4.0	3.3	45.4	132.3
2884 TT	E.SUN Financial Holding Co., Ltd.	4.0	7.3	18.6	95.6
2448 TT	Epistar Corporation	4.0	4.1	-46.7	-69.8
1536 TT	Hota Industrial Manufacturing Co., Ltd.	4.0	7.3	99.1	662.9
3189 TT	Kinsus Interconnect Technology Corp.	4.0	5.7	-36.8	-12.6
6239 TT	Powertech Technology Inc.	4.0	3.3	31.6	-25.2
2382 TT	Quanta Computer Inc.	4.0	4.9	-21.4	5.2
3376 TT	Shin Zu Shing Co., Ltd.	4.0	2.6	39.5	16.9
9940 TT	Sinyi Realty Inc.	4.0	3.8	-16.5	-15.5
2812 TT	Taichung Commercial Bank Co., Ltd.	4.0	9.6	5.8	26.5
3044 TT	Tripod Technology Corporation	4.0	4.1	-8.1	-50.1
5347 TT	Vanguard International Semiconductor Co.	4.0	4.9	-6.0	229.0
6285 TT	Wistron Neweb Corporation	4.0	2.5	26.9	36.4
2395 TT	Advantech Co., Ltd.	3.0	5.7	20.7	265.6
2474 TT	Catcher Technology Co., Ltd.	3.0	8.9	32.5	303.6
6605 TT	Depo Auto Parts Industrial Co., Ltd.	3.0	1.0	-3.6	28.5
2393 TT	Everlight Electronics Co., Ltd.	3.0	4.1	-10.4	-40.6
9910 TT	Feng Tay Enterprise Co. Ltd.	3.0	4.2	148.0	589.6
2707 TT	Formosa International Hotels Corporation	3.0	2.4	-24.4	-34.4
9921 TT	Giant Manufacturing Co., Ltd.	3.0	0.0	13.4	114.8
2723 TT	Gourmet Master Co. Ltd.	3.0	0.0	-3.9	na
2049 TT	Hiwin Technologies Corp.	3.0	1.5	-24.4	170.0
2207 TT	Hotai Motor Co., Ltd.	3.0	7.4	0.4	345.8
2454 TT	MediaTek Inc	3.0	4.1	-34.8	-29.9
2886 TT	Mega Financial Holding Co., Ltd.	3.0	4.9	-3.3	19.4
2377 TT	Micro-Star International Co., Ltd.	3.0	7.4	-13.1	102.8
8044 TT	PChome Online, Inc.	3.0	0.0	41.0	221.2
4938 TT	Pegatron Corporation	3.0	0.0	51.1	105.4
6286 TT	Richtek Technology Corp.	3.0	1.6	28.5	-13.6
5388 TT	Sercomm Corp.	3.0	0.8	26.3	165.0
2325 TT	Siliconware Precision Industries Co., Ltd.	3.0	4.1	8.4	32.3
1101 TT	Taiwan Cement Corp.	3.0	7.3	-16.0	15.8
5903 TT	Taiwan FamilyMart Co. Ltd.	3.0	0.0	9.2	144.9
3702 TT	WPG Holdings Limited	3.0	3.8	-2.3	-36.2

Source: Custom Products Research

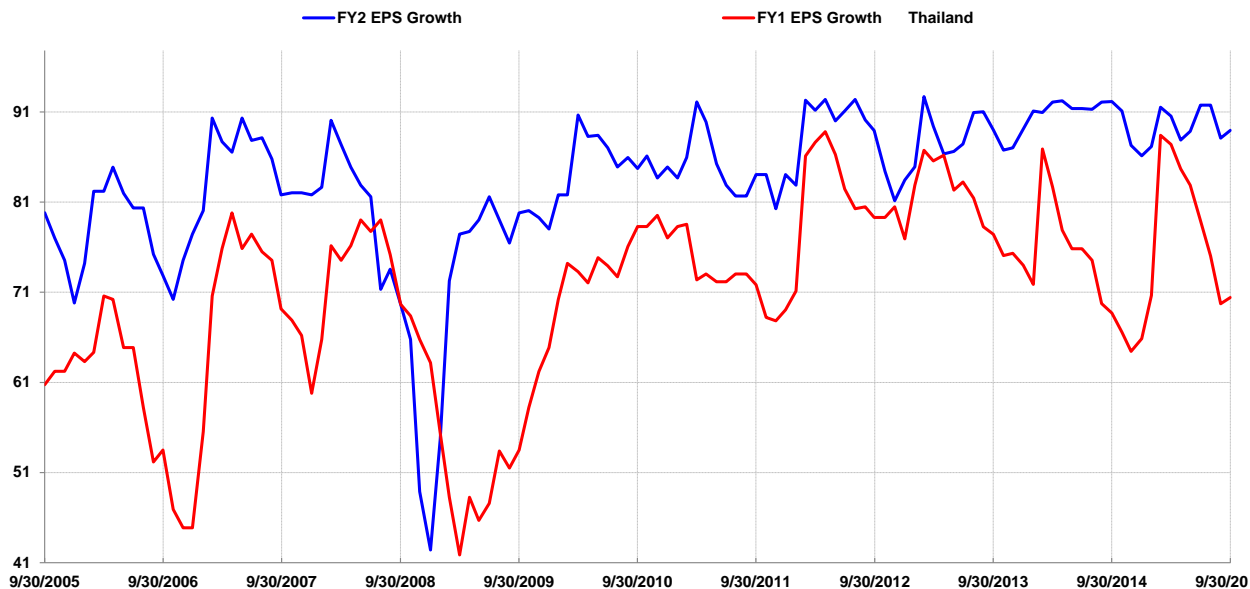
Tong Yang Industry is another chronic disappointer. 7 out of 10 years EPS declined while FY2 forecast remained strong as can be. Tong Yang only had FY2 EPS forecast to decline 3 out of the 120 months. 16 names in the screen above had declining EPS 5 or more times, but still made the screen.



Country Level – Thailand

The historic average of Companies that were expected to have FY2 growth is 84%. Retail Trade had a 95% historic average and Consumer Services had a 94% average. On the other side, Industrial Services only had an 81% average and the average for Process Industry is 82%.

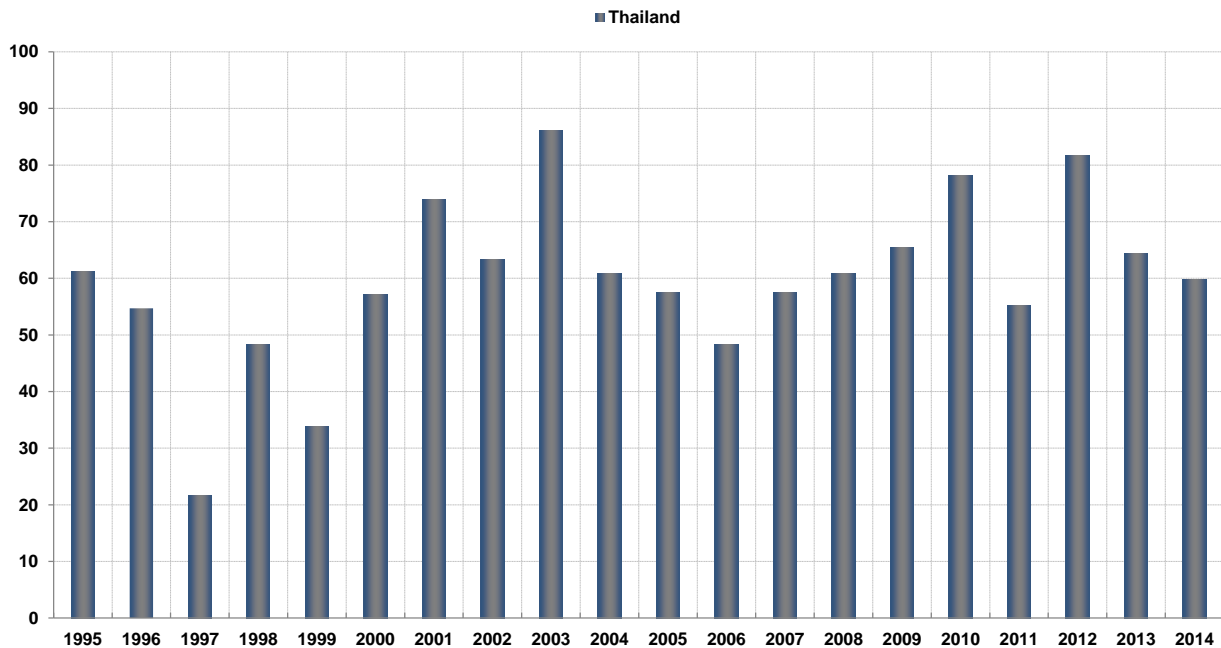
% of Companies in Thailand with positive FY2 EPS Growth



Source: Custom Products Research

However, overall on average only 59% of Companies achieved positive EPS growth. The worst sector was Process Industries with an average of 56%. The next worst is Energy Minerals with an average of 59%. The best sector was Utilities with a historic average of 77%

% of Companies that achieved Positive EPS Growth



Source: Custom Products Research

Thailand – Company Level

Companies Analysts always expect to grow but don't

Ticker	Company name	# of Negative Growth Years (10 Years)	% of Negative FY2 EPS Forecast in last 10 years	Price Performance	
				Price Change 1Y (%)	Price Change 5Y (%)
VNG TH	Vanachai Group Public Co., Ltd.	8.0	7.4	131.4	212.6
SCCC TH	Siam City Cement Public Co. Ltd.	6.0	0.0	-15.8	52.1
ITD TH	Italian-Thai Development Public Co., Ltd.	5.0	4.9	70.5	91.2
TU TH	Thai Union Group Public Company Limited	5.0	0.0	1.4	43.2
TRUE TH	True Corp. Public Co., Ltd.	5.0	4.1	-6.3	258.8
VIBHA TH	Vibhavadi Medical Center Public Co. Ltd.	5.0	0.0	2.6	464.5
BJC TH	Berli Jucker Public Co. Ltd.	4.0	2.8	-21.0	96.1
CIMBT TH	CIMB Thai Bank Public Co. Ltd.	4.0	5.7	-25.9	-50.1
CPALL TH	CP All Public Co. Ltd.	4.0	0.0	13.7	150.0
DELTA TH	Delta Electronics (Thailand) Public Co. Ltd.	4.0	3.3	59.0	232.1
INTUCH TH	Intouch Holdings Public Co. Ltd.	4.0	9.8	4.6	181.0
KKP TH	Kiatnakin Bank Public Co. Ltd.	4.0	8.9	-21.7	-17.5
PS TH	Pruksa Real Estate Public Co., Ltd.	4.0	9.2	-11.5	21.3
PTT TH	PTT Public Co., Ltd.	4.0	8.1	-24.6	-12.1
TASCO TH	Tipco Asphalt Public Co. Ltd.	4.0	7.3	550.0	403.2
ADVANC TI	Advanced Info Service Public Co., Ltd.	3.0	2.4	2.7	164.5
BKI TH	Bangkok Insurance Public Co. Ltd.	3.0	0.0	-2.7	88.6
BEC TH	BEC World Public Co., Ltd.	3.0	0.8	-25.3	2.2
GUNKUL TH	Gunkul Engineering Public Co. Ltd.	3.0	9.8	23.3	669.3
KBANK TH	Kasikornbank Public Co. Ltd.	3.0	0.8	-15.0	58.9
KTB TH	Krung Thai Bank Public Co., Ltd.	3.0	5.7	-23.2	10.0
MAJOR TH	Major Cineplex Group Public Co. Ltd.	3.0	8.1	29.2	122.8
PTTEP TH	PTT Exploration & Production Plc	3.0	6.5	-49.7	-56.3
SCB TH	Siam Commercial Bank Public Company Limited	3.0	5.7	-16.5	36.4
THCOM TH	Thaicom Public Co. Ltd.	3.0	8.1	-19.1	325.2
TISCO TH	TISCO Financial Group Public Co. Ltd.	3.0	2.4	-17.9	-5.0
TMB TH	TMB Bank Public Co., Ltd.	3.0	6.5	-11.3	11.8
BDMS TH	Bangkok Dusit Medical Services Public Co. Ltd.	2.0	4.1	8.3	424.3
BLA TH	Bangkok Life Assurance Public Co., Ltd.	2.0	1.4	-10.4	144.7
BH TH	Bumrungrad Hospital Public Co., Ltd.	2.0	8.1	71.4	536.0
DCC TH	Dynasty Ceramic Public Co. Ltd.	2.0	0.8	9.8	12.5
IVL TH	Indorama Ventures Public Co. Ltd.	2.0	8.2	6.2	-35.7
MINT TH	Minor International Public Co., Ltd.	2.0	0.0	1.0	197.7
STEC TH	Sino-Thai Engineering & Construction Public Co. Ltd.	2.0	0.0	2.0	163.2
BBL TH	Bangkok Bank Public Company Limited	1.0	4.1	-13.0	7.1
EASTW TH	Eastern Water Resources Development & Mgmt Public	1.0	6.9	3.7	66.2
HMPRO TH	Home Product Center Public Co., Ltd.	1.0	0.0	-15.6	119.3
LPN TH	L.P.N. Development Public Co., Ltd.	1.0	8.9	-20.1	50.0
MAKRO TH	Siam Makro Public Co. Ltd.	1.0	0.0	3.3	484.3
BIGC TH	Big C Supercenter Public Co., Ltd.	0.0	0.0	-9.4	216.0

Source: Custom Products Research

Vanachai Group Public's EPS declined 8 out 10 years but still made our strong FY2 EPS growth screen. Siam City Cement Public's FY2 EPS has not been forecast to decline once in the last 10 years. But its EPS has declined 6 out of 10 times.

Big C Supercenter Public is one of the rare companies that grew EPS every year and had strong FY2 forecasts. Siam Makro Public is almost as good as it only had 1 year that EPS declined.



Conclusion

I think the conclusion is pretty clear. There is not a lot of meaning in FY2 forecasts. Even in cyclical sector the trend is always up. I think that if you were to ask a Sell-side Analysts and get a truthful answer they would say that hated forecasting FY2 and do not put a lot of time or effort into the numbers. As we have seen from the above screens there are many companies with actual EPS declines in at least 5 out of last 10 year, however FY2 EPS growth forecast is never negative. While I understand that it is difficult to forecast 2 years out. With 20 and sometimes 30 years' worth of data the Analysts at least should try.



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