Description	Quarter	FY2015 Net Profit	Quarter	FY2014 Net Profit	Quarter	FY2013 Net Profit	Quarter	FY2012 Net Profit	Remarks				
		Net Profit		Net Profit		Net Profit		Net Profit	Share capital	100,745			
	Q1'15	$ 6,643	Q1'14	$ 1,697	Q1'13	$ 81	Q1'12	$ 8,374					
	Q2'15	$ 21,827	Q2'14	$ 2,033	Q2'13	$ 1,042	Q2'12	$ 4,591					
	Q3'15	$ 13,461	Q3'14	$ 3,339	Q3'13	$ 3,429	Q3'12	$ 3,910					
	Q4'15	$ 7,974	Q4'14	$ 3,265	Q4'13	$ (314)	Q4'12	$ (712)					
	FY2015	$ 49,905	FY2014	$ 10,334	FY2013	$ 4,238	FY2012	$ 16,163					
Number of MV sold		10,997		9,419					Guesstimate for Dec'15 & Actual for the rest				
EPS (cents)		$ 0.4954		$ 0.1026		$ 0.0421		$ 0.1604	Ties back to audited stats accounts				
Share price	31/12/2015	$ 3.38	31/12/2014	$ 1.92	31/12/2013	$ 2.43	28/12/2012	$ 2.84	http://www.bloomberg.com/quote/CNCB:MK & CIMB i-trade				
P/E ratio		6.82		18.72		57.77		17.70	PE ratio drop from FY2012 to FY2015.				

	FY15 3Q	FY14 4Q Act	FY13 4Q Act	FY12 4Q Act	Checking				Remarks for items highlighted in color				
Computing product mix & cash conversion cycle.													
Sales	$ 1,192,398	$ 922,463	$ 644,976	$ 656,192									
COGS	$ (1,089,508)	$ (837,467)	$ (597,256)	$ (597,034)				Guesstimate	To compute the inventories turns. Unable to obtain COGS from quarterly results for FY15.				
Gross Profit	$ 102,890	$ 84,996	$ 47,720	$ 59,158					Hence, assuming GP margin is the average of FY12 to FY14 to guesstimate the COGS.				
Gross Profit Margin (%)	8.63%	9.21%	7.40%	9.02%	(0.00)								
Net Profit	$ 41,931	$ 10,334	$ 4,238	$ 16,163									
Net Profit Margin (%)	3.52%	1.12%	0.66%	2.5%				Fact	Higher net profit margin due to better product mix.				
Net Profit pu ($)	$ 3.52	$ 1.10							Higher sales volume due to better design coupled with favourable product mix weighted towards				
Sales volume (units)	10,997	9,419							higher-priced vehicles which carries improved margin particularly the hybrid models.				
Checking	-	-											
Computing Stock Turnover days													
Stock turnover (days)	43.0	44.0	81.6	69.3				Fact	Better stock turnover days for FY15 & FY14 compared to FY13 & FY12.				
Computing Trade Receivables Turnover Days													
Trade Receivables (days)	28.3	19.9	29.2	22.9				Fact	Deteriorated by 10 days comparing btw. FY15 vs. FY14.				
Computing Trade Payables Turnover Days													
Trade Payables (days)	26.6	24.6	25.1	85.7					Consistent with cash flows statement that shows an increase in Trade AP.				
Cash conversion cycle (days)	44.7	39.3	85.7	6.5				Fact	Poorer cash conversion cycle by 5 days due to longer				
									collection period from AR comparing btw. FY14 to FY15.				

Conclusion:

Reason for negative operating cashflows (FY15: RM35.6M) and drawdown of Bankers Acceptance (RM30M)

During FY15, there is a two fold increase in inventories to $171.6M (FY14: $85M) to support higher sales. Indeed, inventories

turnover days for FY15 remained the same with FY14 at 44 days.

However, Trade AR turnover days deteriorated by 8 days (FY15: 28.3 vs. FY14: 19.9) and coupled with doubling down on inventories in FY15

but offset slightly by better Trade AP turnover days of 2 days (FY15: 26.6 vs. FY14: 24.6)

resulted in negative operating cashflows and drawdown its bankers acceptance.

This is consistent with poorer cash conversion cycle by 5 days comparing btw. FY15 of 44.7 days vs. FY14 of 39.3 days.

Malaysia Vehicle Sales data for respective months:

	Passenger Vehicles	Commercial	Total	Net profit	Less: Dividends Merz S/B	Adj. Net profit	Net profit per unit sold ($'000)		Remarks for items highlighted in color
To guess how much is the net profit per unit sold for FY15:									
Jan'15	430	7	437					Guesstimate	Commercial vehicle sales - balancing number
Feb'15	491	7	498					Guesstimate	Commercial vehicle sales - balancing number
Mar'15	969	17	986						
Q1'15	**1,890**	**31**	**1,921**	$ 6,643		$ 6,643	$ 3.5		Source: Qtrly results
Apr'15	932	6	938						
May'15	1,148	4	1,152						
Jun'15	1,205	17	1,222						
Q2'15	**3,285**	**27**	**3,312**	$ 21,827	$ (11,229)	$ 10,598	$ 3.2		Source: Qtrly results
Jul'15	1,029	21	1,050						
Aug'15	1,005	28	1,033						
Sep'15	1,002	21	1,023						
Q3'15	**3,036**	**70**	**3,106**	$ 13,461		$ 13,461	$ 4.3		Source: Qtrly results
									For Dec'15 sales; use the average for other months
Oct'15	935	11	946						whereby passenger vehicles sales are below 1K units
Nov'15	907	22	929					Guesstimate [1]	and commercial vehicles sales below 10 units.
Dec'15	777	6	783						
Q4'15	**2,619**	**39**	**2,658**	$ 7,974		$ 7,974	$ 3.0	Guesstimate	TO guess the net profit per unit sold, use the average profit
									per unit from Q1'15 to Q3'15 and discount by 20%.
Total FY15	**10,830**	**167**	**10,997**	$ 49,905		$ 38,676	$ 3.5		
To guess how much is the net profit per unit sold for FY14:									
For 2014			9,419	$ 10,334		$ 10,334	$ 1.1		

Conclusion:
Whether the net profit per unit for FY15 ($3.5K) and FY14 ($1.1K) is reasonable?

	FY15	FY14
Net profit margin (%)	3.50%	1.10%
Net profit (average for 4Q) ($)	$ 3.5	$ 1.1

Each 1% net profit margin yields $1K net profit.
The improvement in net profit margin (%) in FY15 is consistent with our understanding that
● higher sales vol. in FY15 due to better product design, coupled with
● better sales mix weighted towards higher-priced vehicles which carries improved margin particularly the hybrid models.

Hence in FY15, a 3.5% improvement should yield about $3.5K net profit ($) per unit sold.

Whether the expected net profit for FY16???
http://www.therakyatpost.com/business/2015/12/03/mercedes-benz-malaysia-optimistic-to-sell-more-cars-next-year/
http://www.thestar.com.my/business/business-news/2015/12/04/mercedes-benz-expects-to-sell-more-cars-in-malaysia-next-year/?style=biz
"I see a good opportunity next year (2016) for us to chart growth in our sales and we are eyeing to beat the record we achieve this year for 2016," Mark Raine VP Sales & Mktg.
Despite the optimism by Mercedes Benz that they will sell more units in 2016,
yet, we understand that the macro economics for FY2016 will continue to be as challenging as FY2015.
So, the million dollars question now is how many units will Mercedes sell for FY2016?
If we refer to FY2014 and FY2015,

	FY2015	FY2014	Total
Sales (units)	10,997	9,419	20,416
Average sales per month			851

Hence, it is prudent to estimate Mercedes will at least sell 850 units per month for FY2016 (as an average for both FY2014 and FY2015).

Despite the weakening in forex, Merz has determined not to increase its selling price p.u. and has indeed reduced selling price p.u. for some of its product lines.

Based on net profit margin of 3.5% and using a conservative $3K net profit per unit (instead of $3.5K),

	FY2015	
Sales (units)	$ 30,600	
Add: dividend from Merz	$ 11,229	
	$ 41,829	
EPS	$ 0.415	The minimum EPS.
P/E (forward multiple)	10	This PE multiple will be determined based on how fast they can sell more than 850 units per month.
Estimated share price	$ 4.15	
Current share price	$ 3.38	
Potential upside ($)	$ 0.77	
Potential upside (%)	22.8%	

[1] Extract from quarterly results: "The outlook for the remainder of the year is for trading conditions to become more difficult and for competition to increase in the face of a weakening economy".