

The Global SMid Radar

Q3 2014 Update

Our Global SMid Radar is a vehicle through which we consistently bring you our top ideas within the global universe of Small/Mid-Caps (mkt caps < \$5 Bill). This long/short global model portfolio mixes our top-down strategic analysis with our bottom up stock selection. This quarter we are adding 4 new “Investment Opportunities” (see bullets below) and closing 4 (see Pg 4 for perf details) — Austal, Commercial Bank of Qatar, Multiplus and Yanbu Cement.

In order to align our incentives with those of our clients (and as we’ve been doing for the last 6 yrs in our European SMid Radar, launched in Feb 2008), we run this model portfolio in as realistic a way as possible, following a pre-defined methodology with regards to portfolio composition, risk mgmt, & perf. analysis (please see Pg 2 for a detailed description of our investment methodology).

4 additions to the “Investment Opportunities” section of our Global Radar:

- Beijing Capital Int’l Airport (694 HK — \$2,951m mkt cap)
 - *Accelerating int’l traffic growth to drive profitability, valuation discount to regional peers unjustified*
- Even (EVEN3 BZ — \$690m mkt cap)
 - *Improving results at an attractive valuation*
- Gem Diamonds (GEMD LN — \$373m mkt cap)
 - *A relatively safe play on positive outlook for diamonds*
- WorleyParsons (WOR AU — \$4,074m mkt cap)
 - *Clear path to medium term earnings growth with oil linkage*

Global Small/Mid-Caps

Eduardo Lecubarri ^{AC*}

(44-20) 7134-5916

eduardo.lecubarri@jpmorgan.com

Bloomberg JPMA LECUBARRI <GO>**Patrick J Pitcaithly**

(44-20) 7134-8451

patrick.j.pitcaithly@jpmorgan.com

J.P. Morgan Securities plc

* Registered/qualified as a research analyst under NYSE/FINRA rules.

See page 67 for analyst certification and important disclosures, including non-US analyst disclosures.

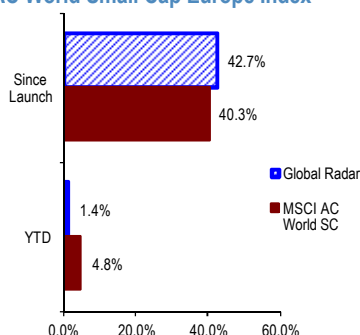
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The Global SMid Radar Methodology

The Global SMid Radar is our list of top stock ideas, which we run as a hypothetical long/short portfolio in accordance with the following methodology:

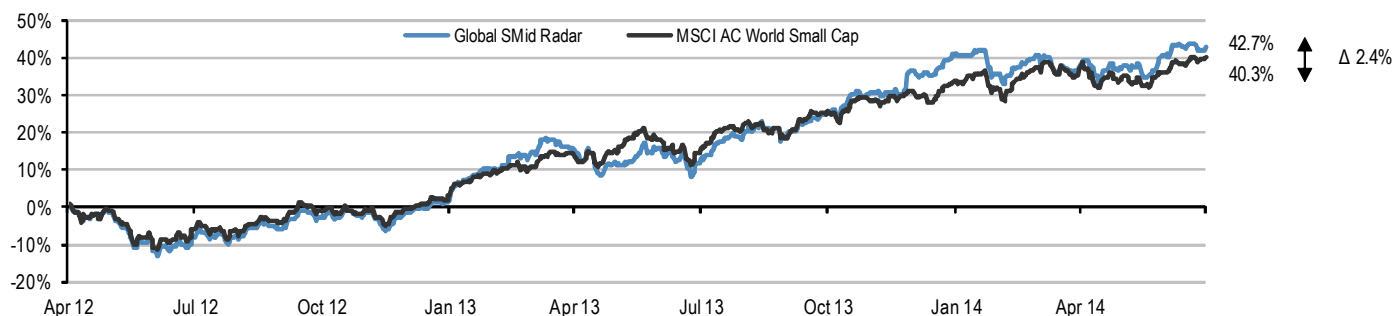
- Those stocks labeled “Investment Opportunities” will be treated as longs, while those labeled “Stocks to Avoid” will be treated as shorts.
- Shares are bought and sold at the avg Bloomberg VWAP price of the trading session prior to AND following the publication of the investment decision.
- New positions will have the weight of 1/25th of the current portfolio’s NAV. Once the portfolio runs out of cash, new positions will be funded by selling existing ones, with each new investment equal to the total exposure of the portfolio (long + short positions) divided by the number of stocks in it (longs + shorts).
- Those stocks treated as shorts will be assigned a borrowing cost/annum equal to 80 bps, and a 10% haircut (i.e. 90% of the position will be a source of cash).
- The residual cash balance will be invested in global/regional MSCI Small Cap benchmark indices according to our regional allocation preferences.
- Returns will be calculated in local currency.
- Performance will include a 50 bps/annum deduction as a proxy for trading costs. Our European SMid model portfolio (launched in Feb ’08) suggests our investment horizon is >12mths, thus limiting trading costs — we have turned the portfolio over only ~1.6x since launch!
- We will impose a 25% stop-loss (relative to MSCI AC World SC index) on all positions.
- Lastly, risk management is at the core of our investment approach, and therefore we will look to limit volatility via: 3mth Beta and VAR analysis, liquidity constraints, maximum weightings per holding, limited portfolio turnover etc.).

Figure 1: Perf Stats —Radar vs MSCI AC World Small Cap Europe Index



Source: Bloomberg, Datastream, Factset and J.P. Morgan calculations.

Figure 2: Cumulative Performance — J.P. Morgan SMid Radar vs MSCI AC World Small Cap Europe Index



Source: Bloomberg, Datastream, Factset and J.P. Morgan calculations. Prices as of COB 30 June 2014.

Global Radar — Investment Opportunities

Figure 3: The Global SMid Radar — Investment Opportunities

JPM SMid Radar — Investment Opportunities								
	Company Stats		JPM Coverage		Added		Current	
	BBG Ticker	Mkt Cap 30/06/14 (\$ mm)	Analyst	Rec	Date Added	Price Added (Local)	Div. Paid Since Added*	Current Price 30/06/14
Investment Opportunities								
Cape	CIU LN	\$617	Bhat	OW	01/10/12	2.41	0.24	2.96
Jupiter	JUP LN	\$3,176	Morris	OW	07/01/13	3.03	0.19	4.00
Media Prima	MPR MK	\$878	Yeoh	OW	02/04/13	2.40	0.21	2.58
Omantel	OTEL OM	\$3,127	Sharma	OW	02/04/13	1.40	0.12	1.63
Techtronic	669 HK	\$5,831	Chik	OW	02/04/13	18.74	0.35	24.85
EnQuest	ENQ LN	\$1,908	Thompson	OW	04/06/13	1.29	0.00	1.41
Gameloft	GFT FP	\$775	O'Donnell	OW	03/07/13	5.43	0.00	6.74
Synaptics Inc.	SYNA US	\$2,370	Cosler	OW	03/07/13	38.90	0.00	90.64
M6	MMT FP	\$2,527	Lo Franco	OW	02/08/13	14.96	0.85	14.84
Cadence Design	CDNS US	\$4,920	Auly	OW	30/09/13	13.48	0.00	17.49
Laird	LRD LN	\$1,317	Mees	OW	30/09/13	2.22	0.12	2.84
Makalot	1477 TT	\$866	Not Covered		30/09/13	148.41	0.00	161.50
Havas	HAV FP	\$3,250	Lo Franco	N	01/11/13	6.10	0.11	6.00
Pirelli	PC IM	\$8,316	Asumendi	OW	25/11/13	11.36	0.32	11.72
Prosegur	PSG SM	\$4,109	Plant	N	07/01/14	4.94	0.04	5.24
Quintain	QED LN	\$845	Leckie	OW	05/02/14	0.99	0.00	0.89
Faurecia	EO FP	\$5,263	Asumendi	OW	13/02/14	30.31	0.30	27.56
CTT - Correios de Portugal	CTT PL	\$1,572	Combe	N	04/03/14	7.30	0.40	7.26
CSG	CSV AU	\$247	Soemino	OW	02/04/14	0.91	0.00	1.03
Mediobanca	MB IM	\$8,493	Not Covered		02/04/14	8.31	0.00	7.28
Nihon Kohden Corp	6849 JT	\$2,224	Onozuka	OW	02/04/14	4,205.49	0.00	5,080.00
Novatek Microelectronics	3034 TT	\$3,013	Chang	OW	02/04/14	145.81	0.00	147.00
Bellway	BWY LN	\$3,307	Biddulph	OW	02/05/14	14.60	0.16	15.66
Cineworld	CINE LN	\$948	Mees	OW	02/05/14	3.35	0.06	3.27
Salzgitter	SZG GR	\$2,276	Abale	OW	11/06/14	31.19	0.00	30.74
Beijing Capital Int'l Airport	694 HK	\$2,951	Li	OW	03/07/14			
Even	EVEN3 BZ	\$690	Motta	OW	03/07/14			
Gem Diamonds	GEMD LN	\$373	Bell	OW	03/07/14			
WorleyParsons	WOR AU	\$4,074	Passe-de Silva	OW	03/07/14			

Source for Figure 3: Factset and J.P. Morgan Calculations. Notes: "Price Added/Removed" is calculated as the volume-weighted average price (VWAP) of the trading session prior to and following the publication of the investment decision. 1) Past performance may not be indicative of future performance. 2) "Div Paid" includes proceeds from rights issues.

Global Radar — Historical Deletions

Figure 4 below provides the historical deletions from the Global Radar to help investors keep track of performance.

Figure 4: The SMid Radar — Historical Deletions

Historical Deletions from JPM SMid Radar												
	Company Stats		JPM Coverage		Added		Removed			Performance		
	BBG Ticker	MktCap Removed (\$ mm)	Analyst	Rec	Date Added	Price Added (Local)	Date Removed	Divs Paid Since Added	Price Removed (Local)	Abs Perf	MSCI AC SC Perf	Perf Rel to MSCI SC
Investment Opportunities												
Hillgrove Resources	HGO AU	€ 79	Nelson	OW	30/03/12	0.25	04/06/12	0.00	0.16	-36.2%	-10.6%	-25.6%
Opto Circuits	OPTC IN	\$106			30/03/12	200.41	21/08/12	0.00	143.72	-28.3%	-3.1%	-25.2%
Ausenco	AAX AU	\$85	Gill	UW	02/07/12	3.14	28/09/12	0.09	2.40	-20.7%	5.5%	-26.2%
Emaar Properties	EMAAR UH	\$16,053	Hasan	OW	30/03/12	3.07	01/10/12	0.10	3.53	18.2%	-1.1%	19.2%
Taiwan SMT	6278 TT	\$397			30/03/12	60.71	01/10/12	1.78	49.99	-14.7%	-1.1%	-13.7%
Dish TV	DITV IN	\$845	Kumar	OW	02/07/12	63.86	01/10/12	0.00	82.90	29.8%	5.2%	24.6%
Unite Group	UTG LN	\$666	Leckie	N	30/03/12	1.96	05/11/12	0.02	2.80	44.0%	-0.9%	44.9%
Faurecia	EO FP	\$1,847	Asumendi	OW	02/07/12	13.15	05/11/12	0.00	11.83	-10.0%	5.4%	-15.4%
Debenhams	DEB LN	\$1,986	Johanan	UW	07/01/13	1.17	05/03/13	0.00	0.83	-29.3%	4.6%	-33.9%
Anhanguera	AEDU3 BZ	\$2,415	Sanbts	OW	07/01/13	11.76	02/04/13	0.00	10.65	-9.4%	6.8%	-16.3%
Evergreen Marine	2603 TT	\$2,088	Png	OW	02/07/12	15.97	02/04/13	0.00	17.98	12.6%	20.5%	-8.0%
Alam Sutura	ASRI IJ	\$2,182			01/10/12	490.98	02/04/13	0.00	1,056.91	115.3%	14.5%	100.7%
Ausdrill	ASL AU	\$547	Passe-de Si	UW	02/04/13	2.86	18/04/13	0.07	1.85	-33.2%	-1.8%	-31.4%
Bradken	BKN AU	\$881	Passe-de Si	OW	07/01/13	6.19	07/05/13	0.20	5.13	-14.0%	9.9%	-23.9%
Zagg	ZAGG US	\$208			02/04/13	7.22	07/05/13	0.00	4.96	-31.3%	2.9%	-34.3%
Koza Gold	KOZAL TI	\$2,947	Cooke	UW	02/04/13	42.26	13/05/13	0.00	32.20	-23.8%	4.8%	-28.6%
Bank Asya	ASYAB TI	\$854	Formanko	OW	07/01/13	2.28	03/06/13	0.00	1.77	-22.6%	11.3%	-33.8%
CTC Media	CTCM US	\$1,841	Gogolev	UW	01/10/12	9.15	03/07/13	0.44	11.80	33.7%	17.3%	16.4%
Zumtobel	ZAG AV	\$425	Willi	N	06/12/12	8.67	03/07/13	0.00	7.63	-12.0%	16.3%	-28.3%
Advanced Petrochemical	APPC AB	\$1,547	Kumar	UW	07/01/13	27.10	03/07/13	2.00	31.58	23.9%	9.4%	14.5%
Quintain	QED LN	\$728	Leckie	OW	07/01/13	0.55	04/09/13	0.00	0.85	54.7%	12.7%	42.0%
African Bank	ABL SJ	\$1,341	Francois	N	03/07/13	12.16	30/09/13	0.00	12.45	2.4%	7.9%	-5.5%
Duratex	DTEX3 BZ	\$3,538	Ferreira	UW	03/07/13	12.50	30/09/13	0.16	13.17	6.6%	7.9%	-1.3%
Skyworth Digital	751 HK	\$1,352	Chik	OW	07/01/13	4.34	30/09/13	0.11	3.69	-12.4%	18.0%	-30.4%
Unimicron	3037 TT	\$1,319	Ilaya	N	03/07/13	29.06	30/09/13	1.10	25.33	-9.1%	7.9%	-16.9%
Yamaha Motor	7272 JT	\$5,253	Kishimoto	UW	02/04/13	1,239.4	30/09/13	10.00	1,469.50	19.4%	10.5%	8.9%
Acacia Research	ACTG US	\$1,130	Coster	OW	02/04/13	29.5	21/10/13	0.25	15.90	-45.3%	13.5%	-58.8%
Unite	UTG LN	\$1,044	Leckie	N	03/07/13	3.65	01/11/13	0.02	3.93	8.1%	10.8%	-2.8%
AZ Electronic Materials	AZEM LN	\$1,737			15/07/13	3.40	06/11/13	0.02	2.70	-19.8%	7.0%	-26.8%
Cardno	CDD AU	\$827	Gill	N	03/07/13	5.07	07/01/14	0.18	6.55	32.9%	14.8%	18.1%
Chiyoda	6366 JT	\$3,594	Lee	OW	02/04/13	1,036.3	07/01/14	0.00	1,485.71	43.4%	17.5%	25.8%
Doha Bank	DHBK QD	\$4,109	Bilandani	N	03/07/13	46.97	07/01/14	0.00	62.03	32.1%	14.8%	17.3%
Ipsen	IPN FP	\$3,751	Vosser	N	06/02/13	25.97	07/01/14	0.80	34.22	34.9%	21.6%	13.2%
OmniVision	OVTI US	\$919	Coster	OW	02/04/13	13.58	07/01/14	0.00	16.90	24.5%	17.5%	7.0%
Taiyo Yuden	6976 JT	\$1,516	Ilaya	OW	30/09/13	1,282.2	07/01/14	0.00	1,325.58	3.4%	6.4%	-3.0%
IJM Land	IJMLD MK	\$1,228	Yeoh	OW	03/07/13	2.85	30/01/14	0.00	2.48	-13.0%	13.3%	-26.3%
Indiabulls Real Estate	IBREL IN	\$443	Kumar	OW	03/07/13	66.46	30/01/14	2.00	53.52	-16.5%	13.3%	-29.7%
Tinkoff Credit Systems	TCS LI	\$2,714	Kanbrovich	N	07/01/14	15.05	30/01/14	0.00	10.64	-29.3%	-1.3%	-28.0%
Atresmedia	ASM SM	\$4,137	Lo Franco	OW	07/01/13	4.02	13/02/14	0.00	14.29	255.3%	25.7%	229.6%
Geely Auto	175 HK	\$3,211	Lai	N	03/07/13	3.27	04/03/14	0.00	2.77	-15.2%	17.4%	-32.5%
M. Video	MVID RX	\$1,243	Journova	OW	02/04/13	248.02	04/03/14	13.80	214.19	-8.1%	20.2%	-28.3%
Fields Corp	2767 JP	\$591			03/07/13	1,673.9	21/03/14	25.00	1,471.00	-10.6%	18.1%	-28.7%
Kingboard Chemical	148 HK	\$2,293	Chik	OW	30/09/13	19.71	21/03/14	0.00	15.85	-19.6%	9.5%	-29.0%
ReachLocal	RLOC US	\$300	Anmuth	N	30/09/13	12.00	21/03/14	0.00	10.22	-14.9%	9.5%	-24.3%
Xinyi Glass	868 HK	\$3,149	Chik	OW	03/07/13	6	02/04/14	1.08	6.40	23.5%	19.0%	4.5%
CTD	CTD AU	\$459	Soemino	OW	07/01/14	5.45	02/04/14	0.05	6.31	16.7%	3.7%	13.0%
Mitsui Engineering	7003 JT	\$1,724	Lee	OW	07/01/14	213.32	02/04/14	2.00	217.91	3.1%	3.7%	-0.6%
Nine Dragons Paper	2689 HK	\$3,355	Chik	OW	07/01/14	6.54	02/04/14	0.00	6.04	-7.7%	3.7%	-11.4%
CSR	CSR LN	\$1,585	Deshpande	OW	04/03/14	7.70	02/05/14	0.00	5.65	-26.6%	-1.2%	-25.4%
Entertainment One	ETO LN	\$1,396	Lo Franco	OW	01/11/13	2.46	02/05/14	0.00	2.97	20.5%	4.6%	15.9%
RPC	RPC LN	\$1,751	Mees	OW	07/01/13	4.12	02/05/14	0.15	6.16	53.2%	26.9%	26.4%
RPS	RPS LN	\$1,011	Wellington	N	02/08/13	2.34	11/06/14	0.07	2.91	27.2%	13.6%	13.6%
Voestalpine	VOE AV	\$7,888	Abate	N	01/10/12	23.62	11/06/14	0.90	34.43	49.6%	40.5%	9.1%
Austral	ASB AU	\$389	Gill	OW	03/07/13	0.75	01/07/14	0.00	1.28	70.6%	20.9%	49.8%
Commercial Bank of Qatar	CBQK QD	\$5,359	Bilandani	OW	02/04/14	64.55	01/07/14	0.00	62.82	-2.7%	1.5%	-4.2%
Multipius	MPLU3 BZ	\$2,581	Abdalla	OW	30/09/13	25.70	01/07/14	1.26	36.50	46.9%	12.0%	34.9%
Yanbu Cement	YNCCO AB	\$3,171	Sharma	OW	03/07/13	67.82	01/07/14	5.00	72.90	14.9%	20.9%	-6.0%
Stocks to Avoid												
Umicore	UMI BB	€ 6,150	Evans	N	02/07/12	36.42	07/01/13	0.38	40.95	13.5%	12.8%	0.6%

Source: Factset and J.P. Morgan Calculations. Notes: "Price Added/Removed" is calculated as the volume-weighted average price (VWAP) of the trading session prior to and following the publication of the investment decision. 1) Past performance may not be indicative of future performance. 2) "Div Paid" includes proceeds from rights issues.

Company Cheat Sheets Investment Opportunities

Beijing Capital Int'l Airport (694 HK / OW / HK\$5.30).....	8
Bellway (LRD LN / OW / GBp 1,570).....	10
Cadence Design (CDNS US / OW / \$17.34).....	12
Cape (CIU LN / OW / GBp 294.50).....	14
Cineworld (CINE LN / OW / GBp 328.0).....	16
CSG Ltd (CSV AU / OW / \$1.00).....	18
CTT – Correios de Portugal (CTT PL/N/€7.09).....	20
EnQuest (ENQ LN / OW / GBp140.4).....	22
Even (EVEN3 BZ / OW / R\$6.57).....	24
Faurecia (EO FP / OW / €27.98).....	26
Gameloft (GFT FP / OW / €6.60).....	28
Gem Diamonds (GEMD LN/OW/GBp143).....	30
Havas (HAV FP/N/€6.01).....	32
Jupiter Fund Mgmt (JUP LN/OW/GBp 400.7).....	34
Laird (LRD LN / OW / GBp 288.0).....	36
M6 (MMT FP / OW / €14.67).....	38
Makalot (1477 TT / Not Covered / NT\$160.5).....	40
Media Prima (MPR MK/N/ M\$2.61).....	42
Mediobanca (MB IM/Not Covered/€7.82).....	44
Nihon Kohden (6849 JT / OW / ¥4,945).....	46
Novatek Micro (3034 TT/OW/NT\$138.50).....	48
Omantel (OTEL OM / OW / RO1.62).....	50
Pirelli (PC IM / OW / €11.80).....	52
Prosegur (PSG SM / N / €5.24).....	54
Quintain (QED LN / OW / GBp 88.25).....	56
Salzgitter (SZG GY/OW/€30.70).....	58
Synaptics Inc. (SYNA US / OW / \$89.38).....	60
Techtronic Industries (669 HK / OW / HK\$24.35).....	62
Worley Parsons (WOR AU / OW / A\$17.3).....	64

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Eduardo Lecubarri
(44-20) 7134-5916
eduardo.lecubarri@jpmorgan.com

Global Equity Research
04 July 2014

Investment Opportunities

China Infrastructure & Industrial

Karen Li, CFA (AC)

(852) 2800-8589

karen.y.li@jpmorgan.com

Beijing Capital Int'l Airport (694 HK / OW / HK\$5.30)

Accelerating int'l traffic growth to drive profitability, valuation discount to regional peers unjustified

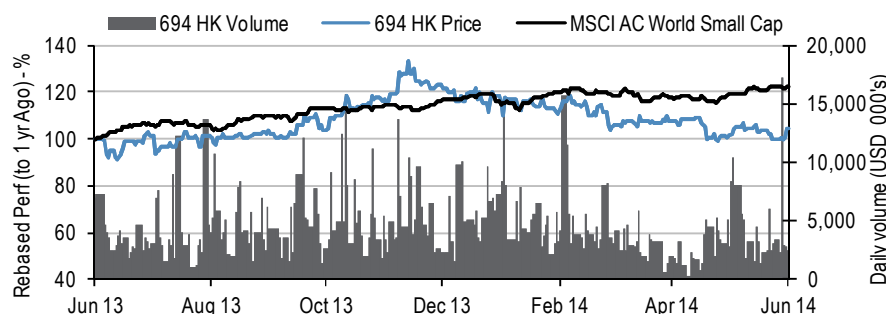
Investment Highlights:

- We believe the capital's airport assets are undervalued, while its grw potential is underestimated despite its distinctive business model & still-young maturity profile.
- We expect the impending approval of Beijing's second airport project to act as a positive price catalyst.
- Capacity bottlenecks seem relieved by reallocation of landing slots to the more profitable int'l routes. With supply less of a constraint, we expect a virtuous cycle of demand-driven growth for int'l air travel.
- An increase in payout is conceivable from 2015, in our view, which we believe should further enhance BCIA's attraction.
- BCIA appears attractively valued at current levels, particularly relative to other regional airports of similar operational scale, namely MAHB and AOT, both of which have held intriguingly well despite weaker-than-expected operational results YTD.

Valuation / Risks to our View: Our DCF-derived Dec-14 PT of HK\$8.3 translates into a tgt P/B of 1.7x/1.6x, Op-CF to EV yld of 9.6%/9.9%, and EV/EBITDA of 9.2x/8.3x on FY14/15E. Our DCF-based val. continues to include the potential capex related to the Beijing 2nd airport without incremental benefits. Removing all the capex associated would lift our PT to HK\$14.0. Downside risks to our view: weaker-than-expected traffic growth, faster-than-expected increase in costs, and untimely launch, or cost overrun of the new capex project – i.e., investment in the Beijing second airport, if the company does choose to participate in an asset-heavy way.

BCIA in a Nutshell: Beijing Capital International Airport Company Limited was incorporated as a joint stock company with limited liability in China on 15 October 1999 to own and manage the aeronautical operations and certain ancillary commercial businesses at the international airport in Beijing. The company was listed on 1 February 2000 on the HKSE.

Price Perf vs MSCI Small Cap Europe (rebased as of 1-year ago)



J.P. Morgan Estimates

Rmb in mn, year-end Dec	FY12A	FY13A	FY14E	FY15E	FY16E
Total Revenue (Rmb mn)	6,623	7,131	7,632	8,021	8,411
Net Profit (Rmb mn)	1,149	1,329	1,617	1,924	2,055
EPS (Rmb)	0.27	0.31	0.37	0.44	0.47
DPS (Rmb)	0.11	0.12	0.15	0.18	0.19
Revenue growth (%)	6.6%	7.7%	7.0%	5.1%	4.9%
EPS growth (%)	3.2%	15.7%	21.6%	19.0%	6.8%
ROCE	5.2%	5.6%	6.8%	7.4%	7.0%
ROE	7.7%	8.5%	9.7%	10.8%	10.8%
P/E (x)	16.1	13.9	11.5	9.6	9.0
P/BV (x)	1.2	1.1	1.1	1.0	0.9
EV/EBITDA (x)	8.9	8.1	6.9	7.3	7.3
Dividend Yield	2.5%	2.9%	3.5%	4.2%	4.4%

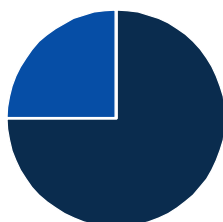
Source: Company data, Bloomberg, J.P. Morgan estimates.

Segments

By Geographic Area (Traffic):

Domestic traffic (75.0%)

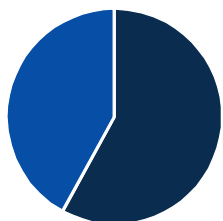
International traffic (25.0%)



By Business Area (sales revenue):

Aeronautical business (58.0%)

Non-aeronautical business (42.0%)



Company Stats:

Price (HK\$)	5.30
as % of 7 Yr high	31.4%
JPM Price Target (HK\$)	8.30
Implied Upside	56.6%
Shares (MM)	1,879
Mkt Cap (USD MM)	1,285
EV (USD MM)	4,929
Avg Daily volume (USD MM)	3.1
# of Recs	17
% "Buy" Recs	41%

ND/EBITDA Yr+1 (BBG)	3.0x
EV/Sales Yr+1 (BBG)	4.1x
EV/EBITDA Yr+1 (BBG)	7.5x
P/E Yr+1 (BBG)	16.0x
Div Yld Yr+1 (BBG)	2.5%

Getting to know our SMid Analysts...



Karen Li

karen.yy.li@jpmorgan.com

(852) 2800-8589

Region: Asia ex-J — China / HK

Sector: Infrastructure & Industrial

SMid-Cap Coverage — by Industry Group		
Industry Group	# of Stock	% of Stocks
Transportation	5	45.5%
Capital Goods	5	45.5%
Technology Hardware & Equipment	1	9.1%

SMid-Cap Coverage — by Country		
Country	# of Stock	% of Stocks
Hong Kong	9	81.8%
United States	1	9.1%
Thailand	1	9.1%

SMid-Cap Coverage

#	Company Name	BBG	Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S
			Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	Net Debt/ EBITDA
1	Beijing Capital International Airport Co., Ltd.	1694 HK	5.1	1,275	77%	3.2	-72	-13	OW	64%	15	40%	15%	7%	12.7x	2.9%	0.6x	3.0x
2	BTS Group Holdings Public Co. Ltd.	BTS TB	8.8	3,109	56%	15.7	-9	1	N	-7%	15	80%	-4%	26%	41.9x	4.6%	1.7x	-1.3x
3	CIMC Enric Holdings Limited	3899 HK	10.3	2,630	25%	5.3	-31	-18	OW	27%	11	82%	26%	21%	14.2x	1.1%	4.1x	-1.1x
4	COSCO Pacific Limited	1199 HK	10.5	4,080	59%	7.0	-61	1	OW	27%	21	95%	100%	-53%		3.1%	0.9x	1.9x
5	HollySys Automation Technologies Ltd.	HOLI US	23.7	1,332	65%	5.2	-6	23	OW	6%	7	100%	18%	26%	14.8x	0.0%	3.2x	-1.4x
6	Lonking Holdings Limited	3339 HK	1.3	751	44%	2.9	-79	-16	N	12%	21	43%	175%	21%	8.2x	4.7%	0.9x	2.6x
7	Qinhuangdao Port Co., Ltd. Class H	3369 HK	4.4	446		1.0	-15	-1	OW	25%	5	100%		-11%		9.7%	0.2x	1.4x
8	Sany Heavy Equipment International Holding	631 HK	1.8	702	30%	1.1	-83	-30	N	31%	15	27%	-25%	33%	9.0x	0.0%	0.9x	-0.3x
9	SINOPEC Engineering (Group) Co., Ltd. Class H	2386 HK	8.6	1,692	78%	9.4	-31	-26	OW	36%	11	91%		2%	7.6x	4.5%	0.6x	-2.0x
10	Zhejiang Expressway Co. Ltd. Class H	576 HK	7.7	1,434	100%	3.2	-41	8	OW	5%	16	63%	13%	3%	13.8x	5.0%	0.7x	-2.7x
11	Zhuzhou CSR Times Electric Co., Ltd. Class H	3898 HK	23.8	1,726	94%	9.0	-31	-13	OW	22%	22	77%	18%	8%	13.6x	1.8%	1.5x	-2.2x
Average			1,744	63%	5.7	-42	-8		22%		14	72%	37%	8%	15.1x	3.4%	1.4x	-0.2x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

Construction, Building Materials & Infrastructure

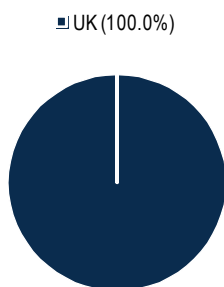
Emily Biddulph (AC)

(44-20) 7134-5906

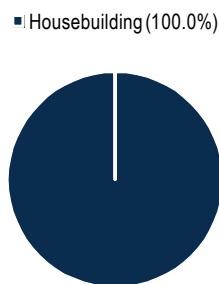
emily.biddulph@jpmorgan.com

Segments

By Geographic Area:



By Business Area:



Company Stats (BWY LN):

Price (GBp)	1,570
as % of 7 Yr high	92.8%
JPM Price Target (GBp)	2,000
Implied Upside	27.4%
Shares (MM)	122
Mkt Cap (USD MM)	3,265
EV (USD MM)	3,382
Avg Daily volume (USD MM)	2.9
# of Recs	17
% "Buy" Recs	76%
ND/EBITDA Yr+1 (BBG)	0.1x
EV/Sales Yr+1 (BBG)	1.4x
EV/EBITDA Yr+1 (BBG)	8.1x
P/E Yr+1 (BBG)	10.7x
Div Yld Yr+1 (BBG)	3.1%

Bellway (LRD LN / OW / GBp 1,570)

High-quality, relatively undervalued play on a sector that has further to go

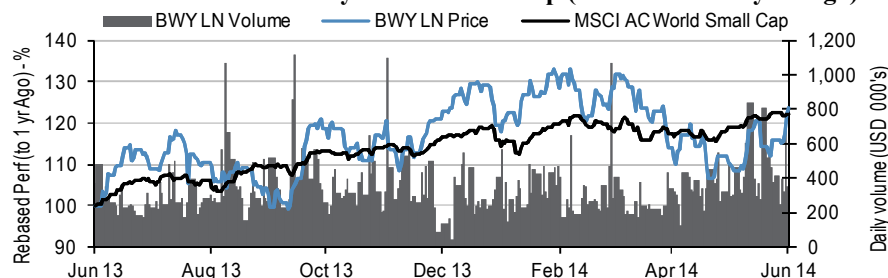
Investment Highlights:

- Bellway fits our preference "Rerating" rather than pure "Recovery" — P/E 15E of 7.5x vs sector avg 8.1x and 1.1x tNAV vs sector avg of 1.5x... despite sporting higher than sector avg ROCE (14% vs 12% based on JPM's '15 ests). Bellway has the 3rd highest return on tNAV but is the 2nd cheapest in its universe on P/tNAV 14E (1.3x vs 1.6x sector avg).
- Strong FCF story with solid balance sheet, where the CF can be employed in accretive ways (i.e. dividends/ reinvestment in the biz). While FCF for a home builder is clearly a very cyclical metric, we believe that our ests can provide investors with a sense of the value proposition we see, forecasting 34% of mkt cap generated in FCF in over FY14/15, with Div Yld reaching 4.4% in FY15. We note that the company exited FY13 with a net cash position of £24m.
- A growth story for today rather than if and when the economy is firing on all cylinders. JPM calls for Bellway to deliver rev grw >20% in FY14 and FY15, with EPS grw of 59% and 29%. We see structural tailwinds that could keep the grw rate far above that of the broader economy — a lasting imbalance of supply and demand in the UK and interest rates that are likely to remain at depressed levels for an extended period of time. We believe recent concerns are overdone around the potential impact of an earlier rate rise and new BoE measures intended to reduce riskier mortgage lending; we continue to see upside risk to earnings estimates and still believe we are in the early stages of a UK housing mkt recovery.

Valuation / Risks to our View: Our Jan-15 PT of GBp 2,000 is based on the following weighted P/Es: i) our base case EPS 2016 on a multiple of 10-11X (a 10% premium to historic levels); ii) our 'sustainable bull case' estimates on a multiple of 9.0-9.9x. We weight our price targets 2/3 towards our base case EPS, 1/3 towards our 'sustainable bull case', and discount by one year. Risks include: a slower UK consumer recovery than anticipated; a deterioration in mortgage availability; a sentiment overhang if mkt assigns improvements to Help to Buy rather than genuine recovery, or concerns over mkt stability in an interest growth environment.

Bellway in a Nutshell: Bellway is one of the leading UK housebuilders with national presence and 2,000 employees. In 2013, the company delivered 5.7K completed homes, at an avg selling price of £193K, a total group revenue of £1.1bn, with operating margins of 13.6%, and RoCE of 12.3%.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-year ago)



J.P. Morgan Estimates Bellway (BWY.L; BWY LN)

FYE Jul	2012A	2013A	2014E	2015E
Adj. EPS FY (p)	65.50	89.31	151.82	190.26
Revenue FY (£ mn)	1,004	1,111	1,464	1,736
Gross Profit FY (£ mn)	162	203	307	373
Gross Margin FY	16.1%	18.3%	21.0%	21.5%
EBIT FY (£ mn)	115	151	250	310
EBIT margin FY	11.4%	13.6%	17.1%	17.9%
Pre Tax Income FY (£ mn)	105	141	238	298
P/E (x) FY	24.0	17.6	10.3	8.3
Net debt / (cash) FY (£ mn)	61	26	63	41

Source: Company data, Bloomberg, J.P. Morgan estimates.

Getting to know our SMid Analysts...



Emily Biddulph

emily.biddulph@jpmorgan.com

(44-20) 7134-5906

Region: W. Europe

Sector: Construction, Building Materials & Infrastructure

SMid-Cap Coverage — by Industry Group

	# of	% of
Industry Group	Stock	Stocks
Capital Goods	4	57.1%
Consumer Durables & Apparel	3	42.9%

SMid-Cap Coverage — by Country

	# of	% of
Country	Stock	Stocks
United Kingdom	7	100.0%

SMid-Cap Coverage

#	Company Name	BBG	Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S
			Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	
1	Balfour Beatty plc	BBY LN	2.3	2,773	99%	9.7	-50	-19	UW	0%	12	25%	-49%	-4%	13.9x	5.9%	1.6x	2.9x
2	Bellway p.l.c.	BWY LN	14.7	3,007	100%	7.9	-14	-1	OW	36%	15	67%	51%	43%	9.0x	2.1%	1.5x	0.2x
3	Bovis Homes Group PLC	BVS LN	7.4	1,708	100%	3.7	-22	0	N	28%	14	79%	46%	66%	10.1x	1.8%	1.2x	0.2x
4	Carillion plc	CLLN LN	3.3	2,529	95%	7.8	-28	1	N	-9%	14	43%	-19%	-3%	10.4x	5.1%	1.5x	1.1x
5	Kier Group plc	KIE LN	17.3	1,635	92%	2.7	-25	-5	OW	13%	7	86%	-17%	-3%	15.1x	3.9%	6.2x	-0.7x
6	Redrow plc	RDWLN	2.5	1,613	57%	1.9	-42	-14	N	45%	12	67%	54%	45%	8.7x	0.4%	1.6x	1.3x
7	SIG plc	SHI LN	1.8	1,907	94%	6.3	-85	-11	N	5%	14	71%	7%	16%	15.7x	1.9%	1.6x	3.3x
Average				2,167	91%	5.7	-38	-7		17%	13	62%	10%	23%	11.8x	3.0%	2.2x	1.2x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

Software Technology

Sterling Auty (AC)

(212) 622-6389

sterling.auty@jpmorgan.com

Jackson E Ader

(212) 622-6102

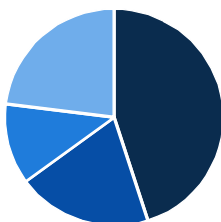
jackson.e.ader@jpmorgan.com

Segments

By Geographic Area:

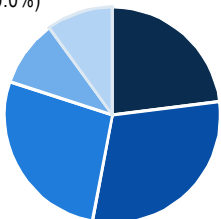
■ Americas (45.0%) ■ EMEA (20.0%)

■ Japan (12.0%) ■ Asia (23.0%)



By Business Area:

■ Functional Verification (23.0%)
■ Digital IC Design and Signoff (30.0%)
■ Custom IC Design (27.0%)
■ System Interconnect and Analysis (10.0%)
■ IP (10.0%)



Company Stats:

Price (USD)	17.34
as % of 7 Yr high	76.5%
JPM Price Target (USD)	18.00
Implied Upside	3.8%
Shares (MM)	290
Mkt Cap (USD MM)	5,020
EV (USD MM)	4,789
Avg Daily volume (USD MM)	30.1
# of Recs	12
% "Buy" Recs	92%
ND/EBITDA Yr+1 (BBG)	-0.6x
EV/Sales Yr+1 (BBG)	3.1x
EV/EBITDA Yr+1 (BBG)	9.5x
P/E Yr+1 (BBG)	17.9x
Div Yld Yr+1 (BBG)	NA

Cadence Design (CDNS US / OW / \$17.34)

Solid Fundamentals + Cash Flow Deserve Parity Multiple

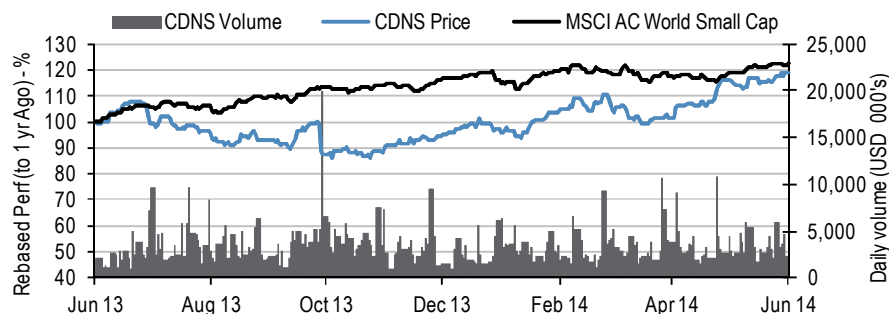
Investment Highlights:

- **Semi R&D spending provides the environment for bookings growth.** Despite the choppy semiconductor end-mkt through FY12-13 with the inconsistent macro environment, we see EDA revenue growing ~6% in FY14E as semi cos continue to adopt smaller geometries & new FinFet transistor architecture. While this end-mkt has not seen consistent improvement, we still believe the backdrop is good enough for Cadence to deliver on our est. 10% bookings growth for FY14.
- **High visibility revenue model and cost control support margin expansion.** The company books 90%+ of contracts under three-year subscriptions, giving it excellent visibility into near-term results. This visibility combined with good cost controls should put CDNS on track to reach a mid 20% operating margin in FY14E. However, CDNS has talked about targeting a ~50% contribution margin, so we ultimately see this as being a 30%+ operating margin company long term.
- **Combination of strong bookings and improving profitability drive double-digit growth in FCF.** With the improving customer backdrop, solid pipeline of contract renewals, & higher profitability, we are modelling double-digit grw in operating CF in FY13-15. We believe CF is a particularly important metric for the company as investors tend to value subscription names on an EV/FCF basis.
- **Capitalizing on recent sluggish stock performance.** The shares have underperformed over the last year, providing a buying opportunity in our view. We see two reasons for the underperformance: first, CDNS did not raise guidance post 2Q13 and 3Q13; second, emulation results were down in FY13, turning what had been a tailwind into a headwind. We believe both reasons are overdone, as new product introductions could help reverse this trend in coming quarters.

Valuation / Risks to our View: Our December 2014 price target is based on 13x FY15E free cash flow, inline with SNPS. The biggest risk in our view is a slowdown in semiconductor results, which could negatively impact R&D spending.

Cadence Design in a Nutshell: Cadence competes in the electronic design automation (EDA) industry, which sells software to semiconductor companies to help in the design, verification, and manufacturing of chips. The industry is dominated by three vendors: Cadence, Synopsys, and Mentor Graphics. The company has a subscription revenue model, which means it recognizes revenue ratably from backlog over the length of the contract term.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-yr ago):



J.P. Morgan Estimates

Cadence Design Systems (CDNS;CDNS US)

FYE Dec	2012A	2013A	2014E	2015E
EPS - Non GAAP (\$)				
Q1 (Mar)	0.17	0.21	0.20A	-
Q2 (Jun)	0.19	0.21	0.20	-
Q3 (Sep)	0.21	0.21	0.26	-
Q4 (Dec)	0.20	0.23	0.30	-
FY	0.77	0.86	0.96	1.05

Source: Company data, Bloomberg, J.P. Morgan estimates

Getting to know our SMid Analysts...



Sterling Auty

sterling.auty@jpmorgan.com

(1-212) 622-6389

Region: US

Sector: Software Technology

SMid-Cap Coverage — by Industry Group

Industry Group	# of Stock	% of Stocks
Software & Services	24	96.0%
Health Care Equipment & Services	1	4.0%

SMid-Cap Coverage — by Country

Country	# of Stock	% of Stocks
United States	25	100.0%

SMid-Cap Coverage

#	Company Name	BBG	Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S
			Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	Net Debt/ EBITDA
1	Advent Software, Inc.	ADVS US	32.8	1,559	79%	9.8	-10	-6	N	10%	5	40%	28%	5%	21.9x	0.0%		3.8x
2	Aspen Technology, Inc.	AZPN US	45.6	4,068	100%	19.8	-6	9	N	2%	7	86%	246%	48%	42.1x	0.0%	39.9x	-3.0x
3	Barracuda Networks, Inc.	CUDA US	30.6	1,511	14%	7.1	-31	-20	OW	28%	8	100%			226.1x	0.0%		
4	Blackbaud, Inc.	BLKB US	35.5	1,615	99%	6.7	-16	-6	UW	2%	3	67%	35%	-5%	28.9x	1.4%	10.0x	0.4x
5	Cadence Design Systems, Inc.	CDNS US	17.1	4,887	99%	50.0	-25	24	OW	5%	9	100%	12%	13%	17.4x	0.0%	4.2x	-2.1x
6	Dealertrack Technologies, Inc.	TRAK US	44.4	2,198	93%	15.6	-25	-6	OW	19%	10	70%	16%	14%	27.8x	0.0%	3.7x	0.5x
7	Five 9, Inc.	FIVN US	6.9	380	33%	2.0	-26		OW	153%	6	100%						
8	Fortinet, Inc.	FTNT US	23.9	3,852	84%	48.7	-17	28	N	7%	26	77%	-9%	3%	47.7x	0.0%	6.6x	
9	Guidewire Software, Inc.	GWRE US	39.5	2,616	97%	26.3	-32	-18	OW	47%	6	67%	7%	-7%	69.5x	0.0%	11.5x	-7.1x
10	Imperva, Inc.	IMPV US	21.8	579	76%	17.1	-68	-51	OW	93%	13	62%				0.0%	6.5x	
11	Mentor Graphics Corporation	MENT US	21.5	2,398	99%	12.9	-11	-11	N	7%	8	88%	15%	9%	12.1x	0.9%	2.0x	-0.3x
12	Model N, Inc.	MODN US	11.4	262	59%	2.2	-54	-3	N	23%	6	17%				0.0%	2.8x	-49.6x
13	Monotype Imaging Holdings Inc.	TYPE US	27.9	1,023	98%	4.2	-16	-12	N	8%	5	60%	4%	5%	22.4x	0.9%	3.6x	-1.3x
14	NeuStar, Inc. Class A	NSR US	25.5	1,468	97%	37.9	-55	-48	N	45%	8	25%	16%	6%	6.5x	0.0%	2.5x	1.0x
15	Paycom Software, Inc.	PAYC US	14.7	715	8%	2.6	-18		OW	29%	5	100%			102.9x		14.2x	1.4x
16	PROS Holdings, Inc.	PRO US	25.5	696	83%	3.6	-38	-36	N	38%	7	71%	38%	-43%	72.6x	0.0%	6.3x	-16.4x
17	PTC Inc.	PTC US	37.2	4,388	99%	22.4	-8	8	OW	10%	6	83%	18%	14%	17.3x	0.0%	4.7x	0.1x
18	Q2 Holdings, Inc.	QTWO US	15.3	528	34%	5.8	-12		OW	34%	5	100%					92.1x	
19	Qualys, Inc.	QLYS US	24.7	794	61%	4.0	-17	14	N	1%	12	42%	0%	25%	97.6x	0.0%	7.7x	-8.2x
20	Rovi Corporation	ROVI US	23.5	2,292	99%	21.3	-66	20	N	2%	12	33%	-21%	2%	14.1x	0.0%	1.7x	3.8x
21	SS&C Technologies, Inc.	SSNC US	43.9	3,728	85%	13.2	-6	-1	N	-2%	6	67%	39%	17%	19.5x	0.0%	3.0x	2.7x
22	Synchronoss Technologies, Inc.	SNCR US	34.0	1,373	81%	13.0	-29	10	OW	23%	11	91%	21%	25%	20.1x	0.0%	3.1x	-0.8x
23	Veeva Systems, Inc. Class A	VEEV US	24.8	828	100%	34.4	-49	-25	OW	9%	7	86%			80.9x	0.0%	3.0x	-7.0x
24	Web.com Group, Inc.	WWWV US	27.7	1,745	94%	20.6	-27	-8	OW	41%	12	83%	34%	19%	13.3x	0.0%	10.3x	7.9x
25	Wix.com Ltd.	WIX US	20.0	675	31%	6.5	-39	-25	OW	110%	4	100%						
			Average	1,847	76%	16.3	-28	-7		30%	8	73%	29%	9%	48.0x	0.2%	11.4x	-3.9x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

Oil Services & Equipment

Rahul Bhat (AC)

(44-20) 7134-9059
rahul.bhat@jpmorgan.com

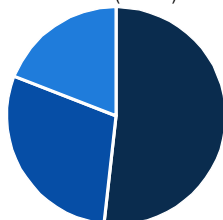
Fred Lucas

(44-20) 7134-5943
fred.lucas@jpmorgan.com

Segments

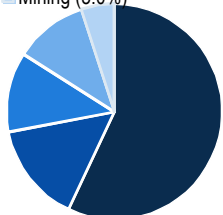
By Geographic Area:

- UK, Europe & CIS (51.8%)
- MENA (29.1%)
- Asia Pacific (19.1%)



By Business Area:

- Oil & Gas (57.0%)
- Power (15.0%)
- Chemical & Sheet (12.0%)
- Other (11.0%)
- Mining (5.0%)



Company Stats:

Price (GBP)	294.50
as % of 7 Yr high	49.8%
JPM Price Target (GBP)	350.00
Implied Upside	18.8%
Shares (MM)	121
Mkt Cap (USD MM)	612
EV (USD MM)	659
Avg Daily volume (USD MM)	4.3
# of Recs	8
% "Buy" Recs	63%
ND/EBITDA Yr+1 (BBG)	0.9x
EV/Sales Yr+1 (BBG)	0.6x
EV/EBITDA Yr+1 (BBG)	5.7x
P/E Yr+1 (BBG)	10.9x
Div Yld Yr+1 (BBG)	4.8%

Cape (CIU LN / OW / GBp 294.50)

Legacy contract base purged and internal controls strengthened - growth multiple possible

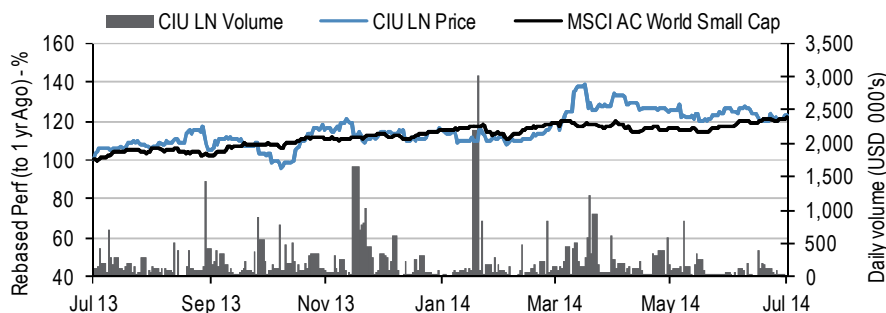
Investment Highlights:

- **Internal risk controls overhauled, restructuring close to completion.** The CEO and CFO are seasoned turnaround specialists with success at putting companies back on a growth path. New personnel, risk controls and management information systems are now in place, enabling more efficient project tenders and execution monitoring. Cape is emerging from its restructuring phase; we believe a growth phase should follow.
- **Sustained dividend, strong cash flow yield.** Cape offers a 2015E dividend yield of 4.8% which is more than double the average 2015 consensus dividend yield of 2.3% for its closest UK OFS peers. Cape has offered a stable dividend even in the midst of the operational issues it faced in 2011-12. Cape also offers a 2015E equity FCF yield of 9.0%.
- **Key potential triggers over the next 6-12 months.** 1) *H1 2014 results on 27 Aug:* We look for an increase in order book vs. YE 2013 and sequential growth in margins. 2) *CMD in Sept.:* We look for more details on the growth phase of Cape's strategy. 3) *Ichthys LNG contract:* Award of this c.£140m contract to Cape will significantly improve its order book and secure future revenues.

Valuation / Risks to our View: We value Cape at 350p based on a target 2015 PER of 11.0x. The main downside risks to our Overweight view on Cape relate to project delays, competitive dynamics and further provisions on legacy contracts.

Cape in a Nutshell: Cape provides access systems, insulation, painting, industrial cleaning, blasting and other services to the Oil & Gas and Power sectors. Cape's services are utilized throughout the lifecycle of an industrial asset from construction through maintenance to decommissioning. It operates in three geographic regions: (i) UK, Europe and CIS, (ii) Middle East and North Africa and (iii) Asia Pacific.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-yr ago):



J.P. Morgan Estimates Cape plc (CIU.L; CIU LN)

FYE Dec	2012A	2013A	2014E	2015E	2016E
Adj. EPS FY (p)	12.69	23.58	27.04	31.71	35.65
Bloomberg EPS FY (p)	16.60	23.40	26.90	31.40	35.10
Revenue FY (£ mn)	746	697	685	721	761
Adjusted EBITDA FY (£ mn)	42	58	67	74	81
EBITDA Margin FY	5.6%	8.3%	9.8%	10.3%	10.6%
EV/EBITDA FY	10.3	7.4	6.9	6.1	5.4
ROE FY	5.4%	19.4%	24.1%	25.3%	25.0%
Adj P/E FY	22.9	12.4	10.8	9.2	8.2

Source: Company data, Bloomberg, J.P. Morgan estimates.

Getting to know our SMid Analysts...

Rahul Bhat

rahul.bhat@jpmorgan.com

(44-20) 7134-9059

Region: W. Europe

Sector: Oil Services & Equipment

SMid-Cap Coverage — by Industry Group

	# of	% of
Industry Group	Stock	Stocks
Commercial & Professional Services	1	100.0%

SMid-Cap Coverage — by Country

	# of	% of
Country	Stock	Stocks
United Kingdom	1	100.0%

SMid-Cap Coverage

# Company Name		BBG	Summary Stats				Price Perf (%)		JPM Coverage	Consensus Estimates (IBES)				Valuations (IBES)			B/S	
			Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	Net Debt/EBITDA	
1	Cape plc	CIU LN	3.0	611	99%	0.9	-51	6	OW	18%	6	50%	45%	14%	11.0x	4.7%	2.8x	1.2x
Average			611	99%	0.9	-51	6	18%	6	50%	45%	14%	11.0x	4.7%	2.8x	1.2x		

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 30 June 2014

UK Small-Caps

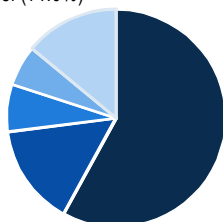
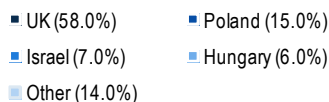
Alexander Mees (AC)

(44-20) 7134-3681

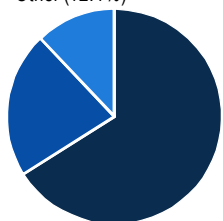
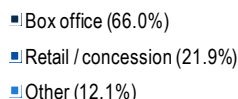
alexander.c.mees@jpmorgan.com

Segments

By Geographic Area:



By Business Area:



Company Stats:

Price (GBP)	328.00
as % of 5 Yr high	82.4%
JPM Price Target (GBP)	400.00
Implied Upside	22.0%
Shares (MM)	264
Mkt Cap (USD MM)	1,473
EV (USD MM)	1,685
Avg Daily volume (USD MM)	0.9
# of Recs	11
% "Buy" Recs	73%
ND/EBITDA Yr+1 (BBG)	0.9x
EV/Sales Yr+1 (BBG)	1.6x
EV/EBITDA Yr+1 (BBG)	8.1x
P/E Yr+1 (BBG)	15.6x
Div Yld Yr+1 (BBG)	3.3%

Cineworld (CINE LN / OW / GBp 328.0)

The cheapest listed cinema business in the world?

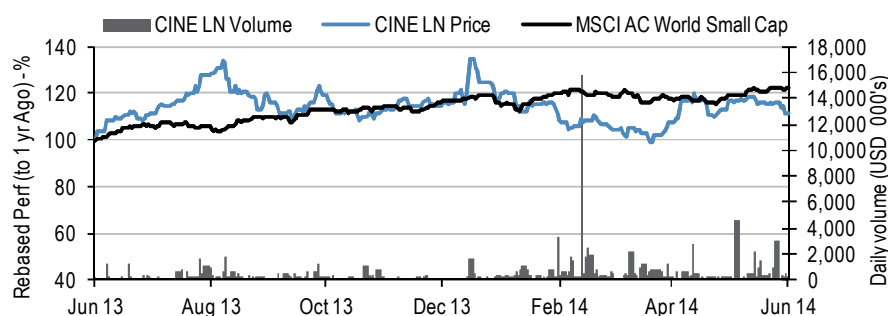
Investment Highlights:

- The combination with Cinema City has created the second-largest cinema operator in Europe, which in our opinion has significantly higher long-term growth prospects than legacy Cineworld, given the structurally lower penetration of cinema in Central and Eastern Europe. The prospects for cinema attendance in that region are positive as new sites are rolled out. Strategic acquisition may also complement growth.
- The acquisition of Cinema City has nearly doubled our forecast rate of top-line and earnings growth and we project it to be 10% accretive to EPS in 2015, the first full year of ownership. We forecast an 18% CAGR of EPS growth between 2014E and 2016E, considerably higher than our pre-transaction estimate of 11%.
- We believe that the concerns of the market may diminish as it gets more exposure to Cineworld's management team and sees evidence of delivery on the ambitious growth plans that have been articulated. On the basis of our earnings estimates, Cineworld is trading at a discount to the forward multiples of its peers that we see as unwarranted.

Valuation / Risks to our View: Our Jul-14 PT of 400p is a 50:50 weighted avg of our DCF and multiples-based valuations. Our DCF valuation of 439p uses a WACC of 7.9% and 1% terminal growth rate. Our multiples-based valuation of 362p applies a P/E of 14.9x to JPMc '15E EPS (15% discount to median FY2 P/E of 12 int'l peers). Risk include: declining cinema attendance, poor film line-up, adverse weather, loss in mkt share, poor execution of cinema network expansion strategy, failure of the advertising mkt to sustain its recovery, a deterioration in consumer discretionary expenditure.

Cineworld in a Nutshell: The combination with Cinema City has created the second-largest cinema operator in Europe. In the UK and Ireland, Cineworld is one of the leading cinema operators with market share of nearly 30%. Cineworld has a modern estate, composed almost entirely of multiplexes. All UK and Ireland screens have been converted to a digital format.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-year ago)



J.P. Morgan Estimates

Cineworld (CINE.L; CINE LN)

FYE Dec	2012A	2013A	2014E	2015E	2016E
Adj. EPS FY (p)	21.4	22.9	21.0	24.8	29.2
Bloomberg EPS FY (p)	18.30	20.20	21.00	25.10	28.00
Revenue FY (£ mn)	359	406	622	752	822
EBITDA FY (£ mn)	66.9	72.3	123.4	151.7	170.7
EBITDA Margin FY	18.7%	17.8%	19.8%	20.2%	20.8%
DPS (Net) FY (p)	11.8	10.1	11.1	13.2	14.8
Adj P/E FY	15.4	14.3	15.6	13.2	11.2
EV/EBITDA (x) FY	14.5	13.2	9.2	7.4	6.4
Net Yield FY	3.6%	3.1%	3.4%	4.0%	4.5%

Source: Company data, Bloomberg, J.P. Morgan estimates

Getting to know our SMid Analysts...



Alexander Mees

alexander.c.mees@jpmorgan.com

(44-20) 7742-3681

Region: W. Europe (UK)

Sector: UK Small-Caps

SMid-Cap Coverage — by Industry Group

Industry Group	# of Stock	% of Stocks
Retailing	3	21.4%
Materials	3	21.4%
Commercial & Professional Services	2	14.3%
Technology Hardware & Equipment	2	14.3%
Food Beverage & Tobacco	2	14.3%
Consumer Services	1	7.1%
Media	1	7.1%

SMid-Cap Coverage — by Country

Country	# of Stock	% of Stocks
United Kingdom	13	92.9%
Spain	1	7.1%

SMid-Cap Coverage

		Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S	
		Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	Net Debt/EBITDA	
#	Company Name	BBG																
1	Cineworld Group plc	CINE LN	3.4	1,528	63%	2.4	-16	-4	OW	19%	9	78%	7%	4%	16.1x	3.1%	4.6x	1.9x
2	Dairy Crest Group plc	DCG LN	4.6	1,089	99%	2.3	-38	-15	OW	24%	13	31%	10%	3%	12.1x	4.5%	2.1x	2.5x
3	De La Rue plc	DLAR LN	8.3	1,462	100%	2.6	-48	-6	N	3%	6	17%	29%	12%	13.6x	4.9%		1.1x
4	Devro plc	DVO LN	2.4	747	98%	1.9	-36	-14	N	-1%	10	20%	5%	-29%	17.8x	3.3%	2.8x	0.6x
5	DS Smith Plc	SMDS LN	3.1	4,934	100%	10.3	-15	-13	OW	20%	13	69%	27%	18%	13.1x	2.6%	2.7x	3.5x
6	eDreams ODIGEO SA	EDR SM	6.3	1,412	52%	16.3	-47		N	60%	5	60%			27.7x		2.8x	2.7x
7	Gemfields PLC	GEM LN	0.5	472	24%	0.1	-7	49	N	-7%	7	71%				0.0%	1.8x	0.4x
8	Howden Joinery Group PLC	HWDN LN	3.0	3,373	95%	7.8	-23	-9	OW	37%	11	91%	16%	16%	16.4x	1.8%	7.6x	-0.9x
9	Laird PLC	LRD LN	2.9	1,337	99%	1.8	-49	5	OW	18%	9	44%	-2%	3%	15.4x	4.1%	1.8x	1.3x
11	Pace plc	PIC LN	3.5	1,889	91%	4.2	-29	8	OW	27%	10	60%	26%	21%		1.0%	3.4x	-0.1x
12	Poundland Group Plc	PLND LN	3.0	1,378	70%	9.5	-25		OW	25%	5	60%			25.6x		4.1x	0.1x
13	Regus PLC S.A.	RGU LN	1.9	3,157	66%	3.2	-20	-15	UW	-7%	11	82%	13%	75%	19.1x	1.6%	3.6x	0.3x
14	RPC Group Plc	RPC LN	6.2	2,046	98%	2.2	-8	7	OW	20%	4	100%	11%	13%	14.5x	2.4%	4.4x	2.7x
			Average	1,795	82%	4.7	-31	-4		19%	9	57%	17%	16%	17.6x	2.4%	3.6x	2.0x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

Emerging Companies

Armina Soemino (AC)

+61 (2) 9003-8620

armina.xsoemino@jpmorgan.com

Russell Gill

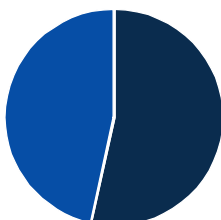
+61 (2) 9003-8625

russell.j.gill@jpmorgan.com

Segments

By Geographic Area:

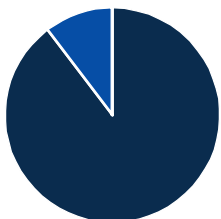
■ Australia (53.5%) ■ New Zealand (46.5%)



By Business Area:

■ Business Solutions (89.7%)

■ Finance Solutions (10.3%)



Company Stats:

Price (AUD)	1.00
as % of 7 Yr high	70.6%
JPM Price Target (AUD)	1.05
Implied Upside	5.0%
Shares (MM)	279
Mkt Cap (USD MM)	263
EV (USD MM)	257
Avg Daily volume (USD MM)	0.7
# of Recs	4
% "Buy" Recs	50%
ND/EBITDA Yr+1 (BBG)	-1.4x
EV/Sales Yr+1 (BBG)	1.4x
EV/EBITDA Yr+1 (BBG)	9.9x
P/E Yr+1 (BBG)	16.9x
Div Yld Yr+1 (BBG)	6.3%

CSG Ltd (CSV AU / OW / \$1.00)

An Enterprising Business which is More than Printers

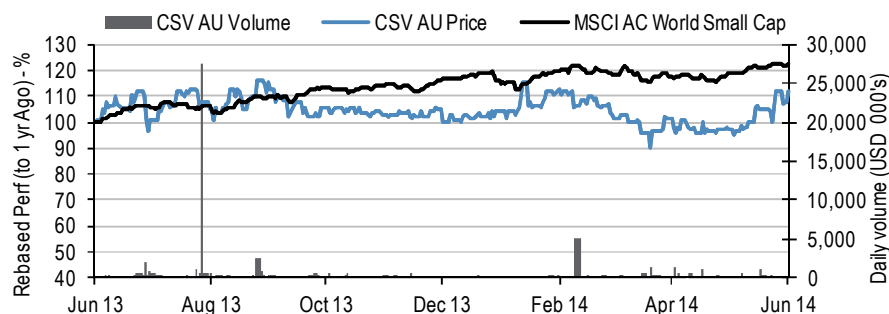
Investment Highlights:

- CSV is moving away from being a pure hardware reseller to more of a managed services role helping organisations to reduce IT and printing costs. It operates three businesses: Business Solutions which sells and services multifunction devices; Enterprise Solutions which provides managed print solutions to corporate and Government entities with the aim of reducing printing costs; and, Finance Solutions which offers clients the ability to lease devices.
- It is no secret that sales of multi-function devices are falling with volumes declining 2-3% per year. CSV's revenue model is moving away from a per-page basis to per user basis with CSV helping clients to reduce costs by optimising the printer fleet, introducing controls to reduce wastage and energy costs and centralising procurement. However, our valuation conservatively does not factor in much upside from this change in revenue model. Instead it forecasts CSV to deliver the A\$3m in incremental cost savings it expects this year plus another A\$7m in EBITDA from transitioning its existing leasing clients in Australia to its own book. The ROE of the leasing business is 55%.

Valuation / Risks to our View: Our Dec-14 price target is \$1.05/share (based on our DCF valuation). Risks include lack of availability of debt for the finance business; exposure to key suppliers, including Canon Australia and Konica Minolta; competition driving irrational pricing; and unfavourable AUDNZD movements.

CSG in a Nutshell: CSV is 24 months into a five-year turnaround plan with targets focused on restoring revenue growth and implementing cost savings. Whilst this is in train, the company has committed to returning 9cps to shareholders over the medium-term in the form of dividends and capital returns

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-yr ago):



Source: Bloomberg

J.P. Morgan Estimates

CSG Limited (Reuters: CSV.AX, Bloomberg: CSV AU)

Year-end Jun (A\$)	FY12A	FY13A	FY14E	FY15E	FY16E
Revenue (A\$ mn)	198	173	199	225	249
EBITDA (A\$ mn)	(17)	25	26	30	33
Net Profit (A\$ mn)	52	9	13	18	20
EPS (A\$)	0.18	0.03	0.05	0.06	0.07
P/E (x)	5.6	33.1	22.4	16.3	14.5
EV/EBITDA (x)	NM	7.9	6.0	3.9	2.8
DPS (A\$)	0.23	0.00	0.05	0.09	0.09
Dividend Yield	21.8%	0.0%	4.9%	8.7%	8.7%
Normalised EPS (A\$)	(0.08)	0.05	0.05	0.07	0.08
Normalised EPS Growth	(211.6%)	(157.9%)	14.1%	33.8%	11.2%
Normalised PE	NM	22.6	19.8	14.8	13.3

Source: Company data, Bloomberg, J.P. Morgan estimates

Getting to know our SMid Analysts...



Armina Soemino

armina.x.soemino@jpmorgan.com

(61-2) 9003-8620

Region: Australia/NZ

Sector: Emerging Companies

SMid-Cap Coverage — by Industry Group

Industry Group	# of Stock	% of Stocks
Consumer Services	5	35.7%
Retailing	3	21.4%
Software & Services	2	14.3%
Food Beverage & Tobacco	1	7.1%
Consumer Durables & Apparel	1	7.1%
Commercial & Professional Services	1	7.1%
Media	1	7.1%

SMid-Cap Coverage — by Country

Country	# of Stock	% of Stocks
Australia	14	100.0%

SMid-Cap Coverage

# Company Name	BBG	Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S
		Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	
1 Breville Group Limited	BRG AU	8.4	969	67%	2.0	-17	-6	OW	10%	10	60%	5%	7%	19.2x	3.3%	5.1x	-0.6x
2 Corporate Travel Management Limited	CTD AU	6.4	517	52%	0.6	-5	15	OW	-9%	8	63%	21%	28%	24.7x	1.7%	7.5x	-0.5x
3 CSG Limited	CSV AU	1.0	245	84%	0.3	-58	4	OW	10%	3	67%		12%	14.7x	0.0%	1.1x	2.8x
4 Domino's Pizza Enterprises Limited	DMP AU	21.0	1,609	74%	2.8	-6	36	N	-15%	13	31%	20%	25%	33.6x	1.5%	16.7x	0.4x
5 Flight Centre Travel Group Limited	FLT AU	44.5	4,112	48%	18.8	-20	-6	N	13%	18	56%	16%	11%	15.5x	3.1%	4.3x	-2.8x
6 G.U.D. Holdings Limited	GUD AU	6.1	397	98%	1.4	-49	8	N	-2%	10	10%	-21%	-8%	14.2x	8.7%	1.8x	0.9x
7 Helloworld Limited	HLO AU	0.3	130	24%	0.0	-93	-35	UW	20%	4	50%	-2%	-5%	7.0x	4.8%	0.3x	-5.1x
8 Retail Food Group Limited	RFG AU	4.5	578	66%	1.1	-7	-1	UW	-12%	8	63%	-2%	5%	14.7x	4.6%	2.6x	1.6x
9 Salmat Limited	SLM AU	1.7	263	53%	0.1	-67	-25	N	7%	6	0%	-51%	-6%	23.6x	6.6%	1.1x	-3.1x
10 Tassal Group Limited	TGR AU	4.0	539	93%	1.1	-11	21	OW	16%	5	40%	19%	23%	16.2x	2.4%	1.8x	0.8x
11 UXC Limited	UXC AU	0.7	216	86%	0.4	-72	-27	OW	42%	8	38%	-4%	6%	10.8x	7.4%	1.1x	-0.7x
12 Village Roadshow Limited	VRL AU	7.4	1,098	46%	1.6	-12	-2	N	-6%	6	50%	4%	11%	17.9x	3.5%	2.1x	1.7x
13 Webjet Limited	WEB AU	2.3	179	73%	0.8	-56	-27	N	42%	12	17%	3%	8%	11.4x	5.4%	3.1x	-4.9x
14 Wotif.Com Holdings Limited	WTF AU	2.4	491	56%	3.1	-70	-13	N	22%	19	16%	-12%	-7%	11.4x	9.3%	5.2x	
Average		810	66%	2.4	-39	-4	10%	9	40%	0%	8%	16.8x	4.5%	3.8x	-0.7x		

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

Transportation & Logistics

Christopher Combe (AC)

(44-20) 7134-5917

christopher.g.combe@jpmorgan.com

Wenchang Ma

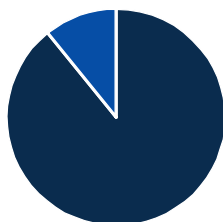
(44-20) 7134-5918

wenchang.ma@jpmorgan.com

Segments

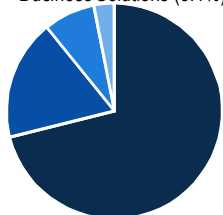
By Geographic Area:

■ Portugal (89.1%) ■ Other (10.9%)



By Business Area:

■ Mail (71.1%)
■ Express & Orders (18.0%)
■ Financial Services (7.7%)
■ Business Solutions (3.1%)



Company Stats:

Price (EUR)	7.09
as % of 5 Yr high	86.4%
JPM Price Target (EUR)	8.25
Implied Upside	16.4%
Shares (MM)	150
Mkt Cap (USD MM)	1,450
EV (USD MM)	1,198
Avg Daily volume (USD MM)	NA
# of Recs	9
% "Buy" Recs	67%
ND/EBITDA Yr+1 (BBG)	-3.6x
EV/Sales Yr+1 (BBG)	1.2x
EV/EBITDA Yr+1 (BBG)	6.8x
P/E Yr+1 (BBG)	15.4x
Div Yld Yr+1 (BBG)	5.9%

CTT – Correios de Portugal (CTT PL/N/€7.09)

Yield play geared to Iberian recovery/expanding financial service portfolio

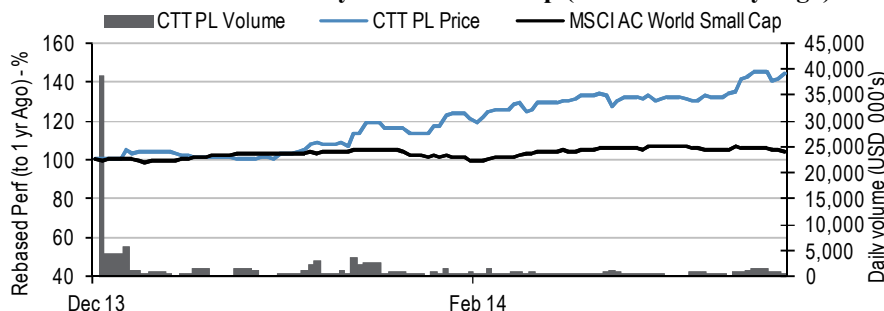
Investment Highlights:

- CTT has a min dividend payout strategy of 90% with mgmt expecting 2013 divs of €60m (5.5% yld). We estimate €93m FCF in '14 (8.6% yld, 1.2x FCF/Div cover). CTT has the lowest leverage in its peer group with €1.65/sh in net cash (more than offsetting the €1.40/sh net benefit liabilities, with potential to transfer €180m healthcare benefit liabilities to the Portuguese state).
- While trad mail volumes are declining, CTT has tools to offset this through: i) cost reduction — €70m savings achieved '09-'12, est €40m for '13-'15, €18m of which already seen in first 9mths of 2013; ii) non-mail growth — exposed to long term parcel grw trends in a region hit by recession and where e-commerce grw lags neighbours (online sales just 2% in Iberia vs EU avg 8% and ~10% in UK).
- There is potential for CTT to expand its financial svcs portfolio with other low-risk, fee-based revs by leveraging the retail network (eg govt savings products, expansion into consumer credit/banking mkts, provision of State services) — in Jun '14 CTT announced the formalised 5yr tie-up with BNP Paribas Personal Finance governing the launch of consumer credit products. CTT also recently acquired a provisional banking licence, & generates 7% of revs from advertising (a mkt we believe has troughed).

Valuation / Risks to our View: Our €8.25 PT is based upon a year-end 2014, DCF-derived estimate. We employ a WACC of 7.8% and terminal growth of -3% (while relatively small operating lease commitments are capitalized at 6.5%). Key downside risks include: the pace of secular mail volume decline; the rate of e-commerce expansion in Iberia failing to match further developed neighbours; fiercer than expected parcel market competition; risks associated with potential entry into new business areas; regulatory and financial risks; rising inflation.

CTT in a Nutshell: CTT is the incumbent postal operator of Portugal and the dominant provider of traditional letter mail, advertising and newspaper & magazine subscriptions. These account for ~60% of CTT's EBIT and are supplemented by fee-based financial services revenues (30%), as well as a parcel delivery network that is the largest in Portugal and extends into Spain (<10% of EBIT). CTT has a network of 2,518 postal points, 625 of which are company-owned, and it has 3,915 Payshop locations. The State of Portugal owns 31.5% of the company.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-yr ago):



Source: Bloomberg

J.P. Morgan Estimates

Correios de Portugal, S.A. (CTT.LS;CTT.PL)

FYE Dec	2012A	2013A	2014E	2015E
Adj. EPS FY (€)	0.35	0.45	0.44	0.53
Revenue FY (€ mn)	714	705	707	712
Adj EBITDA FY (€ mn)	111	123	129	138
EBITDA Margin FY	15.5%	17.4%	18.2%	19.4%
EBIT FY (€ mn)	79	96	98	109
EBIT Margin FY	11.1%	13.6%	13.8%	15.3%
Adj P/E FY	20.4	15.7	16.1	13.3
Div Yield FY	4.7%	5.6%	6.1%	6.6%

Source: Company data, Bloomberg, J.P. Morgan estimates

Getting to know our SMid Analysts...



Christopher Combe

christopher.g.combe@jpmorgan.com

(44-20) 7134-5917

Region: W. Europe

Sector: Transportation & Logistics

SMid-Cap Coverage — by Industry Group

Industry Group	# of Stock	% of Stocks
Transportation	6	100.0%

SMid-Cap Coverage — by Country

Country	# of Stock	% of Stocks
Netherlands	2	33.3%
Austria	1	16.7%
Germany	1	16.7%
Portugal	1	16.7%
United Kingdom	1	16.7%

SMid-Cap Coverage

#	Company Name	BBG	Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S
			Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	
1	CTT - Correios de Portugal, SA	CTT PL	7.3	1,558	66%	10.8	-12	29	N	13%	7	71%		12%	16.7x	5.2%	4.2x	-4.9x
2	FirstGroup plc	FGP LN	1.3	2,728	100%	7.8	-81	6	OW	20%	13	31%	-55%	-21%	15.3x	0.0%	2.0x	2.3x
3	Hamburger Hafen und Logistik AG	HHFA GR	18.3	1,793	32%	1.6	-73	9	OW	15%	22	27%	-27%	7%	25.7x	2.4%	2.3x	0.3x
4	Osterreichische Post AG	POST AV	35.7	3,286	47%	2.2	-5	3	UW	-15%	14	14%	0%	24%	15.9x	5.3%	3.5x	-0.8x
5	PostNL NV	PNL NA	3.3	2,150	100%	23.2	-89	-17	OW	30%	20	55%	-45%	57%	8.2x	0.0%		4.2x
6	TNT Express NV	TNTE NA	6.5	4,772	85%	14.3	-36	-4	OW	24%	21	33%	969%	6%	19.7x	0.7%	1.5x	-1.0x
Average				2,715	72%	10.0	-49	4		14%	16	39%	168%	14%	16.9x	2.3%	2.7x	0.0x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

European Oil & Gas

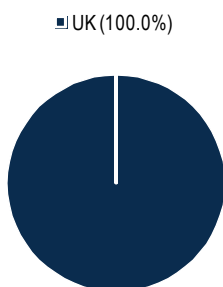
James Thompson (AC)

(44-20) 7134-5942

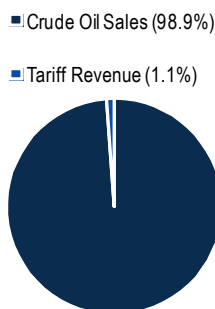
james.a.thompson@jpmorgan.com

Segments

By Geographic Area:



By Business Area:



Company Stats (ENQ LN):

Price (GBP)	140.40
as % of 7 Yr high	88.6%
JPM Price Target (GBP)	185.00
Implied Upside	31.8%
Shares (MM)	803
Mkt Cap (USD MM)	1,918
EV (USD MM)	2,327
Avg Daily volume (USD MM)	4.2
# of Recs	19
% "Buy" Recs	37%
ND/EBITDA Yr+1 (BBG)	0.6x
EV/Sales Yr+1 (BBG)	2.2x
EV/EBITDA Yr+1 (BBG)	3.6x
P/E Yr+1 (BBG)	7.1x
Div Yld Yr+1 (BBG)	NA

EnQuest (ENQ LN / OW / GBp140.4)

Project delivery the key to re-rating

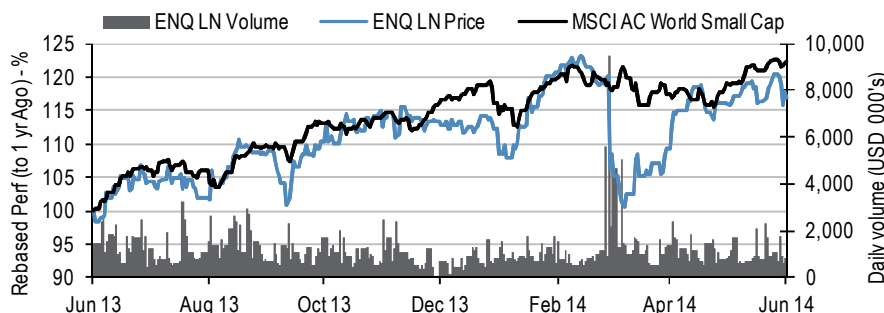
Investment Highlights:

- Despite production that could more than double between 2012 and 2017 (from 22.8 mmboe to 50.0 mmboe — JPM) EnQuest trades on a P/E JPM 14E of just 9.1x, with 55% potential upside to our Risked NAV (DCF-derived Core NAV of £1.68/sh plus exploration and appraisal upside of £0.50/sh).
- We believe its net cash position, strong cash flow generation (\$629m in 2013) and focus on production rather than exploration limit the risk profile.
- Project execution remains an important trait of the company, and there remain potential tangible catalysts in the near term even after the approval of the Kraken project: 1) First oil on the Alma/Galia development — still scheduled for 2H14, with much of the in-field infrastructure in place; 2) Appraisal well at Cairngorm, started 4Q13; 3) Potential operational and development opportunities arising from the recent acquisition of a 50% interest in the Greater Kittiwake Area in the North Sea; 4) Exploration potential at Avalon in the UK & SB307/308 in Malaysia.
- Geographical expansion brings another avenue of growth — moves into Egypt, Malaysia and Tunisia are part of a strategy of taking small steps to expand internationally. The assets are in proven hydrocarbon basins, with the potential to extend field life or develop marginal/fallow discoveries.

Valuation / Risks to our View: Our core NAV is DCF-based, based on commercial assets. Risked NAV (RENAV) includes value for exploration and appraisal upside, taking into account the risk of achieving it. We base our Dec-14 PT of 185p around 2014E RENAV, +/- a premium/discount for factors such as diversity of drilling programme and mgmt track record. Key risks include: 1) Oil price (ENQ has above average gearing); 2) Project execution; 3) UK fiscal risk (~100% exposure to UK North Sea); 4) Exploration disappointment; 5) 3rd party infrastructure downtime.

EnQuest in a Nutshell: ENQ is a development-focused E&P company focused on the UK North Sea. Mgmt's emphasis on operational excellence and project execution differs from the majority of UK E&P companies with an exploration bias. ENQ has two major projects coming on-line in the coming yrs; Alma/Galia (2H 2014) and Kraken (2016). These projects underpin a medium-term growth strategy which should provide the company with strong cash flows in a high oil price environment.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-yr ago):



Source: Bloomberg

J.P. Morgan Estimates EnQuest PLC (ENQ.L;ENQ LN)

FYE Dec	2012A	2013E	2014E	2015E
Revenue FY (\$ mn)	890	894	1,227	1,360
Net Profit FY (\$ mn)	362	211	212	216
Adj. EPS FY (\$)	0.46	0.27	0.27	0.27
P/E (x) FY	5.2	8.9	9.0	8.8
Debt adjusted Cashflow FY (\$ mn)	580	615	848	896
EV/DACF (x) FY	2.9	3.5	2.5	2.1
Net debt / (cash) FY (\$ mn)	(90)	363	296	73
Total Production (kboepd) FY	23	23	32	38

Source: Company data, Bloomberg, J.P. Morgan estimates

Getting to know our SMid Analysts...



James Thompson

james.a.thompson1@jpmorgan.com

(44-20) 7134-5942

Region: W. Europe

Sector: Oil & Gas

SMid-Cap Coverage — by Industry Group		
Industry Group	# of Stock	% of Stocks
Energy	9	100.0%

SMid-Cap Coverage — by Country		
Country	# of Stock	% of Stocks
United Kingdom	8	88.9%
Norway	1	11.1%

SMid-Cap Coverage

#	Company Name	BBG	Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S
			Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	
1	Aften Plc	AFR LN	1.4	2,662	95%	7.4	-23	-16	UW	26%	24	63%	6%	-12%		0.0%	1.4x	1.0x
2	Cairn Energy Plc	CNE LN	2.0	2,003	96%	7.7	-84	-26	OW	37%	25	64%				0.0%	0.6x	
3	DNO ASA Class A	DNO NO	21.9	3,712	47%	13.5	-14	-12	N	-15%	18	44%	4%	61%	11.7x	0.0%	4.8x	-0.2x
4	EnQuest PLC	ENQ LN	1.4	1,899	77%	2.5	-11	5	OW	30%	16	44%	-25%	-11%		0.0%	1.2x	0.6x
5	Genel Energy PLC	GENL LN	9.9	3,970	70%	9.7	-14	-11	N	18%	23	57%	70%	100%		0.0%	0.9x	-2.3x
6	Heritage Oil Plc	HOIL LN	3.2	1,500	61%	3.4	-49	115	NR	NA	8	25%		94%		0.0%	1.8x	2.0x
7	Lamprell plc	LAM LN	1.6	880	61%	1.1	-67	24	OW	5%	8	38%		1%		0.0%	1.9x	-2.4x
8	Ophir Energy plc	OPHR LN	2.4	2,411	76%	5.8	-58	-29	OW	38%	21	86%				0.0%	1.4x	
9	SOCO International plc	SIA LN	4.2	2,342	57%	2.0	-30	7	N	-3%	17	12%	-49%	107%		9.6%	2.1x	-0.5x
Average				2,375	71%	5.9	-39	6		17%	18	48%	1%	49%	11.7x	1.1%	1.8x	-0.3x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

Brazilian Homebuilders

Marcelo Motta (AC)

(55-11) 4950-6712
marcelo.g.motta@jpmorgan.com

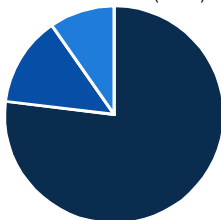
Adrian E Huerta
(52-81) 8152-8720
adrian.huerta@jpmorgan.com

Ian Luketic
(55-11) 4950-4217
ian.luketic@jpmorgan.com

Segments

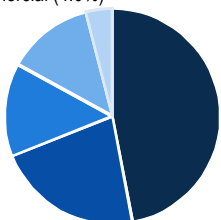
Launches Distribution 2013

- São Paulo (76.9%)
- South (13.4%)
- Rio de Janeiro (9.7%)



Income breakdown 2013

- Low (47.0%)
- Mid (22.0%)
- High (14.0%)
- Mixed Use (13.0%)
- Commercial (4.0%)



Company Stats:

Price (BRL)	6.57
as % of 7 Yr high	33.2%
JPM Price Target (BRL)	10.00
Implied Upside	52.2%
Shares (MM)	233
Mkt Cap (USD MM)	697
EV (USD MM)	1,330
Avg Daily volume (USD MM)	6.7
# of Recs	11
% "Buy" Recs	100%
ND/EBITDA Yr+1 (BBG)	2.3x
EV/Sales Yr+1 (BBG)	1.2x
EV/EBITDA Yr+1 (BBG)	6.5x
P/E Yr+1 (BBG)	4.3x
Div Yld Yr+1 (BBG)	5.4%

Even (EVEN3 BZ / OW / R\$6.57)

Improving results at an attractive valuation

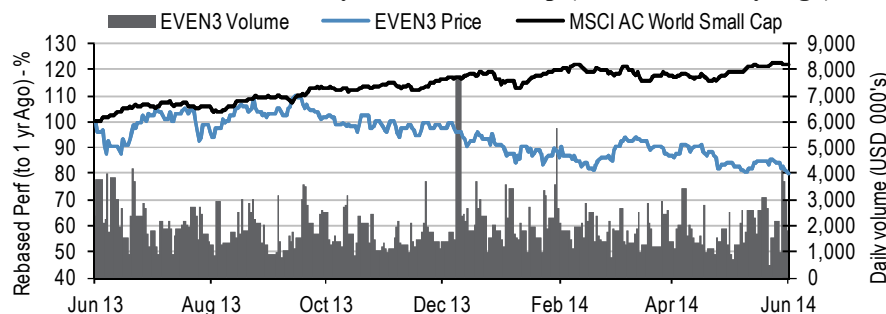
Investment Highlights:

- **Improving ROE in the short term**, after a weak 1Q with ROE at only 11% we expect Even to report an ROE of 14-16% in the coming quarters on the back of higher revenues recognition, leading to higher margin and higher asset turnover.
- **Premium execution**. Even always grew organically, avoiding the pain of M&A process, moreover Even was always focused on the mid and high income segment have a deep expertise on the sector and not historical of cost overrun.
- **Strong balance sheet with +FCF**, Even has one of the lowest leverage ratios in the sector with Net debt to Equity at 50% vs up to 150% from peers that traded at discounted valuations. We see a +FCF of R\$200mn this year (9% of its equity).
- **Attractive valuation**, as the company is trading at 0.8x current P/BV for an expected ROE of 16%, this compares with peers' valuation of around 1.0x P/BV for ROEs of 14-15%, leaving room for an catch up in valuation.

Valuation / Risks to our View: Our YE14 PT of R\$10.00, is derived from the average a GGM-based valuation and a DCF valuation. For the GGM, we assume a COE of 13.2% and a sustainable ROE of 16%. In our DCF, we assume a WACC in US\$ of 11.7% based on a Beta of 1.3, country risk of 2.5%, risk free of 3.0% and an equity risk premium of 5.5%. The main downside risks are: i) Sale speed of inventory; ii) deterioration on São Paulo and mid income market; iii) changes in management team.

Even in a Nutshell: Even is a Brazilian Homebuilder, focused mostly in the city of São Paulo and metropolitan region, developing mid-class projects with average ticket around US\$200-250k. Even was founded in 2002 after the merger between ABC Investimentos and Terepins & Kalili, and in 2007 the company made its IPO and has been part of Bovespa's Novo Mercado (highest level of corporate governance in Brazil). Currently the company has a share of 0.5% on IBOV index.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-yr ago):



Source: Bloomberg

J.P. Morgan Estimates

Even Construtora e Incorporadora AS (EVEN3.SA;EVEN3 BZ)

FYE Dec	2011A	2012A	2013E	2014E	2015E
EPS Reported (R\$)					
Q1 (Mar)	0.26	0.23	0.22A	0.29	-
Q2 (Jun)	0.23	0.17	0.33A	0.35	-
Q3 (Sep)	0.28	0.28	0.29A	0.37	-
Q4 (Dec)	0.20	0.42	0.32	0.42	-
FY	0.97	1.10	1.17	1.44	1.68

Source: Company data, Bloomberg, J.P. Morgan estimates

Getting to know our SMid Analysts...



Marcelo Motta

marcelo.g.motta@jpmorgan.com

(55-11) 4950-6712

Region: LatAm

Sector: Cement / Construction /
Homebuilders

SMid-Cap Coverage — by Industry Group

Industry Group	# of Stock	% of Stocks
Consumer Durables & Apparel	9	60.0%
Real Estate	6	40.0%

SMid-Cap Coverage — by Country

Country	# of Stock	% of Stocks
Brazil	15	100.0%

SMid-Cap Coverage

#	Company Name	BBG	Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S
			Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	
1	Alianse Shopping Centers S.A.	ALSC3 BZ	18.6	1,344	76%	3.2	-29	-2	OW	13%	9	56%	2%	-13%	24.5x	1.0%	1.8x	3.2x
2	BR Malls Participacoes S.A.	BRML3 BZ	19.0	3,978	100%	23.8	-36	12	OW	16%	14	79%	18%	4%	17.3x	1.6%	1.0x	2.5x
3	BR Properties S.A.	BRPR3 BZ	13.3	2,511	83%	19.2	-53	-28	OW	24%	11	91%		273%	19.4x	2.8%	0.7x	6.5x
4	Cyrela Brazil Realty SA Empreendimentos e	CYRE3 BZ	13.7	2,443	64%	20.9	-57	-5	N	32%	13	46%	10%	14%	6.9x	3.1%	1.0x	1.8x
5	Direcional Engenharia S.A.	DIRR3 BZ	11.9	799	52%	2.9	-28	-2	OW	18%	10	90%	5%	32%	5.9x	3.2%	1.2x	1.2x
6	Even Construtora E Incorporadora S.A.	EVEN3 BZ	6.8	726	95%	6.6	-67	-19	OW	48%	11	100%	29%	16%	5.0x	4.2%	0.8x	2.7x
7	EZ TEC Empreendimentos e Participacoes	EZTC3 BZ	23.0	1,569	34%	4.9	-30	-22	OW	52%	11	73%	74%	1%	5.9x	4.0%	1.7x	0.1x
8	Gafisa S.A.	GFSA3 BZ	3.3	628	96%	11.8	-84	-8	N	NA	10	10%	-79%	165%	18.4x	12.2%	0.4x	2.2x
9	Iguatemi Empresa de Shopping Centers S.A	IGTA3 BZ	22.8	1,786	39%	4.2	-23	1	OW	5%	14	79%	-6%	35%	16.2x	1.4%	1.7x	2.7x
10	MRV Engenharia e Participacoes S.A.	MRVE3 BZ	7.3	1,596	65%	15.7	-61	-12	N	51%	13	46%	-19%	33%	6.5x	3.9%	0.9x	1.6x
11	Multiplan Empreendimentos Imobiliarios SA	MULT3 BZ	52.1	4,089	67%	11.3	-18	4	N	0%	12	58%	-26%	35%	23.5x	1.4%	2.4x	2.8x
12	PDG Realty SA Empreendimentos e Particip	PDGR3 BZ	1.6	971	91%	22.3	-86	-14	UW	NA	12	8%				0.0%	0.5x	7.0x
13	Rodobens Negocios Imobiliarios S.A.	RDN3 BZ	10.7	237	53%	0.4	-60	-18	N	40%	4	0%	19%	-3%	5.3x	8.6%	0.6x	1.4x
14	Rossi Residencial S.A.	RSID3 BZ	1.6	326	71%	7.3	-94	-19	UW	NA	11	9%	-54%	-1%	17.7x	0.0%	0.3x	16.4x
15	Sonae Sierra Brasil S.A.	SSBR3 BZ	17.4	571	30%	1.0	-50	-5	N	9%	7	57%	22%	-49%	11.0x	2.7%	0.6x	0.8x
Average			1,572	68%	10.4	-52	-9		26%		11	53%	0%	39%	13.1x	3.3%	1.0x	3.5x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

European Autos

Jose M Asumendi (AC)

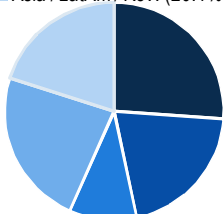
(44-20) 7742-5315

jose.m.asumendi@jpmorgan.com

Segments

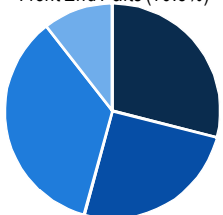
By Geographic Area:

- USA (26.1%)
- Germany (20.6%)
- France (10.1%)
- Rest of Europe (23.2%)
- Asia / LatAm / RoW (20.1%)



By Business Area:

- Vehicle Seating (28.9%)
- Vehicle Interior (25.3%)
- Exhaust Systems (35.2%)
- Front End Parts (10.5%)



Company Stats:

Price (EUR)	27.98
as % of 7 Yr high	54.2%
JPM Price Target (EUR)	36.00
Implied Upside	28.7%
Shares (MM)	124
Mkt Cap (USD MM)	4,721
EV (USD MM)	7,131
Avg Daily volume (USD MM)	15.3
# of Recs	16
% "Buy" Recs	56%
ND/EBITDA Yr+1 (BBG)	1.3x
EV/Sales Yr+1 (BBG)	0.3x
EV/EBITDA Yr+1 (BBG)	4.4x
P/E Yr+1 (BBG)	14.5x
Div Yld Yr+1 (BBG)	1.5%

Faurecia (EO FP / OW / €27.98)

Margin expansion on track

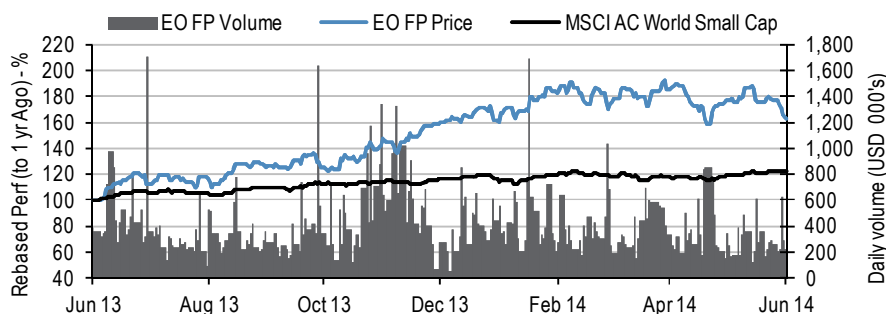
Investment Highlights:

- **Rerating potential rather than Recovery play:** Trades on a P/E 14E of 17.5x with ND/EBITDA of 1.2x and '14/'15E EPS Grw of 151%/44% (JPM), offering re-rating potential without relying on strong economic recovery in our view.
- **Helped by restructuring:** We expect Faurecia to post cost savings of €40m in Europe and €10m in North America this yr, followed by another €20m in 2015E, driving EBITDA margins from 5.9% in 2013 to 7.9% by 2015E, taking EBITDA up 50% over the next 2 yrs, and leaving it with an EV/EBITDA of 3.8x (vs the company's hist avg of 4.5x).
- **In an industry with structural tailwinds:** Faurecia today operates in a very different environment to that before the crisis. With around one-third of suppliers squeezed into bankruptcy, the structure of the industry has changed to include more stable margins, longer contracts, a more flexible cost structure, and the ability to pass on raw material costs from sub suppliers to OEMs, making suppliers somewhat immune to raw-material inflation.
- **A solid balance sheet with FCF generation:** Faurecia's ND/EBITDA stands at 1.2x, falling to 0.7x by 2015E given the €395m in FCF which we believe the company could generate over the next 2 yrs.

Valuation / Risks to our View: Our Dec-14 PT of €36 is based on an FY15E EV/Sales multiple of 0.3x, given our forecast for operating mgns of 4.0% in FY15 (in line with hist multiples when delivering similar margins). Keys risks include: weaker than expected light vehicle production volume growth; production growth underperformance in Europe / US; Faurecia's ability to continue outperforming mkt grw in Asia; the pace at which Faurecia can consolidate its business in N. America.

Faurecia in a Nutshell: Faurecia is the 3rd largest auto supplier in Europe (6th globally) and is a key player in each of its core businesses: Automotive Seating (#3 globally), Emissions Control Technologies (#1), Interior Systems (#1) and Automotive Exteriors (#2). It is active globally, with a network of 320 production sites in 34 countries (1/3 of these are located in the immediate vicinity of the customers' assembly lines, the remainder sited for supply chain cost efficiency).

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-yr ago):



Source: Bloomberg

J.P. Morgan Estimates Faurecia (EPED.PA;EO FP)

FYE Jan	2011A	2012A	2013A	2014E	2015E
Adj.EPS FY (€)	3.11	1.27	0.80	2.01	2.90
Revenue FY (€ mn)	16,190	17,365	18,029	18,849	20,006
EBIT FY (€ mn)	651	516	538	660	805
EBIT Margin FY	4.0%	3.0%	3.0%	3.5%	4.0%
Pre Tax Income FY (€ mn)	476	233	197	408	589
Net Income FY (€ mn)	371	145	91	252	363
Industrial P/E FY	6.8	11.6	22.9	17.5	12.1
Industrial EV/Sales FY	0.3	0.2	0.2	0.3	0.3

Source: Company data, Bloomberg, J.P. Morgan estimates

Getting to know our SMid Analysts...



Jose Asumendi

jose.m.asumendi@jpmorgan.com

(44-20) 7742-5315

Region: W. Europe

Sector: European Autos

SMid-Cap Coverage — by Industry Group

	# of	% of
Industry Group	Stock	Stocks
Automobiles & Components	2	100.0%

SMid-Cap Coverage — by Country

	# of	% of
Country	Stock	Stocks
Italy	1	50.0%
France	1	50.0%

SMid-Cap Coverage

		Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S	
		Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	Net Debt/EBITDA	
#	Company Name	BBG																
1	Faurecia SA	EO FP	29.3	4,986	48%	14.7	-44	2	OW	23%	15	67%	33%	15%	15.5x	1.0%	2.8x	1.7x
2	Pirelli & C. S.p.A.	PC IM	12.0	4,500	53%	37.5	-8	-5	OW	13%	19	37%	-23%	45%	13.9x	2.6%	2.6x	1.4x
Average			4,743	50%	26.1	-26	-2	18%	17	52%	5%	30%	14.7x	1.8%	2.7x	1.6x		

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

Media & Internet

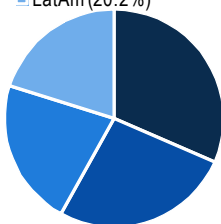
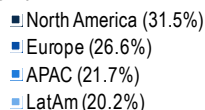
Mark O'Donnell (AC)

(44-20) 7134-4853

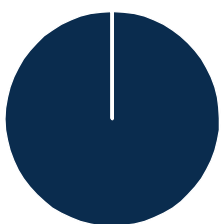
mark.x.odonnell@jpmorgan.com

Segments

By Geographic Area:



By Business Area:



Company Stats:

Price (EUR)	6.60
as % of 7 Yr high	79.3%
JPM Price Target (EUR)	9.20
Implied Upside	39.4%

Shares (MM)	84
Mkt Cap (USD MM)	757
EV (USD MM)	677
Avg Daily volume (USD MM)	1.1

J.P. Morgan Estimates

Gameloft SE (GLFT.PA; GFT FP)	12
% "Buy" Recs	58%
ND/EBITDA Yr+1 (BBG)	-1.3x
EV/Sales Yr+1 (BBG)	1.9x
EV/EBITDA Yr+1 (BBG)	10.6x
P/E Yr+1 (BBG)	26.6x
Div Yld Yr+1 (BBG)	NA

Gameloft (GFT FP / OW / €6.60)

Playing online & mobile structural growth

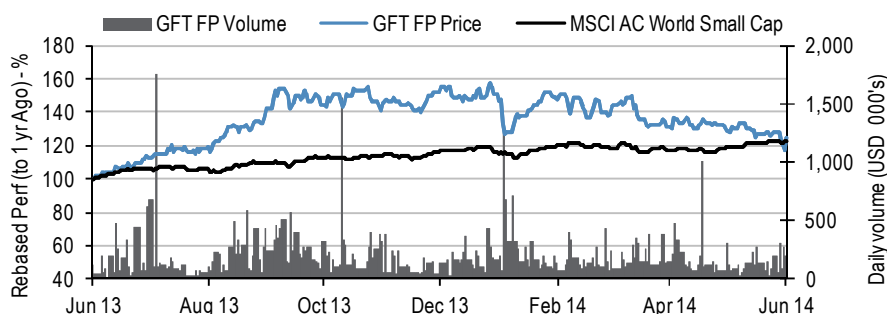
Investment Highlights:

- **Positive industry trends:** adoption of mobile devices should continue to fuel growth for Gameloft (700m smartphones sold in 2012 vs 490m in 2011) with low-end smartphones/tablets being a potential driver in 2014. While barriers to entry appear low, Gameloft's sheer size, global reach, and 14-yr experience across mobile and fixed devices should enable it to remain an industry leader.
- **Significant potential growth and margin expansion:** mgmt guidance calls for 2014 grw in sales, profitability and net cash, with consensus estimates calling for net income to more than double from 2013 to 2016 (thanks to a 14% top-line CAGR and 580bps expansion in EBITA mgns — up to 80% of costs are fixed and developer workforce is right-sized for now).
- **Attractive valuations:** Bloomberg consensus estimates, a P/E and FCF Yld of 26.9x and 6.5% in 14E, and 19.0x and 7.0% in 15E, respectively.
- **Strong balance sheet:** Consensus estimates a net cash position of €102m by 2015 (18% of current mkt cap), while mgmt showed willingness to return cash to shareholders through a 1.5m share buyback plan in 2013.

Risks to our View: Key Risks: a) Maintenance of partnerships with digital stores (Apple App store, Google Play) and establishing new partnerships; b) Increasing concentration of competition; c) Technological changes might require significantly higher R&D costs than currently forecast; and d) FX translation risk.

Gameloft in a Nutshell: Gameloft is a developer, publisher and distributor of games for mobile handsets (majority of sales) and other devices including set-top boxes, and smart TVs. The company's products are a mix of own franchises (~60% of sales) and licensing deals (Marvel, Hasbro, Disney, Mattel, etc). Europe makes up 30% of sales (NA another 30%). The co's games are available in 12 languages and 100 countries.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-yr ago):



Source: Bloomberg

FYE Dec	2012A	2013E	2014E	2015E
Adj. EPS FY (€)	0.16	0.19	0.35	0.57
Revenue FY (€ mn)	208	233	272	323
EBITDA FY (€ mn)	37	44	61	85
EBITDA Margin FY	17.7%	19.0%	22.6%	26.4%
EBITA (Calc) FY (€ mn)	20	28	45	69
Adj P/E FY	40.4	34.1	18.7	11.6
Net Income adjusted FY (€ mn)	13	17	30	49
Bloomberg EPS FY (€)	0.20	0.16	0.25	0.35

Source: Company data, Bloomberg, J.P. Morgan estimates

Getting to know our SMid Analysts...



Mark O'Donnell

mark.x.odonnell@jpmorgan.com

(44-20) 7134-4853

Region: W. Europe

Sector: Media & Internet

SMid-Cap Coverage — by Industry Group

Industry Group	# of Stock	% of Stocks
Media	5	50.0%
Software & Services	5	50.0%

SMid-Cap Coverage — by Country

Country	# of Stock	% of Stocks
United Kingdom	5	50.0%
Germany	2	20.0%
France	2	20.0%
United States	1	10.0%

SMid-Cap Coverage

			Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S
#	Company Name	BBG	Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	Net Debt/EBITDA
1	CTS EVENTIM AG	EVD GY	22.1	2,948	44%	1.6	-10	16	N	90%	11	55%	10%	33%	26.9x	0.7%	9.2x	-1.5x
2	Gameloft SE	GFT FP	6.5	758	83%	1.9	-23	-25	OW	43%	9	56%	-18%	208%	24.1x	0.0%	4.1x	-2.0x
3	JUST EAT plc	JE/ LN	2.3	2,250	34%	12.8	-21		OW	24%	2	100%			174.1x		24.9x	-4.5x
4	Manchester United Plc Class A	MANU US	17.5	689	42%	1.3	-10	13	N	0%	5	20%	-4%	-83%				3.4x
5	Moneysupermarket.com Group plc	MONY LN	1.8	1,701	80%	3.3	-19	0	OW	21%	10	70%	17%	9%	15.7x	4.0%	7.5x	0.3x
6	Perform Group PLC	PER LN	2.6	1,199	41%	0.8	-58	5	OW	17%	8	50%	-6%	-2%	26.4x	0.0%	2.4x	-5.1x
7	Rightmove plc	RMV LN	21.3	3,576	98%	7.3	-24	-22	OW	43%	16	69%	28%	13%	23.3x	1.3%	236.5x	-0.1x
8	Ubisoft Entertainment SA	UBI FP	13.9	2,076	86%	6.6	-61	35	N	-26%	11	55%			26.6x	0.0%	1.8x	-0.2x
9	UBM PLC	UBM LN	6.6	2,730	100%	7.9	-21	0	N	12%	22	55%	-8%	-12%	13.8x	4.2%	7.5x	2.7x
10	XING AG	O1BC GR	90.0	685	39%	1.0	-16	23	UW	-27%	11	36%	15%	49%	36.8x	4.6%	8.4x	-3.9x
Average			1,861	65%	4.5	-26	5		20%		11	56%	4%	27%	40.8x	1.8%	33.6x	-1.1x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

Metals, Mining & Steel

Roger Bell, CFA (AC)

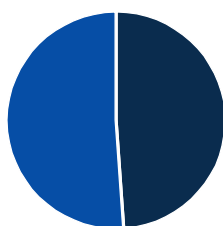
(44-20) 7134-5932

roger.m.bell@jpmorgan.com

Segments

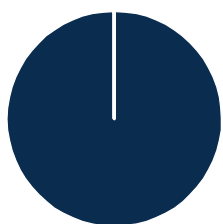
By Geographic Area:

■ Lesotho (48.9%)
■ Belgium & Mauritius (51.1%)



By Business Area:

■ Diamonds (100.0%)



Company Stats:

Price (GBP)	142.50
as % of 7 Yr high	12.0%
JPM Price Target (GBP)	200.00
Implied Upside	40.4%
Shares (MM)	138
Mkt Cap (USD MM)	335
EV (USD MM)	362
Avg Daily volume (USD MM)	0.6
# of Recs	14
% "Buy" Recs	71%

ND/EBITDA Yr+1 (BBG)	-0.9x
EV/Sales Yr+1 (BBG)	1.5x
EV/EBITDA Yr+1 (BBG)	4.0x
P/E Yr+1 (BBG)	6.4x
Div Yld Yr+1 (BBG)	0.6%

Gem Diamonds (GEMD LN/OW/GBp143)

A relatively safe play on positive outlook for diamonds

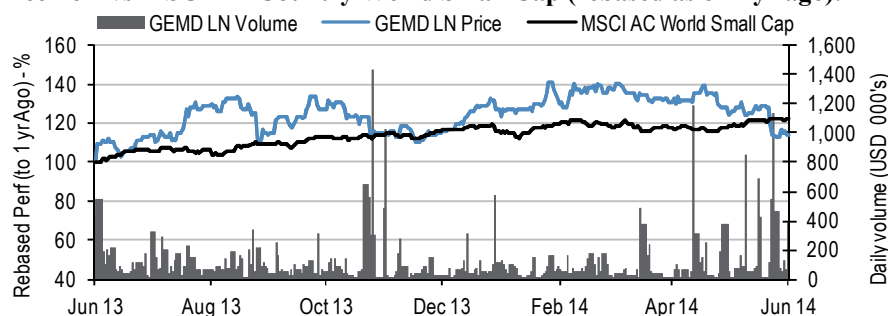
Investment Highlights:

- **Q1 production & pricing solid:** Letseng is tracking at 28% of our full-year '14 est of 92.9kct. Sales of 30.1kcts from the first three tenders of the yr were up 3% YoY, while avg realised prices of \$2,723/ct were up 70% YoY, 8% QoQ and 21% ahead of JPMe FY14 average due to a favourable ore mix and a solid underlying rough diamond mkt. End March consolidated net cash of \$89m, +\$18m QoQ, appears to be on track to meet or exceed our Dec'14 est of \$78m.
- **Ghaghoo commissioning on track:** the company reported solid progress at the Ghaghoo project in Botswana. The project remains on track to meet the H2'14 commercial production target, while capex appears to be in check with \$76.3m of the \$96m budget spent as of the end of March.
- **Letseng coarse recovery plant expected in Q2'15:** detailed design work has commenced and long-lead items have been procured for a new plant to treat the high value, coarse fraction of the ore at Letseng. The new plant will use X-Ray Transmissive technology to improve recovery of high value type II diamonds, as well as incorporate security improvements.
- **Diamonds remain interesting:** we continue to view diamonds as a play on late-cycle growth in emerging markets, especially China, with an increasingly middle-class consumer base driving jewellery demand, as well as ongoing recovery in OECD markets. Recent share price weakness also appears to be undeserved as press speculation of an imminent coup in Lesotho has so far proved unfounded.

Valuation / Risks to our View: We use ~1.0x our FY14E year-end NPV estimates to set a Dec '14E price target for GEMD at 200p (9% WACC, no terminal growth), in line with the methodology used across the sector. Key risks include: project and regulatory risk; project delays; cost inflation and FX; diamond prices; and funding.

Gem Diamonds in a Nutshell: Gem Diamonds Ltd produces high-quality rough diamonds from the Letseng mine in Lesotho, and markets them via tender in Antwerp. As well as rough sales, the company has small-scale downstream processing capacity, allowing it to cut and polish a portion of its production in-house to be sold in polished form. GEMD is also developing the Ghaghoo project in Botswana, with first output due mid '14.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-yr ago):



Source: Bloomberg

J.P. Morgan Estimates

Gem Diamonds Ltd (GEMD.L;GEMD LN)

FYE Dec	2012A	2013A	2014E	2015E
Adj. EPS FY (\$)	0.12	0.15	0.18	0.21
Bloomberg EPS FY (\$)	0.04	0.14	0.22	0.27
EBITDA FY (\$ mn)	66	77	79	93
EBITDA Margin FY	32.4%	36.4%	34.6%	33.5%
Adj P/E FY	19.6	16.0	13.7	11.4
EV/EBITDA FY	6.5	7.0	6.5	5.0
FCFF Yield FY	(37.3%)	(8.0%)	(7.2%)	2.2%
ROE FY	4.6%	6.7%	7.9%	8.7%

Source: Company data, Bloomberg, J.P. Morgan estimates

Getting to know our SMid Analysts...



Roger Bell

roger.m.bell@jpmorgan.com

(44-20) 7134-5932

Region: W. Europe

Sector: Metals, Mining & Steel

SMid-Cap Coverage — by Industry Group

	# of	% of
Industry Group	Stock	Stocks
Materials	2	100.0%

SMid-Cap Coverage — by Country

	# of	% of
Country	Stock	Stocks
United Kingdom	2	100.0%

SMid-Cap Coverage

#	Company Name	BBG	Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S
			Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	
1	Gem Diamonds Limited	GEMD LN	1.4	378	76%	0.3	-88	-2	OW	40%	13	62%	22%	36%		0.0%	1.2x	-0.6x
2	Hochschild Mining plc	HOC LN	1.6	934	46%	1.6	-76	12	N	20%	11	9%				0.0%	1.1x	3.5x
Average				656	61%	0.9	-82	5		30%	12	35%	22%	36%		0.0%	1.1x	1.4x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

Media

Filippo Lo Franco (AC)

(44-20) 7134-9779

filippo.p.lofranco@jpmorgan.com

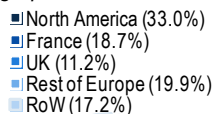
Emma Dunk

(44-20) 7134-4925

emma.j.dunk@jpmorgan.com

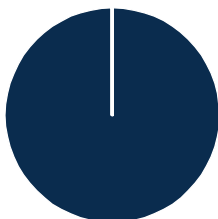
Segments

By Geographic Area:



By Business Area:

■ Advertising & Media Consulting (100.0%)



Company Stats:

Price (EUR)	6.01
as % of 7 Yr high	94.9%
JPM Price Target (EUR)	6.70
Implied Upside	11.4%
Shares (MM)	412
Mkt Cap (USD MM)	3,378
EV (USD MM)	3,509
Avg Daily volume (USD MM)	4.4
# of Recs	23
% "Buy" Recs	43%
ND/EBITDA Yr+1 (BBG)	0.3x
EV/Sales Yr+1 (BBG)	1.4x
EV/EBITDA Yr+1 (BBG)	8.7x
P/E Yr+1 (BBG)	16.3x
Div Yld Yr+1 (BBG)	2.1%

Havas (HAV FP/N/€6.01)

Growth story with attractive FCF yield

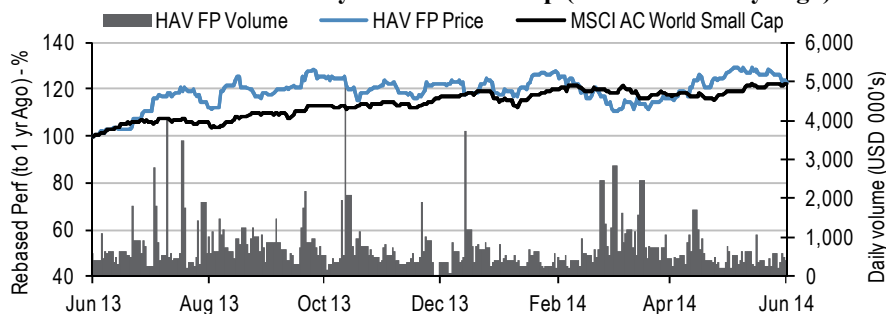
Investment Highlights:

- **Good fit with our top-down views:** The SMid Strategy team has maintained a constant OW on Media in recent years, considering Ad Agencies an attractive way to capture the growth inherent in the global digital revolution. We believe that the role of advertising agencies will have to expand as the barriers between mktg and technology continue to get more blurred, thanks to the growth in SMAC (social, mobile, analytics/big data, clouds) and e-commerce.
- **Attractive valuation for the grw.** The stock trades on a Fw P/E of 16.2x (IBES) for a stock that grew earnings every yr throughout the crisis at a rate of >10% /yr and for which IBES estimates forecast >10% CAGR from '13-'16E. At present, among European SMid-Caps, stocks with estimated 7% or better EPS growth and solid balance sheets are at present commanding an avg trailing P/E of >24x (Havas's multiple stands at 19.1x).
- **Compelling FCF Yld story.** Havas's FCF Yld stands at 4.5% for 2013A... moving to 7.2% in '14 on JPMe. Match this with its strong balance sheet (0.4x ND/EBITDA on JPMe '14E) and in our view, there is significant firepower for the company to create value for investors.
- **Potential player in further industry consolidation.** The termination of the PUB/OMC merger increased interest in Havas as a potential player in further industry consolidation (source: Reuters news article May 11th).

Valuation/Risks to our view: Our DCF-based Jun'15 PT is €6.7. Key risks to our view include: i) a quicker/slower improvement in European advertising trends than currently anticipated; ii) significant new business wins/losses; iii) value-destroying acquisitions; and iv) upside risks include a potential share buyback or special div.

Havas in a Nutshell: Havas is one of the world's largest global advertising, digital and communication groups, with two main business units—Havas Worldwide and Havas Media. Havas Worldwide includes the co's chief global advertising network, which offers a full suite of advertising and marketing services businesses, as well as some smaller local agencies. Media buying is handled by Havas Media, which includes Havas Digital, Media Planning Group (MPG), Media Contacts, and Arena.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-yr ago):



Source: Bloomberg

J.P. Morgan Estimates

Havas SA (EURC.PA;HAV FP)

FYE Dec	2011A	2012A	2013A	2014E	2015E
Adj. EPS FY (€)	0.28	0.32	0.32	0.36	0.39
Revenue FY (€ mn)	1,645	1,778	1,772	1,821	1,865
EBITDA FY (€ mn)	235	258	280	303	318
EBITDA Margin FY	14.3%	14.5%	15.8%	16.7%	17.0%
EBIT FY (€ mn)	197	219	226	247	262
EBIT Margin FY	12.0%	12.3%	12.7%	13.6%	14.0%
Adj P/E FY	21.5	18.7	18.5	16.9	15.5
Net Att. Income FY (€ mn)	120	126	128	146	159

Source: Company data, Bloomberg, J.P. Morgan estimates

Getting to know our SMid Analysts...



Filippo Lo Franco

filippo.p.lofranco@jpmorgan.com

(44-20) 7134-9779

Region: W. Europe

Sector: Media

SMid-Cap Coverage — by Industry Group

Industry Group	# of Stock	% of Stocks
Media	8	100.0%

SMid-Cap Coverage — by Country

Country	# of Stock	% of Stocks
France	4	50.0%
Spain	2	25.0%
Sweden	1	12.5%
United Kingdom	1	12.5%

SMid-Cap Coverage

		Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S	
#	Company Name	BBG	Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	Net Debt/EBITDA
1	Atramedia Corporacion de Medios de Com	A3M SM	10.8	3,503	28%	9.8	-30	-13	OW	37%	26	23%	36%	83%	30.9x	1.0%	6.7x	1.9x
2	Entertainment One Ltd.	ETOLN	3.0	1,508	67%	2.7	-19	19	OW	8%	5	100%	25%	7%	14.6x	0.3%	2.7x	0.8x
3	Havas SA	HAV FP	6.1	3,367	61%	5.8	-5	1	N	10%	21	38%	-3%	17%	16.5x	1.8%	2.0x	0.3x
4	Lagardere SCA	MMB FP	24.0	4,306	87%	10.7	-63	9	N	8%	17	18%	-17%	27%	14.3x	5.4%	1.1x	0.3x
5	Mediaset Espana Comunicacion SA	TL5 SM	8.5	4,841	43%	19.4	-56	1	N	11%	29	21%	-8%	101%	36.5x	0.0%	2.5x	-0.6x
6	Metropole Television SA	MMT FP	14.5	2,454	51%	3.7	-41	-10	OW	48%	20	30%	7%	-5%	14.6x	5.9%	3.2x	-0.8x
7	Modern Times Group AB Class B	MTGB SS	293.6	2,929	85%	11.4	-45	-14	UW	7%	13	54%	-19%	3%	15.2x	3.6%	3.8x	0.5x
8	Television Francaise 1 SA	TFI FP	12.4	3,790	50%	7.0	-53	-13	N	15%	21	33%	2%	-16%	24.1x	4.1%	1.6x	-0.9x
Average			3,337	59%	8.8	-39	-2	18%	19	40%	3%	27%	20.8x	2.8%	3.0x	0.2x		

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

General Financials

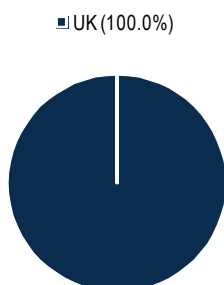
Edward Morris, CFA (AC)

(44-20) 7134-0636

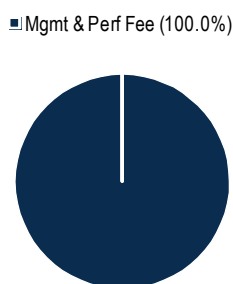
edward.x.morris@jpmorgan.com

Segments

By Geographic Area:



By Business Area:



Company Stats:

Price (GBP)	400.70
as % of 7 Yr high	91.7%
JPM Price Target (GBP)	474.00
Implied Upside	18.3%
Shares (MM)	458
Mkt Cap (USD MM)	3,121
EV (USD MM)	2,837
Avg Daily volume (USD MM)	2.7
# of Recs	17
% "Buy" Recs	65%
ND/EBITDA Yr+1 (BBG)	-1.3x
EV/Sales Yr+1 (BBG)	5.3x
EV/EBITDA Yr+1 (BBG)	10.1x
P/E Yr+1 (BBG)	14.3x
Div Yld Yr+1 (BBG)	3.6%

Jupiter Fund Mgmt (JUP LN/OW/GBp 400.7)

Increased capital return warrants a re-rating

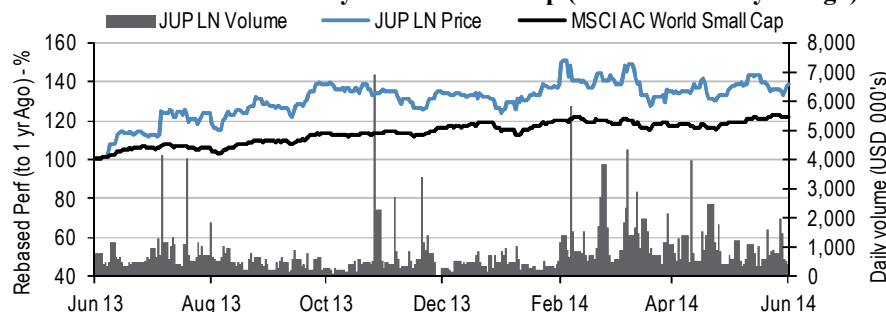
Investment Highlights

- Jupiter's long-term investment track record and strong brand should serve it well in the retail savings market in the UK post the introduction of the Retail Distribution Review (RDR), in our view.
- In particular, the company's already successful Merlin Fund of Funds business should continue to attract material inflows, as we believe fund of funds is likely to be a beneficiary of changes in the nature of financial advice offered. In addition the company is expanding its international distribution capabilities, having previously concentrated its efforts within the UK.
- Jupiter has traded out of the need for its consolidated capital waiver, and has a sufficiently prudent buffer to operate at similar capital levels in future. With the last of its debt repaid in February, we believe that shareholders stand to receive a materially improved proportion of the company's generated cash.
- As a result we expect ordinary dividends to be supplemented by additional capital return from the end of this year. We have assumed that the payout ratio for the ordinary div is maintained at 50%, yet see opportunity for the co. to distribute a further £117m of its cash to shareholders over the next three years. This implies total payout ratio of 80% by 2015E, which may prove conservative we believe.
- The prospect of 6% dividend yield and double digit EPS growth is compelling we believe, and may result in a re-rating of the shares.

Valuation / Risks to our View: We determine our PT using relative fwd PERs, comparing the co with a broad peer group and taking into account factors such as profitability & balance sheet structure. On this basis, we assume a 20% premium valuation to the sector (13.7x) to derive our Dec '14 PT of 474p. As with any asset manager the salient risk to our investment thesis is a different outcome for mkt levels compared with our ests. This would inevitably affect AUM, but also potentially ests of future flows, with consequences for group's revs. The bus. model has inherently high operational gearing, so the effect on profits would be more pronounced.

Jupiter in a Nutshell: Jupiter is a focused, active fund manager with a well-known brand and an established track record, seeking to add value for clients through the delivery of investment outperformance over the medium to long term. It is primarily an equity investor but with a growing presence in fixed income.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-year ago)



J.P. Morgan Estimates

Jupiter Fund Management plc (JUP.L;JUP LN)

FYE Dec	2012A	2013A	2014E	2015E
Adj. EPS FY (p)	19.0	25.2	27.2	29.7
Bloomberg EPS FY (p)	19.10	25.30	28.10	30.50
Adj P/E FY	21.1	15.9	14.7	13.5
DPS (Net) FY (p)	8.8	12.6	14.5	16.5
Net Yield FY	2.2%	3.1%	3.6%	4.1%
Revenue FY (£ mn)	245	289	309	334
Adjusted EBIT FY (£ mn)	123	151	157	168
Pretax Profit Adjusted FY (£ mn)	74	114	120	132

Source: Company data, Bloomberg, J.P. Morgan estimates.

Getting to know our SMid Analysts...



Edward Morris

edward.morris@jpmorgan.com

(44-20) 7134-0636

Region: W. Europe

Sector: General Financials

SMid-Cap Coverage — by Industry Group

Industry Group	# of Stock	% of Stocks
Diversified Financials	8	88.9%
Banks	1	11.1%

SMid-Cap Coverage — by Country

Country	# of Stock	% of Stocks
United Kingdom	9	100.0%

SMid-Cap Coverage

#	Company Name	BBG	Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S
			Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	
1	Ashmore Group plc	ASHM LN	3.6	4,271	47%	6.6	-17	-10	N	-5%	17	35%	-10%	-11%	16.3x	4.5%	4.0x	-1.9x
2	Close Brothers Group plc	CBG LN	12.6	3,374	97%	5.8	-16	-5	OW	20%	11	45%	25%	21%	12.2x	3.3%	2.4x	-0.4x
3	Henderson Group plc	HGG LN	2.3	4,635	96%	5.2	-16	4	N	8%	18	17%	27%	0%	16.2x	3.3%	3.3x	-0.4x
4	Intermediate Capital Group plc	ICP LN	3.9	2,731	92%	6.0	-47	-7	N	28%	12	50%	18%	-13%	11.3x	5.2%	1.0x	3.2x
5	International Personal Finance plc	IPF LN	5.8	2,459	98%	4.9	-15	19	N	11%	11	45%	22%	19%	15.6x	1.5%	3.7x	1.9x
6	Jupiter Fund Management plc	JUP LN	3.9	3,132	91%	5.2	-14	4	OW	23%	14	64%	33%	12%	14.3x	3.1%	3.6x	-1.4x
7	Man Group Plc	EMG LN	1.0	3,035	91%	13.6	-86	19	UW	-6%	18	33%	19%	-11%		4.8%	1.2x	-3.9x
8	Paragon Group of Companies PLC	PAG LN	3.5	1,914	99%	3.5	-57	-4	OW	14%	13	69%	16%	10%	11.7x	2.0%	1.3x	26.6x
9	Record plc	REC LN	0.3	131	48%	0.0	-79	1	OW	10%	1	100%	11%	-4%	16.2x	4.3%	2.7x	-4.6x
Average				2,854	84%	5.6	-39	2		12%	13	51%	18%	2%	14.2x	3.6%	2.6x	2.4x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

UK Small-Caps

Alexander Mees (AC)

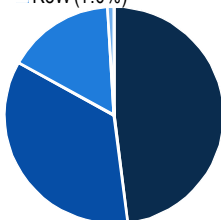
(44-20) 7134-3681

alexander.c.mees@jpmorgan.com

Segments

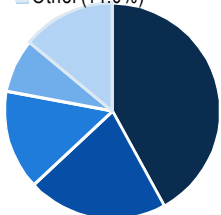
By Geographic Area:

- Asia (48.0%)
- North America (35.0%)
- Europe (16.0%)
- RoW (1.0%)



By Business Area:

- EMI Shielding (42.0%)
- Telematics (21.0%)
- Thermal (15.0%)
- WACS (8.0%)
- Other (14.0%)



Company Stats:

Price (GBp)	288.00
as % of 5 Yr high	87.3%
JPM Price Target (GBp)	340.00
Implied Upside	18.1%
Shares (MM)	268
Mkt Cap (USD MM)	1,313
EV (USD MM)	1,504
Avg Daily volume (USD MM)	2.0
# of Recs	11
% "Buy" Recs	45%
ND/EBITDA Yr+1 (BBG)	1.2x
EV/Sales Yr+1 (BBG)	1.6x
EV/EBITDA Yr+1 (BBG)	9.7x
P/E Yr+1 (BBG)	15.2x
Div Yld Yr+1 (BBG)	4.4%

Laird (LRD LN / OW / GBp 288.0)

Operational gearing crucial to achieving estimates

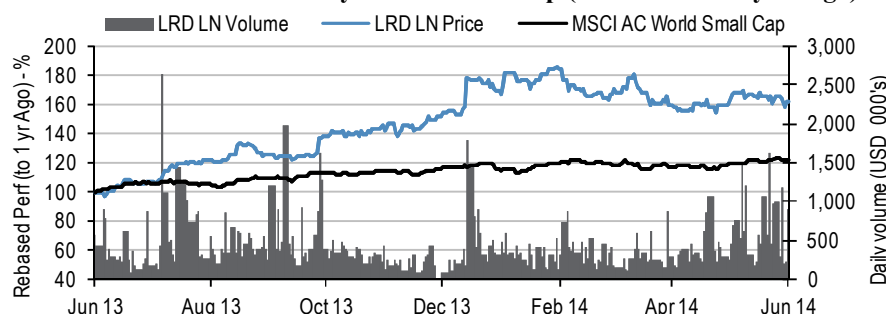
Investment Highlights:

- Apple's launch of the iPhone 5S and 5C was good news for Laird. Apple is Laird's largest customer and we believe that Laird was contracted to supply EMI shielding on the latest iPhones. This, together with the launch of the Xbox One in Nov '13 underpinned the significantly stronger 2H13 (profit 2x 1H level) — mgmt continues to expect its earnings to accelerate as we progress through 2014 and to be weighted to the second half, and we anticipate a similar H1/H2 split to 2013 driven by increasing demand for EMI products from Apple and Samsung as well as a new telematics contract and increased LTE/MIMO activity contributing to Wireless Systems. Laird's revenues can be impacted by variations in the level of orders from key customers, but we note that its success is built on the longevity of relationships with some of the largest manufacturers in the world.
- We believe Laird aspires to broaden its EMI and thermal businesses by increasing its penetration of other smartphone and tablet manufacturers. As the global mkt for tablets becomes increasingly fragmented, we expect opportunities to arise for Laird to work with smaller players in this space. Laird is developing a manufacturing facility at Hanoi to supply EMI products that will work alongside a design facility in Seoul — potentially to supply a major South Korean customer.

Valuation / Risks to our View: Our Mar-15 PT of 340p is a 50:50 weighted avg of our DCF and SOTP valuations. Our SOTP is based on 14.5x EV/EBIT FY14E, a 10% discount to peer grp avg. Risks include: key customer risk; FX transaction and translation exposure; limited visibility; competition encouraged by OEMs; reliance on manufacturing in low cost countries reduces ability to further mitigate price deflation in its mkt — greater than expected infl (esp in China) could negatively impact profitability; ability to get Laird's products onto next gen OEM products.

Laird in a Nutshell: Laird designs and manufactures technology that protects electronic devices from electromagnetic interference and heat, and that enable wireless and antenna-based connectivity. It operates from 46 engineering, manufacturing and sales facilities around the world, including 20 research laboratories, and employs 9,000 people. The business was established as a Liverpool-based shipbuilder in 1824 and had a long history as an industrial conglomerate before coming to focus on electronic protection and connectivity technology in the 2000s.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-year ago)



J.P. Morgan Estimates Laird Plc (LRD.L;LRD LN)

FYE Dec	2013A	2014E	2015E	2016E
Adj. EPS FY (p)	18.6	20.2	23.3	24.9
Bloomberg EPS FY (p)	17.90	19.00	21.70	23.80
Revenue FY (£ mn)	537.0	554.7	601.0	619.0
DPS (Net) FY (p)	12.0	12.5	13.0	14.0
Adj P/E FY	15.4	14.3	12.4	11.6
EV/EBITDA (x) FY	11.5	10.8	9.3	8.7
EBITDA FY (£ mn)	85.7	92.5	104.3	108.1
Div Yield FY	4.2%	4.3%	4.5%	4.9%

Source: Company data, Bloomberg, J.P. Morgan estimates

Getting to know our SMid Analysts...



Alexander Mees

alexander.c.mees@jpmorgan.com

(44-20) 7742-3681

Region: W. Europe (UK)

Sector: UK Small-Caps

SMid-Cap Coverage — by Industry Group

Industry Group	# of Stock	% of Stocks
Retailing	3	21.4%
Materials	3	21.4%
Commercial & Professional Services	2	14.3%
Technology Hardware & Equipment	2	14.3%
Food Beverage & Tobacco	2	14.3%
Consumer Services	1	7.1%
Media	1	7.1%

SMid-Cap Coverage — by Country

Country	# of Stock	% of Stocks
United Kingdom	13	92.9%
Spain	1	7.1%

SMid-Cap Coverage

		Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S	
		Price	Mkt (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr		to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	Net Debt/EBITDA		
High	YTD					Rec												
#	Company Name	BBG																
1	Cineworld Group plc	CINE LN	3.4	1,528	63%	2.4	-16	-4	OW	19%	9	78%	7%	4%	16.1x	3.1%	4.6x	1.9x
2	Dairy Crest Group plc	DCG LN	4.6	1,089	99%	2.3	-38	-15	OW	24%	13	31%	10%	3%	12.1x	4.5%	2.1x	2.5x
3	De La Rue plc	DLAR LN	8.3	1,462	100%	2.6	-48	-6	N	3%	6	17%	29%	12%	13.6x	4.9%		1.1x
4	Devro plc	DVO LN	2.4	747	98%	1.9	-36	-14	N	-1%	10	20%	5%	-29%	17.8x	3.3%	2.8x	0.6x
5	DS Smith Plc	SMDS LN	3.1	4,934	100%	10.3	-15	-13	OW	20%	13	69%	27%	18%	13.1x	2.6%	2.7x	3.5x
6	eDreams ODIGEO SA	EDR SM	6.3	1,412	52%	16.3	-47		N	60%	5	60%			27.7x		2.8x	2.7x
7	Gemfields PLC	GEM LN	0.5	472	24%	0.1	-7	49	N	-7%	7	71%				0.0%	1.8x	0.4x
8	Howden Joinery Group PLC	HWDN LN	3.0	3,373	95%	7.8	-23	-9	OW	37%	11	91%	16%	16%	16.4x	1.8%	7.6x	-0.9x
9	Laird PLC	LRD LN	2.9	1,337	99%	1.8	-49	5	OW	18%	9	44%	-2%	3%	15.4x	4.1%	1.8x	1.3x
11	Pace plc	PIC LN	3.5	1,889	91%	4.2	-29	8	OW	27%	10	60%	26%	21%		1.0%	3.4x	-0.1x
12	Poundland Group Plc	PLND LN	3.0	1,378	70%	9.5	-25		OW	25%	5	60%			25.6x		4.1x	0.1x
13	Regus PLC S.A.	RGU LN	1.9	3,157	66%	3.2	-20	-15	UW	-7%	11	82%	13%	75%	19.1x	1.6%	3.6x	0.3x
14	RPC Group Plc	RPC LN	6.2	2,046	98%	2.2	-8	7	OW	20%	4	100%	11%	13%	14.5x	2.4%	4.4x	2.7x
			Average	1,795	82%	4.7	-31	-4		19%	9	57%	17%	16%	17.6x	2.4%	3.6x	2.0x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

Media

Filippo Lo Franco (AC)

(44-20) 7134-9779

filippo.p.lofranco@jpmorgan.com

Emma Dunk

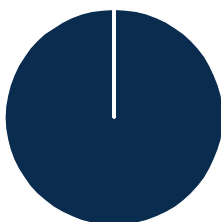
(44-20) 7134-4925

emma.j.dunk@jpmorgan.com

Segments

By Geographic Area:

Worldwide (100.0%)

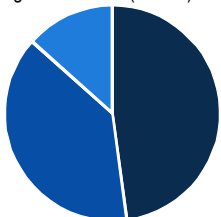


By Business Area:

TV Broadcasting (47.9%)

Diversification & Rights (38.7%)

Digital Channels (13.4%)



Company Stats (MMT FP):

Price (EUR)	14.67
as % of 7 Yr high	70.7%
JPM Price Target (EUR)	21.40
Implied Upside	45.9%
Shares (MM)	126
Mkt Cap (USD MM)	2,519
EV (USD MM)	2,135
Avg Daily volume (USD MM)	5.4
# of Recs	21
% "Buy" Recs	38%
ND/EBITDA Yr+1 (BBG)	-1.0x
EV/Sales Yr+1 (BBG)	1.2x
EV/EBITDA Yr+1 (BBG)	5.5x
P/E Yr+1 (BBG)	15.0x
Div Yld Yr+1 (BBG)	6.0%

M6 (MMT FP / OW / €14.67)

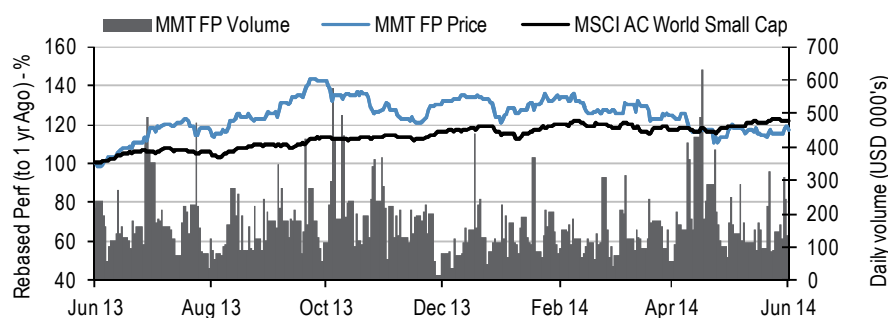
Investment Highlights:

- **A good fit with Strategy focus on potential rerating:** We forecast grw of >16% in 2014/2015, and hence estimate M6 is the cheapest FTA operator in Europe on EV/EBITDA (4.8x/4.4x), P/E (13.8x/11.8x), FCF Yld (7.8%/8.0%) and Div Yld (6.1%/7.1%) — all well below hist avgs (35%/45% below in the case of P/E).
- **In an industry benefitting from a structural growth driver, highly exposed to a Eurozone recovery:** We continue to believe that we are facing a multi-yr trend of rising advertising and selling spend as GDP grw remains anaemic, forcing corporates to buy and compete for mkt share. It seems that the worst is behind us and we expect good positive grw in Western Europe in '14/'15 (+2.4%/+3.4%).
- **Well positioned in a competitive environment:** The solid mgmt team has kept profits more resilient than peers by avoiding loss-making diversifications, gaining mkt share through an aggressive pricing policy, and maintaining a lower programming cost base (2013 operating profit was 15% below peak, vs TF1 -42%, A3M -81% and TL5 -84%). We believe M6 is likely to continue taking mkt share from TF1 in 2014.
- **Non-consensus investment opportunity:** Of the 21 analysts covering the stock, only 8 rate it OW.

Valuation / Risks to our View: Our Dec-14 PT of €21.40 is DCF-based. Key risks include: i) lower than expected advertising revenues; ii) operating costs, in particular programming costs, differing from our expectations; and iii) value-destroying or enhancing acquisitions.

M6 in a Nutshell: Metropole Television (M6) owns and operates the French FTA TV channel M6 as well as other FTA and pay TV channels. Other lines of business include Broadcasting Rights — SND (acquisition, management and distribution of copyright), M6 Video and M6 Studio (development and production of animated features) — and Diversifications (brand licensing, music, e-commerce and others).

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-year ago)



J.P. Morgan Estimates M6 (MMT.PA;MMT FP)

FYE Dec	2011A	2012A	2013A	2014E	2015E
Adj. EPS FY (€)	1.18	1.05	0.83	1.06	1.24
Revenue FY (€ mn)	1,421	1,387	1,383	1,281	1,328
EBITDA FY (€ mn)	334	310	296	328	356
P/E (x) FY	12.4	13.2	16.5	13.9	11.8
Net debt / (cash) FY (€ mn)	(331)	(318)	(293)	(331)	(367)
EBIT FY (€ mn)	242	206	189	218	243
EBIT Margin FY	17.0%	14.9%	13.7%	17.0%	18.3%
Bloomberg EPS FY (€)	1.17	1.02	0.96	0.98	1.06

Source: Company data, Bloomberg, J.P. Morgan estimates.

Getting to know our SMid Analysts...



Filippo Lo Franco

filippo.p.lofranco@jpmorgan.com

(44-20) 7134-9779

Region: W. Europe

Sector: Media

SMid-Cap Coverage — by Industry Group		
Industry Group	# of Stock	% of Stocks
Media	8	100.0%

SMid-Cap Coverage — by Country		
Country	# of Stock	% of Stocks
France	4	50.0%
Spain	2	25.0%
Sweden	1	12.5%
United Kingdom	1	12.5%

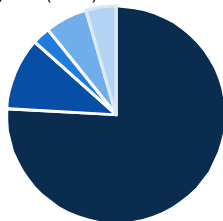
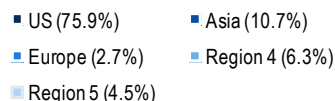
SMid-Cap Coverage

		Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S	
#	Company Name	BBG	Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	Net Debt/EBITDA
1	Atresmedia Corporacion de Medios de Com	A3M SM	10.8	3,503	28%	9.8	-30	-13	OW	37%	26	23%	36%	83%	30.9x	1.0%	6.7x	1.9x
2	Entertainment One Ltd.	ETOLN	3.0	1,508	67%	2.7	-19	19	OW	8%	5	100%	25%	7%	14.6x	0.3%	2.7x	0.8x
3	Havas SA	HAV FP	6.1	3,367	61%	5.8	-5	1	N	10%	21	38%	-3%	17%	16.5x	1.8%	2.0x	0.3x
4	Lagardere SCA	MMB FP	24.0	4,306	87%	10.7	-63	9	N	8%	17	18%	-17%	27%	14.3x	5.4%	1.1x	0.3x
5	Mediaset Espana Comunicacion SA	TL5 SM	8.5	4,841	43%	19.4	-56	1	N	11%	29	21%	-8%	101%	36.5x	0.0%	2.5x	-0.6x
6	Metropole Television SA	MMT FP	14.5	2,454	51%	3.7	-41	-10	OW	48%	20	30%	7%	-5%	14.6x	5.9%	3.2x	-0.8x
7	Modern Times Group AB Class B	MTGB SS	293.6	2,929	85%	11.4	-45	-14	UW	7%	13	54%	-19%	3%	15.2x	3.6%	3.8x	0.5x
8	Television Francaise 1 SA	TFI FP	12.4	3,790	50%	7.0	-53	-13	N	15%	21	33%	2%	-16%	24.1x	4.1%	1.6x	-0.9x
Average			3,337	59%	8.8	-39	-2	18%	19	40%	3%	27%	20.8x	2.8%	3.0x	0.2x		

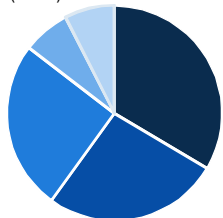
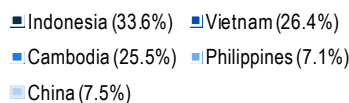
Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

Segments

By Geographic Area:



By Production Area:



Company Stats:

Price (TWD)	160.50
as % of 7 Yr high	86.8%
Consensus PT (TWD)	178.25
Implied Upside	11.1%
Shares (MM)	170
Mkt Cap (USD MM)	915
EV (USD MM)	948
Avg Daily volume (USD MM)	1.6
# of Recs	12
% "Buy" Recs	67%
ND/EBITDA Yr+1 (BBG)	NA
EV/Sales Yr+1 (BBG)	NA
EV/EBITDA Yr+1 (BBG)	NA
P/E Yr+1 (BBG)	15.8x
Div Yld Yr+1 (BBG)	5.1%

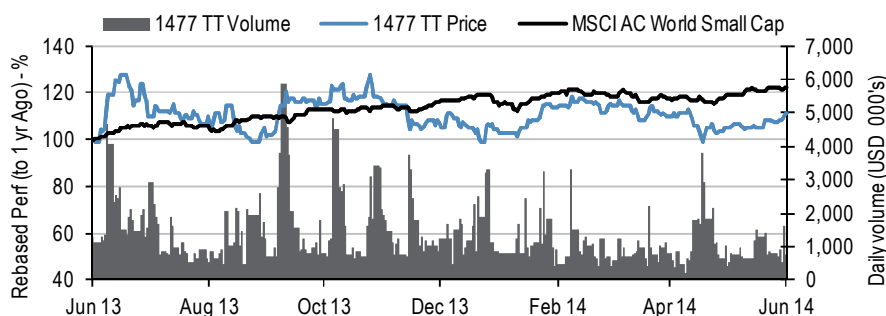
Makalot (1477 TT / Not Covered / NT\$160.5)

Investment Highlights:

- **Proxy of US economic recovery & Trans Pacific Partnership agreement (TPP).** With 85% revenue exposure in the US, the company is a proxy of the US recovery — over 90% of production capacity in ASEAN and 26% in Vietnam. The Vietnam textile industry predicts that Vietnamese garment exports to the US will grow at a CAGR of 14% to 2020, with Makalot's mgmt forecasting a doubling of shipments from Vietnam from '14-'17.
- **Adding new customers on top of growth from existing customer base.** Besides strong order placement (+20% Y/Y) from existing US customers, Makalot has started shipping garments to Fast Retailing, H&M, Ralph Lauren and Under Armour. The company expects revenue momentum to accelerate from 2H13, driven by ~c.20% Y/Y in shipments and ASP hike.
- **Margin expansion targeted by mgmt in 2014.** Makalot is attempting to raise profitability and aims to expand gross margin by 1 percentage point per annum from 2013, through better operating efficiency and growing economies of scale.
- **Valuations:** JPM does not cover this stock and thus we have no recommendation or price target on the company. According to IBES ests the stock trades on a P/E of 15.8x/13.6x for '14/'15 respectively, with a 4.9% FCF Yld in '14 rising to 6.8% in '15.

Makalot in a Nutshell: Makalot is one of the major apparel ODM/OEM companies in Asia and supplies mass market garments to Kohl's, Target, Carter's, H&M, Fast Retailing, and Zara. Around 85% of its products are sold in the US and 93% of its production facilities are located in South East Asia.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-year ago)



BBG Consensus Estimates

Makalot (1477 TT)						
in TWD millions	12/2010	12/2011	12/2012	12/2013	12/2014	12/2015
Revenues	14,126	14,865	15,567	17,833	21,359	24,730
EPS	5.91	6.92	7.17	8.02	10.16	11.84
Net Margin	6.5%	7.5%	7.6%	7.5%	8.1%	8.3%
FCF	1,136	-145	2,499	-2,013	NA	NA
DPS	4.57	6.05	6.14	NA	8.15	9.71
Net Debt	-1,381	-542	-1,910	1,331	NA	NA
Net Debt/EBITDA	-1.1x	-0.4x	-1.3x	0.8x	NA	NA

Source: Company data, Bloomberg.

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Real Estate

Simone Yeoh (AC)

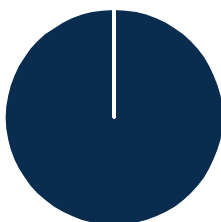
(60-3) 2270-4710

simone.x.yeoh@jpmorgan.com

Segments

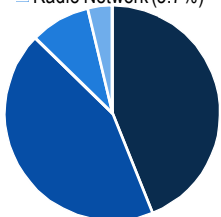
By Geographic Area:

■ Malaysia (100.0%)



By Business Area:

■ Print Media (43.9%)
■ TV Network (43.3%)
■ Outdoor Media (9.0%)
■ Radio Network (3.7%)



Company Stats:

Price (MYR)	2.61
as % of 5 Yr high	82.9%
JPM Price Target (MYR)	2.80
Implied Upside	7.3%
Shares (MM)	1,106
Mkt Cap (USD MM)	899
EV (USD MM)	882
Avg Daily volume (USD MM)	1.2
# of Recs	17
% "Buy" Recs	59%
ND/EBITDA Yr+1 (BBG)	-0.2x
EV/Sales Yr+1 (BBG)	1.6x
EV/EBITDA Yr+1 (BBG)	6.0x
P/E Yr+1 (BBG)	12.9x
Div Yld Yr+1 (BBG)	5.7%

Media Prima (MPR MK/N/ M\$2.61)

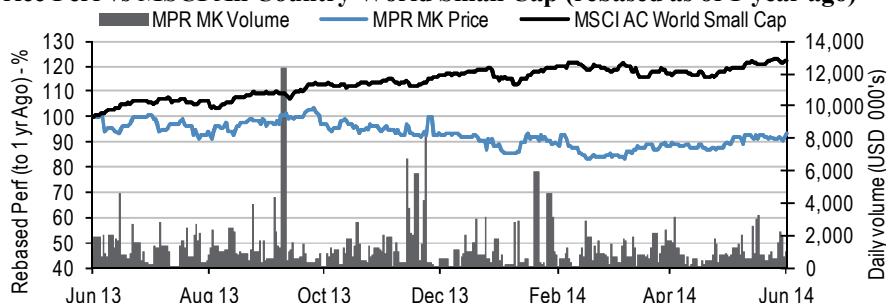
Dominant market position with attractive yield

Investment Highlights:

- **Dominant media company across five platforms:** Media Prima's dominant mkt position across television, print, radio, outdoor and online media in our view makes it an attractive longer term proxy to the rising middle class population, with Malaysian advertising expenditure having risen every year since 1998.
- **Encouraging adex trends:** Media Prima recorded Jan-May-14 free TV adex growth of 5%Y/Y and total adex for the print industry rose 9%Y/Y. However, with the prospects for more subsidy cuts and rising cost in Malaysia, we maintain our more cautious FY14E adex growth of 5%Y/Y for MPR, implying a 0.9x GDP growth versus 1.2x-1.8x historically. Expect near-term FY14E earnings to also be flattish on higher newsprint and content costs from a weaker ringgit.
- **Higher dividend payout guidance of 60%-80% should provide support,** translating to 5.0%-6.6% div. yield for FY14E vs our base case assumption of 5.7% at current levels. The company is in a net cash position, with an FCF yield of 11%-12%, and is currently trading on a FY14E JPME P/E of 13.4x vs historical mean of 14.4x, and versus 23.4x for Asian regional peers.
- **Valuation / Risks to our View:** Our Dec-14 price target of M\$2.80 is based on a 20% discount to our SoTP of: 1) DCF value of media business; and 2) cash balance and cash proceeds from warrant conversion. Our PT implies a FY14E P/E of 14.7x, or close to its 5yr mean of 14.4x. Key risks include: 1) Sharp downturn in the economy as adex spend is highly leveraged to GDP; 2) Stronger than expected competition from the pay-TV segment and new players; 3) Slower than expected consumption and hence adex growth from gradual subsidy removals and rising costs in Malaysia.

Media Prima in a Nutshell: Media Prima is the sole integrated media investment group in Malaysia, with a reach across television, print, radio, outdoor, as well as online media. Media Prima is also involved with content creation, event and talent management. Media Prima has a dominant market leadership in television and a solid foothold in the fastest growing Malay newspaper segment with its "Harian Metro".

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-year ago)



J.P. Morgan Estimates

Media Prima Berhad (Reuters: MPRM.KL, Bloomberg: MPR MK)

M\$ in mn, year-end Dec	FY12A	FY13A	FY14E	FY15E	FY16E
Revenue (M\$ mn)	1,698	1,723	1,813	1,920	2,051
Reported Net Profit (M\$ mn)	209	214	224	250	276
	209	214	224	250	276
Basic EPS (M\$)	0.19	0.19	0.20	0.23	0.25
FD EPS (M\$)	0.18	0.18	0.19	0.21	0.23
DPS (M\$)	0.13	0.14	0.15	0.16	0.18
Revenue growth (%)	4.7%	1.5%	5.2%	5.9%	6.8%
Core EPS growth	(0.2%)	0.7%	4.6%	11.4%	10.7%
ROCE	10.8%	10.4%	10.7%	11.4%	12.0%
ROE	14.1%	13.5%	13.9%	15.3%	16.2%
Adjusted P/E	14.2	14.1	13.5	12.1	10.9
P/BV (x)	1.8	1.7	1.8	1.7	1.6
EV/EBITDA (x)	6.4	6.0	5.9	5.2	4.6
Dividend Yield	5.1%	5.4%	5.7%	6.4%	7.0%

Source: Company data, Bloomberg, J.P. Morgan estimates.

Getting to know our SMid Analysts...



Simone Yeoh

simone.x.yeoh@jpmorgan.com

(60-3) 2270-4710

Region: Asia ex-Japan (Malaysia)

Sector: Real Estate

SMid-Cap Coverage — by Industry Group

Industry Group	# of Stock	% of Stocks
Real Estate	8	72.7%
Health Care Equipment & Services	2	18.2%
Media	1	9.1%

SMid-Cap Coverage — by Country

Country	# of Stock	% of Stocks
Malaysia	11	100.0%

SMid-Cap Coverage

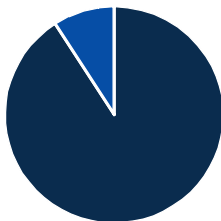
# Company Name		BBG	Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S
			Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	Net Debt/EBITDA	
1	IGB Corp Bhd.	IGB MK	2.7	1,158	49%	0.4	-8	-1	UW	-11%	3	33%	21%	10%	16.4x	2.7%	0.8x	1.0x
2	IGB Real Estate Investment Trust	IGBREIT MK	1.2	1,313	46%	0.5	-15	4	OW	5%	11	18%	33%	8%	18.9x	5.7%	1.2x	2.7x
3	IJM Land Bhd.	IJMLD MK	3.4	1,671	34%	0.8	-2	34	OW	16%	10	100%	107%	-7%	12.5x	1.7%	2.0x	0.5x
4	KPJ Healthcare Bhd.	KPJ MK	3.4	1,040	48%	1.7	-31	-15	N	7%	15	20%	11%	-24%	28.6x	1.8%	3.1x	2.9x
5	Mah Sing Group Bhd.	MSGB MK	2.3	1,012	55%	1.5	-19	1	N	-8%	13	77%	9%	10%	10.4x	3.5%	1.7x	1.0x
6	Media Prima Bhd.	MPR MK	2.6	890	78%	1.0	-19	-2	OW	10%	14	57%	5%	8%	12.5x	5.4%	1.7x	-0.2x
7	SP Setia Bhd.	SPSB MK	3.1	2,307	46%	1.3	-34	1	N	5%	18	17%	-7%	17%	13.9x	3.6%	1.3x	3.5x
8	Sunway Bhd.	SWB MK	3.1	1,644	35%	0.9	-14	12	OW	23%	11	64%	28%	-7%	11.0x	3.3%	1.0x	0.7x
9	Sunway Real Estate Investment Trust	SREIT MK	1.5	1,329	57%	0.7	-15	15	N	-14%	8	25%	4%	4%	17.9x	4.7%	1.2x	3.5x
10	Top Glove Corporation Bhd.	TOPG MK	4.6	889	54%	1.7	-38	-19	N	3%	16	25%	-2%	4%	14.0x	3.5%	2.1x	-0.5x
11	UEM Sunrise Bhd.	UEMS MK	2.1	2,918	100%	5.3	-44	-12	UW	-10%	16	44%	41%	2%	17.0x	1.9%	1.6x	0.9x
			Average	1,470	55%	1.4	-22	2		2%	12	44%	23%	2%	15.7x	3.4%	1.6x	1.5x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

Segments

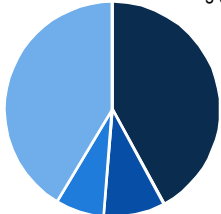
By Geographic Area:

■ Italy (90.9%) ■ Rest of Europe (9.1%)



By Business Area:

■ Consumer Credit (42.1%)
■ Retail Banking (9.2%)
■ Private Banking (7.3%)
■ Corporate & Investment Banking (41.4%)



Company Stats (MB IM):

Price (EUR)	7.39
as % of 7 Yr high	46.0%
Consensus PT (EUR)	7.76
Implied Upside	5.0%
Shares (MM)	861
Mkt Cap (USD MM)	8,684
EV (USD MM)	70,973
Avg Daily volume (USD MM)	33.6
# of Recs	13
% "Buy" Recs	62%
ND/EBITDA Yr+1 (BBG)	78.2x
EV/Sales Yr+1 (BBG)	29.7x
EV/EBITDA Yr+1 (BBG)	87.7x
P/E Yr+1 (BBG)	14.2x
Div Yld Yr+1 (BBG)	2.4%

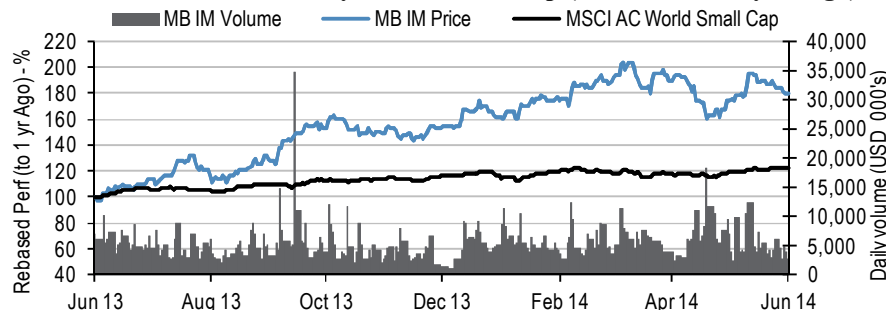
Mediobanca (MB IM/Not Covered/€7.82)

Investment Highlights:

- **A good fit with our SMid strategy views:** MB represents exposure to a # of our OW themes this yr (i.e. Cont. Europe, Periphery, & our preference for "Rerating" vs pure "Recovery" plays... one of few banks left <1.0x P/TBV).
- **Risk profile limited by resilient operations and sound Core Tier1 ratio.** Revs in all business areas are up or flat from Jun '07 levels, which has enabled the company to avoid raising capital and afford a grw mentality (headcount up ~20% 08-13). MB's B3 CET1 is already >10%, NPL ratio is 5.4%, & NPL coverage ratio is 46% (despite provisioning rules in Italy being strict, not taking into account Guarantees or Collateral in their definition of NPLs).
- **A Grw Mentality/Reality.** MB's 14-16 business plan calls for investment in fee-generating/capital light businesses and significant grw in non-domestic revenues — 10% rev CAGR, 10-11% RoE, B3 CT1 of 11-12%, payout of 40%.... with fee income up from 25% of total income in '13 to 40% in '18 (WM being 15% of rev by then). In recent yrs MB expanded its operations to include: a) Intl expansion of IB bus., b) a leading domestic consumer lending business ('07 acquisition of Linea + '14 distribution agreement with MPS... mkt sh in new loans up from 6.6% in '09 to 11.4% in '13), and c) a retail banking franchise renamed CheBanca in '08... deposits up 13% and total income up 34% YoY in 1H14. MB claims the IB fee pool grew 20% in EMEA in Q413; we expect a wave of M&A/ECM in EU.
- **And all at discount valuations:** JPM does not cover this bank and thus we have no recommendation or price target on the name. According to Bloomberg, the bank is trading at a P/TBV of 0.89x, and a P/E 14E of 14.3x. JPM's bank coverage only has 10 banks in W. Europe trading below TBV and most have higher P/Es while all have lower Core Tier 1 Cap ratios. MBs 14-16 business plan calls for the disposal of €1.5 Bill of equity stakes, MB has a 40% planned payout ratio, and it has returned €2.5 bn to shareholders (divs + buy-backs since '05).

Mediobanca in a Nutshell: Mediobanca is Italy's leading IB with a 60-yr history and a pole position in the country's M&A league tables. Beyond its Italian CIB operations (45% of MB's 13 revs), MB's business includes Retail & Consumer (54% of revs), and Principal Investments (with a current mkt value of €4.9 Bill (13.2% stake in Generali, 4.5% stake in Pirelli, 13.9% in RCS, etc).

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-year ago)



BBG Consensus Estimates

Mediobanca (MB IM)							
in EUR millions		06/2010	06/2011	06/2012	06/2013	06/2014	06/2015
Revenues		3,452	3,395	3,441	3,208	1,754	2,025
EPS		0.48	0.43	0.10	-0.21	0.52	0.64
Net Margin		11.6%	10.9%	2.4%	-5.6%	26.1%	27.4%
DPS		0.17	0.17	0.05	0.00	0.18	0.23

Source: Company data, Bloomberg.

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Pharmaceuticals

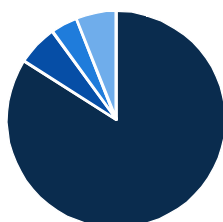
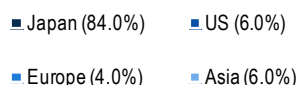
Masayuki Onozuka (AC)

(81-3) 6736-8615

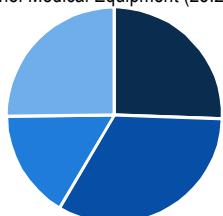
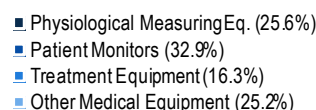
masayuki.x.onozuka@jpmorgan.com

Segments

By Geographic Area:



By Business Area:



Company Stats:

Price (Yen)	4,945
as % of 7 Yr high	97.9%
JPM Price Target (Yen)	6,000
Implied Upside	21.3%
Shares (MM)	46
Mkt Cap (USD MM)	2,232
EV (USD MM)	2,047
Avg Daily volume (USD MM)	4.6
# of Recs	9
% "Buy" Recs	44%
ND/EBITDA Yr+1 (BBG)	-1.3x
EV/Sales Yr+1 (BBG)	1.3x
EV/EBITDA Yr+1 (BBG)	9.8x
P/E Yr+1 (BBG)	19.0x
Div Yld Yr+1 (BBG)	1.4%

Nihon Kohden (6849 JT / OW / ¥4,945)

Expanding globally with electroencephalography devices and patient monitors

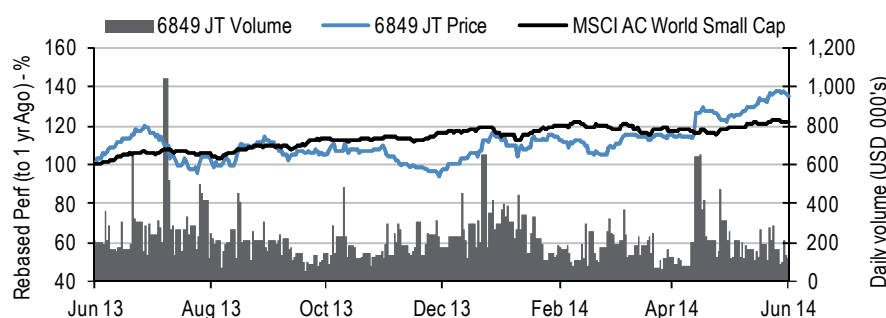
Investment Highlights:

- Nihon Kohden has the top global market share in electroencephalography devices and it has gained market share among the top 50 hospitals in the US, an area of focus for the company, while building strong relationships with prominent hospitals and doctors. This, in turn, has enabled the company to be successful in developing countries as well. We expect the company to leverage its proprietary sensor technology to strengthen its competitiveness.
- The co. aims to catch up with rivals Philips and General Electric in the patient monitoring business by gaining a foothold in the US mkt with its line of Prefense patient monitors. Package orders remain strong and the co. is making steady progress toward reaching double-digit mkt share with global new product launches.
- In the Japanese market, we expect the company to benefit from the allocation of government funds to revitalize regional healthcare systems and continued upgrading of the capabilities of hospitals, resulting in strong growth in sales of a wide range of products, including clinical testing equipment.
- The company's medium-term business plan targets FY2016 sales of ¥170 billion and operating profit of ¥18 billion and FY2019 sales of ¥200 billion and operating profit of ¥25 billion. Based on recent trends, we expect the company to reach its profit targets ahead of schedule.

Valuation / Risks to our View: Our Dec-14 price target is ¥6000, based on a one-year forward P/E of 20x. Risks include a decline in hospital capex resulting from an economic slowdown.

Nihon Kohden in a Nutshell: Nihon Kohden is the top global company in electroencephalography devices and its main business is patient monitoring systems for hospitals. The company controls an overwhelming market share in both of these businesses in the Japanese market and is expanding globally by launching a wide range of testing equipment, including automated external defibrillators (AEDs).

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-year ago)



J.P. Morgan Estimates

Nihon Kohden Corporation (Reuters: 6849.T, Bloomberg: 6849 JT)

	2013/3	2014/3	2015/3 E	2016/3 E	2017/3 E
Sales (¥ bn)	132.5	153.2	160.6	170.3	178.2
Operating Profit (¥ bn)	13.5	17.5	18.4	20.4	22.1
Recurring Profit (¥ bn)	14.7	19.0	18.7	20.7	22.4
Net Profit (¥ bn)	9.2	12.3	12.0	13.2	14.6
EPS (¥)	208.3	281.0	272.4	301.6	331.4
P/E (x)	24.4	18.1	18.6	16.8	15.3
P/CF (x)	16.9	23.8	23.8	23.8	23.8
EV/EBITDA (x)	9.8	7.5	6.8	5.9	5.2

Source: Company data, Bloomberg, J.P. Morgan estimates

Getting to know our SMid Analysts...



Masayuki Onozuka

masayuki.x.onozuka@jpmorgan.com

(81-3) 6736-8615

Region: Japan

Sector: Pharmaceuticals, Healthcare
Equipment & Services

SMid-Cap Coverage — by Industry Group

Industry Group	# of Stock	% of Stocks
Pharmaceuticals Biotechnology & Life Sciences	6	66.7%
Health Care Equipment & Services	3	33.3%

SMid-Cap Coverage — by Country

Country	# of Stock	% of Stocks
Japan	9	100.0%

SMid-Cap Coverage

#	Company Name	BBG	Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S
			Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	
1	Dainippon Sumitomo Pharma Co., Ltd.	4506 JT	1,180.0	4,478	31%	18.9	-39	-28	UW	-41%	11	0%	81%	-17%	31.5x	1.6%	1.3x	-0.2x
2	Miraca Holdings Inc.	4544 JT	4,920.0	2,797	86%	8.2	-5	-1	OW	22%	6	67%	6%	4%	17.9x	1.8%	2.1x	-0.2x
3	Nichi-Iko Pharmaceutical Co., Ltd.	4541 JT	1,503.0	892	69%	3.9	-45	-8	OW	53%	6	67%		1%	14.3x	1.6%	1.9x	0.6x
4	Nihon Kohden Corporation	6849 JT	5,050.0	2,190	76%	8.2	-1	35	OW	19%	8	63%	32%	1%	18.5x	1.4%	2.9x	-1.6x
5	Nipro Corporation	8086 JT	918.0	1,543	65%	14.2	-40	-4	N	-13%	3	0%	-47%	14%	28.2x	3.3%	1.3x	6.5x
6	Rohto Pharmaceutical Co., Ltd.	4527 JT	1,618.0	1,862	71%	5.7	-14	1	OW	42%	7	29%	9%	22%	17.6x	1.1%	2.0x	-0.7x
7	Sawai Pharmaceutical Co., Ltd.	4555 JT	5,940.0	2,263	84%	18.5	-21	-12	OW	40%	9	78%	3%	5%	15.6x	1.6%	3.8x	-0.8x
8	Towa Pharmaceutical Co., Ltd.	4553 JT	4,155.0	680	52%	3.0	-33	-6	OW	49%	7	14%	0%	-8%	12.4x	1.9%	1.2x	0.6x
9	Tsumura & Co.	4540 JT	2,331.0	1,589	78%	10.9	-36	-15	N	20%	6	33%	17%	-20%	11.6x	2.8%	1.4x	0.3x
Average			2,033	68%	10.2	-26	-4		21%		7	39%	13%	0%	18.6x	1.9%	2.0x	0.5x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

Semiconductors

Narci Chang (AC)

(886-2) 2725 9899

narci.h.chang@jpmorgan.com

Rahul Chadha

(886-2) 2725 9898

rahul.z.chadha@jpmorgan.com

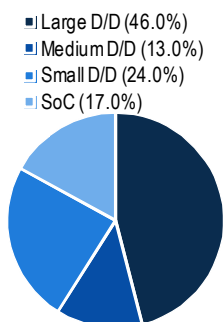
JJ Park

(822) 758 5717

jj.park@jpmorgan.com

Segments

By Business Area (as of 4Q13):



Company Stats:

Price (TWD)	144.00
as % of 7 Yr high	83.7%
JPM Price Target (TWD)	180.00
Implied Upside	25.0%
Shares (MM)	609
Mkt Cap (USD MM)	2,933
EV (USD MM)	2,625
Avg Daily volume (USD MM)	13.0
# of Recs	28
% "Buy" Recs	61%
ND/EBITDA Yr+1 (BBG)	-1.5x
EV/Sales Yr+1 (BBG)	1.6x
EV/EBITDA Yr+1 (BBG)	10.1x
P/E Yr+1 (BBG)	14.0x
Div Yld Yr+1 (BBG)	4.8%

Novatek Micro (3034 TT/OW/NT\$138.50)

With the favorable backdrop of driver IC (DDIC) inventory digestion bottoming out and resolution upgrades for smartphones (HD 720/Full HD) picking up pace, we see Novatek propelling into the second-leg of its earnings up-cycle. Compared to the previous up-cycle (2H12-1H13), where grw was largely led by smartphones and tablets, we think the upcoming one will have more legs given 4K2K TV penetration is tracking ahead of expectations, and market share gains seem to be coming through for Novatek's TV SoC and 4K2K upscaler chips.

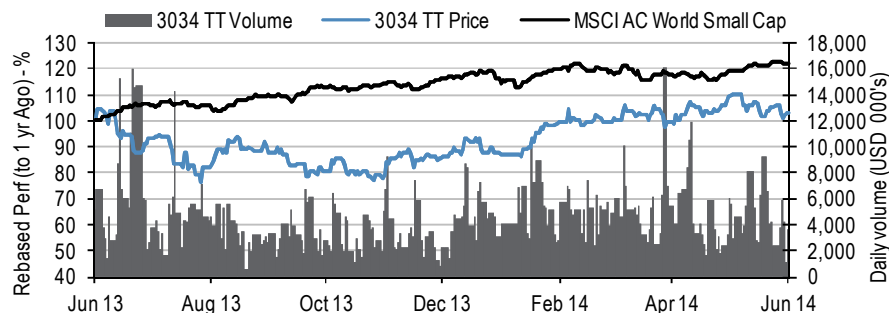
Investment Highlights:

- Full HD firing engines now, WVGA pains to be soon forgotten:** Novatek's leadership in Full HD didn't bear much fruit in 2H13 with WVGA remaining mainstream and suffering intense pricing pressures will all fabless competing on market share. With significant pick up seen in Full HD/HD 720 adoption and our expectations of this segment to exceed 50% of the smartphone shipments by end-14, we expect Novatek's blended small DDIC ASP to grow by 28% Y/Y this year. Moreover, competitive landscape at Full HD remains favourable as competitors have limited products under mass-production at present.
- TV SoC and 4K2K TVs also join the party:** With several tier-1 brands on board now, we expect Novatek's foray into TV SoC chips to finally bear fruit in '14/'15, more so thanks to recent completion of M&A between two dominant players in Taiwan. This, coupled with rapidly growing 4K2K TV penetration and Novatek's recent design wins for 4K2K upscaler chips, should translate into new growth drivers for the company.
- Sequential earnings to persist in 2014 regardless of seasonality:** Historically, Novatek's stock has shown strong correlation with its qtrly earnings trend. We believe the 2nd leg of earnings cycle has begun, as we forecast Novatek's earnings grw, beginning in 1Q, will persist into 2014 regardless of seasonal volatility and drive the stock higher, while a steady dividend may act as downside hedge.

Valuation / Risks to our View: Our Dec-14 price target of NT\$180 is based on 15x average of FY14 & FY15 EPS, corresponding to higher-end of its mid-cycle valuations. Key downside risks to our view include: 1) Further margin squeezes in the China smartphone market, 2) Further delays in Full HD smartphone driver adoption in China and 3) Intensification of competition in TV SoC space.

Novatek in a nutshell: Novatek Microelectronics is the 2nd largest fabless IC design company traded on TWSE with its business focus on flat-panel display driver ICs, SoC solutions and services.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-year ago)



J.P. Morgan Estimates

(Year-end Dec, NT\$ B)	FY12	FY13	FY14E	FY15E
Revenue	37.0	41.4	50.9	58.5
Operating profit	5.3	5.4	7.4	8.4
EBITDA	5.7	5.9	7.8	8.8
Pre-tax profit	5.1	5.7	7.6	8.7
Adjusted net profit	4.4	4.7	6.6	7.5
Profit growth (%)	20.1	6.9	39.4	13.6
EPS (NT\$)*	7.36	7.81	10.88	12.35
BVPS (NT\$, yr-end)	39.63	40.46	45.42	49.94
Cash dividend yield (%)	3.1	3.8	4.1	5.3
ROE (%)	18.5	19.3	23.9	24.7
Net debt/equity (%)	-43.7	-48.5	-45.6	-45.6

Source: Company data, Bloomberg, J.P. Morgan estimates

Getting to know our SMid Analysts...



Narci Chang

narci.h.chang@jpmorgan.com

(886-2) 2725-9899

Region: Asia

Sector: Technology — Semiconductors

SMid-Cap Coverage — by Industry Group

Industry Group	# of Stock	% of Stocks
Technology Hardware & Equipment	8	66.7%
Semiconductors & Semiconductor Equ	4	33.3%

SMid-Cap Coverage — by Country

Country	# of Stock	% of Stocks
Taiwan	7	58.3%
South Korea	3	25.0%
Japan	2	16.7%

SMid-Cap Coverage

		Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S	
#	Company Name	BBG	Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	Net Debt/ EBITDA	
1	Au Optronics Corp.	2409 TT	11.6	3,834	85%	21.9	-83	29	UW	-18%	27	37%		21%	22.5x	1.3%	0.7x	1.4x
2	Epistar Corporation	2448 TT	71.0	2,201	86%	16.0	-59	23	OW	20%	14	86%	4543%	38.0x	0.6%	1.4x	-1.3x	
3	Everlight Electronics Co., Ltd.	2393 TT	73.7	1,067	79%	8.3	-52	9	OW	25%	13	46%	165%	39%	15.8x	4.0%	2.0x	0.0x
4	Innolux Corp.	3481 TT	12.2	3,734	78%	23.6	-92	16	UW	-18%	23	22%		35%	16.0x	1.2%	0.6x	1.7x
5	Japan Display Inc.	6740 JT	634.0	3,446	54%	74.3	-24		OW	37%	12	75%			7.6x			-2.2x
6	LG Innotek Co., Ltd	011070 KS	143,500.0	3,120	56%	11.2	-27	75	OW	-9%	38	84%		750%	21.1x	0.0%	2.4x	2.7x
7	Nippon Electric Glass Co., Ltd.	5214 JT	566.0	2,500	77%	21.5	-76	3	UW	-33%	14	14%				3.1%	0.5x	-0.6x
8	Novatek Microelectronics Corp.	3034 TT	141.0	2,881	83%	18.8	-19	18	OW	28%	23	52%	7%	33%	13.9x	4.2%	3.5x	-1.9x
9	Sapphire Technology Co., Ltd.	123260 KQ	32,200.0	271	70%	3.0	-52	-9	OW	65%	4	100%			52.6x	0.0%	3.0x	
10	Seoul Semiconductor Co., Ltd	046890 KQ	38,950.0	2,245	64%	22.4	-23	-6	OW	23%	27	89%	416%	103%	31.2x	0.4%	4.0x	0.5x
11	TPK Holding Co., Ltd.	3673 TT	276.5	3,232	72%	72.7	-62	59	N	-10%	26	31%	-50%	-37%	22.1x	1.7%	2.2x	1.3x
12	Wintek Corporation	2384 TT	10.1	644	90%	6.5	-82	-1	UW	-30%	5	0%				0.0%	0.7x	
			Average	2,431	75%	25.0	-54	20		7%	19	53%	134%	686%	24.1x	1.5%	1.9x	0.2x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

MENA Telecoms/Building Materials

Ranjan Sharma, CFA (AC)

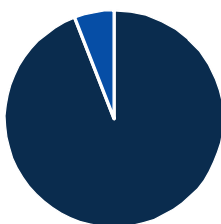
(971) 4428-1768

ranjan.xsharma@jpmorgan.com

Segments

By Geographic Area:

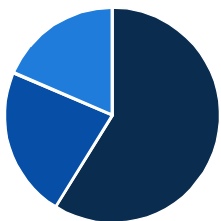
■ Oman (94.1%) ■ Pakistan (5.9%)



By Business Area:

■ Mobile (58.8%) ■ Fixed (22.6%)

■ Wholesale (18.5%)



Company Stats:

Price (OMR)	1.62
as % of 7 Yr high	66.1%
JPM Price Target (OMR)	1.77
Implied Upside	9.6%
Shares (MM)	750
Mkt Cap (USD MM)	3,145
EV (USD MM)	2,975
Avg Daily volume (USD MM)	0.7
# of Recs	10
% "Buy" Recs	70%
ND/EBITDA Yr+1 (BBG)	-0.6x
EV/Sales Yr+1 (BBG)	2.4x
EV/EBITDA Yr+1 (BBG)	5.4x
P/E Yr+1 (BBG)	10.3x
Div Yld Yr+1 (BBG)	7.4%

Omantel (OTEL OM / OW / RO1.62)

Attractive divi yield of >7% supported by strong FCF yield of >10%

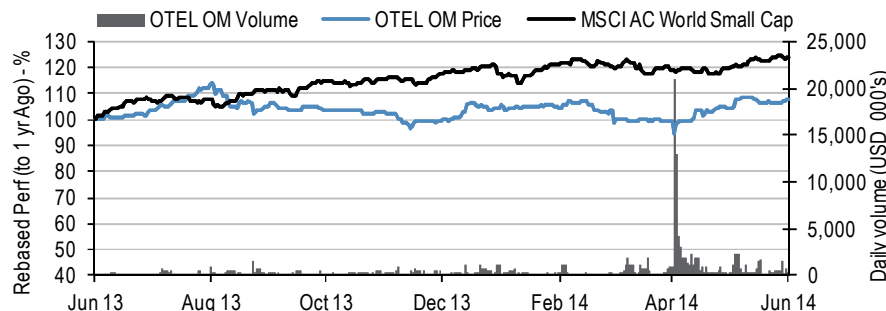
Investment Highlights:

- **Attractive divi yield of >7%.** Based on our current estimates, Omantel offers an attractive 2014E/15E divi yield of >7%. Our dividend expectations are supported by strong FCF yield of >10%, reasonable divi pay-out ratio of <75% of NI and comfortable debt position (2014E Net Debt/EBITDA of -0.4x).
- **Currently better positioned to benefit from broadband-driven growth.** This is mainly due to Omantel's relatively large fixed network and more comprehensive mobile broadband network.
- **Gov't's sale of 19% through the stock market beneficial for stock liquidity.** Our initial view is that this is a positive development as the free float almost doubles to 39% from 20% and is likely to benefit stock liquidity.
- **Key positive catalysts.** We highlight earnings, dividend announcements, and potential IRU sales (which we do not forecast) as key catalysts.

Valuation / Risks to our View: We are OW on Omantel with a DCF-based SOTP Dec-14 PT of RO1.77. Competition, cannibalization of traditional rev and slower-than-expected turnaround of WorldCall ops are key downside risks.

Omantel in a Nutshell: Omantel provides integrated telecom services in Oman and at YE12 Omantel's mobile and fixed customer market share was ~55% and 85%, respectively. Omantel also provides telecommunication services in Pakistan and Sri Lanka through its subsidiary Worldcall Telecom Ltd. Omantel is currently 70% directly owned by the Government of Oman. Foreign investors can own up to 49%.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-year ago)



J.P. Morgan Estimates

Oman Telecommunications Company (OTL.OM;OTEL OM)

FYE Dec	2012A	2013E	2014E
Revenue FY (RO mn)	459	469	480
EBITDA FY (RO mn)	203	205	210
EBITDA Margin FY	44.2%	43.8%	43.7%
Adj.EPS FY (RO)	0.15	0.16	0.16
DPS (Gross) FY (RO)	0.12	0.12	0.12
EV/EBITDA (x) FY	5.7	5.4	5.1
Dividend Yield FY	7.1%	7.1%	7.1%
Adj.P/E FY	10.5	10.2	10.1

Source: Company data, Bloomberg, J.P. Morgan estimates. Note: EBITDA is inclusive of royalty fees

Getting to know our SMid Analysts...

Ranjan Sharma

ranjan.x.sharma@jpmorgan.com

(971) 4428-1768

Region: CEEMEA (MENA)

Sector: Telecoms

SMid-Cap Coverage — by Industry Group

Industry Group	# of Stock	% of Stocks
Telecommunication Services	7	63.6%
Materials	4	36.4%

SMid-Cap Coverage — by Country

Country	# of Stock	% of Stocks
Saudi Arabia	5	45.5%
Oman	2	18.2%
Egypt	1	9.1%
Qatar	1	9.1%
Czech Republic	1	9.1%
Kuwait	1	9.1%

SMid-Cap Coverage

# Company Name	BBG	Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S
		Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	
1 Mobile Telecommunications Co. Saudi Arab	ZAINKSA AB	9.4	2,937	51%	31.4	-83	8	N	0%	7	0%				0.0%	1.6x	12.2x
2 National Mobile Telecommunications Compa	NMTC KK	1.7	3,001	7%	0.1	-41	-2	N	27%	6	50%	1%	7%	10.3x	7.4%	1.1x	0.0x
3 Oman Telecommunications Co.	OTEL OM	1.6	3,117	30%	1.6	-35	7	OW	10%	9	67%	3%	-1%	10.1x	7.2%	2.3x	-0.6x
4 Omani Qatari Telecommunication Co. SAOGN	WRS OM	0.6	967	45%	0.4	-32	-6	N	11%	7	29%	-11%	4%	10.8x	7.0%	2.0x	0.3x
5 Qassim Cement Co.	QACCO AB	94.5	2,262	100%	1.7	-4	7	N	-8%	9	11%	4%	2%	14.2x	6.6%	4.2x	-1.1x
6 Saudi Cement Co.	SACCO AB	112.8	4,620	91%	2.9	-3	11	N	-5%	11	27%	3%	9%	14.0x	6.2%	5.4x	0.5x
7 Telecom Egypt	ETEL EY	13.3	3,474	18%	1.5	-44	-10	OW	31%	12	42%	15%	5%	9.7x	6.9%	0.9x	-0.9x
8 Telefonica Czech Republic as	SPTT CP	293.5	4,552	27%	4.4	-52	-3	N	16%	12	0%	-15%	-11%	18.3x	6.2%	1.7x	0.0x
9 Vodafone Qatar QSC	VFQS QD	19.6	4,656	55%	4.5	-15	68	N	-39%	6	17%				0.8%	2.7x	3.5x
10 Yamamah Saudi Cement Co.	YACCO AB	65.8	3,752	90%	4.6	-11	14	N	-18%	12	8%	6%	-2%	16.6x	4.3%	3.9x	-1.1x
11 Yanbu Cement Co.	YNCCO AB	73.8	3,108	77%	3.0	-9	10	OW	10%	8	50%	14%	7%	13.2x	5.4%	3.6x	0.4x
Average			3,313	54%	5.1	-30	9		3%	9	27%	2%	2%	13.0x	5.3%	2.7x	1.2x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

European Autos

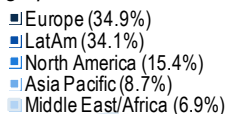
Jose M Asumendi (AC)

(44-20) 7742-5315

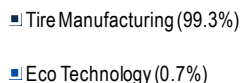
jose.m.asumendi@jpmorgan.com

Segments

By Geographic Area:



By Business Area:



Company Stats:

Price (EUR)	11.80
as % of 7 Yr high	91.3%
JPM Price Target (EUR)	13.50
Implied Upside	14.4%
Shares (MM)	476
Mkt Cap (USD MM)	7,658
EV (USD MM)	10,772
Avg Daily volume (USD MM)	37.4
# of Recs	19
% "Buy" Recs	42%
ND/EBITDA Yr+1 (BBG)	1.2x
EV/Sales Yr+1 (BBG)	1.3x
EV/EBITDA Yr+1 (BBG)	6.9x
P/E Yr+1 (BBG)	13.1x
Div Yld Yr+1 (BBG)	3.1%

Pirelli (PC IM / OW / €11.80)

Possibly the last margin expansion opportunity in European tyres

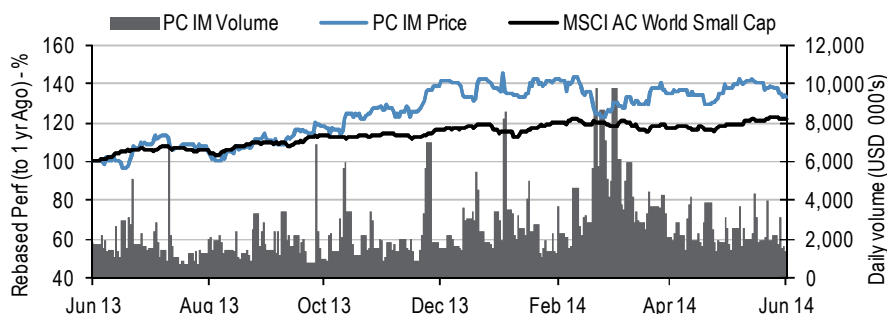
Investment Highlights:

- Non-consensus affordable growth with sustainable high FCF Yld. P/E 14E of 14.4x while consensus (IBES) calls for EPS Grw >10% for the next 3 yrs (45% in 2014), and a FCF yld 14E/15E of 7.6% and 8.7% respectively (JPMe) — undemanding estimates as factoring in company guidance of ~€400m/yr capex (1.3x D&A). 11 of the 19 covering analysts rate the stock UW or N.
- Growth/Rerating potential not dependent on significant acceleration of the economy. The EPS growth story primarily driven by an efficiency plan that aims to deliver €350m from '14-'17 - ie doubling earnings. Combined with the stabilization in the European and Brazilian mkts, growth in the replacement tyre mkt, the improving business mix and a Russian business quickly ramping up, we believe Pirelli is the last and biggest European tyre rerating story for the foreseeable future, with sustainable and achievable EPS growth ahead.
- Attractive potential upside to peer rating. Placing a 1.4x EV/Sales multiple (our estimate for Continental's tyre division) on Pirelli's 2015E sales implies a share value of €18.00 — 53% potential rerating from current levels.

Valuation/Risks to our view: Our Dec-14 PT of €13.50 is derived from an EV/Sales multiple based on our tgt multiples for peers such as Michelin and Continental's tyre division — we value Pirelli at 1.1x '14 EV/Sales generating 14.4% FY14 EBIT (pre-restructuring) mgns vs Michelin at 0.9x on 12% mgns / Continental's tyre division at 1.3x on 18.8% mgns. Risks include: worse than expected volume grw in Europe, N. America and S. America in light vehicle & truck tyre replacement mkts; increasing raw material costs; downside risk to next 3yrs cost savings; possible FX headwinds.

Pirelli in a nutshell: Pirelli is the 5th largest tyre maker by revenues, focusing on the high-end segment of the mkt (and the winter tyre segment through its Russian JV). Passenger car & motorcycle tyres make up 70% of sales with the balance industrial (13% agricultural, 88% trucks). Replacement tyres make up 75% of sales (25% OEMs). The co has 22 factories on 4 continents, with Europe making up 37% of sales, S. America 34%, NAFTA 12%, MEA 9%, and Asia-Pac 7%.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-year ago)



J.P. Morgan Estimates

Pirelli & C. SpA (PECI.MI; PC IM)

FYE Dec	2012A	2013A	2014E	2015E
Adj. EPS FY (€)	0.83	0.62	0.82	0.96
Revenue FY (€ mn)	6,072	6,146	6,211	6,644
EBIT FY (€ mn)	781	791	854	954
EBIT Margin FY	12.9%	12.9%	13.7%	14.4%
Pre Tax Income FY (€ mn)	599	517	608	709
Net Income FY (€ mn)	394	304	386	454
Industrial P/E FY	10.3	15.1	11.4	9.7
Industrial EV/Sales FY	0.9	0.9	0.9	0.8

Source: Company data, Bloomberg, J.P. Morgan estimates.

Getting to know our SMid Analysts...



Jose Asumendi

jose.m.asumendi@jpmorgan.com

(44-20) 7742-5315

Region: W. Europe

Sector: European Autos

SMid-Cap Coverage — by Industry Group

Industry Group	# of	% of
	Stock	Stocks
Automobiles & Components	2	100.0%

SMid-Cap Coverage — by Country

Country	# of	% of
	Stock	Stocks
Italy	1	50.0%
France	1	50.0%

SMid-Cap Coverage

		Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S	
		Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	Net Debt/ EBITDA	
#	Company Name	BBG	29.3	4,986	48%	14.7	-44	2	OW	23%	15	67%	33%	15%	15.5x	1.0%	2.8x	1.7x
1	Faurecia SA	EO FP	12.0	4,500	53%	37.5	-8	-5	OW	13%	19	37%	-23%	45%	13.9x	2.6%	2.6x	1.4x
2	Pirelli & C. S.p.A.	PC IM																
Average			4,743	50%	26.1	-26	-2		18%		17	52%	5%	30%	14.7x	1.8%	2.7x	1.6x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

Business Services

Robert Plant (AC)

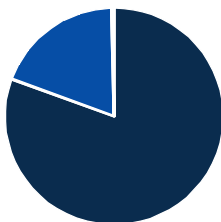
(44-20) 7134-5922
robert.plant@jpmorgan.com

Anasuya Sama
(44-20) 7742-6264
anasuya.sama@jpmorgan.com

Segments

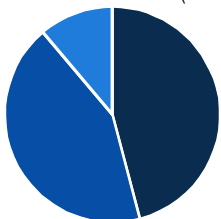
By Geographic Area:

■ LatAm (80.5%) ■ Europe (19.1%)
■ Asia (0.4%)



By Business Area:

■ Residential Sec. Services (45.9%)
■ Corporate Sec. Services (42.9%)
■ Electronic Sec. Services (11.2%)



Company Stats:

Price (EUR)	5.24
as % of 7 Yr high	98.7%
JPM Price Target (EUR)	4.31
Implied Upside	-17.7%
Shares (MM)	617
Mkt Cap (USD MM)	4,411
EV (USD MM)	5,530
Avg Daily volume (USD MM)	5.7
# of Recs	18
% "Buy" Recs	33%
ND/EBITDA Yr+1 (BBG)	1.7x
EV/Sales Yr+1 (BBG)	1.1x
EV/EBITDA Yr+1 (BBG)	9.1x
P/E Yr+1 (BBG)	17.5x
Div Yld Yr+1 (BBG)	2.3%

Prosegur (PSG SM / N / €5.24)

Trading performance better than share price performance

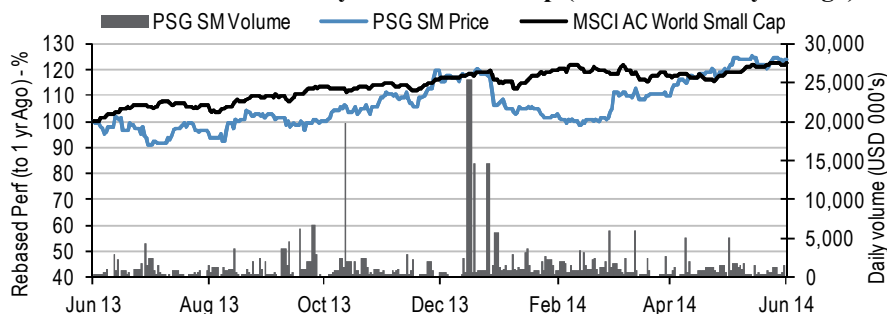
Investment Highlights:

- **A strong fit with our focus on "Affordable Growth":** The stock offers 5% upside potential to its hist. avg. fwd P/E (16.9x vs 17.7x — IBES ests) while operating not only in a defensive industry but with significant geographical diversification. Sales actually grew through the downturn (by 19% from '07-'09), and have continued to grow since.
- **Strong Balance Sheet and Consistent FCF Generation:** We forecast Net Debt/EBITDA 14E (JPMe) of just 1.2x post-Chubb Security acquisition, offering scope for further accretive acquisitions. The company remained FCF positive throughout the cycle and both JPMe and IBES ests forecast FCF Ylds >6% through 2014.
- **Room for sentiment to improve:** The stock is a consensus UW, with only 6 of the 18 covering analysts rating it OW. We believe the stock has been unfairly penalized for its Spanish listing, Iberian exposure and short-term issues in LatAm (e.g. lag in passing on regulatory wage increases in Brazil and political disturbance in Brazil).

Valuation/Risks to our view: Our Dec-14 price target of €4.31 is based on a 2014E PER of 13.7x (a discount to the Business Services avg of 17.8x, but reflective of the lower returns from the security sector vs other Business Services stocks). Key downside risks include: a) further slowdown in the Spanish & Portuguese economies which would impact Prosegur's revenues there; b) general sentiment towards Spanish listed stocks being affected by market sentiment towards the solvency of the country.

Prosegur in a Nutshell: Prosegur is a security company based in Madrid and is focused on the Spanish and Portuguese-speaking markets. Europe & Asia account for 40% of revenue and 13% of EBIT with Spain, France and Portugal the main countries. LatAm accounts for 60% of revenue and 87% of EBIT. PSG is involved in all areas of security, inc. manned guarding, cash management and electronic security.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-year ago)



J.P. Morgan Estimates

Prosegur Cie de Seguridad SA (PSG.MC;PSG SM)

FYE Dec	2011A	2012A	2013A	2014E	2015E
Adj.EPS FY (€)	0.29	0.30	0.27	0.31	0.36
Revenue FY (€ mn)	2,809	3,670	3,696	3,772	4,050
EBITDA Adj. FY (€ mn)	364	428	414	453	493
Operating Profit Adj. FY (€ mn)	284	312	298	329	365
Pretax Profit Adj. FY (€ mn)	252	251	246	287	328
P/E Adjusted FY	18.0	17.5	19.2	16.7	14.6
DPS (Net) FY (€)	0.11	0.12	0.11	0.13	0.14
Dividend Yield FY	2.1%	2.3%	2.1%	2.4%	2.7%

Source: Company data, Bloomberg, J.P. Morgan estimates

Getting to know our SMid Analysts...



Robert Plant

robert.plant@jpmorgan.com

(44-20) 7134-5922

Region: W. Europe

Sector: Business Services

SMid-Cap Coverage — by Industry Group

Industry Group	# of Stock	% of Stocks
Commercial & Professional Services	5	71.4%
Capital Goods	1	14.3%
Utilities	1	14.3%

SMid-Cap Coverage — by Country

Country	# of Stock	% of Stocks
United Kingdom	4	57.1%
Spain	2	28.6%
Sweden	1	14.3%

SMid-Cap Coverage

#	Company Name	BBG	Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S
			Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	
1	APPLUS SERVICES S.A.	APPS SM	16.0	2,814	16%	43.0	-9		OW	20%	0						7.2x	16.1x
2	APR Energy PLC	APR LN	6.3	1,081	92%	2.2	-46	-33	OW	73%	12	58%	-13%	84%		1.5%	0.8x	3.3x
3	DCC Plc	DCC LN	34.4	4,968	96%	11.3	-6	20	OW	0%	10	80%	2%	7%	16.8x			1.2x
4	Prosegur Compania de Seguridad SA	PSG SM	5.2	4,300	41%	8.6	-2	5	N	-18%	15	27%	-10%	14%	16.8x	2.1%	4.9x	1.4x
5	Rentokil Initial plc	RTOL LN	1.1	3,565	99%	5.2	-37	-3	UW	-6%	14	21%	9%	-6%	14.7x	2.0%		2.8x
6	Securitas AB Class B	SECUB SS	79.0	4,067	91%	14.7	-28	15	UW	-11%	18	17%	4%	6%	12.9x	3.9%	2.9x	2.5x
7	Serco Group plc	SRP LN	3.6	3,355	97%	19.4	-48	-27	N	-25%	19	0%	-5%	-53%	19.5x	2.9%	1.8x	3.2x
Average				3,450	76%	14.9	-25	-4		5%	13	34%	-2%	8%	16.1x	2.5%	3.5x	4.3x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

European Property

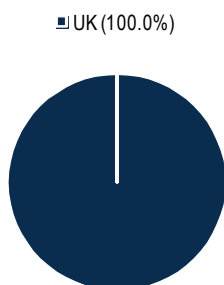
Tim Leckie (AC)

(44-20) 7134-4477

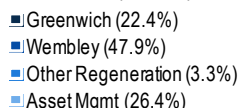
timothy.leckie@jpmorgan.com

Segments

By Geographic Area (Op profit):



By Business Area (Assets):



Company Stats:

Price (GBp)	88.25
as % of 5 Yr high	78.0%
JPM Price Target (GBp)	130.00
Implied Upside	47.3%
Shares (MM)	526
Mkt Cap (USD MM)	790
EV (USD MM)	1,475
Avg Daily volume (USD MM)	0.5
# of Recs	5
% "Buy" Recs	80%
ND/EBITDA Yr+1 (BBG)	98.6x
EV/Sales Yr+1 (BBG)	20.6x
EV/EBITDA Yr+1 (BBG)	211.3x
P/E Yr+1 (BBG)	63.0x
Div Yld Yr+1 (BBG)	NA

Quintain (QED LN / OW / GBp 88.25)

Last chance to get your ticket to Wembley

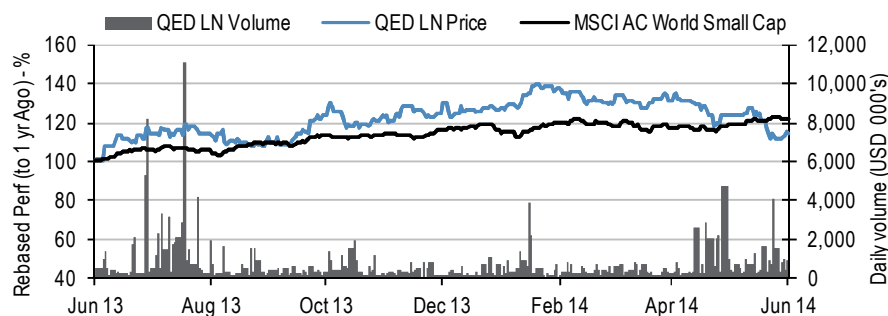
Investment Highlights:

- **Quintain offers one of the largest discounts to NAV in the sector:** Our estimate of £1.39 in NAV for 2015 implies 58% upside. The Keystone JV for Wembley PRS development highlights the value case, with £9.1m / acre paid for residential development land vs BV of £6.5m/acre (47.8 acres, 70% residential).
- **A solid Balance Sheet:** The sale of Greenwich also meant that LTV for Quintain dropped from 45% to 25%. With the company guiding to a sustainable debt level of 30%, its new LTV ratio means Quintain has £100m of firepower with which to bring additional value to shareholders
- **With a blue sky PT of £1.50 (70% implied upside).** The £1.50 bull case is based on a £600 psf average selling price (in other words, £420K for a 700 sq ft two-bedroom unit, which is still within the Help to Buy scheme). The first stage of sales at Wembley have already achieved an avg selling price of £570 psf.
- **Additional opportunity for private rented sector (PRS) development** that could be worth 5p p/s by 2014 (not currently in our figures).

Valuation / Risks to our View: Our 130p Jan-15 PT is based upon our total returns-based European Valuation Model, which takes into account whether a company creates or destroys value. For Quintain, we calculate a value creation spread of -1% between our forecast total return and our WACC estimate, which we apply to the invested capital, discount back, and add/subtract to our NNAV forecast to derive our price target. Downside risks include worse than expected capital growth for commercial & residential property, worse than expected movement in the land prices, lower than expected house price inflation and/or slower than forecast sales of residential units.

Quintain in a Nutshell: Quintain is a London-focused developer and property fund manager. The portfolio is dominated by its large urban regeneration project at Wembley, which is expected to deliver c. 3,900 homes and 2.7 m sq feet. While this development value is realised, operating expenses are being paid for with income from the fund management business (now ~34% of company revs).

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-year ago)



J.P. Morgan Estimates

Quintain Estates & Development plc (QED.L; QED LN)

FYE Mar	2013A	2014E	2015E	2016E	2017E
Adj. EPS FY (p)	2.18	0.61	2.19	1.68	1.98
Adjusted NAV ps FY (p)	105	114	139	151	164
NNNAV per Share FY (£)	104	113	138	151	163
Dividend Yield FY	0.0%	0.0%	0.0%	0.0%	0.0%
EPS FY (p)	(8.08)	8.95	25.62	12.39	12.81
LTV FY	54.8%	22.1%	19.4%	19.8%	21.2%
ROIC FY	(2.1%)	5.0%	13.5%	6.4%	6.2%
Capital growth FY	0.0%	1.1%	12.7%	1.9%	1.6%

Source: Company data, Bloomberg, J.P. Morgan estimates

Getting to know our SMid Analysts...



Tim Leckie

timothy.leckie@jpmorgan.com

(44-20) 7134-4477

Region: W. Europe

Sector: Property

SMid-Cap Coverage — by Industry Group		
Industry Group	# of Stock	% of Stocks
Real Estate	16	100.0%

SMid-Cap Coverage — by Country		
Country	# of Stock	% of Stocks
United Kingdom	11	68.8%
Germany	3	18.8%
Switzerland	1	6.3%
Austria	1	6.3%

SMid-Cap Coverage

#	Company Name	BBG	Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S
			Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	
1	alstria office REIT-AG	AOX GR	9.5	1,040	95%	1.3	-40	4	OW	14%	14	79%	8%	11%	15.9x	5.1%	0.9x	10.4x
2	Big Yellow Group PLC	BYG LN	4.9	1,170	88%	1.4	-18	4	OW	10%	12	67%	6%	13%	21.3x	3.1%	1.2x	5.6x
3	Capital & Regional plc	CAL LN	0.5	279	66%	0.1	-92	7	OW	7%	3	67%	-28%	-6%	16.7x	1.4%	0.9x	7.1x
4	conwert Immobilien Invest SE	CWI AV	8.5	1,016	71%	2.0	-42	-7	UW	14%	9	33%			23.9x	1.1%	0.7x	9.6x
5	Derwent London plc	DLN LN	26.0	4,616	83%	6.4	-8	6	N	14%	16	50%	8%	8%	45.7x	1.3%	1.2x	1.9x
6	Gagfah S.A.	GFJ GR	13.1	3,697	100%	4.6	-24	22	N	-12%	15	80%			15.7x	0.0%	1.2x	18.4x
7	Grainger plc	GRI LN	2.1	1,514	97%	1.8	-39	4	OW	14%	7	86%	4%	30%	23.9x	0.9%	1.9x	4.1x
8	Grand City Properties SA	GYC GY	9.2	1,435	64%	0.9	-2	36	OW	6%	6	83%	57%	-58%	7.4x	0.0%	1.5x	1.6x
9	Great Portland Estates plc	GPOR LN	6.2	3,733	98%	5.7	-8	7	N	9%	16	75%	52%	13%	56.8x	1.3%	1.1x	1.5x
10	Helical Bar plc	HLCL LN	3.5	689	83%	0.6	-32	7	N	5%	5	40%	842%	-17%	16.7x	2.0%	1.6x	27.8x
11	LondonMetric Property Plc	LMP LN	1.3	1,453	89%	3.0	-10	-1	OW	15%	10	30%	2%	53%	21.5x	4.9%	1.3x	
12	PSP Swiss Property AG	PSPN SW	84.3	4,313	87%	7.3	-8	11	UW	3%	12	25%	5%	-4%	23.3x	3.8%	1.0x	4.9x
13	Quintain Estates & Development plc	QED LN	0.9	830	98%	1.1	-81	-6	OW	49%	4	100%	-11%	10%	66.4x	0.0%	0.9x	
14	Shaftesbury PLC	SHB LN	6.4	3,047	97%	5.2	-7	3	N	5%	14	21%	2%	9%	48.4x	1.8%	1.3x	2.4x
15	Songbird Estates plc	SBD LN	2.5	3,114	73%	0.4	-77	52	OW	8%	3	100%			184.1x	0.0%	1.1x	2.6x
16	UNITE Group plc	UTG LN	3.9	1,398	100%	1.6	-13	-1	N	14%	7	86%	31%	12%	27.0x	1.2%	1.3x	4.8x
Average				2,084	87%	2.7	-31	9		11%	10	64%	75%	6%	38.4x	1.7%	1.2x	7.3x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

European Steel

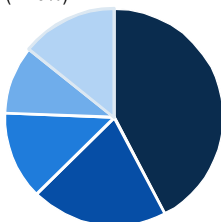
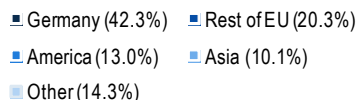
Alessandro Abate (AC)

(44-20) 7134-9744

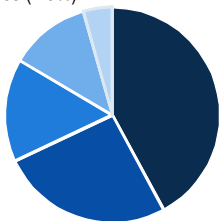
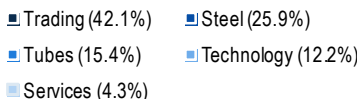
alessandro.abate@jpmorgan.com

Segments

By Geographic Area:



By Business Area:



Company Stats (SZG GY):

Price (EUR)	30.70
as % of 7 Yr high	19.7%
JPM Price Target (EUR)	38.50
Implied Upside	25.4%
Shares (MM)	60
Mkt Cap (USD MM)	2,516
EV (USD MM)	2,958
Avg Daily volume (USD MM)	22.9
# of Recs	32
% "Buy" Recs	25%
ND/EBITDA Yr+1 (BBG)	-0.3x
EV/Sales Yr+1 (BBG)	0.2x
EV/EBITDA Yr+1 (BBG)	5.2x
P/E Yr+1 (BBG)	164.1x
Div Yld Yr+1 (BBG)	0.7%

Salzgitter (SZG GY/OW/€30.70)

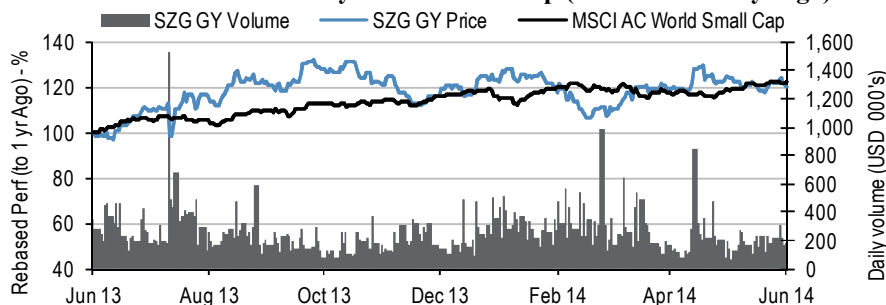
Investment Highlights:

- **Benefits from potential macro tailwinds, self-help and tax-loss carry forwards.** The JPM Economics team forecasts accelerating growth in the Eurozone, UK, US and broader DM in 2014, while we believe the 30-yr gas supply agreement between Russia & China should take a large capacity of large-diameter pipes & potentially heavy plates out of the mkt with a positive impact on prices. SZG's '13-'16 cost-cutting plan tgts ~€200m of expected savings, 30% of which should hit the P&L in each of the next 3yrs. In addition SZG has €1.5bn in tax loss carry fwds, implying a potential benefit to earnings of €200m (€4/sh).
- **Solid balance sheet:** Net cash of €125.6m (6.7% of mtk cap), with working cap (net of pension liabilities of €2.1bn and LT provisions of €316m) at €226m.
- **FCF turning positive and meaningful.** While consensus remains bearish on SZG (24/32 are UW/N), IBES ests call for FCF to turn positive this yr (+1.8%), rising to 7.9% in 2015.
- **At what appear to be undemanding valuations.** Salzgitter trades on a P/B of 0.53x, well below its '07 peak of 2.0x. Similarly, the stock price is down 80% from its '07 high, having significantly underperformed vs the MSCI Europe SC index (+5% from '07 peak).

Valuation / Risks to our View: Our Jun-15 TP of €38.5 is based on a 6x EV/EBITDA multiple on JPM 2015E, in line with 6yr hist avg. Key risks include: weaker-than-expected demand for steel in Europe and Germany, in particular; a return of substantial import volumes in Europe or the US; steel prices & shipments could be worse than forecast; delayed recovery of demand for steel and large diameter pipes projects beyond our '14E assumption; weaker-than-expected recovery of the industrial & commercial construction sector; weaker-than-expected recovery of late cycle business (large diameter pipes).

Salzgitter in a Nutshell: The management holding company Salzgitter AG coordinates the five business units: Trading, Strip Steel, Plate/Sections, Technology and Energy, and is one of the largest steel producers in Europe. The company was listed in 1998 having been spun out of Preussag Stahl AG, but has its origins in the Ilseeder Hutte Corporation founded in 1858.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-yr ago):



J.P. Morgan Estimates

Salzgitter AG (SZGG.DE;SZG GR)

FYE Dec	2013A	2014E	2015E	2016E
Adj EPS FY (€)	(9.10)	(0.17)	1.29	2.21
Revenue FY (€ mn)	9,244	9,725	10,132	10,473
EBITDA FY (€ mn)	(44)	421	541	616
EBITDA Margin FY	(0.5%)	4.3%	5.3%	5.9%
EBIT FY (€ mn)	(567)	94	213	288
P/E (x) FY	NM	NM	23.6	13.8
EV/EBITDA FY	NM	6.8	5.3	4.7
Pre Tax Income FY (€ mn)	(478)	(13)	102	174

Source: Company data, Bloomberg, J.P. Morgan estimates.

Getting to know our SMid Analysts...



Alessandro Abate

alessandro.abate@jpmorgan.com

(44-20) 7134-9744

Region: W. Europe

Sector: European Metals, Mining & Steel

SMid-Cap Coverage — by Industry Group

Industry Group	# of Stock	% of Stocks
Materials	5	100.0%

SMid-Cap Coverage — by Country

Country	# of Stock	% of Stocks
Netherlands	1	20.0%
Finland	1	20.0%
Spain	1	20.0%
Sweden	1	20.0%
Germany	1	20.0%

SMid-Cap Coverage

#	Company Name	BBG	Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S
			Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	
1	Acerinox SA	ACX SM	13.3	4,489	44%	15.7	-39	40	UW	-17%	20	45%		321%	34.1x	3.3%	2.3x	2.2x
2	Aperam SA	APAM NA	24.7	2,415	57%	12.1	-23	81	OW	-1%	12	75%				0.0%	0.8x	2.8x
3	Outokumpu Oyj	OUT1V FH	7.1	3,707	65%	10.5	-91	103	N	-32%	17	53%				0.0%	1.5x	
4	Salzgitter AG	SZG GR	31.8	2,466	64%	10.9	-80	0	OW	21%	26	27%				0.7%	0.6x	-1.2x
5	SSAB AB Class A	SSABA SS	62.7	2,903	71%	18.4	-78	25	UW	-39%	20	35%			150.2x	0.0%	0.7x	12.8x
Average			3,196	60%	13.5	-62	50		-14%		19	47%		321%	92.1x	0.8%	1.2x	4.1x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

Applied & Emerging Technologies

Paul Coster, CFA (AC)

(1-212) 622-6425

paul.coster@jpmorgan.com

Mark Strouse, CFA

(1-212) 622-8244

mark.w.strouse@jpmorgan.com

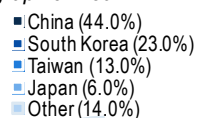
Paul J Chung

(1-212) 622-6555

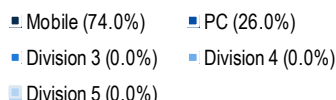
paul.j.chung@jpmorgan.com

Segments

By Geographic Area:



By Business Area:



Company Stats:

Price (USD)	89.38
as % of 7 Yr high	97.8%
JPM Price Target (USD)	98.00
Implied Upside	9.6%
Shares (MM)	36
Mkt Cap (USD MM)	3,220
EV (USD MM)	2,920
Avg Daily volume (USD MM)	16.0
# of Recs	16
% "Buy" Recs	88%
ND/EBITDA Yr+1 (BBG)	-2.0x
EV/Sales Yr+1 (BBG)	3.1x
EV/EBITDA Yr+1 (BBG)	16.3x
P/E Yr+1 (BBG)	21.1x
Div Yld Yr+1 (BBG)	NA

Synaptics Inc. (SYNA US / OW / \$89.38)

Leading supplier of touch solutions

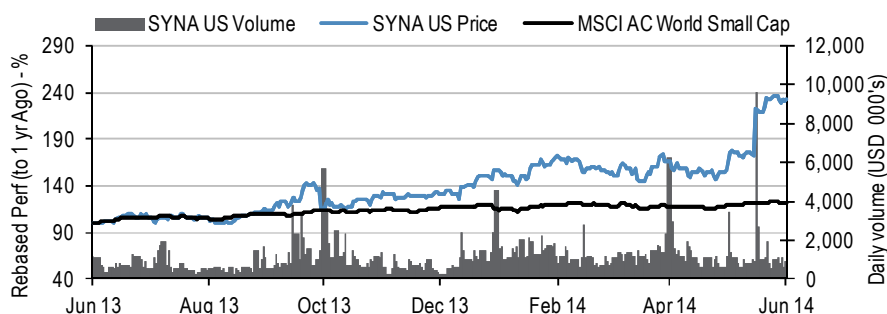
Investment Highlights:

- SYNA is the leader in touch solutions for the high-end touch market with design wins with major handset OEMs including Samsung, HTC, Motorola, Sony, Nokia, Amazon, and LG. The company is also a leading provider of touch solutions into the Chinese handset market and has a dominant share of the PC touchpad market.
- Move to in-cell, on-cell and integrated display technology allows room for higher ASPs.
- Timely acquisitions (Renesas SP, and Validity) increasing the TAM and transition to TDDI. (touch, LCD, and biometric solutions in one chip)
- We believe the company is on track to achieve record revenue of \$938mm, or more, in FY14 or up 41% y/y

Valuation / Risks to our View: Our Dec '14 price target of \$98.00 is based on 16x our CY15E PF EPS of \$6.14 Risks include 1) global economy weakness and slowing demand for PC, tablets, and handsets; 2) intensifying competition owing to new entrants into the capacitive touch space; 3) OEMs taking capacitive touch production in-house; 4) new technologies disrupting the capacitive touch mkt; 5) integration risks related to Renesas SP acquisition 6) slowing rate of innovation in PC / handset mkt; 7) increasing operating expenses relative to expectations.

Synaptics in a Nutshell: SYNA develops custom-designed user interface solutions for laptops, PCs and peripherals, mobile phones, & media players that allow touch-sensitive positioning driven by finger motions. SYNA is the mkt leader in touch solutions with design wins at Samsung, HTC, Lenovo, LG, Blackberry, Nokia etc.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-year ago)



J.P. Morgan Estimates

Synaptics Incorporated (SYNA;SYNA US)

FYE Jun	2013A	2014E	2015E	2016E
EPS - Recurring (\$)				
Q1 (Sep)	0.38	1.31A	1.27	1.73
Q2 (Dec)	0.53	0.86A	1.02	1.48
Q3 (Mar)	0.79	0.63A	1.14	1.29
Q4 (Jun)	1.36	1.44	1.80	1.99
FY	3.12	4.24	5.68	6.92
Bloomberg EPS FY (\$)	3.01	4.21	5.02	5.93
Revenue FY (\$ mn)	664	938	1,436	1,845

Source: Company data, Bloomberg, J.P. Morgan estimates. CY14E = \$4.35; CY15E = \$6.14

Getting to know our SMid Analysts...



Paul Coster

paul.coster@jpmorgan.com

(1-212) 622-6425

Region: US

Sector: Alternative Energy, Applied and Emerging Technologies

SMid-Cap Coverage — by Industry Group

Industry Group	# of Stock	% of Stocks
Technology Hardware & Equipment	10	35.7%
Semiconductors & Semiconductor Equ	7	25.0%
Capital Goods	4	14.3%
Software & Services	3	10.7%
Commercial & Professional Services	2	7.1%
Retailing	1	3.6%
Consumer Durables & Apparel	1	3.6%

SMid-Cap Coverage — by Country

Country	# of Stock	% of Stocks
United States	28	100.0%

SMid-Cap Coverage

# Company Name	BBG	Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S
		Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	
1 Acacia Research Corporation	ACTG US	16.3	829	97%	11.6	-66	16	OW	26%	6	67%	-83%	-69%	110.4x	3.0%	1.4x	-2.6x
2 Canadian Solar Inc.	CSIQ US	27.8	1,378	75%	96.3	-46	0	OW	48%	7	71%	442%		7.5x		3.5x	4.0x
3 Cubic Corporation	CUB US	44.4	1,275	77%	5.0	-24	-15	OW	28%	6	50%	-19%	4%	17.3x	0.5%	1.8x	-2.8x
4 Diebold, Incorporated	DBD US	38.6	2,443	99%	26.5	-29	18	UW	-24%	7	29%	-34%	31%	21.3x	3.0%	4.1x	
5 DigitalGlobe, Inc.	DGI US	26.9	2,272	95%	28.3	-38	-33	N	28%	10	60%			0.0%	1.6x		6.5x
6 Dolby Laboratories, Inc. Class A	DLB US	42.2	2,107	99%	14.6	-40	9	UW	-10%	7	29%	-21%	-3%	24.0x	0.0%	1.4x	-2.0x
7 DTS, Inc.	DTSI US	18.0	303	95%	1.4	-64	-23	N	8%	6	17%	296%	20%	13.9x	0.0%	1.7x	-1.8x
8 EnerNOC, Inc.	ENOC US	18.1	544	85%	5.5	-64	6	OW	36%	9	67%		-40%	39.2x	0.0%	2.0x	-2.8x
9 Fabrinet	FN US	20.5	709	84%	3.8	-38	1	OW	10%	7	71%	11%	8%	12.5x			-1.5x
10 iRobot Corporation	IRBT US	38.5	1,023	96%	28.2	-20	16	N	-14%	8	75%	54%	18%	31.3x	0.0%	3.1x	-4.2x
11 Itron, Inc.	ITRI US	39.8	1,565	99%	14.8	-65	-3	UW	-25%	13	31%	-48%	-17%	25.2x	0.0%	1.8x	
12 Logitech International S.A.	LOGI US	13.1	2,336	86%	7.2	-65	-4	UW	3%	4	0%		265%	17.6x	1.8%	3.2x	
13 OmniVision Technologies, Inc.	OVTI US	22.5	1,318	99%	22.2	-39	27	OW	15%	13	46%	31%	-7%	13.1x	0.0%	1.6x	-5.1x
14 Outerwall Inc.	OUTR US	58.8	1,315	98%	50.4	-21	-13	UW	9%	11	64%	23%	17%	9.3x	0.0%	2.5x	0.9x
15 Plantronics, Inc.	PLT US	46.1	1,986	99%	9.1	-8	0	OW	6%	8	75%	3%	5%	15.7x	0.9%	2.8x	-2.1x
16 Rambus Inc.	RMBS US	14.1	1,551	95%	10.3	-46	50	OW	6%	6	67%			47.4x	0.0%	4.6x	-1.1x
17 RPX Corporation	RPXC US	17.0	908	93%	6.3	-46	2	N	9%	7	86%	9%	4%	16.9x	0.0%	2.1x	
18 Rubicon Technology, Inc.	RBCN US	8.4	215	91%	5.2	-77	-12	OW	55%	10	60%				0.0%	1.1x	
19 SolarCity Corp.	SCTY US	68.0	4,831	51%	227.4	-23	25	OW	6%	10	80%				0.0%	7.8x	
20 Stratascys Ltd.	SSYS US	107.9	4,716	86%	123.1	-22	-19	OW	-4%	22	86%	23%	19%	43.5x	0.0%	1.9x	-9.9x
21 SunPower Corporation	SPWR US	39.2	4,663	39%	94.5	-76	36	N	2%	15	53%	833%	-22%	27.3x	0.0%	4.2x	0.5x
22 Synaptics Incorporated	SYNA US	87.7	3,047	99%	60.9	-4	71	OW	12%	16	88%	35%	24%	18.7x	0.0%	5.8x	-3.1x
23 TASER International, Inc.	TASR US	13.4	747	97%	18.3	-36	-16	OW	38%	5	40%	37%	-11%	42.0x	0.0%	6.9x	
24 TiVo Inc.	TIVO US	12.6	1,395	96%	28.1	-33	-4	N	11%	19	58%	6000%	-77%	28.8x	0.0%	2.5x	-6.8x
25 TTM Technologies, Inc.	TTMI US	8.1	666	65%	4.0	-59	-5	OW	24%	4	100%	-29%	-15%	15.1x	0.0%	0.9x	1.5x
26 Veeco Instruments Inc.	VECO US	34.7	1,318	98%	19.2	-40	5	OW	22%	20	30%				0.0%	1.7x	
27 Verint Systems Inc.	VRNT US	49.2	2,660	98%	15.0	-8	16	OW	12%	7	86%	8%	19%	14.6x	0.0%	4.2x	1.5x
28 Zebra Technologies Corporation Class A	ZBRA US	79.0	3,853	95%	17.4	-4	49	NR	NA	6	33%	4%	37%	21.2x	0.0%	4.0x	-2.1x
Average		1,856	89%	34.1		-39	7		13%	10	58%	357%	28%	26.4x	0.4%	3.0x	-1.6x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

China SMID-Cap

Leon Chik, CFA (AC)

(852) 2800-8590

leon.hk.chik@jpmorgan.com

Andrew Hsu

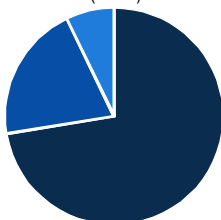
(852) 2800-8572

andrew.tj.hsu@jpmorgan.com

Segments

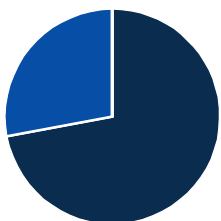
By Geographic Area:

- North America (72.4%)
- Europe (20.3%)
- Others (7.2%)



By Business Area:

- Power equipment (72.1%)
- Floor care and appliances (27.9%)



Company Stats:

Price (HKD)	24.35
as % of 7 Yr high	94.6%
JPM Price Target (HKD)	36.00
Implied Upside	47.8%
Shares (MM)	1,831
Mkt Cap (USD MM)	5,751
EV (USD MM)	6,175
Avg Daily volume (USD MM)	4.7
# of Recs	16
% "Buy" Recs	88%

ND/EBITDA Yr+1 (BBG)	0.6x
EV/Sales Yr+1 (BBG)	1.3x
EV/EBITDA Yr+1 (BBG)	12.0x
P/E Yr+1 (BBG)	142.4x
Div Yld Yr+1 (BBG)	0.2%

Techtronic Industries (669 HK / OW / HK\$24.35)

Home Depot strong, solid results give confidence

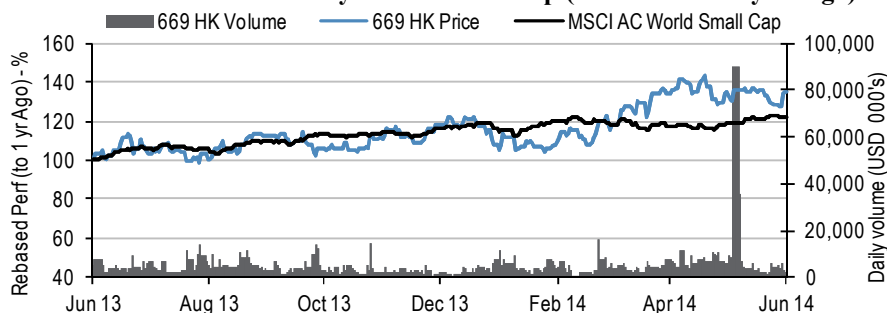
Investment Highlights:

- Home Depot (HD) 1Q results show continued strength in the US market.** The solid 1Q15 (Feb to April 2014) results of Techtronic (TTI)'s largest customer, Home Depot, should continue to support the growth profile for TTI. HD commented that the slow start to Spring dragged down results with solid performance in non-weather affected areas. Overall HD remains positive on the overall backdrop for home improvement spending in the US and the durable nature of the home and the assets attached to it.
- Higher wages an unwarranted concern.** A major supplier of motors for TTI is Johnson Electric (JE). JE had warned in May that FY Mar15 results may show a drop in operating margin for 2 main reasons which are: (1) the higher cost of wages in China, as well as (2) the commencement of operations of 3 new plants in Serbia, India and Mexico. This revelation by JE also dampened sentiment for TTI as they are in a related industry.
- Europe and floor care offer more upside.** Sales to Europe grew 18% in 2HFY13 compared to 9% in 1HFY13. TTI has a lot more market share to gain in Europe, where its market share is much lower than in the US but its products are equally attractive versus incumbent peers. In addition, floor care sales grew 17% YY in FY13 globally compared to a sales drop in FY12. We expect margins to expand significantly in '14 as start up marketing costs fade for the new Hoover products.

Valuation / Risks to our View: Our PT (Dec-14, DCF-derived) of HK\$36 implies a fwd P/E of 20x (FY15E). The key risk to our PT are rising cost of production in China and a slower than expected recovery in US demand. Another risk is the implementation risk on new product introductions and whether or not they are accepted by customers.

Techtronic in a Nutshell: Techtronic was listed in 1990 and is one of the largest makers of branded power tools in China with over 70% of sales for the North American Market, Home Depot being the largest customer. Key brands include Ryobi, Milwaukee, AEG, Hoover and Dirt Devil.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-year ago)



J.P. Morgan Estimates

Techtronic Industries (Reuters: 0669.HK, Bloomberg: 669 HK)

\$ in mn, year-end Dec	FY11A	FY12A	FY13E	FY14E	FY15E
Revenue (\$ mn)	3,667	3,852	4,300	4,835	5,372
Net Profit (\$ mn)	150	202	250	343	423
EPS (\$)	0.09	0.11	0.13	0.18	0.23
DPS (\$)	0.02	0.02	0.04	0.05	0.06
Revenue growth (%)	7.9%	5.1%	11.6%	12.5%	11.1%
EPS growth (%)	59.8%	25.0%	17.3%	37.5%	23.2%
ROCE	8.2%	9.7%	11.0%	13.7%	15.4%
ROE	12.7%	14.5%	15.2%	18.4%	19.6%
P/E (x)	35.1	28.1	23.9	17.4	14.1
P/BV (x)	0.5	0.5	0.4	0.4	0.3
EV/EBITDA (x)	12.8	9.6	9.1	6.8	5.3
Dividend Yield	0.5%	0.7%	1.1%	1.4%	1.7%

Source: Company data, Bloomberg, J.P. Morgan estimates

Getting to know our SMid Analysts...



Leon Chik, CFA

leon.hk.chik@jpmorgan.com

(852) 2800-8590

Region: Asia ex-Japan (China-HK)

Sector: SMid-Caps

SMid-Cap Coverage — by Industry Group

Industry Group	# of Stock	% of Stocks
Materials	3	20.0%
Technology Hardware & Equipment	3	20.0%
Consumer Durables & Apparel	2	13.3%
Capital Goods	2	13.3%
Retailing	1	6.7%
Semiconductors & Semiconductor Equ	1	6.7%
Automobiles & Components	1	6.7%
Household & Personal Products	1	6.7%
Consumer Services	1	6.7%

SMid-Cap Coverage — by Country

Country	# of Stock	% of Stocks
Hong Kong	14	93.3%
United States	1	6.7%

SMid-Cap Coverage

# Company Name		BBG	Summary Stats				Price Perf (%)		JPM Coverage		Consensus Estimates (IBES)				Valuations (IBES)			B/S
			Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD	Rec	Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	Net Debt/ EBITDA
1	Dah Chong Hong Holdings Limited	1828 HK	4.6	1,149	43%	2.6	-60	-20	N	11%	10	60%	-6%	27%	7.9x	4.0%	1.0x	2.6x
2	Fufeng Group Limited	546 HK	2.7	743	43%	1.3	-67	-11	OW	62%	3	100%	-5%	53%	6.5x	2.1%	1.2x	2.2x
3	Haitian International Holdings Limited	1882 HK	18.4	3,690	40%	3.7	-14	5	OW	17%	11	55%	23%	12%	16.8x	1.7%	4.6x	-1.9x
4	Johnson Electric Holdings Limited	179 HK	6.7	3,154	38%	2.6	-16	-9	OW	26%	9	22%	6%	6%		1.7%	1.8x	-1.6x
5	Kingboard Chemical Holdings Limited	148 HK	16.3	2,024	62%	3.9	-64	-20	OW	54%	6	67%	41%	-16%	6.3x	2.0%	0.5x	2.7x
6	Kingboard Laminates Holdings Limited	1888 HK	3.0	1,122	25%	0.5	-66	-10	OW	36%	4	100%	4%	11%		5.8%	0.9x	1.3x
7	Lee & Man Paper Manufacturing Limited	2314 HK	4.3	2,578	29%	3.4	-54	-19	OW	33%	16	69%		9%	9.4x	3.4%	1.2x	3.4x
8	Nine Dragons Paper Holdings Ltd.	2689 HK	5.3	3,275	33%	8.6	-80	-21	OW	81%	18	67%	18%	22%	9.5x	2.3%	1.1x	5.8x
9	Nord Anglia Education, Inc.	NORD US	18.8	1,668	23%	8.5	-16		OW	22%	7	86%			38.3x		83.4x	7.6x
10	NVC Lighting Holding Ltd.	2222 HK	1.8	735	29%	2.8	-61	-5	OW	71%	3	100%		38%		1.6%	1.5x	-3.0x
11	Shenzhou International Group Holdings Ltd.	2313 HK	26.7	4,810	40%	7.0	-13	-8	OW	39%	13	92%	6%	15%	14.1x	2.0%	3.6x	-1.1x
12	Skyworth Digital Holdings Limited	751 HK	3.6	1,410	63%	8.5	-64	-15	OW	32%	13	77%	1%	14%	6.3x	4.7%	1.1x	1.9x
13	VTech Holdings Limited	303 HK	104.2	3,480	64%	4.3	-15	4	UW	-21%	9	44%	2%	7%		5.8%	6.1x	-1.3x
14	Xinyi Glass Holdings Limited	868 HK	4.6	2,342	47%	12.5	-53	-33	OW	40%	8	75%	72%	12%	7.7x	5.8%	1.5x	0.9x
15	Xinyi Solar Holdings Ltd.	968 HK	2.0	1,721	32%	19.0	-33	26	OW	36%	5	100%		14%	28.2x	0.8%	5.8x	
			Average	2,260	41%	5.9	-45	-10		36%	9	74%	15%	16%	13.7x	3.1%	7.7x	1.4x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

**Australian Developers,
Contractors & Mining Services**

Anthony Passe-de Silva (AC) (AC)

(61-2) 9003-8614

anthony.g.passedesilva@jpmorgan.com

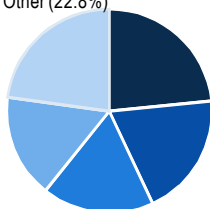
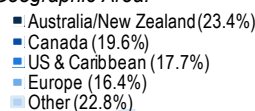
Peter Kopinsky

(61-2) 9003-8636

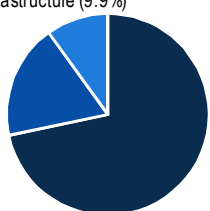
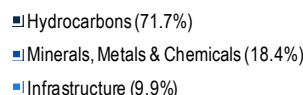
peter.l.kopinsky@jpmorgan.com

Segments

By Geographic Area:



By Business Area:



Company Stats (WOR AU):

Price (AUD)	17.26
as % of 7 Yr high	32.1%
JPM Price Target (AUD)	18.56
Implied Upside	7.5%
Shares (MM)	243
Mkt Cap (USD MM)	3,957
EV (USD MM)	4,793
Avg Dailyvolume (USD MM)	29.2
# of Recs	16
% "Buy" Recs	38%
ND/EBITDA Yr+1 (BBG)	1.4x
EV/Sales Yr+1 (BBG)	0.6x
EV/EBITDA Yr+1 (BBG)	9.2x
P/E Yr+1 (BBG)	15.8x
Div Yld Yr+1 (BBG)	4.6%

Worley Parsons (WOR AU / OW / A\$17.3)

Clear path to medium term earnings growth with oil linkage

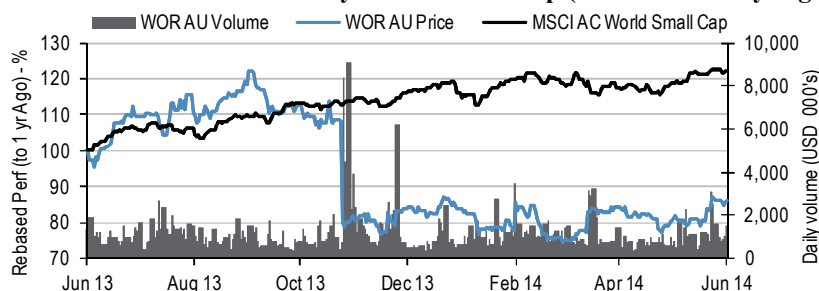
Investment Highlights:

- While near term Hydrocarbons capex growth remains subdued, the medium to long term trends remain intact. Continued growth in and industrialisation of major developing economies coupled with a recovery in economic activity in major developed world economies is likely to support further growth in demand for energy. Policy changes are also likely to favour a shift in energy demand. Finally, improvements in technology and the depletion of conventional resources are leading to an increase in production from unconventional sources.
- WOR's 20 Nov13 Trading Update highlighted a range of one-off, cyclical and structural issues impacting near term earnings as well as representing a medium term shift in revenues towards lower margin/higher risk works. We believe that this update finally led to a reset of consensus expectations around revenue growth and margin trajectory. As such, we believe that market expectations for WOR now better reflect WOR's operating model/structure and risk appetite going forward. WOR also retains a strong balance sheet position to support acquisitive/organic growth.
- WOR has had some success in securing new work in CY14 YTD. These wins have been spread across the breadth of front end project selection/design, project execution and project operations/maintenance/brownfield works. Moreover, we believe that these awards are providing an offset to the pullback WOR has experienced amongst its Minerals & Metals customers.

Valuation / Risks to our View: Our Jun15 price target of \$18.56 is based on the weighted average of our FY15E PE Rel, FY15E sum-of-the-parts and DCF valuations. Downside risks include persistent weakness in capex in the global energy and resources sectors, cost overruns/project issues on fixed price construction/fabrication work and strength in the A\$.

WorleyParsons Limited in a Nutshell: WOR is a global engineering firm with exposures to the global Hydrocarbons, Minerals, Metals & Chemicals and Infrastructure sectors. WOR delivers services from front-end design/development through engineering/construction/procurement to brownfield asset services.

Price Perf vs MSCI All Country World Small Cap (rebased as of 1-yr ago):



J.P. Morgan estimates.

WorleyParsons Limited (Reuters: WOR.AX, Bloomberg: WOR AU)

Year-end Jun (A\$)	FY12A	FY13A	FY14E	FY15E	FY16E
Revenue (A\$ mn)	7,335	7,604	7,547	7,768	8,322
EBITDA (A\$ mn)	606	595	490	589	673
Net Profit (A\$ mn)	353	322	248	308	367
EPS (A\$)	1.44	1.31	1.00	1.25	1.49
P/E (x)	12.2	13.4	17.5	14.0	11.8
EV/EBITDA (x)	7.1	7.7	8.8	7.0	5.8
DPS (A\$)	0.91	0.93	0.71	0.92	1.10
Dividend Yield	5.2%	5.3%	4.1%	5.3%	6.3%
Normalised EPS (A\$)	1.39	1.27	0.95	1.24	1.48
Normalised EPS Growth	15.6%	(9.0%)	(25.0%)	30.5%	19.0%
Normalised PE	12.5	13.7	18.3	14.0	11.8

Source: Company data, Bloomberg, J.P. Morgan estimates.

Getting to know our SMid Analysts...



Anthony Passe-de Silva

anthony.g.passede.silva@jpmorgan.com

(61-2) 9003-8614

Region: Australia/NZ

Sector: Developers & Contractors

SMid-Cap Coverage — by Industry Group

Industry Group	# of	% of
	Stock	Stocks
Capital Goods	5	50.0%
Commercial & Professional Services	4	40.0%
Energy	1	10.0%

SMid-Cap Coverage — by Country

Country	# of	% of
	Stock	Stocks
Australia	10	100.0%

SMid-Cap Coverage

#	Company Name	BBG	Summary Stats				Price Perf (%)		JPM Coverage	Consensus Estimates (IBES)				Valuations (IBES)			B/S	
			Price	Mkt Cap (\$MM)	Free Float (%)	Avg Daily Vol (\$MM)	From 7-Yr High	YTD		Upside to Price Target	# of Recs	% Buy Recs	EPS Grw 13A	EPS Grw 14E	P/E 14E	Div Yield	P/B	Net Debt/EBITDA
1	ALS Ltd.	ALQ AU	9.0	3,044	96%	10.1	-35	2	UW	-24%	16	19%	-24%	-7%	17.3x	3.5%	3.3x	1.0x
2	Ausdrill Limited	ASL AU	0.8	243	78%	2.8	-81	-18	UW	-3%	10	30%	-42%	-40%	7.2x	14.5%	0.3x	1.8x
3	Bradken Limited	BKN AU	3.7	528	98%	5.3	-76	-37	OW	46%	15	40%	-16%	-14%	8.0x	11.6%	0.7x	2.2x
4	Downer EDI Limited	DOW AU	4.4	1,861	98%	8.2	-52	-6	OW	38%	12	42%	9%	3%	9.5x	4.6%	1.1x	0.3x
5	Mineral Resources Limited	MIN AU	9.5	1,673	77%	8.8	-30	-18	UW	-2%	4	75%	17%	6%	7.9x	5.0%	1.8x	0.8x
6	Monadelphous Group Limited	MND AU	15.7	1,347	89%	7.2	-45	-13	UW	-2%	14	14%	3%	-12%	11.0x	8.9%	4.7x	-0.6x
7	NRW Holdings Limited	NWH AU	0.9	259	97%	2.3	-79	-30	N	39%	10	50%	-27%	-18%	5.4x	13.1%	0.8x	0.5x
8	Transfield Services Limited	TSE AU	1.1	515	87%	2.6	-90	23	N	-27%	11	18%	-28%	19%	9.1x	2.8%	0.7x	
9	UGL Limited	UGL AU	6.7	1,085	97%	6.5	-69	-6	NR	NA	13	31%	-23%	14%	10.0x	5.6%	1.0x	3.9x
10	Worleyparsons Limited	WOR AU	17.1	3,670	81%	18.0	-68	3	OW	8%	15	33%	-11%	-1%	13.6x	5.8%	1.8x	1.2x
			Average	1,423	90%	7.2	-62	-10		8%	12	35%	-14%	-5%	9.9x	7.5%	1.6x	1.2x

Source: Bloomberg, Datastream, Factset, J.P. Morgan
Prices as of 24 June 2014

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Companies Discussed in This Report (all prices in this report as of market close on 03 July 2014, unless otherwise indicated)

Beijing Capital International Airport (0694.HK/HK\$5.29[04 July 2014]/Overweight), CSG Limited (CSV.AX/AS\$1.00[04 July 2014]/Overweight), Cadence Design Systems (CDNS/\$17.56/Overweight), Cape (CIU.L/297p/Overweight), Cineworld (CINE.L/346p/Overweight), EnQuest (ENQ.L/136p/Overweight), Even (EVEN3.SA/R\$6.52/Overweight), Gem Diamonds Ltd (GEMD.L/169p/Overweight), Havas (EURC.PA/€6.12/Neutral), Jupiter (JUP.L/412p/Overweight), Laird (LRD.L/287p/Overweight), M6 (MMTP.PA/€14.94/Overweight), Media Prima Berhad (MPRM.KL/M\$2.48[04 July 2014]/Overweight), Nihon Kohden (6849) (6849.T/¥5230[04 July 2014]/Overweight), Novatek Microelectronics Corp. (3034.TW/NT\$148.0[04 July 2014]/Overweight), Omantel (OTL.OM/RO1.65/Overweight), Pirelli & C. SpA (PECI.MI/€12.20/Overweight), Prosegur (PSG.MC/€5.38/Neutral), Quintain Estates & Development (QED.L/89p/Overweight), Synaptics Inc. (SYNA/\$92.68/Overweight), Techtronic Industries (0669.HK/HK\$24.80[04 July 2014]/Overweight), WorleyParsons Limited (WOR.AX/AS\$18.93[04 July 2014]/Overweight)

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- **Market Maker:** JPMS makes a market in the stock of Cadence Design Systems, Synaptics Inc..
- **Market Maker/ Liquidity Provider:** J.P. Morgan Securities plc and/or an affiliate is a market maker and/or liquidity provider in Laird, Cape, Cineworld, EnQuest, Havas, Gem Diamonds Ltd, Jupiter, M6, Mediobanca, Omantel, Pirelli & C. SpA, Prosegur, Quintain Estates & Development.
- **Lead or Co-manager:** J.P. Morgan acted as lead or co-manager in a public offering of equity and/or debt securities for Cineworld, EnQuest, Jupiter within the past 12 months.
- **Beneficial Ownership (1% or more):** J.P. Morgan beneficially owns 1% or more of a class of common equity securities of Cadence Design Systems, Pirelli & C. SpA, Techtronic Industries.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as clients: Laird, Cadence Design Systems, Cape, Cineworld, EnQuest, Even, Havas, Gem Diamonds Ltd, Jupiter, Mediobanca, Pirelli & C. SpA, Prosegur, Quintain Estates & Development, Synaptics Inc., Techtronic Industries, WorleyParsons Limited.
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as investment banking clients: Cineworld, EnQuest, Jupiter, Pirelli & C. SpA, Quintain Estates & Development.
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- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as clients, and the services provided were non-securities-related: Cadence Design Systems, EnQuest, Havas, Techtronic Industries, WorleyParsons Limited.
- **Investment Banking (past 12 months):** J.P. Morgan received in the past 12 months compensation from investment banking Cineworld, EnQuest, Jupiter, Pirelli & C. SpA, Quintain Estates & Development.
- **Investment Banking (next 3 months):** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Laird, Cadence Design Systems, Cape, Cineworld, EnQuest, Jupiter, Pirelli & C. SpA, Quintain Estates & Development.
- **Non-Investment Banking Compensation:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Laird, Cadence Design Systems, EnQuest, Havas, Jupiter, Mediobanca, Pirelli & C. SpA, Quintain Estates & Development, Techtronic Industries, WorleyParsons Limited.
- **Broker:** J.P. Morgan Securities plc acts as Corporate Broker to Laird, Cape, Cineworld, EnQuest, Gem Diamonds Ltd, Jupiter, Quintain Estates & Development.

- “J.P. Morgan is acting as corporate broker and sole Sponsor to Cineworld Group plc in its combination with Cinema City International as announced on 10th January 2013. J.P. Morgan currently does not have any recommendation on Cineworld Group plc. This report is not intended to serve as an endorsement of the proposed transaction [or to provide voting advice] or to result in or recommend any course of action by a security holder”

Company-Specific Disclosures: Important disclosures, including price charts, are available for compendium reports and all J.P. Morgan-covered companies by visiting <https://jpmm.com/research/disclosures>, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request. J.P. Morgan's Strategy, Technical, and Quantitative Research teams may screen companies not covered by J.P. Morgan. For important disclosures for these companies, please call 1-800-477-0406 or e-mail research.disclosure.inquiries@jpmorgan.com.

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:

J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, www.jpmorganmarkets.com.

J.P. Morgan Equity Research Ratings Distribution, as of June 30, 2014

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage	45%	43%	11%
IB clients*	55%	49%	34%
JPMS Equity Research Coverage	46%	47%	7%
IB clients*	75%	66%	54%

*Percentage of investment banking clients in each rating category.

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