

May 2013

Equity Research / Services / Company update

MSE Ticker

SOI: MSE

Eurofeu Asia JSC

Stock Data

Price, MNT	3,800
Historical high, MNT	5,000
Target price, MNT	9,200
Mkt cap, US\$m	\$1.61 million
Free float, %	45%

Current Capitalization

	USD	MNT
Shares Outstanding (k)	608	608
Price / share	2.66	3,800
Mkt cap, mn	1.61	2,310
Debt, mn	0.15	205.9
Enterprise Value, mn	2.0	2,588.3
P/E 2012A (x)	4.5	4.5
P/E 2013E (x)	9.2	9.2

Company Snapshot

Eurofeu Asia JSC is Mongolia's market leader in full service fire safety, supplying quality fire safety products including EU certified fire extinguishers and the only company in Mongolia providing full service safety risk assessments, risk management plans, fire safety product maintenance, and regulated disposal of dangerous fire extinguishers.

<http://www.eurofeuasiasia.com/>

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Dividend, Successful Tenders, New Security Division

- Inaugural dividend set at a yield of 1.5%
- Leading Mongolian supplier of fire safety products (ie fire extinguishers), training services and new expansion into security services
- Transformational growth from success of blue chip international tenders (see table below)
- Awarded tenders YTD May 2013 equal to 32% of market cap
- 2013 EBITDA equal to 20% of market cap, upside to 35%+ through additional international tenders
- Founding shareholders own 51% interest with incentive to return cash to shareholders
- Currently trading on 9.2x 2013 P/E excluding impact from tenders

Summary of Tenders

Client	Annual amount	Length (years)	Service	Status
Undisclosed international mining company	\$175,000	3	Security and fire safety	Awarded May 2013
Kempinski Hotel	\$44,000	1	Fire safety maintenance	Awarded Jan 2013
Wagner Asia	\$11,900	1	Fire safety	Awarded Feb 2013
Altan Trade	\$27,700	1	Security and fire safety	Awarded May 2013
Undisclosed international mining company	\$140,000	3	Security service	Awarded Jan 2013
Undisclosed international mining company	\$115,000 (two contracts)	1	Fire safety equipment	Awarded Jan 2013
YTD May 2013	\$513,600			
Undisclosed international mining company	\$250,000	3	Fire safety and training	<i>Pending in Jun 2013</i>
Potential	\$763,600			
2nd Half 2013	Upside TBD			

Expansion into Security Services

Eurofeu Asia has successfully obtained its license for providing security services in the local market from Mongolian relevant authorities. This new line of service is complimentary to its existing fire safety services to its clients. Eurofeu Asia has inaugurated security guards with fire safety and fire fighter training and experience for its clients. The guards with fire safety and fighter training are well sought especially by those clients with mining and/or other operations in remote areas throughout Mongolia.

Management and International Partnership

As part of its on-going expansion with international experience, Eurofeu Asia has added three international companies – Utilis, Indelec and Soteria – in its global partnership portfolio. As an exclusive distributor partner of Utilis, Indelec and Soteria in Mongolia, Eurofeu Asia provides more variety of fire and hazard safety products to its Mongolian clients who are increasingly demanding more sophisticated products and service with global quality standards.

Utilis is French manufacturer with an international presence providing fire safety and hazard products to its clients worldwide. The company specializes in rapid deploy shelters. Indelec is a leading French manufacturer of lightning hazard prevention products and services with a history of more than 50 years in the global fire safety industry. Malaysia's Soteria manufactures a revolutionary throwable fire extinguisher ampoule which is light, compact and requires no prior training to use, making it the perfect fire extinguisher for everyone and anyone. Today, Eurofeu Asia is the only Mongolian company offering various internationally certified fire and hazard safety products and services to its local clients.

We believe that Eurofeu Asia's well-positioning in the market backed up by an attractive portfolio of partnerships and exclusive distributorships with leading global fire safety and hazard companies is a valuable asset going forward.



Eurofeu France: Eurofeu France is one of the largest fire safety companies in Europe with €60 million annual sales. It is one of the founders of Eurofeu Asia and is a 15 percent shareholder of Eurofeu Asia JSC, sharing management skills and expertise.



DEF France: DEF France, established in 1958, is a global fire safety solution and services provider company headquartered in Massy, France and operates in more than 30 countries around the world. DEF produces, distributes and sells a full set of fire safety products and services, ranging from state-of-art fire detection system to most advanced

sprinkler system, through its offices in Europe, Asia and Africa.



In just few years UTILIS has become a world reference in design, manufacturing and marketing of rapid deploy shelters. With unique experience in research, industrialization, service and training, our company has been able to meet customer requirements efficiently. UTILIS is a company that has gained its dynamism thanks to an unparalleled teamwork.



INDELEC's reputation in the field of lightning protection dates back more than fifty years. Leading world manufacturer of Early Streamer Emission air terminals, the INDELEC group of companies also provides a full range of associated services: installation, lightning technical surveys or maintenance schemes.



Soteria Fire Extinguishers are a revolutionary new way to fight fires. The result of years of research and development, Soteria Fire Extinguishers are designed to make firefighting as simple and intuitive as possible by removing all the complicated mechanisms and dangerous pressurizations of traditional fire extinguishers.

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