

Malaysia

ADD (no change)

Consensus ratings*: Buy 7 Hold 3 Sell 0

Current price:	RM1.08
Target price:	RM1.35 ▲
Previous target:	RM1.31
Up/downside:	25.0%
CGS-CIMB / Consensus:	7.9%

Reuters:	MYRS.KL
Bloomberg:	MRC MK
Market cap:	US\$1,211m
	RM4,742m
Average daily turnover:	US\$3.28m
	RM13.09m
Current shares o/s:	4,346m
Free float:	42.1%

*Source: Bloomberg

Key changes in this note

➤ No change.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-10.8	6.9	-12.8
Relative (%)	-10.9	-1.4	-22.4

Major shareholders	% held
EPF	33.5
Gapurna Sdn Bhd	16.7
Lembaga Tabung Haji	7.8

Analyst(s)

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Malaysian Resources Corp

Strong operating performance in FY17

- MRCB's FY17 core net profit formed 96-99% of our and consensus forecasts.
- The engineering and construction (E&C) segment EBIT rocketed by 700% yoy.
- A lower RM1bn sales target for FY18F vs RM1.4bn sales achieved for FY17 as its projects are still in the early stages of development.
- The KL-Singapore HSR PDP tender is expected to be awarded at end-Apr 2018. MRCB and Gamuda have teamed up in a JV to bid for this scope.
- Maintain Add with a higher target price. Contract wins and EDL sale are catalysts.

FY17 results were in line

Excluding the RM60.8m gain on a share sale to TH Properties Sdn Bhd for an upcoming development in Setapak, MRCB's FY17 core net profit was in line. It surged 331% yoy, propelled by the engineering and construction (E&C) segment's 700% jump in EBIT. The segment's strong growth came from higher progress billings and better cost management. The final single-tier DPS of 1.75 sen was in line with our forecast.

Stronger E&C segment more than offset property sales drop

E&C segment's EBIT of RM92.7m in FY17 (vs. RM11.6m in FY16) came on the back of 107% yoy growth in revenue, with more progress billings from its RM6.2bn outstanding order book. This more than offset the 48.2% yoy drop in the property development and investment segments FY17 core EBIT (after excluding the respective years' disposal gains), as the popular Sentral Residences and Easton Burwood projects were completed in early FY17.

Status quo on EDL sale; potential impact on net gearing

As at end-FY17, MRCB's total borrowings stood at RM3.4bn; 31% or RM1.1bn was made up of the Eastern Dispersal Link's (EDL, 8.1km, 30-year concession ending in 2042) sukuk bonds. Its net gearing stood at 0.54x. Excluding the non-recourse concession debt, net gearing would be 0.32x. With the sale of EDL and impending proceeds from the Employees Provident Fund's (EPF) share subscription of the Bukit Jalil development, MRCB estimated that its net gearing would fall to 0.08x.

Decision on HSR PDP tender by end-April

MRCB and Gamuda (GAM MK, Add) will collectively bid for the Project Delivery Partner (PDP) role of the KL-Singapore HSR civil works on the Malaysian side. Targeted award for the PDP scope has so far been set for end-April. Based on our RM25bn-RM40bn calculation for the PDP scope and an assumed 6% PDP fee, FY19-20F EPS could nearly double with the HSR PDP scope. Our assumed RM800m job wins p.a. could be exceeded if it achieves higher-than-expected success rates for its rail tenders.

RM1bn sales target for FY18F

MRCB's property development division achieved RM1.4bn total sales for FY17, above its RM1.2bn target. 78% of the sales came from Sentral Suites and 1060 Carnegie high-rise developments, which had take-up rates of 58% and 72%, respectively. Sales target for FY18F was set at RM1bn, as the group's ongoing projects are still in infancy, but backed by RM1.7bn in unbilled sales.

Maintain Add with a higher RM1.35 TP

We believe rail contract newsflow in from 2Q18 and the possibility of more progress on the potential sale of EDL could revive sentiment on the stock. We retain Add with a higher target price of RM1.35 as we update balance sheet items (unchanged 10% discount to RNAV). Key potential catalysts are job wins and the sale of EDL. Key downside risks are weak job wins and property sales.

Financial Summary

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue (RMm)	2,408	2,824	2,908	3,025	3,085
Operating EBITDA (RMm)	313.3	208.9	215.2	250.7	255.8
Net Profit (RMm)	267.4	167.6	131.3	142.1	144.4
Core EPS (RM)	0.062	0.039	0.030	0.033	0.033
Core EPS Growth	84.1%	(37.3%)	(21.7%)	8.2%	1.6%
FD Core P/E (x)	17.55	29.42	39.35	36.36	35.78
DPS (RM)	0.015	0.017	0.015	0.015	0.015
Dividend Yield	1.39%	1.57%	1.39%	1.39%	1.39%
EV/EBITDA (x)	21.44	34.06	32.77	27.87	27.06
P/FCFE (x)	NA	10.3	882.9	99.1	79.1
Net Gearing	73.1%	52.8%	52.6%	51.9%	50.9%
P/BV (x)	1.60	0.97	1.00	1.01	1.03
ROE	11.3%	4.3%	2.8%	3.0%	3.1%
% Change In Core EPS Estimates			(0.002%)	(0.003%)	
CIMB/consensus EPS (x)			0.97	0.65	

SOURCE: COMPANY DATA, CGS-CIMB FORECASTS

Figure 1: Results comparison

FYE Dec (RM m)	4QFY17	4QFY16	yoy % chg	3QFY17	qoq % chg	4QFY17 Cum	4QFY16 Cum	yoy % chg	Prev. FY17F	Comments
Revenue	408.2	1,031.7	(60.4)	1,134.1	(64.0)	2,823.7	2,408.1	17.3	2,432.2	Construction surged 107% yoy
Operating costs	(374.6)	(950.7)	(60.6)	(1,056.9)	(64.6)	(2,614.7)	(2,172.4)	20	(2,172.4)	In line with higher construction revenue
EBIT	33.6	81.0	(59)	77.3	(56.5)	208.9	235.7	(11.3)	190.8	
EBIT margin (%)	8.2	7.9	5	6.8	20.8	7.4	9.8	(24.4)	7.8	Construction margin recovery picked up pace in 2H17
EBIT	33.6	81.0	(59)	77.3	(56.5)	208.9	235.7	(11.3)		
Interest expense	(2.1)	(42.8)	(95.1)	(41.4)	(94.9)	(116.1)	(175.9)	(34.0)	(167.1)	Debt stood at RM3.4bn
Interest & invt inc	89.3	192.0	(53.5)	7.9	1,025.3	129.5	300.2	(56.9)	64.5	Cash stood at RM724.2m
Associates' contrib	10.8	8.5	27.7	8.6	26.0	25.0	32.7	(23.4)	32.9	
Exceptionals	60.8	201.0	(69.8)	3.8	1,500.0	60.8	242.6	(74.9)	-	Mostly from sale of 40% stake in Setapak land development
Pretax profit	131.6	238.6	(44.9)	52.3	151.5	247.3	392.6	(37.0)	191.3	
Tax	(26.7)	(29.6)	(7.0)	(21.8)	23	(65.5)	(73.5)	(10.9)	(29.0)	
Tax rate (%)	20.3	12.4	63.6	41.7	(51)	26.5	18.7	41.5	15.2	In line with statutory tax rate
Minority interests	0.8	(20.9)	103.9	(2.4)	134	(14.2)	(51.7)	(72.5)	(50.8)	
Net profit	105.7	188.1	(43.8)	28.1	276.1	167.6	267.4	(37.3)	111.5	
Core net profit	44.9	(12.9)	447.2	24.3	n.m.	106.8	24.8	331.2	111.5	FY17 core net profit made up 96% of our
EPS (sen)	4.8	8.9	(46.0)	1.3	276.5	6.6	13.8	(52.5)	6.0	full-year forecast and 99% of consensus
Core EPS (sen)	4.8	8.9	(46.0)	1.3	276.5	4.2	1.3	226.9	6.0	

SOURCE: CIMB RESEARCH

Figure 2: Segmental breakdown

Revenue	FY17	FY16	YoY	Comments
Engineering & construction	1,773.9	857.9	107%	Strong billings from RM6.2bn outstanding order book
Property development	858.7	1,330.4	-35%	Sentral Residences and Easton Burwood were completed in FY17
Infrastructure and environmental	114.9	112.4	2%	Driven by higher order book
Building services	55.8	71.3	-22%	Due to seasonal factors
Investment holding and others	20.4	36.1	-44%	Lumpy recurring revenues
Total	2,823.7	2,408.1	17%	
EBIT	FY17	FY16	YoY	
Engineering & construction	92.7	11.6	700%	Better cost control and variation order claims in 4Q17
Property development	176.0	464.6	-62%	Recorded RM242.6m disposal gains in FY16
Infrastructure and environmental	55.2	58.5	-6%	Some contracts at the tail-end
Building services	11.4	15.8	-28%	Profits tend to be lumpy
Investment holding and others	2.1	6.9	-69%	Driven by dividend income
Total	337.4	557.5	-39%	
EBIT margins	FY17	FY16	% pts	
Engineering & construction	5%	1%	4%	Reversion to healthier margins after completion of Bukit Jalil NSC project
Property development	20%	35%	-14%	Sustainable in 4Q17
Infrastructure and environmental	48%	52%	-4%	Typically higher project margins
Building services	21%	22%	-2%	Profits tend to be lumpy
Investment holding and others	11%	19%	-9%	Driven by dividend income
Total	12%	23%	-11%	

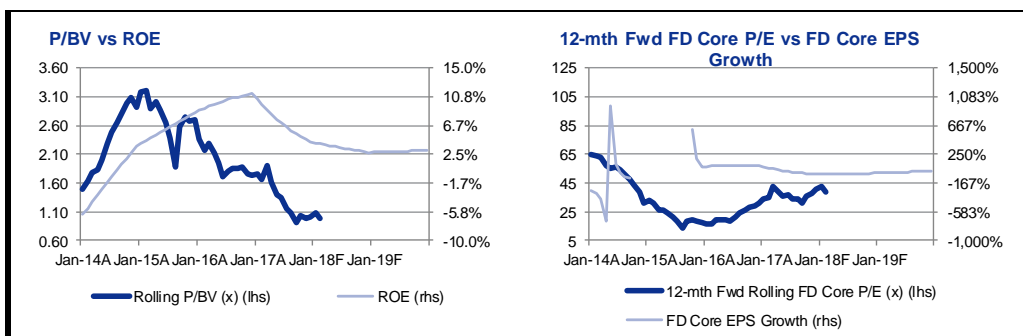
SOURCE: CIMB RESEARCH, COMPANY

Figure 3: RNAV

	Land bank		GDV	Stake	Value	Value
Ongoing property development	(Acres)	(m sq ft)	(RM m)	(%)	(RM psf)	(RM m)
Bukit Jalil KL Sports City	76.1	3.3	20,700.0	17%	400.0	225.4
Kwasa Sentral (Kwasa Damansara)	64.1	2.8	8,606.0	70%	350.0	684.1
Cyberjaya City	113.3	4.9	5,350.0	70%	550.0	1,900.1
KL Sentral - Lot F	5.7	0.2	2,993.0	100%	1,100.0	273.1
Semarak City - Setapak	27.4	1.2	2,977.0	100%	300.0	358.1
Penang Sentral - phases 3 & 7	16.7	0.7	2,100.0	70%	120.0	61.1
PJ Sentral - Nilaitera	7.8	0.3	1,656.0	100%	400.0	135.9
Lot 349, KL Sentral (service apartments)	4.9	0.2	1,413.0	100%	1,100.0	234.8
Q Sentral Office Tower	1.9	0.1	1,228.0	66%	1,000.0	54.6
Lot 94 Jalan Kia Peng	1.9	0.1	1,012.0	100%	500.0	41.4
9 Seputeh - Old Klang Road	8.0	0.3	795.0	100%	200.0	69.7
Pulai Johor	67.5	2.9	770.0	100%	35.0	102.9
PJ Sentral - Tower 1	0.0	0.0	700.0	100%	550.0	0.0
Penang Sentral - phases 1 & 2	6.0	0.3	590.0	100%	120.0	31.4
PJ Sentral - Tower 5	0.0	0.0	455.0	100%	550.0	0.0
PJ Sentral - Celcom Tower	2.3	0.1	428.0	100%	450.0	45.1
Suria Subang	3.2	0.1	401.0	100%	200.0	27.9
Seri Iskandar - phase 3	159.0	6.9	350.0	70%	10.0	48.5
Seri Iskandar - Phase 2	245.0	10.7	321.0	70%	5.0	37.4
Rahman Putra - phase 3	4.6	0.2	307.0	100%	20.0	4.0
Canegie - Melbourne	1.0	0.0	305.0	100%	450.0	19.6
Selbourne 2 - Shah Alam	2.4	0.1	198.0	100%	200.0	20.9
Rahman Putra - phase 2	4.1	0.2	175.0	100%	20.0	3.6
Rahman Putra - phase 1	5.5	0.2	84.0	100%	20.0	4.8
Total	828.4	36.1	53,914.0			4,384.3
				Stake		
Eastern Dispersal Link (EDL), 14.5% IRR, 12% WACC				100%		1,195.3
Construction Net profit (FY19) at 15x P/E				100%		681.3
MQ REIT				31%		370.8
LRT 3 PDP DCF value (6% PDP fees)				50%		210.5
Property investments (4Q17)						1,211.3
Associates & investments (4Q17)						578.7
Net working capital less prop development cost (4Q17)						1,277.5
Total borrowings (4Q17)						(3,381.9)
Total RNAV (RM m)						6,527.8
Enlarged no. of shares (m)						4,345.7
Outstanding warrants (2013/2018)						576.5
Proceeds from warrants @RM1.68 strike price						968.5
New free warrants (10-years)						438.5
Proceeds from new warrants @RM1.25 strike price						548.1
FD no.of shares (m)						5,360.7
FD RNAV (RM m)						8,044.5
FD RNAV/share (RM)						1.50
Discount to RNAV (%)						10%
Target price (RM/share)						1.35

SOURCES: CIMB RESEARCH, COMPANY

BY THE NUMBERS



Profit & Loss

(RMm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Net Revenues	2,408	2,824	2,908	3,025	3,085
Gross Profit	2,408	2,824	2,908	3,025	3,085
Operating EBITDA	313	209	215	251	256
Depreciation And Amortisation	(64)	(69)	(74)	(80)	(85)
Operating EBIT	250	140	141	171	170
Financial Income/(Expense)	(115)	13	(31)	(21)	(14)
Pretax Income/(Loss) from Assoc.	32	25	34	36	37
Non-Operating Income/(Expense)	227	69	44	21	22
Profit Before Tax (pre-EI)	393	247	188	206	216
Exceptional Items	0	0	0	0	0
Pre-tax Profit	393	247	188	206	216
Taxation	(74)	(66)	(32)	(35)	(39)
Exceptional Income - post-tax					
Profit After Tax	319	182	156	171	177
Minority Interests	(52)	(14)	(25)	(29)	(33)
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	267	168	131	142	144
Recurring Net Profit	267	168	131	142	144
Fully Diluted Recurring Net Profit	267	168	131	142	144

Cash Flow

(RMm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
EBITDA	313.3	208.9	215.2	250.7	255.8
Cash Flow from Inv. & Assoc.					
Change In Working Capital	9.3	41.8	45.3	49.0	53.0
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	0.0	0.0	0.0	0.0	0.0
Net Interest (Paid)/Received	(115.1)	13.4	(31.2)	(21.1)	(13.7)
Tax Paid	(73.5)	(65.5)	(32.0)	(35.3)	(38.9)
Cashflow From Operations	133.9	198.6	197.2	243.2	256.2
Capex	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)
Disposals Of FAs/subsidiaries	10.7	14.9	15.0	15.0	15.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0	0.0
Other Investing Cashflow	(171.4)	(171.4)	(171.4)	(171.4)	(171.4)
Cash Flow From Investing	(170.7)	(166.5)	(166.4)	(166.4)	(166.4)
Debt Raised/(repaid)	(450.3)	444.7	(24.9)	(24.7)	(24.4)
Proceeds From Issue Of Shares	0.0	1,716.6	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0	0.0
Dividends Paid	(21.1)	(21.1)	(21.1)	(21.1)	(21.1)
Preferred Dividends					
Other Financing Cashflow	708.9	26.8	(241.2)	31.8	31.8
Cash Flow From Financing	237.5	2,167.0	(287.2)	(14.0)	(13.7)
Total Cash Generated	200.6	2,199.1	(256.5)	62.8	76.0
Free Cashflow To Equity	(487.1)	476.9	5.9	52.2	65.3
Free Cashflow To Firm	139.1	148.2	192.9	234.1	242.3

SOURCE: CGS-CIMB RESEARCH, COMPANY DATA

BY THE NUMBERS... cont'd
Balance Sheet

(RMm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Cash And Equivalents	724	778	822	868	917
Total Debtors	1,603	3,067	2,915	2,771	2,633
Inventories	58	154	128	134	141
Total Other Current Assets	781	1,962	1,982	2,001	2,021
Total Current Assets	3,166	5,962	5,846	5,774	5,712
Fixed Assets	438	614	627	639	652
Total Investments	822	1,790	1,726	1,666	1,609
Intangible Assets	253	226	226	226	226
Total Other Non-Current Assets	3,074	1,709	1,693	1,677	1,662
Total Non-current Assets	4,587	4,339	4,272	4,208	4,147
Short-term Debt	806	2,491	2,466	2,441	2,417
Current Portion of Long-Term Debt	0	0	0	0	0
Total Creditors	1,586	1,279	1,254	1,229	1,204
Other Current Liabilities	43	218	218	218	218
Total Current Liabilities	2,435	3,988	3,937	3,888	3,839
Total Long-term Debt	2,131	891	891	891	891
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	161	493	474	455	436
Total Non-current Liabilities	2,292	1,385	1,365	1,346	1,328
Total Provisions	0	0	0	0	0
Total Liabilities	4,727	5,372	5,302	5,233	5,166
Shareholders' Equity	2,926	4,824	4,706	4,633	4,572
Minority Interests	99	104	110	115	121
Total Equity	3,025	4,929	4,816	4,748	4,693

Key Ratios

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue Growth	41.9%	17.3%	3.0%	4.0%	2.0%
Operating EBITDA Growth	95.9%	(33.3%)	3.0%	16.5%	2.0%
Operating EBITDA Margin	13.0%	7.4%	7.4%	8.3%	8.3%
Net Cash Per Share (RM)	(0.51)	(0.60)	(0.58)	(0.57)	(0.55)
BVPS (RM)	0.67	1.11	1.08	1.07	1.05
Gross Interest Cover	1.42	1.21	0.87	1.09	1.12
Effective Tax Rate	18.7%	26.5%	17.0%	17.2%	18.0%
Net Dividend Payout Ratio	7.9%	12.6%	16.1%	14.9%	14.6%
Accounts Receivables Days	203.3	299.0	372.6	340.4	317.9
Inventory Days	N/A	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A	N/A
ROIC (%)	5.97%	3.06%	2.26%	2.80%	2.84%
ROCE (%)	5.54%	3.78%	3.30%	3.78%	3.85%
Return On Average Assets	6.05%	1.87%	1.83%	1.91%	1.93%

Key Drivers

(RMm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Outstanding Orderbook	3,705	3,995	4,285	4,575	4,865
Order Book Depletion	510	510	510	510	510
Orderbook Replenishment	800	800	800	800	800
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A	N/A

SOURCE: CGS-CIMB RESEARCH, COMPANY DATA

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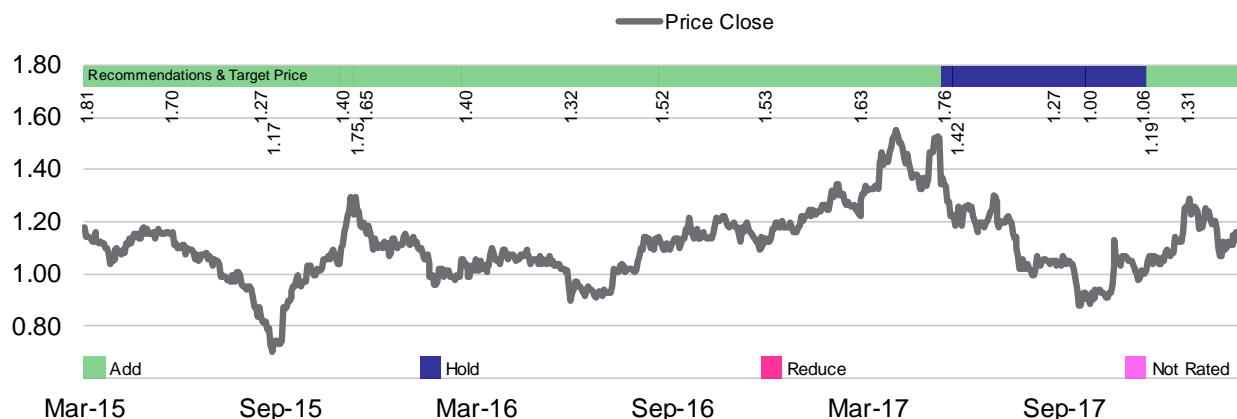
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Spitzer Chart for stock being researched (2 year data)

Malaysian Resources Corp (MRC MK)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2017, Anti-Corruption 2017

AAV – Very Good, n/a, **ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AMATA** – Very Good, n/a, **ANAN** – Excellent, n/a, **AOT** – Excellent, Declared, **AP** – Excellent, Declared, **ASK** – Very Good, Declared, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Declared, **BCP** - Excellent, Certified, **BCPG** – Very Good, n/a, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – not available, n/a, **BH** - Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Declared, **BLA** – Very Good, Certified, **BPP** – Good, n/a, **BR** - Good, Declared, **BTS** - Excellent, Certified, **CBG** – Good, n/a, **CCET** – Good, n/a, **CENTEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Very Good, Declared, **CPALL** – not available, Declared, **CPF** – Excellent, Declared, **CPN** - Excellent, Certified, **DELTA** - Excellent, n/a, **DEMCO** – Excellent, Certified, **DIF** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Very Good, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **GFPT** - Excellent, Declared, **GGC** – not available, Declared, **GLOBAL** – Very Good, Declared, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Declared, **GRAMMY** - Excellent, n/a, **GUNKUL** – Excellent, Declared, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **ICHI** – Excellent, n/a, **III** – not available, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JAS** – not available, Declared, **JASIF** – not available, n/a, **JUBILE** – Good, Declared, **KAMART** – not available, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KGI** – Very Good, Certified, **KKP** – Excellent, Certified, **KSL** – Very Good, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, n/a, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Very Good, Declared, **MALEE** – Very Good, n/a, **MBKET** – Very Good, Certified, **MC** – Very Good, Declared, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTLS** – Very Good, Declared, **NYT** – Excellent, n/a, **OISHI** – Very Good, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PSH** – Excellent, Certified, **PSL** - Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **SAMART** - Excellent, n/a, **SAPPE** - Good, n/a, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** - Excellent, Certified, **SCBLIF** – not available, n/a, **SCC** – Excellent, Certified, **SCN** – Very Good, Declared, **SCCC** - Excellent, Declared, **SIM** - Excellent, n/a, **SIRI** – Very Good, Declared, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Declared, **STA** – Very Good, Declared, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **TASCO** – Very Good, n/a, **TCAP** – Excellent, Certified, **THAI** – Very Good, n/a, **THANI** – Very Good, Certified, **THCOM** – Excellent, Certified, **THRE** – Very Good, Certified, **THREL** – Excellent, Certified, **TICON** – Very Good, Declared, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TK** – Very Good, n/a, **TKN** – Very Good, Declared, **TMB** - Excellent, Certified, **TNR** – Good, n/a, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TIPIP** – not available, n/a, **TRUE** – Excellent, Declared, **TTW** – Very Good, n/a, **TU** – Excellent, Declared, **TVO** – Excellent, Declared, **UNIQ** – not available, Declared, **VGI** – Excellent, Declared, **WHA** – not available, Declared, **WHART** – not available, n/a, **WORK** – not available, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of October 28, 2016) are categorized into:

- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.