Malaysia Company Guide

Sunway Construction Group

Version 1 | Bloomberg: SCGB MK | Reuters: SCOG.KL

Refer to important disclosures at the end of this report

DBS Group Research . Equity

13 May 2016

BUY

Last Traded Price: RM1.65 (**KLCI :** 1,648.98)
Price Target: RM1.92 (17% upside)
Potential Catalyst: Good proxy to 11MP infra projects, higly profitable precast segment.
Where we differ: While our earnings forecasts are broadly in-line, we are more bullish in terms of TP. We believe SCG will rerate with stronger earnings deliverance and contract wins.

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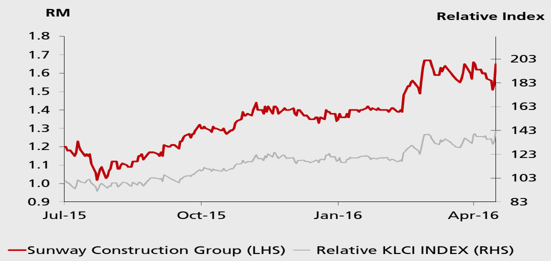
What's New

- **Executing on peak orderbook of RM5bn**
- **Strong YTD wins and looking to exceed RM2.5bn forecast, ample capacity for new orders.**
- **Potential writebacks may lift earnings**

Price Relative



Forecasts and Valuation

FY Dec (RM m)	2014A	2015A	2016F	2017F
Revenue	1,881	1,917	1,989	2,150
EBITDA	162	178	221	243
Pre-tax Profit	141	141	178	201
Net Profit	114	127	143	161
Net Pft (Pre Ex.)	125	127	143	161
Net Pft Gth (Pre-ex) (%)	86.5	1.9	12.1	12.9
EPS (sen)	8.83	9.84	11.0	12.4
EPS Pre Ex. (sen)	9.65	9.84	11.0	12.4
EPS Gth Pre Ex (%)	87	2	12	13
Diluted EPS (sen)	8.83	9.84	11.0	12.4
Net DPS (sen)	0.0	4.00	4.08	4.60
BV Per Share (sen)	24.4	34.9	41.8	49.7
PE (X)	18.7	16.8	15.0	13.3
PE Pre Ex. (X)	17.1	16.8	15.0	13.3
P/Cash Flow (X)	11.6	9.0	12.3	10.6
EV/EBITDA (X)	12.6	10.1	7.8	6.6
Net Div Yield (%)	0.0	2.4	2.5	2.8
P/Book Value (X)	6.8	4.7	3.9	3.3
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	24.6	33.2	28.7	27.2
Earnings Rev (%):		0	0	0
Consensus EPS (sen):		10.0	10.7	11.9
Other Broker Recs:		B: 8	S: 0	H: 3

Source of all data: Company, AllianceDBS Research, Bloomberg Finance L.P

Strong and dependable

Malaysia's leading pure construction player. Sunway Construction Group (SCG) is the largest listed pure play construction player in Malaysia. Given its strong track record with MRT, LRT and BRT jobs previously, we are of the view that SCG is on a strong footing to bag several key infrastructure packages such as LRT3 and BRT as well as other major highway projects like SUKE, DUKE and Pan-Borneo Highway. SCG has also established itself as the only construction specialist to be involved in all three Rapid Line infra projects (MRT, LRT and BRT). This makes the group one of the strongest contenders to win the pipeline of 11MP projects.

Riding on Singapore's public housing development. Its precast division is a strong proxy to the growing demand for HDB residences in Singapore where the government is targeting to build an additional 88,000 units of public housing in FY16-FY19. With premium EBIT margins recorded over the past few years, the business is ROE-enhancing and also synergistic to its construction business. The completion of its 3rd precast plant in Iskandar should give it ample capacity to cater for more orders while also compensating for the eventual return of the Tampines plant.

Still bidding for more jobs and looking to exceed RM2.5bn forecast. Not one to rest on its laurels, SCG will be bidding for LRT 3 (already prequalified), DASH and SUKE, Pan Borneo Highway and the internal projects from the property arm of its holding company. Its total tenderbook now stands at RM18bn. Assuming SCG were to win one package for LRT, one for either DASH and SUKE and also Pan Borneo Highway, it is likely to beat its 2013 new order wins of RM2.9bn, inclusive of precast.

Valuation:

BUY, TP set at RM 1.92. Our TP is based on sum-of-parts (SOP) valuation to reflect the growing contribution from its high-margin precast business. While our SOP value is RM2.77bn or RM2.14/share, we have ascribed a 10% discount to arrive at our target price of RM1.92.

Key Risks to Our View:

The timely execution of its peak orderbook of RM5bn is crucial to minimise any earnings cuts. With its strong execution track record and experience, we believe the group is able to execute the projects in a timely manner.

At A Glance

Issued Capital (m shrs)	1,293
Mkt. Cap (RMm/US$m)	2,133 / 531
Major Shareholders (%)	
Sunway Berhad	55.6
Tan Sri Jeffrey Cheah & Family	7.6
Free Float (%)	37.9
3m Avg. Daily Val (US$m)	1.5
ICB Industry : Industrials / Construction & Materials	

WHAT'S NEW

Looking to exceed expectations

We hosted SCG on a one and a half day non-deal roadshow (NDR) in Hong Kong which attracted a strong response. Below are some of the key takeaways:

Executing on peak orderbook. SCG's orderbook now stands at RM5bn which is at its peak. This will give it two and a half years' earnings visibility. The largest projects are Putrajaya Parcel F and MRT Line 2, V201 package which forms 53% of this. More importantly, we think pretax margins for these two key projects will also be at least 7-8%. Recall that 2015 pretax margin was low at 3.6% due to MRT Line 1 and KLCC project (NEC and Package 2 and 2A) where certain losses and provisions were fully provided for. For its KLCC project, the project ran into unfavourable soil conditions and was also impacted by a stop work order due to the client changing the tower footprint. We understand 1Q16 construction margins will show significant improvement on a y-o-y basis.

For the Putrajaya Parcel F, SCG has already locked in 50% of the steel requirements at an average price of roughly RM1,800 to RM2,000/tonne. This is a design and build project where it was also a criteria to be VDC-enabled, implying there is room to achieve higher margins. Also as a mitigating factor, SCG is looking to import more steel billets from China to be used at the local steel manufacturer's plant. For MRT Line 2, V201 package, pricing is 30% higher on a per km basis as compared to its V4 package for MRT Line 1, while all raw material requirements are borne by the government. Works are anticipated to start in June/July.

Still bidding for more jobs and looking to exceed RM2.5bn forecast. Not one to rest on its laurels, SCG will be bidding for LRT 3 (already prequalified), DASH and SUKE, Pan Borneo Highway and the internal projects from the property arm of its holding company. Its total tenderbook now stands at RM18bn. Assuming SCG were to win one package for LRT 3, one for either DASH and SUKE and also Pan Borneo Highway, it is likely to beat its 2013 new order wins of RM2.9bn, inclusive of precast.

SCG has prior experience for the LRT Package B (Kelana Jaya extension) which was completed in 2015 while the nature of DASH and SUKE which is largely elevated work will give it an edge over its competitors. We also like SCG's chances for Pan Borneo Highway given it has submitted four tenders out of eight, with all tenders closing by end of May. Additionally, its partner, KTS Group has strong local connections in terms of the supply chain procurement of raw materials, coupled with the fact that it also owns a quarry.

Strong YTD wins. So far, YTD wins including precast amount to RM2.0bn. We have modelled in RM2.5bn worth of new orders for FY16F, inclusive of precast. We estimate for every RM250m worth of new orders will raise our FY16F net profit by 1.4%.

Ample capacity to take on new orders. In spite of its peak orderbook of RM5bn, SCG believes it will take on more jobs with the existing machinery and 800 foreign workers it has directly under its payroll. Moreover, its larger projects such as MRT Line 2 and Putrajaya Parcel F stretches for another 4-5 years. SCG has one of the largest machinery arrays that include 27 boring rigs, 18 tower cranes, 11 crawler cranes and 23 hydraulic excavators. Also, in the past it has done work for MRT, LRT and BRT concurrently. In the more extreme circumstance, SCG can also outsource more work to release capacity.

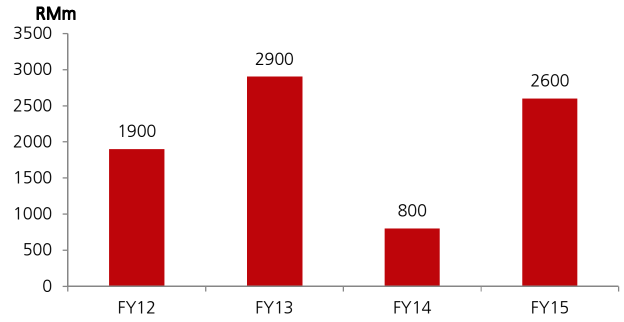
Total Outstanding Orderbook (RMm)

	Contract sum	Outstanding order book
Infrastructure		
MRT Package V4 (Sec 17 to Semantan)	1,173	43
MRT Package V201 (Sungai Buloh- Persiaran Dagang)	1,213	1,213
Johor		
Coastal Highway Southern Link	170	66
Building		
Putrajaya Parcel F	1,610	1,450
KLCC (NEC + Package 2 & 2a	646	414
Others	92	33
Internal		
Sunway Velocity 2 Mall + Link Bridge	370	92
Sunway Velocity Hotel + Office	93	69
Sunway Velocity Medical Centre	200	159
Sunway Geo Retail Shops & Flexi Suites	153	59
Sunway Medical Centre 3 (Sub & Superstructures)	167	96
Sunway Medical Centre 4 (2 towers)	380	380
Sunway Iskandar - Citrine Swc Apt	213	106
Sunway Geo Retail Shops & Flexi Suites Phase 2	244	207
Sunway Lenang Phase 1A	96	30
Sunway Iskandar- Emerald Residences	175	133
Others	124	51
Singapore		
Precast	844	416
Grand Total	**7,961**	**5,016**

Total YTD wins and potential new wins

Projects	Contract Sum (RMm)
Civil, Infrastructure & Building	
MRT Package V201 (Sungai Buloh- Persiaran Dagang)	1213
Velocity Link Bridge	20
MRT Spurline (piling)	12
Casa Kiara 3 (piling)	19
SMC4 & 5	380
Sunway Velocity Medical Centre	200
Sunway Velocity Hotel + Office	93
Precast	53
Grand total of YTD wins	1995
Potential new wins	
LRT3	600
DASH or SUKE	600
Pan Borneo (30% of RM1.5bn)	450
Precast	250
Grand total of potential new wins	1900

Total Yearly New Order wins



Potential writebacks? There could be one-off writebacks from certain projects but the timing remains uncertain. Of significance are its toll road projects in India with up to RM40m of potential writebacks and VOs for MRT Line 1. For MRT Line 1 V4 package, the PDP has only certified RM770m out of the RM1.173bn total contract value. This implies that there is ample budget to pay at least part of this balance RM440m. We understand part of this difference includes largely changing terrain conditions and prolongation costs. The Indian toll road writebacks could be by this year as we understand the courts have ruled in the favour of SCG at every jurisdiction level. This is part of the ongoing arbitration process with the National Highway Authority of India.

Precast. SCG is guiding for S$100m (c.RM300m) worth of new orders for FY16F which will continue to be buoyed by the housing market (80% in HDB) in Singapore. YTD wins amount to RM58m. It is confident of remaining as the top 3 precast supplier for HDB in Singapore.

We understand 50% of the steel requirements for the HDB construction can be passed on to the main contractor. Pretax margins will normalise to between 20% and 25% in FY16F vs 39% in FY14 and 31% in FY15. The higher margins in FY14-FY15 were due to the finalisation of accounts which typically is a 1-2 year process. When the accounts are certified, the additional revenue will flow straight to its bottomline.

Strong balance sheet. SCG is in a net cash position of RM332m as at end-2015 which will give it the flexibility to raise its dividend payout from the current 35% policy and also give it the opportunity to take on PFI and bullet payment-type projects or even explore overseas projects. This is a rarity among the listed contractors where most are in a net debt position. SCG has done works in the Middle East, Trinidad and Tobago and India before.

CRITICAL DATA POINTS TO WATCH

Earnings Drivers:

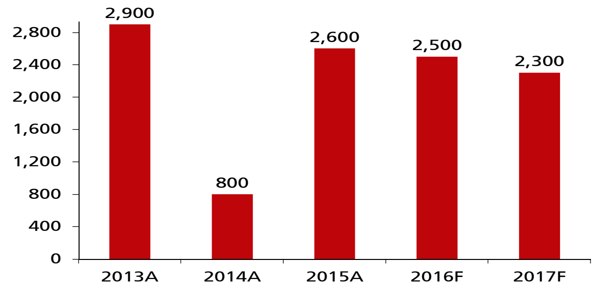
Sweet spot ahead. We think SCG's construction segment is entering a 'sweet spot' on the back of the expected upturn in Malaysia's construction industry. Given its notable brand name and strong execution track record, we believe the group is one of the strongest contenders to bag several key projects under the Eleventh Malaysia Plan (11MP). We are of the view that SCG is on a strong footing to bag several key infrastructure packages such as LRT3 and BRT as well as other major highway projects like SUKE, DUKE and Pan-Borneo Highway.

Stronger infrastructure orderbook. With MRT2 viaduct package (V201) being the major infra win in 2016 so far, we estimate its construction orderbook now stands at RM5.0bn. We think SCG has gotten off to a strong start with construction YTD wins of RM1.9bn. This means that SCG will only need to clinch another c.RM300m worth of contracts to meet our FY16F new wins assumptions for construction, as we have assumed a total of RM2.2bn new orders for this division.

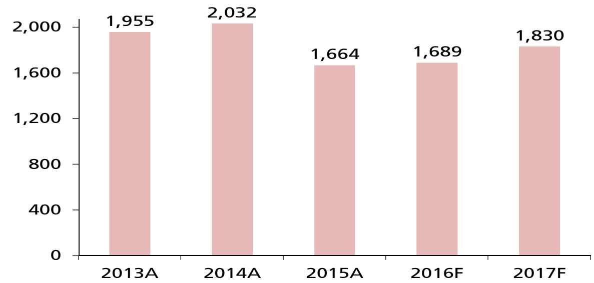
Highly profitable precast segment. SCG's precast segment should be sturdy in contributing a larger share of earnings to the group. SCG's precast division made up 13-16% of revenue in FY12-FY15. It was the largest earnings contributor in FY15, accounting for 57% of the group's overall EBIT. The group believes the normalised margin lies in the 20-25% range. This is supported by sustainable orders from the Singapore market. Assuming that it will retain the 3rd precast plant this year, its total annual production capacity in 2016 is estimated to rise to 251,000 m^3. The continuous expansion of its plants enables the group to have ample capacity to cater for more orders from the Singapore market, as the group plans to return the Tampines plant by year 2017.

Potential next win – Pan Borneo Highway. SCG has partnered with a local private company in Sarawak, KTS Holdings Sdn Bhd. For this project, it is understood that the share of the JV must be 70:30 with local Sarawak contractor holding the majority stake. It is estimated that total cost for the Pan Borneo Highway Sarawak project amounted to RM16.1bn, with each package worth around RM1-1.5bn. Hence, we expect SCG to win at least another RM450m, based on 30% share of the RM1.5bn package.

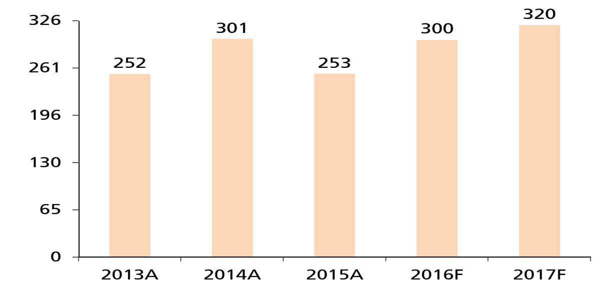
New order wins



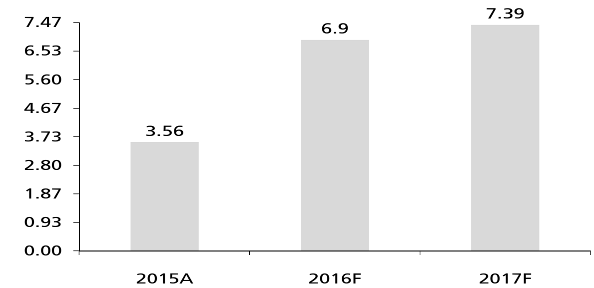
Construction revenue



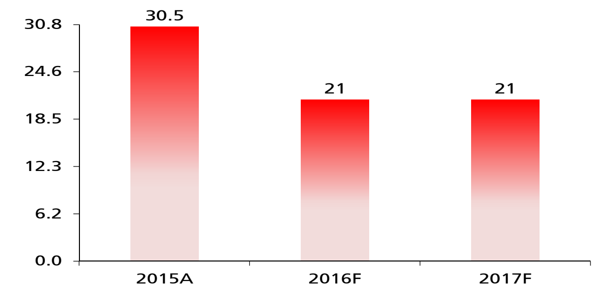
Precast revenue



Construction EBIT margins



Precast EBIT margins



Source: Company, AllianceDBS Research

Balance Sheet:

Strong balance sheet and cash generation ability. As at 31 Dec 2015, the company has a net cash position of RM332m, with no long-term borrowings and minimal working capital requirements going forward. We estimate the group will retain its strong balance sheet with next cash position of RM417m and RM527m for FY16-FY17F. Meanwhile, its ROAE is expected to hover around the 27-29%.

Share Price Drivers:

Executing on peak orderbook. Suncon's orderbook now stands at RM5bn which is at its peak. This will give it two and a half years' visibility. The largest projects are Putrajaya Parcel F and MRT Line 2, V201 package which forms 53% of this. More importantly, we think pretax margins for these two key projects will also be at least 7-8%. Recall that 2015 pretax margin was low at 3.6% due to MRT Line 1 and KLCC project (NEC and Package 2 and 2A) where certain losses and provisions were fully provided for.

Dividend payout policy of at least 35%. SCG is committed to distribute minimum 35% of its core profit to shareholders, which is rare among construction players. This could be attributable to its sizeable operations with a large asset base that requires little capex spending going forward. We have imputed a 37% dividend payout ratio, based on our strong net cash forecasts. This translates into decent yields of c.3%

Key Risks:

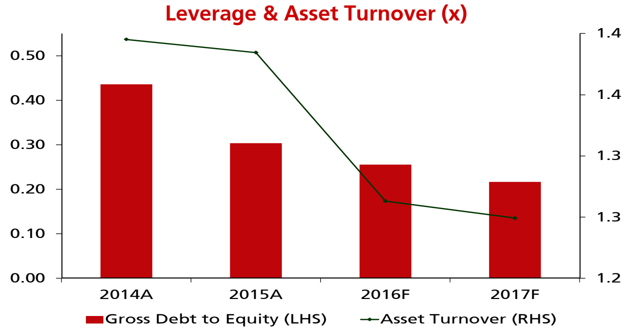
Delays in construction. There may be project cost overruns due to several factors such as design and engineering issues and soil conditions.

Fluctuations of prices of raw materials. The construction business typically requires a wide range of raw materials including steel bars, ready mixed concrete, diesel, electrical cables and fittings, which are all subject to price fluctuations.

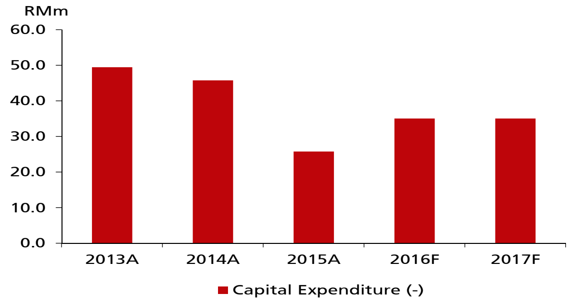
Company Background

An established player with >30 years of heritage, Sunway Construction Group (SCG) is one of Malaysia's largest construction companies. It adopts an integrated business model that covers various phases of construction activities, from project design to completion.

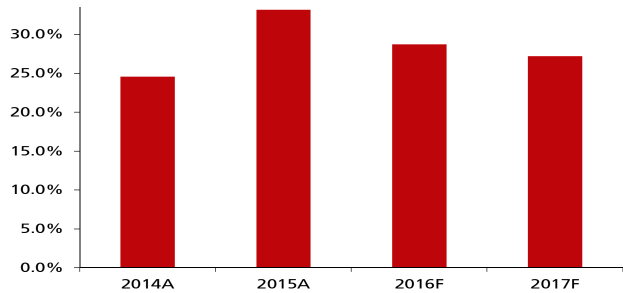
Leverage & Asset Turnover (x)



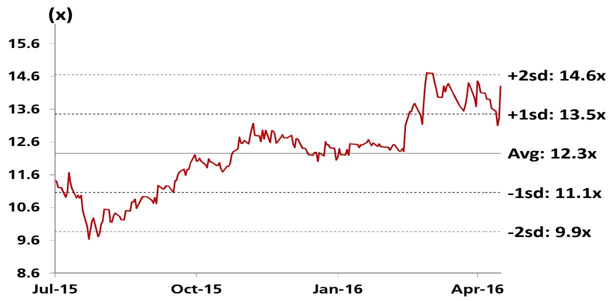
Capital Expenditure



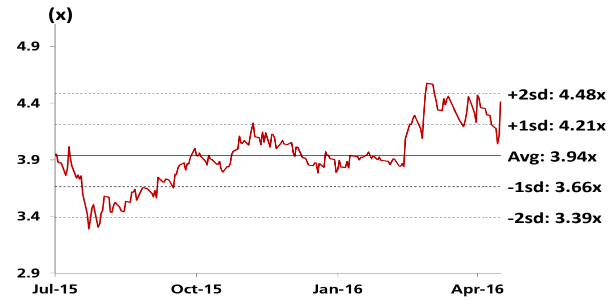
ROE (%)



Forward PE Band (x)



PB Band (x)



Source: Company, AllianceDBS Research

Key Assumptions

FY Dec	2013A	2014A	2015A	2016F	2017F
New order wins	2,900	800	2,600	2,500	2,300
Construction revenue	1,955	2,032	1,664	1,689	1,830
Precast revenue			253	300	320
Construction EBIT margins			3.56	6.90	7.39

Segmental Breakdown

FY Dec	2013A	2014A	2015A	2016F	2017F
Revenues (RMm)					
Construction	1,955	2,032	1,664	1,689	1,830
Precast Concrete	252	301	253	300	320
Consolidated Adjustments	(368)	(452)	0.0	0.0	0.0
Total	**1,840**	**1,881**	**1,917**	**1,989**	**2,150**
EBIT (RMm)					
Construction			59.2	117	135
Precast Concrete			77.1	62.9	67.2
Total	**42.4**	**120**	**136**	**180**	**203**
EBIT Margins (%)					
Construction	N/A	N/A	3.6	6.9	7.4
Precast Concrete	N/A	N/A	30.5	21.0	21.0
Total	**2.3**	**6.4**	**7.1**	**9.0**	**9.4**

RM2.3bn new wins in 2017 (RM2bn construction RM300m precast)

Precast margins to normalise towards 20% range

Income Statement (RMm)

FY Dec	2013A	2014A	2015A	2016F	2017F
Revenue	1,840	1,881	1,917	1,989	2,150
Cost of Goods Sold	(1,502)	(1,485)	(1,514)	(1,529)	(1,666)
Gross Profit	**338**	**395**	**403**	**460**	**484**
Other Opng (Exp)/Inc	(296)	(275)	(267)	(280)	(281)
Operating Profit	**42.4**	**120**	**136**	**180**	**203**
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	45.4	30.4	(0.1)	0.0	0.0
Net Interest (Exp)/Inc	2.07	0.72	4.54	(1.4)	(1.4)
Exceptional Gain/(Loss)	27.6	(10.6)	0.0	0.0	0.0
Pre-tax Profit	**117**	**141**	**141**	**178**	**201**
Tax	(23.7)	(26.5)	(13.0)	(35.6)	(40.2)
Minority Interest	0.85	0.05	(0.6)	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	**94.5**	**114**	**127**	**143**	**161**
Net Profit before Except.	66.9	125	127	143	161
EBITDA	85.2	162	178	221	243
Growth					
Revenue Gth (%)	N/A	2.2	1.9	3.7	8.1
EBITDA Gth (%)	nm	90.0	10.1	24.0	9.8
Opg Profit Gth (%)	nm	183.7	13.4	31.7	12.8
Net Profit Gth (Pre-ex) (%)	nm	86.5	1.9	12.1	12.9
Margins & Ratio					
Gross Margins (%)	18.4	21.0	21.0	23.1	22.5
Opg Profit Margin (%)	2.3	6.4	7.1	9.0	9.4
Net Profit Margin (%)	5.1	6.1	6.6	7.2	7.5
ROAE (%)	N/A	24.6	33.2	28.7	27.2
ROA (%)	N/A	8.5	9.2	9.0	9.3
ROCE (%)	N/A	21.8	25.3	22.1	21.7
Div Payout Ratio (%)	0.0	0.0	40.7	37.0	37.0
Net Interest Cover (x)	NM	NM	NM	130.7	143.3

Source: Company, AllianceDBS Research

Quarterly / Interim Income Statement (RMm)

FY Dec	1Q2015	2Q2015	3Q2015	4Q2015
Revenue	496	500	450	470
Cost of Goods Sold	0.0	0.0	0.0	0.0
Gross Profit	**496**	**500**	**450**	**470**
Other Oper. (Exp)/Inc	(457)	(459)	(422)	(443)
Operating Profit	**39.2**	**41.3**	**28.2**	**27.6**
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0
Associates & JV Inc	0.0	0.0	0.0	0.0
Net Interest (Exp)/Inc	0.44	0.37	1.90	1.84
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0
Pre-tax Profit	**39.6**	**41.7**	**30.1**	**29.4**
Tax	(5.2)	(3.8)	(5.0)	0.97
Minority Interest	0.0	0.0	0.46	(1.0)
Net Profit	**34.4**	**37.8**	**25.7**	**29.4**
Net profit bef Except.	34.4	37.8	25.7	29.4
EBITDA	39.2	41.3	28.2	27.6
Growth				
Revenue Gth (%)	N/A	0.8	(10.0)	4.4
EBITDA Gth (%)	nm	5.4	(31.6)	(2.4)
Opg Profit Gth (%)	nm	5.4	(31.6)	(2.4)
Net Profit Gth (Pre-ex) (%)	nm	10.0	(32.1)	14.4
Margins				
Gross Margins (%)	100.0	100.0	100.0	100.0
Opg Profit Margins (%)	7.9	8.3	6.3	5.9
Net Profit Margins (%)	6.9	7.6	5.7	6.2

Mainly due to higher margins contributed by precast segment

Balance Sheet (RMm)

FY Dec	2013A	2014A	2015A	2016F	2017F
Net Fixed Assets	206	179	163	156	151
Invts in Associates & JVs	22.1	24.2	0.0	0.0	0.0
Other LT Assets	5.77	10.8	17.4	17.4	17.4
Cash & ST Invts	157	222	468	555	662
Inventory	25.5	20.2	17.3	19.8	21.4
Debtors	1,020	790	835	872	943
Other Current Assets	4.95	8.52	14.4	14.4	14.4
Total Assets	**1,442**	**1,254**	**1,515**	**1,634**	**1,809**
ST Debt	75.1	135	137	138	139
Creditor	731	791	913	942	1,014
Other Current Liab	9.42	13.2	9.26	9.26	9.26
LT Debt	15.4	0.07	0.0	0.0	0.0
Other LT Liabilities	1.57	4.29	4.10	4.10	4.10
Shareholder's Equity	614	315	451	541	642
Minority Interests	(4.5)	(5.2)	0.63	0.63	0.63
Total Cap. & Liab.	**1,442**	**1,254**	**1,515**	**1,634**	**1,809**
Non-Cash Wkg. Capital	311	14.1	(56.1)	(45.1)	(44.9)
Net Cash/(Debt)	66.1	86.4	332	417	523
Debtors Turn (avg days)	N/A	175.7	154.7	156.6	154.0
Creditors Turn (avg days)	N/A	192.4	211.3	227.6	219.5
Inventory Turn (avg days)	N/A	5.8	4.6	4.6	4.6
Asset Turnover (x)	NM	1.4	1.4	1.3	1.2
Current Ratio (x)	1.5	1.1	1.3	1.3	1.4
Quick Ratio (x)	1.4	1.1	1.2	1.3	1.4
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	54.6	33.8	18.8	25.4	25.2
Z-Score (X)	NA	NA	NA	NA	NA

Strong balance sheet and net cash position

Source: Company, AllianceDBS Research

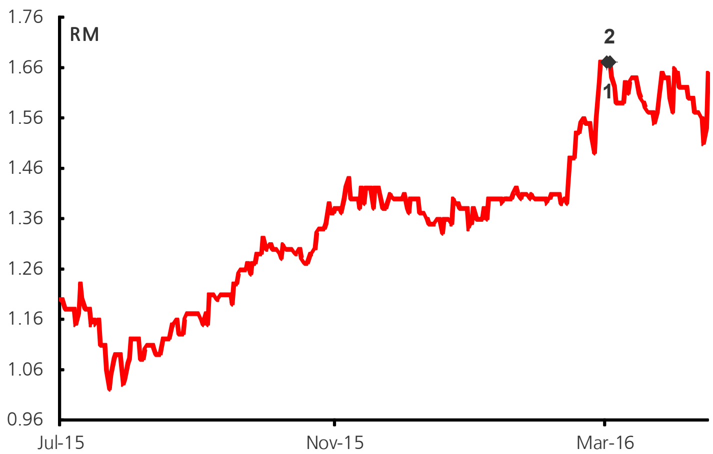
Cash Flow Statement (RMm)

FY Dec	2013A	2014A	2015A	2016F	2017F
Pre-Tax Profit	89.8	151	141	178	201
Dep. & Amort.	42.8	41.6	41.9	41.5	40.1
Tax Paid	(23.7)	(26.5)	(13.0)	(35.6)	(40.2)
Assoc. & JV Inc/(loss)	0.0	0.0	0.0	0.0	0.0
Chg in Wkg.Cap.	(66.8)	297	79.9	(11.0)	(0.2)
Other Operating CF	41.0	(279)	(13.6)	0.0	0.0
Net Operating CF	**83.1**	**184**	**236**	**173**	**201**
Capital Exp.(net)	(49.4)	(45.7)	(25.7)	(35.0)	(35.0)
Other Invts.(net)	0.0	0.0	0.0	0.0	0.0
Invts in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0
Other Investing CF	(19.7)	395	(38.8)	0.0	0.0
Net Investing CF	**(69.2)**	**349**	**(64.5)**	**(35.0)**	**(35.0)**
Div Paid	(19.5)	(429)	(70.0)	(52.7)	(59.5)
Chg in Gross Debt	29.2	46.5	1.64	1.00	1.00
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	(21.9)	(85.5)	65.7	0.0	0.0
Net Financing CF	**(12.2)**	**(468)**	**(2.6)**	**(51.7)**	**(58.5)**
Currency Adjustments	0.0	0.0	0.0	0.0	0.0
Chg in Cash	1.76	65.5	169	86.3	107
Opg CFPS (sen)	11.6	(8.7)	12.1	14.2	15.5
Free CFPS (sen)	2.61	10.7	16.3	10.7	12.8

Capex capped at RM40m going forward.

Source: Company, AllianceDBS Research

Target Price & Ratings History



Note : *Share price and Target price are adjusted for corporate actions.*

S.No.	Date	Closing Price	Target Price	Rating
1:	28 Mar 16	1.67	1.92	BUY
2:	29 Mar 16	1.67	1.92	BUY

Source: AllianceDBS Research

AllianceDBS Research recommendations are based an Absolute Total Return* Rating system, defined as follows:
STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)
BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return i.e. > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

Share price appreciation + dividends

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