07 July 2015 | Initiation Coverage

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Sunway Construction Group Berhad

The largest pure-play construction outfit

***Initiate with* BUY**

Target Price (TP): RM1.38

INVESTMENT HIGHLIGHTS

- **Sunway Construction Group Berhad ("SCGB") is the largest pure-play integrated construction services provider offering end-to-end total construction solutions.**
- **We expect SCGB to clinch contracts in the upcoming major infrastructure projects such as MRT2, LRT3, and BRT given its successful track record.**
- **Order book prospect is good with support from Sunway Berhad, government infrastructure spending and residential housing development in Singapore.**

Footprints in residential, commercial, industrial building and infrastructure development. Past and present projects undertaken by SCGB span across residential, commercial, industrial, purpose-built building and infrastructure construction, including international projects such as Rihan Heights in Abu Dhabi and highway construction in India. Diversification of project portfolio allows SCGB to leverage on its resources, spread the risks from demand instability due to softening of property market, and capture new opportunities.

Strong orderbook on the back of government infrastructure spending and support from Sunway Berhad. SCGB is well positioned to secure more contracts from major government infrastructure spending, notably the MRT 2, LRT 3 and BRT. Having gathered design-and-build experience in all three urban transit system constructions, SCGB is poised to sustain its strong orderbook especially in FY16 and FY17 once the awards are given out.

Quite attractively priced offering with positive earnings growth from FY17 onwards. SCGB is quite attractively priced at RM1.20, offering ample potential upside in FY17 when the contribution from some major projects starts to kick in.

Initiate coverage with a BUY recommendation and TP of RM1.38. We initiate coverage on Sunway Construction with a BUY recommendation and a TP of RM1.38, with 15% potential price upside. Inclusive of 3% dividend yield, the total expected return is 18%. Our TP is derived based on the average FY15/16 EPS of 9.9sen, which is pegged to upper mid-cap construction companies' PER of 14x.

RETURN STATS	
IPO Retail Price	RM1.20
Target Price	RM1.38
Expected Share Price Return	15.0%
Expected Dividend Yield	3.0%
Expected Total Return	**+18.0%**

STOCK INFO	
Existing No. of Shares	1,292.9
No. of Offer-for-Sale Shares	398.7
Over-allotment Option	59.8
Listing	Main Market
Market Capitalization upon IPO	1,551.5

IPO TIMETABLE	DATE
Opening of Retail Offering	29 June 2015
Closing of Retail Application	6 July 2015
Closing of Institutional Application	7 July 2015
Price Determination	7 July 2015
Balloting under Retail Offering	8 July 2015
Transfer to successful applicants	23 July 2015
Listing on Main Market	28 July 2015

UTILIZATION OF PROCEEDS		
Details	**RM'm**	**%**
Working capital & listing expenses	30.0	6.27
Special Cash Dividend	448.4	93.73
Total	**478.4**	**100.00**

INVESTMENT STATISTICS

FYE Dec	FY14	FY15F	FY16F	FY17F
Revenue (RM'm)	1,880.7	2,100.2	1,815.3	1,993.6
EBIT (RM'm)	120.2	167.2	149.4	164.1
Pre-tax Profit (RM'm)	151.3	168.6	150.4	165.5
Normalised PATAMI (RM'm)	114.2	135.1	120.6	132.6
EPS (sen)	8.8	10.5	9.3	10.3
EPS growth (%)	20.9	18.3	-10.8	10.0
PER(x)	13.6	11.5	12.9	11.7
Net Dividend (sen)	2.0	3.7	3.3	3.6
Net Dividend Yield (%)	1.5	3.0	2.7	3.0

Source: Company, MIDFR

INVESTMENT THESIS

A pure play integrated construction services provider with diversified project portfolio. SCGB is an integrated construction services provider that offers a broad range of services ranging from design and build to manufacturing and sales of precast concrete products. A broad market strategy results in a diversified project portfolio and various construction capabilities. Moreover, a pure focus on its core business away from property development not only allow it to exploit synergies that arise from sharing the same physical and financial resources, but also capitalize on the positive reputation it gains from design-and-build segment. In addition, the adoption of broad market strategy helps reduce the negative risks as a result of demand instability, and enables SCGB to capture new opportunities from external sources. Its in-house capability in piling and substructure has offered SCGB an edge over its competitors as it does not rely on outsourcing to sub-contractors, leading to an improvement of margin, timely execution and delivery, as well as cost savings for its clients.

Strong contender for major upcoming large-scale infrastructure projects. SCGB is the only construction company which has completed various packages in all three public transportation projects, namely the MRT, LRT and BRT. The award of contracts and commencement of works under MRT2 are set in 2016, while LRT 3 construction is expected to begin in either end of this year or 1Q16. We are of the opinion that SCGB is well-positioned to secure some of the contracts mainly due to, (1) its experience in infrastructure construction and expertise in technically complex projects; (2) financial capacity to undertake big scale projects; and (3) brand recognition in quality and timely delivery. We expect the awards to boost SCGB's order book in FY16 onwards, contributing materially to its earnings in FY17 and onwards.

Riding on positive momentum in construction sector led by both private and public. SCGB has enjoyed a significant presence in Johor with landmark projects such as the Legoland Theme Park and Water Park, Pinewood Iskandar Malaysia Studios and Sunway Geo Flexi. In addition, it is also involved in various highway construction projects such as SILK highway and the recent award of Coastal Southern Link Highway contract. Going forward, SCGB's outlook may continue to be dependent on government spending on infrastructure projects as well as property building demand from the private sector. Under 11MP, the continued focus is on providing more infrastructures to support economic growth activities which bode well for construction companies like SCGB. Demand for construction services will also increase on the back of growth prospects of other industries. Having a strong track record in commercial and residential development as well as infrastructure constructions in Malaysia, SCGB is poised to leverage on the robust sector growth.

Table 1: Selected Ongoing and Upcoming Projects in Malaysia

Project	Type of Development	Estimated Value (RM'b)
LRT 3	Infrastructure	9.0
MRT 2	Infrastructure	26.0
High Speed Rail from Kuala Lumpur to Singapore	Infrastructure	40.0
Damansara-Shah Alam Highway (DASH)	Infrastructure	4.2
Pan-Borneo Highway	Infrastructure	17.0
Penang Transport Masterplan	Infrastructure	27.0
KLCC development	Mixed development	5.0
BRT	Infrastructure	18.0
Iskandar Malaysia- Unrealised Investment	Mixed	2.6

Source: Various, MIDFR

Strong orderbook with healthy replenishment rate backed by solid support from its parent. SCGB maintains a strong orderbook of RM2.76 billion as of 31 March 2015. The past financial years have been good to SCGB, with the peak outstanding orderbook of RM4.2b in 2013. The listing exercise will help increase SCGB's visibility, lending the Company the capacity to raise more fund to undertake big projects in future. We are keeping a positive outlook on its orderbook replenishment with future rollout of development projects, private and public alike, backed by (1) strong support from its parent, Sunway Berhad, and (2) good relationship with its major recurring customers such as KLCC Corp, Putrajaya Holdings, and Prasarana. Hence we opine that management target of recurring bedrock orders of RM500m to RM800m per annum from Sunway Holdings Berhad to be achievable. It is noteworthy that Sunway Holdings Berhad has expanded its landbank presence to Penang for commercial and residential development with a rough total GDV of RM1.5b, indirectly benefiting SCGB should it be awarded contracts for the planned development.

Table 2: Outstanding Orderbook as of 31 March 2015

Project	Value (RM'm)	Outstanding (RM'm)	Completion
Urban Wellness Center	282.9	113.0	Oct-15
LRT Package B Kelana Jaya Line Extension	569.0	129.0	Jun-15
Sunway University new academic block	203.9	8.0	Completed
Klang Valley MRT Package V4 Viaduct Gateway	1,172.8	502.0	Jan-16
BRT-Sunway Line	452.5	62.0	Jun-15
Sunway Putra Mall	258.4	-	Mar-15
Sunway Velocity Shopping Mall	349.7	223.0	Dec-15
KLCC North East Car Park	304.0	215.0	Dec-16
KLCC Package 2	222.0	113.0	Feb-15
Sunway Pyramid Phase 3	192.6	106.0	Sep-15
Afiniti Medini mixed development project	282.9	113.0	Oct-15
Sunway Geo Retail and Flexi Suites	152.5	129.0	Jun-16
Sunway Medical Center Phase 3	166.6	157.0	Mar-17
Citrine Mixed Development, Sunway Iskandaar	212.8	171.0	Mar-17
Coastal Highway Southern Link	169.9	165.0	Jan-17
Others	N/A	195.0	N/A
Precast	598.0	359.0	N/A
Total		**2,760.0**	

Source: Company, MIDFR

Impressive margin from its precast business. Compared to its Singapore peers such as Koon Holdings Ltd who owns Econ Precast Pte Ltd and Contech Precast Pte Ltd, SCGB achieves a higher margin for its precast IBS business. This is largely owing to the strategic location of its factories in Johor and Singapore which allows it to capitalize on shorter distances to its key clients' premises. SCGB, through its subsidiary Sunway Concrete Products (S) Pte Ltd, is a direct beneficiary of the burgeoning growth in residential property development by HDB in Singapore. The expansion of its current plant in Senai, Johor, effectively raised the maximum average annual capacity for this plant to approximately 76,000m^3. Furthermore, the planned opening of a new precast concrete plant with a capacity of 93,150m^3 in Sunway Iskandar Johor will enable SCGB to tap into the demand arising from KL-Singapore HSR and residential property demand in Singapore. The higher levels of automation in its plants in Johor and Singapore (max. capacity of 124,000$m^{3)}$ are expected to increase productivity and optimize costs. It is noteworthy that precast manufacturing only accounts for 16% of its total revenue in FY14. However, we expect to see an increased contribution once the new plant is set up with demand expected to be driven by the 80,000 units of public housing facilities planned to be completed in three (3) years by the Singapore government.

Table 3: Precast Concrete Manufacturers in Singapore

Peer	Description	Market Cap (SGD'm)	Precast PBT margin in FY14 (%)	Revenue from Precast in FY14 (SGD'm)
Koon Holdings Limited	Supply and design precast concrete works to both public and private housing developers in Singapore through its subsidiaries Econ Precast Pte Ltd and Contech Precast Pte Ltd	26.3	2.3	72.6
NSL Limited	Offer engineering design and manufacturing of Precast Concrete components; and formulation and manufacturing of drymix Plaster and Mortar products through subsidiary Eastern Pretech Group	560.3	Loss before tax of 7.7	219.5

Source: MIDFR

KEY INVESTMENT RISKS

Failure to bag new contracts on time to replenish its orderbook. The overall outlook on construction sector remains upbeat with many upcoming sizable infrastructure projects by the government and private sector, but any slower than expected rollout of these projects will negatively affect SCGB. Furthermore, the weakening pace of property building pursuant to the central bank's cooling measures may also negatively impact SCGB. Besides, SCGB's dependence on Sunway Berhad for internal commercial and residential job orders (accounts for 37% of its orderbook as at 31 December 2014) poses additional timing and project risks should it also fail to secure more contracts.

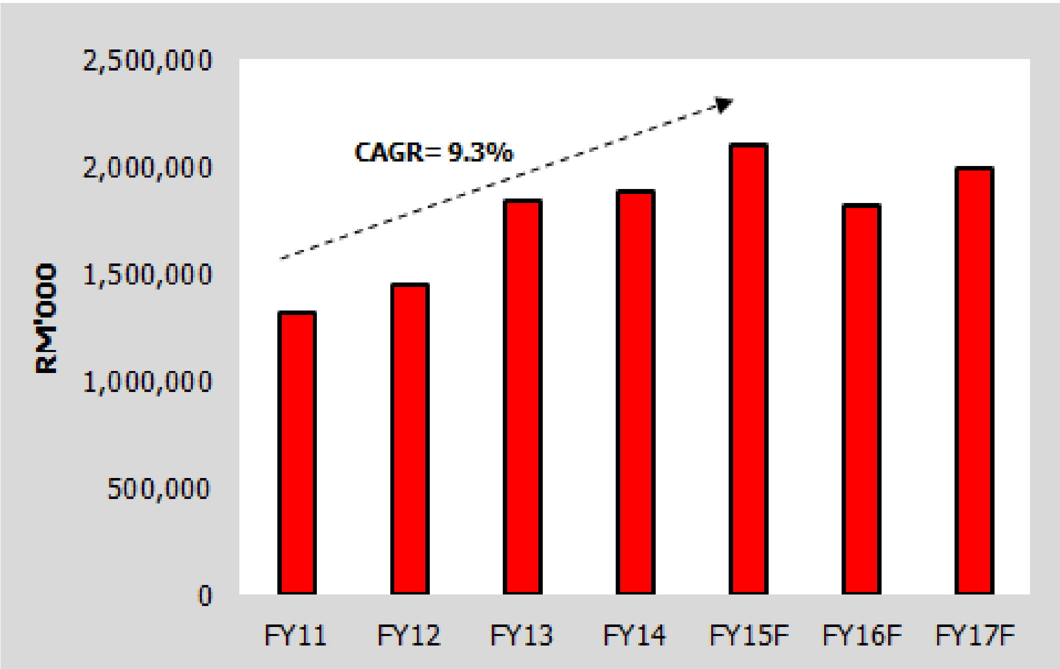
Adverse fluctuation of raw material prices. SCGB enjoyed a record high PBT margin of 8% in FY14, translating into an improvement of 63% from FY13. The main raw materials used by construction companies are steel bars, ready-mixed concrete and fuels. We believe the plunge in oil price during second half of 2014 and the decline in steel price contributed partly to the good margin. Hence we can expect an opposite result upon the price recovery of these raw materials.

Relocation of the manufacturing and sale of precast concrete products from Tampines, Singapore. HDB may not renew the leases of two parcels of land on which the business is conducted upon its expiry in 2017. If SCGB decided not to proceed with the investment in Integrated Construction and Precast Hubs due to its large costs, SCGB may incur additional fuel, transportation and handling costs for being further away from its HDB customers.

FINANCIAL HIGHLIGHTS

Revenue CAGR of +9.3%. The total revenue for SCGB has been on an upward trend for the past four 4 financial years (see chart 1), recording a CAGR of +9.3% which was quite in tandem with the 11.3% CAGR of construction sector GDP from 2009 to 2013. Notably, SCGB's revenue jumped 27% from FY12 to FY13 due to a significant increase in revenue from civil/infrastructure construction services, mainly the LRT Package B, MRT Package V4 and BRT-Sunway Line. Revenue from the manufacturing and sale of precast concrete products rallied in FY14, so did building construction services. We are forecasting a declining growth rate in FY16 due to (1) slower than expected replenishment in the 1H2015, (2) lower jobs secured in FY14 of only RM800m, and (3) the tail-end progress of major civil/infrastructure jobs. We foresee the turnover in 2016 to be suppressed but we expect the contribution from major infrastructure projects to pick up in FY17.

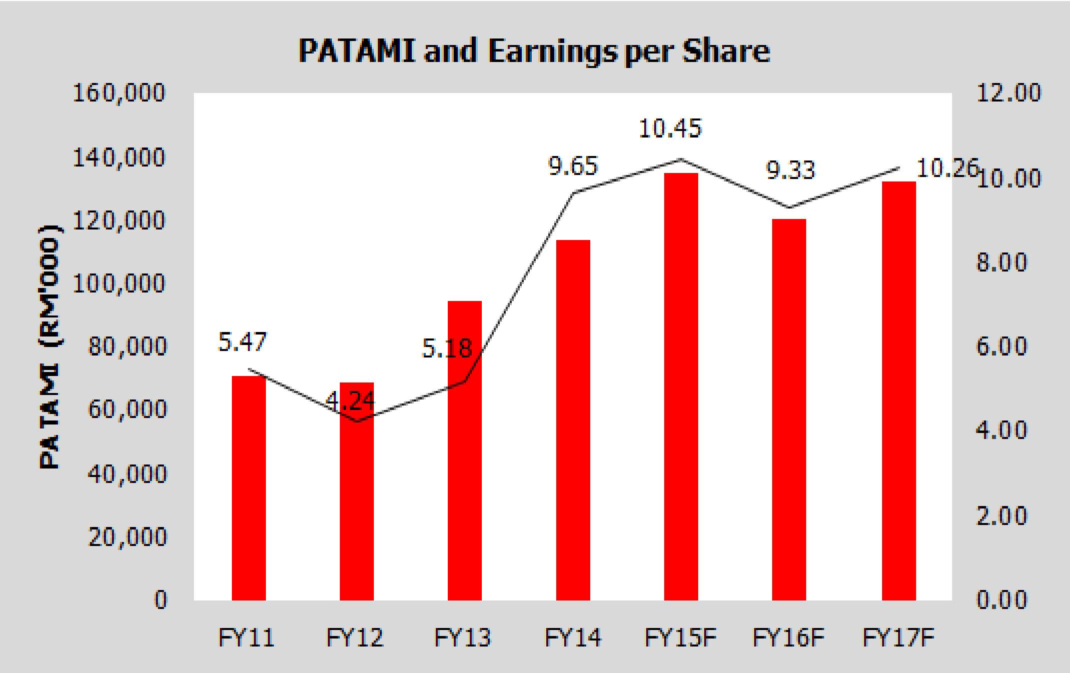
Chart 1: Revenue Growth CAGR



Source: Company, MIDFR

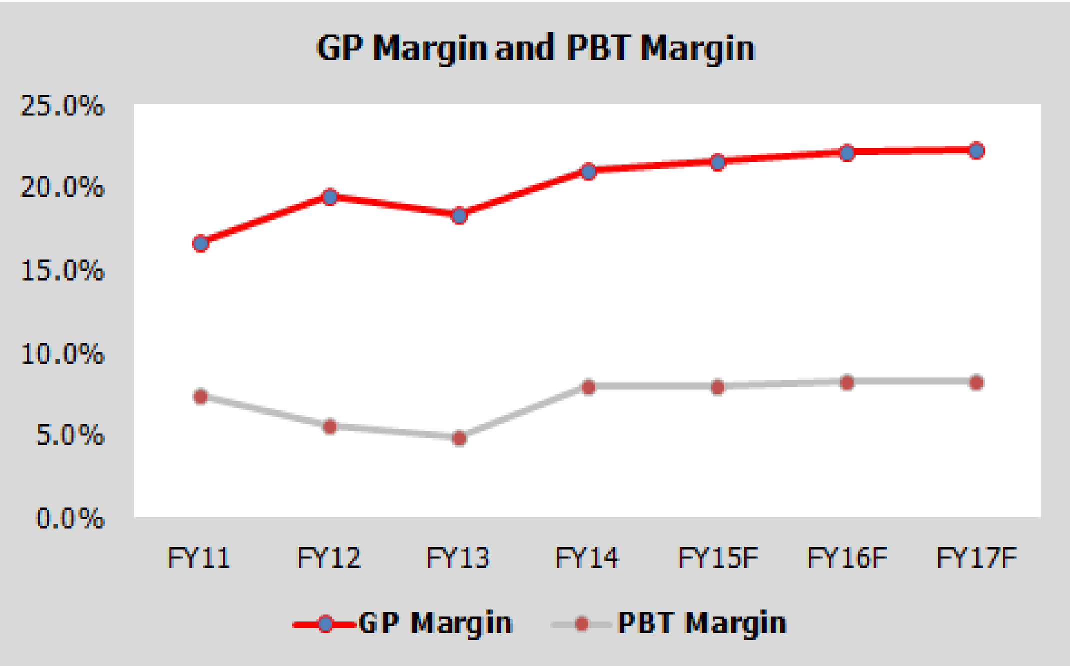
SCGB's EPS has seen a 4-year CAGR of +15.2%. Looking forward, we estimate a decline in EPS for FY16 as the construction cycle nearing the tail end and slower replenishment of its orderbook (see chart 2). Earnings will rise again in FY17 onwards with the expected rise in government-led construction spending. The reduction in revenue will be made up by improvement in margin as SCGB continues to leverage on its technical know-how and experience plus the implementation of VDC to streamline and better coordinate the project planning and development. Notably, its margin improved 68.4% from FY13 to FY14 (see chart 3) contributed by the civil and infrastructure arm, and its precast business.

Chart 2: PATAMI and EPS Growth



Source: Company, MIDFR

Chart 3: Gross Profit Margin and Profit before Tax (PBT) Margin



Source: Company, MIDFR

Table 4: Historical Orderbook Replenishment

Year	Orderbook replenishment (RM'b)	Outstanding orderbook (RM'b)	Replenishment rate
2011	2.2	2.8	79%
2012	1.9	3.0	63%
2013	2.9	4.2	69%
2014	0.8	3.0	25%

Source: Company, MIDF

VALUATION AND RECOMMENDATION

Fairly valued at 13.6x trailing PER. We opine that SCGB is fairly priced at 13.6x FY14 PER, offering potential upside from FY17 onwards. SCGB's ability to achieve higher than RM2b orderbook replenishment will be a catalyst for potential re-rating.

Target price implies 15% upside. Hence we initiate coverage on Sunway Construction with a BUY recommendation. Our target price of RM1.38 per share is derived based on the average FY15/16 EPS of 9.9sen, which is pegged to upper mid-cap construction companies' PER of 14x given that the Company is the fourth largest construction company by market capitalization or third largest by profit before tax (PBT). We like SCGB's listing despite the weak market sentiment, offering investors a good entry point to capitalise on the booming construction sector.

Attractive dividend policy of minimum 35% PATAMI. SCGB's shareholders can expect to participate in SCGB's profit through the distribution of at least 35% of its core earnings. SCGB has recorded healthy operating cash flow for the past three (3) financial years. Based on our forecasted FY15 EPS of 10.5sen, shareholders can expect a dividend yield of 3.1% based on the indicative retail price of RM1.20. In comparison to its construction peers (Gamuda 2.5%, IJM Corp 2.3%, WCT 2.9% and Muhibbah 2.1%), SCGB's dividend yield is comparatively attractive.

Key competitive advantages. We believe that SCGB has strong fundamentals with experienced key management. Apart from being the largest pure-play construction services provider, SCGB is also well-positioned in terms of financial capacity and construction capabilities to capture a portion of the construction pie. In addition, SCGB has distinguishable competitive advantages, namely (1) established track record in building and civil/infrastructure construction; (2) diversified construction capabilities; and (3) defensive margin contribution from precast business.

Table 5: Peer comparison

Peer	Market Cap (RM'b)	Target Price (RM)	Construction PBT size (RM'm)	Construction PBT Margin (%)	Construction Backlog (RM'b)[6]
IJM Corp	12.16	7.30	184.4[2]	19.4	6.5
Gamuda Bhd	11.57	4.86	259.8[3]	22.0	1.3
WCT Holdings Bhd	1.71	1.70[1]	93.9[4]	7.0	2.6
SCGB	**1.55**	**1.38**	**151.3**	**8.0**	**2.8**
Muhibbah Engineering	1.09	2.73	33.4[5]	3.0	0.9

Source: MIDFR

Note:

1. *Ex-rights issue target price*
2. *PBT for Construction for financial year ended 31 March 2015*
3. *PBT for Engineering & Construction for financial year ended 31 July 2014, (after FRS 11)*
4. *PBT for Engineering & Construction for financial year ended 31 December 2014*
5. *PBT for Engineering & Construction for financial year ended 31 December 2014*
6. *As at 1QCY15*

FINANCIAL SUMMARY

Income Statement	FY14	FY15F	FY16F	FY17F
Revenue	**1,880.7**	**2,100.2**	**1,815.3**	**1,993.6**
Cost of sales	-1,485.3	-1,645.5	-1,412.3	-1,548.2
Net operating expenses	-275.2	-287.5	-253.5	-281.3
EBIT	**120.2**	**167.2**	**149.4**	**164.1**
Net interest expense	0.7	1.4	1.0	1.3
Share of JV	30.4	0.0	0.0	0.0
PBT	**151.3**	**168.6**	**150.4**	**165.5**
Taxation	-26.5	-33.5	-29.9	-32.9
Normalised PATAMI	**114.2**	**135.1**	**120.6**	**132.6**
Balance Sheet	**FY14**	**FY15F**	**FY16F**	**FY17F**
Non-current assets	**214.0**	**217.6**	**221.2**	**224.9**
PPE	178.7	182.3	185.9	189.7
Investments in JV	24.2	24.2	24.2	24.2
Others	11.1	11.1	11.1	11.1
Current assets	**1,058.2**	**1,181.6**	**1,165.9**	**1,325.7**
Inventories	20.2	25.2	21.6	23.7
Receivables	737.9	824.0	859.6	944.0
Tax recoverable	8.5	8.5	8.5	8.5
Cash & equivalent	291.6	323.9	276.2	349.4
TOTAL ASSETS	**1,272.2**	**1,399.1**	**1,387.2**	**1,550.6**
Share capital	258.6	258.6	258.6	258.6
Minority Interest	-5.2	-5.2	-5.2	-5.2
Reserves	74.9	162.8	241.1	327.3
TOTAL EQUITY	**328.3**	**416.1**	**494.5**	**580.7**
Non-current liabilities	**4.4**	**4.4**	**4.4**	**4.4**
Long-term borrowings	0.1	0.1	0.1	0.1
Deferred tax liabilities	4.3	4.3	4.3	4.3
Current liabilities	**939.6**	**978.7**	**888.3**	**965.6**
Short-term borrowings	135.1	141.8	148.9	156.3
Payables	791.3	823.7	726.3	796.1
Others	13.2	13.2	13.2	13.2
TOTAL LIABILITIES	**943.9**	**983.0**	**892.7**	**969.9**

Cash Flow Statement	FY14	FY15F	FY16F	FY17F
Operating activities				
PBT	151.3	168.6	150.4	165.5
Depreciation & amortization	41.6	41.1	41.9	42.8
Chgs in working capital	-37.9	-58.7	-129.4	-16.7
Non-cash adjustment	62.8	3.2	3.3	3.5
Interest expense	-3.3	-3.2	-3.3	-3.5
Tax paid	-30.5	-33.5	-29.9	-32.9
CF from Operations	**183.9**	**117.6**	**33.1**	**158.7**
Investing activities				
Capex	-46.0	-54.0	-55.0	-56.0
Other income received	394.9	8.9	9.1	9.3
CF from Investments	**348.9**	**-45.1**	**-45.9**	**-46.7**
Financing activities				
Dividends paid to owners	-428.0	-47.3	-42.2	-46.4
Net proceeds in borrowings	45.9	6.7	7.0	7.4
CF from Financing	**-382.1**	**-40.6**	**-35.2**	**-39.0**
Net changes in cash	151.7	32.3	-47.7	73.2
Beginning cash	**156.1**	**291.6**	**323.9**	**276.2**
Overdrafts & deposits	-16.1	0.0	0.0	0.0
Ending cash	**291.6**	**323.9**	**276.2**	**349.4**
Ratios	**FY14**	**FY15F**	**FY16F**	**FY17F**
Revenue growth	2.2%	11.7%	-13.6%	9.8%
PBT growth	68.4%	11.5%	-10.8%	10.0%
Normalised PATAMI growth	20.9%	18.3%	-10.8%	10.0%
PBT margin	8.0%	8.0%	8.3%	8.3%
Normalised PATAMI margin	6.1%	6.4%	6.6%	6.7%
ROE	34.2%	32.1%	24.1%	22.6%
ROA	9.0%	9.7%	8.7%	8.6%
Net gearing (x)	Ncash	Ncash	Ncash	Ncash
Book value/share (RM/sen)	0.25	0.32	0.38	0.45
PBV (x)	4.7	3.7	3.1	2.7
EV/EBITDA (x)	8.6	6.5	7.4	6.5

Source: Company, MIDFR

APPENDIX

1.0 Background

SCGB, the largest listed pure play construction company in Malaysia by revenue upon listing, is principally involved, through its subsidiaries, in the provision of building and civil/infrastructure construction services; provision of foundation and geotechnical engineering services; provision of mechanical, electrical and plumbing services; and manufacturing and sale of precast concrete products with two (2) factories in Johor, Malaysia and Singapore.

Some of the key projects undertaken by SCGB are as follows:

Segment	Proven track record
Building Construction	Sunway Resort City
	Kuala Lumpur City Center
	Legoland Malaysia Theme Park and Water Park
	Afiniti Medini mixed development project in Iskandar Malaysia
	Rihan Heights project, Abu Dhabi
	Various HDB projects in Singapore
Civil/Infrastructure	SILK Highway
	Klang Valley MRT Package V4 (viaduct guideway)
	LRT Package B (Kelana Jaya Line Extension)
	BRT-Sunway Line
	Coastal Highway Southern Link
	Highway projects in India
MEP	KLCC and Traders Hotel Kuala Lumpur
	Putrajaya Gas District Cooling Plant
	Bio-XCell Central Utilities Facility
	Pasar Seni MRT Station

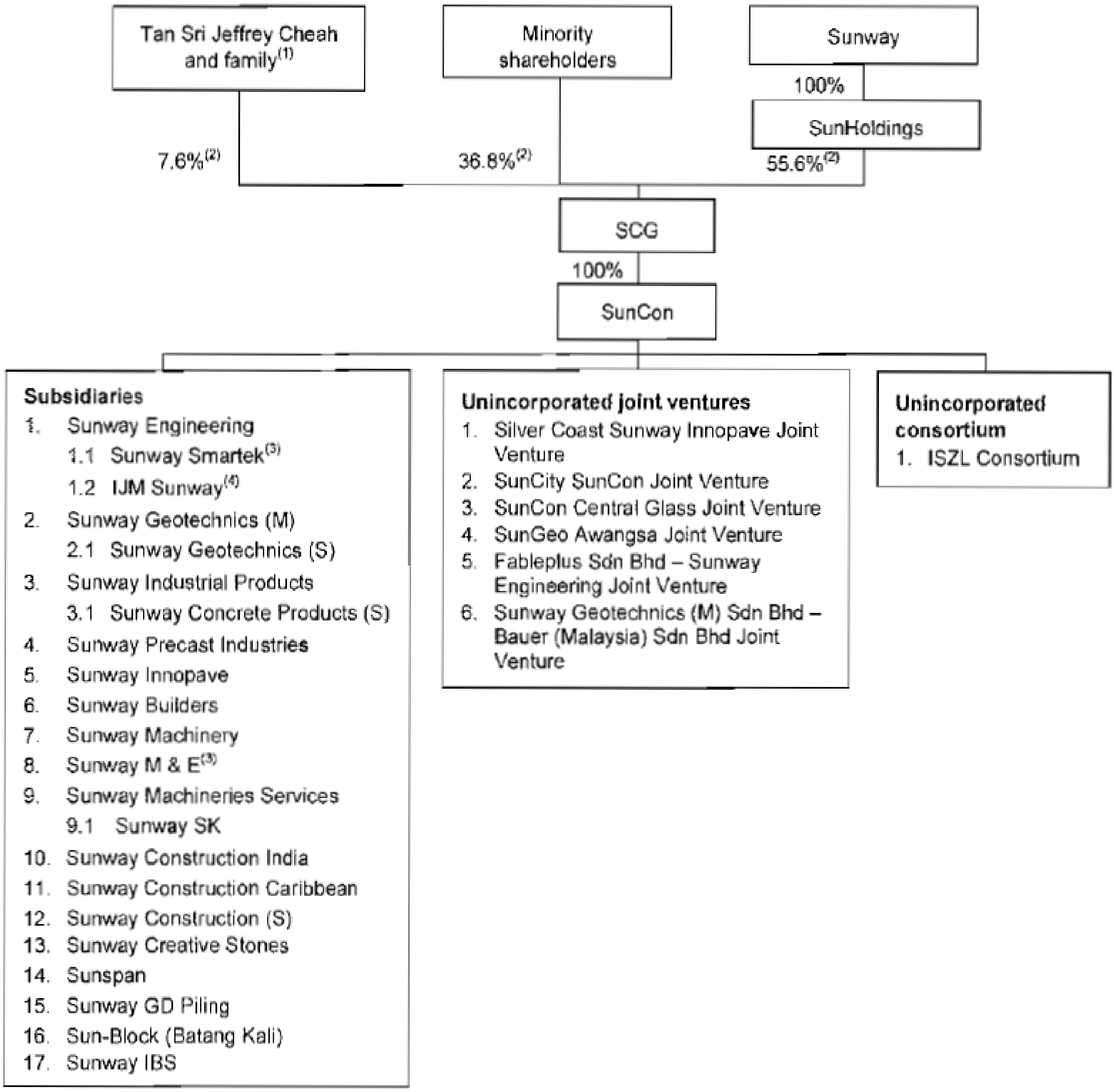
Source: Company, MIDFR

History of SCGB. The company can be traced back to its operations commencement in 1981 as Sungei Way Quarry & Construction Sdn Bhd. From road resurfacing, highway rehabilitation, drainage and sewerage works, SCGB's job portfolio expanded to include commercial buildings, the most significant milestone being the conversion of an exhausted mining area into an integrated township comprising residential, commercial, industrial and recreational developments. As for its civil infrastructure arm, through the years SCGB has accumulated experience in build and design through its involvement in projects such as KLIA's long term car park and SILK Highway. Its foray into Johor began with securing Package 4 of the Legoland Malaysia Theme Park with contract sum of RM258 milliom. SCGB boasts the title of being the only construction company which has secured contracts in three landmark infrastructure jobs, namely the MRT, LRT and BRT.

Precast business. Sunway Precast Industries was incorporated as Aktiviti Setia (M) Sdn Bhd in 1992 to manufacture and supply precast products such as architectural facade systems, decorative balustrades and panels, flooring systems, and infrastructure components. Sunway Concrete Products (S) was incorporated on 16 December 1994 to make its entry into the commercial and residential development sector in Singapore. It has continued to build upon its base of customers comprising mainly of contractors for HDB projects in Singapore. Sunway Engineering, provider of MEP services was incorporated in 1995, while Sunway Geotechnics (M), originally known as Sunway Pipe Sdn Bhd was positioned as a specialist foundation and geotechnical engineering contractor. Sunway Machinery operates from Batang Kali and Subang Jaya to support the building/civil infrastructure construction sector with machinery and logistics services.

Overseas exposure. SCGB expanded its international presence to India by undertaking seven (7) highway projects collectively amounting to Rs.4.8 billion and to UAE by participating in the JV in Reem Island project in Abu Dhabi, and the single largest project in the Rihan Heights upmarket residential development in Abu Dhabi.

1.1 Group Structure upon Listing



Notes:

(1) Tan Sri Jeffrey Cheah, his interest in related company vehicles, spouse and children.

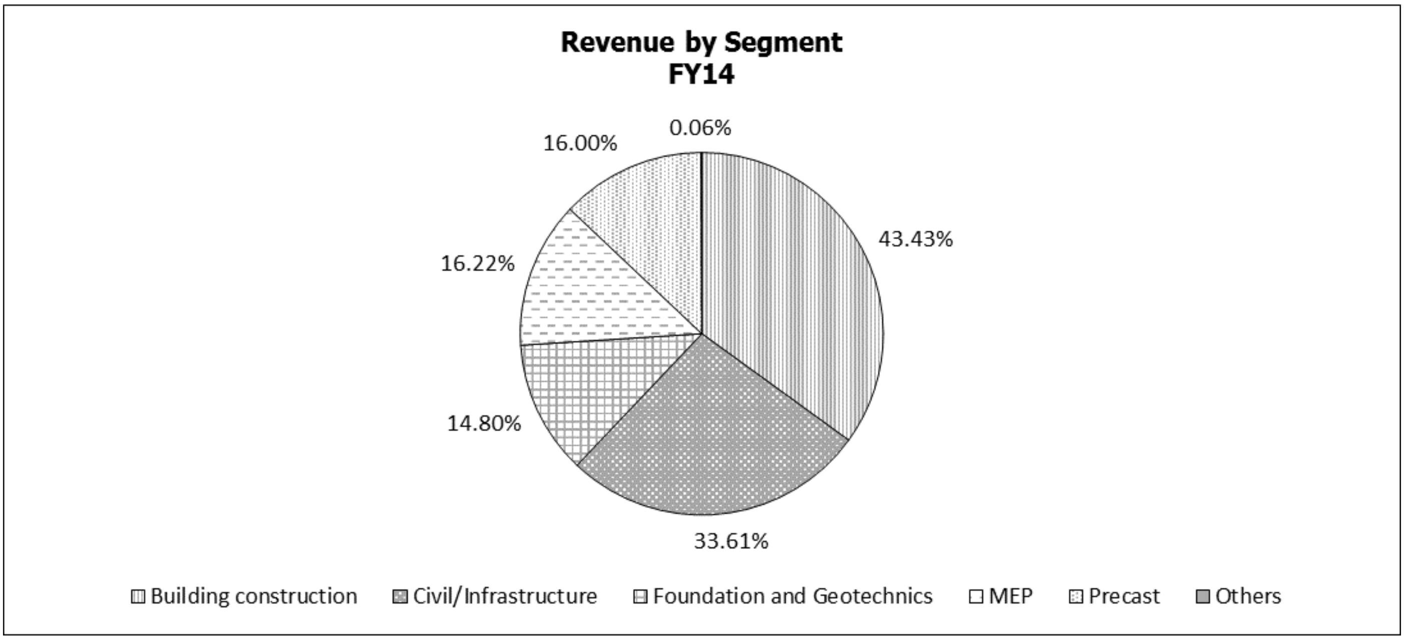
(2) Based on our Register of substantial shareholders' shareholdings and assuming the Over-allotment Option is not exercised.

(3) Commenced members' voluntary winding-up on 10 December 2014.

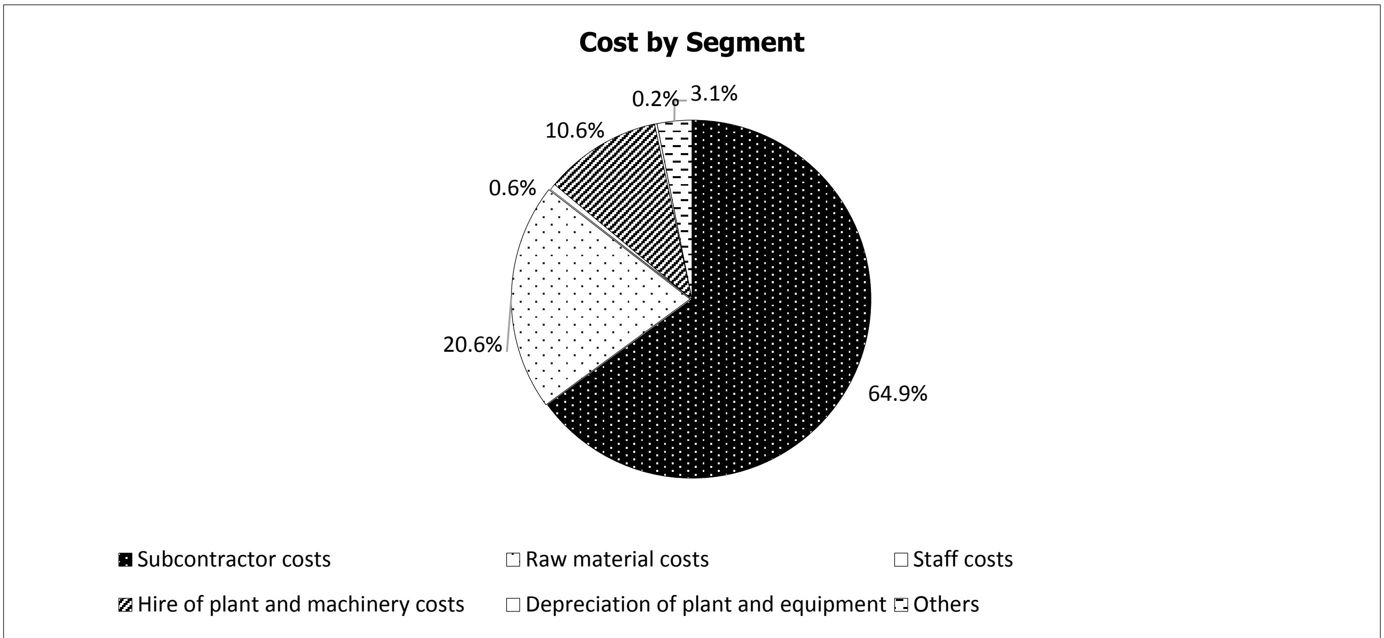
(4) Jointly controlled entity.

Source: Company, MIDFR

2.0 Revenue and cost components for FY14



Source: Company, MIDFR



Source: Company, MIDFR

3.0 Business visuals

Figure 1: Building Construction: Legoland

Figure 2: Rihan Heights, Abu Dhabi

Figure 3: BRT- Sunway Line

Figure 4: Precast Roof Water Tank

Figure 5: Foundation Piles and Substructure

Figure 6: MEP

Source: Company, MIDFR

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS	
STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >15% over the next 12 months.
TRADING BUY	Stock price is expected to *rise* by >15% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -15% and +15% over the next 12 months.
SELL	Total return is expected to be <-15% over the next 12 months.
TRADING SELL	Stock price is expected to *fall* by >15% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.
SECTOR RECOMMENDATIONS	
POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.