

Malaysia

HOLD (no change)

Consensus ratings*: Buy 4 Hold 7 Sell 1

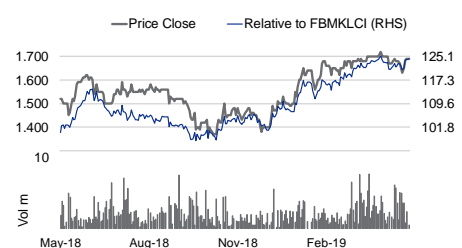
Current price:	RM1.69
Target price:	RM1.70
Previous target:	RM1.70
Up/downside:	0.4%
CGS-CIMB / Consensus:	-2.5%

Reuters:	SWAY.KL
Bloomberg:	SWB MK
Market cap:	US\$1,973m
	RM8,258m
Average daily turnover:	US\$1.02m
	RM4.18m
Current shares o/s:	4,852m
Free float:	36.5%

*Source: Bloomberg

Key changes in this note

▶ No change.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-1.2	0.6	11.9
Relative (%)	-0.1	7.9	25.4

Major shareholders

	% held
Tan Sri Dato' Seri Dr. Jeffrey Cheah & family	58.3
EPF	5.2

Analyst(s)

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Sunway Bhd

Construction-driven quarters ahead

- 1Q19 results were broadly in line; core net profit grew by 14% yoy.
- We expect stronger construction earnings post-1Q19 and a better tender outlook in 2H19F, mitigating the risk of a weak property sales outlook.
- Retain Hold call and TP, based on a 20% discount to RNAV.

1Q19 results broadly in line; core net profit rose 14% yoy

Sunway's 1Q19 core net profit was broadly in line at 23% of our and consensus full-year estimates. We expect stronger quarters ahead, driven by construction and healthcare. Revenue contracted 12.3% yoy, weighed down by most divisions but partially mitigated by healthcare (+24% yoy) and property investments (+2% yoy). Despite the impact of MFRS 15 on the recognition of the group's China and Singapore property development ventures, 1Q19 core net profit advanced 14% yoy, driven by the 29% yoy increase in interest income. No dividends were declared in 1Q, which was no surprise.

Segmental earnings performance

The property development segment was impacted by weaker domestic sales and progress billings, though pretax profit was bumped up by 20% yoy due to the reversal of provisions. Notably, the construction division pretax margin of 13% in 1Q19 (1Q18: 9%) was boosted by lower intra-group eliminations in 1Q19. However, its revenue slipped 22% yoy in 1Q19 due to slower billings, which also reflected the slowdown in relation to LRT 3 and MRT 2's cost rationalisation, in our view. The healthcare division posted the strongest pretax profit growth of 43% yoy in 1Q19, though it contributed only 9% to group pretax profit.

Healthy RM5.7bn order book for SunCon

Its subsidiary, Sunway Construction (SunCon), clinched RM1bn in new contracts in 1Q19, bringing total outstanding order book to RM5.7bn as at end-Mar 19. The group has maintained its target job replenishment of RM1.5bn for FY19, backed by RM7.4bn in active tender book which includes three hospital expansions by Sunway Berhad. The revived East Coast Rail Line (ECRL), which will commence the prequalification phase at end-May, could emerge as a new potential tender in 4Q19, in our view.

Achieved RM172m effective sales in 1Q19; targets RM1.3bn in FY19

Sunway targets new property sales of RM1.3bn for FY19. The group's target to launch RM2bn worth of projects remains intact, with overseas developments accounting for 50% of total launch GDV. As at 1Q19, Sunway achieved effective property sales of RM172m. Property unbilled sales of RM1.8bn should support earnings in the coming quarters.

Retain Hold; upside risk from job wins

No changes to our FY19-21F EPS and TP, which remains pegged to a 20% RNAV discount. Retain Hold on limited upside to share price, though upside risk could emerge from construction awards exceeding its RM1.5bn target. Downside risk is weaker domestic property sales.

Financial Summary	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue (RMm)	5,375	5,410	5,508	5,728	5,981
Operating EBITDA (RMm)	527.0	327.0	683.7	703.7	717.5
Net Profit (RMm)	639.5	659.0	629.8	651.7	668.5
Core EPS (RM)	0.13	0.12	0.13	0.13	0.14
Core EPS Growth	9.13%	(8.89%)	8.09%	3.49%	2.58%
FD Core P/E (x)	13.66	15.90	14.71	14.22	13.86
DPS (RM)	0.060	0.071	0.060	0.065	0.070
Dividend Yield	3.55%	4.21%	3.55%	3.85%	4.14%
EV/EBITDA (x)	20.84	32.75	14.46	13.58	12.85
P/FCFE (x)	63.98	NA	22.55	20.60	19.41
Net Gearing	47.5%	43.7%	42.4%	38.8%	35.5%
P/BV (x)	1.05	0.97	0.97	0.92	0.87
ROE	8.36%	7.14%	7.44%	7.49%	7.26%
CIMB/consensus EPS (x)			1.02	0.97	0.94

SOURCES: CIMB RESEARCH, COMPANY REPORTS

Figure 1: Results comparison

FYE Dec (RM m)	1QFY19	1QFY18	yoy % chg	4QFY18	qoq % chg	Prev. FY19F	Comments
Revenue	1,123.6	1,281.5	(12.3)	1,370.2	(18.0)	5,507.7	Weighed by manufacturing, trading and quarry
Operating costs	(1,005.8)	(1,152.9)	(12.8)	(1,287.0)	(21.8)	(4,824.0)	
EBIT	117.8	128.6	(8.4)	83.2	41.5	554.1	
EBIT margin (%)	10.5	10.0	4.5	6.1	72.5	10.1	
Interest expense	(60.9)	(68.8)	(11.5)	(13.0)	369.2	(121.2)	Total borrowings of RM9.4bn
Interest & invt inc	78.7	61.3	28.5	98.4	(20.0)	88.4	Cash stood at RM5.9bn
Associates' contrib	41.7	38.2	9.2	55.0	(24.2)	289.9	
Exceptionals	-	-	nm	29.9	(100.0)	-	
Pretax profit	177.3	159.2	11.4	253.6	(30.1)	938.4	
Tax	(25.3)	(23.0)	10.3	(44.7)	(43.4)	(161.7)	
Tax rate (%)	14.3	14.4	(1.0)	17.6	(19.0)	17.2	
Minority interests	(15.5)	(16.3)	(4.8)	(16.5)	(6.1)	-	
Net profit	136.4	119.9	13.8	192.3	(29.1)	629.8	1Q19 core net profit made up 23% of ours
Core net profit	136.4	119.9	13.8	162.4	(16.0)	629.8	and consensus full-year forecasts
EPS (sen)	2.7	2.4	10.7	4.0	(31.8)	13.0	
Core EPS (sen)	2.7	2.4	10.7	3.3	(19.3)	12.0	

SOURCES: CIMB RESEARCH, COMPANY REPORTS

Figure 2: Segmental breakdown 1Q19

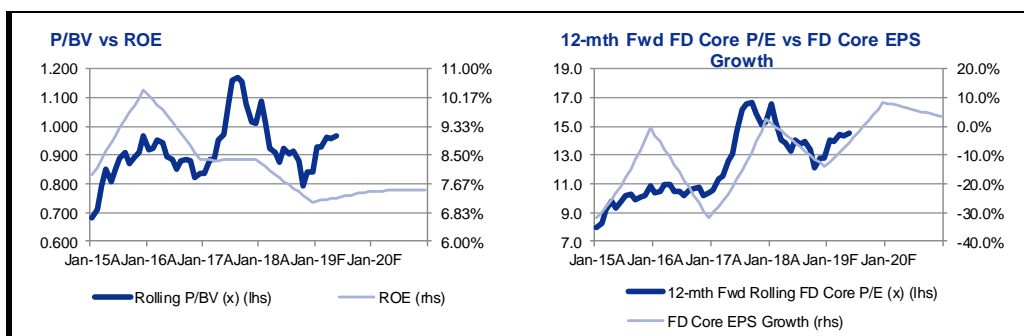
	1Q19	1Q18	yoy
Revenue	RM m	RM m	
Property development	87.9	132.3	-34%
Property investment	196.7	193.0	2%
Construction	346.2	443.7	-22%
Trading & Manufacturing	251.3	278.8	-10%
Quarry	44.2	50.0	-12%
Healthcare	126.8	101.9	24%
Investment holdings & others	70.5	82.3	-14%
Total	1,123.6	1,282.0	-12%
	1Q19	1Q18	yoy
Pretax profit	RM m	RM m	
Property development	32.9	27.5	20%
Property investment	57.4	57.1	1%
Construction	43.7	41.4	5%
Trading & Manufacturing	6.6	12.8	-49%
Quarry	1.7	3.0	-42%
Healthcare	15.4	10.8	43%
Investment holdings & others	19.6	6.6	197%
Total	177.3	159.2	11%
	1Q19	1Q18	yoy
Pretax margin	RM m	RM m	%pts
Property development	37%	21%	17%
Property investment	29%	30%	0%
Construction	13%	9%	3%
Trading & Manufacturing	3%	5%	-2%
Quarry	4%	6%	-2%
Healthcare	12%	11%	2%
Investment holdings & others	28%	8%	20%
Total	16%	12%	3%
	1Q19	1Q18	yoy
% of revenue	RM m	RM m	%pts
Property development	8%	10%	-3%
Property investment	18%	15%	2%
Construction	31%	35%	-4%
Trading & Manufacturing	22%	22%	1%
Quarry	4%	4%	0%
Healthcare	11%	8%	3%
Investment holdings	6%	6%	0%
Total	100%	100%	
	1Q19	1Q18	yoy
% of pretax profit	RM m	RM m	%pts
Property development	19%	17%	1%
Property investment	32%	36%	-4%
Construction	25%	26%	-1%
Trading & Manufacturing	4%	8%	-4%
Quarry	1%	2%	-1%
Healthcare	9%	7%	2%
Investment holdings	11%	4%	7%
Total	100%	100%	

SOURCES: CIMB RESEARCH, COMPANY REPORTS

Figure 3: RNAV

Type	Location	Size/units	Area (sq ft)	Price	Stake	Value
Completed buildings						RM m
Sunway Lagoon Theme Park	Petaling, Selangor	59.9 ac	728,326	200.0	100%	145.7
Sunway Hotel Georgetown	Penang	240.0 units	0	150,000.0	100%	36.0
Monash University Sunway Campus	Petaling, Selangor	12.0 ac	754,000	220.0	100%	165.9
Sunway University College	Petaling, Selangor	12.4 ac	615,983	220.0	100%	135.5
Sunway Giza	Sunway Damansara, Selangor	1.4 ac	98,000	500.0	60%	29.4
Lost World of Tambun	Tambun, Perak	39.8 ac	728,326	80.0	65%	37.9
Sunway Hotel Phnom Penh	Phnom Penh, Cambodia	138.0 units	125,313	300,000.0	53%	21.7
Sunway Hotel Hanoi	Hanoi, Vietnam	142.0 units	9,365	300,000.0	100%	42.6
On going developments						
Sunway City Penang	Seberang Perai, Penang	15.8 ac	210,394.8	100.0	100%	21.0
Sunway Grand	Penang	3.8 ac	768,767.9	100.0	100%	76.9
Sg. Ara - new land	Penang	68.3 ac	3,484,800.0	13.0	100%	45.3
Bukit Mertajam - new land	Penang	17.8 ac	7,729,724.0	12.0	100%	92.8
Sunway Damansara	Petaling, Selangor	18.2 ac	1,048,489.2	120.0	60%	75.5
Sunway City Ipoh	Ipoh, Perak	899.2 ac	32,666,515.2	3.0	65%	63.7
Sunway Velocity	Kuala Lumpur	19.5 ac	984,456.0	150.0	50%	73.8
Sunway Tower KL 1	Kuala Lumpur	1.0 ac	43,560.0	1,000.0	100%	43.6
Sunway Kayangan	Bukit Raja, Selangor	5.4 ac	367,646.4	40.0	100%	14.7
Sunway Integrated Resort	Petaling, Selangor	18.5 ac	845,064.0	100.0	100%	84.5
Sunway Semenyih	Ulu Langat, Selangor	398.1 ac	17,341,671.6	5.0	100%	86.7
Sunway Cheras	Selangor	6.9 ac	301,870.8	25.0	100%	7.5
Sunway South Quay	Bandar Sunway, Selangor	52.4 ac	2,517,768.0	850.0	100%	2140.1
Casa Kiara III	Sri Hartamas, KL	2.8 ac	130,680.0	180.0	80%	18.8
Sunway Duta	Kuala Lumpur	3.2 ac	136,342.8	350.0	60%	28.6
Sunway Melawati	Setapak, KL	30.6 ac	1,427,896.8	35.0	100%	50.0
Sunway Alam Suria	Shah Alam, Selangor	14.1 ac	1,045,440.0	40.0	50%	20.9
Sunway OPUS Grand India	Hyderabad, India	23.8 ac	1,524,600.0	20.0	50%	15.2
Sunway MAK Signature Residence	Hyderabad, India	14.0 ac	609,840.0	20.0	60%	7.3
Sunway Guanghao	Jianyin, China	3.7 ac	740,520.0	80.0	39%	23.1
Tianjin Eco City	Tianjin, China	90.9 ac	3,789,720.0	90.0	65%	221.7
Wonderland Business Park	Sydney, Australia	65.5 ac	3,971,800.8	95.0	31%	117.0
Bukit Lenang - new land	Johor	64.0 ac	2,787,840.0	40.0	80%	89.2
Taman Equine	Selangor	33.0 ac	1,437,480.0	20.0	100%	28.7
Bangi	Selangor	3.0 ac	130,680.0	10.0	100%	1.3
Sg. Long	Balakong	111.0 ac	4,835,160.0	25.0	80%	96.7
Mont Putra	Selangor	163.0 ac	7,100,280.0	25.0	100%	177.5
Melawati 2	Selangor	2.0 ac	87,120.0	20.0	100%	1.7
Tampines	Singapore	5.0 ac	217,800.0	750.0	30%	49.0
Sembawang	Singapore	0.8 ac	34,848.0	975.0	100%	34.0
Yuan Ching Road	Singapore	5.0 ac	217,800.0	750.0	30%	49.0
Pasir Ris Rise	Singapore	4.3 ac	187,308.0	780.0	30%	43.8
Medini land	Iskandar	625.0 ac	27,225,000.0	60.0	38%	620.7
Pendas land	Iskandar	1,079.2 ac	47,009,952.0	60.0	60%	1692.4
New Land Novena	Singapore	1.7 ac	71,874.0	500.0	30%	10.8
Penang Land	Penang	156.5 ac	6,815,397.6	285.0	100%	1942.4
New land - Kelana Jaya	Petaling Jaya	17.0 ac	739,039.0	54.0	100%	39.9
New land - Anchorvale Lane	Singapore	5.2 ac	226,076.4	750.0	30%	50.9
New Land - Jalan Peel	Cheras	8.5 ac	368,082.0	200.0	100%	73.6
New land - Jalan Belfield	KL	4.5 ac	196,891.2	836.2	100%	164.6
New land - Subang USJ	Petaling Jaya	14.8 ac	644,557.3	260.0	100%	167.6
New land - Kajang	Selangor	5.3 ac	229,840.0	274.0	100%	63.0
New land - Tampines	Singapore	6.2 ac	268,329.6	800.0	65%	139.5
Total value of properties						9,479.9
		Market cap	Stake			
		Rm m				
Sunway REIT		5,596.0	37%			2,053.7
		RM m	Stake	P/E		
Sunway Construction (market value)		2,469.0	54%			1,343.1
Quarry & Trading		70.8	100%	12.0		849.5
Property investments (1Q19)						1,962.8
Associates and JCE's (1Q19)						3,522.0
Net current assets less prop. dev cost						840.5
Total borrowings (1Q19)						(9,443.2)
Total RNAV						10,608.3
FD no. of shares (m)						5,548.26
FD RNAV (RM)						11,780.05
RNAV/share (RM)						2.12
Discount to RNAV						20%
Target price (RM)						1.70

SOURCES: CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS

Profit & Loss

(RMm)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Net Revenues	5,375	5,410	5,508	5,728	5,981
Gross Profit	5,375	5,410	5,508	5,728	5,981
Operating EBITDA	527	327	684	704	718
Depreciation And Amortisation	(139)	(143)	(130)	(136)	(143)
Operating EBIT	388	184	554	568	575
Financial Income/(Expense)	(23)	(38)	(33)	(13)	8
Pretax Income/(Loss) from Assoc.	168	229	296	302	308
Non-Operating Income/(Expense)	349	387	122	109	98
Profit Before Tax (pre-EI)	882	762	938	966	988
Exceptional Items	0	89	0	0	0
Pre-tax Profit	882	851	938	966	988
Taxation	(149)	(122)	(162)	(167)	(173)
Exceptional Income - post-tax					
Profit After Tax	733	729	777	799	816
Minority Interests	(93)	(70)	(147)	(147)	(147)
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	640	659	630	652	669
Recurring Net Profit	640	583	630	652	669
Fully Diluted Recurring Net Profit	640	583	630	652	669

Cash Flow

(RMm)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
EBITDA	527.0	327.0	683.7	703.7	717.5
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(66.4)	(75.5)	(79.6)	(83.6)	(91.3)
(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	(220.3)	(214.6)	(121.2)	(114.7)	(108.7)
Tax Paid	(144.4)	(159.3)	(161.7)	(167.0)	(172.7)
Cashflow From Operations	95.9	(122.3)	321.2	338.4	344.8
Capex	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)
Disposals Of FAs/subsidiaries	248.9	255.0	261.2	267.6	274.2
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	0.0	1.0
Cash Flow From Investing	228.9	235.0	241.2	247.6	255.2
Debt Raised/(repaid)	(188.3)	(168.5)	(151.5)	(136.3)	(122.5)
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	1.0
Shares Repurchased	0.0	0.0	0.0	0.0	0.0
Dividends Paid	(125.6)	(126.6)	(126.6)	(123.6)	(126.6)
Preferred Dividends					
Other Financing Cashflow	374.9	871.3	(335.6)	(376.9)	(401.1)
Cash Flow From Financing	61.0	576.2	(613.8)	(636.8)	(649.3)
Total Cash Generated	385.8	688.8	(51.3)	(50.8)	(49.3)
Free Cashflow To Equity	136.5	(55.8)	410.9	449.7	477.4
Free Cashflow To Firm	545.1	327.2	683.7	700.7	708.7

SOURCES: CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd
Balance Sheet

(RMm)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Cash And Equivalents	4,514	5,199	5,148	5,097	5,046
Total Debtors	3,049	2,109	2,070	2,032	1,994
Inventories	681	1,858	795	827	863
Total Other Current Assets	1,379	556	556	557	558
Total Current Assets	9,624	9,721	8,569	8,512	8,462
Fixed Assets	2,009	2,259	2,312	2,365	2,419
Total Investments	6,367	5,343	6,072	6,312	6,556
Intangible Assets	327	332	332	332	332
Total Other Non-Current Assets	1,887	3,431	3,497	3,565	3,634
Total Non-current Assets	10,590	11,365	12,213	12,573	12,940
Short-term Debt	4,910	6,057	5,936	5,818	5,701
Current Portion of Long-Term Debt					
Total Creditors	2,991	2,423	2,375	2,327	2,281
Other Current Liabilities	74	239	239	239	239
Total Current Liabilities	7,976	8,720	8,550	8,384	8,221
Total Long-term Debt	3,349	2,841	2,784	2,728	2,674
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	285	277	277	277	277
Total Non-current Liabilities	3,634	3,118	3,061	3,006	2,951
Total Provisions	120	144	81	81	81
Total Liabilities	11,731	11,982	11,693	11,471	11,253
Shareholders' Equity	7,840	8,485	8,450	8,957	9,471
Minority Interests	643	620	638	658	677
Total Equity	8,483	9,105	9,089	9,615	10,148

Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	13.7%	0.7%	1.8%	4.0%	4.4%
Operating EBITDA Growth	(1%)	(38%)	109%	3%	2%
Operating EBITDA Margin	9.8%	6.0%	12.4%	12.3%	12.0%
Net Cash Per Share (RM)	(0.83)	(0.82)	(0.79)	(0.77)	(0.74)
BVPS (RM)	1.62	1.75	1.74	1.85	1.95
Gross Interest Cover	1.76	0.86	4.57	4.95	5.28
Effective Tax Rate	16.9%	14.3%	17.2%	17.3%	17.5%
Net Dividend Payout Ratio	19.6%	22.0%	19.9%	19.3%	18.8%
Accounts Receivables Days	197.7	166.6	127.6	120.6	112.9
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 (%)	6.80%	2.93%	7.03%	8.17%	8.08%
ROCE (%)	3.53%	2.02%	3.51%	3.65%	3.69%
Return On Average Assets	3.87%	3.28%	3.87%	3.88%	3.80%

Key Drivers

(RMm)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Outstanding Orderbook	3,100	3,100	3,100	3,100	3,100
Order Book Depletion	1,800	1,800	1,800	1,800	1,800
Orderbook Replenishment	1,800	1,800	1,800	1,800	1,800
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

SOURCES: CIMB RESEARCH, COMPANY REPORTS

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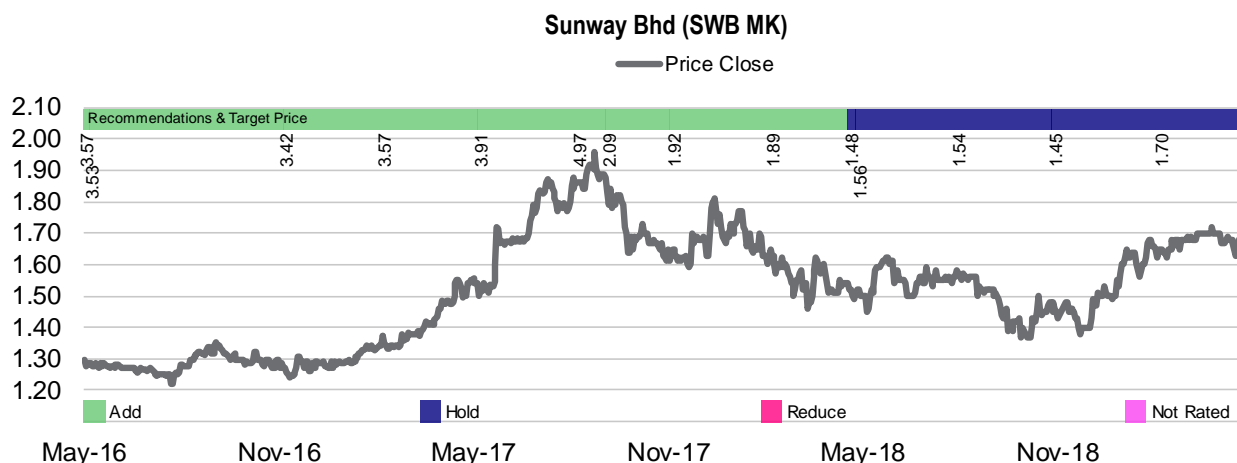
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Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2018, Anti-Corruption 2018

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, Declared, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** - Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** - Good, Declared, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENTEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Very Good, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **DELTA** - Excellent, n/a, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HREIT** - Excellent, Certified, **ICHI** – Excellent, Declared, **HUMAN** – not available, n/a, **III** – Good, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD*** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **JWD** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Declared, **MALEE** – Very Good, Certified, **MC** – Very Good, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Declared, **NETBAY** – Good, n/a, **OSP** – not available, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PR9** – not available, n/a, **PSH** – Excellent, Certified, **PSTC** – Good, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **RSP** – not available, n/a, **S** – Very Good, n/a, **SAMART** - Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Very Good, Certified, **SF** – Good, n/a, **SIRI** – Very Good, Certified, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Declared, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, Declared, **TMB** - Excellent, Certified, **TNR** – Very Good, Declared, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Very Good, Declared, **UNIQ** – Good, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Very Good, Certified, **WORK** – Good, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 31, 2018) are categorized into:

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

* The company, its director or management had been reportedly accused for breaching proper corporate governance such as violation of the SEC's regulations or charged with corruption.

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.

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