

Malaysia

HOLD (no change)

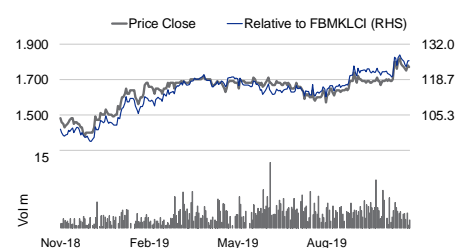
Consensus ratings*: Buy 7 Hold 5 Sell 0

Current price:	RM1.77
Target price:	RM1.85
Previous target:	RM1.70
Up/downside:	4.5%
CGS-CIMB / Consensus:	-1.6%
Reuters:	SWAY.KL
Bloomberg:	SWB MK
Market cap:	US\$2,084m
	RM8,688m
Average daily turnover:	US\$1.31m
	RM5.47m
Current shares o/s:	4,852m
Free float:	36.5%

*Source: Bloomberg

Key changes in this note

- FY19-21F EPS raised by 7-8% due to lower tax rate assumptions.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	4.7	10.6	22.1
Relative (%)	3.3	10.8	28.2

Major shareholders	% held
Tan Sri Dato' Seri Dr. Jeffrey Cheah	58.3
EPF	5.2

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Sunway Bhd

Healthcare ops remained resilient in 9M19

- 9M19 results were above expectations due to a lower tax rate; Core net profit rose 29% yoy, supported by earnings growth in healthcare operations.
- Performance of both property and construction segments was impacted by lower billings and delays in new tenders (domestic and overseas).
- Maintain Hold with a higher TP (20% RNAV discount).

9MFY19 results above expectations

Sunway's 9M19 core net profit made up 83% of our and 86% of consensus full-year forecasts. The results were above expectations as 3Q19's earnings performance was boosted by lower tax rates (provision for deferred taxation was reversed in 2Q19 due to the disposal of an investment property) which we did not reflect in the previous quarter. Overall revenue contracted 13.4% yoy, dragged by weaker billings for property and construction but was broadly in line with our full-year estimates. 9M19 core net profit (excluding fair value gain) rose 29% yoy, boosted by lower finance cost and tax rates. No dividends were declared, which was within expectations.

Segmental earnings performance; resilient healthcare ops

The property development segment's revenue declined 21% yoy in 9M19, in line with the overall weak property market. This was due to lower progress billings from local development projects; however, higher pretax profit was due to stronger billings. The construction division's pretax margin rose 3% pts to 13% in spite of the sharp 30% yoy drop in 9M19 revenue. Healthcare was the most resilient, with a 29% increase in 9M19 revenue and a 39% jump in pretax profit on the back of higher occupancy and higher outpatient treatment but partially offset by operating losses by the new Sunway Medical Center Velocity. No major surprise in the performance of the quarry and property investment divisions.

Weaker quarter for Sunway Construction; overseas bids delayed

The weaker revenue and earnings for SunCon in 9M19 were due to the majority of existing projects that are in the initial stages of construction and the delay in the LRT 3 package GS07/08 due to cost optimisation. A slight setback is that a potential overseas contract win in 4Q19 looks unlikely as tenders are delayed to 2020. In spite of this, end-Sep outstanding order book stood at RM5.6bn with RM1.7bn total new contract wins YTD. Potential targeted domestic contracts in 1H20 include the civil works portion of the East Coast Rail Link (ECRL), which have not opened for tenders.

Retain Hold with a higher TP

We raise FY19-21F EPS as we impute lower tax rate assumptions. Maintain Hold recommendation with a higher TP of RM1.85 as we update balance sheet items, market cap of listed entities and roll over to end-CY20 (pegged to an unchanged 20% RNAV discount). Upside risks could emerge from stronger property sales and contract wins. Weaker domestic property sales and delay in new tenders are downside risks.

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	678.0	702.8	722.7
Core EPS (RM)	0.13	0.12	0.14	0.14	0.15
Core EPS Growth	9.1%	(8.9%)	16.4%	3.7%	2.8%
FD Core P/E (x)	14.30	16.66	14.31	13.81	13.43
DPS (RM)	0.060	0.071	0.060	0.065	0.070
Dividend Yield	3.39%	4.02%	3.39%	3.67%	3.95%
EV/EBITDA (x)	21.58	33.93	15.03	14.13	13.40
P/FCFE (x)	67.01	NA	21.17	19.46	18.39
Net Gearing	47.5%	43.7%	42.4%	38.8%	35.5%
P/BV (x)	1.10	1.01	1.02	0.96	0.91
ROE	8.36%	7.14%	8.01%	8.07%	7.84%
% Change In Core EPS Estimates			7.65%	7.83%	8.10%
CGS-CIMB/Consensus EPS (x)			1.13	1.09	1.05

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Results comparison

FYE Dec (RM m)	3QFY19	3QFY18	yoy % chg	2QFY19	qoq % chg	3QFY19 Cum	3QFY18 Cum	yoy % chg	Prev. FY19F	Comments
Revenue	1,226.5	1,416.1	(13.4)	1,077.2	13.9	3,427.3	3,957.8	(13.4)	5,507.7	Weaker billings for construction and
Operating costs	(1,052.3)	(1,266.1)	(16.9)	(953.5)	10.4	(3,011.6)	(3,573.1)	(15.7)	(4,824.0)	property; stronger for healthcare
EBIT	174.2	150.0	16.1	123.7	40.8	415.6	384.7	8.0	554.1	and quarry
EBIT margin (%)	14.2	10.6	34.1	11.5	23.7	12.1	9.7	24.8	10.1	
Interest expense	(66.0)	(74.2)	(11.0)	(66.8)	(1.2)	(193.7)	(216.2)	(10.4)	(121.2)	Total borrowings of RM9.3bn
Interest & invt inc	67.0	73.4	(8.6)	70.6	(5.0)	216.4	197.6	9.5	88.4	Cash stood at RM6bn
Associates' contrib	48.1	41.7	15.4	82.1	(41.5)	171.9	167.8	2.5	289.9	
Exceptionals	-	-	nm	43.6	(100.0)	43.6	59.2	(26.4)	-	Fair value gain from asset sale
Pretax profit	223.3	190.9	17.0	253.2	(11.8)	653.8	593.1	10.2	938.4	
Tax	(21.1)	(27.0)	(21.9)	9.4	(324.0)	(37.0)	(75.9)	(51.3)	(161.7)	
Tax rate (%)	9.4	14.1	(33.3)	(3.7)	354.0	5.7	12.8	(55.8)	17.2	Excludes tax payable for associates
Minority interests	(18.8)	(19.0)	(0.8)	(16.2)	16.7	(50.5)	(52.9)	(4.4)	365.0	and JV
Net profit	183.4	144.9	26.6	246.5	(25.6)	566.3	464.3	22.0	629.8	9M19 core net profit made up 83-86%
Core net profit	183.4	144.9	26.6	202.9	(9.6)	522.7	405.1	29.0	629.8	of ours and consensus full-year
EPS (sen)	3.4	3.0	15.1	4.7	(27.3)	10.9	9.5	14.5	13.0	forecasts
Core EPS (sen)	3.4	3.0	15.1	3.9	(11.7)	10.1	8.3	21.1	12.0	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Segmental breakdown 9MFY19

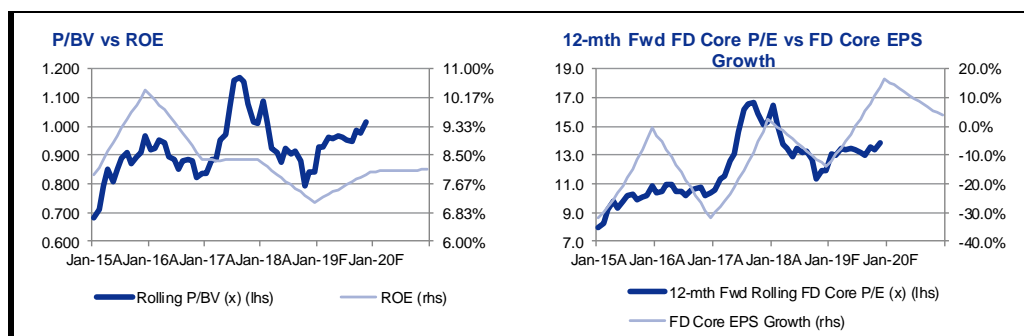
	9MFY19 RM m	9MFY18 RM m	yoy	Comments
Revenue				
Property development	327.7	415.8	-21%	Lower progress billings for local development projects
Property investment	582.5	592.2	-2%	Lower rental income from disposal of asset to Sunway REIT
Construction	955.2	1,358.8	-30%	Weaker billings for local jobs and higher intra-group eliminations
Trading & Manufacturing	727.6	861.6	-16%	Subdued demand locally and overseas
Quarry	212.0	164.2	29%	New revenue from Blacktop acquisition; higher premix ASPs
Healthcare	422.0	327.0	29%	Higher occupancy (no. of new beds) and higher outpatient treatments
Investment holdings & others	200.6	238.4	-16%	Lumpy contributions
Total	3,427.6	3,957.8	-13%	
Pretax profit				
Property development	129.1	122.2	6%	Higher progressive profit recognition from local development projects
Property investment	246.7	214.4	15%	Boosted by fair value and disposal gains
Construction	124.2	132.5	-6%	Weaker billings for local contracts
Trading & Manufacturing	26.9	43.0	-38%	Weaker prices due to weak overall demand
Quarry	8.7	10.0	-13%	Lower operating margins
Healthcare	50.5	37.5	35%	Includes operating losses from the new Sunway Medial Centre Velocity
Investment holdings & others	67.7	33.5	102%	Lumpy contributions
Total	653.8	593.1	10%	
Pretax margin				
Property development	39%	29%	10%	Stronger progressive profit recognition
Property investment	42%	36%	6%	Boosted by fair value gains
Construction	13%	10%	3%	Higher proportion of progressive profits
Trading & Manufacturing	4%	5%	-1%	Weaker prices due to weak overall demand
Quarry	4%	6%	-2%	Likely to maintain at these levels in 4Q19
Healthcare	12%	11%	0%	Higher margin services in line with higher occupancy
Investment holdings & others	34%	14%	20%	Lumpy contributions
Total	19%	15%	4%	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: RNAV

Type	Location	Size/units	Area (sq ft)	Price	Stake	Value
Completed buildings						
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	1,000.0	100%	2517.8
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	Jiayin, 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	80.0	38%	827.6
Pendas land	Iskandar	1,079.2 ac	47,009,952.0	80.0	60%	2256.5
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	290.0	100%	1976.5
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						10,662.6
		Market cap	Stake			
		Rm m				
Sunway REIT		5,478.0	37%	2,010.4		
		RM m	Stake	P/E		
Sunway Construction (market value)		2,495.0	54%		1,357.3	
Quarry & Trading		70.8	100%	12.0	849.5	
Property investments (3Q19)					2,020.0	
Associates and JCE's (3Q19)					3,672.3	
Net current assets less prop. dev cost					346.1	
Total borrowings (3Q19)					(9,250.9)	
Total RNAV						11,667.3
Warrants outstanding (m)					630.0	
Strike price (RM)					1.86	
Proceeds from warrants					1,171.74	
FD no. of shares (m)					5,548.26	
FD RNAV (RM)						12,839.09
RNAV/share (RM)						2.31
Discount to RNAV					20%	
Target price (RM)						1.85

SOURCES: CGS-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)	(32)	(11)	11
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	939	968	992
Exceptional Items	0	89	0	0	0
Pre-tax Profit	882	851	939	968	992
Taxation	(149)	(122)	(114)	(118)	(122)
Exceptional Income - post-tax					
Profit After Tax	733	729	825	850	870
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	678	703	723
Recurring Net Profit	640	583	678	703	723
Fully Diluted Recurring Net Profit	640	583	678	703	723

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)	(114.2)	(118.1)	(122.4)
Cashflow From Operations	95.9	(122.3)	368.7	387.3	395.1
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	(3.9)	(2.0)	1.0
Free Cashflow To Equity	136.5	(55.8)	458.4	498.6	527.8
Free Cashflow To Firm	545.1	327.2	731.1	749.5	759.0

SOURCES: CGS-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%	12.2%	12.2%	12.3%
Net Dividend Payout Ratio	19.6%	22.0%	18.5%	17.9%	17.4%
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%	3.52%	3.66%	3.71%
Return On Average Assets	3.87%	3.28%	4.09%	4.11%	4.04%

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: CGS-CIMB RESEARCH, COMPANY REPORTS

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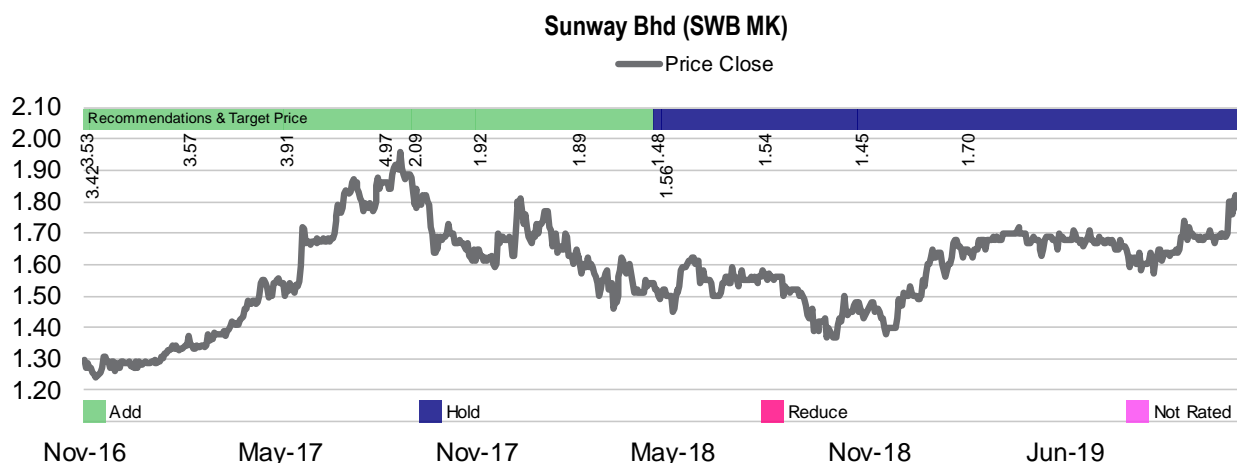
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Spitzer Chart for stock being researched (2 year data)



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, **CENDEL** – 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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