

## Company Note

### I Malaysia

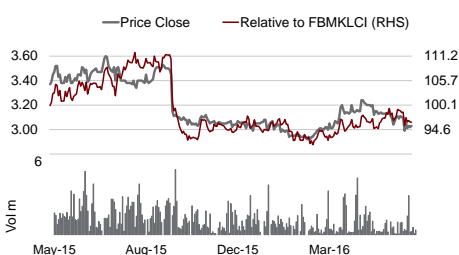
#### ADD (no change)

Consensus ratings: Buy 8 Hold 6 Sell 0

Current price:	RM3.03
Target price:	RM3.53
Previous target:	RM3.57
Up/downside:	16.5%
CIMB / Consensus:	0.5%
Reuters:	SWAY.KL
Bloomberg:	SWB MK
Market cap:	US\$1,464m
	RM5,969m
Average daily turnover:	US\$0.69m
	RM2.78m
Current shares o/s:	1,723m
Free float:	33.7%

#### Key changes in this note

- ▶ FY16F EPS cut by 18%.
- ▶ FY17F EPS cut by 10%
- ▶ FY18F EPS cut by 9%.



Source: Bloomberg

<b>Price performance</b>	1M	3M	12M
Absolute (%)	-3.5	0.7	-12.2
Relative (%)	-0.2	2.3	-5.5

<b>Major shareholders</b>	% held
Tan Sri Jeffrey Cheah & family	55.4
JP Morgan Chase & Co.	5.8
Amanahraya Trustees	5.1

#### Analyst(s)



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## Sunway Bhd

### Still solid on the infra side

- Annualised 1Q16 core net profit was 32% short of our forecast, and made up 85% of the consensus number.
- Results were below expectations due to the larger-than-expected MI but core pretax profit was largely in line. We cut our FY16-18F EPS and lower our target price.
- Strong construction wins YTD; RM5bn order book has more upside from infra.
- Property development remains challenging; RM1.4bn targeted sales in FY16.
- Infra order flows are the key catalysts supporting our Add call.

#### 1Q16 results below expectations on surge in MI

Sunway's 1Q16 core net profit made up 68% of our full-year forecast and 85% of the consensus number. The deviation came mainly from a larger-than-expected MI. Property development pretax profit was boosted by Singapore sales, mitigating the sluggish in domestic sales. The 17% yoy decline in construction pretax profit is a temporary blip due to final works certification. The forecast RM1-3bn-1.5bn construction run rate should flow through this year. No surprises in other operating indicators.

#### Strong RM2bn construction wins YTD; RM5bn unbilled order book

54%-owned subsidiary SunCon delivered a commendable RM2bn (US\$287m) in total order wins YTD, including the RM1.2bn viaduct package for MRT 2. This brings the total outstanding order book to RM5bn (US\$1.2bn), a 67% jump from end-2015. This is, by far, the highest among the domestic pure contractors, and about a third lower than the order book levels of the big caps like Gamuda and IJM Corp. The RM5bn order book is 2.5x SunCon's market cap. SunCon was listed in July last year.

#### Any more jobs for SunCon?

Currently, 26% of the RM5bn order book is made up of infra-related contracts. This may rise to as much as 50% by end-2016 if the group secures RM1.5bn worth of additional jobs in the coming months. If so, total wins in 2016 would surpass our assumption of RM2bn. Key projects include 1) Pan-Borneo Sarawak – submitting tenders; 2) Dash and Suke highways – submitted four tenders; and 3) LRT 3 – submitting tenders.

#### Property market still generally tough; launches SPCC

We retain the RM1.4bn (US\$342m) property sales target in FY16 (FY15 achieved sales: RM1.2bn). 70% of the targeted launch of RM1.7bn will be in the Klang Valley. To boost property sales, the Sunway Property Certainty Campaign (SPCC), launched end-Mar, offers three packages that include guaranteed loan, deferred payment and voluntary exit plan. This also enables potential buyers to lock in a down-payment of as low as 3%, with the balance payable after 12-24 months. The campaign concludes end-Sep.

#### Infra order flows still on an upturn; Maintain Add

We expect the better prospects for construction to offset any impact from the challenging property market conditions in the medium term. Although we cut our FY16-18F EPS by 9-18% to account for the surge in MI and lower our target price to RM3.53 (still pegged to a 20% RNAV discount and implying a 17% upside), we maintain our Add on the back of solid job flows. Potential downside risks to our rating include prolonged weakness in the property market and delays in job wins beyond 2H16.

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue (RMm)	4,842	4,451	4,952	5,103	5,299
Operating EBITDA (RMm)	588.8	541.5	447.2	533.6	575.1
Net Profit (RMm)	743.3	732.4	490.4	570.6	605.0
Core EPS (RM)	0.34	0.50	0.28	0.33	0.35
Core EPS Growth	22.3%	45.6%	(43.1%)	16.4%	6.0%
FD Core P/E (x)	9.13	6.27	10.83	9.15	8.63
DPS (RM)	0.11	0.49	0.12	0.13	0.13
Dividend Yield	3.6%	16.2%	4.0%	4.3%	4.3%
EV/EBITDA (x)	10.51	13.76	16.82	13.67	12.30
P/FCFE (x)	44.84	30.92	36.35	20.42	16.37
Net Gearing	21.8%	48.9%	53.9%	49.6%	45.8%
P/BV (x)	0.52	0.80	0.84	0.79	0.76
ROE	7.7%	10.4%	7.7%	8.9%	9.0%
% Change In Core EPS Estimates			(18.3%)	(9.9%)	(8.6%)
CIMB/consensus EPS (x)			0.96	1.04	1.02

SOURCE: COMPANY DATA, CIMB FORECASTS

Figure 1: Results comparison table

FYE Dec (RM m)	1QFY16	1QFY15	yoy % chg	4QFY15	qoq % chg	Prev. FY16F	Comments
Revenue	1,069.0	1,060.0	0.8	1,398.8	(23.6)	4,951.8	Boosted by S'pore property sales
Operating costs	(944.4)	(943.1)	0.1	(1,147.2)	(17.7)	(4,549.6)	Manageable cost levels
EBIT	124.6	117.0	6.5	251.5	(50.5)	402.2	In line
<b>EBIT margin (%)</b>	<b>11.7</b>	<b>11.0</b>	<b>5.6</b>	<b>18.0</b>	<b>(35.2)</b>	<b>8.1</b>	Construction margins stood at 12%
Interest expense	(39.7)	(26.0)	52.7	(45.3)	(12.5)	(124.5)	Borrowings stood at RM5.8bn
Interest & invt inc	48.6	64.4	(24.5)	129.0	(62.3)	49.0	Cash stood at RM2.9bn
Associates' contrib	42.6	38.1	11.6	49.6	(14.2)	278.7	
<b>Pretax profit</b>	<b>176.1</b>	<b>193.5</b>	<b>(9.0)</b>	<b>283.8</b>	<b>(38.0)</b>	<b>853.4</b>	Below expectations
Tax	(32.8)	(36.1)	(9.0)	(29.2)	12.5	(174.8)	
Tax rate (%)	18.7	18.6	0.0	10.3	81.4	20.5	Broadly in line
Minority interests	(41.1)	(10.9)	278.1	(40.0)	2.9	(78.2)	Above expectations
<b>Net profit</b>	<b>102.1</b>	<b>146.5</b>	<b>(30.3)</b>	<b>214.7</b>	<b>(52.4)</b>	<b>600.4</b>	Annualised 1Q16 core net profit
Core net profit	102.1	146.5	(30.3)	315.6	(67.6)	600.4	made up 70% of our full-year
EPS (sen)	5.7	8.5	(32.4)	12.0	(52.6)	35.0	forecast and 85% of consensus

SOURCE: CIMB RESEARCH, COMPANY

Figure 2: Segmental breakdown 1Q16

	1Q16	1Q15	yoy	Comments
<b>Revenue</b>				
Property development	234.1	180.7	30%	Strong sales from Avant Parc in S'pore; domestic still soft
Property investment	169.2	139.3	21%	Contribution from leasing revenue
Construction	311.4	375.3	-17%	Larger portion of jobs at the tail-end
Trading & Manufacturing	193.1	191.9	1%	Driven by construction activities
Quarry	38.7	53.8	-28%	Timing of orders
Investment holdings	0.9	0.8	4%	Lumpy contributions
Others	121.6	118.2	3%	Better revenue from healthcare and building materials
<b>Total</b>	<b>1,069.0</b>	<b>1,060.0</b>	<b>1%</b>	
	<b>1Q16</b>	<b>1Q15</b>	<b>yoy</b>	
<b>Pretax profit</b>				
Property development	69.1	56.9	21%	Higher margin sales mix and strong contribution from Singapore
Property investment	33.5	43.0	-22%	No disposal gains in 1Q16
Construction	37.7	52.2	-28%	Larger portion of jobs at the tail-end
Trading & Manufacturing	5.3	12.7	-58%	Driven by construction activities
Quarry	6.1	7.7	-20%	Timing of orders
Investment holdings	13.4	(0.0)	-3621%	Lumpy contributions
Others	10.9	20.9	-48%	Weaker earnings from healthcare and building materials
<b>Total</b>	<b>176.1</b>	<b>193.5</b>	<b>-9%</b>	
	<b>1Q16</b>	<b>1Q15</b>	<b>yoy</b>	
			<b>%-pts</b>	
<b>Pretax margin</b>				
Property development	30%	31%	-2%	Higher margin sales mix and strong contribution from Singapore
Property investment	20%	31%	-11%	No disposal gains in 1Q16
Construction	12%	14%	-2%	Larger portion of jobs at the tail-end
Trading & Manufacturing	3%	7%	-4%	Driven by construction activities
Quarry	16%	14%	2%	Orders picking up
Investment holdings	1527%	-4%	1531%	Lumpy contributions
Others	9%	18%	-9%	Stable numbers
<b>Total</b>	<b>16%</b>	<b>18%</b>	<b>-2%</b>	

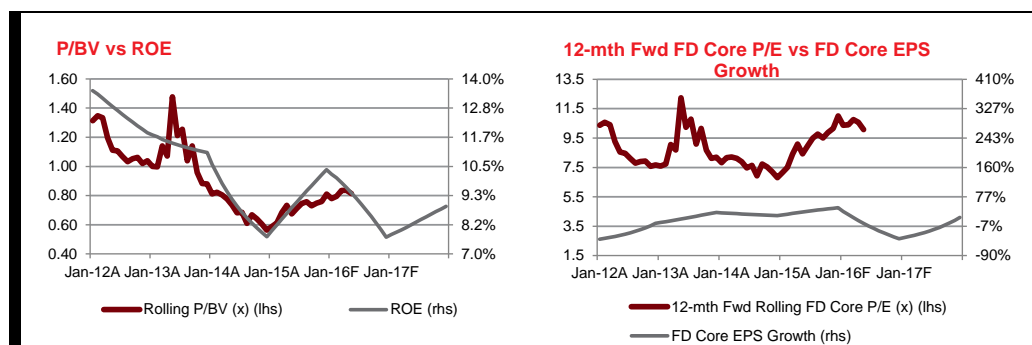
SOURCES: CIMB, COMPANY REPORTS

Figure 3: RNAV

Type	Location	Size/units	Area (sq ft)	Price	Stake	Value
<b>Completed buildings</b>						<b>RM m</b>
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
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
<b>On going developments</b>						
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	300.0	60%	453.2
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	691.0 ac	30,099,960.0	30.0	38%	343.1
Pendas land	Iskandar	1,079.2 ac	47,009,952.0	35.0	60%	987.2
New Land Novena	Singapore	1.7 ac	71,874.0	500.0	30%	10.8
Penang Land ( 4 plots )	Penang	989.9 ac	43,118,737.2	22.0	100%	948.6
New land - Kelana Jaya	Petaling Jaya	17.0 ac	739,039.0	54.0	100%	39.9
<b>Total value of properties</b>						<b>5,157.2</b>
		<b>Market cap</b>	<b>Stake</b>			
		<b>Rm m</b>				
Sunway REIT		4,853.0	37%			1,781.1
		<b>RM m</b>	<b>Stake</b>	<b>P/E</b>		
Sunway Construction (market value)		1,965.0	54%			1,069.0
Quarry & Trading		70.8	100%	12.0		849.5
Property investments (1Q16)						2,767.6
Associates and JCE's						3,178.3
Net current assets less prop. dev cost						(837.4)
Total borrowings (1Q16)						(5,822.3)
<b>FD RNAV (RM)</b>						<b>8,862.85</b>
<b>RNAV/share (RM)</b>						<b>4.41</b>
Discount to RNAV						20%
<b>Target price (RM)</b>						<b>3.53</b>

SOURCES: CIMB, COMPANY REPORTS

## BY THE NUMBERS



### Profit & Loss

(RMm)	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
<b>Total Net Revenues</b>	<b>4,842</b>	<b>4,451</b>	<b>4,952</b>	<b>5,103</b>	<b>5,299</b>
<b>Gross Profit</b>	<b>4,842</b>	<b>4,451</b>	<b>4,952</b>	<b>5,103</b>	<b>5,299</b>
<b>Operating EBITDA</b>	<b>589</b>	<b>542</b>	<b>447</b>	<b>534</b>	<b>575</b>
Depreciation And Amortisation	(114)	(115)	(112)	(118)	(123)
<b>Operating EBIT</b>	<b>475</b>	<b>427</b>	<b>335</b>	<b>416</b>	<b>452</b>
Financial Income/(Expense)	(30)	(27)	(42)	(19)	4
Pretax Income/(Loss) from Assoc.	260	270	279	284	290
Non-Operating Income/(Expense)	265	259	214	193	174
<b>Profit Before Tax (pre-EI)</b>	<b>969</b>	<b>929</b>	<b>786</b>	<b>874</b>	<b>919</b>
Exceptional Items	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>969</b>	<b>929</b>	<b>786</b>	<b>874</b>	<b>919</b>
Taxation	(148)	(130)	(175)	(171)	(174)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>821</b>	<b>799</b>	<b>612</b>	<b>704</b>	<b>745</b>
Minority Interests	(78)	(67)	(121)	(133)	(140)
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>743</b>	<b>732</b>	<b>490</b>	<b>571</b>	<b>605</b>
Recurring Net Profit	592	862	490	571	605
<b>Fully Diluted Recurring Net Profit</b>	<b>592</b>	<b>862</b>	<b>490</b>	<b>571</b>	<b>605</b>

### Cash Flow

(RMm)	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
<b>EBITDA</b>	<b>588.8</b>	<b>541.5</b>	<b>447.2</b>	<b>533.6</b>	<b>575.1</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(93.6)	(101.7)	(49.4)	(66.4)	(75.5)
(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	(78.9)	(124.5)	(90.7)	(81.7)	(73.5)
Tax Paid	(121.7)	(125.5)	(174.8)	(170.5)	(173.8)
<b>Cashflow From Operations</b>	<b>294.6</b>	<b>189.8</b>	<b>132.3</b>	<b>215.0</b>	<b>252.3</b>
Capex	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)
Disposals Of FAs/subsidiaries	160.9	237.3	243.0	248.9	255.0
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	0.0
<b>Cash Flow From Investing</b>	<b>140.9</b>	<b>217.3</b>	<b>223.0</b>	<b>228.9</b>	<b>235.0</b>
Debt Raised/(repaid)	(315.0)	(232.4)	(209.2)	(188.3)	(168.5)
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0	0.0
Dividends Paid	(125.6)	(125.6)	(125.6)	(125.6)	(126.6)
Preferred Dividends					
Other Financing Cashflow	534.6	600.0	(280.2)	(153.6)	(215.6)
<b>Cash Flow From Financing</b>	<b>93.9</b>	<b>242.0</b>	<b>(615.0)</b>	<b>(467.5)</b>	<b>(510.7)</b>
Total Cash Generated	529.4	649.1	(259.7)	(23.6)	(23.4)
<b>Free Cashflow To Equity</b>	<b>120.5</b>	<b>174.7</b>	<b>146.1</b>	<b>255.6</b>	<b>318.8</b>
<b>Free Cashflow To Firm</b>	<b>514.3</b>	<b>531.6</b>	<b>446.0</b>	<b>525.6</b>	<b>560.8</b>

## BY THE NUMBERS

### Balance Sheet

(RMm)	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	2,022	2,683	2,420	2,396	2,373
Total Debtors	1,787	2,695	2,722	2,668	2,616
Inventories	598	693	715	736	765
Total Other Current Assets	1,772	994	1,004	1,014	1,024
<b>Total Current Assets</b>	<b>6,179</b>	<b>7,065</b>	<b>6,860</b>	<b>6,815</b>	<b>6,777</b>
Fixed Assets	985	1,364	1,011	1,036	1,060
Total Investments	5,608	4,658	4,867	5,080	5,298
Intangible Assets	320	320	320	320	320
Total Other Non-Current Assets	3,945	2,588	2,613	2,666	2,719
<b>Total Non-current Assets</b>	<b>10,858</b>	<b>8,930</b>	<b>8,811</b>	<b>9,102</b>	<b>9,397</b>
Short-term Debt	2,283	3,304	3,238	3,173	3,109
Current Portion of Long-Term Debt	0				
Total Creditors	2,172	2,446	2,422	2,373	2,326
Other Current Liabilities	21	43	43	43	43
<b>Total Current Liabilities</b>	<b>4,476</b>	<b>5,793</b>	<b>5,702</b>	<b>5,589</b>	<b>5,478</b>
Total Long-term Debt	1,502	2,585	2,611	2,559	2,508
Hybrid Debt - Debt Component	0				
Total Other Non-Current Liabilities	522	325	325	325	325
<b>Total Non-current Liabilities</b>	<b>2,024</b>	<b>2,911</b>	<b>2,937</b>	<b>2,885</b>	<b>2,833</b>
Total Provisions	83	90	81	81	81
<b>Total Liabilities</b>	<b>6,583</b>	<b>8,794</b>	<b>8,720</b>	<b>8,555</b>	<b>8,393</b>
Shareholders' Equity	10,066	6,550	6,245	6,575	6,912
Minority Interests	389	651	706	786	869
<b>Total Equity</b>	<b>10,454</b>	<b>7,200</b>	<b>6,950</b>	<b>7,362</b>	<b>7,782</b>

### Key Ratios

	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	2.6%	(8.1%)	11.2%	3.0%	3.9%
Operating EBITDA Growth	(11.4%)	(8.0%)	(17.4%)	19.3%	7.8%
Operating EBITDA Margin	12.2%	12.2%	9.0%	10.5%	10.9%
Net Cash Per Share (RM)	(1.32)	(2.05)	(2.18)	(2.12)	(2.07)
BVPS (RM)	5.84	3.80	3.63	3.82	4.01
Gross Interest Cover	6.02	3.43	3.69	5.09	6.14
Effective Tax Rate	15.3%	14.0%	22.2%	19.5%	18.9%
Net Dividend Payout Ratio	16.9%	17.2%	25.6%	22.0%	20.8%
Accounts Receivables Days	119.7	178.7	196.1	188.8	178.2
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 (%)	7.70%	5.92%	5.44%	7.03%	7.50%
ROCE (%)	4.39%	3.70%	2.88%	3.59%	3.88%
Return On Average Assets	6.05%	5.00%	4.13%	4.57%	4.62%

### Key Drivers

(RMm)	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Outstanding Orderbook	3,000	2,700	2,900	3,100	3,100
Order Book Depletion	N/A	1,800	1,800	1,800	1,800
Orderbook Replenishment	1,500	2,000	2,000	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

SOURCE: CIMB RESEARCH, COMPANY DATA

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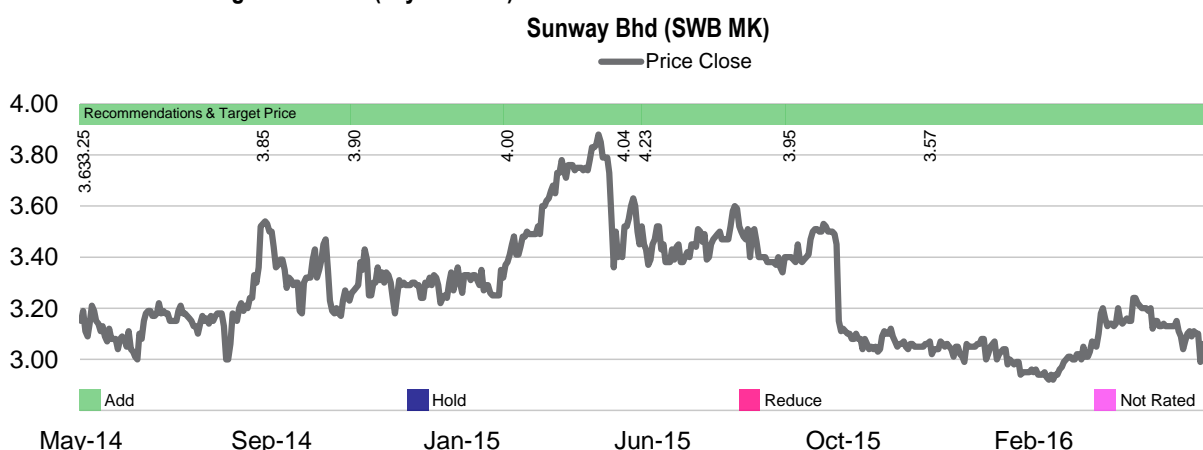
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**Spitzer Chart for stock being researched ( 2 year data )**



## Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2015, Anti-Corruption Progress Indicator 2015.

AAV – Very Good, 3B, ADVANC – Excellent, 3A, AEONTS – Good, 1, AMATA – Very Good, 2, ANAN – Very Good, 3A, AOT – Very Good, 2, AP – Good, 3A, ASK – Very Good, 3B, ASP – Very Good, 4, BANPU – Very Good, 4, BAY – Very Good, 4, BBL – Very Good, 4, BCH – not available, no progress, BCP – Excellent, 5, BEM – not available, no progress, BDMS – Very Good, 3B, BEAUTY – Good, 2, BEC – Good, 3B, BH – Good, 2, BIGC – Excellent, 3A, BJC – Good, 1, BLA – Very Good, 4, 1, BTS – Excellent, 3A, CBG – Good, 1, CCET – not available, 1, CENTEL – Very Good, 3A, CHG – Good, 3B, CK – Excellent, 3B, COL – Very Good, 3A, CPALL – Good, 3A, CPF – Very Good, 3A, CPN – Excellent, 5, DELTA – Very Good, 3A, DEMCO – Very Good, 3A, DTAC – Excellent, 3A, EA – not available, 3A, ECL – Good, 4, EGCO – Excellent, 4, EPG – not available, 3B, GFPT – Very Good, 3A, GLOBAL – Very Good, 2, GLOW – Good, 3A, GPSC – not available, 3B, GRAMMY – Excellent, 3B, GUNKUL – Very Good, 1, HANA – Excellent, 4, HMPRO – Excellent, 3A, ICHI – Very Good, 3A, INTUCH – Excellent, 4, ITD – Good, 1, IVL – Excellent, 4, JAS – not available, 3A, JASIF – not available, no progress, JUBILE – Good, 3A, KAMART – not available, no progress, KBANK – Excellent, 4, KCE – Excellent, 4, KGI – Good, 4, KKP – Excellent, 4, KSL – Very Good, 2, KTB – Excellent, 4, KTC – Very Good, 3A, LH – Very Good, 3B, LPN – Excellent, 3A, M – Good, 2, MAJOR – Good, 1, MAKRO – Good, 3A, MALEE – not available, 2, MBKET – Good, 2, MC – Very Good, 3A, MCOT – Excellent, 3A, MEGA – Very Good, 2, MINT – Excellent, 3A, MTLN – Good, 2, NYT – Good, no progress, OISHI – Very Good, 3B, PLANB – Good, 3B, PS – Excellent, 3A, PSL – Excellent, 4, PTT – Excellent, 5, PTTEP – Excellent, 4, PTTGC – Excellent, 5, QH – Very Good, 2, RATCH – Excellent, 3A, ROBINS – Excellent, 3A, RS – Very Good, 1, SMART – Excellent, 3B, SAPPE – Good, 3B, SAT – Excellent, 5, SAWAD – Good, 1, SC – Excellent, 3B, SCB – Excellent, 4, SCBLIF – not available, no progress, SCC – Excellent, 5, SCN – Good, 1, SCCC – Good, 3A, SIM – Excellent, 3B, SIRI – Good, 1, SPALI – Excellent, 3A, SPRC – not available, no progress, STA – Very Good, 1, STEC – Very Good, 3B, SVI – Very Good, 3A, TASCO – Very Good, 3A, TCAP – Very Good, 4, THAI – Very Good, 3A, THANI – Very Good, 5, THCOM – Excellent, 4, THRE – Very Good, 3A, THREL – Very Good, 3A, TICON – Very Good, 3A, TISCO – Excellent, 4, TK – Very Good, 3B, TKN – not available, no progress, TMB – Excellent, 4, TPCH – Good, 3B, TOP – Excellent, 5, TRUE – Very Good, 2, TTW – Very Good, 2, TU – Very Good, 3A, UNIQ – not available, 2, VGI – Excellent, 3A, WHA – Good, 3A, WORK – not available, no progress.

Comprises level 1 to 5 as follows:

Level 1: Committed

Level 2: Declared

Level 3: Established (3A: Established by Declaration of Intent, 3B: Established by Internal Commitment and Policy)

Level 4: Certified

Level 5: Extended.

### CIMB 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.