

Malaysia

HOLD (no change)

Consensus ratings*: Buy 5 Hold 8 Sell 0

Current price:	RM1.56
Target price:	RM1.54
Previous target:	RM1.56
Up/downside:	-1.3%
CGS-CIMB / Consensus:	-12.4%

Reuters:	SWAY.KL
Bloomberg:	SWB MK
Market cap:	US\$1,852m
	RM7,588m
Average daily turnover:	US\$0.77m
	RM3.11m
Current shares o/s:	4,852m
Free float:	36.5%
*Source: Bloomberg	

Key changes in this note

No change



Price performance	1M	3M	12M
Absolute (%)	0	3.3	-11.9
Relative (%)	-2.5	6.3	-13.4

Major shareholders

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

Analyst(s)



Sharizan ROSELY

T (60) 3 2261 9077

E sharizan.rosely@cimb.com

Sunway Bhd

Lifted by REIT's fair value gains

- 1H18 core net profit made up 44%/45% of our/consensus' full-year forecasts. Results were in line; expecting a seasonally stronger 2H due to the ramp-up in launches.
- Overall segmental results were boosted by fair value gains at SunREIT and higher pretax margins for property development due to forex gains for Singapore ventures.
- Sunway achieved RM1.3bn sales YTD, unbilled sales of RM1.4bn as at Jun 18.
- Slower LRT 3 revenue from cost rationalisation for now; solid RM5.8bn order book.
- Hold retained with lower RNAV-based TP (30% RNAV discount).

1HFY18 results in line; higher interim 3.5 sen DPS

1H18 core net profit constituted 44%/45% of our/consensus' full-year numbers. Results were broadly in line as we expect a seasonally stronger 2H on the back of a ramp-up in launches, partially mitigating the likely weaker LRT 3 billings due to the delayed completion target. Property development pretax profit was boosted by c.RM30m realized forex gains for Singapore ventures, while the RM59.2m fair value gain for SunREIT lifted margins. Overall 1H18 core net profit growth of 6.5% lagged revenue's 11.4% due to higher finance cost (1H18 debt: +15% vs. 1Q18). Higher 3.5 sen DPS was in line.

No major surprises in segmental performance

Segmental pretax profit was dragged by property development's 30% decline which was in line with lower property sales. Property investment pretax profit surged 37% yoy in 1H19 on account of revaluation gain at SunREIT. Construction pretax margin slipped to 10% due to weaker precast. The adoption of MFRS 15 resulted in the deferment of the RM28.3m development profit for Rivercove (Singapore) in 1H18 until its completion.

Solid RM5.8bn outstanding orderbook; growth from internal jobs

YTD, 54.4%-owned Sunway Construction Group Bhd (SCGB MK, NR) has won RM854m worth of contracts; mainly internal building/property jobs from Sunway Bhd. Total outstanding order book of RM5.8bn implies a solid order book-revenue cover of 3.2x. Some 48% of total order book comprise civil and infrastructure works. SCGB's target to secure RM1.5bn worth of new contracts in FY18F is intact. With the RM854m secured YTD, the balance RM646m is likely to also come from Sunway's new medical centers.

Cost rationalisation impact on LRT 3 package

In Jul, the government announced that the total cost of LRT 3 will be rationalised, including the cancellation of several stations. For SunCon, the scaling down of station design and specifications may impact the value of its RM2.3bn work package contract (WPC), while the progress billings will be spread over 6 years (3 years previously). The LRT 3 construction schedule has been delayed by four years to 2024 to allow for the scaling-down phase. It would be too early to estimate the impact on margins, if any.

Achieved RM1.3bn sales YTD; RM2bn launch GDV target

Sunway achieved RM1.3bn property sales YTD. It launched Rivercove Residences (GDV: RM485m) in Singapore recently which chalked up a 98% take-up rate. Upcoming launches of Sunway GEO Lake (GDV: RM550m), Sunway Velocity TWO (GDV: RM320m) and Sunway Wangsa Maju (GDV: RM220m) have been lined up for 2H18. For its townhouse and cluster homes segment in Sunway Iskandar (Johor), Sunway Citrine Lake Homes is slated for launch towards the later part of the year too (RM80m GDV).

Retain Hold with lower TP

We maintain our FY18-20F EPS and Hold call, in view of the still-challenging property market and the downturn in mega contracts. Our TP is trimmed (30% RNAV disc.) as we update for balance sheet items and lower market capitalisation of listed units. Upside risk is stronger property sales and contract wins; downside risk is weaker property demand.

Financial Summary	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue (RMm)	4,726	5,375	5,299	5,508	5,728
Operating EBITDA (RMm)	531.1	527.0	613.7	683.7	703.7
Net Profit (RMm)	586.0	639.5	605.5	659.8	679.6
Core EPS (RM)	0.12	0.13	0.12	0.14	0.14
Core EPS Growth	(32.0%)	9.1%	(5.3%)	9.0%	3.0%
FD Core P/E (x)	12.92	12.61	14.13	12.96	12.59
DPS (RM)	0.051	0.055	0.055	0.055	0.055
Dividend Yield	3.27%	3.50%	3.50%	3.50%	3.50%
EV/EBITDA (x)	18.77	19.65	15.57	13.51	12.67
P/FCFE (x)	49.49	59.06	26.71	21.13	19.26
Net Gearing	40.9%	47.5%	41.0%	37.8%	35.0%
P/BV (x)	1.02	0.97	0.85	0.81	0.77
ROE	8.37%	8.36%	7.25%	7.25%	7.10%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.01	1.02	0.93

SOURCES: CIMB RESEARCH, COMPANY REPORTS

Figure 1: Results comparison

FYE Dec (RM m)	2QFY18	2QFY17	yoy %	1QFY18	qoq %	2QFY18	2QFY17	yoy %	Prev.	
			chg		chg	Cum	Cum	chg	FY18F	Comments
Revenue	1,287.1	1,240.5	3.8	1,308.4	(1.6)	2,595.5	2,329.3	11.4	5,299.0	Boosted by construction and trading
Operating costs	(1,234.5)	(1,129.1)	9.3	(1,199.9)	2.9	(2,434.4)	(2,120.1)	14.8	(4,685.3)	Solid RM5.8bn order book
EBIT	52.6	111.5	(52.8)	108.5	(51.5)	161.1	209.2	(23.0)	490.3	
EBIT margin (%)	4.1	9.0	(54.5)	8.3	(50.7)	6.2	9.0	(30.9)	9.3	Weakened by precast segment
Interest expense	(69.1)	(62.4)	10.6	(62.6)	10.4	(131.6)	(112.0)	17.5	(118.5)	Debt rose 15% from 1Q18 to RM9.1bn
Interest & invt inc	110.5	68.2	62.0	76.5	44.5	186.9	128.6	45.4	76.2	Cash stood at RM5.2bn
Associates' contrib	89.0	96.1	(7.4)	38.5	131.3	127.5	139.2	(8.4)	289.9	
Exceptionals	59.2	56.8	4.2	-	nm	59.2	56.8	4.2	-	Fair value gain for SunREIT
Pretax profit	242.2	270.2	(10.3)	160.9	50.6	403.1	421.8	(4.4)	911.5	
Tax	(26.5)	(38.1)	(30.6)	(23.4)	13.0	(49.9)	(65.4)	(23.7)	(165.9)	
Tax rate (%)	10.9	14.1	(22.6)	14.5	(24.9)	12.4	15.5	(20.2)	18.2	Deferred taxation at RM5.6m
Minority interests	(16.3)	(36.0)	(54.6)	(15.6)	4.9	(31.9)	(53.5)	(40.3)	(140.0)	
Net profit	199.4	196.1	1.7	121.9	63.6	321.4	302.9	6.1	605.5	1H18 core net profit made up 45%
Core net profit	140.2	139.3	0.7	121.9	15.0	262.2	246.1	6.5	605.5	of our and 44% of consensus' full-
EPS (sen)	4.1	4.1	(0.5)	2.5	64.3	6.6	6.4	3.0	12.0	year forecasts
Core EPS (sen)	2.9	2.9	(1.5)	2.5	15.5	5.4	5.2	3.4	12.0	

SOURCES: CIMB RESEARCH, COMPANY REPORTS

Figure 2: Segmental breakdown 1HFY18

	1H18	1H17	yoy Comments
Revenue	RM m	RM m	
Property development	221.0	414.4	-47% Slower local sales, Sunway South Quay and South Geo completed
Property investment	436.7	394.3	11% Higher occupancy across portfolio
Construction	893.4	627.7	42% Driven by MRT 2 and Parcel F, Putrajaya projects
Trading & Manufacturing	564.7	471.2	20% Improved market conditions
Quarry	107.9	98.9	9% Higher sales volume and average selling prices
Investment holdings	1.6	1.6	-2% Lumpy contributions
Others	370.3	324.2	14% Better revenue from healthcare, treasury, and building materials
Total	2,595.5	2,332.3	11%
Pretax profit	RM m	RM m	yoy
Property development	70.2	100.3	-30% In line with lower property sales
Property investment	158.2	115.6	37% Higher fair value gains from revaluation of Sunway REIT properties
Construction	89.7	79.2	13% Offset by lower contribution from precast division
Trading & Manufacturing	24.9	19.1	30% Improved market conditions
Quarry	4.7	4.2	12% In line with revenue growth
Investment holdings	15.0	56.8	-74% Lumpy contributions
Others	40.5	49.4	-18% Higher contribution from healthcare, treasury, and building materials
Total	403.1	424.6	-5%
Pretax margin	RM m	RM m	%pts
Property development	32%	24%	8%
Property investment	36%	29%	7% Fair value gains from revaluation of Sunway REIT properties
Construction	10%	13%	-3% Supported by stronger progress billings for external jobs
Trading & Manufacturing	4%	4%	0% Driven by construction activities
Quarry	4%	4%	0% Margin stabilising
Investment holdings	949%	3530%	-2582% Lumpy contributions
Others	11%	15%	-4% Stable numbers
Total	16%	18%	-3%

SOURCES: CIMB RESEARCH, COMPANY REPORTS

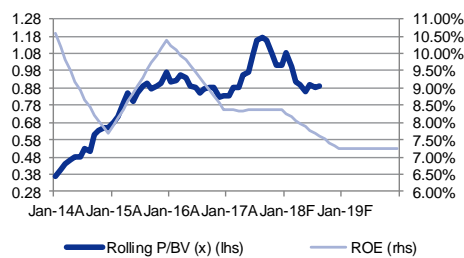
Figure 1: RNAV

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	750.0	100%	1888.3
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	55.0	38%	569.0
Pendas land	Iskandar	1,079.2 ac	47,009,952.0	55.0	60%	1551.3
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
Total value of properties						8,929.9
		Market cap	Stake			
		Rm m				
Sunway REIT		5,124.0	37%			
		RM m	Stake	P/E		
Sunway Construction (market value)		2,570.0	54%			1,398.1
Quarry & Trading		70.8	100%	12.0		849.5
Property investments (2Q18)						3,050.7
Associates and JCE's (2Q18)						3,514.6
Net current assets less prop. dev cost						500.9
Total borrowings (2Q18)						(9,056.1)
Total RNAV						11,068.1
FD no. of shares (m)						5,548.26
FD RNAV (RM)						12,239.80
RNAV/share (RM)						2.21
Discount to RNAV						30%
Target price (RM)						1.54

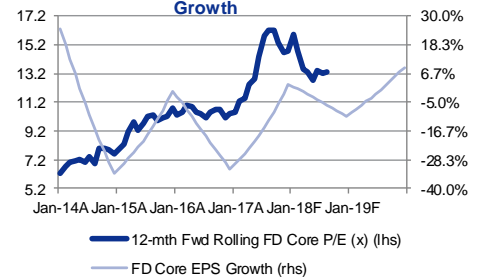
SOURCES: CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth



Profit & Loss

(RMm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Net Revenues	4,726	5,375	5,299	5,508	5,728
Gross Profit	4,726	5,375	5,299	5,508	5,728
Operating EBITDA	531	527	614	684	704
Depreciation And Amortisation	(114)	(139)	(123)	(130)	(136)
Operating EBIT	417	388	490	554	568
Financial Income/(Expense)	(60)	(23)	(42)	(31)	(11)
Pretax Income/(Loss) from Assoc.	192	168	290	296	302
Non-Operating Income/(Expense)	310	349	174	156	141
Profit Before Tax (pre-EI)	859	882	911	975	999
Exceptional Items	0	0	0	0	0
Pre-tax Profit	859	882	911	975	999
Taxation	(140)	(149)	(166)	(168)	(173)
Exceptional Income - post-tax					
Profit After Tax	719	733	746	807	827
Minority Interests	(133)	(93)	(140)	(147)	(147)
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	586	640	606	660	680
Recurring Net Profit	586	640	606	660	680
Fully Diluted Recurring Net Profit	586	640	606	660	680

Cash Flow

(RMm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
EBITDA	531	527	614	684	704
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(49)	(66)	(76)	(80)	(84)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	0	0	0	0	0
Net Interest (Paid)/Received	(168)	(220)	(119)	(121)	(115)
Tax Paid	(175)	(144)	(166)	(168)	(173)
Cashflow From Operations	139	96	254	315	333
Capex	(20)	(20)	(20)	(20)	(20)
Disposals Of FAs/subsidiaries	243	249	255	261	268
Acq. Of Subsidiaries/investments	0	0	0	0	0
Other Investing Cashflow	0	0	0	0	0
Cash Flow From Investing	223	229	235	241	248
Debt Raised/(repaid)	(209)	(188)	(168)	(152)	(136)
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	(126)	(126)	(127)	(127)	(124)
Preferred Dividends					
Other Financing Cashflow	1,405	(191)	(234)	(320)	(320)
Cash Flow From Financing	1,070	(505)	(529)	(598)	(580)
Total Cash Generated	1,432	(180)	(40)	(42)	0
Free Cashflow To Equity	153	137	320	405	444
Free Cashflow To Firm	530	545	607	678	695

SOURCES: CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(RMm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Cash And Equivalents	4,402	4,514	4,469	4,425	4,382
Total Debtors	2,879	3,049	2,990	2,931	2,873
Inventories	662	681	765	795	827
Total Other Current Assets	1,209	1,379	1,390	1,401	1,412
Total Current Assets	9,152	9,624	9,614	9,552	9,494
Fixed Assets	1,876	2,009	2,058	2,106	2,155
Total Investments	5,976	6,367	7,078	7,316	7,559
Intangible Assets	312	327	327	327	327
Total Other Non-Current Assets	1,516	1,887	1,923	1,959	1,997
Total Non-current Assets	9,680	10,590	11,385	11,709	12,038
Short-term Debt	4,831	4,910	4,812	4,716	4,621
Current Portion of Long-Term Debt					
Total Creditors	2,708	2,991	2,932	2,873	2,816
Other Current Liabilities	44	74	74	74	74
Total Current Liabilities	7,583	7,976	7,818	7,663	7,511
Total Long-term Debt	2,591	3,349	3,282	3,217	3,152
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	344	285	285	285	285
Total Non-current Liabilities	2,934	3,634	3,567	3,502	3,437
Total Provisions	95	120	81	81	81
Total Liabilities	10,612	11,731	11,467	11,246	11,030
Shareholders' Equity	7,456	7,840	8,870	9,333	9,799
Minority Interests	764	643	662	682	703
Total Equity	8,219	8,483	9,533	10,015	10,502

Key Ratios

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue Growth	6.2%	13.7%	(1.4%)	3.9%	4.0%
Operating EBITDA Growth	(1.9%)	(0.8%)	16.5%	11.4%	2.9%
Operating EBITDA Margin	11.2%	9.8%	11.6%	12.4%	12.3%
Net Cash Per Share (RM)	(0.69)	(0.83)	(0.80)	(0.78)	(0.76)
BVPS (RM)	1.54	1.62	1.83	1.92	2.02
Gross Interest Cover	2.49	1.76	4.14	4.57	4.95
Effective Tax Rate	16.3%	16.9%	18.2%	17.2%	17.3%
Net Dividend Payout Ratio	21.4%	19.6%	20.7%	19.0%	18.5%
Accounts Receivables Days	211.7	197.7	204.1	192.4	181.8
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 (%)	6.77%	6.80%	7.82%	8.60%	8.64%
ROCE (%)	3.55%	3.53%	3.22%	3.55%	3.64%
Return On Average Assets	4.47%	3.87%	3.82%	3.97%	3.91%

Key Drivers

(RMm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Outstanding Orderbook	2,900	3,100	3,100	3,100	3,100
Order Book Depletion	1,800	1,800	1,800	1,800	1,800
Orderbook Replenishment	2,000	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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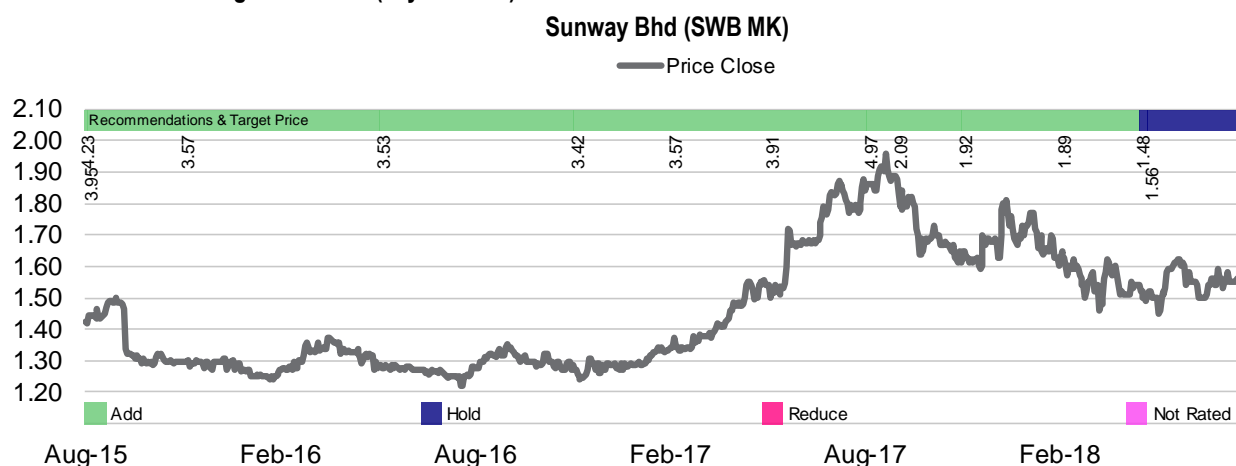
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Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2017, Anti-Corruption 2017

AAV – Very Good, n/a, **ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AMATA** – Very Good, n/a, **ANAN** – Excellent, n/a, **AOT** – Excellent, Declared, **AP** – Excellent, Declared, **ASK** – Very Good, Declared, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Declared, **BCP** – Excellent, Certified, **BCPG** – Very Good, n/a, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – not available, n/a, **BH** – Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Declared, **BLA** – Very Good, Certified, **BPP** – Good, n/a, **BR** – Good, Declared, **BTS** – Excellent, Certified, **CBG** – Good, n/a, **CCET** – Good, n/a, **CENTEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Very Good, Declared, **CPALL** – not available, Declared, **CPF** – Excellent, Declared, **CPN** – Excellent, Certified, **DELTA** – Excellent, n/a, **DEMCO** – Excellent, Certified, **DIF** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Very Good, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **GFPT** – Excellent, Declared, **GGC** – not available, Declared, **GLOBAL** – Very Good, Declared, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Declared, **GRAMMY** – Excellent, n/a, **GUNKUL** – Excellent, Declared, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **ICHI** – Excellent, n/a, **III** – not available, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JAS** – not available, Declared, **JASIF** – not available, n/a, **JUBILE** – Good, Declared, **KAMART** – not available, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent,

Certified, **KGI** – Very Good, Certified, **KKP** – Excellent, Certified, **KSL** – Very Good, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, n/a, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Very Good, Declared, **MALEE** – Very Good, n/a, **MBKET** – Very Good, Certified, **MC** – Very Good, Declared, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTLS** – Very Good, Declared, **NYT** – Excellent, n/a, **OISHI** – Very Good, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PSH** – Excellent, Certified, **PSL** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **SAMART** – Excellent, n/a, **SAPPE** – Good, n/a, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** – Excellent, Certified, **SCBLIF** – not available, n/a, **SCC** – Excellent, Certified, **SCN** – Very Good, Declared, **SCCC** – Excellent, Declared, **SIM** – Excellent, n/a, **SIRI** – Very Good, Declared, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Declared, **STA** – Very Good, Declared, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **TASCO** – Very Good, n/a, **TCAP** – Excellent, Certified, **THAI** – Very Good, n/a, **THANI** – Very Good, Certified, **THCOM** – Excellent, Certified, **THRE** – Very Good, Certified, **THREL** – Excellent, Certified, **TICON** – Very Good, Declared, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TK** – Very Good, n/a, **TKN** – Very Good, Declared, **TMB** – Excellent, Certified, **TNR** – Good, n/a, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TIPIP** – not available, n/a, **TRUE** – Excellent, Declared, **TTW** – Very Good, n/a, **TU** – Excellent, Declared, **TVO** – Excellent, Declared, **UNIQ** – not available, Declared, **VGI** – Excellent, Declared, **WHA** – not available, Declared, **WHART** – not available, n/a, **WORK** – not available, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of October 28, 2016) are categorized into:

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

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.