

# Singapore

## HOLD (previously ADD)

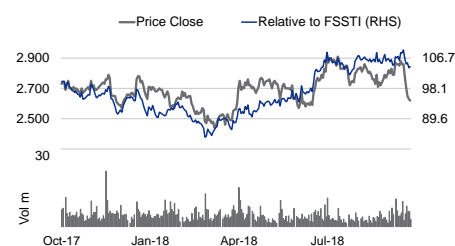
Consensus ratings\*: Buy 1 Hold 4 Sell 1

Current price:	S\$2.62
Target price:	S\$2.74
Previous target:	S\$2.88
Up/downside:	4.6%
CGS-CIMB / Consensus:	3.8%
Reuters:	SPRM.SI
Bloomberg:	SPH SP
Market cap:	US\$3,042m
	S\$4,188m
Average daily turnover:	US\$8.35m
	S\$11.44m
Current shares o/s:	1,599m
Free float:	95.7%

\*Source: Bloomberg

### Key changes in this note

- FY19F EPS decreased by 6.1%.
- FY20F EPS decreased by 7.9%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-4.4	-6.1	-4
Relative (%)	-0.7	0.5	4.2

### Major shareholders

	% held
Vanguard Group	2.2
Blackrock	1.9
Toronto-Dominion Ban	0.8

### Analyst(s)



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# Singapore Press Holdings

## Playing monopoly deal

- FY18 bottomline boosted by higher investment income; media EBIT fell 9.7% yoy, in tandem with the lower revenue.
- We expect higher property income in FY19F, particularly from its UK PBSA acquisition and upcoming sales launch of the Woodleigh project.
- Downgrade from Add to Hold as we see limited upside and catalysts, with 5% dividend yield as near-term share price support.

### FY18 core net profit boosted by investment income

SPH's FY18/18 core net profit of S\$268.6m was ahead at 112%/123% of our/consensus expectations, thanks to higher investment income of S\$115.2m. This excludes non-operational items from impairment, retrenchment costs and fair value gain on investment property. FY18 topline fell 4.4% yoy to S\$982.6m on weaker media revenue (-9.6% yoy), in line with our/consensus full-year forecasts. The group declared final DPS of 7 Scts, bringing full-year DPS to 13 Scts, slightly below our estimated 15 Scts.

### New digital initiatives take time

FY18 revenue from display ads and classifieds saw a continued decline of 12-15% yoy. Growth in digital revenue was also slow and contributed 15% of total media revenue (3Q18: 14%), while average monthly e-paper readership was slightly higher at 39k (from 3Q18's 37k). The key positive for media was FY18 core EBIT margin of 15.8%, similar to FY17, as a result of staff cost savings, and lower newsprint consumption that offset the hike in average newsprint charge-out price.

### Stronger recurring property contribution in FY19F

Stripping out the fair value change on investment properties, FY18 property PBT was impacted by financing costs pertaining to Woodleigh development and professional fees, falling S\$11.2m. Apart from the S\$63.2m acquisition of the Rail Mall by SPH REIT (70%-owned subsidiary) and increased stake in Chinatown Point (30.68%), we expect the recent purchase of purpose-built student accommodation (PBSA) in the UK and upcoming launch of the Woodleigh project to contribute more substantially in FY19F, thereby mitigating weakness in media operations.

### Downgrade to Hold, with 5% yield as near-term support

We cut our FY19-20F EPS by 6.1-7.9% mainly on lower media revenue, higher staff costs (from digital talent investment) and financing expenses, as well as introduce our FY21F numbers. We lower our SOP-based TP due to lower valuation for SPH REIT, as well as reduced net cash position. We also downgrade the stock from Add to Hold as we see limited near-term catalysts and upside. Risks include poor ad revenue and weak overseas execution.

### Financial Summary

	Aug-17A	Aug-18A	Aug-19F	Aug-20F	Aug-21F
Revenue (S\$m)	1,033	983	958	941	923
Operating EBITDA (S\$m)	239.1	277.1	310.0	301.5	290.6
Net Profit (S\$m)	350.1	281.1	212.8	210.8	206.5
Core EPS (S\$)	0.13	0.17	0.13	0.13	0.13
Core EPS Growth	(19.7%)	32.0%	(24.3%)	(0.9%)	(2.1%)
FD Core P/E (x)	19.89	15.07	19.91	20.10	20.52
DPS (S\$)	0.15	0.13	0.13	0.13	0.13
Dividend Yield	5.73%	4.96%	4.96%	4.96%	4.96%
EV/EBITDA (x)	23.94	21.76	19.17	19.89	20.89
P/FCFE (x)	14.61	13.47	11.32	20.82	22.88
Net Gearing	19.5%	26.6%	31.3%	31.7%	32.6%
P/BV (x)	1.21	1.22	1.27	1.30	1.34
ROE	6.08%	8.08%	6.26%	6.41%	6.44%
% Change In Core EPS Estimates			(6.07%)	(7.93%)	
CIMB/consensus EPS (x)			0.97	0.91	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

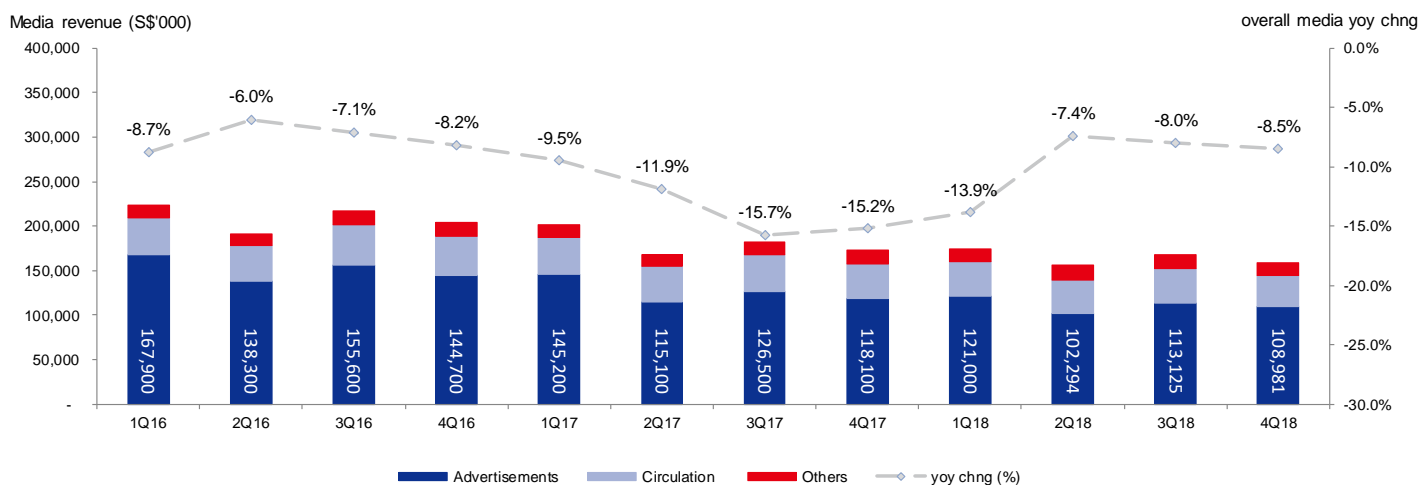
## Not all doom and gloom for media

### More wins for media and digital to take time ➤

In FY18, media revenue and profit-before-tax (PBT) fell 9.6% and 14.5% yoy respectively, on the back of weaker advertisement (-11.8%) and circulation numbers (-7.3%). On a quarterly basis, the topline declines moderated to high single-digits (Figure 1), while core EBIT margins held steady at 15.8% for FY17-18. As the group continues to strike strategic partnerships with key stakeholders and enhance its digital analytics capabilities (Figure 2), we believe its digital revenue contribution could grow gradually (from 15% of total media revenue currently). SPH has also, over the years, built a good track record through delivering wins from both its digital portfolio and S\$1bn investible fund (prev. S\$1.1bn), whose divestment gains and net investment income have helped shore up earnings since FY10. The group recorded net investment income of S\$54m and S\$115m in FY17 and FY18, respectively, on top of a S\$150m gain from the sale of 701Search in FY17.

However, these initiatives will require time and more investments, which could weigh on its dividend-paying capability and underpins our Hold call for the stock. We are likely to turn more positive upon greater visibility of a turnaround in the media segment, faster capital recycling through overseas property asset management, and successful collaboration with Keppel on the business transformation of M1.

**Figure 1: Decline of media revenue moderated to single-digits over the past few quarters**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: SPH's key media initiatives going forward**

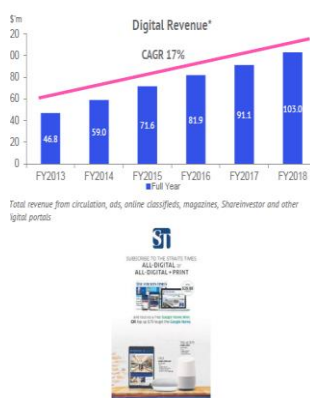
#### Reaping gains from integrated marketing and enhancing digital analytics capabilities

- Tie-up with Starhub for advertising sales, content creation and distribution, data analytics, and marketing
- Implementing enterprise analytics Google tool Google Analytics 360 to effectively track users' behavior across multiple channels across apps and websites
- Partnering Cxense to personalise customer experience, to allow right content, promotions and offers to be shown at the right time
- Working with A\*Star to create a system that optimises news headlines to increase reader engagement



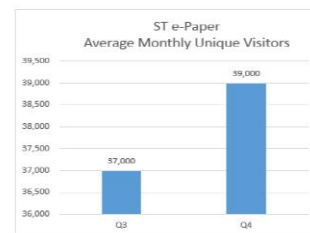
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: Media – digital revenue and growing contribution**



- Digital revenue increased to 15% of media revenue\*\*

- E-paper grew to 39,000, from 37,000 in Q32018



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: New initiatives by SPH Digital to lead in local online markets**

<ul style="list-style-type: none"> <li>Cements No.1 position in Singapore's job portal market</li> <li>Nov 2017: Expanded regionally into Malaysia and Philippines</li> </ul>	<ul style="list-style-type: none"> <li>Apr 2018: Launched website with Chongqing's Zhubajie Network</li> <li>Gig economy portal for companies to engage creative agencies and freelancers online</li> </ul>
<ul style="list-style-type: none"> <li>Nov 2017: JV with Mediacorp to set up an online data-driven digital advertisement exchange</li> <li>Gaining momentum with widest reach to Singapore's digital population</li> </ul>	<ul style="list-style-type: none"> <li>Apr 2018: Partners Chongqing's Social Credits, to provide China business info with live API</li> <li>Financial AI firm in business intelligence and surveillance</li> </ul>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 5: Some wins that SPH Digital has delivered**

<b>Divestment</b> Sale of Qoo10's Japanese subsidiary 	<b>Divestment win</b> Sale of 702 online classifieds in Thailand 
<b>Investment</b> Third-party investor 	<ul style="list-style-type: none"> <li>Total gain on divestment of Qoo10's Japanese subsidiary was S\$9.4m, and Kaidee, S\$2.2m.</li> <li>Revaluation gain of SPH Ventures portfolios, which goes to fair value reserve amounted to S\$22.2m.</li> </ul>
<b>SPH Ventures</b> June 2017: Moneysmart.sg raised S\$14m in Series B funding Oct 2017: Invested in consumer analytics start-up Snapcart, which launched in Singapore 	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 6: Results Comparison**

FYE Aug (\$m)	4QFY18	4QFY17	yoy % chg	qoq % chg	4QFY18 Cum	4QFY17 Cum	yoy % chg	Prev. FY18F	Comments
Revenue	240.0	256.3	-6%	-4%	982.6	1,032.5	-5%	995	4Q/12MFY18 formed 24% and 99% of our full-year numbers respectively. FY18: Media -9.6% yoy, Property -0.7% yoy, Others +34.0% yoy.
Operating costs	(176.9)	(168.5)	5%	7%	(672.3)	(697.4)	-4%	(687.5)	
EBITDA	63.2	87.8	-28%	-25%	310.3	335.1	-7%	307.4	
EBITDA margin (%)	26%	34%	-23%	-22%	32%	32%	-3%	31%	In line
Depn & amort.	(8.5)	(9.4)	-9%	4%	(33.2)	(37.8)	-12%	(33.1)	In line
EBIT	54.6	78.4	-30%	-29%	277.0	297.3	-7%	274.2	
Interest expense	(9.9)	(8.2)	21%	2%	(37.5)	(31.3)	20%	(36.9)	In line
Interest & invt inc	71.6	27.3	163%	227%	115.2	53.9	114%	51.7	Above due to disposal gain of investment
Associates' contrib	0.3	(0.2)	nm	-88%	3.3	0.6	484%	3.2	In line
Exceptionals	45.7	57.4	-20%	nm	12.5	111.1	-89%	(32.7)	FY18: S\$11m one-off retrenchment costs, S\$22m impairment and S\$46m fair value property gain. FY17: S\$96m impairment, S\$150m divestment gain and S\$57m fair value property gain
Pretax profit	162.3	154.6	5%	137%	370.5	431.5	-14%	292.3	
Tax	(15.7)	(7.3)	116%	33%	(46.5)	(36.3)	28%	(43.9)	
Tax rate (%)	-10%	-5%	105%	-44%	-13%	-8%	49%	-15%	Slightly above
Minority interests	(13.5)	(16.8)	-20%	47%	(42.9)	(45.1)	-5%	(40.5)	
Net profit	133.1	130.5	2%	180%	281.1	350.1	-20%	207.9	
Core net profit	87.4	73.1	19%	25%	268.6	239.0	12%	240.6	Excluding non-recurring items, 4Q/12MFY18 core net profit formed 36%/112% of our full-year forecasts, thanks to net profit on disposal of investment
EPS (cts)	8.2	8.1	2%	180%	17.4	21.7	-20%	12.9	
Core EPS (cts)	5.4	4.5	19%	25%	16.6	14.8	12%	14.9	

SOURCES: CGS-CIMB, COMPANY REPORTS

**Figure 7: Earnings revision table**

S\$m	New		Old		% Change	
	FY19F	FY20F	FY19F	FY20F	FY19F	FY20F
Revenue	958	941	971	953	-1.3%	-1.2%
Media	621	597	630	605	-1.4%	-1.3%
Property	250	254	252	257	-0.7%	-1.1%
Others	87	89	88	91	-1.4%	-1.4%
Total expenses	(748)	(742)	(739)	(733)	1.2%	1.2%
Operating profit	235	224	256	245	-8.4%	-8.6%
Net profit	213	211	227	229	-6.1%	-7.9%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 8: Sum of Parts valuation**

	Stake	Valuation Methodology	Valuation (S\$m)	Per share (S\$)
Core media operations	100%	DCF (WACC: 7%; g: 0%)	1,342	0.84
Healthcare	100%	20x FY19F P/E	120	0.08
SPH REIT	69%	CIMB TP	1,803	1.13
Seletar Mall	70%	Carrying value	342	0.21
Bidadari Development	50%	25% discount to RNAV	460	0.29
Mindchamps	20%	Market value	29	0.02
Asset management	100%	15x FY19F P/E	240	0.15
Investments and net cash		As of end FY18	43	0.03
<b>Sum of parts (SOP) value</b>			<b>4,379</b>	<b>2.74</b>
<b>CIMB Target Price</b>			<b>4,379</b>	<b>2.74</b>

SOURCES: CIMB, COMPANY REPORTS

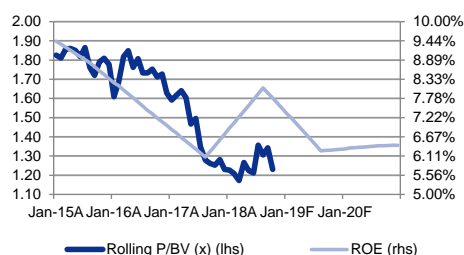
**Figure 9: Peers comparison**

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	Core P/E (x) CY2018	CY2019	3-year EPS CAGR (%)	P/BV (x) CY2018	CY2019	Recurring ROE (%) CY2018	CY2019	CY2020	EV/EBITDA (x) CY2018	CY2019	Dividend Yield (%) CY2018	CY2019
Singapore Press Holdings	SPH SP	HOLD	2.62	2.74	3,042	16.4	20.0	-3.8%	1.24	1.28	7.6%	6.3%	6.4%	20.3	19.2	5.0%	5.0%
Media Chinese Int'l	MCIL MK	Reduce	0.25	0.27	99	10.3	10.2	-4.9%	0.53	0.52	5.1%	5.2%	5.1%	2.0	2.0	5.5%	4.9%
Star Media Group Bhd	STAR MK	Hold	0.74	1.04	131	17.6	18.1	4.9%	0.63	0.64	3.6%	3.5%	3.5%	2.8	3.5	5.4%	4.0%
<b>Simple average</b>						<b>14.8</b>	<b>16.1</b>	<b>-1.3%</b>	<b>0.76</b>	<b>0.78</b>	<b>2.0%</b>	<b>2.8%</b>	<b>4.4%</b>	<b>12.0</b>	<b>8.8</b>	<b>4.0%</b>	<b>3.5%</b>
<b>Weighted average</b>						<b>18.0</b>	<b>20.8</b>	<b>4.1%</b>	<b>1.12</b>	<b>1.15</b>	<b>6.2%</b>	<b>5.5%</b>	<b>5.9%</b>	<b>17.6</b>	<b>16.6</b>	<b>4.8%</b>	<b>4.8%</b>

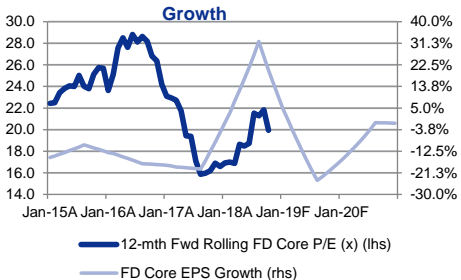
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS

**P/BV vs ROE**



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



### Profit & Loss

(\$m)	Aug-17A	Aug-18A	Aug-19F	Aug-20F	Aug-21F
<b>Total Net Revenues</b>	<b>1,052</b>	<b>1,006</b>	<b>983</b>	<b>967</b>	<b>950</b>
<b>Gross Profit</b>	<b>1,052</b>	<b>1,006</b>	<b>983</b>	<b>967</b>	<b>950</b>
<b>Operating EBITDA</b>	<b>239</b>	<b>277</b>	<b>310</b>	<b>302</b>	<b>291</b>
Depreciation And Amortisation	(38)	(33)	(34)	(35)	(35)
<b>Operating EBIT</b>	<b>201</b>	<b>244</b>	<b>276</b>	<b>267</b>	<b>255</b>
Financial Income/(Expense)	(31)	(38)	(41)	(42)	(53)
Pretax Income/(Loss) from Assoc.	1	3	8	13	27
Non-Operating Income/(Expense)	111	161	59	63	64
<b>Profit Before Tax (pre-EI)</b>	<b>282</b>	<b>371</b>	<b>302</b>	<b>300</b>	<b>293</b>
Exceptional Items	150	0	0	0	0
<b>Pre-tax Profit</b>	<b>431</b>	<b>371</b>	<b>302</b>	<b>300</b>	<b>293</b>
Taxation	(36)	(47)	(43)	(41)	(37)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>395</b>	<b>324</b>	<b>259</b>	<b>258</b>	<b>256</b>
Minority Interests	(45)	(43)	(46)	(48)	(50)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>350</b>	<b>281</b>	<b>213</b>	<b>211</b>	<b>206</b>
Recurring Net Profit	213	281	213	211	206
<b>Fully Diluted Recurring Net Profit</b>	<b>213</b>	<b>281</b>	<b>213</b>	<b>211</b>	<b>206</b>

### Cash Flow

(\$m)	Aug-17A	Aug-18A	Aug-19F	Aug-20F	Aug-21F
<b>EBITDA</b>	<b>239.1</b>	<b>277.1</b>	<b>310.0</b>	<b>301.5</b>	<b>290.6</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	3.2	5.4	161.1	(1.4)	(1.4)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	90.6	37.0	0.0	0.0	0.0
Net Interest (Paid)/Received	(31.3)	(37.5)	(41.0)	(42.5)	(53.2)
Tax Paid	(58.5)	(48.7)	(43.4)	(41.5)	(37.4)
<b>Cashflow From Operations</b>	<b>243.1</b>	<b>233.3</b>	<b>386.7</b>	<b>216.2</b>	<b>198.6</b>
Capex	(12.3)	(22.7)	(12.5)	(12.7)	(13.4)
Disposals Of FAs/subsidiaries	312.2	403.2	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(302.6)	(276.1)	(300.0)	0.0	0.0
Other Investing Cashflow	(149.5)	(131.4)	0.0	0.0	0.0
<b>Cash Flow From Investing</b>	<b>(152.2)</b>	<b>(27.0)</b>	<b>(312.5)</b>	<b>(12.7)</b>	<b>(13.4)</b>
Debt Raised/(repaid)	199.0	108.1	300.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased	(4.5)	(3.5)	0.0	0.0	0.0
Dividends Paid	(316.4)	(285.3)	(242.3)	(210.2)	(210.2)
Preferred Dividends					
Other Financing Cashflow	(30.3)	(35.2)	(41.0)	(42.5)	(53.2)
<b>Cash Flow From Financing</b>	<b>(152.2)</b>	<b>(215.9)</b>	<b>16.7</b>	<b>(252.7)</b>	<b>(263.4)</b>
Total Cash Generated	(61.3)	(9.6)	91.0	(49.2)	(78.2)
<b>Free Cashflow To Equity</b>	<b>290.0</b>	<b>314.4</b>	<b>374.3</b>	<b>203.5</b>	<b>185.2</b>
<b>Free Cashflow To Firm</b>	<b>122.3</b>	<b>243.8</b>	<b>115.2</b>	<b>246.0</b>	<b>238.4</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(\$m)	Aug-17A	Aug-18A	Aug-19F	Aug-20F	Aug-21F
Total Cash And Equivalents	677	481	613	606	581
Total Debtors	314	293	123	121	119
Inventories	22	23	18	18	18
Total Other Current Assets	18	0	0	0	0
<b>Total Current Assets</b>	<b>1,032</b>	<b>797</b>	<b>755</b>	<b>746</b>	<b>718</b>
Fixed Assets	235	225	162	139	118
Total Investments	4,626	4,752	5,052	5,052	5,052
Intangible Assets	204	176	176	176	176
Total Other Non-Current Assets	9	247	247	247	247
<b>Total Non-current Assets</b>	<b>5,074</b>	<b>5,400</b>	<b>5,637</b>	<b>5,614</b>	<b>5,593</b>
Short-term Debt	972	295	295	295	295
Current Portion of Long-Term Debt					
Total Creditors	241	231	218	214	210
Other Current Liabilities	48	50	50	50	50
<b>Total Current Liabilities</b>	<b>1,261</b>	<b>575</b>	<b>562</b>	<b>558</b>	<b>554</b>
Total Long-term Debt	528	1,313	1,613	1,613	1,613
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	45	42	42	42	42
<b>Total Non-current Liabilities</b>	<b>573</b>	<b>1,355</b>	<b>1,655</b>	<b>1,655</b>	<b>1,655</b>
Total Provisions	49	39	39	39	39
<b>Total Liabilities</b>	<b>1,883</b>	<b>1,969</b>	<b>2,256</b>	<b>2,252</b>	<b>2,248</b>
Shareholders' Equity	3,488	3,467	3,328	3,253	3,158
Minority Interests	735	761	807	855	905
<b>Total Equity</b>	<b>4,223</b>	<b>4,228</b>	<b>4,136</b>	<b>4,108</b>	<b>4,063</b>

### Key Ratios

	Aug-17A	Aug-18A	Aug-19F	Aug-20F	Aug-21F
Revenue Growth	(8.17%)	(4.84%)	(2.46%)	(1.80%)	(1.92%)
Operating EBITDA Growth	(37.3%)	15.9%	11.9%	(2.7%)	(3.6%)
Operating EBITDA Margin	23.2%	28.2%	32.3%	32.0%	31.5%
Net Cash Per Share (\$\$)	(0.51)	(0.70)	(0.80)	(0.80)	(0.82)
BVPS (\$\$)	2.16	2.14	2.06	2.01	1.95
Gross Interest Cover	6.43	6.50	6.73	6.28	4.80
Effective Tax Rate	8.4%	12.6%	14.4%	13.8%	12.7%
Net Dividend Payout Ratio	137%	86%	99%	100%	102%
Accounts Receivables Days	79.8	112.8	79.3	47.6	47.5
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 (%)	84.5%	47.5%	40.4%	58.2%	58.4%
ROCE (%)	4.49%	6.17%	5.60%	5.43%	5.30%
Return On Average Assets	4.59%	5.88%	4.77%	4.72%	4.88%

### Key Drivers

	Aug-17A	Aug-18A	Aug-19F	Aug-20F	Aug-21F
Adex rev. grth (% , main newsppr)	-16.8%	-11.8%	-6.7%	-4.6%	-4.6%
ASP (% chg, main newsppr)	N/A	N/A	N/A	N/A	N/A
Circulation grth (% , main newsppr)	-5.1%	-7.3%	-4.0%	-4.0%	-4.0%
Adex rev. grth (% , 2ndary newsppr)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary newsppr)	N/A	N/A	N/A	N/A	N/A
Circulation grth (% , 2ndary newsppr)	N/A	N/A	N/A	N/A	N/A
Adex rev. grth (% , tertiary newsppr)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, tertiary ppr)	N/A	N/A	N/A	N/A	N/A
Circulation grth (% , tertiary newsppr)	N/A	N/A	N/A	N/A	N/A
Newsprint Cost (% Change)	-5.7%	-8.6%	-5.5%	-4.5%	-3.2%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



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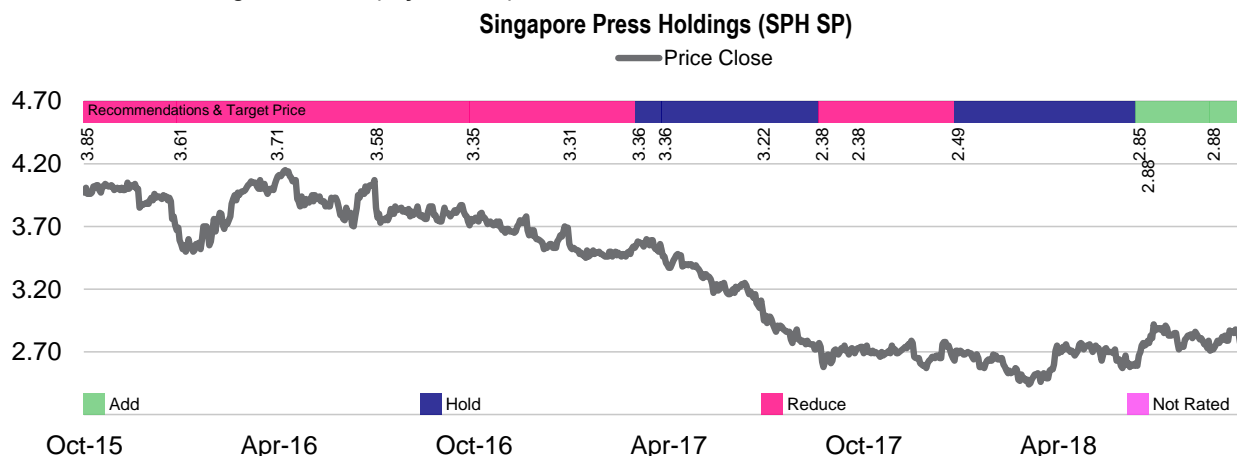
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#### Spitzer Chart for stock being researched ( 2 year data )



#### Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 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, **BGP** – Excellent, Certified, **BPG** – 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, **CENDEL** – 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, **TPIPP** – 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.