

Singapore

ADD (previously HOLD)

Consensus ratings*: Buy 0 Hold 5 Sell 1

Current price:	S\$2.59
Target price:	S\$2.85
Previous target:	S\$2.49
Up/downside:	10.2%
CGS-CIMB / Consensus:	12.8%
Reuters:	SPRM.SI
Bloomberg:	SPH SP
Market cap:	US\$3,030m
	S\$4,140m
Average daily turnover:	US\$9.09m
	S\$12.00m
Current shares o/s:	1,599m
Free float:	95.7%

*Source: Bloomberg

Key changes in this note

- FY19F EPS increased by 6.2%.
- FY20F EPS increased by 5.6%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-4.8	5.3	-18
Relative (%)	1.6	8.1	-19.1

Major shareholders

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

Analyst(s)



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Singapore Press Holdings

Sleeping beauty awakens

- Media's structural weakness is largely priced in; we see a possible re-rating from earnings recovery, successful diversification and higher-than-expected dividends.
- We upgrade SPH to Add with higher FY19-20F EPS and TP of S\$2.85. Further upside could stem from media stabilising and higher asset management income.
- Management is seeking new income source in overseas property asset management, for which we forecast 8% cash-on-cash returns, on average.
- We expect the upcoming property sales launch to boost FY19-20F earnings by S\$8m-11m, based on an estimated ASP of S\$1,850 psf.
- The 3QFY18 results are due to be released on 11 Jul. We forecast that core PATMI (S\$52m-57m) will be stronger qoq (on seasonality) but lower yoy by 14-20%.

Upgrade from Hold to Add, with higher FY19-20F EPS

We raise our FY19-20F EPS by 5.6-6.2%, mainly to reflect higher sales contributions from the upcoming Woodleigh Residences launch, and investment income from property asset management. Our SOP-based TP thus rises to S\$2.85. We upgrade from Hold to Add as we think its weak media outlook is largely priced in, with near-term earnings recovery from property sales and diversification into overseas asset management. Downside risks are poor overseas execution and worse-than-expected ad spending.

Media pessimism priced in

Unlike previous quarters of double-digit rates of decline, SPH's 2QFY18 media topline fell 7.4% yoy to S\$156m and met our full-year expectations. We believe the deteriorating media operations are showing signs of moderating, and the pessimistic outlook has been priced in at the current level of 10x 12M forward P/E. As its focus shifts towards digital-first and roll-out of new initiatives takes form, these could help increase digital contribution to overall media revenue and arrest its earnings decline in the medium term.

Monetising cash via new asset management

With a 33% net gearing and S\$653m liquid assets as at end-2QFY18, SPH has the flexibility to optimise its balance sheet for higher returns. It is on the lookout for asset management opportunities in overseas property markets, with healthcare (retirement homes) and education (student housing) as its primary focus. Given its active pursuit of new income streams, we forecast SPH to secure a project size of S\$500m by FY19F; with 8% average cash yield to add S\$10.4m-17.3m of profits over FY19-20F.

Leaning on property

SPH's latest mixed development in Bidadari broke ground on 28 Mar, and is scheduled to commence sales launch in Sep. With its accessibility, mid- to high-end positioning and Japanese attributes, a good take-up rate for the 680 residential units would translate into FY19-20F profit contributions of S\$8m-11m, based on estimated average selling prices of S\$1,850 psf. This could mitigate its structural media weakness. The retail portion of The Woodleigh Mall development will be retained for future recurring income.

Spinning off special dividends via Seletar Mall

Having recently completed its first rental renewal cycle with better tenant mix and removal of shareholder overhang at United Engineers (owns 30% of Seletar Mall), we think a potential injection of Seletar Mall into SPH Reit could be on the horizon. Assuming a 20-100% dividend payout, the estimated gross proceeds of S\$132m from SPH's 70% stake divestment could translate into a special DPS of S\$0.02-0.08, on top of its 15Scts annual DPS. We think a FY19F dividend yield of 6.6-8.9% would be attractive.

Financial Summary

	Aug-16A	Aug-17A	Aug-18F	Aug-19F	Aug-20F
Revenue (S\$m)	1,124	1,033	1,011	983	966
Operating EBITDA (S\$m)	381.1	239.1	324.2	325.8	317.4
Net Profit (S\$m)	265.3	350.1	208.7	229.7	236.7
Core EPS (S\$)	0.16	0.13	0.13	0.14	0.15
Core EPS Growth	(17.5%)	(19.7%)	(2.0%)	10.1%	3.0%
FD Core P/E (x)	15.79	19.66	20.07	18.23	17.69
DPS (S\$)	0.18	0.15	0.15	0.15	0.15
Dividend Yield	6.95%	5.79%	5.79%	5.79%	5.79%
EV/EBITDA (x)	14.20	23.74	17.25	17.35	18.02
P/FCFE (x)	10.85	14.44	3.91	18.08	18.52
Net Gearing	13.6%	19.5%	16.5%	16.9%	17.4%
P/BV (x)	1.19	1.20	1.24	1.27	1.30
ROE	7.44%	6.08%	6.08%	6.88%	7.28%
% Change In Core EPS Estimates			(0.00%)	6.19%	5.61%
CIMB/consensus EPS (x)			0.97	1.04	0.98

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Sleeping beauty awakens

Media pessimism seemingly priced in

Digital-first strategy could decelerate earnings decline ►

SPH's 7.4% yoy media revenue decline in 2QFY18 to S\$155.6m was quite unlike that of its past four quarters (Figure 1; mid-teens decline). While the figure was 10.5% qoq lower, we note that 2Q is a seasonally weaker quarter. 1HFY18 media revenue of S\$330m was in line at 49% our full-year forecast, suggesting that such weakness could already be priced in. SPH's share price retraced from its 52-week low of S\$2.44 on management's plans to diversify into overseas property asset management, and its current price (excluding other subsidiaries) values core media operations at S\$0.51/share, implying FY19F P/E of 10x.

With an increasing shift towards digital-first, we believe the strong correlation between media revenue and page count numbers could moderate over time, and digital revenue would account for a bigger proportion of group media revenue (1HFY18: 12%). As SPH's new initiatives gradually take form, including i) greater push for integrated marketing, ii) development of Singapore Media Exchange (SMX) with Mediacorp, and iii) two new appointments in May 2018 to drive digital offerings (Chief Product Officer, Chief Technology Officer), we expect the pace of media earnings decline to decelerate over FY18-20F, and forecast media profit-before-tax (PBT) to weaken 6.0-10.0% p.a. over the same period. We also think the media business is worth at least S\$0.78/share based on DCF valuation (WACC 7%, LTG 0%), even after factoring in such weakness.

Figure 1: The rate of decline for SPH's media business tapered off in 2QFY18



Earnings rejuvenation from property

Property asset management as a new growth driver ►

SPH has 33% net gearing and total liquid assets of S\$653m as at end-2QFY18. Apart from annual dividend payout of S\$240m-270m and S\$12m-15m maintenance capex, we see little need for cash preservation, representing opportunities for the group to better utilise its balance sheet for higher returns. Management has indicated plans to explore other property asset management sectors overseas (e.g. UK, Australia, US) as a new income stream, with education and healthcare as its preferred themes. We also understand that SPH is in the midst of bidding for some overseas portfolios, with a target of 10% cash-on-cash yield.

We forecast SPH securing an estimated project size of S\$500m before early-2019F, with 8% cash return on average to reap additional profits of S\$10.4m in FY19F and S\$17.3m in FY20F, on top of the 3-4% annualised yield it receives from the S\$1.1bn investible fund. A bigger-than-expected acquisition of project size could pose further earnings upside, in our view. However, we also highlight the i) difficulty in acquiring good assets given its limited track record, and ii) sensitivity of investment returns in a rising interest rate environment, as potential pitfalls that SPH faces.

Education (student housing) and healthcare (retirement homes) related property assets are favourites among investing themes, given their defensive nature, favourable demographics that sustain demand, and lack of quality assets. Specifically, for purpose-built student accommodation (PBSA), there is a chronic shortage in the UK, Australia and Europe, unlike in the US. The average return for Australia student housing¹ is 10-11%, made up of a yield of around 7-7.5% and a rental growth rate of 3-3.5% per annum. The return on investment in UK² can be equally attractive, at 13% (8% cash rental and 5% capital growth), according to industry experts. Meanwhile, retirement homes also make an appealing investment asset class because of its long and stable lease contracts, and relatively low vacancy risks. Such asset class offers decent cash yield of 6-11% p.a. on average.

Singapore investors leading the wave of overseas student housing investments. In 2016, Singapore's sovereign wealth fund GIC and real estate developer Mapletree invested almost GBP1.2bn on UK student housing. Subsequently in early-2018, GIC also formed a 45%-owned joint venture with Canada Pension Plan Investment Board (CPPIB) and The Scion Group, to acquire a student housing portfolio in the US for approximately US\$1.1bn (S\$1.47bn). Other Singapore-listed players which have invested in PBSA include Centurion Corporation (CENT SP, Not rated), which raised its first US Student Housing Fund of S\$89.5m in late-2017. The group entered the US market by investing in a portfolio of 1,936 beds in five student accommodation assets across four US states for about US\$136m (S\$187m). It now holds 28.74% of the assets, with the remaining held by third-party investors.

Upcoming sales launch of The Woodleigh Residences >

Recall that SPH and Kajima (50/50 joint venture) won the bid for the first Bidadari mixed commercial and residential site in Jun 2017. Construction for this 99-year leasehold mixed development (also known as "The Woodleigh Residences") broke ground on 28 Mar 2018 and its sales launch is scheduled to commence in Sep 2018. This project is likely to yield over 680 units and priced close to S\$2,000 psf (according to news articles), with the retail portion retained for recurring income. Based on our estimated S\$1,850 psf, SPH could see S\$8m-11m profit contribution over FY19-20F, thereby mitigating its soft media outlook.

Other near-term catalysts

Potential Seletar Mall spin-off for special dividends? >

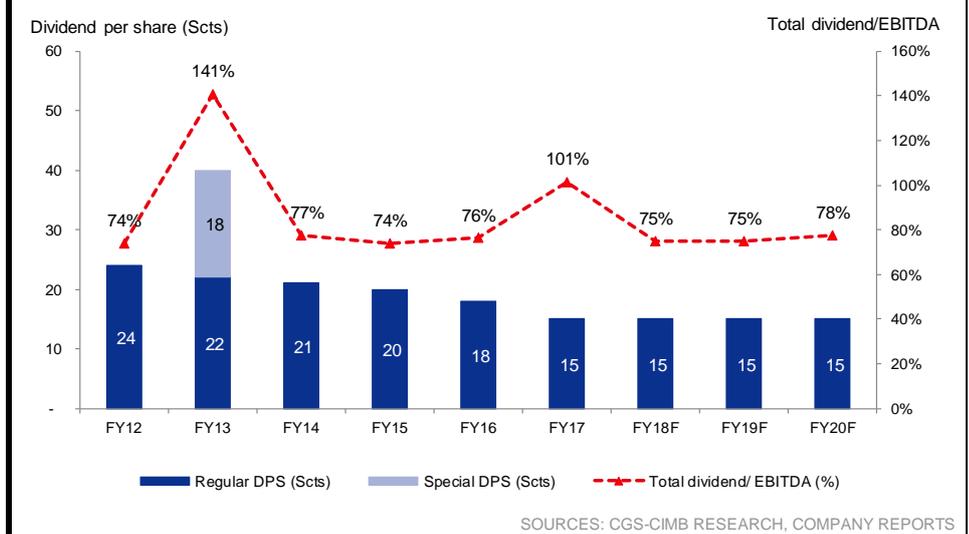
With the completion of its first rental renewal cycle (better tenant mix and full occupancy), as well as the removal of shareholder overhang at United Engineers (which owns 30% stake), we think Seletar Mall is now closer to the possibility of being injected into SPH Reit (which has a right of first refusal). Should the stake divestment materialise, we project gross proceeds of S\$132m, based on the latest market value of S\$488m (FY17: S\$490m) and S\$300m related borrowings. Assuming a 20-100% payout of these proceeds as special

¹ <https://realassets.ipe.com/real-estate/sectors/alternatives/student-housing-a-sleeper-emerges/10013136.article>

² <https://www.buyassociation.co.uk/2017/12/05/top-place-invest-student-housing-robust-returns/>

dividends, we think this could add another S\$0.02-0.08 to its forecasted DPS of S\$0.15 (Figure 2), translating to a 6.5-8.7% dividend yield for FY18-19F.

Figure 2: Excluding possible special dividends, we forecast SPH's DPS to stabilise over FY18-20F



Valuation and Recommendation

3QFY18F results preview ►

SPH will be reporting its 3QFY8/18 results after market close on 11 July 18. We expect 3QFY18F core PATMI to be in the range of S\$52m-57m (Figure 3), which is 14-22% lower than a year ago (2QFY18: -25% yoy), on the back of a single-digit decline in media revenue and weaker margins. However, we should see earnings improvement on a qoq basis given that 2Q is traditionally weaker.

Figure 3: SPH Earnings Preview

FYE Aug (\$m)	Prev. FY18F	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18F	9MFY18F	9MFY17
Revenue	1,011	260	256	259	234	257	749	776
Media	680	182	173	174	156	170	499	552
Property	251	62	60	61	60	61	183	184
Others	81	16	23	24	18	26	67	40
Operating profit	256	72	70	68	49	65	183	196
PBT	303	45	155	81	59	76	215	185
PATMI	209	29	131	60	40	54	154	128
Core PATMI	222	67	73	72	40	54	166	166

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Upgrade to Add with higher FY19-20F EPS ►

As we adjust our forecasts to reflect i) higher sales contribution from The Woodleigh Residences on higher ASP of S\$1,850 psf (prev. S\$1,750 psf), and ii) investment income from property asset management, our FY19-20F EPS is increased by 5-6% (Figure 4). We also include the asset management in our SOP valuation (pegged to 15x FY19F P/E), and remove the holding discount (prev. 10%), resulting in a higher TP of S\$2.85.

We upgrade SPH from Hold to Add, as we think that media pessimism is largely in the price, with near-term earnings boost from the Bidadari sales launch. The stock could also re-rate from the successful roll-out of new digital initiatives to stem further drops in core media earnings, as well as diversification into

overseas property asset management. Potential special dividends from Seletar Mall's spin-off is another near-term catalyst. Key downside risks include poor overseas execution and weaker-than-expected ad revenue.

Figure 4: Earnings revision table

S\$m	New			Old			% Change		
	FY18F	FY19F	FY20F	FY18F	FY19F	FY20F	FY18F	FY19F	FY20F
Revenue	1,011	983	966	1,011	984	966	0%	0%	0%
Media	680	645	619	680	645	619	0%	0%	0%
Property	251	255	261	251	256	262	0%	0%	0%
Others	81	83	86	81	83	85	0%	0%	0%
Total expenses	(775)	(748)	(736)	(774)	(749)	(736)	0%	0%	0%
Operating profit	256	256	252	257	256	252	0%	0%	0%
Core net profit	209	230	237	209	216	224	0%	6%	6%

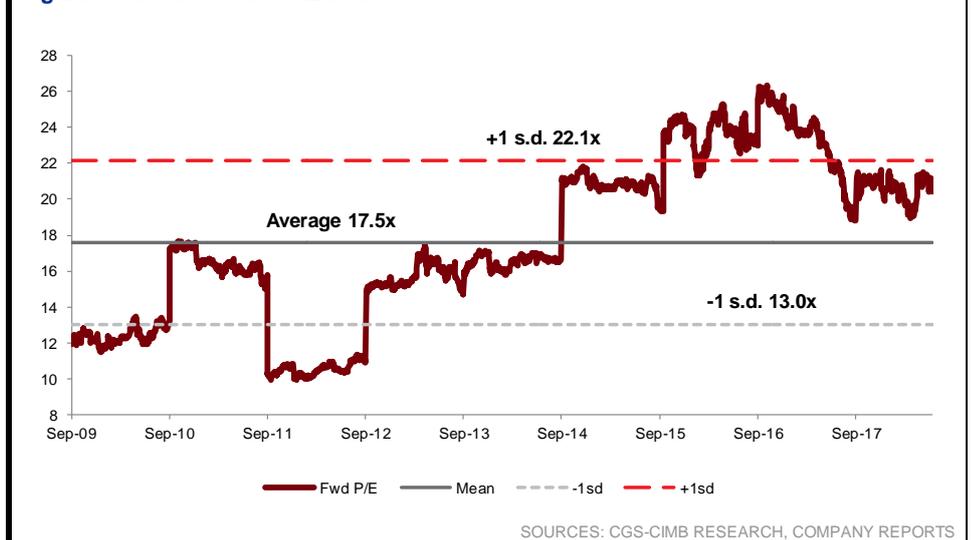
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Sum of Parts Valuation

	Stake	Valuation Methodology	Valuation (S\$m)	Per share (S\$)
Core media operations	100%	DCF (WACC: 7%; g: 0%)	1,244	0.78
Healthcare	100%	20x FY19F P/E	140	0.09
SPH REIT	69%	CIMB TP	1,873	1.17
Seletar Mall	70%	Carrying value	342	0.21
Bidadari Development	50%	20% discount to RNAV	491	0.31
Mindchamps	27%	Market value	50	0.03
Asset management	100%	15x FY19F P/E	240	0.15
Investments and net cash		As of end 2QFY18	182	0.11
Sum of parts (SOP) value			4,562	2.85

SOURCES: CIMB, COMPANY REPORTS

Figure 6: SPH's forward P/E chart



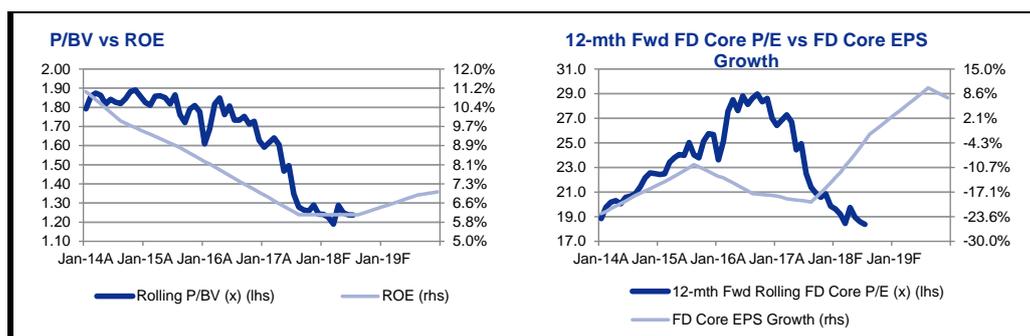
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Sector comparison table

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY2018	CY2019		CY2018	CY2019	CY2018	CY2019	CY2020	CY2018	CY2019	CY2018	CY2019
Singapore Press Holdings	SPH SP	ADD	2.59	2.85	3,030	19.4	18.1	5.2%	1.25	1.28	6.4%	7.0%	7.5%	17.1	17.4	5.8%	5.8%
Media Chinese Intl	MCIL MK	Reduce	0.30	0.27	123	12.5	12.2	-4.1%	0.64	0.62	5.1%	5.2%	5.1%	2.9	2.9	4.6%	4.1%
Media Prima Bhd	MPR MK	Reduce	0.55	0.25	149	na	na	na	0.86	0.89	-8.2%	-3.6%	2.7%	28.7	13.2	0.0%	0.0%
Star Media Group Bhd	STAR MK	Add	1.07	1.25	195	17.4	18.6	16.5%	0.91	0.91	5.2%	4.9%	4.5%	4.9	5.6	5.6%	5.6%
Simple average						16.4	16.3	5.9%	0.91	0.93	2.1%	3.4%	5.0%	13.4	9.8	4.0%	3.9%
Weighted average						21.5	19.2	14.2%	1.16	1.19	5.3%	6.1%	6.9%	15.2	15.3	5.5%	5.5%

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG (as of 4 July 18)

BY THE NUMBERS



Profit & Loss

(\$m)	Aug-16A	Aug-17A	Aug-18F	Aug-19F	Aug-20F
Total Net Revenues	1,153	1,052	1,032	1,005	988
Gross Profit	1,153	1,052	1,032	1,005	988
Operating EBITDA	381	239	324	326	317
Depreciation And Amortisation	(45)	(38)	(39)	(34)	(31)
Operating EBIT	336	201	285	292	286
Financial Income/(Expense)	(31)	(31)	(28)	(36)	(34)
Pretax Income/(Loss) from Assoc.	(8)	1	2	9	13
Non-Operating Income/(Expense)	64	111	45	58	67
Profit Before Tax (pre-EI)	361	282	303	323	332
Exceptional Items	0	150	0	0	0
Pre-tax Profit	361	431	303	323	332
Taxation	(55)	(36)	(44)	(44)	(43)
Exceptional Income - post-tax					
Profit After Tax	306	395	259	280	289
Minority Interests	(41)	(45)	(50)	(50)	(52)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	265	350	209	230	237
Recurring Net Profit	265	213	209	230	237
Fully Diluted Recurring Net Profit	265	213	209	230	237

Cash Flow

(\$m)	Aug-16A	Aug-17A	Aug-18F	Aug-19F	Aug-20F
EBITDA	381.1	239.1	324.2	325.8	317.4
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(13.6)	3.2	175.3	(2.2)	(1.4)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	46.4	90.6	0.0	0.0	0.0
Net Interest (Paid)/Received	(31.3)	(31.3)	(28.3)	(35.6)	(34.5)
Tax Paid	(63.5)	(58.5)	(43.6)	(43.5)	(42.8)
Cashflow From Operations	319.2	243.1	427.6	244.4	238.7
Capex	(15.2)	(12.3)	(17.2)	(12.8)	(12.6)
Disposals Of FAs/subsidiaries	267.2	312.2	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(202.5)	(302.6)	0.0	0.0	0.0
Other Investing Cashflow	5.8	(149.5)	0.0	0.0	0.0
Cash Flow From Investing	55.4	(152.2)	(17.2)	(12.8)	(12.6)
Debt Raised/(repaid)	11.3	199.0	660.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased	(1.8)	(4.5)	0.0	0.0	0.0
Dividends Paid	(364.2)	(316.4)	(274.6)	(242.6)	(242.6)
Preferred Dividends					
Other Financing Cashflow	(30.4)	(30.3)	(28.3)	(35.6)	(34.5)
Cash Flow From Financing	(385.1)	(152.2)	357.1	(278.2)	(277.0)
Total Cash Generated	(10.5)	(61.3)	767.5	(46.5)	(50.9)
Free Cashflow To Equity	385.9	290.0	1,070.4	231.7	226.2
Free Cashflow To Firm	405.8	122.3	438.7	267.3	260.6

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(\$m)	Aug-16A	Aug-17A	Aug-18F	Aug-19F	Aug-20F
Total Cash And Equivalents	720	677	1,473	1,462	1,446
Total Debtors	137	314	130	127	124
Inventories	21	22	19	19	19
Total Other Current Assets	9	18	18	18	18
Total Current Assets	887	1,032	1,641	1,626	1,607
Fixed Assets	220	235	172	150	132
Total Investments	4,682	4,626	4,667	4,667	4,667
Intangible Assets	149	204	204	204	204
Total Other Non-Current Assets	6	9	9	9	9
Total Non-current Assets	5,057	5,074	5,052	5,031	5,012
Short-term Debt	100	972	972	972	972
Current Portion of Long-Term Debt					
Total Creditors	246	241	230	224	220
Other Current Liabilities	58	48	48	48	48
Total Current Liabilities	403	1,261	1,250	1,243	1,239
Total Long-term Debt	1,197	528	1,188	1,188	1,188
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	54	45	45	45	45
Total Non-current Liabilities	1,252	573	1,233	1,233	1,233
Total Provisions	47	49	49	49	49
Total Liabilities	1,702	1,883	2,532	2,525	2,521
Shareholders' Equity	3,517	3,488	3,376	3,296	3,211
Minority Interests	724	735	785	836	888
Total Equity	4,241	4,223	4,162	4,132	4,098

Key Ratios

	Aug-16A	Aug-17A	Aug-18F	Aug-19F	Aug-20F
Revenue Growth	(4.48%)	(8.17%)	(2.07%)	(2.77%)	(1.78%)
Operating EBITDA Growth	(12.7%)	(37.3%)	35.6%	0.5%	(2.6%)
Operating EBITDA Margin	33.9%	23.2%	32.1%	33.1%	32.9%
Net Cash Per Share (\$)	(0.36)	(0.51)	(0.42)	(0.43)	(0.44)
BVPS (\$)	2.18	2.16	2.09	2.04	1.99
Gross Interest Cover	10.76	6.43	10.05	8.18	8.31
Effective Tax Rate	15.2%	8.4%	14.4%	13.5%	12.9%
Net Dividend Payout Ratio	122%	137%	116%	106%	102%
Accounts Receivables Days	53.56	79.78	80.25	47.67	47.56
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 (%)	110%	84%	55%	106%	112%
ROCE (%)	6.89%	4.49%	5.42%	5.50%	5.58%
Return On Average Assets	5.62%	4.59%	4.49%	4.73%	4.87%

Key Drivers

	Aug-16A	Aug-17A	Aug-18F	Aug-19F	Aug-20F
Adex rev. grth (% , main newsppr)	-9.2%	-16.8%	-8.0%	-6.4%	-4.8%
ASP (% chg, main newsppr)	N/A	N/A	N/A	N/A	N/A
Circulation grth (% , main newsppr)	-2.6%	-5.1%	-3.0%	-3.0%	-3.0%
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)	-6.0%	-5.7%	-5.5%	-5.5%	-4.5%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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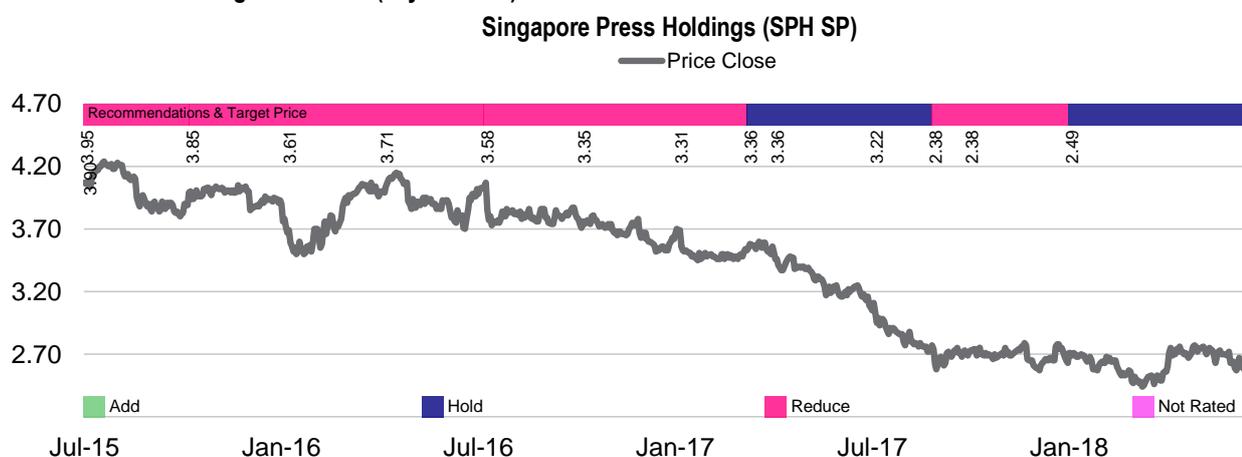
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Spitzer Chart for stock being researched (2 year data)



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, **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.