

## Singapore

**ADD** (no change)

Consensus ratings\*: Buy 3 Hold 1 Sell 0

Current price:	S\$0.53
Target price:	S\$0.60
Previous target:	S\$0.67
Up/downside:	13.5%
CGS-CIMB / Consensus:	-7.2%
Reuters:	APAC.SI
Bloomberg:	APAC SP
Market cap:	US\$135.5m
	S\$186.5m
Average daily turnover:	US\$0.32m
	S\$0.45m
Current shares o/s:	355.2m
Free float:	26.5%

\*Source: Bloomberg

**Key changes in this note**

- -11.3% to -18.9% decline in FY19-21F earnings



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-4.6	-8.7	-13.9
Relative (%)	0.5	-2.9	-11.7

**Major shareholders**

	% held
Tan Choon Hong	71.8
FIL Invnt Mgmt	4.3
Qilin Asset Mgmt	3.4

**Analyst(s)**

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# APAC Realty Ltd

## Reality strikes but hope springs eternal

- 2Q/1H19 profit of S\$3.2m/S\$5.1m was below our expectations due to subdued buyer demand, especially in the resale market.
- We maintain our transaction volume forecast for primary sales in 2019F but lower the forecast for private resale in line with the weakness seen in 1H19.
- Maintain Add with a lower TP of S\$0.60 based on 10x FY20F P/E and DCF.

**2Q19 results below our expectations**

2Q/1H19 profit attributable to shareholders declined to S\$3.2m/S\$5.1m (-56.8%/-62.5% yoy), below our expectations due to subdued demand in the resale market and lag in profit recognition of project sales. While 1H19 GP margin of 12% was stable, net profit margin declined to 3.1% (6.0% in 1H18) due to the impact of largely fixed operating expenses. 1H19 DPS of 0.75 Scts (2.0 Scts in 1H18) was lower than our expectation due to weaker earnings and represents a dividend payout ratio of 53%.

**Resale weakness could dissipate from 2H19F onwards**

APAC recorded S\$40.0m (-40% yoy, +19% qoq) in revenue from resale transactions in 2Q19 amid more cautious buying sentiment owing to a weaker economic outlook. In 1H19, the Urban Redevelopment Authority (URA) recorded 4,321 (-50% yoy) private resale transactions, below our expectation. On a qoq basis, 2Q19 volumes rose 27%, indicating some stabilisation in the market. Post 2Q19 results, we lower our 2019 resale volume assumption to a c.30% yoy decline, albeit penciling in a slight uptick in 2H19F, in line with APAC's expectation of a gradual improvement in resale volumes.

**Project sales on track**

2Q19 revenue from new launches was S\$23.1m (-33% yoy, -3% qoq) due largely to a lag in revenue recognition. URA primary home sales volumes showed a 6% yoy increase to 4,188 in 1H19, in line with our expectations. However the slower recognition of sales resulted in a decline in project revenue. We continue to expect an improvement in sales volumes in 2H19F for Singapore due to the stronger pipeline of new project launches.

**The worst could be over**

Following a disappointing 1H19, we think APAC's earnings will improve in 2H19F due to the industry's strong sales pipeline and gradual improvement in the resale market; as of May, APAC has secured marketing agent appointments for 42 projects with c.16,500 units scheduled for sale in FY19. We further think that after trough earnings in FY19, APAC's earnings will pick up in FY20F on the back of improved volumes.

**Maintain Add with a lower TP of S\$0.60**

As we lower our assumptions on APAC's resale transaction volume, market share in the primary sales segment, and dividend payout ratio, our FY19-21F net profit forecasts decline by 11.3-18.9%. Our TP dips to S\$0.60, still based on an average of 10x FY20F P/E and DCF valuation. Stronger/weaker transaction volume growth continue to be potential upside/downside catalysts for its share price.

**Financial Summary**

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Net Revenues (S\$m)	400.6	424.0	348.2	352.8	364.1
Operating EBITDA (S\$m)	30.21	30.19	21.56	23.72	25.20
Net Profit (S\$m)	25.90	24.24	16.07	17.93	19.23
Normalised EPS (S\$)	0.092	0.072	0.045	0.050	0.054
Normalised EPS Growth	39.3%	(22.3%)	(36.8%)	11.6%	7.2%
FD Normalised P/E (x)	5.70	7.34	11.61	10.40	9.70
DPS (S\$)	-	0.045	0.024	0.027	0.029
Dividend Yield	0.00%	8.57%	4.57%	5.10%	5.47%
EV/EBITDA (x)	2.84	6.37	9.21	7.94	7.05
P/FCFE (x)	8.80	NA	10.55	10.39	9.66
Net Gearing	(46.6%)	10.1%	8.5%	1.2%	(5.4%)
P/BV (x)	1.27	1.30	1.30	1.22	1.15
ROE	24.4%	17.6%	11.2%	12.1%	12.2%
% Change In Normalised EPS Estimates			(18.9%)	(12.8%)	(11.3%)
Normalised EPS/consensus EPS (x)			0.71	0.66	1.00

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 1: Results comparison**

FYE Dec (S\$m)	2Q		yoy % chg	1Q		FY19 Cum	FY18 Cum	yoy % chg	Prev. FY19F	Comments
	FY19	FY18		FY19	qoq % chg					
Total Revenue	85.7	122.0	-29.8	77.4	10.7	163.1	227.3	-28.2	389.2	Weaker due to subdued buyer demand for residential properties following the implementation of property cooling measures in Jul-18 and impact of lag in revenue recognition.
Cost of services	(75.1)	(108.1)	-30.5	(67.9)	10.6	(143.1)	(200.4)	-28.6	(339.8)	
<b>Gross Profit</b>	<b>10.5</b>	<b>14.0</b>	<b>-24.7</b>	<b>9.5</b>	<b>11.1</b>	<b>20.0</b>	<b>26.8</b>	<b>-25.6</b>	<b>49.5</b>	
Personnel cost	(2.5)	(2.4)	7.5	(3.3)	-23.7	(5.8)	(5.7)	2.4	(13.2)	
Depreciation	(0.5)	(0.1)	331.7	(0.5)	0.4	(1.1)	(0.2)	329.1	(1.9)	
Others	(3.0)	(2.2)	33.0	(3.0)	0.5	(5.9)	(4.5)	31.4	(8.7)	
<b>Operating Income</b>	<b>4.5</b>	<b>9.3</b>	<b>-51.5</b>	<b>2.7</b>	<b>68.4</b>	<b>7.2</b>	<b>16.4</b>	<b>-56.3</b>	<b>25.6</b>	
Net interest income/(expense)	(0.5)	-	n/a	(0.4)	2.0	(0.9)	-	n/a	(1.7)	
Associates' contribution	-	-	n/a	-	n/a	-	-	n/a	(0.0)	
Exceptional gains/losses	-	-	n/a	-	n/a	-	-	n/a	-	
Profit before tax	4.0	9.3	-56.4	2.2	81.7	6.3	16.4	-61.8	23.9	
Tax	(0.7)	(1.6)	-52.8	(0.5)	54.3	(1.2)	(2.8)	-56.2	(4.1)	
<b>Profit after tax (PAT)</b>	<b>3.3</b>	<b>7.7</b>	<b>-57.1</b>	<b>1.7</b>	<b>89.3</b>	<b>5.0</b>	<b>13.6</b>	<b>-63.0</b>	<b>19.8</b>	
Minority interests	0.0	-	n/a	0.0	-14.3	0.1	-	n/a	-	
<b>PAT attributable to shareholders</b>	<b>3.3</b>	<b>7.7</b>	<b>-56.8</b>	<b>1.8</b>	<b>87.2</b>	<b>5.1</b>	<b>13.6</b>	<b>-62.5</b>	<b>19.8</b>	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Earnings revision**

	Old			New			% change		
	FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21
Revenue (S\$m)	389.2	400.2	410.3	348.2	352.8	364.1	-10.5%	-11.8%	-11.3%
Gross Profit (S\$m)	49.5	50.8	52.5	45.5	47.1	49.2	-8.0%	-7.3%	-6.2%
EBIT (S\$m)	25.6	26.4	27.6	21.1	23.2	24.7	-17.7%	-12.0%	-10.7%
PBT (S\$m)	23.9	24.8	26.1	19.4	21.6	23.2	-18.9%	-12.8%	-11.3%
PAT (S\$m)	19.8	20.6	21.7	16.1	17.9	19.2	-18.9%	-12.8%	-11.3%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: Blended valuation**

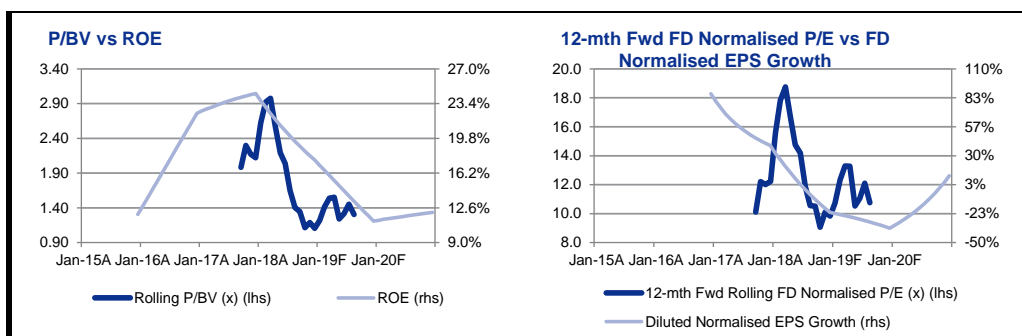
DCF Assumptions				
Cost of equity	9.60%			
Rf	2.40%			
Market risk premium	6.00%			
Beta	1.20			
Terminal growth	1%			
DCF				
	2019F	2020F	2021F	Terminal Value
EBIT (1- Tax) (S\$m)	17.46	19.26	20.48	
Depreciation&Amort (S\$m)	3.03	3.03	3.03	
Working capital changes (S\$m)	3.35	0.10	0.23	
Capex (S\$m)	2.00	0.25	0.25	
FCF (S\$m)	15.15	21.95	23.04	328.18
Discount factor	0.91	0.83	0.76	
PV FCF (S\$m)	13.82	18.27	17.50	208.96
Sum of PV FCF (S\$m)	258.55			
Net Cash (Net Debt) (S\$m)	-14.50			
Equity value (S\$m)	244.05			
Number of shares (m)	355.20			
Value per share (S\$)	<b>0.69</b>			
FY20F EPS (Scts)	5.05			
P/E multiple (x)	10			
Value per share (S\$)	<b>0.50</b>			
Avg DCF and PE	<b>0.60</b>			

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: Sector comparison**

Company	Bloomberg Ticker	Recom.	Price (lc)	Tgt Px (lc)	Mkt Cap (US\$ m)	Core P/E (x)			P/BV (x)		Div. Yield (%)	
						FY19F	FY20F	FY21F	FY19F	FY20F	FY19F	FY20F
APAC Realty Ltd	APAC SP	Add	0.53	0.60	135	11.6	10.4	9.7	1.30	1.22	4.6%	5.1%
Propnex Ltd	PROP SP	Add	0.52	0.64	139	12.3	11.9	11.3	2.76	2.64	6.7%	6.7%
<b>Average (Singapore Brokers)</b>						<b>11.9</b>	<b>11.1</b>	<b>10.5</b>	<b>2.0</b>	<b>1.9</b>	<b>5.6%</b>	<b>5.9%</b>
Aspen (Group) Holdings Ltd	ASPEN SP	Add	0.13	0.29	87	4.8	na	na	0.90	na	4.1%	na
CapitalLand	CAPL SP	Add	3.46	4.15	12,609	13.6	12.6	11.9	0.78	0.75	3.6%	3.6%
City Developments	CIT SP	Add	9.19	10.66	6,029	17.3	19.2	19.2	0.83	0.81	2.2%	2.2%
Guocoland	GUOL SP	Add	1.97	2.25	1,686	18.9	18.3	15.5	0.52	0.53	3.6%	3.6%
Ho Bee Land	HOBEE SP	Add	2.33	3.00	1,121	16.4	12.0	na	0.47	0.45	4.3%	4.3%
Hongkong Land Holdings Ltd	HKL SP	Add	5.74	7.40	13,505	12.8	10.8	10.7	0.35	0.34	4.0%	4.4%
Perennial Real Estate Holdings	PREH SP	Add	0.60	0.99	715	164.6	91.2	na	0.36	0.36	1.7%	1.7%
United Engineers	UEM SP	Add	2.61	2.94	1,204	47.2	47.3	na	0.84	0.83	1.5%	1.9%
UOL Group	UOL SP	Add	7.16	8.45	4,368	16.7	16.0	18.1	0.61	0.60	2.4%	2.4%
<b>Average (Singapore Developers)</b>						<b>34.7</b>	<b>28.4</b>	<b>15.1</b>	<b>0.6</b>	<b>0.6</b>	<b>3.0%</b>	<b>3.0%</b>
CBRE Group Inc	CBRE US	N/A	53.51	N/A	17,994	14.2	13.4	12.7	2.88	2.34	0.0%	0.0%
Colliers International Group I	CIGI US	N/A	72.36	N/A	2,861	15.8	14.5	14.3	5.34	4.10	0.1%	0.1%
Countrywide PLC	CWD LN	N/A	5.20	N/A	103	23.6	9.6	4.4	N/A	N/A	0.0%	0.0%
Midland Holdings Ltd	1200 HK	Hold	1.27	1.40	116	55	13	6	0.62	0.60	0.9%	2.9%
Realty Holdings Corp	RLGY US	N/A	4.97	N/A	568	5.4	4.4	4.2	0.24	0.23	7.2%	7.2%
Sinyi Realty Inc	9940 TT	N/A	30.60	N/A	713	15.5	19.6	N/A	N/A	N/A	4.2%	3.6%
<b>Average (International Brokers)</b>						<b>21.6</b>	<b>12.4</b>	<b>8.4</b>	<b>2.3</b>	<b>1.8</b>	<b>2.1%</b>	<b>2.3%</b>

SOURCES: CGS-CIMB, BLOOMBERG, COMPANY REPORTS

**BY THE NUMBERS**

**Profit & Loss**

(\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
<b>Total Net Revenues</b>	<b>400.6</b>	<b>424.0</b>	<b>348.2</b>	<b>352.8</b>	<b>364.1</b>
<b>Gross Profit</b>	<b>54.9</b>	<b>52.8</b>	<b>45.5</b>	<b>47.1</b>	<b>49.2</b>
<b>Operating EBITDA</b>	<b>30.2</b>	<b>30.2</b>	<b>21.6</b>	<b>23.7</b>	<b>25.2</b>
Depreciation And Amortisation	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
<b>Operating EBIT</b>	<b>29.7</b>	<b>29.7</b>	<b>21.1</b>	<b>23.2</b>	<b>24.7</b>
Financial Income/(Expense)	(0.3)	(0.4)	(1.7)	(1.6)	(1.5)
Pretax Income/(Loss) from Assoc.	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0	0.0
<b>Profit Before Tax (pre-EI)</b>	<b>29.4</b>	<b>29.2</b>	<b>19.4</b>	<b>21.6</b>	<b>23.2</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>29.4</b>	<b>29.2</b>	<b>19.4</b>	<b>21.6</b>	<b>23.2</b>
<b>Taxation</b>	<b>(3.5)</b>	<b>(5.0)</b>	<b>(3.3)</b>	<b>(3.7)</b>	<b>(3.9)</b>
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>25.9</b>	<b>24.2</b>	<b>16.1</b>	<b>17.9</b>	<b>19.2</b>
Minority Interests	0.0	0.0	0.0	0.0	0.0
Pref. & Special Div	0.0	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
<b>Net Profit</b>	<b>25.9</b>	<b>24.2</b>	<b>16.1</b>	<b>17.9</b>	<b>19.2</b>
Normalised Net Profit	25.9	24.2	16.1	17.9	19.2
<b>Fully Diluted Normalised Profit</b>	<b>25.9</b>	<b>24.2</b>	<b>16.1</b>	<b>17.9</b>	<b>19.2</b>

**Cash Flow**

(\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
EBITDA	30.21	30.19	21.56	23.72	25.20
Cash Flow from Invt. & Assoc.	0.01	0.02	0.02	0.02	0.02
Change In Working Capital	4.16	(16.11)	3.35	0.10	0.23
Straight Line Adjustment					
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	1.60	1.48	1.43	1.43	1.43
Other Operating Cashflow	2.85	1.80	1.68	1.60	1.51
Net Interest (Paid)/Received	(0.20)	(0.16)	(1.68)	(1.60)	(1.51)
Tax Paid	(3.18)	(4.98)	(3.29)	(3.67)	(3.94)
<b>Cashflow From Operations</b>	<b>35.45</b>	<b>12.25</b>	<b>23.07</b>	<b>21.60</b>	<b>22.95</b>
Capex	(0.47)	(0.37)	(0.50)	(0.50)	(0.50)
Disposals Of FAs/subsidiaries					
Disposals of Investment Properties	0.00	(72.80)	(2.00)	(0.25)	(0.25)
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(0.18)	(0.36)	0.00	0.00	0.00
<b>Cash Flow From Investing</b>	<b>(0.65)</b>	<b>(73.54)</b>	<b>(2.50)</b>	<b>(0.75)</b>	<b>(0.75)</b>
Debt Raised/(repaid)	(18.00)	57.52	(2.90)	(2.90)	(2.90)
Proceeds From Issue Of Shares	28.25	0.00	0.00	0.00	0.00
Shares Repurchased					
Dividends Paid	0.00	(14.21)	(15.98)	(8.52)	(9.50)
Preferred Dividends					
Other Financing Cashflow					
<b>Cash Flow From Financing</b>	<b>10.25</b>	<b>43.31</b>	<b>(18.88)</b>	<b>(11.42)</b>	<b>(12.40)</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**BY THE NUMBERS... cont'd**
**Balance Sheet**

(S\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Cash And Equivalents	62.0	43.0	42.5	49.8	57.6
Properties Under Development					
Total Debtors	71.7	64.1	50.9	51.5	53.0
Inventories					
Total Other Current Assets	0.3	2.3	2.3	2.3	2.3
<b>Total Current Assets</b>	<b>134.0</b>	<b>109.5</b>	<b>95.7</b>	<b>103.7</b>	<b>112.9</b>
Fixed Assets	1.2	1.1	1.1	1.1	1.1
<b>Total Investments</b>	<b>0.4</b>	<b>73.2</b>	<b>75.2</b>	<b>75.4</b>	<b>75.6</b>
Intangible Assets	100.4	99.5	98.5	97.6	96.7
Total Other Non-Current Assets	0.0	0.0	0.0	0.0	0.0
<b>Total Non-current Assets</b>	<b>102.0</b>	<b>173.7</b>	<b>174.8</b>	<b>174.1</b>	<b>173.4</b>
Short-term Debt	0.0	2.9	2.9	2.9	2.9
Current Portion of Long-Term Debt					
Total Creditors	91.5	71.3	61.4	62.1	63.8
Other Current Liabilities	7.0	7.0	7.0	7.0	7.0
<b>Total Current Liabilities</b>	<b>98.5</b>	<b>81.2</b>	<b>71.3</b>	<b>72.0</b>	<b>73.7</b>
Total Long-term Debt	0.0	54.6	51.7	48.8	45.9
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0.0	0.0	0.0	0.0	0.0
<b>Total Non-current Liabilities</b>	<b>0.0</b>	<b>54.6</b>	<b>51.7</b>	<b>48.8</b>	<b>45.9</b>
Total Provisions	4.5	4.3	4.3	4.3	4.3
<b>Total Liabilities</b>	<b>103.0</b>	<b>140.1</b>	<b>127.3</b>	<b>125.1</b>	<b>124.0</b>
<b>Shareholders' Equity</b>	<b>133.0</b>	<b>143.1</b>	<b>143.1</b>	<b>152.6</b>	<b>162.3</b>
Minority Interests	0.0	0.0	0.0	0.0	0.0
<b>Total Equity</b>	<b>133.0</b>	<b>143.1</b>	<b>143.2</b>	<b>152.6</b>	<b>162.3</b>

**Key Ratios**

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	39.2%	5.8%	(17.9%)	1.3%	3.2%
Operating EBITDA Growth	51.8%	(0.1%)	(28.6%)	10.0%	6.2%
Operating EBITDA Margin	7.54%	7.12%	6.19%	6.72%	6.92%
Net Cash Per Share (S\$)	0.19	(0.04)	(0.03)	(0.01)	0.02
BVPS (S\$)	0.41	0.40	0.40	0.43	0.46
Gross Interest Cover	111.9	66.9	12.5	14.6	16.4
Effective Tax Rate	11.9%	17.0%	17.0%	17.0%	17.0%
Net Dividend Payout Ratio	NA	65.9%	53.0%	53.0%	53.0%
Accounts Receivables Days	53.69	55.84	55.60	48.48	47.92
Inventory Days	-	-	-	-	-
Accounts Payables Days	72.66	71.53	70.56	64.55	63.93
ROIC (%)	35.6%	39.5%	23.7%	27.5%	29.6%
ROCE (%)	24.8%	17.3%	10.3%	11.3%	11.6%
Return On Average Assets	12.9%	9.5%	6.4%	7.1%	7.4%

**Key Drivers**

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Unbooked Presales (m) (S\$)	N/A	N/A	N/A	N/A	N/A
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A	N/A
Unbooked Presales (units)	N/A	N/A	N/A	N/A	N/A
Unsold attrib. landbank (area: m sm)	N/A	N/A	N/A	N/A	N/A
Gross Margins (%)	13.7%	12.5%	13.1%	13.3%	13.5%
Contracted Sales ASP (per Sm) (S\$)	N/A	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	N/A	N/A	N/A	N/A	N/A
Investment rev / total rev (%)	N/A	N/A	N/A	N/A	N/A
Residential rev / total rev (%)	N/A	N/A	N/A	N/A	N/A
Invnt. properties rental margin (%)	N/A	N/A	N/A	N/A	N/A
SG&A / Sales Ratio (%)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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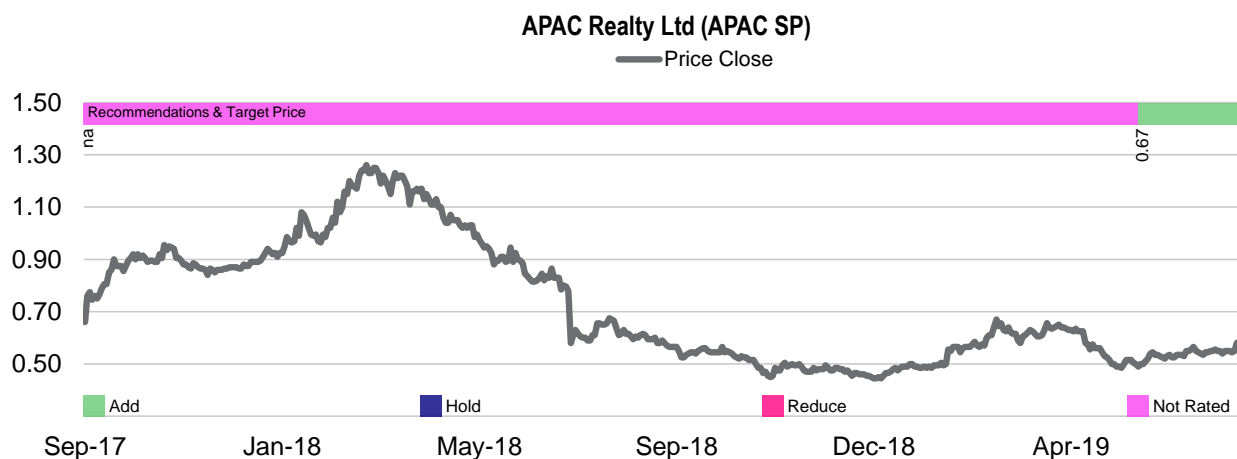
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**Other jurisdictions:** In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is only for distribution to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2019		
791 companies under coverage for quarter ended on 30 June 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	57.9%	4.2%
Hold	26.5%	1.8%
Reduce	15.5%	0.4%

Spitzer Chart for stock being researched ( 2 year data )



**Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2018, Anti-Corruption 2018**

**ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, Declared, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** - Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** - Good, Declared, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Very Good, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **DELTA** - Excellent, n/a, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HREIT** - Excellent, Certified, **ICHI** – Excellent, Declared, **HUMAN** – not available, n/a, **III** – Good, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD\*** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **JWD** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Declared, **MALEE** – Very Good, Certified, **MC** – Very Good, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Declared, **NETBAY** – Good, n/a, **OSP** – not available, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PR9** – not available, n/a, **PSH** – Excellent, Certified, **PSTC** – Good, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **RSP** – not available, n/a, **S** – Very Good, n/a, **SAMART** - Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Very Good, Certified, **SF** – Good, n/a, **SIRI** – Very Good, Certified, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Declared, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, Declared, **TMB** - Excellent, Certified, **TNR** – Very Good, Declared, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Very Good, Declared, **UNIQ** – Good, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Very Good, Certified, **WORK** – Good, n/a.

**Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 31, 2018) are categorized into:**

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

\* The company, its director or management had been reportedly accused for breaching proper corporate governance such as violation of the SEC's regulations or charged with corruption.

**Recommendation Framework****Stock Ratings**

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

**Sector Ratings**

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

**Country Ratings**

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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