

Singapore

ADD (no change)

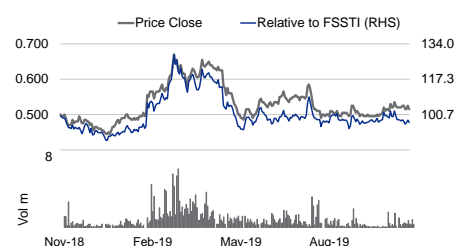
Consensus ratings*: Buy 3 Hold 1 Sell 0

Current price:	S\$0.52
Target price:	S\$0.66
Previous target:	S\$0.60
Up/downside:	28.1%
CGS-CIMB / Consensus:	1.5%
Reuters:	APAC.SI
Bloomberg:	APAC SP
Market cap:	US\$134.4m
	S\$182.9m
Average daily turnover:	US\$0.15m
	S\$0.21m
Current shares o/s:	355.2m
Free float:	26.5%

*Source: Bloomberg

Key changes in this note

➤ -9.1% to +0.9% change in FY19-21F earnings



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	4	5.1	3
Relative (%)	0	2.2	-3.1

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

Slower-than-expected recovery

- 3Q19 PATMI of S\$3.45m was slightly below at 21% of our FY19 expectations due to the slower pace of recovery in the residential property market.
- We lower our transaction volume assumptions for FY20-21F slightly to account for the slower recovery.
- Maintain Add at a higher TP of S\$0.66 as we include income and expenses for APAC Centre and roll forward our valuations.

3Q19 results slightly below but yoy decline narrowing

3Q19 PATMI of S\$3.45m formed 21% of our full-year forecast due to a relatively slow pace of recovery, especially in the private resale market, resulting in lower margins and higher depreciation and allowances. 3Q19 GP margin of 11.4% inched down from 12.3% in 2Q19 likely due to the recognition of higher commission sales and the inverse relationship between commission rate and margins.

Resale weakness not dissipating as quickly as expected

3Q19 revenue from resale was S\$46.6m (-19% yoy, +17% qoq); the qoq improvement disappointed us as it was below the 27% growth in sales volumes for 2Q19 as reported by the Urban Redevelopment Authority (URA). For 3Q19, URA reported a sales volume of 2,482 (+2.7% qoq) for private resale while the Housing Development Board (HDB) reported 6,264 (-0.2% qoq) resale applications. With this, we think the flow through for 4Q19 may be flat qoq, assuming no major changes in commission rates or market share.

Project sales showing signs of improvement

3Q19 revenue from new launches was S\$28.6m (-21% yoy, +24% qoq); we think the qoq improvement stems from the recognition of sales from 2Q19, which had a sales volume that was c.28% higher than in 1Q19 according to URA. For 3Q19, URA reported a sales volume of 3,281 (+40% qoq), which leads us to maintain our expectations of a stronger 2H19F extending into FY20F, depending on when options are exercised, as sales are gradually recognised over the next 1-2 quarters.

Pipeline of project marketing appointments continue to be healthy

With the 2nd largest network of agents, 7,034 agents as of 1 Nov 2019, APAC continues to secure a healthy pipeline of project marketing appointments with 18 projects secured with c.5,854 units to be launched in the last 2 months of 2019 and FY2020. For 9M19 APAC was involved in 35 new project launches compared to 22 launches in 9M18.

Maintain Add with a higher TP of S\$0.66

As we fine-tune our transaction volume assumptions, account for the income and expenses of APAC Centre, lower our risk-free rate, and roll over our valuations, our FY19-21F net profit forecasts change by -9.1% to +0.9%. Our TP rises to S\$0.66, still based on an average of 10x CY20F P/E and DCF valuation. We think key catalysts for the stock could be a stronger recovery in transaction volumes and a higher proportion of potential buyers exercising their options to purchase. Downside risks include lower commissions and cooling measures from developers and the government respectively.

Financial Summary	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Net Revenues (S\$m)	400.6	424.0	348.2	351.8	360.3
Operating EBITDA (S\$m)	30.21	30.19	19.93	23.21	25.56
Net Profit (S\$m)	25.90	24.24	14.60	17.38	19.41
Normalised EPS (S\$)	0.092	0.072	0.041	0.049	0.055
Normalised EPS Growth	39.3%	(22.3%)	(42.5%)	19.0%	11.7%
FD Normalised P/E (x)	5.60	7.20	12.53	10.53	9.43
DPS (S\$)	-	0.045	0.022	0.026	0.029
Dividend Yield	0.00%	8.74%	4.23%	5.03%	5.62%
EV/EBITDA (x)	2.75	6.26	9.78	7.88	6.65
P/FCFE (x)	8.63	NA	10.16	9.52	8.61
Net Gearing	(46.6%)	10.1%	8.4%	(0.1%)	(8.0%)
P/BV (x)	1.25	1.28	1.29	1.21	1.13
ROE	24.4%	17.6%	10.3%	11.9%	12.4%
% Change In Normalised EPS Estimates			(9.12%)	(3.10%)	0.90%
Normalised EPS/consensus EPS (x)			0.89	0.89	1.01

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Results comparison

FYE Dec (S\$m)	3Q FY19	3Q FY18	yoy % chg	2Q FY19	qoq % chg	FY19 Cum	FY18 Cum	yoy % chg	Prev. FY19F	Comments
Revenue	98.6	114.8	-14.1	85.7	15.1	261.7	342.1	-23.5	348.2	3Q19 was 28% of our FY19 forecasts
Operating costs	(93.3)	(106.3)	-12.2	(80.4)	16.0	(247.7)	(316.5)	-21.7	(324.1)	
EBITDA	5.3	8.5	-37.8	5.3	1.1	14.0	25.6	-45.4	24.1	3Q19 was 22% of our FY19 forecasts due to lower margins and higher allowances
EBITDA margin (%)	0.1	0.1	-27.6	0.1	-12.2	0.1	0.1	-28.7	0.1	
Depreciation/Amortization	(0.8)	(0.4)	118.1	(0.8)	2.7	(2.3)	(1.1)	115.4	(3.0)	
EBIT	4.5	8.2	-44.7	4.5	0.8	11.7	24.6	-52.5	21.1	
Interest expense	(0.5)	(0.1)	451.2	(0.5)	-0.4	(1.4)	(0.1)	1547.6	(1.7)	
Interest & invt inc	-	-	n/a	-	n/a	-	-	n/a	-	
Associates' contribution	-	-	n/a	-	n/a	-	-	n/a	(0.0)	
Pretax profit	4.1	8.1	-49.7	4.0	0.9	10.3	24.5	-57.8	19.4	
Tax	(0.7)	(1.6)	-58.1	(0.7)	-11.4	(1.9)	(4.3)	-56.9	(3.3)	
Tax rate (%)	(0.2)	(0.2)	-16.6	(0.2)	-12.2	(0.2)	(0.2)	2.2	(0.2)	
Minority interests	0.0	-	n/a	0.0	10.0	0.1	-	n/a	-	
Net profit	3.5	6.5	-47.2	3.3	3.8	8.6	20.2	-57.5	16.1	
EPS (Scts)	1.0	1.8	-47.2	0.9	3.8	2.4	5.7	-57.5	4.5	
Exceptionals (net of tax)	-	-	n/a	-	n/a	-	-	n/a	-	
Core profit	3.5	6.5	-47.2	3.3	3.8	8.6	20.2	-57.5	16.1	3Q19 was 21% of our FY19 forecasts
Core EPS (Scts)	1.0	1.8	-47.2	0.9	3.8	2.4	5.7	-57.5	4.5	

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)	348.2	352.8	364.1	348.2	351.8	360.3	0.0%	-0.3%	-1.0%
Gross Profit (S\$m)	45.5	47.1	49.2	45.5	48.1	51.0	0.0%	2.2%	3.6%
EBIT (S\$m)	21.1	23.2	24.7	19.4	22.7	25.0	-7.8%	-2.4%	1.3%
PBT (S\$m)	19.4	21.6	23.2	17.6	20.9	23.4	-9.1%	-3.1%	0.9%
PAT (S\$m)	16.1	17.9	19.2	14.6	17.4	19.4	-9.1%	-3.1%	0.9%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Blended valuation

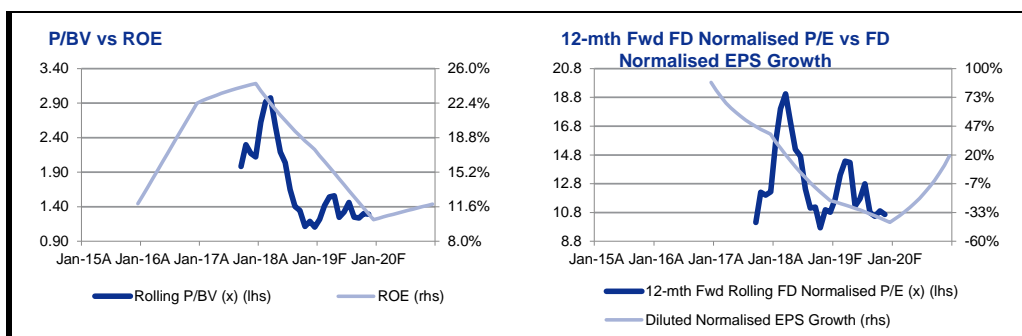
DCF Assumptions				
Cost of equity	9.80%			
Rf	2.00%			
Market risk premium	6.00%			
Beta	1.30			
Terminal growth	1%			
DCF	2020F	2021F	2022F	Terminal Value
EBIT (1- Tax) (\$m)	18.79	20.74	22.41	
Depreciation&Amort (\$m)	3.08	3.08	3.08	
Working capital changes (\$m)	0.07	0.17	0.13	
Capex (\$m)	-0.75	-0.75	-0.75	
FCF (\$m)	21.05	22.90	24.62	376.91
Discount factor	0.91	0.83	0.76	
PV FCF (\$m)	19.17	19.00	18.60	237.79
Sum of PV FCF (\$m)	294.56			
Net Cash (Net Debt) (\$m)	0.17			
Equity value (\$m)	294.72			
Number of shares (m)	355.20			
Value per share (\$)	0.83			
FY20F EPS (Scts)	4.89			
P/E multiple (x)	10			
Value per share (\$)	0.49			
Avg DCF and PE	0.66			

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	0.52	0.66	134	12.5	10.5	9.4	1.29	1.21	4.2%	5.0%
Propnex Ltd	PROP SP	Add	0.52	0.60	140	13.2	12.9	12.3	2.79	2.71	6.8%	6.8%
Average (Singapore Brokers)						12.9	11.7	10.9	2.0	2.0	5.5%	5.9%
Aspen (Group) Holdings Ltd	ASPEN SP	Add	0.16	0.29	112	6.2	na	na	1.15	na	3.2%	na
CapitalLand	CAPL SP	Add	3.66	4.15	13,529	14.4	13.3	12.4	0.82	0.80	3.3%	3.3%
City Developments	CIT SP	Add	10.47	12.09	6,967	19.9	20.6	20.7	0.95	0.92	1.9%	1.9%
Guocoland	GUOL SP	Add	2.02	2.25	1,754	19.4	18.7	15.9	0.53	0.54	3.5%	3.5%
Ho Bee Land	HOBEE SP	Add	2.32	3.00	1,132	16.4	11.9	na	0.47	0.45	4.3%	4.3%
Hongkong Land Holdings Ltd	HKL SP	Add	5.41	7.40	12,729	12.1	10.2	10.1	0.33	0.32	4.3%	4.6%
Perennial Real Estate Holdings	PREH SP	Add	0.58	0.99	701	159.0	88.2	na	0.35	0.35	1.7%	1.7%
United Engineers	UEM SP	Add	2.71	2.94	1,268	49.0	49.1	na	0.87	0.86	1.5%	1.8%
UOL Group	UOL SP	Add	7.74	8.73	4,790	18.0	17.2	18.6	0.66	0.65	2.3%	2.3%
Average (Singapore Developers)						34.9	28.6	15.5	0.7	0.6	2.9%	2.9%
CBRE Group Inc	CBRE US	N/A	55.05	N/A	18,428	14.6	13.6	12.6	3.19	2.64	0.0%	0.0%
Colliers International Group I	CIGI US	N/A	69.84	N/A	2,759	15.3	14.0	13.4	5.24	4.04	0.1%	0.1%
Countrywide PLC	CWD LN	N/A	4.61	N/A	97	12.4	8.6	3.8	N/A	N/A	0.0%	0.0%
Midland Holdings Ltd	1200 HK	Hold	1.14	1.19	105	160	12	5	0.56	0.54	0.9%	3.0%
Realogy Holdings Corp	RLGY US	N/A	9.32	N/A	1,064	9.5	9.3	7.7	0.48	0.46	3.5%	3.9%
Sinyi Realty Inc	9940 TT	N/A	31.85	N/A	769	14.7	18.3	7.6	N/A	N/A	4.1%	3.5%
Average (International Brokers)						37.8	12.6	8.4	2.4	1.9	1.4%	1.7%

SOURCES: CGS-CIMB, BLOOMBERG, COMPANY REPORTS

BY THE NUMBERS

Profit & Loss

(\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Net Revenues	400.6	424.0	348.2	351.8	360.3
Gross Profit	54.9	52.8	45.5	48.1	51.0
Operating EBITDA	30.2	30.2	19.9	23.2	25.6
Depreciation And Amortisation	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)
Operating EBIT	29.7	29.7	19.4	22.7	25.0
Financial Income/(Expense)	(0.3)	(0.4)	(1.8)	(1.7)	(1.6)
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
Profit Before Tax (pre-EI)	29.4	29.2	17.6	20.9	23.4
Exceptional Items					
Pre-tax Profit	29.4	29.2	17.6	20.9	23.4
Taxation	(3.5)	(5.0)	(3.0)	(3.6)	(4.0)
Exceptional Income - post-tax					
Profit After Tax	25.9	24.2	14.6	17.4	19.4
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)					
Net Profit	25.9	24.2	14.6	17.4	19.4
Normalised Net Profit	25.9	24.2	14.6	17.4	19.4
Fully Diluted Normalised Profit	25.9	24.2	14.6	17.4	19.4

Cash Flow

(\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
EBITDA	30.21	30.19	19.93	23.21	25.56
Cash Flow from Invnt. & Assoc.	0.01	0.02	0.02	0.02	0.02
Change In Working Capital	4.16	(16.11)	3.35	0.07	0.17
Straight Line Adjustment					
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	1.60	1.48	1.46	1.48	1.48
Other Operating Cashflow	2.85	1.80	3.42	3.33	3.24
Net Interest (Paid)/Received	(0.20)	(0.16)	(1.79)	(1.70)	(1.61)
Tax Paid	(3.18)	(4.98)	(2.99)	(3.56)	(3.97)
Cashflow From Operations	35.45	12.25	23.40	22.86	24.89
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
Cash Flow From Investing	(0.65)	(73.54)	(2.50)	(0.75)	(0.75)
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)	(7.74)	(9.21)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	10.25	43.31	(18.88)	(10.64)	(12.11)

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Cash And Equivalents	62.0	43.0	42.7	51.9	61.7
Properties Under Development					
Total Debtors	71.7	64.1	50.9	51.3	52.5
Inventories					
Total Other Current Assets	0.3	2.3	2.3	2.3	2.3
Total Current Assets	134.0	109.5	95.9	105.6	116.6
Fixed Assets	1.2	1.1	1.0	1.0	0.9
Total Investments	0.4	73.2	73.6	72.2	70.8
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
Total Non-current Assets	102.0	173.7	173.1	170.7	168.4
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	62.0	63.3
Other Current Liabilities	7.0	7.0	7.0	7.0	7.0
Total Current Liabilities	98.5	81.2	71.3	71.9	73.2
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
Total Non-current Liabilities	0.0	54.6	51.7	48.8	45.9
Total Provisions	4.5	4.3	4.3	4.3	4.3
Total Liabilities	103.0	140.1	127.3	125.0	123.4
Shareholders' Equity	133.0	143.1	141.7	151.3	161.5
Minority Interests	0.0	0.0	0.0	0.0	0.0
Total Equity	133.0	143.1	141.7	151.4	161.6

Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	39.2%	5.8%	(17.9%)	1.0%	2.4%
Operating EBITDA Growth	51.8%	(0.1%)	(34.0%)	16.4%	10.1%
Operating EBITDA Margin	7.54%	7.12%	5.72%	6.60%	7.10%
Net Cash Per Share (\$\$)	0.19	(0.04)	(0.03)	0.00	0.04
BVPS (\$\$)	0.41	0.40	0.40	0.43	0.45
Gross Interest Cover	111.9	66.9	10.8	13.3	15.5
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	48.55	48.09
Inventory Days	-	-	-	-	-
Accounts Payables Days	72.66	71.53	70.56	64.90	64.64
ROIC (%)	35.6%	39.5%	21.9%	26.9%	30.0%
ROCE (%)	24.8%	17.3%	9.6%	11.1%	11.9%
Return On Average Assets	12.9%	9.5%	5.9%	7.0%	7.5%

Key Drivers

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Unbooked Presales (m) (\$\$)	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%	13.7%	14.1%
Contracted Sales ASP (per Sm) (\$\$)	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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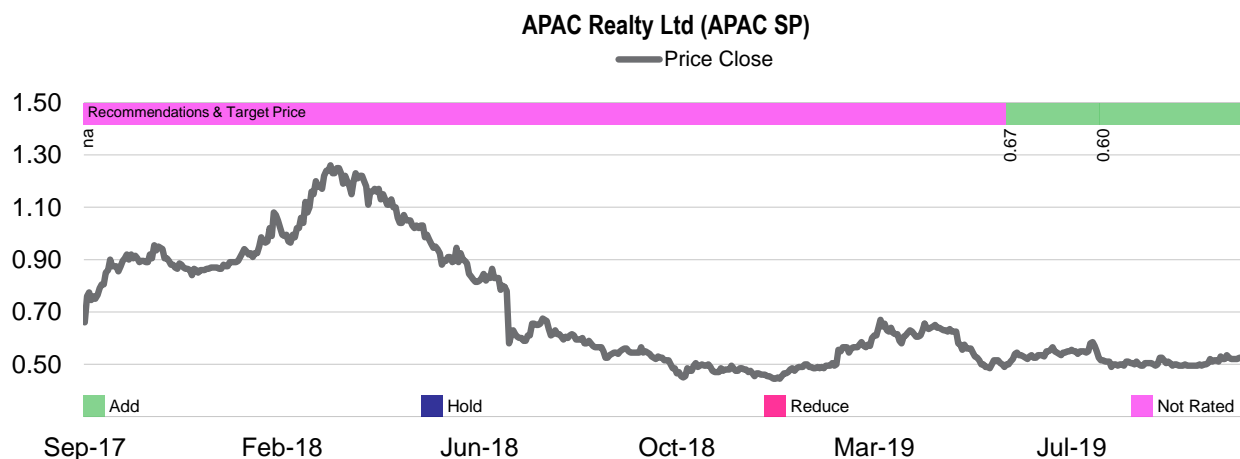
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Spitzer Chart for stock being researched (2 year data)



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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