

## Singapore

**ADD** (no change)

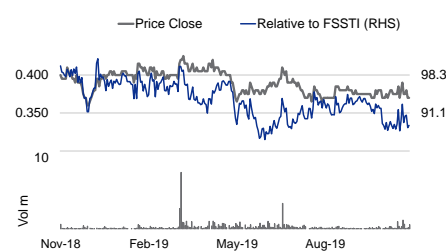
Consensus ratings\*: Buy 3 Hold 1 Sell 0

Current price:	S\$0.37
Target price:	S\$0.47
Previous target:	S\$0.47
Up/downside:	27.8%
CGS-CIMB / Consensus:	6.3%
Reuters:	JUMB.SI
Bloomberg:	JUMBO SP
Market cap:	US\$173.5m
	S\$237.1m
Average daily turnover:	US\$0.04m
	S\$0.06m
Current shares o/s:	641.8m
Free float:	29.2%

\*Source: Bloomberg

**Key changes in this note**

➤ FY20-21F EPS lowered by 3.4-4.6%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-2.6	0	-7.5
Relative (%)	-3.3	-4.6	-11.2

**Major shareholders**

	% held
JBO Holdings Pte Ltd	45.5
Sim Chye Hock	10.0
Tan Gee Jian	6.6

**Analyst(s)**

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# Jumbo Group Limited

## FY9/20F: A year of margin expansion

- FY9/19 net profit (+5.9% yoy) was in line with expectations at 97% of our and 98% of Bloomberg consensus forecasts.
- We expect FY20F to be a year of margin expansion, with stronger profit contributions from its Singapore outlets offsetting the weakness in China.
- Jumbo is actively expanding its overseas footprint via JV and franchising. Maintain Add and TP of S\$0.47.

**4QFY19 in line with expectations**

4QFY19 revenue rose to S\$40.6m (+11.5% qoq, +2.0% yoy), driven by 1) resumption of operations at its Jumbo Seafood outlet in Riverwalk, and 2) new store openings in Singapore. Buoyed by stronger operating leverage with positive SSSG in Singapore, Jumbo's OPM expanded 1.6% pt yoy to 10.8% in 4QFY19. Overall, it recorded a net profit of S\$2.6m (+54.3% qoq, +4.6% yoy) for 4QFY19.

**Singapore operations the key earnings growth driver in FY20F**

We expect Jumbo's Singapore operations to be its main earnings driver in FY20F, post the closure of lower-margin stores and the opening of higher-end higher-footfall outlets. Its two Jumbo Seafood stores that commenced operations in FY19 (Ion Orchard and Jewel Changi) saw strong sales ramp-up. They should contribute positively to its bottomline in FY20F, in our view. We forecast Jumbo's Singapore stores to record 2% SSSG in FY20F, helped by continued tourist arrival growth (especially from North Asia).

**China operations to be less of a drag in FY20F**

According to management, Jumbo's China operations saw losses narrow slightly on a qoq basis in 4QFY19. Jumbo is actively optimising the cost structure of its China operations. In Oct, a store in Raffles City Shanghai was converted into Jumbo Kitchen (casual dining format with lower average spend per head of Rmb150-200) to cater to a wider audience. We believe losses from its China operations peaked in FY19, and will be less of a drag ahead. We forecast Jumbo to report 20.4% net profit growth in FY20F.

**Expanding overseas footprint through JV and franchising model**

In FY19, Jumbo added four Jumbo Seafood franchise outlets (in Bangkok, Fuzhou and South Korea), and three Bak Kut Teh franchise stores in Taiwan. As at end-Oct 2019, it has a total of 11 franchised stores. We expect Jumbo to add 5-6 franchise outlets per year, and franchise income to contribute 1.1% to its revenue in FY20F.

**Maintain Add and TP of S\$0.47**

Maintain Add. We trim our FY20/21F EPS forecasts by 4.5%/3.3% as we lower our China revenue assumptions. Our TP is kept at S\$0.47 as we roll forward our valuation to end-CY21F, still based on 20.4x P/E (0.75 s.d. below its historical 5-year average P/E). Potential re-rating catalysts include faster-than-expected ramp up of new stores. Downside risk include slower-than-expected turnaround of its China operations.

**Financial Summary**

	Sep-18A	Sep-19A	Sep-20F	Sep-21F	Sep-22F
Revenue (S\$m)	153.7	153.6	166.3	172.6	177.2
Operating EBITDA (S\$m)	18.04	20.21	23.12	24.47	25.49
Net Profit (S\$m)	10.62	11.67	14.05	14.85	15.47
Core EPS (S\$)	0.017	0.018	0.022	0.023	0.024
Core EPS Growth	(24.6%)	9.9%	20.5%	5.7%	4.1%
FD Core P/E (x)	22.36	20.33	16.87	15.96	15.33
DPS (S\$)	0.012	0.012	0.015	0.016	0.017
Dividend Yield	3.24%	3.24%	4.05%	4.32%	4.59%
EV/EBITDA (x)	10.78	9.58	8.02	7.21	6.57
P/FCFE (x)	52.94	30.86	15.63	13.00	12.41
Net Gearing	(67.6%)	(65.3%)	(70.0%)	(76.2%)	(81.8%)
P/BV (x)	3.63	3.45	3.16	2.95	2.77
ROE	16.3%	17.4%	19.6%	19.1%	18.7%
% Change In Core EPS Estimates			(4.48%)	(3.27%)	
CGS-CIMB/Consensus EPS (x)			1.00	0.93	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

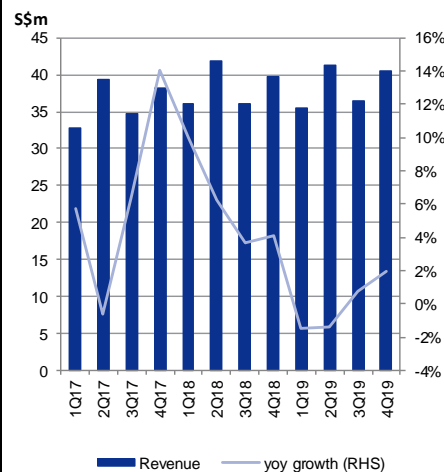
## FY9/20F a year of margin expansion

Figure 1: Results comparison

FYE Sep (\$)	4QFY19	4QFY18	yoy % chg	qoq % chg	4QFY19 Cum	4QFY18 Cum	yoy % chg	Prev FY19F	Comments
Revenue	40.6	39.8	2.0%	11.5%	153.6	153.7	0.0%	154.3	In line, FY19 at 100%/99% of our/consensus full-year forecast
Cost of sales	(14.5)	(14.8)	-2.1%	5.8%	(55.7)	(57.1)	-2.5%	(56)	
Gross profit	26.1	25.0	4.4%	14.9%	97.9	96.6	1.4%	98	
Gross margin (%)	64.2%	62.8%	1.5% pts	1.9% pts	63.8%	62.8%	0.9% pts	0.6	
OpEx	(21.7)	(21.3)	1.8%	4.7%	(83.2)	(83.0)	0.2%	(84)	
Operating profit	4.4	3.7	19.3%	123.7%	14.8	13.6	8.6%	14	
Operating margin (%)	10.8%	9.2%	1.6% pts	5.4% pts	9.6%	8.9%	0.8% pts	9.1%	
Pretax profit	3.8	3.7	4.8%	132.2%	14.0	13.5	3.4%	14	
Tax	(1.3)	(1.4)	-1.5%	292.6%	(3.1)	(2.9)	7.6%	(3)	
Tax rate (%)	34.8%	37.0%	-2.3% pts	14.2% pts	22.2%	21.3%	0.9% pts	0.2	
Net profit	2.6	2.4	4.6%	54.3%	11.7	11.0	5.9%	12.0	In-line; FY19 at 97%/98% of our/consensus full-year forecast
Core net profit	2.6	2.4	4.6%	54.3%	11.7	11.0	5.9%	12.0	In-line; FY19 at 97%/98% of our/consensus full-year forecast
EPS (S cts)	0.4	0.38	4.7%	54.2%	1.82	1.72	5.9%	1.87	
Core EPS (S cts)	0.4	0.38	4.7%	54.2%	1.82	1.72	5.9%	1.87	

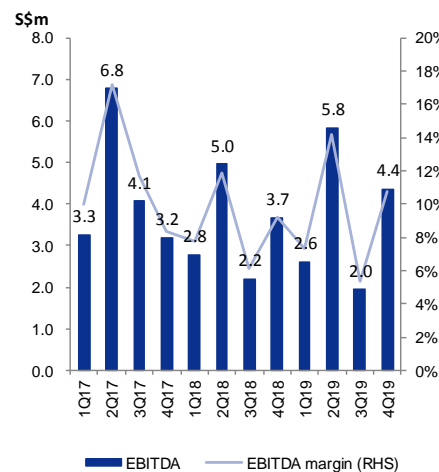
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Historical revenue



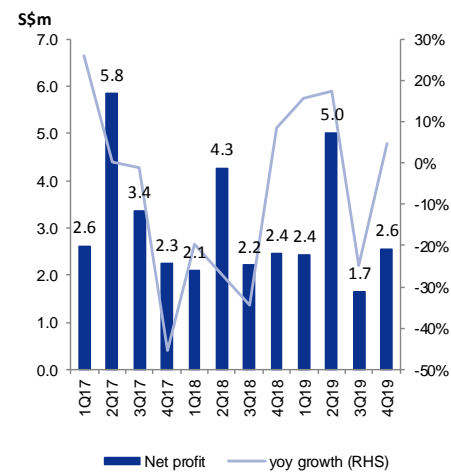
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Historical EBITDA and EBITDA margin



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Quarterly net profit



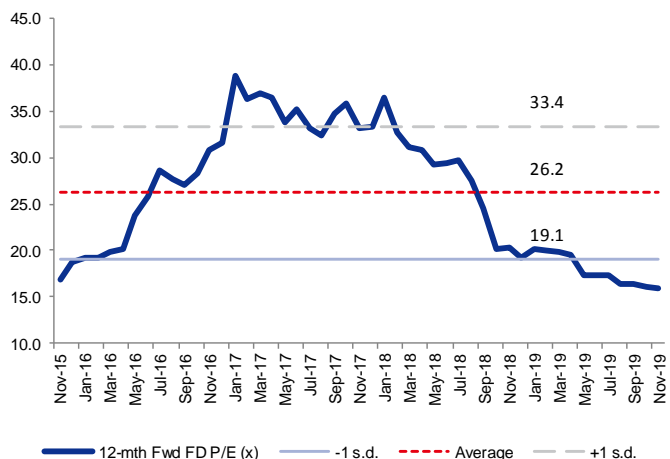
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Earnings revision

Earnings revision	FY20F			FY21F		
	Old	New	% chg	Old	New	% chg
Income Statement						
Revenue	172.8	166.3	-3.7%	179.1	172.6	-3.6%
EBITDA	22.9	23.1	0.9%	23.8	24.5	2.6%
Net profit	14.7	14.1	-4.5%	15.4	14.9	-3.3%
Core net profit	14.7	14.1	-4.5%	15.4	14.9	-3.3%
Diluted EPS (\$\$ cents)	2.3	2.2	-4.5%	2.4	2.3	-3.3%
Core EPS (\$\$ cents)	2.3	2.2	-4.5%	2.4	2.3	-3.3%

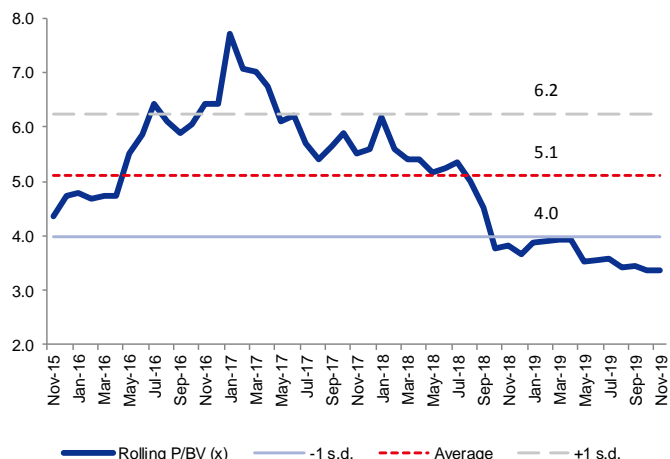
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: Jumbo's historical P/E trend



SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Figure 7: Jumbo's historical P/BV trend



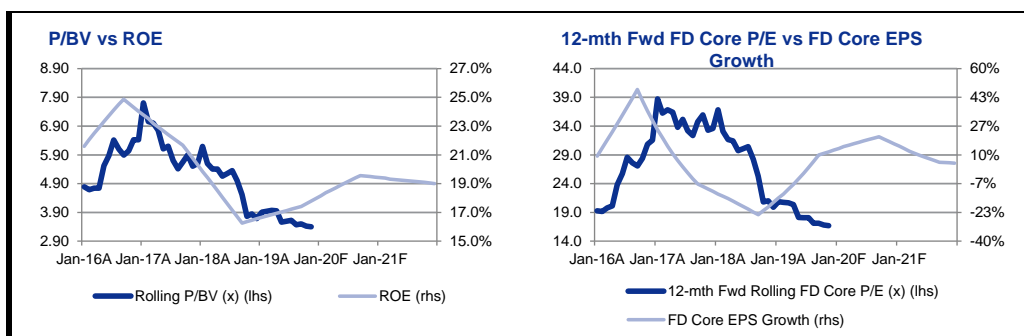
SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Figure 8: Peer comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	P/E (x) CY19F	P/E (x) CY20F	3-year EPS CAGR (%)	P/BV (x) CY19F	Recurring ROE (%) CY19F	EV/EBITDA (x) CY19F	EV/EBITDA (x) CY20F	Dividend Yield (%) CY19F
Jumbo Group Limited	JUMBO SP	ADD	0.37	0.47	173	18.7	15.9	11.5%	3.33	18.5%	9.4	8.0	4.0%
<b>Singapore Restaurants/Food courts</b>													
BreadTalk Group Ltd	BREAD SP	Not rated	0.62	na	253	28.0	22.8	5.8%	2.49	9.6%	5.5	5.1	2.9%
Koufu Group Ltd	KOUFU SP	Not rated	0.78	na	317	15.0	14.2	5.6%	4.11	29.4%	4.8	4.6	3.2%
Kimly Ltd	KMLY SP	Not rated	0.24	na	198	13.5	na	na	na	22.2%	na	na	na
Japan Foods Holding Ltd	JFOOD SP	Not rated	0.43	na	55	22.4	20.0	-1.1%	2.25	10.1%	na	8.9	4.6%
<b>Simple average</b>						<b>19.7</b>	<b>19.0</b>	<b>3.5%</b>	<b>2.95</b>	<b>17.8%</b>	<b>5.1</b>	<b>6.2</b>	<b>3.6%</b>
<b>Regional Restaurants</b>													
Minor International	MINT TB	Hold	38.00	39.00	5,809	29.3	26.7	11.6%	2.25	7.7%	13.7	11.9	1.7%
Jollibee Foods Corp	JFC PM	Hold	184.1	218.0	3,969	31.1	26.4	6.6%	3.82	12.7%	15.8	14.0	1.1%
MK Restaurant Group	M TB	Add	72.00	81.50	2,194	26.0	23.7	4.9%	4.62	17.9%	19.2	17.7	3.4%
Cafe de Coral Holdings Ltd	341 HK	Not rated	19.60	na	1,467	19.4	18.4	5.6%	3.29	16.5%	13.0	12.1	4.2%
Berjaya Food Berhad	BFD MK	Add	1.39	1.63	118	24.8	22.8	9.2%	1.42	5.7%	5.3	3.4	2.8%
<b>Simple average (ex Jollibee)</b>						<b>24.9</b>	<b>22.9</b>	<b>7.8%</b>	<b>2.89</b>	<b>11.9%</b>	<b>12.8</b>	<b>11.3</b>	<b>3.0%</b>

SOURCES: CIMB, COMPANY REPORTS, BLOOMBERG

## BY THE NUMBERS



### Profit & Loss

(\$m)	Sep-18A	Sep-19A	Sep-20F	Sep-21F	Sep-22F
<b>Total Net Revenues</b>	<b>153.7</b>	<b>153.6</b>	<b>166.3</b>	<b>172.6</b>	<b>177.2</b>
<b>Gross Profit</b>	<b>96.6</b>	<b>97.9</b>	<b>106.0</b>	<b>110.0</b>	<b>113.0</b>
<b>Operating EBITDA</b>	<b>18.0</b>	<b>20.2</b>	<b>23.1</b>	<b>24.5</b>	<b>25.5</b>
Depreciation And Amortisation	(4.8)	(5.4)	(5.6)	(5.7)	(5.8)
<b>Operating EBIT</b>	<b>13.2</b>	<b>14.8</b>	<b>17.5</b>	<b>18.8</b>	<b>19.7</b>
Financial Income/(Expense)	0.0	0.0	0.0	0.0	0.0
Pretax Income/(Loss) from Assoc.	(0.1)	(0.8)	(1.0)	(0.8)	(0.6)
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0	0.0
<b>Profit Before Tax (pre-EI)</b>	<b>13.1</b>	<b>14.0</b>	<b>16.5</b>	<b>18.0</b>	<b>19.1</b>
Exceptional Items	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>13.1</b>	<b>14.0</b>	<b>16.5</b>	<b>18.0</b>	<b>19.1</b>
Taxation	(2.9)	(3.1)	(3.0)	(3.4)	(3.6)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>10.2</b>	<b>10.9</b>	<b>13.6</b>	<b>14.6</b>	<b>15.5</b>
Minority Interests	0.4	0.8	0.5	0.3	0.0
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>10.6</b>	<b>11.7</b>	<b>14.1</b>	<b>14.9</b>	<b>15.5</b>
Recurring Net Profit	10.6	11.7	14.1	14.9	15.5
<b>Fully Diluted Recurring Net Profit</b>	<b>10.6</b>	<b>11.7</b>	<b>14.1</b>	<b>14.9</b>	<b>15.5</b>

### Cash Flow

(\$m)	Sep-18A	Sep-19A	Sep-20F	Sep-21F	Sep-22F
<b>EBITDA</b>	<b>18.04</b>	<b>20.21</b>	<b>23.12</b>	<b>24.47</b>	<b>25.49</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	0.96	-2.88	-2.17	-0.22	-0.16
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	-0.20	0.14	0.00	0.00	0.00
Net Interest (Paid)/Received	0.00	0.00	0.00	0.00	0.00
Tax Paid	-3.09	-2.88	-2.97	-3.41	-3.63
<b>Cashflow From Operations</b>	<b>15.71</b>	<b>14.59</b>	<b>17.98</b>	<b>20.84</b>	<b>21.70</b>
Capex	-6.22	-6.13	-2.81	-2.60	-2.60
Disposals Of FAs/subsidiaries	0.12	0.01	0.00	0.00	0.00
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	-5.13	-0.79	0.00	0.00	0.00
<b>Cash Flow From Investing</b>	<b>-11.22</b>	<b>-6.91</b>	<b>-2.81</b>	<b>-2.60</b>	<b>-2.60</b>
Debt Raised/(repaid)	0.00	0.00	0.00	0.00	0.00
Proceeds From Issue Of Shares	1.31	0.00	0.00	0.00	0.00
Shares Repurchased					
Dividends Paid	-10.91	-7.69	-7.69	-9.61	-10.25
Preferred Dividends					
Other Financing Cashflow	0.00	0.00	0.00	0.00	0.00
<b>Cash Flow From Financing</b>	<b>-9.60</b>	<b>-7.69</b>	<b>-7.69</b>	<b>-9.61</b>	<b>-10.25</b>
Total Cash Generated	-5.11	-0.01	7.48	8.62	8.85
<b>Free Cashflow To Equity</b>	<b>4.48</b>	<b>7.69</b>	<b>15.17</b>	<b>18.24</b>	<b>19.10</b>
<b>Free Cashflow To Firm</b>	<b>4.48</b>	<b>7.69</b>	<b>15.17</b>	<b>18.24</b>	<b>19.10</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(S\$m)	Sep-18A	Sep-19A	Sep-20F	Sep-21F	Sep-22F
Total Cash And Equivalents	47.02	47.01	54.49	63.11	71.96
Total Debtors	11.72	14.11	15.27	15.85	16.28
Inventories	1.54	1.71	1.49	1.54	1.58
Total Other Current Assets	0.00	0.00	0.00	0.00	0.00
<b>Total Current Assets</b>	<b>60.28</b>	<b>62.83</b>	<b>71.24</b>	<b>80.50</b>	<b>89.82</b>
Fixed Assets	20.81	21.76	18.97	15.87	12.67
Total Investments	0.00	0.00	0.00	0.00	0.00
Intangible Assets	0.78	0.78	0.78	0.78	0.78
Total Other Non-Current Assets	6.09	4.96	3.96	3.16	2.56
<b>Total Non-current Assets</b>	<b>27.68</b>	<b>27.51</b>	<b>23.72</b>	<b>19.82</b>	<b>16.02</b>
Short-term Debt	0.00	0.00	0.00	0.00	0.00
Current Portion of Long-Term Debt					
Total Creditors	13.79	13.47	12.23	12.64	12.95
Other Current Liabilities	4.37	4.52	4.52	4.52	4.52
<b>Total Current Liabilities</b>	<b>18.15</b>	<b>17.99</b>	<b>16.75</b>	<b>17.16</b>	<b>17.47</b>
Total Long-term Debt	0.00	0.00	0.00	0.00	0.00
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0.00	0.00	0.00	0.00	0.00
<b>Total Non-current Liabilities</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Total Provisions	0.30	0.37	0.37	0.37	0.37
<b>Total Liabilities</b>	<b>18.45</b>	<b>18.36</b>	<b>17.12</b>	<b>17.53</b>	<b>17.84</b>
Shareholders' Equity	65.38	68.66	75.02	80.27	85.48
Minority Interests	4.13	3.32	2.82	2.52	2.52
<b>Total Equity</b>	<b>69.51</b>	<b>71.98</b>	<b>77.84</b>	<b>82.78</b>	<b>88.00</b>

### Key Ratios

	Sep-18A	Sep-19A	Sep-20F	Sep-21F	Sep-22F
Revenue Growth	5.92%	(0.04%)	8.25%	3.78%	2.70%
Operating EBITDA Growth	(17.6%)	12.1%	14.4%	5.8%	4.2%
Operating EBITDA Margin	11.7%	13.2%	13.9%	14.2%	14.4%
Net Cash Per Share (S\$)	0.07	0.07	0.09	0.10	0.11
BVPS (S\$)	0.10	0.11	0.12	0.13	0.13
Gross Interest Cover	N/A	N/A	N/A	N/A	N/A
Effective Tax Rate	22.0%	22.2%	18.0%	19.0%	19.0%
Net Dividend Payout Ratio	72.5%	65.9%	68.4%	69.0%	70.4%
Accounts Receivables Days	24.64	30.68	32.33	32.91	33.08
Inventory Days	9.66	10.67	9.72	8.84	8.88
Accounts Payables Days	76.30	89.31	78.00	72.55	72.69
ROIC (%)	77.3%	64.8%	69.2%	79.1%	98.3%
ROCE (%)	19.1%	20.8%	23.3%	23.3%	23.0%
Return On Average Assets	11.9%	12.2%	14.6%	14.9%	15.0%

### Key Drivers

	Sep-18A	Sep-19A	Sep-20F	Sep-21F	Sep-22F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	2.3%	3.3%	7.8%	3.9%	3.3%
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod/serv)	23.1%	-13.1%	10.5%	3.0%	0.0%
Util. rate (% , 2ndary prod/serv)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, tertiary prod/serv)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% ,tertiary prod/serv)	N/A	N/A	N/A	N/A	N/A
Util. rate (% , tertiary prod/serv)	N/A	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A	N/A
Total Export Sales Growth (%)	N/A	N/A	N/A	N/A	N/A
Export Sales/total Sales (%)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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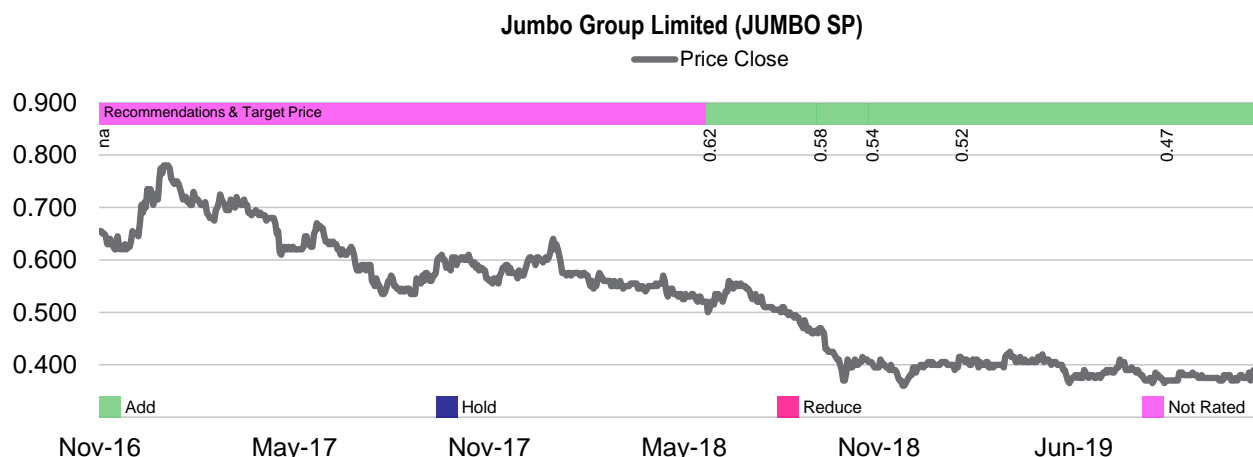
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Spitzer Chart for stock being researched ( 2 year data )



**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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