

Hong Kong

**HOLD** (no change)

Consensus ratings\*: Buy 13 Hold 9 Sell 1

Current price:	HK\$8.38
Target price:	HK\$8.07
Previous target:	HK\$8.07
Up/downside:	-3.6%
CGS-CIMB / Consensus:	-13.2%
Reuters:	0880.HK
Bloomberg:	880 HK
Market cap:	US\$6,054m
	HK\$47,465m
Average daily turnover:	US\$8.79m
	HK\$69.12m
Current shares o/s:	5,657m
Free float:	32.6%

\*Source: Bloomberg

**Key changes in this note**

➤ No changes



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	11.6	-4	32
Relative (%)	8.4	0.7	24

Major shareholders	% held
STDM	53.9
On Kei Leong	8.9
Shu Fai So	2.7

**Analyst(s)**



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# SJM Holdings

## Playing the waiting game

- 3Q19 adjusted EBITDA of HK\$950m (+3% yoy) was 2% below our expectation as VIP GGR declined worse than expected at -43% yoy.
- SJM to commence Grand Lisboa Palace (GLP) permit approval process with a target opening date in 2H20F.
- Maintain Hold and target price based on 13x FY20F EV/EBITDA. The stock is already at premium valuation levels relative to 6-year historical average.

### 3Q19 slightly below expectations

3Q19 adjusted EBITDA of HK\$950m (+3% yoy, -5% qoq) was 2% weaker than we had forecasted. EBITDA margin reached 11.4% (+60bp yoy, +1% qoq) due to higher margin mass gaming mix. In 3Q19, SJM's mass gross gaming revenue (GGR) rose 12% yoy while VIP GGR fell 43% yoy, respectively outperforming and underperforming the broader Macau gaming market segments (mass +9%, VIP -21%). Given its lower margins, VIP only accounted for 7% of 3Q19 EBITDA. 9M2019 adjusted EBITDA formed 77% of our full year forecast. We estimate SJM's GGR market share continued to decline in 3Q, to c.14% vs. 15.4% in 3Q18, due to the lack of a Cotai presence.

### Macro commentary mixed

Management commented that the social unrest in Hong Kong has had limited impact on property visitation. Visibility for higher-end premium and VIP gaming remain limited due to macro concerns. On a positive note, during the Golden Week, Grand Lisboa saw mass/VIP GGR rise 19%/53% yoy, with VIP GGR helped by a strong hold rate. These growth metrics were better than Macau's overall gaming market during Golden Week.

### GLP to open in 2H20

Management guided that it will soon begin the process of government permit approvals for GLP, and this should take 5-7 months hence targeting an opening date in 2H20, inline with market expectations. Management has not established any specific strategy for GLP; SJM will position GLP depending on the then prevailing market conditions. Our biggest concern with GLP is how competitive the property can be given the strong competition in Cotai. We estimate that GLP can achieve an EBITDA of c.US\$400m upon its full ramp-up.

### Maintain Hold due to rich valuations

Our target price remains based on FY20F EV/EBITDA with a 13x multiple (2 s.d. above the stock's 6-year average). Overall, we believe SJM is likely to trade sideways over the next few months as the stock is already at premium valuations vs. 6-year historical average. Factoring in the FY20F yield of 3.6%, the stock is already at fair value based on current share price upside. Upside risks to our Hold call are stronger-than-expected sector revenues and improvement in overall macro sentiment. Downside risks are further delays in GLP's opening and weaker-than-expected sector GGR.

### Financial Summary

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue (HK\$m)	31,771	34,410	32,235	36,929	44,641
Operating EBITDA (HK\$m)	3,008	3,823	4,017	4,077	5,586
Net Profit (HK\$m)	1,963	2,851	2,954	2,607	3,337
Core EPS (HK\$)	0.35	0.50	0.52	0.46	0.59
Core EPS Growth	(15.6%)	45.2%	3.6%	(11.7%)	28.0%
FD Core P/E (x)	24.21	16.63	16.05	18.18	14.21
DPS (HK\$)	0.23	0.23	0.26	0.30	0.41
Dividend Yield	2.74%	2.75%	3.12%	3.63%	4.93%
EV/EBITDA (x)	16.25	14.66	14.42	12.68	8.36
P/FCFE (x)	NA	25.01	11.38	6.06	6.95
Net Gearing	6.9%	32.2%	38.7%	15.7%	(1.3%)
P/BV (x)	1.87	1.72	1.71	1.64	1.55
ROE	7.8%	10.8%	10.7%	9.2%	11.2%
% Change In Core EPS Estimates			0%	0%	0%
CGS-CIMB/Consensus EPS (x)			1.00	0.98	1.00

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Playing the waiting game

### Quarterly metrics

Figure 1: Group operating data

	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
Total (HK\$m)											
Net gaming revenue	7,881	7,793	7,606	7,815	8,410	8,787	8,328	8,152	8,476	8,598	8,059
yoy	-28%	-21%	-24%	-25%	7%	13%	9%	4%	1%	-2%	-3%
qoq	-25%	-1%	-2%	3%	8%	4%	-5%	-2%	4%	1%	-6%
VIP	4,936	4,882	4,728	5,331	4,881	5,077	5,039	4,666	3,935	6,023	2,890
yoy	-12%	7%	7%	-1%	-1%	4%	7%	-12%	-19%	19%	-43%
qoq	-8%	-1%	-3%	13%	-8%	4%	-1%	-7%	-16%	53%	-52%
Mass	5,241	4,894	5,084	5,365	5,741	5,746	5,623	5,970	6,193	5,294	6,305
yoy	3%	-2%	-4%	7%	10%	17%	11%	11%	8%	-8%	12%
qoq	4%	-7%	4%	6%	7%	0%	-2%	6%	4%	-15%	19%
Slot	257	263	251	256	294	288	285	290	290	292	285
yoy	-4%	-3%	-8%	-1%	14%	10%	14%	13%	-1%	1%	0%
qoq	0%	2%	-5%	2%	15%	-2%	-1%	2%	0%	1%	-2%
Adjusted EBITDA	843	665	726	840	987	972	919	846	1,075	1,003	950
yoy	1%	-16%	-10%	-14%	17%	46%	27%	1%	9%	3%	3%
qoq	-13%	-21%	9%	16%	18%	-2%	-5%	-8%	27%	-7%	-5%
Adjusted EBITDA margin	10.5%	8.7%	9.4%	10.7%	11.5%	11.3%	10.8%	10.4%	12.4%	10.4%	11.4%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Valuation and sector comparables

Figure 2: SJM consensus EV/EBITDA

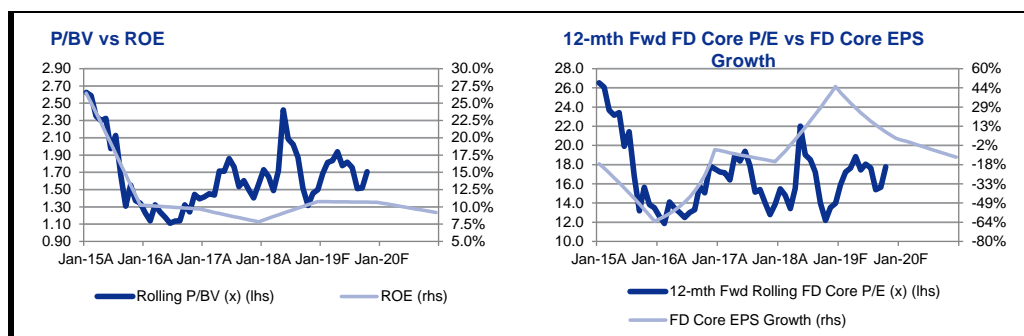


SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Figure 3: Sector comparisons

Company	Bloomberg		Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		2-year EPS CAGR (%)	P/BV (x)		EV/EBITDA (x)		ROE (%)		Yield (%)	
	Ticker	Recom.				FY19F	FY20F		FY19F	FY20F	FY19F	FY20F	FY19F	FY20F	FY19F	FY20F
Galaxy Entertainment	27 HK	ADD	52.80	60.23	29,181	17.8	18.0	-3%	3.3	2.9	13.7	13.7	19%	17%	1.6%	1.6%
Sands China	1928 HK	ADD	38.35	43.02	39,559	19.7	16.8	10%	8.7	8.4	15.2	13.4	45%	51%	5.2%	6.1%
MGM China Holdings	2282 HK	ADD	12.40	18.11	6,010	19.3	15.3	70%	4.3	3.7	9.8	8.1	25%	26%	2.6%	3.3%
Wynn Macau	1128 HK	ADD	16.96	18.23	11,242	16.2	15.6	-5%	41.5	31.6	11.3	10.7	298%	229%	5.5%	5.7%
SJM Holdings	880 HK	HOLD	8.38	8.07	6,054	16.0	18.2	-4%	1.7	1.6	14.4	12.7	11%	9%	3.1%	3.6%
<b>HK listed Macau average</b>						<b>17.8</b>	<b>16.8</b>	<b>13%</b>	<b>11.9</b>	<b>9.6</b>	<b>12.9</b>	<b>11.7</b>	<b>79%</b>	<b>66%</b>	<b>3.6%</b>	<b>4.1%</b>
Genting Bhd	GENT MK	ADD	5.69	7.90	5,236	10.3	9.9	-14%	0.5	0.5	4.5	3.8	5%	5%	2.1%	2.1%
Berjaya Sports Toto	BST MK	HOLD	2.60	2.62	837	14.5	14.5	0%	4.3	4.1	8.9	8.9	31%	29%	5.7%	6.2%
Genting Malaysia	GENM MK	HOLD	3.10	3.15	4,188	12.3	12.0	-14%	1.0	1.0	7.3	6.8	8%	8%	3.2%	3.5%
<b>Malaysia average</b>						<b>12.4</b>	<b>12.1</b>	<b>-9%</b>	<b>2.0</b>	<b>1.9</b>	<b>6.9</b>	<b>6.5</b>	<b>15%</b>	<b>14%</b>	<b>3.7%</b>	<b>3.9%</b>
Paradise	034230 KS	REDUCE	18,800	15,000	1,461	56.7	37.4	na	1.3	1.3	25.3	17.3	2%	3%	0.8%	1.3%
Grand Korea Leisure	114090 KS	ADD	21,900	28,500	1,157	15.2	11.7	21%	2.2	2.0	8.8	6.7	15%	18%	2.5%	3.7%
Kangwon Land	035250 KS	REDUCE	31,650	25,000	5,785	21.2	22.2	1%	1.8	1.8	7.7	7.1	9%	8%	3.1%	3.1%
<b>Korea average</b>						<b>31.0</b>	<b>23.7</b>	<b>11%</b>	<b>1.8</b>	<b>1.7</b>	<b>13.9</b>	<b>10.4</b>	<b>9%</b>	<b>10%</b>	<b>2.1%</b>	<b>2.7%</b>
NagaCorp Ltd	3918 HK	ADD	13.88	15.73	7,685	15.5	12.9	23%	4.6	4.3	11.2	9.7	31%	34%	3.9%	4.6%
Summit Ascent Holdings	102 HK	ADD	1.17	3.14	7,685	87.2	27.0	189%	1.1	1.0	3.9	2.6	1%	4%	0.0%	0.0%
Genting Singapore	GENS SP	ADD	0.93	1.00	8,187	16.8	17.2	-9%	1.4	1.4	6.7	6.9	8%	8%	3.8%	3.8%
<b>Other average</b>						<b>39.9</b>	<b>19.1</b>	<b>68%</b>	<b>2.3</b>	<b>2.2</b>	<b>7.3</b>	<b>6.4</b>	<b>14%</b>	<b>15%</b>	<b>2.6%</b>	<b>2.8%</b>

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

**BY THE NUMBERS**

**Profit & Loss**

(HK\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
<b>Total Net Revenues</b>	<b>31,771</b>	<b>34,410</b>	<b>32,235</b>	<b>36,929</b>	<b>44,641</b>
<b>Gross Profit</b>	<b>10,793</b>	<b>11,575</b>	<b>10,798</b>	<b>11,983</b>	<b>15,144</b>
<b>Operating EBITDA</b>	<b>3,008</b>	<b>3,823</b>	<b>4,017</b>	<b>4,077</b>	<b>5,586</b>
Depreciation And Amortisation	(1,205)	(1,170)	(993)	(1,402)	(2,148)
<b>Operating EBIT</b>	<b>1,803</b>	<b>2,653</b>	<b>3,024</b>	<b>2,675</b>	<b>3,438</b>
Financial Income/(Expense)	89	272	23	14	4
Pretax Income/(Loss) from Assoc.	54	16	0	0	0
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>1,947</b>	<b>2,941</b>	<b>3,047</b>	<b>2,689</b>	<b>3,442</b>
Exceptional Items	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>1,947</b>	<b>2,941</b>	<b>3,047</b>	<b>2,689</b>	<b>3,442</b>
Taxation	(12)	(27)	(28)	(25)	(32)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>1,935</b>	<b>2,913</b>	<b>3,018</b>	<b>2,664</b>	<b>3,410</b>
Minority Interests	29	(62)	(64)	(57)	(73)
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>1,963</b>	<b>2,851</b>	<b>2,954</b>	<b>2,607</b>	<b>3,337</b>
Recurring Net Profit	1,963	2,851	2,954	2,607	3,337
<b>Fully Diluted Recurring Net Profit</b>	<b>1,963</b>	<b>2,851</b>	<b>2,954</b>	<b>2,607</b>	<b>3,337</b>

**Cash Flow**

(HK\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
<b>EBITDA</b>	<b>3,008</b>	<b>3,823</b>	<b>4,017</b>	<b>4,077</b>	<b>5,586</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(489)	156	(609)	5,648	3,145
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(32)	(199)	(192)	(183)	(173)
Other Operating Cashflow	177	307	123	123	123
Net Interest (Paid)/Received	(34)	(28)	(100)	(109)	(119)
Tax Paid	(41)	(23)	(28)	(25)	(32)
<b>Cashflow From Operations</b>	<b>2,589</b>	<b>4,036</b>	<b>3,211</b>	<b>9,531</b>	<b>8,530</b>
Capex	(6,111)	(5,777)	(4,000)	(2,000)	(2,000)
Disposals Of FAs/subsidiaries	8	2	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0	0
Other Investing Cashflow	(5,761)	(3,615)		292	292
<b>Cash Flow From Investing</b>	<b>(11,863)</b>	<b>(9,390)</b>	<b>(4,000)</b>	<b>(1,708)</b>	<b>(1,708)</b>
Debt Raised/(repaid)	7,588	7,250	4,955	0	0
Proceeds From Issue Of Shares	3	9	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	(1,301)	(1,302)	(1,302)	(1,477)	(1,721)
Preferred Dividends					
Other Financing Cashflow	(355)	(452)	(100)	(109)	(119)
<b>Cash Flow From Financing</b>	<b>5,934</b>	<b>5,506</b>	<b>3,554</b>	<b>(1,586)</b>	<b>(1,840)</b>
Total Cash Generated	(3,339)	152	2,765	6,237	4,982
<b>Free Cashflow To Equity</b>	<b>(1,686)</b>	<b>1,896</b>	<b>4,166</b>	<b>7,823</b>	<b>6,822</b>
<b>Free Cashflow To Firm</b>	<b>(9,240)</b>	<b>(5,327)</b>	<b>(689)</b>	<b>7,932</b>	<b>6,941</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(HK\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Cash And Equivalents	6,172	6,324	9,381	15,618	20,600
Total Debtors	1,166	1,849	1,732	1,984	2,399
Inventories	83	91	60	69	84
Total Other Current Assets	9,803	12,369	12,369	12,369	12,369
<b>Total Current Assets</b>	<b>17,224</b>	<b>20,632</b>	<b>23,542</b>	<b>30,040</b>	<b>35,451</b>
Fixed Assets	24,690	30,379	33,392	33,996	33,855
Total Investments	624	1,351	1,351	1,351	1,351
Intangible Assets	2,397	2,264	788	781	775
Total Other Non-Current Assets	1,352	1,773	1,773	1,773	1,773
<b>Total Non-current Assets</b>	<b>29,063</b>	<b>35,766</b>	<b>37,303</b>	<b>37,901</b>	<b>37,753</b>
Short-term Debt	0	0	200	200	200
Current Portion of Long-Term Debt					
Total Creditors	11,174	11,958	11,202	17,111	20,685
Other Current Liabilities	285	317	317	317	317
<b>Total Current Liabilities</b>	<b>11,459</b>	<b>12,274</b>	<b>11,718</b>	<b>17,628</b>	<b>21,201</b>
Total Long-term Debt	7,935	15,245	20,000	20,000	20,000
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,424	1,193	1,193	1,193	1,193
<b>Total Non-current Liabilities</b>	<b>9,359</b>	<b>16,438</b>	<b>21,193</b>	<b>21,193</b>	<b>21,193</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>20,818</b>	<b>28,712</b>	<b>32,911</b>	<b>38,821</b>	<b>42,394</b>
Shareholders' Equity	25,397	27,552	27,799	28,986	30,675
Minority Interests	72	135	135	135	135
<b>Total Equity</b>	<b>25,469</b>	<b>27,687</b>	<b>27,934</b>	<b>29,120</b>	<b>30,810</b>

### Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	(24.0%)	8.3%	(6.3%)	14.6%	20.9%
Operating EBITDA Growth	(7.9%)	27.1%	5.1%	1.5%	37.0%
Operating EBITDA Margin	9.5%	11.1%	12.5%	11.0%	12.5%
Net Cash Per Share (HK\$)	(0.31)	(1.58)	(1.91)	(0.81)	0.07
BVPS (HK\$)	4.49	4.87	4.91	5.12	5.42
Gross Interest Cover	53.83	96.49	30.23	24.57	28.92
Effective Tax Rate	0.61%	0.93%	0.93%	0.93%	0.93%
Net Dividend Payout Ratio	66.3%	45.7%	50.0%	66.0%	70.0%
Accounts Receivables Days	15.20	15.99	20.27	18.42	17.92
Inventory Days	1.32	1.39	1.29	0.95	0.95
Accounts Payables Days	198.4	184.9	197.2	207.7	233.8
ROIC (%)	11.4%	9.5%	8.3%	6.9%	10.2%
ROCE (%)	6.59%	7.74%	6.91%	5.74%	7.10%
Return On Average Assets	4.34%	5.14%	5.11%	4.12%	4.83%

### Key Drivers

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
VIP Chip Volume (% Change)	-0.3%	-1.1%	-21.7%	4.5%	19.7%
VIP Chip Win Percentage (%)	2.9%	2.9%	2.9%	2.9%	2.9%
Mass mkt chip drop (% chg.)	1.5%	12.1%	16.3%	14.6%	21.5%
Mass mkt chip win (%-tage)	22.0%	22.0%	22.0%	22.0%	22.0%
Slot Handle (% Change)	-3.7%	12.6%	-9.4%	8.7%	20.4%
Slot Hold Percentage (%)	6.5%	6.5%	6.5%	6.5%	6.5%
Net Win Per Slot (% Change)	-3.7%	12.6%	-37.7%	8.7%	20.4%
Net Win Per Table (% Change)	0.6%	5.6%	-13.8%	10.9%	20.9%
No. Of Slots	2,865	2,865	3,865	3,865	3,865
No. Of Tables	1,700	1,700	1,950	1,950	1,950

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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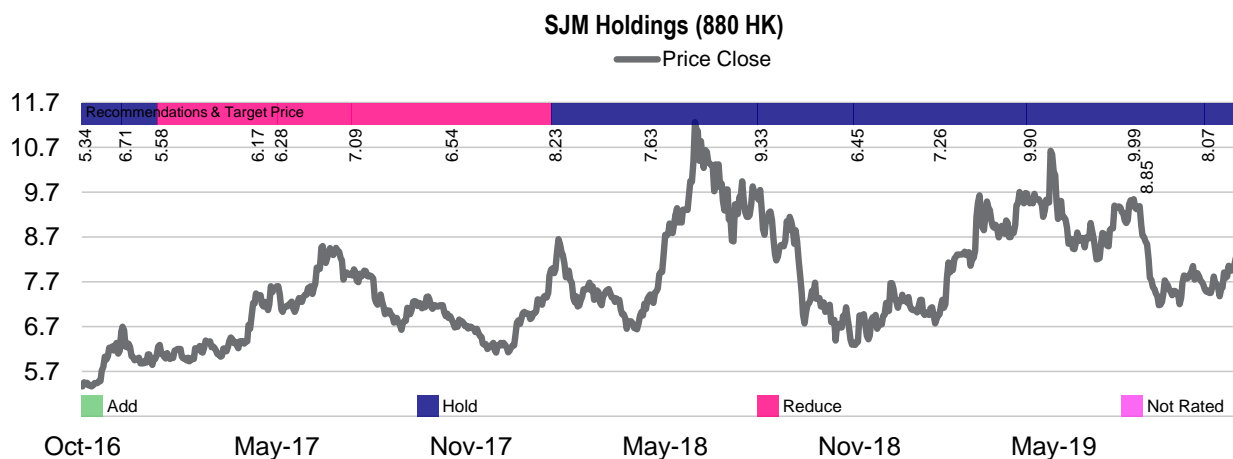
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Spitzer Chart for stock being researched ( 2 year data )



**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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