

Singapore

ADD (no change)

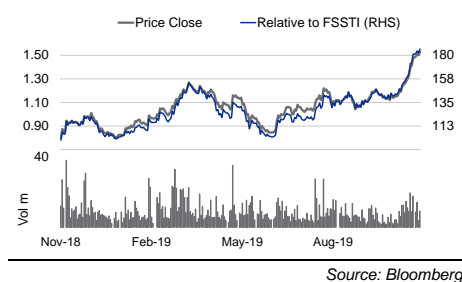
Consensus ratings*: Buy 3 Hold 0 Sell 0

Current price:	S\$1.53
Target price:	S\$2.12 ▲
Previous target:	S\$1.44
Up/downside:	38.7%
CGS-CIMB / Consensus:	48.8%
Reuters:	AEM.SI
Bloomberg:	AEM SP
Market cap:	US\$303.4m
	S\$412.6m
Average daily turnover:	US\$6.33m
	S\$8.79m
Current shares o/s:	269.7m
Free float:	83.1%

*Source: Bloomberg

Key changes in this note

- FY19F core EPS increased by 11%.
- FY20F core EPS increased by 30%.



Price performance	1M	3M	12M
Absolute (%)	31.9	28.6	91.3
Relative (%)	29.2	30.5	85.8

Major shareholders	% held
Standard Life Aberdeen	8.1
James Toh Ban Leng	7.8
UBS AG	4.9

Analyst(s)

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AEM Holdings Ltd

Twin peaks

- 3Q19 core net profit came in 4% above our forecast. AEM raised its FY19F revenue guidance again.
- We think AEM could report higher profits for FY19F and FY20F. Our channel checks suggest that AEM is in the process of expanding capacity.
- Maintain Add. We raise our TP to S\$2.12 as we roll over to FY20F and due to our higher earnings expectations.

Record FY19 in the bag

3Q19 core net profit of S\$13.7m was 4% above our expectation of S\$13.2m. With 9M19 core net profit at 93% of consensus expectations (89% of our FY19 forecast), we expect the street to raise FY19 profit forecasts. As expected, we saw a double-digit increase in staff costs as AEM added to its capability. Marketing expenses rose 117% yoy as AEM spent to promote awareness of its other products. Gross material margin at 37.8% was an increase both qoq and yoy.

Outlook on FY20

We were surprised by its higher revenue guidance. AEM announced that it now expects FY19 revenue between S\$305m and S\$315m versus its previous guidance of between S\$285m and S\$305m. As semiconductor chips become more complex and their use in mission-critical applications (such as 5G, electric vehicles, Industry 4.0, etc.) increases, AEM believes its products are well-placed to tap into this demand. Although Intel remains the key revenue contributor, there were improvements in AEM's other businesses too.

A twin peak scenario

We think AEM can achieve strong profits in FY19F and FY20F given a) demand for existing products remain strong, b) a greater need for system level testing (for which AEM already has an established product) and c) the launch of a hybrid Test Handler (TH) in 2020 which we think could command the same price range as existing THs. Our channel checks also suggest that AEM has leased new factory space to cope with the stronger demand.

We raise our TP to S\$2.12

We raise our earnings forecasts for FY19-20F on the back of our higher assumptions. Our ROE-g/COE-g derived P/BV multiple increases to 3.58x (previously 3.24x) given the uplift to ROE from higher earnings. We also roll over to FY20F BVPS. Potential re-rating catalysts include further order wins from its major customer. The key downside risks to our Add call are order pullbacks or a slowdown from its major customer. Investors need to bear in mind that AEM's earnings are still dependent on orders from Intel and this drives our earnings estimates. Variations in Intel's orders can swing our earnings expectations both ways.

Financial Summary

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue (S\$m)	221.9	263.0	313.9	344.2	273.2
Net Profit (S\$m)	30.33	32.55	44.80	49.23	30.20
Core EPS (S\$)	0.12	0.12	0.17	0.18	0.11
Core EPS Growth	556%	6%	35%	10%	(39%)
FD Core P/E (x)	13.05	12.26	9.22	8.38	13.66
Price To Sales (x)	1.81	1.57	1.31	1.20	1.51
DPS (S\$)	0.030	0.034	0.042	0.046	0.028
Dividend Yield	1.96%	2.22%	2.71%	2.98%	1.83%
EV/EBITDA (x)	9.31	8.33	5.23	4.20	5.87
P/FCFE (x)	8.38	19.79	7.94	8.25	12.24
Net Gearing	(79.7%)	(65.2%)	(80.8%)	(85.6%)	(89.2%)
P/BV (x)	6.94	4.60	3.35	2.58	2.26
ROE	69.3%	45.0%	42.1%	34.8%	17.6%
% Change In Core EPS Estimates			10.8%	29.6%	0.1%
CGS-CIMB/Consensus EPS (x)			1.16	1.52	0.91

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Results comparison

FYE Dec (\$\$ m)	3QFY19	3QFY18	yoy % chg	qoq % chg	3QFY19 Cum	3QFY18 Cum	yoy % chg	Prev FY19F	Comments
Revenue	83.8	84.7	(1.0)	(14.4)	234.5	223.0	5.2	304.2	9M19 formed 77% of our full year forecast.
Operating costs	(66.0)	(70.1)	(5.8)	(15.3)	(187.2)	(186.3)	0.5	(250.6)	
EBITDA	17.8	14.6	22.4	(11.4)	47.2	36.7	28.7	53.6	
EBITDA margin (%)	21.2	17.2	23.6	3.4	20.1	16.5	22.3	17.6	
Depn & amort.	(1.6)	(0.8)	93.8	18.2	(4.5)	(1.5)	196.5	(5.7)	
EBIT	16.2	13.7	18.0	(13.6)	42.7	35.2	21.3	47.9	
Other income	0.4	0.1	163.4	46.4	0.7	0.4	84.8	0.6	
Interest exp	(0.1)	(0.0)	na	34.1	(0.1)	(0.0)	427.3	(0.0)	
Associates' contrib	0.1	(0.1)	186.8	75.6	0.2	(0.3)	175.3	0.2	
Exceptionals	0.0	0.0	na	na	0.0	0.0	na	0.0	
Pretax profit	16.6	13.8	20.5	(12.7)	43.5	35.3	23.4	48.7	
Tax	(2.9)	(2.4)	20.8	(12.8)	(7.5)	(6.2)	21.6	(8.3)	
Tax rate (%)	17.2	17.2	0.2	(0.1)	17.3	17.5	(1.5)	17.0	
Minority interests	0.0	0.0	na	na	0.0	0.0	na	0.0	
Net profit	13.7	11.4	20.4	(12.7)	36.0	29.1	23.8	40.4	
Core net profit	13.7	11.4	20.4	(12.7)	36.0	29.1	23.8	40.4	3.8% above our 3Q19F of S\$13.2m.
EPS (cts)	5.1	4.2	21.2	(12.6)	13.3	10.7	24.8	15.0	
Core EPS (cts)	5.1	4.2	21.2	(12.6)	13.3	10.7	24.8	15.0	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Earnings revisions

(\$\$m)	2019F			2020F			2021F		
	Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	304.2	313.9	3.2	283.0	344.2	21.6	266.7	273.2	2.4
Gross material margin (%)	37.2	37.2	0.0	39.5	37.4	(2.1)	39.0	39.0	0.0
Operating EBITDA	53.6	59.2	10.3	50.7	64.6	27.4	41.3	41.8	1.2
Net profit	40.4	44.8	10.8	38.0	49.2	29.6	30.2	30.2	0.1
Core EPS (\$\$)	0.1	0.2	10.8	0.1	0.2	29.6	0.1	0.1	0.1

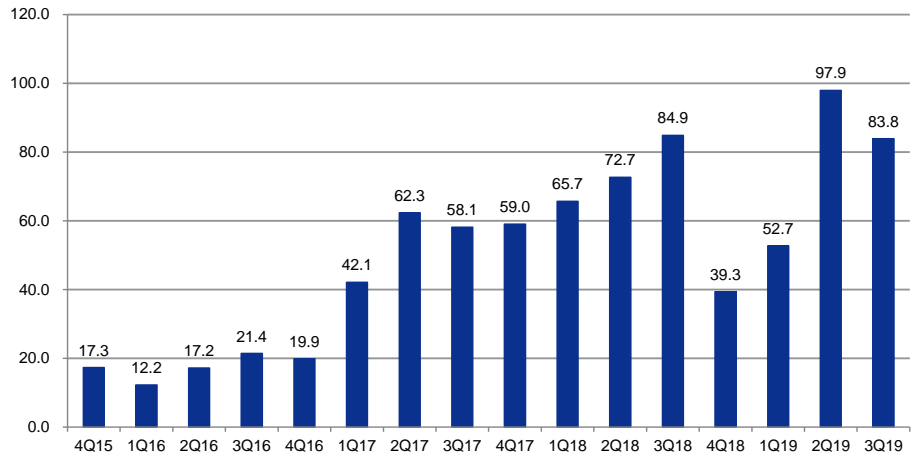
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Changes to revenue assumptions

	2019F			2020F			2021F		
	Old	New	% chg	Old	New	% chg	Old	New	% chg
TH Units sold assumption	53.0	55.0	3.8%	47.0	60.0	27.7%	35.0	35.0	0.0%
Average selling price assumed (\$\$m)	2.85	2.85	0.0%	2.71	2.71	0.0%	2.71	2.71	0.0%
Equipment revenue (\$\$m)	151.1	156.8	3.8%	127.3	162.5	27.7%	94.8	94.8	0.0%
Consumable revenue assumption (\$\$ m)	137.2	151.2	10.2%	135.5	175.5	29.5%	150.5	172.2	14.4%
Initial set of consumables	106.0	110.0	3.8%	94.0	120.0	27.7%	70.0	70.0	0.0%
Re-ordering of consumables	32.6	32.6	0.0%	45.5	45.5	0.0%	85.7	92.2	7.6%
Legacy consumables revenue	8.6	8.6	0.0%	10.0	10.0	0.0%	10.0	10.0	0.0%

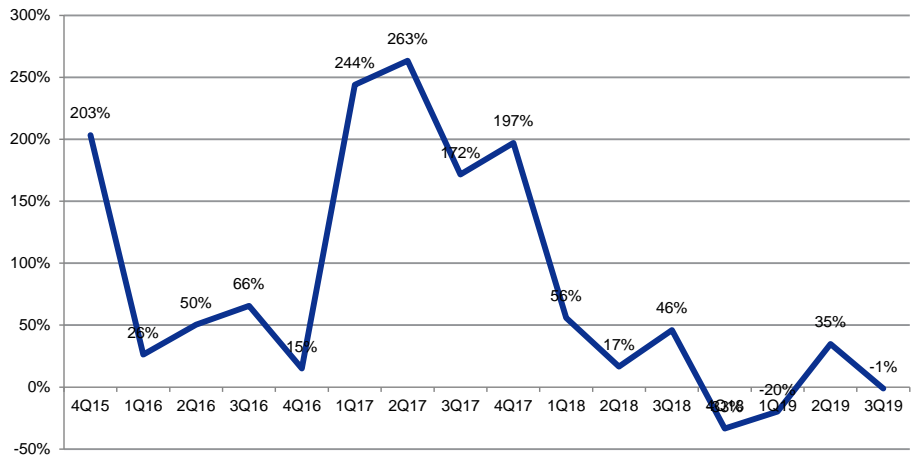
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Quarterly revenue trend (S\$ m)



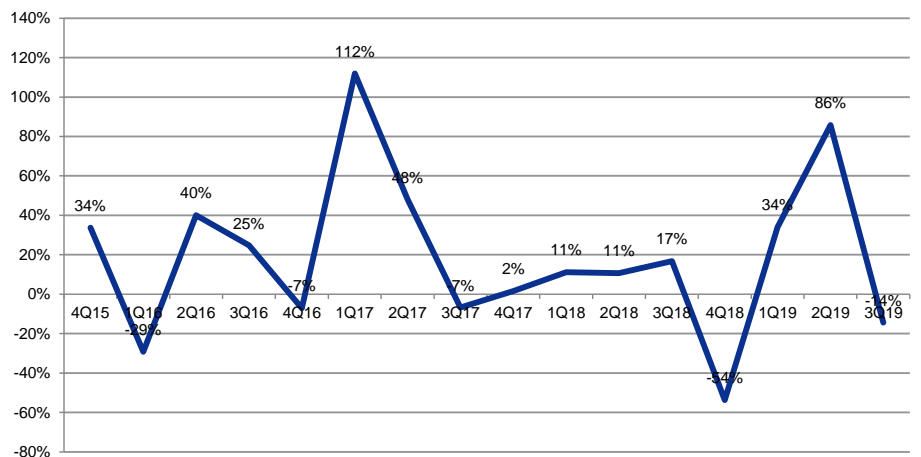
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Quarterly revenue yoy growth



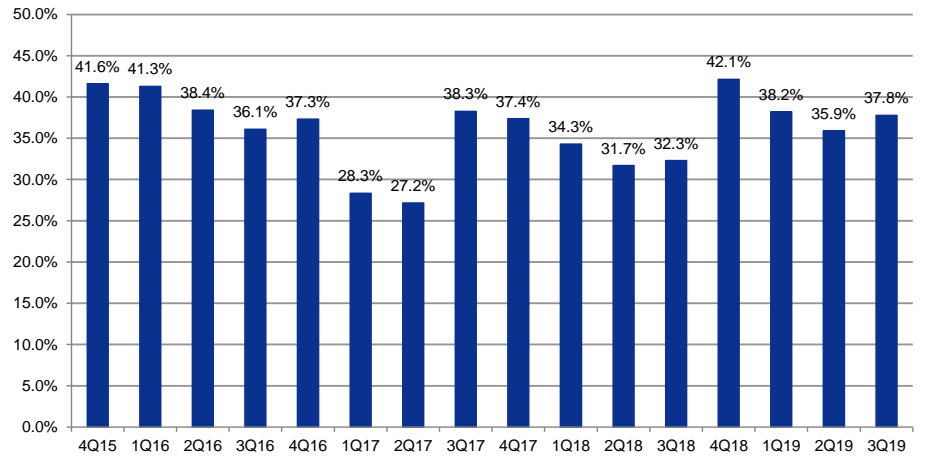
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: Quarterly revenue qoq growth



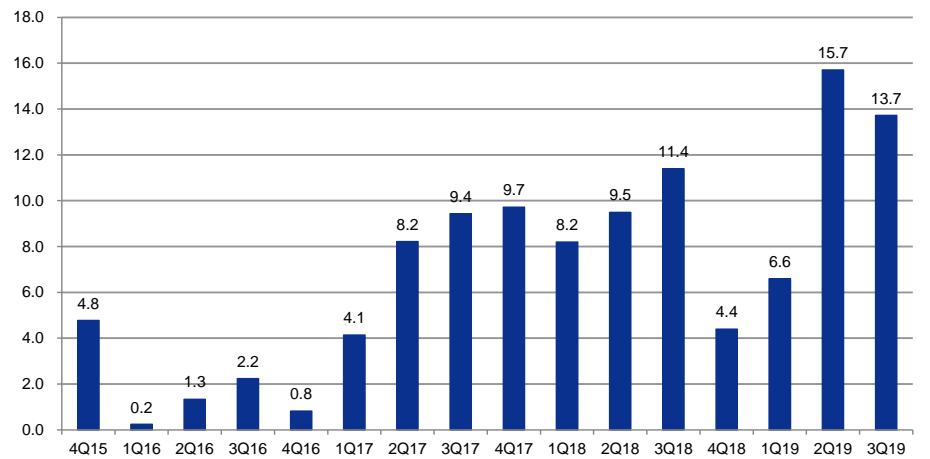
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Gross material profit margin



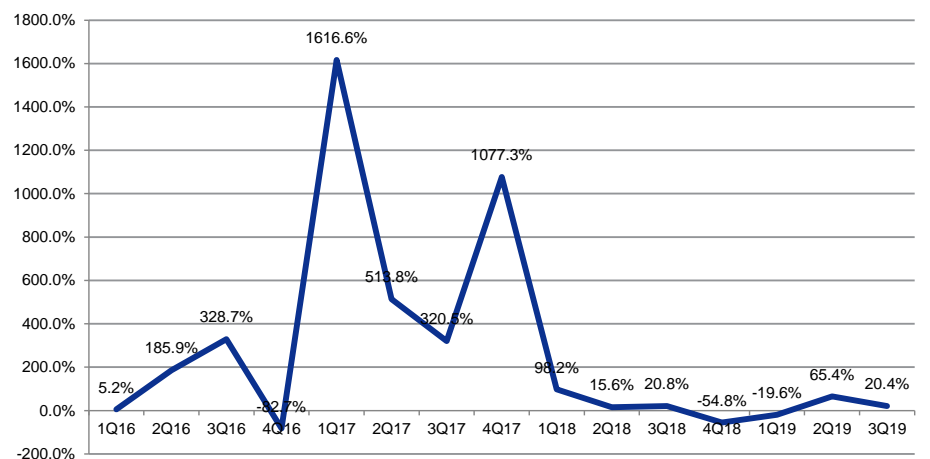
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 8: Quarterly net profit trend (\$ m)



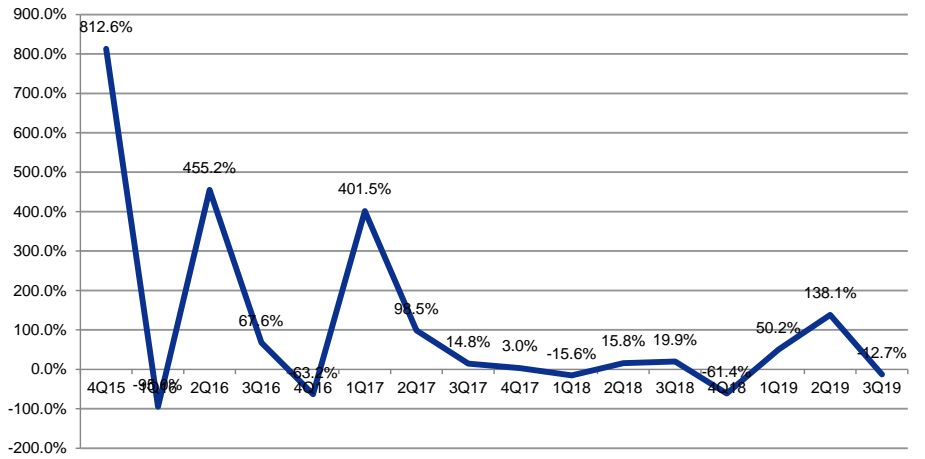
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 9: Quarterly net profit yoy growth



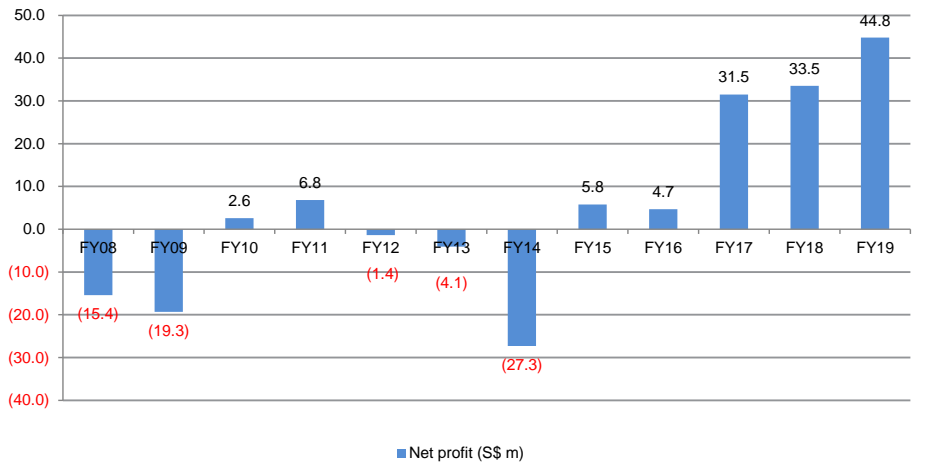
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 10: Quarterly net profit qoq growth



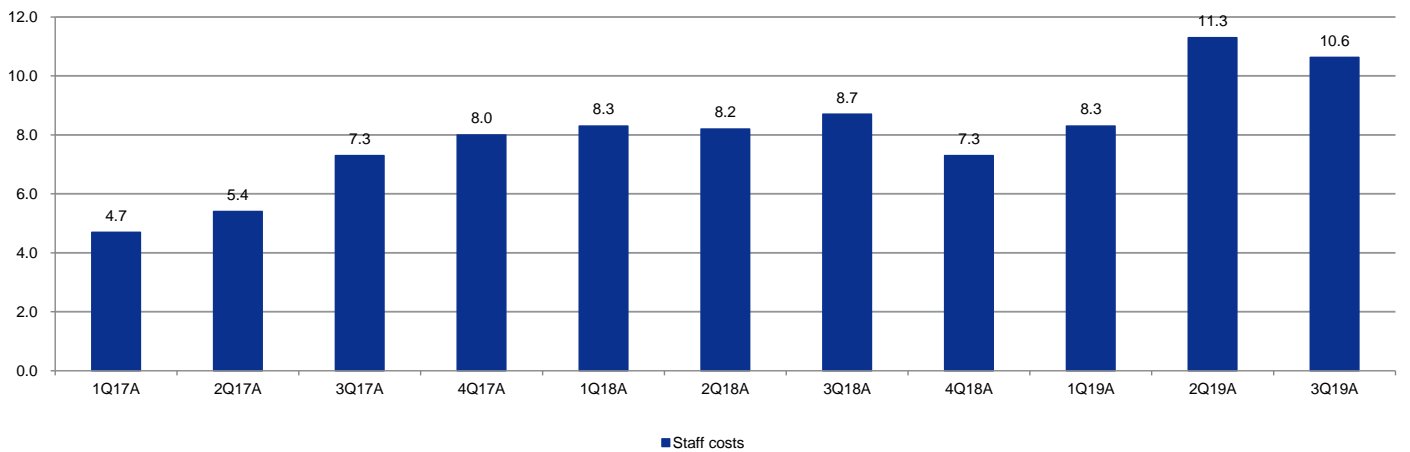
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 11: Record profit in FY19



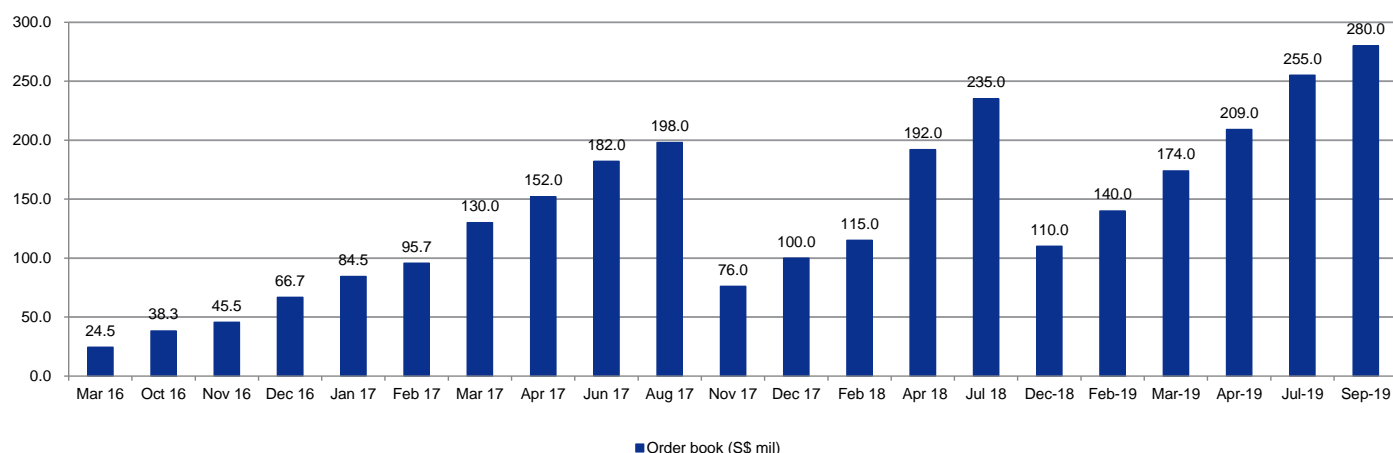
SOURCES: COMPANY REPORTS

Figure 12: Staff cost trend



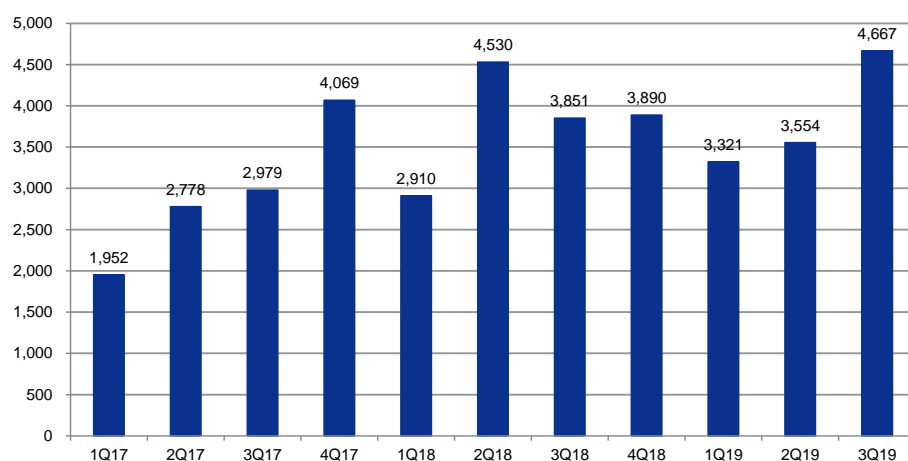
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 13: Order book trend



SOURCES: COMPANY REPORTS

Figure 14: Record capex for Intel in 3Q19



SOURCES: COMPANY REPORTS

Figure 15: P/BV derived Target Price for AEM

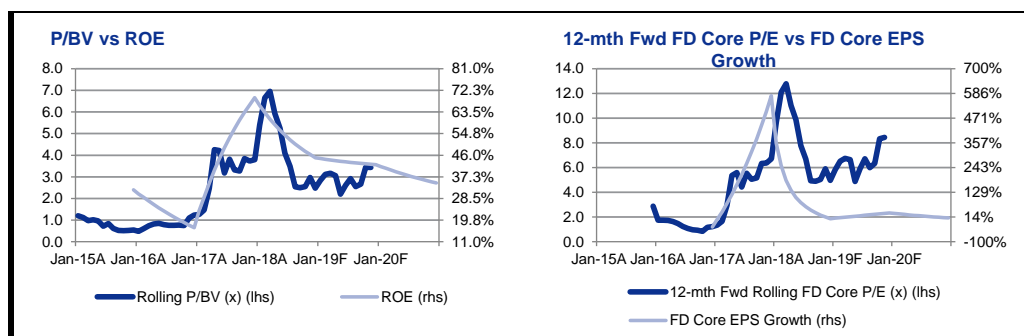
Risk-free rate	1.75%	
Return on market	10.00%	
Equity risk premium	8.25%	
Beta	0.943	
Cost of equity (COE)	9.53%	
Average ROE over FY19-21F (ROE)	31.51%	A
Terminal growth rate (g)	1.00%	B
ROE-g	30.51%	
COE-g	8.53%	
Theoretical P/BV (x)	3.58	A/B
FY20F BVPS (\$)	0.59	
Target price (\$)	2.12	
FY20F core EPS (\$)	0.182	
Implied FY20F P/E (x)	11.65	
Sector average FY20F P/E (x)	14.70	
Discount to sector average P/E (x)	-20.76%	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 16: Peer Comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	P/E (x)		3-year EPS CAGR (%)	P/BV (x)	Recurring ROE (%)	Dividend Yield (%)
						CY19F	CY20F		CY19F	CY19F	CY19F
AEM Holdings Ltd	AEM SP	ADD	1.53	2.12	303	9.2	8.4	-3.4%	3.35	42.0%	2.7%
UMS Holdings Ltd	UMSH SP	Hold	0.81	0.67	317.4	13.7	13.0	-6.8%	1.79	13.4%	4.3%
Cohu Inc	COHU US	NR	16.62	NA	683.0	na	16.3	na	na	na	na
Simple average excluding AEM						13.7	14.7	na	1.79	13.4%	4.3%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

BY THE NUMBERS

Profit & Loss

(\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Net Revenues	221.9	263.0	313.9	344.2	273.2
Gross Profit	73.3	89.8	116.8	128.7	106.5
Operating EBITDA	37.7	41.9	59.2	64.6	41.8
Depreciation And Amortisation	(0.7)	(1.9)	(6.2)	(6.3)	(6.4)
Operating EBIT	37.0	40.0	53.0	58.3	35.4
Financial Income/(Expense)	(0.0)	(0.0)	(0.2)	(0.2)	(0.2)
Pretax Income/(Loss) from Assoc.	(0.1)	(0.0)	0.2	0.2	0.2
Non-Operating Income/(Expense)	(1.2)	(0.9)	1.0	1.0	1.0
Profit Before Tax (pre-EI)	35.8	39.7	55.6	60.9	38.0
Exceptional Items	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	35.7	39.0	54.0	59.3	36.4
Taxation	(5.3)	(6.5)	(9.2)	(10.1)	(6.2)
Exceptional Income - post-tax	0.0	0.0	0.0	0.0	0.0
Profit After Tax	30.3	32.6	44.8	49.2	30.2
Minority Interests	0.0	0.0	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax	0.0	0.0	0.0	0.0	0.0
Other Adjustments - post-tax	0.0	0.0	0.0	0.0	0.0
Net Profit	30.3	32.6	44.8	49.2	30.2
Recurring Net Profit	30.4	33.1	44.8	49.2	30.2
Fully Diluted Recurring Net Profit	30.4	33.1	44.8	49.2	30.2

Cash Flow

(\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
EBITDA	37.68	41.92	59.15	64.59	41.76
Cash Flow from Inv. & Assoc.	3.00	4.00	0.00	0.00	0.00
Change In Working Capital	10.22	(5.11)	(4.19)	(3.01)	8.02
(Incr)/Decr in Total Provisions	(3.99)	(4.99)	0.00	0.00	0.00
Other Non-Cash (Income)/Expense	0.70	1.87	6.20	6.30	6.40
Other Operating Cashflow	2.40	0.70	3.00	(3.50)	(7.20)
Net Interest (Paid)/Received	0.04	0.26	(0.18)	(0.18)	(0.18)
Tax Paid	(0.27)	(5.12)	(6.48)	(9.18)	(10.08)
Cashflow From Operations	49.76	33.53	57.52	55.03	38.72
Capex	(2.53)	(4.71)	(5.00)	(5.00)	(5.00)
Disposals Of FAs/subsidiaries	0.00	0.00	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	0.00	0.00	0.00	0.00	0.00
Other Investing Cashflow	0.20	(8.02)	0.00	0.00	0.00
Cash Flow From Investing	(2.34)	(12.72)	(5.00)	(5.00)	(5.00)
Debt Raised/(repaid)	(0.08)	(0.28)	(0.48)	0.00	0.00
Proceeds From Issue Of Shares	0.00	0.71	0.00	0.00	0.00
Shares Repurchased	(1.96)	(1.18)	0.00	0.00	0.00
Dividends Paid	(4.47)	(8.42)	(11.20)	(12.31)	(7.55)
Preferred Dividends	0.00	0.00	0.00	0.00	0.00
Other Financing Cashflow	0.11	(0.04)	(0.18)	(0.18)	(0.18)
Cash Flow From Financing	(6.40)	(9.21)	(11.85)	(12.48)	(7.73)
Total Cash Generated	41.03	11.60	40.67	37.55	26.00
Free Cashflow To Equity	47.35	20.53	52.04	50.03	33.72
Free Cashflow To Firm	47.47	20.85	52.69	50.20	33.90

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	46.1	59.0	99.7	137.2	163.1
Total Debtors	23.6	21.7	25.8	28.3	22.5
Inventories	35.8	28.2	32.4	35.4	27.4
Total Other Current Assets	0.0	0.0	0.0	0.0	0.0
Total Current Assets	105.5	108.9	157.9	200.9	213.0
Fixed Assets	3.6	5.6	4.4	3.1	1.7
Total Investments	4.1	4.2	4.1	4.3	4.5
Intangible Assets	3.4	16.8	16.8	16.8	16.8
Total Other Non-Current Assets	0.0	0.1	0.1	0.1	0.1
Total Non-current Assets	11.2	26.6	25.4	24.3	23.1
Short-term Debt	0.0	0.2	0.2	0.2	0.2
Current Portion of Long-Term Debt	0.0	0.0	0.0	0.0	0.0
Total Creditors	52.2	36.6	51.6	56.6	44.9
Other Current Liabilities	6.0	7.8	7.8	7.8	7.8
Total Current Liabilities	58.3	44.6	59.6	64.5	52.9
Total Long-term Debt	0.0	0.5	0.0	0.0	0.0
Hybrid Debt - Debt Component	0.0	0.0	0.0	0.0	0.0
Total Other Non-Current Liabilities	0.0	0.0	0.0	0.0	0.0
Total Non-current Liabilities	0.0	0.5	0.0	0.0	0.0
Total Provisions	0.6	1.0	0.6	0.6	0.6
Total Liabilities	58.9	46.0	60.1	65.1	53.4
Shareholders' Equity	57.8	89.5	123.1	160.0	182.7
Minority Interests	0.0	0.0	0.0	0.0	0.0
Total Equity	57.8	89.5	123.1	160.0	182.7

Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	215%	19%	19%	10%	(21%)
Operating EBITDA Growth	411%	11%	41%	9%	(35%)
Operating EBITDA Margin	17.0%	15.9%	18.8%	18.8%	15.3%
Net Cash Per Share (S\$)	0.18	0.22	0.37	0.51	0.60
BVPS (S\$)	0.22	0.33	0.46	0.59	0.68
Gross Interest Cover	1,002	1,019	312	342	211
Effective Tax Rate	15.0%	16.6%	17.0%	17.0%	17.0%
Net Dividend Payout Ratio	26.3%	27.6%	24.1%	24.2%	23.7%
Accounts Receivables Days	34.00	31.38	27.60	28.76	33.90
Inventory Days	65.39	67.45	56.12	57.61	68.79
Accounts Payables Days	84.7	93.6	81.7	91.9	111.1
ROIC (%)	187%	500%	195%	298%	191%
ROCE (%)	83.5%	54.5%	50.7%	42.1%	21.5%
Return On Average Assets	37.0%	26.4%	29.2%	25.0%	13.9%

Key Drivers

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
ASP Change (% , Main Product)	-21.5%	-5.0%	-5.0%	-5.0%	0.0%
Unit sales growth (% , main prod)	N/A	N/A	N/A	N/A	N/A
No. Of Lines (main Product)	N/A	N/A	N/A	N/A	N/A
Rev per line (US\$, main prod)	N/A	N/A	N/A	N/A	N/A
ASP chg (% , 2ndary prod)	0.0%	0.0%	0.0%	0.0%	0.0%
Unit sales grth (% , 2ndary prod)	N/A	N/A	N/A	N/A	N/A
No. Of Lines (secondary Product)	N/A	N/A	N/A	N/A	N/A
Rev per line (US\$, 2ndary prod)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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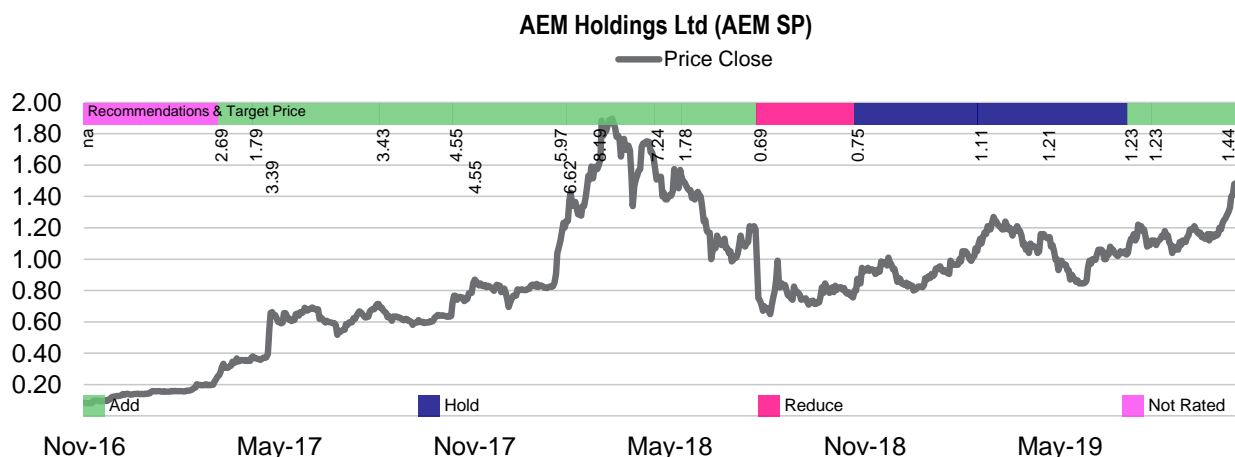
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Spitzer Chart for stock being researched (2 year data)



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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