

## Malaysia

### ADD (no change)

Consensus ratings\*: Buy 2 Hold 0 Sell 0

Current price: RM0.78  
Target price: RM1.28  
Previous target: RM1.28  
Up/downside: 64.8%  
CGS-CIMB / Consensus: 0.6%

Reuters: AWC.F.KL  
Bloomberg: AWC.F MK  
Market cap: US\$53.23m  
RM208.5m

Average daily turnover: US\$0.14m  
RM0.55m

Current shares o/s: 256.0m

Free float: 62.1%

\*Source: Bloomberg

### Key changes in this note

➤ No change.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-4.3	-21.7	-19.7
Relative (%)	-5.5	-29.3	-28.3

### Major shareholders

	% held
K-Capital Sdn Bhd	30.7
Ignatius Luke Jr Tan Keng Hee	4.2
Ahmad Kabeer bin Mohamed Nagoor	3.0

### Analyst(s)



Walter AW

T (60) 3 2261 9093

E walter.aw@cimb.com

## AWC Berhad

### 1HFY18: Riding on a stronger 2QFY18

- We deem 1HFY18 core net profit to be in line, at 42% of our FY18 estimates. This is on the back of expectations of a stronger 2HFY18.
- Despite lower 1HFY18 revenue of RM134.6m (-5.7% yoy), core net profit was flattish at RM8.8m (-0.2% yoy) due to lower depreciation costs and higher interest income.
- No dividend was declared for the quarter, as expected.
- We expect a stronger 2HFY18 with expectations of higher progress billings for both environment and engineering divisions.
- We maintain our Add call, with an unchanged SOP-based target price of RM1.28. Recent share price correction provides an excellent buying opportunity, in our view.

### Lower revenue from environment and engineering divisions

1HFY6/18 revenue dipped 5.7% yoy to RM134.6m due to lower contribution from the environment (-28.3% yoy) and engineering divisions (-19.9% yoy). Also, 1HFY18 EBITDA margin waned to 11% (-3.4% pts yoy), in-line with lower contributions from higher margin segments (environment and engineering). However, 1HFY18 core net profit was flat at RM8.8m (-0.2% yoy) after excluding one-off gains from write-backs of trade receivables of RM1.3m. This was attributed to lower depreciation and higher interest income.

### 2QFY18 core net profit in line with our expectation

Sequentially, AWC's 2QFY18 revenue and core net profit rose to RM68.4m (+3.2% qoq) and RM4.8m (+17.6% qoq), respectively. The stronger qoq performance was mainly attributed to higher contribution from the facilities division. However, 2QFY18 EBITDA margin declined to 11.4% (-2% pts qoq) due to lower contribution from the environment division as a result of project delays. Overall, we deem 1HFY18 results to be in line with expectations at 42% of our FY18 estimates as we expect a stronger 2HFY18.

### Facilities division leading the way

The facilities division was the most profitable segment in 1HFY18, with PBT of RM9.6m (>100% yoy). This was thanks to improved revenue contribution from the commencement of new facilities projects and better cost control. The environment division's 1HFY18 PBT declined 68.6% yoy to RM3.9m due to project delays, which led to slower progress billings. The engineering division also recorded lower 1HFY18 PBT of RM1.8m (-66.8% yoy) due to project delays and margin compression, especially in air-conditioning works.

### Stronger quarters ahead with RM1.1bn outstanding order book

We expect AWC to record sequentially stronger results to achieve our FY18 net profit estimate. This is on the back of faster progress billings as AWC aims to catch up on its delayed contracts in both the environment and engineering divisions. Overall, we believe that AWC's outstanding order book will remain healthy beyond FY19F. As at 1 Jan 18, we estimate its order book to be c.RM1.1bn, consisting of contracts in: facilities division (RM813.6m), engineering division (RM169.4m) and environment division (RM125.2m).

### Maintain Add; TP unchanged at RM1.28

With 1HFY18 earnings in-line, we make no changes to our earnings estimates. Our Add rating and SOP-based target price of RM1.28 are also maintained. In the past month, AWC's share price has corrected 16.2%. We view this as an excellent buying opportunity for the stock, in our view. Moving forward, we expect the share price to move higher in tandem with more contract wins and stronger earnings delivery in 2HFY18. Downside risks are contract execution delays and weaker-than-expected order book replenishment.

### Financial Summary

	Jun-16A	Jun-17A	Jun-18F	Jun-19F	Jun-20F
Revenue (RMm)	249.3	296.1	313.9	331.0	355.5
Operating EBITDA (RMm)	31.90	45.94	42.29	44.78	47.67
Net Profit (RMm)	17.30	21.59	21.15	22.74	24.22
Core EPS (RM)	0.068	0.069	0.083	0.089	0.095
Core EPS Growth	89.8%	2.3%	19.6%	7.5%	6.5%
FD Core P/E (x)	11.47	11.22	9.38	8.72	8.19
DPS (RM)	0.025	0.020	0.025	0.030	0.035
Dividend Yield	3.23%	2.58%	3.23%	3.87%	4.52%
EV/EBITDA (x)	5.64	3.84	4.26	3.95	3.69
P/FCFE (x)	28.73	6.25	22.53	12.07	11.96
Net Gearing	(32.0%)	(34.6%)	(32.2%)	(33.7%)	(34.3%)
P/BV (x)	1.67	1.51	1.36	1.23	1.13
ROE	16.4%	14.1%	15.3%	14.8%	14.4%
CIMB/consensus EPS (x)			0.95	0.96	1.00

SOURCE: COMPANY DATA, CGS-CIMB FORECASTS

**Figure 1: Results Comparison**

FYE Jun	2Q	2Q	yoy %	qoq %	2QFY18	2QFY17	yoy %	Prev. Comments
(RM m)	FY18	FY17	chg	chg	Cum	Cum	chg	FY18F
Revenue	68.4	75.6	(9.6)	3.2	134.6	142.8	(5.7)	313.9 1HFY18 revenue declined 5.7% yoy due to lower contribution from environment and engineering divisions
Operating costs	(60.6)	(65.0)	(6.8)	5.6	(119.7)	(122.1)	(2.0)	(271.6)
EBITDA	7.8	10.6	(26.8)	(11.9)	14.9	20.7	(28.0)	42.3
EBITDA margin (%)	11.4	14.0	(2.7)	(2.0)	11.0	14.5	(3.4)	13.5 2QFY18 EBITDA margins declined 2% pts qoq owing to lower contribution from higher margin segments (environment and engineering)
Depn & amort.	(1.4)	(1.5)	(6.6)	(20.5)	(1.4)	(3.0)	(54.7)	(6.5)
EBIT	6.4	9.1	(30.1)	(9.9)	13.5	17.7	(23.5)	35.8
Interest expense	(0.1)	(0.1)	14.4	(46.2)	(0.4)	(0.3)	27.0	(0.3)
Interest & invt inc	0.5	(0.1)	(>100)	(>100)	0.7	0.3	(>100)	0.3
Associates' contrib	-	-	-	-	-	-	-	-
Exceptionals	0.3	0.5	(37.8)	(72.0)	1.3	1.8	(28.9)	- RM1.3m from write-back of trade receivables in 1HFY18
<b>Pretax profit</b>	<b>7.0</b>	<b>9.4</b>	<b>(25.0)</b>	<b>(12.9)</b>	<b>15.1</b>	<b>19.5</b>	<b>(22.5)</b>	<b>36.1</b>
Tax	(1.6)	(1.8)	(13.5)	(9.8)	(3.3)	(3.7)	(10.5)	(8.3)
Tax rate (%)	22.2	19.3	3.0	0.8	21.8	18.9	2.9	23.0 Lower than statutory tax rate
Minority interests	(0.4)	(2.3)	(83.0)	(68.7)	(1.7)	(5.1)	(67.6)	(6.6)
<b>Net profit</b>	<b>5.1</b>	<b>5.2</b>	<b>(3.1)</b>	<b>(0.1)</b>	<b>10.1</b>	<b>10.7</b>	<b>(5.0)</b>	<b>21.2</b>
<b>Core net profit</b>	<b>4.8</b>	<b>4.8</b>	<b>0.2</b>	<b>17.6</b>	<b>8.8</b>	<b>8.9</b>	<b>(0.2)</b>	<b>21.2 In line with expectations, at 42% of our FY18 estimates</b>
EPS (sen)	1.9	2.0	(6.6)	(1.7)	3.8	4.1	(7.3)	8.3
Core EPS (sen)	1.8	1.8	(3.4)	15.7	3.3	3.4	(2.5)	8.3 Based on 268.9m outstanding shares

SOURCES: CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Segmental revenue and profit before tax**

Segmental revenue								
FYE Dec	2Q	2Q	1Q	qoq %	yoy %	2QFY18	2QFY17	yoy % Comments
(RM m)	FY18	FY17	FY18	chg	chg	cum	cum	chg
Facilities	40.0	35.1	35.5	12.6	14.0	75.5	68.4	10.4 Facilities grew 10.4% yoy from commencement of new projects
Environment	12.3	17.2	15.1	(18.2)	(28.3)	27.4	33.6	(18.3)
Engineering	24.4	30.4	21.6	12.6	(19.9)	46.0	53.8	(14.5)
Others	(2.7)	3.4	0.4	(>100)	(>100)	(2.3)	3.8	(>100)
Elimination	(5.7)	(10.5)	(6.4)	(11.7)	(45.8)	(12.1)	(16.8)	(27.9)
<b>Total Revenue</b>	<b>68.4</b>	<b>75.6</b>	<b>66.2</b>	<b>3.2</b>	<b>(9.6)</b>	<b>134.6</b>	<b>142.8</b>	<b>(5.7)</b>

**Segmental profit before tax**

FYE Dec	2Q	2Q	1Q	qoq %	yoy %	2QFY18	2QFY17	yoy % Comments
(RM m)	FY18	FY17	FY18	chg	chg	cum	cum	chg
Facilities	4.7	1.3	4.9	(3.2)	(>100)	9.6	2.0	(>100)
Environment	1.0	5.5	2.9	(64.9)	(81.6)	3.9	12.4	(68.6) Expect a stronger performance in 2HFY18
Engineering	1.7	2.8	0.1	(>100)	(39.3)	1.8	5.4	(66.8) Due to margin compression and project delays
Others	(3.4)	2.8	0.2	(>100)	(>100)	(3.2)	2.7	(>100)
Elimination	3.1	(3.0)	-	-	(>100)	3.1	(3.0)	(>100)
<b>Total PBT</b>	<b>7.0</b>	<b>9.4</b>	<b>8.1</b>	<b>(12.9)</b>	<b>(25.0)</b>	<b>15.1</b>	<b>19.5</b>	<b>(22.5)</b>

SOURCES: CGS-CIMB, COMPANY REPORTS

**Figure 3: SOP-based target price (CY19F)**

Share capital (m)	256
CY19 EPS (sen)	9.2
Target P/E	11.2
Value of business (RM/share)	1.03
Net cash position (RM)	0.25
<b>Target price (RM)</b>	<b>1.28</b>

SOURCES: CIMB RESEARCH, COMPANY REPORTS

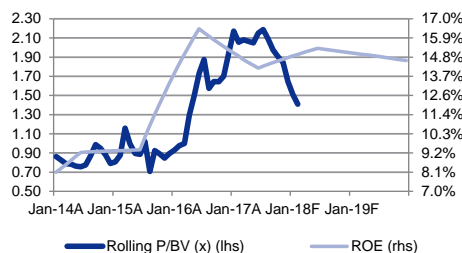
**Figure 4: Sector Comparisons**

Company	Bloomberg Ticker	Recom.	Share price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY17	CY18		CY17	CY18	CY17	CY18	CY17	CY18	CY17	CY18
Hartalega Holdings	HART MK	Hold	11.60	11.35	4,914	22.8	13.4	8.2%	10.5	9.3	23.6%	26.9%	34.7	26.2	1.1%	1.5%
Kossan Rubber Industries	KRI MK	Add	8.70	9.68	1,424	33.8	23.4	1.7%	4.8	4.4	20.7%	21.1%	21.6	14.3	1.4%	2.1%
Supermax Corp	SUCB MK	Hold	2.63	2.35	441	19.8	15.0	2.9%	1.6	1.5	8.0%	9.9%	12.8	10.3	1.5%	2.0%
Top Glove Corporation	TOPG MK	Add	9.80	10.00	3,150	34.2	26.7	0.5%	5.9	5.3	17.7%	20.4%	25.7	19.4	1.5%	1.8%
Karex Berhad	KAREX MK	Hold	1.11	1.44	285	36.4	30.9	3.7%	2.2	2.1	6.0%	6.7%	23.7	19.5	0.7%	0.8%
Riverstone Holdings	RSTON SP	Add	1.04	1.20	583	17.0	14.0	2.2%	3.6	3.0	21.9%	23.4%	12.6	10.1	2.3%	2.9%
AWC Berhad	AWCF MK	Add	0.78	1.28	53	10.2	9.0	18.7%	1.4	1.3	20.7%	21.1%	4.4	4.4	2.9%	3.5%
Daibochi Plastic & Packa	DPP MK	Reduce	2.37	2.02	199	32.4	22.2	10.3%	4.2	3.7	12.4%	17.4%	15.0	9.6	1.7%	2.0%
Wellcall Holdings	WELL MK	Hold	1.56	1.55	199	19.7	15.9	2.1%	7.1	6.1	36.8%	40.9%	14.4	11.2	2.9%	3.0%
Thong Guan Industries	TGI MK	Add	3.84	5.90	134	12.5	11.6	18.4%	1.0	0.9	14.3%	16.9%	6.4	4.6	4.1%	5.4%
Tomypak Holdings	TOMY MK	Reduce	0.97	0.74	104	22.8	14.6	0.8%	3.1	2.8	13.6%	20.1%	11.3	7.6	1.8%	1.9%
Oceancash Pacific Bhd	OCP MK	Add	0.58	0.93	33	11.8	10.0	13.0%	1.5	1.3	13.1%	14.3%	8.4	6.7	1.3%	1.6%
<b>Weighted Average</b>						<b>27.1</b>	<b>19.0</b>	<b>4.7%</b>	<b>7.2</b>	<b>6.4</b>	<b>20.3%</b>	<b>22.9%</b>	<b>26.9</b>	<b>20.2</b>	<b>1.4%</b>	<b>1.8%</b>

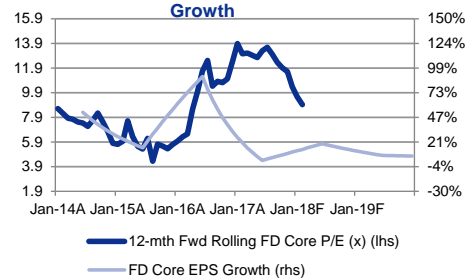
SOURCES: CIMB, COMPANY REPORTS

## BY THE NUMBERS

**P/BV vs ROE**



**12-mth Fwd FD Core P/E vs FD Core EPS Growth**



### Profit & Loss

(RMm)	Jun-16A	Jun-17A	Jun-18F	Jun-19F	Jun-20F
<b>Total Net Revenues</b>	<b>249.3</b>	<b>296.1</b>	<b>313.9</b>	<b>331.0</b>	<b>355.5</b>
<b>Gross Profit</b>	<b>79.1</b>	<b>85.8</b>	<b>94.5</b>	<b>102.8</b>	<b>112.2</b>
<b>Operating EBITDA</b>	<b>31.9</b>	<b>45.9</b>	<b>42.3</b>	<b>44.8</b>	<b>47.7</b>
Depreciation And Amortisation	(1.8)	(6.5)	(6.5)	(6.6)	(6.7)
<b>Operating EBIT</b>	<b>30.1</b>	<b>39.5</b>	<b>35.8</b>	<b>38.2</b>	<b>41.0</b>
Financial Income/(Expense)	0.3	(0.4)	0.3	0.3	0.3
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>30.4</b>	<b>39.1</b>	<b>36.1</b>	<b>38.5</b>	<b>41.3</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>30.4</b>	<b>39.1</b>	<b>36.1</b>	<b>38.5</b>	<b>41.3</b>
Taxation	(6.5)	(8.7)	(8.3)	(8.5)	(9.1)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>23.9</b>	<b>30.4</b>	<b>27.8</b>	<b>30.0</b>	<b>32.3</b>
Minority Interests	(6.6)	(8.8)	(6.6)	(7.3)	(8.0)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>17.3</b>	<b>21.6</b>	<b>21.2</b>	<b>22.7</b>	<b>24.2</b>
Recurring Net Profit	17.3	17.7	21.2	22.7	24.2
<b>Fully Diluted Recurring Net Profit</b>	<b>17.3</b>	<b>17.7</b>	<b>21.2</b>	<b>22.7</b>	<b>24.2</b>

### Cash Flow

(RMm)	Jun-16A	Jun-17A	Jun-18F	Jun-19F	Jun-20F
<b>EBITDA</b>	<b>31.90</b>	<b>45.94</b>	<b>42.29</b>	<b>44.78</b>	<b>47.67</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(13.79)	20.53	(10.18)	(4.87)	(6.98)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	0.00	0.00	0.00	0.00	0.00
Net Interest (Paid)/Received	0.00	0.00	0.00	0.00	0.00
Tax Paid	(6.50)	(8.23)	(8.30)	(8.47)	(9.10)
<b>Cashflow From Operations</b>	<b>11.61</b>	<b>58.24</b>	<b>23.81</b>	<b>31.44</b>	<b>31.59</b>
Capex	(3.50)	(26.50)	(15.00)	(15.00)	(15.00)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	0.00	0.00	0.00	0.00	0.00
<b>Cash Flow From Investing</b>	<b>(3.50)</b>	<b>(26.50)</b>	<b>(15.00)</b>	<b>(15.00)</b>	<b>(15.00)</b>
Debt Raised/(repaid)	(1.20)	0.00	0.00	0.00	0.00
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(7.40)	(8.96)	(6.40)	(7.68)	(8.96)
Preferred Dividends					
Other Financing Cashflow	0.15	0.45	0.60	0.60	0.60
<b>Cash Flow From Financing</b>	<b>(8.45)</b>	<b>(8.51)</b>	<b>(5.80)</b>	<b>(7.08)</b>	<b>(8.36)</b>
Total Cash Generated	(0.34)	23.23	3.01	9.36	8.23
<b>Free Cashflow To Equity</b>	<b>6.91</b>	<b>31.74</b>	<b>8.81</b>	<b>16.44</b>	<b>16.59</b>
<b>Free Cashflow To Firm</b>	<b>8.11</b>	<b>31.74</b>	<b>8.81</b>	<b>16.44</b>	<b>16.59</b>

SOURCE: CGS-CIMB RESEARCH, COMPANY DATA

## BY THE NUMBERS... cont'd

### Balance Sheet

(RMm)	Jun-16A	Jun-17A	Jun-18F	Jun-19F	Jun-20F
Total Cash And Equivalents	48.2	58.6	61.5	71.8	81.0
Total Debtors	120.6	91.5	103.2	108.8	116.9
Inventories	18.1	38.1	43.0	45.3	48.7
Total Other Current Assets	2.5	2.1	2.1	2.1	2.1
<b>Total Current Assets</b>	<b>189.4</b>	<b>190.3</b>	<b>209.8</b>	<b>228.1</b>	<b>248.6</b>
Fixed Assets	10.0	38.7	47.4	54.7	61.8
Total Investments	2.8	2.8	2.8	2.8	2.8
Intangible Assets	28.1	28.1	28.1	28.1	28.1
Total Other Non-Current Assets	1.6	1.6	1.6	1.6	1.6
<b>Total Non-current Assets</b>	<b>42.5</b>	<b>71.2</b>	<b>79.9</b>	<b>87.2</b>	<b>94.3</b>
Short-term Debt	0.2	0.2	0.2	0.2	0.2
Current Portion of Long-Term Debt					
Total Creditors	78.3	89.7	96.2	99.3	103.7
Other Current Liabilities	1.8	1.8	1.8	1.8	1.8
<b>Total Current Liabilities</b>	<b>80.3</b>	<b>91.7</b>	<b>98.2</b>	<b>101.3</b>	<b>105.7</b>
Total Long-term Debt	0.7	0.7	0.7	0.7	0.7
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	2.7	2.7	2.7	2.7	2.7
<b>Total Non-current Liabilities</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>
Total Provisions	0.2	0.2	0.2	0.2	0.2
<b>Total Liabilities</b>	<b>83.9</b>	<b>95.3</b>	<b>101.8</b>	<b>104.9</b>	<b>109.3</b>
Shareholders' Equity	119.1	131.0	145.7	160.8	176.0
Minority Interests	28.9	35.6	42.3	49.6	57.6
<b>Total Equity</b>	<b>148.0</b>	<b>166.6</b>	<b>188.0</b>	<b>210.4</b>	<b>233.7</b>

### Key Ratios

	Jun-16A	Jun-17A	Jun-18F	Jun-19F	Jun-20F
Revenue Growth	94.7%	18.8%	6.0%	5.4%	7.4%
Operating EBITDA Growth	126%	44%	(8%)	6%	6%
Operating EBITDA Margin	12.8%	15.5%	13.5%	13.5%	13.4%
Net Cash Per Share (RM)	0.18	0.23	0.24	0.28	0.31
BVPS (RM)	0.47	0.51	0.57	0.63	0.69
Gross Interest Cover	N/A	N/A	N/A	N/A	N/A
Effective Tax Rate	21.4%	22.3%	23.0%	22.0%	22.0%
Net Dividend Payout Ratio	26.9%	16.9%	21.7%	24.6%	26.9%
Accounts Receivables Days	132.2	130.7	113.2	116.9	116.2
Inventory Days	38.31	48.77	67.46	70.67	70.73
Accounts Payables Days	64.11	77.40	89.05	93.28	93.37
ROIC (%)	45.9%	39.2%	32.9%	30.0%	29.4%
ROCE (%)	22.6%	24.7%	20.2%	19.2%	18.5%
Return On Average Assets	15.6%	16.0%	13.0%	12.6%	12.5%

### Key Drivers

	Jun-16A	Jun-17A	Jun-18F	Jun-19F	Jun-20F
ASP (% chg, main prod./serv.)	6.5%	13.0%	0.0%	0.0%	0.0%
Unit sales grth (% , main prod./serv.)	52.1%	19.1%	7.0%	7.0%	7.0%
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)	N/A	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary 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
Unit raw mat ASP (%chg,2ndary)	N/A	N/A	N/A	N/A	N/A

SOURCE: CGS-CIMB RESEARCH, COMPANY DATA

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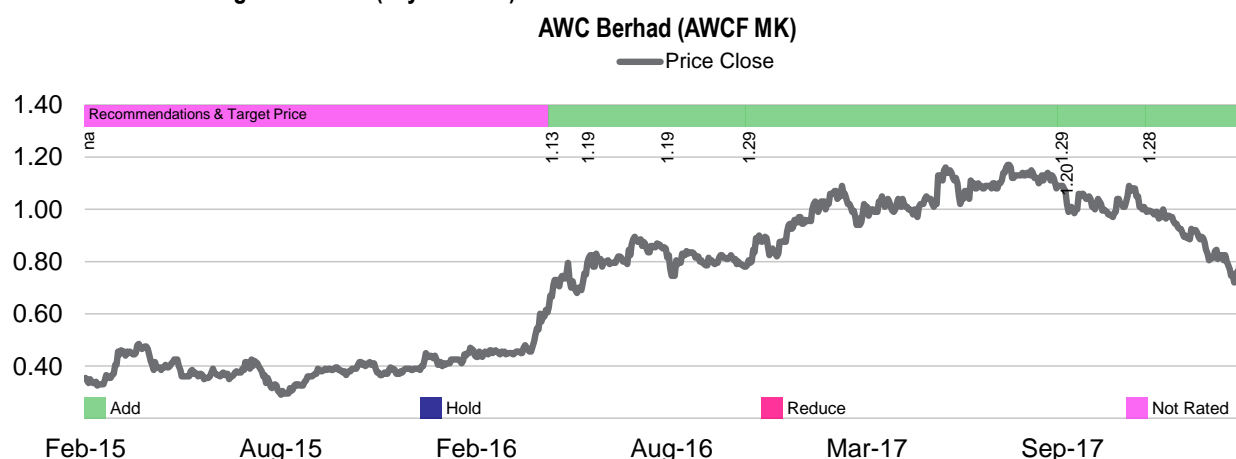
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#### Spitzer Chart for stock being researched ( 2 year data )



## Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2017, Anti-Corruption 2017

AAV – Very Good, n/a, ADVANC – Excellent, Certified, AEONTS – Good, n/a, AMATA – Very Good, n/a, ANAN – Excellent, n/a, AOT – Excellent, Declared, AP – Excellent, Declared, ASK – Very Good, Declared, ASP – Very Good, Certified, BANPU – Excellent, Certified, BAY – Excellent, Certified, BBL – Very Good, Certified, BCH – Good, Declared, BCP – Excellent, Certified, BCPG – Very Good, n/a, BEM – Very Good, n/a, BDMS – Very Good, n/a, BEAUTY – Good, n/a, BEC – Very Good, n/a, BGRIM – not available, n/a, BH – Good, n/a, BJC – Very Good, Declared, BJCHI – Very Good, Declared, BLA – Very Good, Certified, BPP – Good, n/a, BR – Good, Declared, BTS – Excellent, Certified, CBG – Good, n/a, CCET – Good, n/a, CENTEL – Very Good, Certified, CHG – Very Good, Declared, CK – Excellent, n/a, COL – Very Good, Declared, CPALL – not available, Declared, CPF – Excellent, Declared, CPN – Excellent, Certified, DELTA – Excellent, n/a, DEMCO – Excellent, Certified, DIF – not available, n/a, DTAC – Excellent, Certified, EA – Very Good, n/a, ECL – Very Good, Certified, EGCO – Excellent, Certified, EPG – Very Good, n/a, GFPT – Excellent, Declared, GGC – not available, Declared, GLOBAL – Very Good, Declared, GLOW – Very Good, Certified, GPSC – Excellent, Declared, GRAMMY – Excellent, n/a, GUNKUL – Excellent, Declared, HANA – Excellent, Certified, HMPRO – Excellent, Certified, ICHI – Excellent, n/a, III – not available, n/a, INTUCH – Excellent, Certified, IRPC – Excellent, Certified, ITD – Very Good, n/a, IVL – Excellent, Certified, JAS – not available, Declared, JASIF – not available, n/a, JUBILE – Good, Declared, KAMART – not available, n/a, KBANK – Excellent, Certified, KCE – Excellent, Certified, KGI – Very Good, Certified, KKP – Excellent, Certified, KSL – Very Good, Certified, KTB – Excellent, Certified, KTC – Excellent, Certified, LH – Very Good, n/a, LPN – Excellent, Certified, M – Very Good, n/a, MACO – Very Good, n/a, MAJOR – Very Good, n/a, MAKRO – Very Good, Declared, MALEE – Very Good, n/a, MBKET – Very Good, Certified, MC – Very Good, Declared, MCOT – Excellent, Certified, MEGA – Very Good, n/a, MINT – Excellent, Certified, MTL – Very Good, Declared, NYT – Excellent, n/a, OISHI – Very Good, n/a, PLANB – Excellent, Declared, PLAT – Very Good, Certified, PSH – Excellent, Certified, PSL – Excellent, Certified, PTT – Excellent, Certified, PTTEP – Excellent, Certified, PTTGC – Excellent, Certified, QH – Excellent, Certified, RATCH – Excellent, Certified, ROBINS – Excellent, Certified, RS – Very Good, n/a, SAMART – Excellent, n/a, SAPPE – Good, n/a, SAT – Excellent, Certified, SAWAD – Very Good, n/a, SC – Excellent, Declared, SCB – Excellent, Certified, SCBLIF – not available, n/a, SCC – Excellent, Certified, SCN – Very Good, Declared, SCCC – Excellent, Declared, SIM – Excellent, n/a, SIRI – Very Good, Declared, SPA – Good, n/a, SPALI – Excellent, n/a, SPRC – Excellent, Declared, STA – Very Good, Declared, STEC – Excellent, n/a, SVI – Excellent, Certified, TESCO – Very Good, n/a, TCAP – Excellent, Certified, THAI – Very Good, n/a, THANI – Very Good, Certified, THCOM – Excellent, Certified, THRE – Very Good, Certified, THREL – Excellent, Certified, TICON – Very Good, Declared, TIPCO – Very Good, Certified, TISCO – Excellent, Certified, TK – Very Good, n/a, TKN – Very Good, Declared, TMB – Excellent, Certified, TNR – Good, n/a, TOP – Excellent, Certified, TPCH – Good, n/a, TPIPP – not available, n/a, TRUE – Excellent, Declared, TTW – Very Good, n/a, TU – Excellent, Declared, TVO – Excellent, Declared, UNIQ – not available, Declared, VGI – Excellent, Declared, WHA – not available, Declared, WHART – not available, n/a, WORK – not available, n/a.

**Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of October 28, 2016) are categorized into:**

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

### 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.