PUBLIC INVESTMENT BANK

PublicInvest Research ***IPO Note*** **Tuesday, February 23, 2016**

KDN PP17686/03/2013(032117)

CHIN HIN GROUP BERHAD

Fair Value: RM1.06

Integrated Building Materials Player

Chin Hin Group Berhad, an integrated building materials player in Peninsular Malaysia with 40 years of history, is slated for listing on 8 March 2016. The group has two main business segments, distribution and manufacturing, with more than 80% of its revenue derived from the former at present. Our fair value for Chin Hin is RM1.06, based on a 12x multiple to its FY17 EPS of 8.84sen. Our estimates are supported by i) growth prospects of the Autoclaved Aerated Concrete (AAC) products in the property market despite softer market conditions, ii) capacity expansion in the Starken AAC and G-Cast Concrete plants, with stronger earnings contributions expected from FY17 onwards, iii) healthy orderbook in its manufacturing segment, iv) recurring earnings from solar power panels.

- **Background.** Chin Hin is involved in the distribution of building materials and provision of logistic services in addition to being manufacturers of AAC products, precast concrete products, wire mesh and metal roofing systems. To-date, it supplies more than 1,000 types of buildings materials to its customers across Peninsular Malaysia except Perlis.

- **Earnings going forward** are supported by i) recurring earnings from its solar power generation (it has entered into a 20-year agreement with Tenaga Nasional Berhad (TNB) to supply 1.4MW worth of renewable energy ii) strong orderbook of RM177.6m from its manufacturing segment, of which RM76.9m is to be fulfilled by 2016 and the remainder by 2018. iii) capacity expansion of Starken AAC and G-Cast. We expect contribution will only kick-in FY17 onwards. iv) better product mix with higher-margin products.

- **Autoclaved Aerated Concrete (AAC).** AAC product is a type of lighter-weight concrete which is claimed as an eco-friendly green product building material. Usage of AAC can save on plastering costs, as it only applies a layer of skimcoat instead of being plastered. Hence, it is c.10% more cost effective compared to clay and cement sand bricks. Other key advantages are its fire resistance, durability, dimensional accuracy, eco-friendliness, water resistance and good workability. We understand AAC is widely accepted and used in developed markets, especially Europe. We note Singapore is a potential market for the group as the country imports 200,000m^3/annum from China. With its characteristics and alternative to clay and cement sand bricks, we believe AAC could slowly eat into the market share of clay and cement sand bricks.

- **Expansion of own product range.** The group intends to widen its own product range. It plans to introduce i) wire mesh with a focus on fencing system and engineering mesh such as twin wire mesh, ii) reinforced AAC wall panels, slabs and other precast structural elements, iii) precast products and jacking pipes with anti-slide steel collar and precast slabs for multi-storey car parks and floating islands. It is also exploring alternative type of raw materials and developing new mix designs to cater its customers' needs

KEY FINANCIAL SUMMARY

FYE Dec (RM m)	2013A	2014A	2015F	2016F	2017F	CAGR
Revenue	1,220.4	1,219.4	1,253.9	1,309.7	1,404.8	5.8%
Gross Profit	70.5	88.5	101.7	108.7	119.4	17.6%
Pre-tax Profit	37.3	43.2	39.3	45.4	57.7	19.7%
Net Profit	29.5	30.2	30.5	35.2	44.7	22.7%
EPS (Sen)	5.8	6.0	6.0	7.0	8.8	22.7%
P/E (x)	11.2	10.9	10.8	9.3	7.4	
DPS (Sen)	-	-	-	-	-	
Dividend Yield (%)	-	-	-	-	-	

Source: Company, PublicInvestResearch estimates

DESCRIPTION

Primarily involved in the distribution of building materials and provision of logistics, supply of ready-mixed concrete and manufacturing of AAC, precast concrete products, wire mesh and metal roofing system.

Fair Value	RM1.06
Indicative Retail Price	RM0.65
Expected Retur	63.3%
Closing Application Date	
Retail	25 Feb 2016
Institutional	-
Indicative Listing Date	8 Mar 2016
Market	Main
Sector	Industrial Products
Bursa Code	5273
Bloomberg Ticker	CHIN MK
Shariah-compliant	No

IPO DETAILS
Shares(m)

Offer for Sale	65.0
Public Issue	63.2

UTILISATION OF PROCEEDS	RM (m)
Expansion of existing manufacturing facility and purchase of new equipment and machineries	15.0
Repayment of bank borrowings	15.0
Working capital	7.1
Estimated listing expenses	4.0
Total	**41.1**

KEY STOCK DATA

Market Capitalisation (RM m)	328.8
No. of Shares (m)	505.9

MAJOR SHAREHOLDERS (Post-IPO)*

	%
Datuk Chiau Beng Teik	41.2
Chiau Haw Choon	24.1
Datin Wong Mee Leng	9.4

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Company Background

Chin Hin Group Berhad started from a family-based hardware shop. It ventured into the logistics business in 1995 through the establishment of Syarikat Perniagaan dan Pengangkutan Chin Hin Sdn Bhd (SPPCH), providing transportation services to cement traders and manufacturers. In 1996, it expanded into the distribution of building materials to contractors and developers in the northern region of Malaysia. With its established business in northern region, Chin Hin started penetrating into southern and eastern regions in 1998. Its first branch office was located in Kuala Lumpur, followed by Kota Bahru and Johor Bahru.

As its business grew, so did the inefficiencies in the maintenance of its cement tankers and trucks, which led the group to disposing of its entire fleet in 2007, preferring instead to engage external contractors to provide logistic services. In 2007, SPPCH transferred its transportation business into C&H Transport.

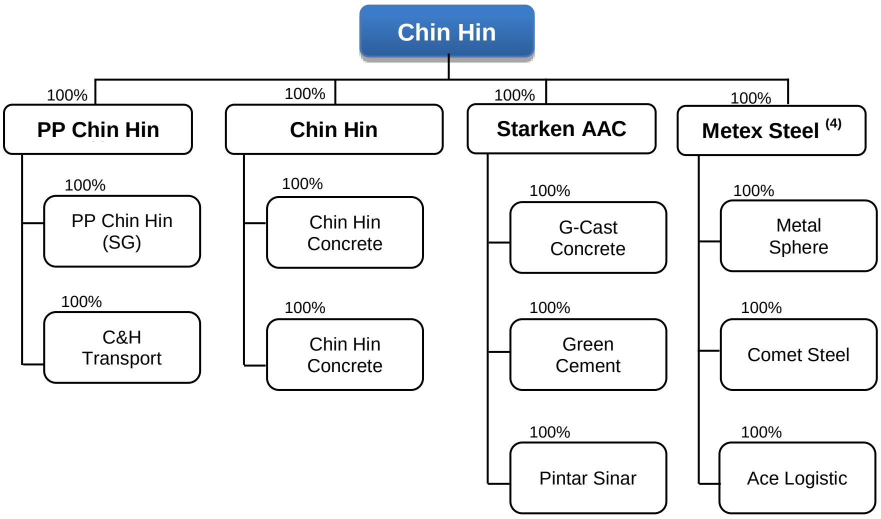
In 2008, Chin Hin diversified its upstream business into the ready-mixed concrete business segment. It was around 2012 when the group subcontracted c.30% of the manufacturing and operations of its batching plants to other sub-contractors as its ready-mixed concrete business expanded.

The group undertook an internal restructuring exercise to consolidate and streamline its distribution business and operations in 2009. It moved its head office from Alor Setar to Kuala Lumpur. It further expanded its business into the manufacturing of AAC products, precast concrete products, wire mesh and metal roofing systems to broaden its earnings base at the end of 2009.

G-Cast Concrete and Starken AAC and were established and commenced production in 2012 and 2014 respectively while production of wire mesh and metal roofing systems commenced in 2012. To expand its wire mesh and metal roofing systems market coverage, the group acquired a manufacturer of HDW and metal roofing systems in Prai, Pulau Pinang.

To-date, Chin Hin supplies more than 1,000 types of buildings materials to its customers. Over the past 8 years, it had expanded its distribution networks across Malaysia and Singapore by setting up branches and warehouses. Its sales and marketing team increased from 8 staff in 2007 to 96 as at 2014.

Figure 1: Company Structure

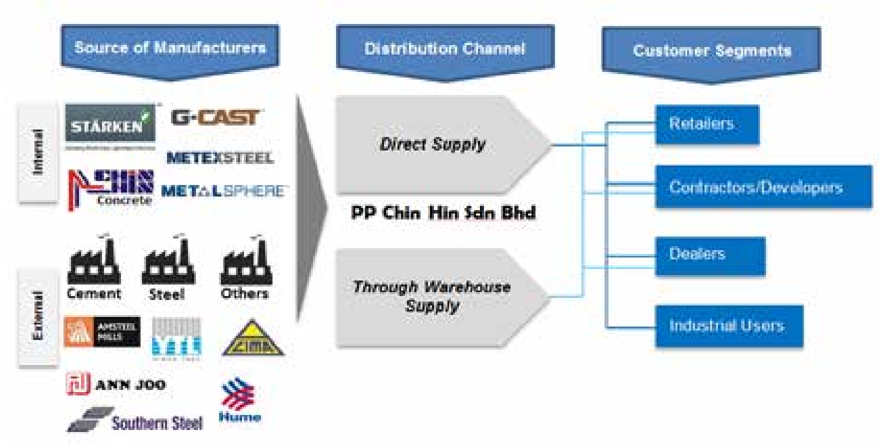


Source: Company Prospectus

Business Overview

Distribution of building materials. Building materials are categorized into cement, steel reinforcement bars and other building materials. Its building materials are sourced from internal manufacturing operations and external suppliers. It either supplies directly from manufacturer to its customer or customers could purchase from its warehouse.

Figure 2: Business Model of Distribution of Building Materials

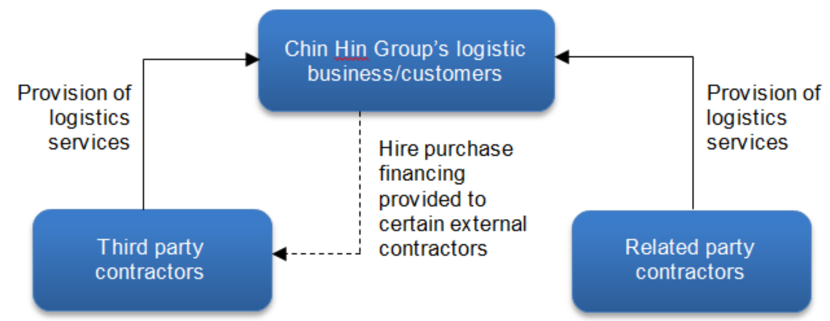


Source: Company Prospectus

Logistics business segment is carried out by C&H Transport. It engages with 4 related party contractors and c.50 external transporters to provide logistic services for transporting bulk and bag cement for local cement manufacturers to their respective customers. Its key external contractors are CH Hardware & Transport Sdn Bhd, CHL Logistics Sdn Bhd, Chip Hin Trading which have a total of 46, 34, 19 cement tankers and road trucks respectively. It added 21 new external transporters in 2015, to reduce its dependency on its related party contractors.

The process is straightforward – the company invoices its customers based on the acknowledgement of delivery orders. Fee payments by its customers are based on an agreed rate of RM10 to RM70 per tonne and depending on location. 4%-6% of this fee payment will accrue to the group, while the balance will be paid to its contractors. The group has been providing hire purchase financing to its logistic providers since 2006.

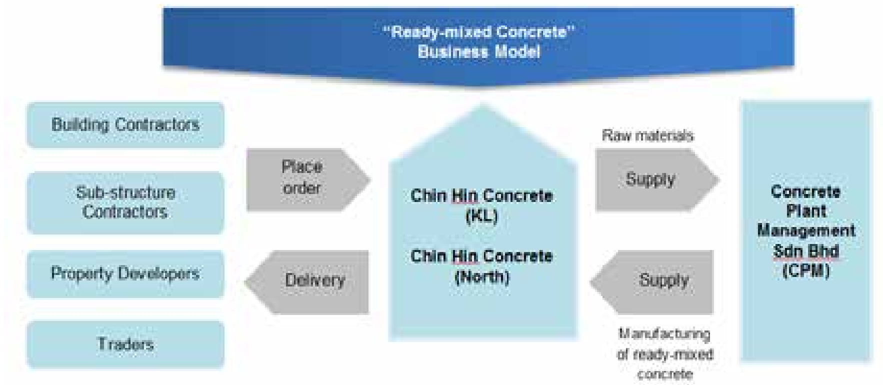
Figure 3: Business Model of Logistic Business Segment



Source: Company Prospectus

Distribution of Ready-Mixed Concrete is carried out by Chin Hin Concrete (KL) and Chin Hin Concrete (North). To improve its efficiency, the group disposed all its assets and stocks related to the manufacturing of ready-mixed concrete and outsourced the job to Concrete Plant Management Sdn Bhd (CPM). It also entered into an agreement with CPM, where CPM is required to produce a minimum guaranteed production volume of 1,500m^3 for each plant per month. CPM is exclusive manufacturer of Chin Hin Concrete (KL) and Chin Hin Concrete (North), while raw materials are provided by the company. The company is required to make a minimum guaranteed payment of RM4.5m per annum to CPM, based on 25 batching plants owned by CPM with an agreed rate of RM10 per m^3 and a minimum production amount of 1,500m^3. Besides, CPM is also responsible for the repair and maintenance of Chin Hin Concrete (KL) and Chin Hin Concrete (North)'s cement mixer trucks. Its ready-mixed concrete is produced according to customers' needs.

Figure 4: Business Model of Ready-mixed Concrete



Source: Company Prospectus

Manufacturing AAC and precast concrete products. Starken AAC, one of the largest AAC manufacturers was established to produce this lightweight precast concrete building material, which can be a substitute to cement and clay bricks. Its AAC products are manufactured using Wehrhahn of Germany technology. It is certified as an eco-friendly green product building material by the Singapore Environment Council, eco-labeled by SIRIM while also having a Jabatan Bomba certification for its proven fire resistance. It currently only produces four types of AAC, which are blocks, lintels, floor and wall panels, with its in-house brand, "Starken". In addition to the domestic market, it also sells to Indonesia, Australia, New Zealand, Hong Kong and Taiwan. The factory is located in Serendah with a total capacity of 375,000m^3, running at 80% utilization rate (as of August 2015). Its current orderbook stands at RM37m as of January 2016.

G-Cast Concrete is manufacturer of concrete pipes with a variety of products including jacking pipes, manhole, rebated joint pipes and socket joint pipes. It is easier and requires lesser time to install compared to the conventional method of excavating and building up manhole with bricks. It has a current capacity of 45,000mt of concrete products per annum and is running at nearly 100% utilization. Its current orderbook stands at RM100.7m as of January 2016.

Manufacturing of wire mesh and metal roofing systems. Metexsteel is primarily engaged in the production of wire mesh by using mesh equipment from EVG in Austria. It supplies Standard Fabric and Special Fabric in either standard sheets or cut-to-size to tailor and suit customers' needs. It also provides other supplementary services, such as technical advice, site material management, coordination and solution for site application and installation work. It has a total production capacity of 60,000mt/annum and is currently running at 75% utilization. Its secured orderbook of RM36m for cut-to-size wire mesh products are to be completed in 2016.

Metal Sphere manufactures metal roofs and lightweight galvanized steel trusses which are used in roofing systems. Apart from supplying and installing, it also provides value-added services such as technical proposals, design calculation and shop drawings for the site. One of its competitive advantages is its ability to supply extra-long roofing systems with its mobile on-site rolling equipment. Rolling on-site could be more cost-effective in terms of transportation and materials usage. It supplies its trusses and battens in various types of thickness and tailor-made based on its customers' roof structures. Its orderbook stands at RM3.9m as of January 2016.

Future Plans

Broaden its customer base. Chin Hin intends to explore new markets in Asia Pacific, for its manufactured products such as wire mesh, AAC products and precast concrete, to reduce dependency on the Malaysian market. It has allocated RM2.1m of its total gross IPO proceeds for marketing, promoting and branding activities. To-date, it has exported its own brand products to Taiwan, Australia, Hong Kong, Singapore, Philippines and Indonesia.

Expansion of manufacturing facilities. To cater for larger geographical areas and product expansion, the group is expanding its G-Cast Concrete and Starken AAC's manufacturing facilities.

i. **G-Cast Concrete.** Management allocated RM5.0m of its total IPO gross proceeds to expand G-Cast Concrete's existing manufacturing plant. It expects to increase production capacity from 45,000mt/annum to 67,500mt/annum. Construction will be commence in January 2016 and is expected to be completed by December 2016.

ii. **Starken AAC.** The group intends to install new equipment in Starken AAC's existing plant. It could increase its production capacity from 375,000m^3 to 600,000m^3. Construction begins in 1H16 and expects to be completed by end of 2016.

Expansion of own product range. The group intends to widen its own product range. It plans to introduce i) wire mesh with a focus on fencing system and engineering mesh such as twin wire mesh, ii) reinforced AAC wall panels, slabs and other precast structural elements, iii) precast products and jacking pipes with anti-slide steel collar and precast slabs for multi-storey car parks and floating islands. It is also exploring alternative type of raw materials and developing new mix designs to cater its customers' needs.

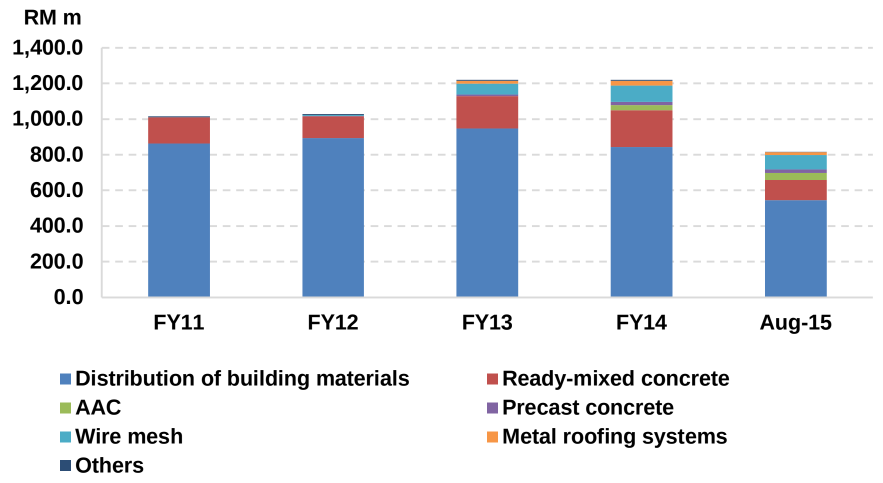
Financials

In FY14, more than 80% of Chin Hin's revenue was derived from its distribution of building materials and ready-mixed concrete but with a thin gross profit margin of 6.5%. To boost its business prospects however, the group diversified into manufacturing high-margin building materials, which are pre-cast concrete, wire mesh, metal roofing systems with gross margins of 30.1%, 9.9% and 7.4% respectively.

Understandable for new start-ups, the manufacturing segment registered 3 consecutive years of losses from FY11 to FY13. G-Cast, manufacturers of pre-cast concrete and Metex, manufacturers of wire mesh and metal roofing systems turned profitable in FY13 onwards however.

Besides the abovementioned business, it also ventured into the manufacturing of AAC products. This segment incurred a net loss of RM5.6m and weighed down net profit in FY14, though turning profitable in remarkably quick time while also registering a gross margin of 9.3% as of August 2015. Recall that this business was only started in 2014.

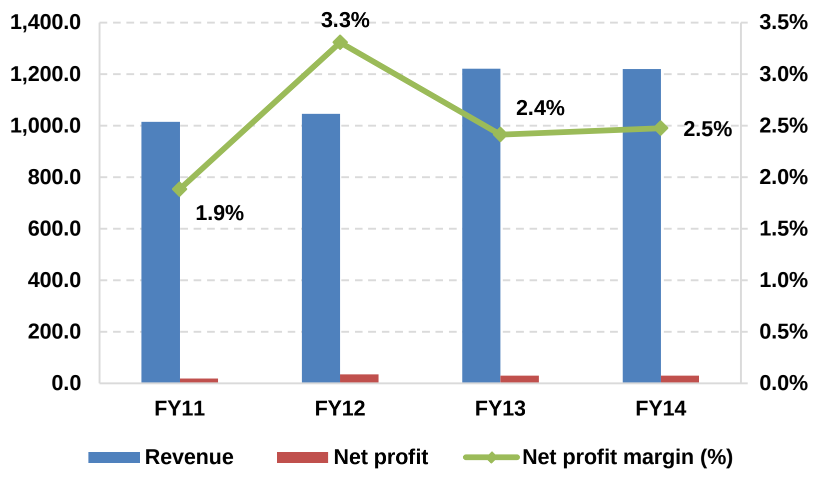
Figure 5: Revenue breakdown by business (RM m)



Source: Company Prospectus, PublicInvest Research

Net profit margin decreased from 3.3% in FY12 to 2.4% in FY13, mainly due to the recognition of one-off gains amounting to RM19.1m in FY12. After stripping out the one-off gain, the group registered a 1.5% core net profit margin in FY12, hence showing a 60% jump in FY13's margins.

Figure 6: Revenue and Net Profit Trend



Source: Company Prospectus, PublicInvest Research

Gearing ratio. The group has allocated RM15m from its IPO gross proceeds to repay its banker acceptances. As a result, its gearing level will reduce from 1.65x to 1.39x. It could have c.RM0.8m of interest savings, assuming effective interest rate of 5.0%.

Tax incentive. Chin Hin has received pioneer status for Starken AAC. Hence entitling it to enjoy 80% tax exemption of its pre-tax profit. As a result, we expect the group could enjoy a lower effective tax rate going forward.

Industry Outlook

Outlook of construction industry. The building materials market is highly dependent on the construction industry. Under the Eleventh Malaysia Plan (11MP), the construction sector is estimated to grow 10.3% per annum, attributed to growing residential subsector, and several government initiatives and spending.

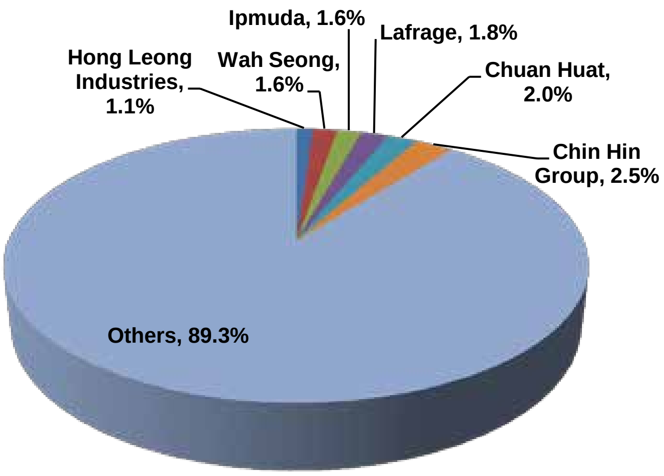
Figure 7: Ongoing or Upcoming Construction Projects

Projects	Amount Allocation (RM bn)
Affordable housing, including low-cost housing, Rumah Mesra Rakyat, People's Housing Programme)	2.8
Pan-Borneo Highway	16.1
Klang Valley Mass Rapid Transit (MRT) Line 2, linking Sungai Buloh to Putrajaya	28.0
Light Railway Transit (LRT) Line 3, linking Bandar Utama to Shah Alam and Klang	10.0
Damansara-Shah Alam Highway, Sungai Besi-Ulu Klang Highway, Pulau Indah Highway and Central Spine Road	N/A
Jalan Tun Razak Dispersal project	0.9
Rubber City, Kedah	0.32
KL118 Tower	>6.0

Source: PublicInvest Research

Autoclaved Aerated Concrete (AAC). AAC product is a type of lighter weight concrete which claims to be an eco-friendly green product. Usage of AAC can save the plastering costs, as it only applies a layer of skimcoat instead of being plastered. Hence, it is c.10% more cost effective compared to clay bricks and cement sand bricks. The size of AAC blocks are approximately 6x bigger than clay bricks and cement sand bricks. Besides, it is also widely used in cinemas as it has high sound absorption characteristics. Other key advantages are its fire resistance, durability, dimensional accuracy, eco-friendliness, water resistance and good workability. We understand AAC is widely accepted and used in developed markets, especially Europe. We noted Singapore is a potential market for the group as Singapore imports 200,000m^3/annum from China. With its characteristics and alternative to clay and cement sand bricks, we believe AAC could slowly eat into the market share of clay and cement sand bricks.

Figure 8: Market Share within Distribution of Building Materials



Source: Company Prospectus, PublicInvest Research

Valuation and Recommendation

Pegging Chin Hin's FY17F EPS of 8.84sen to a 12x PE multiple, we derive a fair value of RM1.06 which implies an upside of 63.3% from its IPO price of RM0.65.

Among Chin Hin's listed peers, Ipmuda (distributor of building materials), Ajiya (manufacturer of metal roofing and other buildings materials) and OKA Corporation (a precast concrete manufacturer) are trading at 8.4x, 12.2x and 9.3x (trailing 12 months) respectively. We deem a 20% premium to its peer' average of 10x as fair, given that its PEG ratio stands at 0.4x and growth prospects of AAC products.

Our earnings forecast is supported by i) strong orderbook of RM177.6m from its manufacturing segment, ii) a recurring earnings of c.RM2.0m from its solar PV system, iii) better product mix with high margin products, iv) capacity expansion of its manufacturing plants of AAC and precast concrete.

Figure 8: Peers Comparison

Company	Price (RM) @	Market Cap	EPS (sen)		EPS Growth (%)	
	22-Feb	(RMm)	2013A	2014A	2013A	2014A
OKA	1.0	151.7	0.0	0.1	14.9	134.8
Ipmuda	1.1	76.8	0.1	0.2	185.7	208.9
Ajiya	3.6	276.4	0.3	0.2	12.1	-19.8
Average	**1.9**	**168.3**	**0.1**	**0.2**	**70.9**	**107.9**

Company	P/E (x)		P/B (x)		ROE (%)		Dividend Yield (%)	
	2013A	2014A	2013A	2014A	2013A	2014A	2013A	2014A
OKA	6.1	7.2	0.4	0.9	5.9	12.9	6.0	1.9
Ipmuda	11.8	4.8	0.3	0.4	3.0	8.8	4.1	0.0
Ajiya	7.9	10.5	0.6	0.6	8.1	6.1	1.0	0.9
Average	**8.6**	**7.5**	**0.4**	**0.6**	**5.7**	**9.3**	**3.7**	**0.9**

Source: PublicInvest Research, Bloomberg

SWOT Analysis

Figure 9: SWOT

Strengths	Weaknesses
· An integrated building materials provider which is able to supply majority of products that are required by the building industry. · Established reputation as one of the major distributors in Malaysia with a broad customer base. · Experienced management and expertise in building materials industry. · High barrier to entry.	· Heavily dependable on construction industry · Dependency on its cement suppliers, which made up more than 30% of its revenue. · Expose to 10-year product warranty for its AAC and metal roofing systems claims by its customers.
Opportunities	**Threats**
· Several construction projects outlined in the Eleventh Malaysia Plan (11MP) and Budget 2016. This could have spillover effect to building materials. · Strong demand of AAC. It is widely used in developed markets, such as Singapore.	· Fluctuation of raw material prices. · Delay in commencement of new plant could affect its capacity growth. · Competition from other players.

Source: PublicInvest Research

IPO Details

Chin Hin Group Berhad is seeking to list on Bursa Malaysia's Main Market with an enlarged capital and paid-up share capital of 505,888,000 shares with a 50sen par value each. The IPO of a total of 128,197,900 shares comprises public issue of 63,197,000 new shares and an offer for sale of 65,000,000 existing shares. Its market capitalization upon listing is RM328,827,200 based on its IPO price of RM0.65.

Public issue of 63,197,000 new shares representing approximately 12.5% of its enlarged issued and paid-up share capital. It comprises the following:

i. A total of 25,294,400 new shares, representing approximately 5.0% of its enlarged issued and paid-up share capital are available to the Malaysian Public at an IPO price of RM0.65 each.

ii. A total of 6,400,000 new shares, representing approximately 1.3% of its enlarged issued and paid-up share capital are allocated to its eligible directors and employees.

iii. The remaining 31,503,500 new shares, representing approximately 6.2% of its enlarged issued and paid-up share capital are allocated for placement to selected investors.

The IPO allocation and post-IPO share capital of Chin Hin are shown in the following tables.

Figure 10: IPO Allocation

Categories	No. of shares	% of enlarged share capital upon listing
Institutional offering:		
Bumiputera investors approved by MITI	50,588,800	10.0
Selected investors	45,914,700*	9.1
Sub-total	96,503,500	19.1
Retail offering		
Eligible directors and employees of the Group	6,400,000	1.3
Public (Bumiputera)	12,647,200	2.5
Public (Non-Bumiputera)	12,647,200	2.5
Sub-total	31,694,400	6.3
Total	**128,197,900**	**25.3**

Source: Company Prospectus, PublicInvest Research
* inclusive of 14,411,200 Offer shares for Sale

Figure 11: Post-IPO Share Capital

	No. of shares
Authorised	1,000,000,000
Issued and fully paid-up	
Issued and fully paid-up as at 20 Oct 2015	442,690,100
To be issued pursuant to IPO	63,197,900
Enlarged share capital upon listing	**505,888,000**

Source: Company Prospectus, PublicInvest Research

Utilisation of proceeds. With the gross proceeds of RM41,078,635, Chin Hin intends to use 36.5% for its expansion plans, 36.5% for repayment of bank borrowings, 17.2% for working capital and the balance for listing expenses.

Figure 12: Utilisation of Proceeds

Details of utilization	RM m	%	Timeframe for Utilisation Upon Lisiting
Expansion of exisiting manufacturing facility and purchase new equipment and machineries:			
G-Cast Concrete	5.0	12.2	Within 24 months
Starken AAC	10.0	24.3	Within 24 months
Repayment of bank borrowings	15.0	36.5	Within 6 months
Working capital	7.1	17.2	Within 24 months
Estimated listing expenses	4.0	9.8	Immediate
Total	**41.1**	**100.0**	

Source: Company Prospectus, PublicInvest Research
*based on RM0.65 for 61,197,000 new shares issue

KEY FINANCIAL DATA

INCOME STATEMENT DATA

FYE Dec (RM m)	2013A	2014A	2015F	2016F	2017F
Revenue	1,220.4	1,219.4	1,253.9	1,309.7	1,404.8
Gross Profit	70.5	88.5	101.7	108.7	119.4
Operating Profit	34.0	45.6	55.9	60.9	68.1
Finance Costs	-14.5	-18.7	-22.5	-21.0	-14.4
Pre-tax Profit	37.3	43.2	39.3	45.4	57.7
Income Tax	-7.9	-13.0	-8.9	-10.2	-13.0
Effective Tax Rate (%)	21%	30%	23%	23%	23%
Minorities	-	-	-	-	1.00
Net Profit	29.5	30.2	30.5	35.2	44.7
Growth					
Revenue	17%	0%	3%	4%	7%
Gross Profit	24%	26%	15%	7%	10%
Net Profit	90%	2%	1%	16%	27%

Source: Company, PublicInvest Research estimates

BALANCE SHEET DATA

FYE Dec (RM m)	2013A	2014A	2015F	2016F	2017F
Property, Plant & Equipment	205.5	187.1	193.0	194.7	191.0
Cash and Cash Equivalents	36.3	118.0	84.7	30.7	41.8
Trade and Other Receivables	354.4	310.2	329.3	344.0	369.0
Other Assets	236.4	187.0	221.2	233.4	249.2
Total Assets	**832.6**	**802.4**	**828.3**	**802.8**	**851.0**
Trade and Other Payables	187.1	159.3	166.1	173.2	185.4
Borrowings	408.2	370.9	337.8	229.0	220.2
Deferred tax	2.8	4.1	5.2	5.2	5.2
Other Liabilities	41.7	37.4	37.6	37.6	37.6
Total Liabilities	**639.7**	**571.7**	**546.8**	**445.0**	**448.4**
Shareholders' Equity	192.9	230.6	281.5	357.8	402.5
Total Equity and Liabilities	**832.6**	**802.4**	**828.3**	**802.8**	**851.0**

Source: Company, PublicInves tResearch estimates

PER SHARE DATA & RATIOS

FYE Dec	2013A	2014A	2015F	2016F	2017F
Book Value Per Share	0.4	0.5	0.6	0.7	0.8
NTA Per Share	0.4	0.5	0.6	0.7	0.8
EPS (Sen)	5.8	6.0	6.0	7.0	8.8
DPS (Sen)	-	-	-	-	-
Payout Ratio	-	-	-	-	-
ROA	4%	4%	4%	4%	5%
ROE	15%	13%	11%	10%	11%

Source: Company, PublicInvest Research estimates

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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