

## Singapore

**ADD** (no change)

Consensus ratings\*: Buy 1 Hold 3 Sell 0

Current price:	S\$0.92
Target price:	S\$1.10
Previous target:	S\$1.10
Up/downside:	19.9%
CGS-CIMB / Consensus:	2.6%
Reuters:	VLUE.SI
Bloomberg:	VALUE SP
Market cap:	US\$296.7m
	S\$394.7m
Average daily turnover:	US\$1.10m
	S\$1.48m
Current shares o/s:	429.1m
Free float:	74.3%

\*Source: Bloomberg

**Key changes in this note**

- FY18F EPS increased 8.2%.
- FY19F EPS increased 5.2%.
- FY20F EPS increased 5.6%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	0	-8.9	77.5
Relative (%)	3.9	-7.9	68.3

**Major shareholders**

	% held
Chong Hing Tse	18.1
Hsbc	10.1
Kok Kit Chow	7.6

**Analyst(s)**

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# Valuetronics Holdings Ltd

## 3QFY18: firing on all cylinders

- 3QFY18 core net profit (+30% yoy) at 29% of our/consensus full-year forecasts (9M18: 82%), deemed a beat despite slight seasonality weakness in 4QFY18F.
- Auto connectivity modules and printers led double-digit ICE sales growth yoy and qoq.
- CE sales to benefit from new series and wider market penetration of smart lighting.
- We do not expect supply chain issues, high utilisation level and Danshui lease expiry to significantly inhibit VALUE's long-term growth.
- We raise our FY18-20F EPS by 5.2-8.2% on higher sales assumptions, but our TP remains intact at S\$1.10 after factoring higher S\$/HK\$ FX rate. Maintain Add.

**Another record quarter in 3QFY18**

VALUE reported 3QFY18 core net profit of HK\$56m, above our and Bloomberg consensus expectations. Industrial and commercial electronics (ICE) and consumer electronics (CE) segments both saw yoy and qoq growth during the quarter, which coupled with good cost control, contributed to 30% yoy increase in core net profit in 3Q (9MFY18: +42% yoy). Gross margin fell from 3QFY17's 15.5% to 14.4% as a result of product mix changes; ICE and CE segments now make up 50/50 of overall topline.

**Automotive connectivity modules, printers led ICE growth**

We were positively surprised by the double-digit yoy and qoq sales growth for ICE, which were driven by i) higher volume of in-car connectivity modules, and ii) increasing printer sales from both new and existing customers. It has started mass production for certain products for its 2<sup>nd</sup> automotive customer; we believe this would help contribute to earnings growth from FY19F onwards. We also think VALUE could potentially benefit from its auto OEM customer's recent spin-off, in the form of new product types.

**CE segment to grow along with more smart LED lighting series**

Backed by both consumer lifestyle and smart LED lighting products, VALUE's CE revenue recorded 48.1% yoy and 5.4% qoq growth in 3QFY18. While sales of its 2<sup>nd</sup> generation series of wireless lighting continue to perform well, its 3<sup>rd</sup> and 4<sup>th</sup> generation series are already in the pipeline, with added features and enhancements. If VALUE succeeds in winning these new projects from the Dutch MNC, the rising market penetration of these new products could possibly give the company another leg up.

**Key issues addressed**

Major concerns raised in VALUE's analyst briefing were: 1) supply chain challenges, 2) utilisation level, and 3) Danshui lease expiry in 2021. Certain raw materials continue to be in shortage, but reprieve is likely in the coming quarters amid cuts in global smartphone production. We are also not overly concerned with the high utilisation level of its surface mounting technology (SMT) lines and plastic injection machines (80-90%), which could be resolved via higher automation. Discussion on Danshui lease renewal is still ongoing.

**Reiterate Add on higher EPS; TP unchanged at S\$1.10**

As we raise our revenue assumptions for both ICE and CE, our FY18-20F EPS increased by 5.2-8.2%. Our TP is intact at S\$1.10 (pegged to 11x CY19F P/E, in line with industry average) as we factor in higher S\$/HK\$ exchange rate. We maintain our Add call on the stock which offers 4% FY18-20F dividend yield. Synergistic M&As and new customer wins are potential key catalysts, while unexpected order delay and cancellation are downside risks.

**Financial Summary**

	Mar-16A	Mar-17A	Mar-18F	Mar-19F	Mar-20F
Revenue (HK\$m)	1,953	2,275	2,971	3,283	3,579
Net Profit (HK\$m)	120.4	154.1	208.3	232.6	261.3
Core EPS (HK\$)	0.29	0.37	0.49	0.54	0.61
Core EPS Growth	(20.4%)	26.8%	33.3%	10.4%	12.4%
FD Core P/E (x)	18.70	14.78	11.12	10.08	8.97
Price To Sales (x)	1.15	0.99	0.77	0.71	0.65
DPS (HK\$)	0.20	0.20	0.22	0.22	0.22
Dividend Yield	3.70%	3.70%	4.07%	4.07%	4.07%
EV/EBITDA (x)	9.34	7.68	6.11	5.26	4.39
P/FCFE (x)	8.8	16.6	244.2	14.7	12.0
Net Gearing	(80.4%)	(80.2%)	(63.8%)	(61.9%)	(61.7%)
P/BV (x)	2.63	2.42	2.18	1.93	1.70
ROE	14.5%	17.2%	20.8%	20.5%	20.3%
% Change In Core EPS Estimates			8.17%	5.22%	5.61%
CIMB/consensus EPS (x)			1.13	1.13	1.17

SOURCE: COMPANY DATA, CGS-CIMB FORECASTS

**Figure 1: Results comparison**

FYE March (HK\$m)	3QFY18	3QFY17	yoy % chg	qoq % chg	3QFY18 Cum	3QFY17 Cum	yoy % chg	Prev FY18F	Comments
Revenue	788	588	34.2	8.6	2,210	1,639	34.8	2,861	3Q/9M18 revenue formed 28%/77% of our full-year forecasts. Consumer electronics +48% yoy, Industrial & Commercial electronics +22% yoy
Operating costs	(713)	(533)	33.8	7.8	(2,009)	(1,494)	34.5	(2,614)	
EBITDA	75	55	37.9	17.0	201	145	38.4	247	
EBITDA margin (%)	10	9	2.8	7.7	9	9	2.7	9	In line
Depn & amort.	(11)	(7)	48.0	18.6	(27.2)	(23.8)	14.1	(34)	
EBIT	65	47	36.4	16.8	174	121	43.2	212	
Interest expense	(0)	(0)	(19.4)	49.5	(0.5)	(0.5)	5.2	(1)	
Interest & invt inc	2	2	30.7	(4.0)	7	5	31.9	7	
Associates' contrib	-	-	na	na	-	-	na	-	
Exceptionals	2	(0)	na	na	0.5	(0.2)	na	-	FX-related
Pretax profit	67	49	36.4	15.8	180	126	42.8	219	
Tax	(9)	(6)	40.9	25.4	(22.4)	(15.7)	43.2	(26)	
Tax rate (%)	13	13	3.3	8.3	12	12	0.2	12	In line
Minority interests	-	-	na	na	-	-	na	-	
Net profit	58	43	35.7	14.5	158	110	42.8	193	
<b>Core net profit</b>	<b>56</b>	<b>43</b>	<b>29.9</b>	<b>9.7</b>	<b>157</b>	<b>111</b>	<b>42.1</b>	<b>193</b>	<b>Excluding FX losses, 3Q18/9M18 core net profit formed 29%/ 82% of our full-year forecasts. Above expectations</b>
EPS (cts)	13.1	10.2	28.5	9.0	36.8	26.2	40.3	45.8	
Core EPS (cts)	13.2	10.2	28.4	9.7	36.9	26.3	40.5	45.8	<b>3Q/9M18 core EPS formed 29%/81% of our full-year numbers</b>

SOURCE: CGS-CIMB RESEARCH, COMPANY

**Figure 2: Earnings revision table**

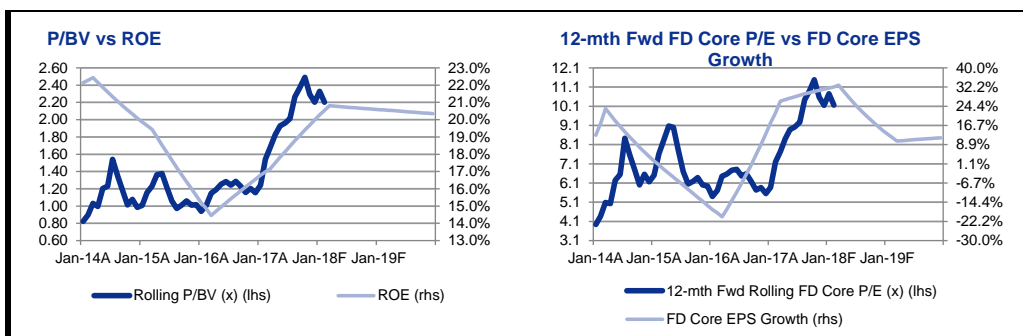
Earnings Revision	FY2018F			FY2019F			FY2020F		
	Old	New	% change	Old	New	% change	Old	New	% change
Valuetronics (FYE March)									
Revenue (HK\$m)	2,861	2,971	3.9%	3,175	3,283	3.4%	3,477	3,579	2.9%
Consumer electronics (CE)	1,431	1,491	4.1%	1,574	1,640	4.1%	1,700	1,771	4.1%
Industrial & Commercial Electronics (ICE)	1,429	1,481	3.6%	1,601	1,644	2.7%	1,777	1,808	1.8%
Gross Margin (%)	14.4%	14.5%	0.2%	14.3%	14.5%	0.2%	14.1%	14.6%	0.5%
EBITDA (HK\$m)	247	265	7.2%	281	298	6.1%	316	336	6.4%
Net Profit (HK\$m)	193	208	8.2%	221	231	4.6%	247	261	5.6%
Core EPS (HK\$)	0.45	0.49	8.2%	0.52	0.54	5.2%	0.58	0.61	5.6%

SOURCE: CGS-CIMB RESEARCH, COMPANY

**Figure 3: Peer comparison**

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$m)	P/E (x) CY17F	P/E (x) CY18F	3-year EPS CAGR (%)	P/BV (x) CY17F	P/BV (x) CY18F	Recurring ROE (%) CY17F	Recurring ROE (%) CY18F	Dividend Yield (%) CY17F	Dividend Yield (%) CY18F
Valuetronics Holdings Ltd	VALUE SP	ADD	0.92	1.10	298	13.4	11.6	17.9%	2.42	2.18	18.9%	19.8%	3.7%	3.8%
<b>Regional peers</b>														
Venture Corporation	VMS SP	Add	21.92	29.13	4,724	18.5	17.2	32.2%	2.93	2.68	15.9%	16.3%	2.7%	2.7%
Sunningdale Tech Ltd	SUNN SP	Add	1.82	2.79	260	11.4	9.6	3.4%	1.05	0.99	9.2%	10.6%	3.6%	4.2%
CEI Limited	CEI SP	Hold	1.00	1.00	65	11.8	9.2	5.9%	2.16	2.11	17.9%	23.2%	7.6%	9.8%
Hi-P International Ltd	HIP SP	Not rated	1.93	na	1,176	14.8	12.5	37.8%	3.02	2.54	19.3%	22.3%	11.4%	1.8%
Cal-Comp Electronics Thailand	CCET TB	Not rated	2.74	na	394	10.1	7.0	20.1%	na	na	6.8%	9.3%	4.0%	5.5%
Hon Hai Precision Industry Co	2317 TT	Not rated	87.60	na	51,738	12.0	9.2	5.0%	1.34	1.25	11.5%	13.7%	4.7%	5.3%
Benchmark Electronics Inc	BHE US	Not rated	29.35	na	1,459	na	17.4	13.9%	1.10	na	-2.4%	na	0.0%	0.0%
Celestica Inc	CLS US	Not rated	10.33	na	1,462	14.2	9.1	9.1%	1.08	1.02	8.1%	11.9%	0.0%	0.0%
Flex Ltd	FLEX US	Not rated	16.73	na	8,828	28.4	12.5	37.0%	3.03	2.67	18.5%	21.8%	0.0%	0.0%
Jabil Inc	JBL US	Not rated	25.44	na	4,458	35.8	9.6	37.8%	1.92	1.87	10.2%	20.2%	1.3%	1.2%
<b>Simple average (exclude VALUE SP)</b>						<b>17.5</b>	<b>11.3</b>	<b>20.2%</b>	<b>1.96</b>	<b>1.89</b>	<b>11.5%</b>	<b>16.6%</b>	<b>3.5%</b>	<b>3.0%</b>

SOURCES: CGS-CIMB, COMPANY REPORTS, BLOOMBERG

**BY THE NUMBERS**

**Profit & Loss**

(HK\$m)	Mar-16A	Mar-17A	Mar-18F	Mar-19F	Mar-20F
<b>Total Net Revenues</b>	<b>1,956</b>	<b>2,281</b>	<b>2,978</b>	<b>3,284</b>	<b>3,580</b>
<b>Gross Profit</b>	<b>301</b>	<b>348</b>	<b>439</b>	<b>479</b>	<b>523</b>
<b>Operating EBITDA</b>	<b>166</b>	<b>197</b>	<b>265</b>	<b>300</b>	<b>336</b>
Depreciation And Amortisation	(37)	(31)	(34)	(42)	(46)
<b>Operating EBIT</b>	<b>129</b>	<b>166</b>	<b>230</b>	<b>258</b>	<b>291</b>
Financial Income/(Expense)	6	7	6	6	6
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>136</b>	<b>173</b>	<b>237</b>	<b>264</b>	<b>297</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>136</b>	<b>173</b>	<b>237</b>	<b>264</b>	<b>297</b>
Taxation	(15)	(19)	(28)	(32)	(36)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>120</b>	<b>154</b>	<b>208</b>	<b>233</b>	<b>261</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>120</b>	<b>154</b>	<b>208</b>	<b>233</b>	<b>261</b>
Recurring Net Profit	120	154	208	233	261
<b>Fully Diluted Recurring Net Profit</b>	<b>120</b>	<b>154</b>	<b>208</b>	<b>233</b>	<b>261</b>

**Cash Flow**

(HK\$m)	Mar-16A	Mar-17A	Mar-18F	Mar-19F	Mar-20F
<b>EBITDA</b>	<b>166.3</b>	<b>196.6</b>	<b>264.6</b>	<b>299.8</b>	<b>336.5</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	135.9	(37.8)	(133.0)	(44.8)	(42.5)
(Incr)/Decr in Total Provisions	0.0	0.0	0.0	0.0	0.0
Other Non-Cash (Income)/Expense	(2.5)	(0.6)	0.0	0.0	0.0
Other Operating Cashflow	10.9	11.8	0.0	0.0	0.0
Net Interest (Paid)/Received	6.2	6.9	6.3	6.3	6.3
Tax Paid	(20.4)	(8.9)	(28.4)	(31.7)	(35.6)
<b>Cashflow From Operations</b>	<b>296.3</b>	<b>168.1</b>	<b>109.5</b>	<b>229.5</b>	<b>264.6</b>
Capex	(26.9)	(43.8)	(100.0)	(70.0)	(70.0)
Disposals Of FAs/subsidiaries	9.0	13.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(23.2)	0.0	0.0	0.0	0.0
Other Investing Cashflow					
<b>Cash Flow From Investing</b>	<b>(41.2)</b>	<b>(30.8)</b>	<b>(100.0)</b>	<b>(70.0)</b>	<b>(70.0)</b>
Debt Raised/(repaid)	0.0	0.0	0.0	0.0	0.0
Proceeds From Issue Of Shares	5.4	6.8	0.0	0.0	0.0
Shares Repurchased	(2.0)	(6.3)	0.0	0.0	0.0
Dividends Paid	(75.5)	(83.4)	(83.9)	(94.4)	(94.4)
Preferred Dividends					
Other Financing Cashflow					
<b>Cash Flow From Financing</b>	<b>(72.0)</b>	<b>(82.9)</b>	<b>(83.9)</b>	<b>(94.4)</b>	<b>(94.4)</b>
Total Cash Generated	183.1	54.4	(74.4)	65.2	100.2
<b>Free Cashflow To Equity</b>	<b>255.1</b>	<b>137.3</b>	<b>9.5</b>	<b>159.5</b>	<b>194.6</b>
<b>Free Cashflow To Firm</b>	<b>256.0</b>	<b>138.0</b>	<b>10.5</b>	<b>160.5</b>	<b>195.6</b>

SOURCE: CGS-CIMB RESEARCH, COMPANY DATA

**BY THE NUMBERS... cont'd**
**Balance Sheet**

(HK\$m)	Mar-16A	Mar-17A	Mar-18F	Mar-19F	Mar-20F
Total Cash And Equivalents	689	753	679	744	844
Total Debtors	353	516	664	731	794
Inventories	199	292	348	384	419
Total Other Current Assets	11	55	55	55	55
<b>Total Current Assets</b>	<b>1,251</b>	<b>1,615</b>	<b>1,746</b>	<b>1,914</b>	<b>2,112</b>
Fixed Assets	164	157	223	252	277
Total Investments	72	17	17	17	17
Intangible Assets	19	34	33	33	32
Total Other Non-Current Assets	0	0	0	0	0
<b>Total Non-current Assets</b>	<b>255</b>	<b>208</b>	<b>274</b>	<b>302</b>	<b>326</b>
Short-term Debt	0	0	0	0	0
Current Portion of Long-Term Debt					
Total Creditors	625	851	922	981	1,036
Other Current Liabilities	21	31	31	31	31
<b>Total Current Liabilities</b>	<b>646</b>	<b>881</b>	<b>953</b>	<b>1,011</b>	<b>1,066</b>
Total Long-term Debt	0	0	0	0	0
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0	0	0	0	0
<b>Total Non-current Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Provisions	3	3	3	3	3
<b>Total Liabilities</b>	<b>649</b>	<b>884</b>	<b>956</b>	<b>1,015</b>	<b>1,070</b>
Shareholders' Equity	857	939	1,063	1,201	1,368
Minority Interests					
<b>Total Equity</b>	<b>857</b>	<b>939</b>	<b>1,063</b>	<b>1,201</b>	<b>1,368</b>

**Key Ratios**

	Mar-16A	Mar-17A	Mar-18F	Mar-19F	Mar-20F
Revenue Growth	(19.6%)	16.5%	30.6%	10.5%	9.0%
Operating EBITDA Growth	(18.0%)	18.3%	34.6%	13.3%	12.2%
Operating EBITDA Margin	8.51%	8.64%	8.90%	9.13%	9.40%
Net Cash Per Share (HK\$)	1.65	1.79	1.58	1.73	1.97
BVPS (HK\$)	2.06	2.24	2.48	2.80	3.19
Gross Interest Cover	157.2	257.1	230.3	258.0	290.7
Effective Tax Rate	11.2%	10.9%	12.0%	12.0%	12.0%
Net Dividend Payout Ratio	69.3%	54.5%	45.3%	40.6%	36.1%
Accounts Receivables Days	80.60	66.54	68.88	74.31	75.00
Inventory Days	46.50	46.31	45.97	47.63	48.08
Accounts Payables Days	70.04	72.78	74.83	76.21	76.92
ROIC (%)	53%	167%	134%	70%	66%
ROCE (%)	16.3%	19.3%	23.7%	23.4%	23.1%
Return On Average Assets	7.5%	8.8%	10.5%	10.7%	11.0%

**Key Drivers**

	Mar-16A	Mar-17A	Mar-18F	Mar-19F	Mar-20F
ASP Change (% , Main Product)	N/A	N/A	N/A	N/A	N/A
Unit sales growth (% , main prod)	-44.0%	19.7%	51.0%	10.0%	8.0%
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)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , 2ndary prod)	18.0%	14.1%	15.0%	11.0%	10.0%
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

SOURCE: CGS-CIMB RESEARCH, COMPANY DATA

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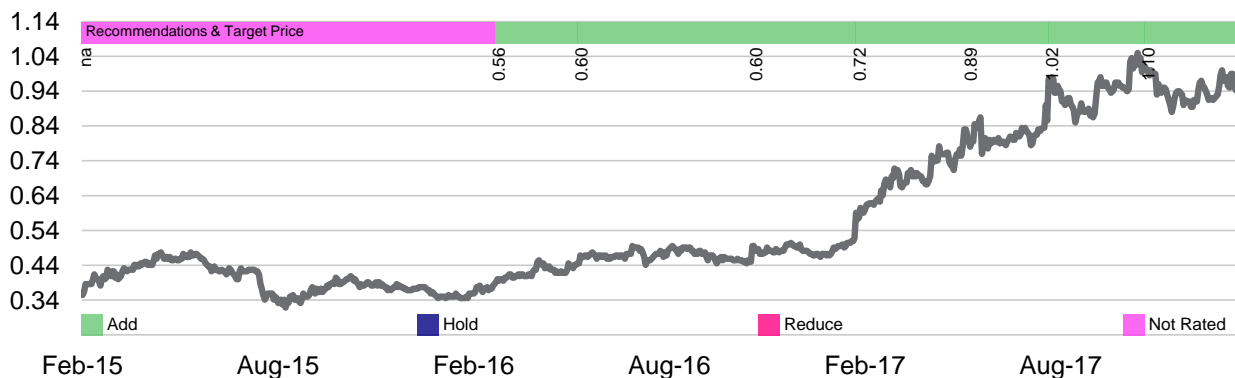
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**Spitzer Chart for stock being researched ( 2 year data )**

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— Price Close



**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, **MTLS** – 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, **TASCO** – 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, **TIPIP** – 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.