

## Singapore

**ADD** (no change)

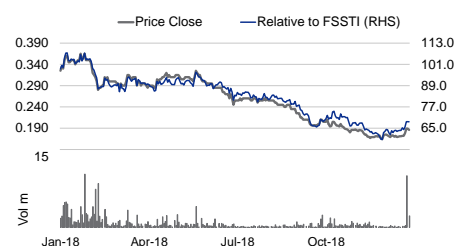
Consensus ratings\*: Buy 1 Hold 0 Sell 0

Current price:	S\$0.19
Target price:	S\$0.40
Previous target:	S\$0.45
Up/downside:	114.7%
CGS-CIMB / Consensus:	-11.3%
Reuters:	YNAM.SI
Bloomberg:	YNH SP
Market cap:	US\$71.22m
	S\$97.20m
Average daily turnover:	US\$0.09m
	S\$0.12m
Current shares o/s:	522.6m
Free float:	64.8%

\*Source: Bloomberg

**Key changes in this note**

- FY18F LPS increased by 208%.
- FY19F EPS decreased by 73%.
- FY20F EPS decreased by 16%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	9.4	-11.4	-41
Relative (%)	11.9	-5.1	-29.6

Major shareholders	% held
Soon Yong Seow	20.5
Jaleel Mohd Abdul	7.0

**Analyst(s)**

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# Yongnam Holdings

## Poised for robust recovery this year

- Yongnam's orderbook ended 2018 at close to S\$400m (highest in last three years) after winning S\$127m worth of contracts in 4Q18.
- We anticipate robust profit recovery in FY19F with further strut works (at least c.S\$260m) potentially up for grabs this year.
- Maintain Add with a lower TP of S\$0.40.

### Orderbook back to healthy level of near S\$400m

Yongnam ended 2018 with contracts worth S\$73.4m secured in Dec 18, which included the Melbourne contract (c.S\$47m). The Melbourne contract will involve strutting works for an infrastructural development and marked Yongnam's first foray into the Australian market. With total contract wins of S\$338m secured in FY18F, the orderbook could be back to healthy level of near S\$400m as at end-FY18F, up from a multi-year low of S\$152m as at end-FY17.

### Profit turnaround in sight; could win further strut works in FY19F

With a slew of major orders secured in 2018, we think Yongnam could achieve a profit turnaround in FY19F. Save for one contract (N109A) for the North-South Corridor (NSC) project, Land Transport Authority (LTA) had already awarded the remaining 10 contracts with six given out last month to various firms. We believe Yongnam could still win strutting works as a subcontractor for these NSC sections (see Figure 1), which could fuel further profit growth in FY19-20F.

### Other major-sized contracts potentially up for grabs ahead

Yongnam is also currently in active pursuit of S\$1.3bn worth of infrastructure and commercial projects in Singapore and internationally and believes it has a good chance of winning at least S\$60m worth of strut works in Hong Kong in FY19F. Major strut contracts that could be up for grabs this year include works for Changi Airport Terminal 5. Other notable mega infrastructure projects potentially in the pipeline in the next few years include Jurong Regional Line and Cross Island Line.

### Maintain Add with lower TP of S\$0.40

Notwithstanding Yongnam's orderbook recovery from a multi-year low, order wins in 2018 still fell short of our earlier forecasts. We thus revise our FY19-20F EPS forecasts lower by 16-73%. Our TP is consequently lowered to S\$0.41, pegged to 0.8x FY19F P/BV (10% discount to its long-term average of 0.9x). We remain positive on Yongnam with a view of a robust recovery in FY19F and maintain our Add call. Key risks include prolonged project delays and lack of major order wins.

**Financial Summary**

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue (S\$m)	321.4	306.7	158.8	226.9	355.8
Operating EBITDA (S\$m)	(4.77)	9.62	(8.33)	39.64	63.72
Net Profit (S\$m)	(31.64)	(15.78)	(35.59)	4.21	24.12
Core EPS (S\$)	(0.080)	(0.032)	(0.068)	0.008	0.046
Core EPS Growth	455%	(60%)	115%		473%
FD Core P/E (x)	NA	NA	NA	23.10	4.03
DPS (S\$)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	NA	17.54	NA	5.60	3.46
P/FCFE (x)	NA	NA	NA	29.22	52.27
Net Gearing	30.4%	28.2%	49.5%	51.4%	46.3%
P/BV (x)	0.30	0.33	0.38	0.37	0.34
ROE	(10.6%)	(5.3%)	(13.0%)	1.6%	8.8%
% Change In Core EPS Estimates			(208%)	(73%)	(16%)
CIMB/consensus EPS (x)			3.10	0.27	0.84

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Poised for robust recovery this year

### Major projects in the pipeline

#### Forecast winning S\$200m worth of NSC strut works ►

To recap, the North-South Corridor (NSC) will be Singapore's first integrated transport corridor that will connect the East Coast Parkway (ECP) in the south to Admiralty Road West in the north. Design and construction of the 21.5km NSC stretch have been split into 11 civil contracts, of which 10 have already been awarded over the period of Nov 17- Dec 18.

As the NSC is largely underground, steel struts would be needed to provide deep excavation support during excavation and tunneling works for NSC. Yongnam owns the biggest strutting asset base in Singapore with over 208k tonnes. Struts portion of the entire NSC may be worth c.S\$500m, of which we now project Yongnam to clinch c.S\$200m (40%). Given that Yongnam has secured the N103 contract as a main contractor (30% stake) alongside Leighton Asia (70%) in a JV, we deem that the strut works for N103 would most likely be undertaken by Yongnam.

**Figure 1: Chances of Yongnam getting strut works for NSC projects in our view**

Contract	Date awarded	Awarded firm	Value (\$m)	Chances of getting strut works
N101: Tunnel btw ECP & Victoria Street	Dec-18	GS Engineering & Construction	636	Present
N102: Tunnel btw Victoria Street and Kampong Java Rd	Dec-18	Ssangyong-Wai Fong JV	483	Present
N103: Tunnel btw Kampong Java Rd and Suffolk Walk	May-18	Leighton-Yongnam JV	554	<b>Very likely</b>
N105: Tunnel btw Suffolk Walk and Novena Rise	Jul-18	Penta-Ocean & Bachy Soletanche JV	795	Present
N106: Tunnel btw Novena Rise & Toa Payoh Rise	Nov-17	Samsung C&T Corporation	809	Likely missed
N107: Tunnel btw Toa Payoh Rise & Marymount Lane	May-18	Samsung C&T Corporation	603	Likely missed
N108: Tunnel btw Marymount Lane and Pemimpin Place	Dec-18	China Railway First Group	446	Present
N109: Tunnel btw Pemimpin Place & Sin Ming Avenue	Dec-18	Hwa Seng/Chye Joo/Ho Lee JV	243	Present
N109A: Tunnel btw Sin Ming Avenue & Ang Mo Kio 9	<i>Pending</i>	-	-	-
N110: Tunnel btw Ang Mo Kio Ave 3 and Ang Mo Kio Ave 9	Dec-18	Lum Chang Building Contractors	799	Present
N111: Tunnel & Viaduct btw Ang Mo Kio Ave 9 and Sg Seletar	Dec-18	Ssangyong Engineering & Construction	537	Present

SOURCES: CGS-CIMB RESEARCH, LTA

#### Setting its sights on the new upcoming airport terminal ►

Yongnam has also set its sights on the development for Changi Airport Terminal 5 (T5), where contracts for construction and strut works could be awarded as early as this year. Covering 1,080 hectares of land – nearly double that of Changi's four current terminals combined – Changi Airport's T5 is currently undergoing the architectural and engineering design phase handled by the consortium of Arup, Mott MacDonald and Surbana Jurong and construction will involve major tunnelling and strutting works. Construction could be split into multiple contracts and strut works for T5 in one contract could be worth at least S\$50m. We project the strut works from T5 could contribute to Yongnam's order win in FY20F, rather than FY19F.

#### Further strutting works in Australia... ►

Although the order win came much later than anticipated, Yongnam has nonetheless secured the Melbourne contract (worth S\$47m) in Dec 18, where the group will supply steel struts and strutting components for Temporary Earth Retaining Systems used in infrastructural developments in Melbourne, Victoria. This will mark its first foray into the Australian market for its specialist civil engineering expertise.

### ... and possibly in Hong Kong as well >

Hong Kong also presents an opportunity for further strutting works for Yongnam. Contrary to our earlier forecasts, there was an absence of order wins from Hong Kong mainly due to unanticipated delays in awarding infrastructure projects. In spite of this, Yongnam is in the running for various struts work, such as the Central Kowloon Route development amongst them, and management believes the company has a good chance of winning at least c.S\$60m worth of contracts this year.

All in all, the group is currently in active pursuit of S\$1.3bn worth of new infrastructure and commercial projects in Singapore, Hong Kong, Australia, the Philippines and India. We project order wins of S\$300m-445m p.a. in FY19F and FY20F.

**Figure 2: Order wins and forecasts (S\$m)**

	2018	2019F	2020F
<b>End-year order book</b>	<b>400</b>		
<b>Steel works, Design and build</b>	<b>125</b>	<b>185</b>	<b>150</b>
Health City Novena, CCL Keppel and Cantonment Stations	23		
Singapore General Hospital, Bidadari development and an industrial development	23		
51-storey CBD development, industrial building at Woodlands and a Health Campus	53		
Sembawang Integrated Community & Sports facility, Changi Airport T1 gangways	26		
Assumed order - 2019		185	
Assumed order - 2020			150
<b>Specialist engineering &amp; struts</b>	<b>213</b>	<b>260</b>	<b>150</b>
N103 North-South Corridor contract	166	50*	
Melbourne Metro	47		
North South Corridor (subcontractor packages)		150	
Hong Kong projects		60	
Assumed order - 2020			150
<b>Total order win</b>	<b>338</b>	<b>445</b>	<b>300</b>
* assumed additional strut work secured			

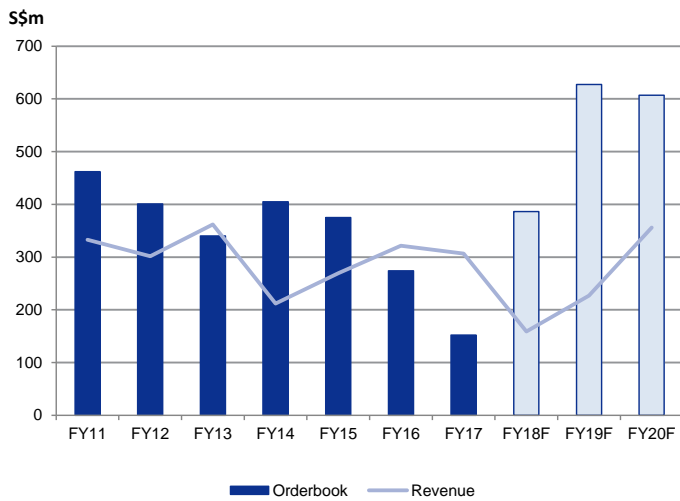
SOURCES: CGS-CIMB RESEARCH, COMPANY

## Financial forecasts

### Poised for robust recovery on healthy orderbook >

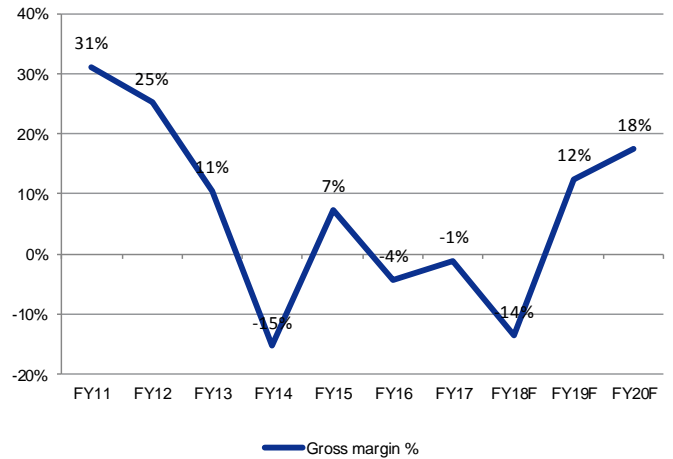
With total contract wins of S\$338m secured in FY18F, Yongnam's orderbook recovered strongly from a multi-year low of S\$152m as at end-FY17 to near c.S\$400m as at end-FY18F. Thus, we believe the worst is over for the group and it is poised for a robust recovery ahead. We expect a significant rebound in gross margins to 12% and 18% in FY19F and FY20F respectively as Yongnam starts to deliver on its projects progressively on hand. Upside surprises could come from stronger margins for overseas strut projects and higher-than-expected order wins.

**Figure 3: Yongnam's orderbook and revenue**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: Gross margin forecasts**

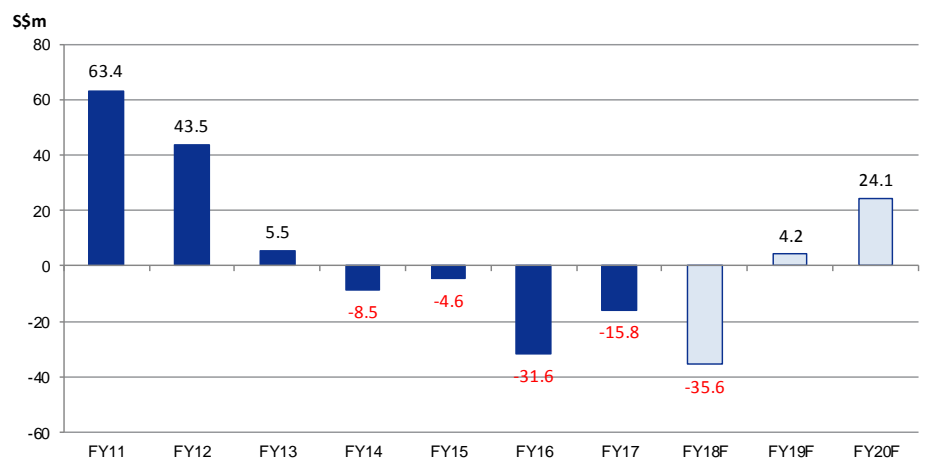


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

### Anticipating profit turnaround in FY19F ➤

With a slew of major orders secured in 2018 and the orderbook back to a healthy range, we think Yongnam could achieve a profit turnaround in FY19F. We deem the prospects of Yongnam winning major orders this year as good and supportive of further profit growth into FY20F.

**Figure 5: Net profit forecasts**



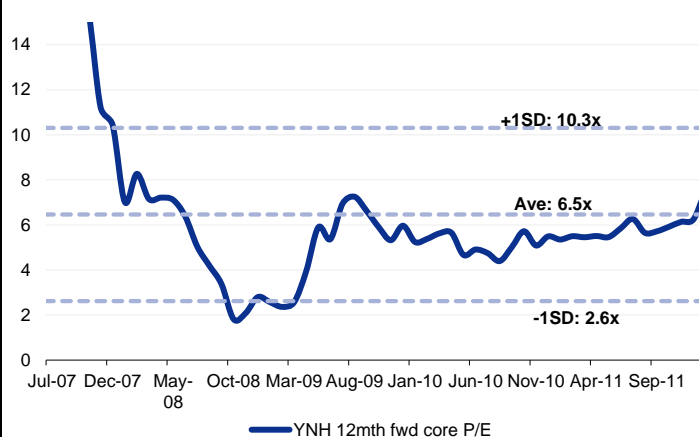
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Valuation

### Undemanding valuation ➤

At 0.4x FY19F P/BV, 1 s.d. below its long-term average of 0.9x, Yongnam's valuation appears undemanding amid a strong recovery in orderbook and robust prospects for securing further order wins. The shares are currently trading at 4x FY20F P/E.

**Figure 6: Yongnam's 12-mth fwd P/E (2008-2011) traded between 3-10x during the good years**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 7: Yongnam's current P/BV**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Maintain Add with a lower TP of S\$0.40 ➤**

We remain positive on Yongnam in view of an expected robust recovery in FY19F. Our TP of S\$0.40 is pegged to 0.8x FY19F P/BV, a 10% discount to its long-term average of 0.9x, and implies a FY20F P/E of 9x. Maintain Add.

Key catalysts to the stock are new major contract wins and progressive successful execution of projects. Downside risks to our call include project delays and lack of major order wins.

**Figure 8: Earnings revision**

Earnings revision (S\$m)	FY18F			FY19F			FY20F		
	Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	152.8	158.8	3.9%	257.6	226.9	-11.9%	455.6	355.8	-21.9%
EBITDA	20.6	-8.3	-140.4%	52.7	39.6	-24.7%	67.4	63.7	-5.5%
Net profit	-11.6	-35.6	207.9%	15.6	4.2	-73.0%	28.6	24.1	-15.6%
Core net profit	-11.6	-35.6	207.9%	15.6	4.2	-73.0%	28.6	24.1	-15.6%
Core EPS (S cents)	-2.2	-6.8	207.9%	3.0	0.8	-73.0%	5.5	4.6	-15.6%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

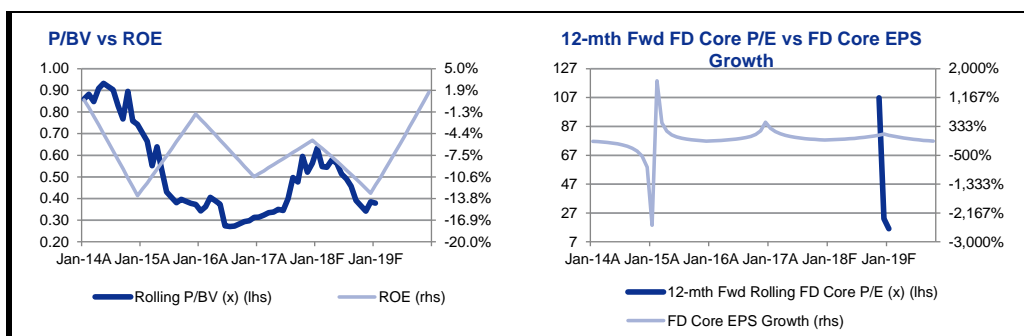
**Figure 9: Peers Comparison**

Company	Bloomberg Ticker	Price Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	P/E (x) CY18F	3-year EPS CAGR (%) CY19F	P/BV (x) CY18F	Recurring ROE (%) CY18F	Dividend Yield (%) CY18F		
<b>Yongnam Holdings</b>	<b>YNH SP</b>	<b>ADD</b>	<b>0.19</b>	<b>0.40</b>	<b>71</b>	<b>na</b>	<b>23.1</b>	<b>na</b>	<b>0.38</b>	<b>-13.1%</b>	<b>0.0%</b>
<b>Contractors</b>											
KSH Holdings Ltd	KSHH SP	Not rated	0.50	na	208	9.7	5.8	28.8%	na	9.2%	na
Lian Beng Group Ltd	LBG SP	Not rated	0.47	na	172	4.3	na	na	na	na	na
OKP Holdings Ltd	OKP SP	Not rated	0.20	na	45	na	na	na	na	na	na
Tiong Seng Holdings Ltd	TSNG SP	Not rated	0.28	na	91	na	na	na	na	na	na
Wee Hur Holdings Ltd	WHUR SP	Not rated	0.20	na	132	na	na	na	na	na	na
<b>Simple average</b>						<b>7.0</b>	<b>5.8</b>	<b>28.8%</b>	<b>na</b>	<b>9.2%</b>	<b>na</b>
<b>Equipments</b>											
Tiong Woon Corp Holding Ltd	TWC SP	Not rated	0.29	na	48	55.9	na	na	na	na	na
Sin Heng Heavy Machinery Lt	SHHM SP	Not rated	0.33	na	28	173.7	na	na	na	na	na
<b>Simple average</b>						<b>114.8</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>
<b>Simple average (ex Yongnam Holdings)</b>						<b>60.9</b>	<b>5.8</b>	<b>28.8%</b>	<b>na</b>	<b>9.2%</b>	<b>na</b>

DATA AS AT 3 JAN 2019

SOURCES: CIMB, COMPANY REPORTS, BLOOMBERG

## BY THE NUMBERS



### Profit & Loss

(\$m)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
<b>Total Net Revenues</b>	<b>321.4</b>	<b>306.7</b>	<b>158.8</b>	<b>226.9</b>	<b>355.8</b>
<b>Gross Profit</b>	<b>(13.8)</b>	<b>(3.6)</b>	<b>(21.6)</b>	<b>28.3</b>	<b>62.5</b>
<b>Operating EBITDA</b>	<b>(4.8)</b>	<b>9.6</b>	<b>(8.3)</b>	<b>39.6</b>	<b>63.7</b>
Depreciation And Amortisation	(27.8)	(28.4)	(28.4)	(28.4)	(28.4)
<b>Operating EBIT</b>	<b>(32.5)</b>	<b>(18.8)</b>	<b>(36.8)</b>	<b>11.2</b>	<b>35.3</b>
Financial Income/(Expense)	(5.6)	(4.4)	(6.6)	(6.6)	(6.6)
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>(38.1)</b>	<b>(23.3)</b>	<b>(43.4)</b>	<b>4.6</b>	<b>28.7</b>
Exceptional Items	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>(38.1)</b>	<b>(23.3)</b>	<b>(43.4)</b>	<b>4.6</b>	<b>28.7</b>
Taxation	5.3	3.0	6.9	(0.7)	(4.6)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>(32.8)</b>	<b>(20.2)</b>	<b>(36.4)</b>	<b>3.9</b>	<b>24.1</b>
Minority Interests	1.2	4.4	0.8	0.3	0.0
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>(31.6)</b>	<b>(15.8)</b>	<b>(35.6)</b>	<b>4.2</b>	<b>24.1</b>
Recurring Net Profit	(31.6)	(15.8)	(35.6)	4.2	24.1
<b>Fully Diluted Recurring Net Profit</b>	<b>(31.6)</b>	<b>(15.8)</b>	<b>(35.6)</b>	<b>4.2</b>	<b>24.1</b>

### Cash Flow

(\$m)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
<b>EBITDA</b>	<b>(4.77)</b>	<b>9.62</b>	<b>(8.33)</b>	<b>39.64</b>	<b>63.72</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	43.37	18.70	(21.33)	(15.00)	(25.69)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	7.00	3.04	0.00	0.00	0.00
Net Interest (Paid)/Received	(5.60)	(4.44)	(6.60)	(6.58)	(6.58)
Tax Paid	0.02	(0.00)	6.94	(0.74)	(4.59)
<b>Cashflow From Operations</b>	<b>40.01</b>	<b>26.92</b>	<b>(29.32)</b>	<b>17.33</b>	<b>26.86</b>
Capex	(35.21)	(28.95)	(21.00)	(28.00)	(28.00)
Disposals Of FAs/subsidiaries	3.68	2.77	7.00	4.00	3.00
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	0.00	0.02	0.00	0.00	0.00
<b>Cash Flow From Investing</b>	<b>(31.53)</b>	<b>(26.16)</b>	<b>(14.00)</b>	<b>(24.00)</b>	<b>(25.00)</b>
Debt Raised/(repaid)	(28.44)	(15.01)	35.86	10.00	0.00
Proceeds From Issue Of Shares	33.26	11.81	0.00	0.00	0.00
Shares Repurchased					
Dividends Paid	0.00	0.00	0.00	0.00	0.00
Preferred Dividends					
Other Financing Cashflow	(5.48)	(3.11)	0.00	0.00	0.00
<b>Cash Flow From Financing</b>	<b>(0.67)</b>	<b>(6.30)</b>	<b>35.86</b>	<b>10.00</b>	<b>0.00</b>
Total Cash Generated	7.82	(5.55)	(7.46)	3.33	1.86
<b>Free Cashflow To Equity</b>	<b>(19.96)</b>	<b>(14.25)</b>	<b>(7.46)</b>	<b>3.33</b>	<b>1.86</b>
<b>Free Cashflow To Firm</b>	<b>14.12</b>	<b>5.22</b>	<b>(36.72)</b>	<b>(0.10)</b>	<b>8.44</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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

(\$m)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Cash And Equivalents	15.9	10.2	2.7	6.1	7.9
Total Debtors	36.0	22.0	23.9	28.0	43.9
Inventories	40.4	38.6	37.1	40.8	60.3
Total Other Current Assets	121.3	104.0	104.0	104.0	104.0
<b>Total Current Assets</b>	<b>213.6</b>	<b>174.8</b>	<b>167.7</b>	<b>178.9</b>	<b>216.1</b>
Fixed Assets	314.2	312.9	302.0	299.5	297.6
Total Investments	0.0	0.0	0.0	0.0	0.0
Intangible Assets	0.0	0.0	0.0	0.0	0.0
Total Other Non-Current Assets	1.5	0.0	0.0	0.0	0.0
<b>Total Non-current Assets</b>	<b>315.7</b>	<b>312.9</b>	<b>302.0</b>	<b>299.5</b>	<b>297.6</b>
Short-term Debt	54.8	75.8	30.0	40.0	40.0
Current Portion of Long-Term Debt					
Total Creditors	79.4	81.7	64.3	59.1	70.3
Other Current Liabilities	26.8	14.0	14.0	14.0	14.0
<b>Total Current Liabilities</b>	<b>161.0</b>	<b>171.5</b>	<b>108.3</b>	<b>113.1</b>	<b>124.3</b>
Total Long-term Debt	51.9	15.3	97.0	97.0	97.0
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	4.5	3.3	3.3	3.3	3.3
<b>Total Non-current Liabilities</b>	<b>56.4</b>	<b>18.6</b>	<b>100.3</b>	<b>100.3</b>	<b>100.3</b>
Total Provisions	12.8	10.3	10.3	10.3	10.3
<b>Total Liabilities</b>	<b>230.2</b>	<b>200.4</b>	<b>218.9</b>	<b>223.7</b>	<b>234.9</b>
Shareholders' Equity	299.5	292.2	256.6	260.8	284.9
Minority Interests	(0.5)	(5.0)	(5.8)	(6.1)	(6.1)
<b>Total Equity</b>	<b>299.0</b>	<b>287.2</b>	<b>250.8</b>	<b>254.7</b>	<b>278.8</b>

**Key Ratios**

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue Growth	19.2%	(4.6%)	(48.2%)	42.9%	56.8%
Operating EBITDA Growth	(117%)	N/A	(187%)	N/A	61%
Operating EBITDA Margin	(1.5%)	3.1%	(5.2%)	17.5%	17.9%
Net Cash Per Share (S\$)	(0.19)	(0.15)	(0.24)	(0.25)	(0.25)
BVPS (S\$)	0.63	0.56	0.49	0.50	0.55
Gross Interest Cover	(5.77)	(4.22)	(5.57)	1.70	5.37
Effective Tax Rate	0.0%	0.0%	0.0%	16.0%	16.0%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	38.16	34.49	52.77	41.74	36.95
Inventory Days	49.40	46.41	76.52	71.55	63.07
Accounts Payables Days	76.9	94.7	147.7	113.4	80.7
ROIC (%)	(7.31%)	(4.62%)	(9.63%)	2.88%	8.84%
ROCE (%)	(7.48%)	(4.66%)	(9.46%)	2.84%	8.52%
Return On Average Assets	(5.09%)	(3.10%)	(6.23%)	2.21%	6.19%

**Key Drivers**

(\$m)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Outstanding Orderbook	274	205	387	627	607
Order Book Depletion	243	289	276	143	204
Orderbook Replenishment	N/A	N/A	N/A	N/A	N/A
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A	N/A
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

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



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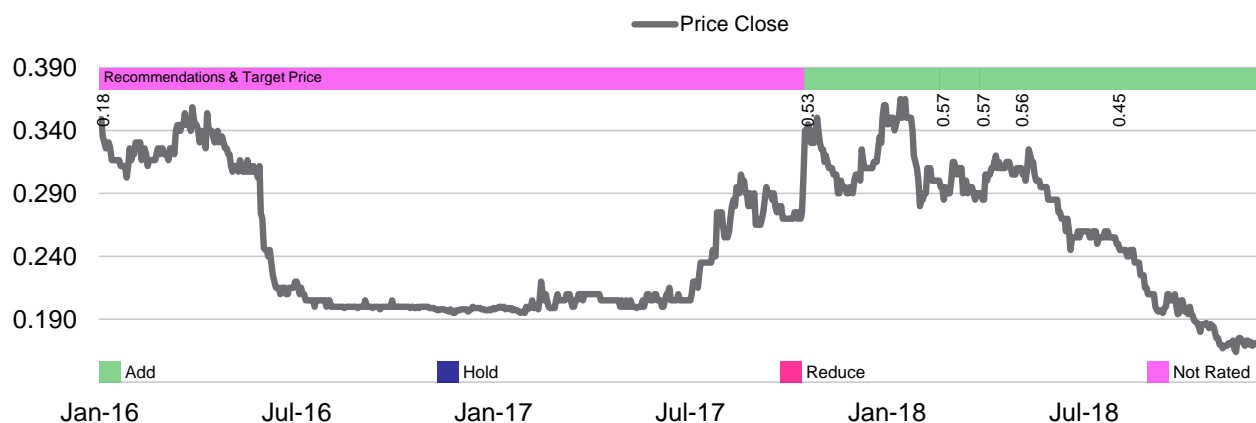
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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2018		
759 companies under coverage for quarter ended on 30 September 2018		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.5%	4.2%
Hold	25.8%	2.4%
Reduce	13.7%	0.4%

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

**Yongnam Holdings (YNH SP)**



**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, **BPP** – Very Good, Declared, **BR** - Good, Declared, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENTEL** – 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, **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, **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, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **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, **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, **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, **TIPIP** – 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, **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:	
<b>Add</b>	The stock’s total return is expected to exceed 10% over the next 12 months.
<b>Hold</b>	The stock’s total return is expected to be between 0% and positive 10% over the next 12 months.
<b>Reduce</b>	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:	
<b>Overweight</b>	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
<b>Neutral</b>	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
<b>Underweight</b>	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

**Country Ratings**

Definition:	
<b>Overweight</b>	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
<b>Neutral</b>	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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