

Singapore

ADD (no change)

Consensus ratings*: Buy 7 Hold 2 Sell 0

Current price:	S\$1.06
Target price:	S\$1.18
Previous target:	S\$1.18
Up/downside:	11.8%
CGS-CIMB / Consensus:	4.4%

Reuters:	SHEN.SI
Bloomberg:	SSG SP
Market cap:	US\$1,164m
	S\$1,594m

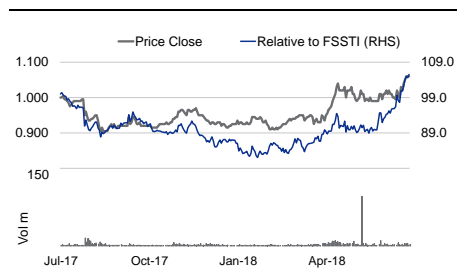
Average daily turnover:	US\$4.16m
	S\$5.54m

Current shares o/s:	1,504m
Free float:	36.2%

*Source: Bloomberg

Key changes in this note

➤ No change.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	5	11.6	7.1
Relative (%)	10.5	17.2	6.7

Major shareholders	% held
SS Holdings	29.9
Lim Hock Chee	11.3
Lim Hock Leng	11.3

Sheng Siong Group

Growth mode intact

- On 2 Jul, we hosted a conference call for SSG with funds from Singapore and Malaysia.
- Consumer sentiment and supermarket tender pipeline are intact, which bodes well for same-store-sales growth and new store wins.
- Cash preservation measures could ease after the completion of SSG's distribution extension (est. end-FY18F), freeing cash flows for dividend payout, in our view.
- We forecast 2Q18F/1H18 net profit grew to S\$16.8m/S\$35m (+4.3%/+5.5% yoy), accounting for 47.9% of our FY18F. Expect interim of DPS 1.63Scts (1H17: 1.55Scts).
- We like the stock for the uplift in store wins in FY18F, strong balance sheet and operating cash flows. Maintain Add and TP of S\$1.18.

Consumer sentiment intact

SSG said consumer sentiment, which saw recovery since 2H17, is unchanged. This is encouraging, as this bodes well for same-store-sales growth for FY18F, in our view. In 1Q18, SSG's same-store-sales growth was 5.6%, largely due to a recovery in consumer sentiment, with help from expansion of its Block 506 Tampines, a pick-up in sales from a re-opened Loyang store, and the migrating customers (from its closed Verge and Woodlands Block 6A) to Jalan Berseh and Woodlands Block 301 stores.

Tender pipeline still robust

SSG reiterated that the pipeline for new stores is still promising given there are at least 10 bids available in FY18F. According to the Place2Lease website, YTD, SSG has two pending store bids (c.10k sf) (Fig 2). If successful, the wins could take SSG's number of stores beyond the 50-store target by end-FY18F, and beyond 6 new store openings in FY18F (just shy of the 8 store additions in FY12). It ended 1Q18 with 48 stores (Fig 1).

Stable competitive environment

During 2H16-1H17, SSG had no new store openings due to intense competitive environment led by irrational rental bids by its smaller peers. The competition eased in mid-FY17 and the bidding environment has remained rational thus far. We believe this is positive for SSG as it is generally reluctant to overbid for the sake of expanding. Hence, a rationale bidding environment improves SSG's odds of winning store bids, in our view.

Capex needs could ease post FY18F

We believe FY17 dividend payout was lowered to c.70% (vs. historical average of c.90%) in anticipation of the S\$16m capex required for the distribution centre extension (est. completion end-FY18) and the competitive FY17 environment. However, barring any special projects and if the consumer sentiment remains healthy, such cash preservation measures may ease post FY18F, which could lead to a higher dividend payout. We forecast FY18-20F free-cash-flow yield of 4.6-5.8%. It was in a net cash position (5.2Scts) at end-1Q18

2Q18F preview

2Q is a historically a weaker quarter for SSG. We estimate 2Q18 revenue and net profit grew 5.3%/4.3% yoy to S\$212.5m/S\$16.8m (-7.0% qoq/-8.3% qoq) on 7 new stores and improvement in same-store-sales growth. GPMs are typically higher in 2Q, and we expect GPM rose to 26.6% (vs. 1Q18: 26.2%). We expect 1H18 revenue and net profit to account for 49.9% and 47.9% of our full-year estimates (Fig 4), respectively. We forecast an interim dividend of 1.63Scts (vs. 1H17: 1.55Scts), based on c.70% payout.

Maintain Add and TP of S\$1.18

SSG currently trades below its historical 3-year mean of 20.9x forward P/E, despite potential store count growth in FY18F and strong balance sheet. Our TP is based on 22.2x FY19 EPS (1 s.d. above historical 3-year mean of 20.6x). Catalysts/downside risks include higher/lower-than-expected same-store-sales growth, new store wins and GPMs.

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Financial Summary

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue (S\$m)	796.7	829.9	883.4	944.0	994.2
Operating EBITDA (S\$m)	80.0	86.3	95.0	103.7	108.2
Net Profit (S\$m)	62.65	69.79	73.10	79.89	83.69
Core EPS (S\$)	0.042	0.045	0.049	0.053	0.056
Core EPS Growth	11.9%	7.9%	8.1%	9.3%	4.8%
FD Core P/E (x)	25.44	23.58	21.80	19.95	19.04
DPS (S\$)	0.038	0.033	0.034	0.037	0.039
Dividend Yield	3.54%	3.11%	3.21%	3.51%	3.68%
EV/EBITDA (x)	19.16	17.64	15.79	14.19	13.34
P/FCFE (x)	NA	26.05	21.67	18.94	18.20
Net Gearing	(24.9%)	(26.9%)	(32.5%)	(38.9%)	(44.5%)
P/BV (x)	6.32	5.89	5.45	5.03	4.66
ROE	25.2%	25.9%	26.0%	26.2%	25.4%
CIMB/consensus EPS (x)			0.99	1.04	0.98

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Growth mode intact

Figure 1: SSG's historical revenue per square foot, weighted average area and store count

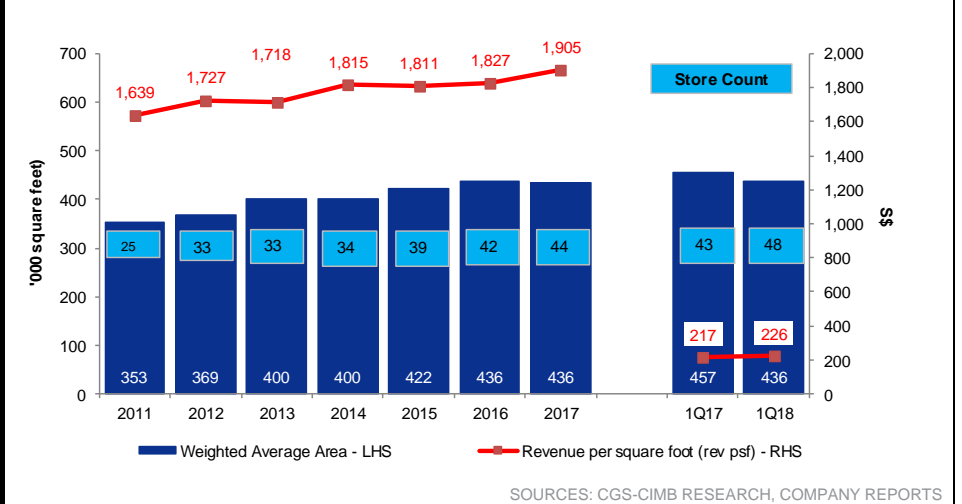
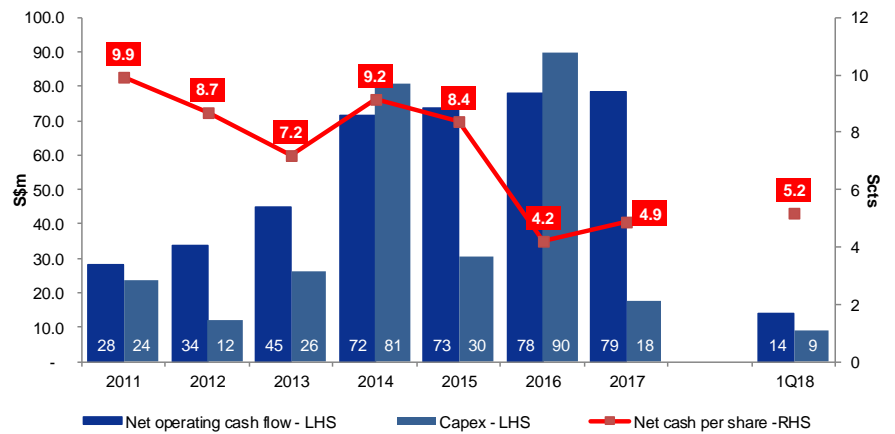


Figure 2: Closed bids that Sheng Siong is participating in

Development	Floor Area (sqm)	Closing Date & Time	Bidder	Bid Amount (\$)
BLK 292, BT Batok East Ave 6, #01-02, S(650292)	451	May-18	U Stars Supermarket Pte Ltd	82,100
			Sheng Siong Supermarket Pte Ltd	82,000
			Kiong Tai Weng	80,700
			U Stars Supermarket Pte Ltd	80,600
			Prime supermarket (1996) Pte Ltd	56,500
			Sheng Siong Supermarket Pte Ltd	54,000
			W573 F&B Pte. Ltd.	46,600
			Hao Mart Pte Ltd	42,100
			Sheng Siong Supermarket Pte Ltd	25,300
			NTUC Fairprice Co-operative Limited	25,100
BLK 231, Sumang Lane, #01-02, S(820231)	514	May-18	Kiong Tai Weng	93,200
			U Stars Supermarket Pte Ltd	93,100
			Sheng Siong Supermarket Pte Ltd	93,000
			Prime supermarket (1996) Pte Ltd	81,200
			Sheng Siong Supermarket Pte Ltd	80,200
			Hao Mart Pte Ltd	45,700
			KTM 11 SUPERMART	40,800

As at 3 July 2018
SOURCES: CGS-CIMB RESEARCH, www.hbiz.com.sg

Figure 3: SSG's historical net cash per share, net operating cash flow and capex



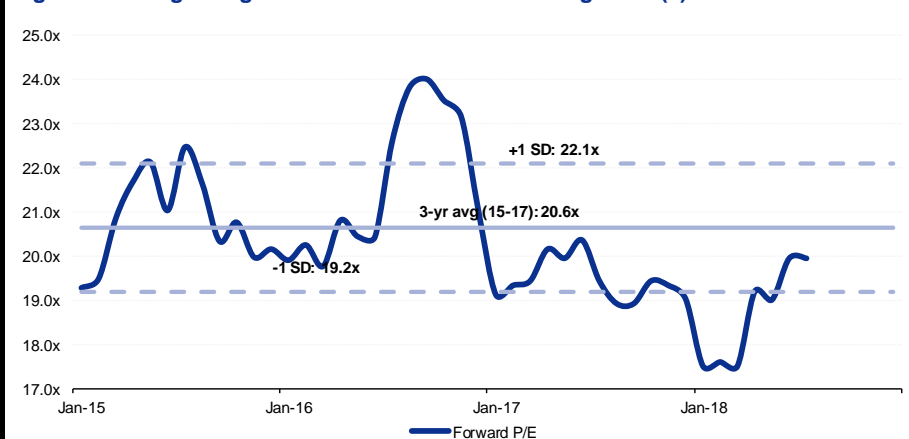
CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Results preview

FYE Dec (S\$m)	2QFY18F	2QFY17	yoy % chg	1QFY18	qoq % chg	6M18F cum	6M17 cum	yoy % chg	Prev. FY18F
Revenue	212.2	201.5	5.3%	228.3	-7.0%	440.5	418.6	5.2%	883.4
Operating costs	(187.5)	(178.1)	5.3%	(202.8)	-7.5%	(389.9)	(370.9)	5.1%	(778.4)
EBIT	20.3	19.7	2.8%	21.8	-7.0%	42.1	40.3	4.5%	87.2
Net profit	16.8	16.1	4.3%	18.3	-8.3%	35.0	33.2	5.5%	73.1
EPS (Scts)	1.11	1.07	4.3%	1.22	-8.3%	2.33	2.21	5.5%	4.86

SOURCES: CGS-CIMB, COMPANY REPORTS

Figure 5: Sheng Siong's historical forward P/E trading band (x)



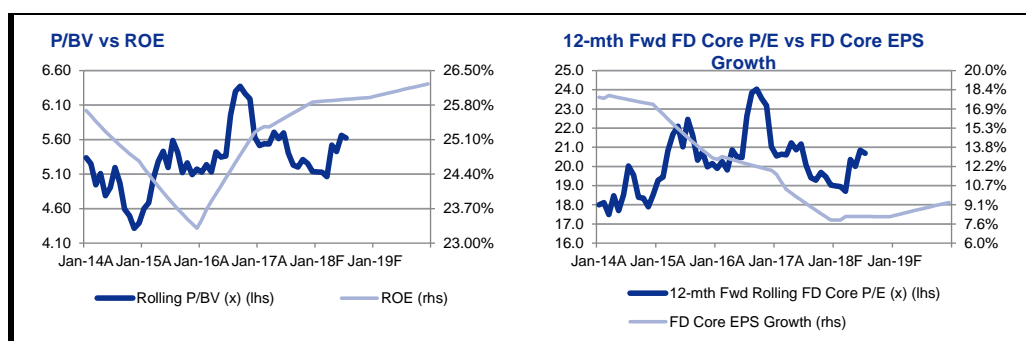
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Figure 6: Global Peers Comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	P/E (x)		2-year EPS CAGR (%)	P/BV (x)	Recurring ROE (%)	Dividend Yield (%)
						CY18F	CY19F		CY18F	CY18F	CY18F
Dairy Farm Int'l	DFI SP	Add	8.90	9.55	12,038	24.3	21.9	8.5%	6.38	27.7%	2.6%
Sheng Siong Group	SSG SP	Add	1.06	1.18	1,164	21.8	19.9	11.0%	5.45	25.8%	3.2%
Singapore grocery retail simple average						23.1	20.9	9.7%	5.9	26.8%	2.9%
Sun Art Retail Group	6808 HK	Add	10.26	12.00	12,477	26.5	24.2	14.5%	3.44	13.4%	1.5%
China Resources Beer Holdings	291 HK	NR	36.15	na	14,948	46.2	36.2	53.1%	5.07	10.7%	0.7%
Yonghui Superstores Co Ltd	601933 CH	NR	7.23	na	10,346	33.2	24.5	24.6%	3.29	9.8%	2.2%
Hong Kong/China grocery retail simple average						30.4	25.3	22.3%	4.7	17.5%	2.1%
7-Eleven Malaysia Holdings Be	SEM MK	Reduce	1.47	1.12	411	34.3	31.5	11.3%	39.02	87.0%	2.2%
Aeon Co M Bhd	AEON MK	NR	2.38	na	825	27.7	24.5	13.9%	1.68	6.1%	1.7%
Malaysia grocery retail simple average						31.0	28.0	12.6%	20.35	46.6%	1.9%
Ace Hardware Indonesia	ACES IJ	Add	1,255	1,700	1,496	23.3	19.5	17.0%	5.32	24.8%	1.8%
Ramayana Lestari	RALS IJ	Add	1,410	1,550	695	19.6	17.1	19.0%	2.68	14.4%	2.6%
Indonesia grocery retail average						20.6	17.7	18.5%	3.3	17.0%	2.4%
Puregold Price Club Inc	PGOLD PM	Add	47.00	58.00	2,434	19.4	17.1	12.6%	2.41	13.5%	0.6%
Robinsons Retail Holdings Inc	RRHI PM	Add	79.70	111.0	2,068	19.9	20.0	3.5%	2.10	10.9%	0.9%
Philippines grocery retail average						19.7	18.6	8.1%	2.3	12.2%	0.8%
Taiwan FamilyMart Co Ltd/Taiw	5903 TT	NR	184.5	na	1,346	25.9	22.7	13.6%	7.37	27.6%	3.2%
Taiwan grocery retail simple average						25.9	22.7	13.6%	7.37	27.6%	3.2%
CP ALL PCL	CPALL TB	NR	75.00	na	20,264	29.0	24.7	19.0%	7.91	29.6%	1.7%
Thai grocery retail simple average						29.0	24.7	14%	7.9	21.7%	1.7%
Seven & i Holdings Co Ltd	3382 JT	NR	4,625	na	36,948	22.6	16.9	20.4%	1.62	8.3%	2.1%
Lawson Inc	2651 JT	NR	6,620	na	5,984	24.7	21.2	4.7%	2.37	10.4%	3.9%
FamilyMart UNY Holdings Co L	8028 JT	NR	11,190	na	12,779	42.1	33.1	15.4%	2.52	6.5%	1.1%
Japanese grocery retail simple average						29.8	23.7	13.5%	2.17	8.4%	2.4%
Walmart Inc	WMT US	NR	84.00	na	247,871	25.5	16.9	19.7%	3.19	17.2%	2.5%
Tesco PLC	TSCO LN	NR	256.1	na	32,960	17.3	15.7	15.6%	1.89	11.5%	1.9%
Woolworths Group Ltd	WOW AU	NR	30.64	na	29,619	24.9	20.8	8.6%	3.73	17.0%	3.2%
Carrefour SA	CA FP	NR	13.74	na	12,396	13.7	11.4	na	0.97	7.0%	3.5%
International grocery retail simple average						20.4	16.2	14.6%	2.45	13.2%	2.8%
Average (All simple)						26.1	22.0	15.7%	5.4	22.3%	2.2%
Average (ASEAN simple)						24.8	22.1	12.3%	5.0	25.4%	1.9%

NOTE: AS OF 3 JULY 2018

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

BY THE NUMBERS

Profit & Loss

(\$m)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Net Revenues	796.7	829.9	883.4	944.0	994.2
Gross Profit	204.7	217.4	231.5	250.2	263.5
Operating EBITDA	80.0	86.3	95.0	103.7	108.2
Depreciation And Amortisation	(14.9)	(14.8)	(17.8)	(18.4)	(18.3)
Operating EBIT	65.1	71.5	77.2	85.3	89.8
Financial Income/(Expense)	0.6	0.2	0.2	0.2	0.2
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	10.5	10.3	10.0	10.0	10.0
Profit Before Tax (pre-EI)	76.2	82.1	87.4	95.5	100.1
Exceptional Items					
Pre-tax Profit	76.2	82.1	87.4	95.5	100.1
Taxation	(13.5)	(12.6)	(14.3)	(15.6)	(16.4)
Exceptional Income - post-tax					
Profit After Tax	62.7	69.5	73.1	79.9	83.7
Minority Interests	(0.0)	0.3	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	62.7	69.8	73.1	79.9	83.7
Recurring Net Profit	62.7	67.6	73.1	79.9	83.7
Fully Diluted Recurring Net Profit	62.7	67.6	73.1	79.9	83.7

Cash Flow

(\$m)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
EBITDA	80.00	86.32	95.01	103.74	108.18
Cash Flow from Inv. & Assoc.					
Change In Working Capital	0.77	(9.36)	9.11	2.84	2.55
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	9.68	10.28	10.00	10.00	10.00
Net Interest (Paid)/Received	0.57	0.24	0.24	0.24	0.24
Tax Paid	(12.95)	(8.93)	(14.32)	(15.65)	(16.39)
Cashflow From Operations	78.07	78.53	100.04	101.16	104.57
Capex	(89.86)	(17.72)	(26.50)	(17.00)	(17.00)
Disposals Of FAs/subsidiaries	0.00	0.00	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	0.00	0.00	0.00	0.00	0.00
Other Investing Cashflow	1.16	0.37	0.00	0.00	0.00
Cash Flow From Investing	(88.70)	(17.35)	(26.50)	(17.00)	(17.00)
Debt Raised/(repaid)	2.68	0.00	0.00	0.00	0.00
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00	0.00
Dividends Paid	(54.88)	(51.12)	(51.17)	(55.92)	(58.58)
Preferred Dividends					
Other Financing Cashflow	(0.57)	(0.24)	(0.24)	(0.24)	(0.24)
Cash Flow From Financing	(52.77)	(51.36)	(51.40)	(56.16)	(58.82)
Total Cash Generated	(63.39)	9.83	22.13	28.00	28.75
Free Cashflow To Equity	(7.94)	61.19	73.54	84.16	87.57
Free Cashflow To Firm	(10.63)	61.19	73.54	84.16	87.57

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd
Balance Sheet

(S\$m)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Cash And Equivalents	63.5	73.4	95.8	124.0	153.0
Total Debtors	10.4	14.7	12.1	12.9	13.6
Inventories	61.9	60.8	64.7	68.8	72.5
Total Other Current Assets	0.0	0.0	0.0	0.0	0.0
Total Current Assets	135.8	148.9	172.6	205.8	239.2
Fixed Assets	252.0	254.7	263.4	261.9	260.6
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	0.0	0.0	0.0	0.0	0.0
Total Non-current Assets	252.0	254.7	263.4	261.9	260.6
Short-term Debt	0.0	0.0	0.0	0.0	0.0
Current Portion of Long-Term Debt					
Total Creditors	117.5	111.3	121.8	129.6	136.5
Other Current Liabilities	13.0	16.5	16.5	16.5	16.5
Total Current Liabilities	130.5	127.8	138.3	146.1	153.0
Total Long-term Debt	0.0	0.0	0.0	0.0	0.0
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0.0	0.0	0.0	0.0	0.0
Total Non-current Liabilities	0.0	0.0	0.0	0.0	0.0
Total Provisions	2.4	2.6	2.6	2.6	2.6
Total Liabilities	133.0	130.4	140.9	148.7	155.6
Shareholders' Equity	252.1	270.7	292.6	316.6	341.7
Minority Interests	2.8	2.5	2.5	2.5	2.5
Total Equity	254.9	273.2	295.1	319.1	344.2

Key Ratios

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue Growth	4.22%	4.17%	6.45%	6.86%	5.32%
Operating EBITDA Growth	13.3%	7.9%	10.1%	9.2%	4.3%
Operating EBITDA Margin	10.0%	10.4%	10.8%	11.0%	10.9%
Net Cash Per Share (S\$)	0.04	0.05	0.06	0.08	0.10
BVPS (S\$)	0.17	0.18	0.19	0.21	0.23
Gross Interest Cover	N/A	N/A	N/A	N/A	N/A
Effective Tax Rate	17.7%	15.3%	16.4%	16.4%	16.4%
Net Dividend Payout Ratio	90.0%	71.1%	70.0%	70.0%	70.0%
Accounts Receivables Days	5.08	5.50	5.53	4.84	4.89
Inventory Days	35.34	36.55	35.12	35.12	35.39
Accounts Payables Days	69.93	68.19	65.26	66.13	66.65
ROIC (%)	44.8%	30.6%	31.7%	35.1%	37.7%
ROCE (%)	26.1%	26.9%	27.0%	27.6%	27.0%
Return On Average Assets	16.5%	17.5%	17.4%	17.6%	17.3%

Key Drivers

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	4.2%	4.2%	6.5%	6.9%	5.3%
No. of POS (main prod/serv)	N/A	N/A	N/A	N/A	N/A
SSS grth (% , main prod/serv)	0.7%	0.2%	7.4%	2.9%	1.0%
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
No. of POS (2ndary prod/serv)	N/A	N/A	N/A	N/A	N/A
SSS grth (% , 2ndary prod/serv)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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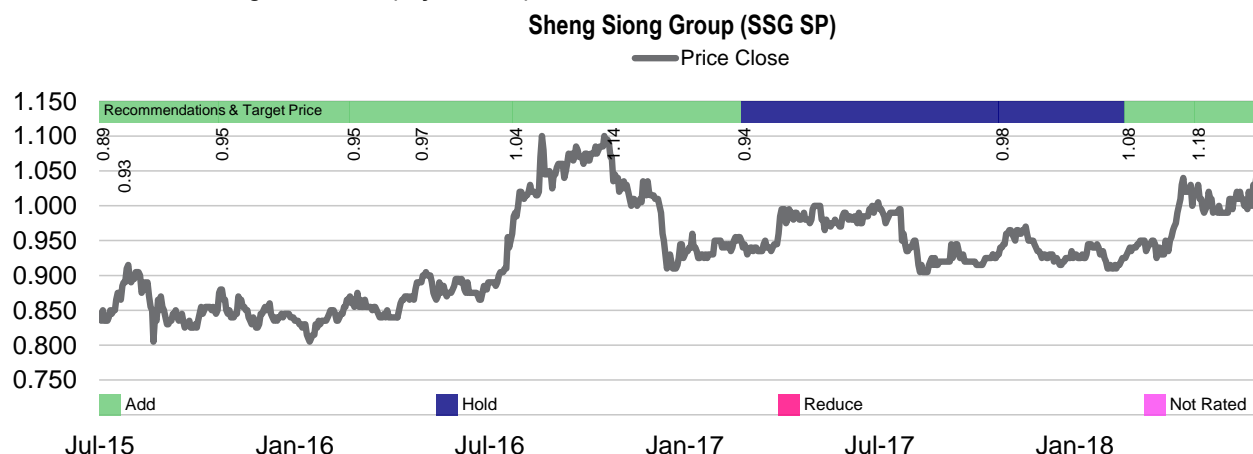
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Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2017, Anti-Corruption 2017

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, **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.