



Company Note

Singapore

ADD (previously HOLD)

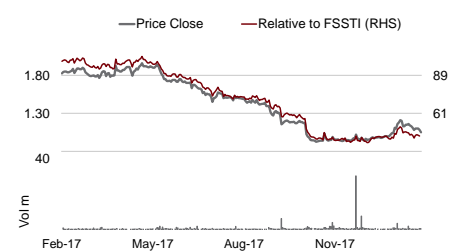
Consensus ratings*: Buy 0 Hold 2 Sell 0

Current price:	S\$1.05
Target price:	S\$1.56
Previous target:	S\$1.96
Up/downside:	48.9%
CIMB / Consensus:	na
Reuters:	SARI.SI
Bloomberg:	SARINE SP
Market cap:	US\$280.9m
	S\$368.9m
Average daily turnover:	US\$0.78m
	S\$1.04m
Current shares o/s:	350.9m
Free float:	45.0%

*Source: Bloomberg

Key changes in this note

- FY17F EPS decreased by 62%
- FY18F EPS decreased by 44%
- FY19F EPS decreased by 37%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1	10.5	-42.5
Relative (%)	-0.2	6.1	-58.5

Major shareholders	% held
Axxion SA	9.2
Harel Ehud	7.3
Stark Hannah	7.0

Analyst(s)



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Sarine Technologies Ltd

Sell-off overdone; restoring its lost shine

- Sarine trades at 15.9x CY18F P/E, 14% below its historical 9-year average of 19.1x.
- Improved diamond prices in mid-stream value chain point to better sales outlook for Sarine.
- It plans to enter the diamond grading market with the opening of two labs in 2018.
- In Jan 2018, the company launched the Meteorite system to capture sales from the under-0.35 carat stone segment.
- We upgrade to Add from Hold in light of a more positive business outlook. Our new TP is lower at S\$1.56, based on 17.2x CY19F P/E, with a transfer of analyst coverage.

Polished diamond market looking for recovery

We think a lower rough/polished diamond price spread will restore manufacturers' profitability, eventually leading to better revenue for Sarine as the bulk of its business is still heavily dependent on mid-stream manufacturing activities. Media reports in India cited robust demand from domestic and international jewellery manufacturers as the reason polished prices rose 3-4% over the last two weeks of Jan 2018 after the rough/polished diamond price spread continued to improve in 2HCY17.

Opening two diamond grading labs in 1H18F

In Jan 2018, Sarine announced plans to open its first diamond grading lab in Israel in Feb 2018 and a second lab in India in May 2018. The new labs will offer a more compelling value proposition as they will employ automated artificial intelligence-based technology in the diamond grading domain, which has been plagued by concerns over accuracy, consistency and security. It is aiming to capture significant share (10%+) of the diamond 4C certification market (worth c.US\$500m p.a. according to management) in five years.

New Meteorite system to extend market reach

It launched the Meteorite system in Jan 2018, designed to capture the largely-untapped segment of very small (under 0.35 carat) rough diamond stones. Management believes the addressable market size for this segment is 50m stones p.a., which translates into market value of US\$25m based on its proposed charge of US\$0.50 per stone scanned.

Gaining traction in tackling illicit competition

We expect sales that have been eroded by illicit competition to gradually recover and margins to be lifted on lower legal costs from 2H18F. Apart from pursuing legal action against illicit competitors in India that have reportedly eroded sales in 9M17, the group is gaining positive traction in its efforts to discourage customers from using illicit services that infringe on Sarine's patented technology.

Major shareholder increasing its stake signals confidence

Chilean-based fund Axxion SA (AXXO CI, Not Rated), now Sarine's biggest shareholder, increased its stake from 8.7% to 9.18% (1.68m shares at S\$1.15 per share) over the last two weeks of Jan 2018. Axxion previously held a 0.14% stake in Sarine before Mondrian Investment (Unlisted, previously the largest shareholder) disposed of its entire 8.6% stake on 30 Nov 2017. We believe this signals confidence in Sarine's overall business outlook and suggests the current valuation offers an attractive risk/reward profile.

Upgrade to Add with a lower TP of S\$1.56

We think the sell-off over the past 12 months (40% decline in share price) is overdone and its current valuation of 15.9x CY18F P/E is attractive in light of the strong earnings growth outlook amid improving diamond market dynamics. We transfer analyst coverage and introduce new FY18-19F earnings forecasts and project net profit growth of 123% in FY18F and 38% in FY19F. Our TP is based on 17.2x CY19F P/E (at a 10% discount to its historical 9-year average). A key risk is global economic downturn.

Financial Summary

	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Revenue (US\$m)	48.45	72.52	61.81	78.20	92.46
Net Profit (US\$m)	3.59	17.98	7.92	17.69	24.36
Core EPS (US\$)	0.010	0.051	0.023	0.050	0.069
Core EPS Growth	(87%)	400%	(56%)	123%	38%
FD Core P/E (x)	77.67	15.55	35.37	15.86	11.52
Price To Sales (x)	5.76	3.86	4.54	3.59	3.03
DPS (US\$)	0.030	0.045	0.040	0.040	0.050
Dividend Yield	3.75%	5.63%	5.00%	5.00%	6.25%
EV/EBITDA (x)	25.82	9.64	17.09	9.45	7.03
P/FCFE (x)	23.83	22.32	30.56	26.11	15.32
Net Gearing	(45.6%)	(47.9%)	(44.3%)	(37.8%)	(36.9%)
P/BV (x)	3.90	3.53	3.90	3.71	3.33
ROE	4.7%	23.8%	10.5%	24.0%	30.5%
% Change In Core EPS Estimates			(62.4%)	(43.7%)	(37.4%)
CIMB/consensus EPS (x)					

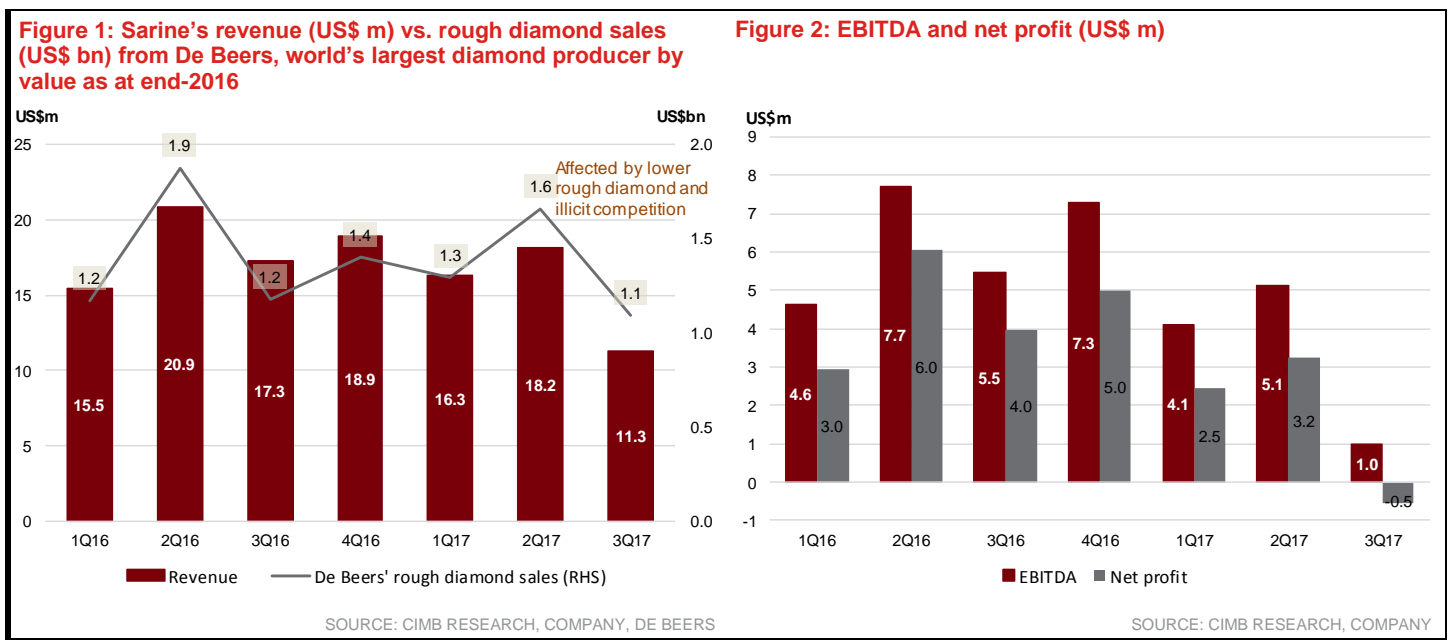
SOURCE: COMPANY DATA, CIMB FORECASTS

Industry outlook

Recap of Sarine’s recent financial performance ➤

Sarine reported a 60% yoy decline in 9M17 net profit to US\$5.2m, citing a combination of issues that weighed down its operating profit. Key issues included:

- **Excess inventories of polished diamonds in mid-stream value chain**, which drove diamond manufacturers to slow down production and hold off on capital expenditure, coinciding with poor rough diamond sales. This was exacerbated by prolonged closure of factories in India due to the Diwali festival that took place earlier than usual;
- **Infringement on Sarine’s patented technologies by illicit competitors**. This mainly relates to the internal inclusion mapping technology (Solaris/Meteor systems) and rough diamond planning services. Sarine’s sales were eroded in 2017 by diamond manufacturers using illegal equipment and services;
- **Higher operating expenses, i.e. legal costs**. This was the result of increased activities to enforce Sarine’s intellectual property (IP) protection and discourage manufacturers from using services from illicit competitors. Higher staff expenses were also incurred in US\$ dollar terms as the US\$ weakened against the local currency in Israel in 2017.

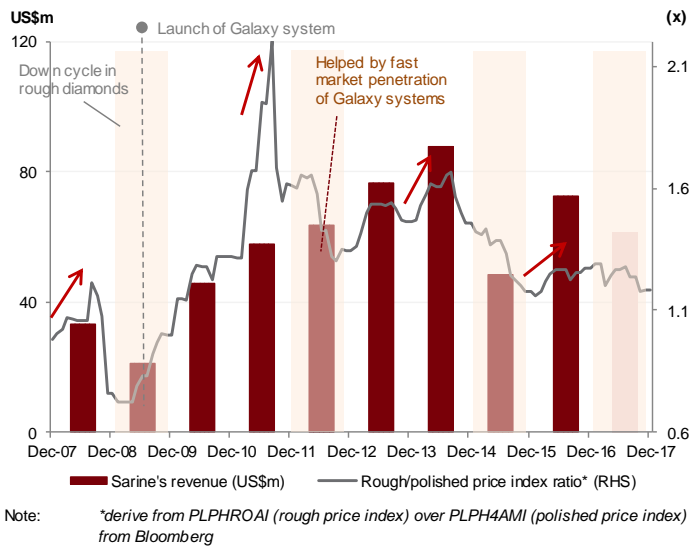


Outlook for mid-stream diamond market turning positive ➤

Sarine’s topline is sensitive to the price spread between rough and polished diamonds. When rough diamond prices increase faster than polished diamond prices, manufacturers’ margins are squeezed, leading to a slowdown in manufacturing that negatively affects Sarine as the majority of its sales (c.98% of 9M17 sales) still come from the mid-stream diamond market.

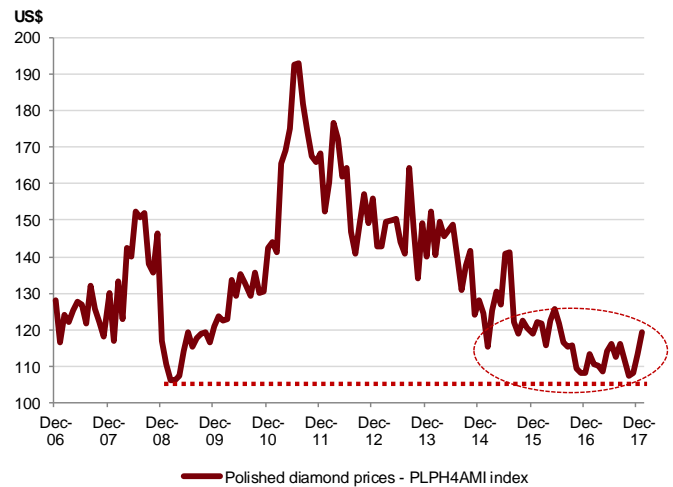
With reference to the Zimnisky Global Rough Diamond Index as at 27 Jan 2018 and the IDEX polished diamond price index as at end-Jan 2018, the rough/polished price spread seemingly tightened over the past six months (rough diamond prices: down 3.9%; polished diamond prices: marginally down 0.15%), which suggests a **more positive manufacturing outlook for the mid-stream value chain ahead, in our view**. We believe end-consumer demand for diamonds in the downstream should be well supported by continued economic growth in the US, which remains the biggest importer of diamonds globally, as well as the growing middle classes in China and India. **We believe sales will improve for Sarine from here on after incurring losses in 3Q17.**

Figure 3: Steep climbs in price spread tend to precede declines in Sarine's annual revenue as manufacturing activity falls in the following period, creating shortages of polished stones



SOURCE: CIMB RESEARCH, COMPANY, BLOOMBERG

Figure 4: Polished diamond prices (1 carat) index indicate a trough in pricing in Oct-Nov 2017, which could mean an improved demand outlook in the mid-stream and downstream market, in our view



SOURCE: CIMB RESEARCH, BLOOMBERG

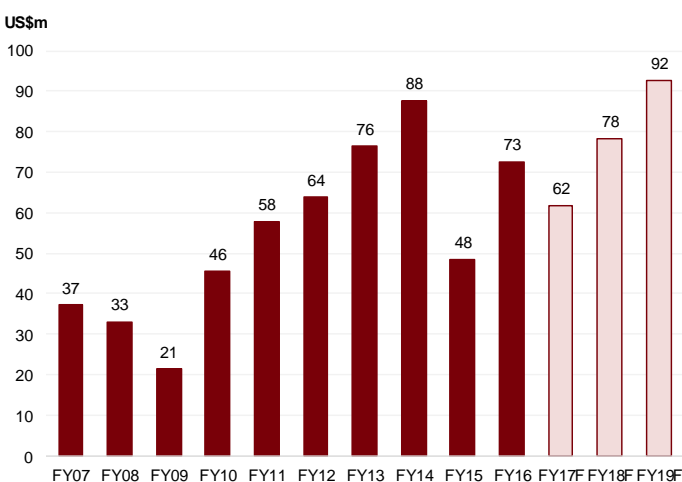
Growth drivers

New growth leg from c.US\$500m diamond grading market ▶

Back in 2008, IDEX estimated 80% of all polished diamonds by value came with a certificate issued by a diamond grading lab and certified diamonds generally fetched price premiums over uncertified diamonds. Led by the Gemological Institute of America (GIA), the diamond grading market is seeing the entry of new competitors – notably the International Institute of Diamond Grading & Research [IIDGR, a subsidiary of De Beers PLC (Unlisted)] and Sarine, which claims to possess superior and automated technological solutions that offer more accurate and consistent grading.

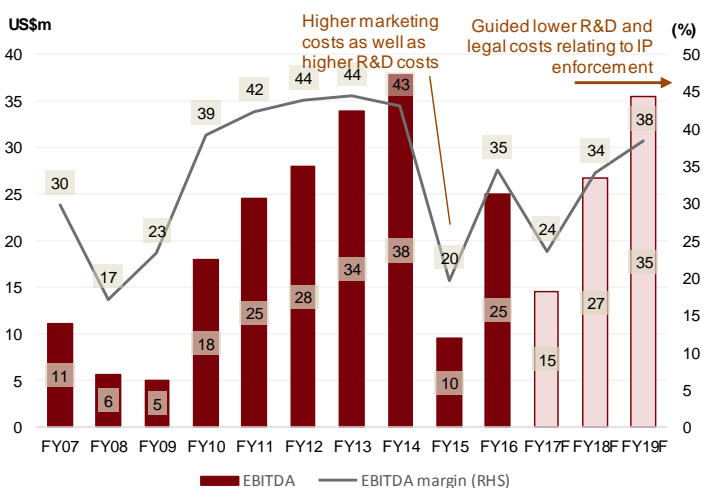
We believe Sarine could gain faster market penetration in the diamond grading market compared to the retail business with Sarine Profile, as evidenced by IIDGR securing partnerships with established jewellery retailers, such as Soo Kee Group (SK SP, Not Rated) in Singapore, I-PRIMO (Unlisted) in Japan, Luk Fook Jewellery (590 HK, Not Rated) in Hong Kong, for its diamond grading services despite being relatively new in the market. With plans to open two new labs this year, we believe Sarine's diamond certification business will drive earnings growth further.

Figure 5: Historical revenue and forecasts (US\$ m), based on our estimates



SOURCE: CIMB RESEARCH, COMPANY

Figure 6: EBITDA (US\$ m) and EBITDA margin (%) based on our estimates

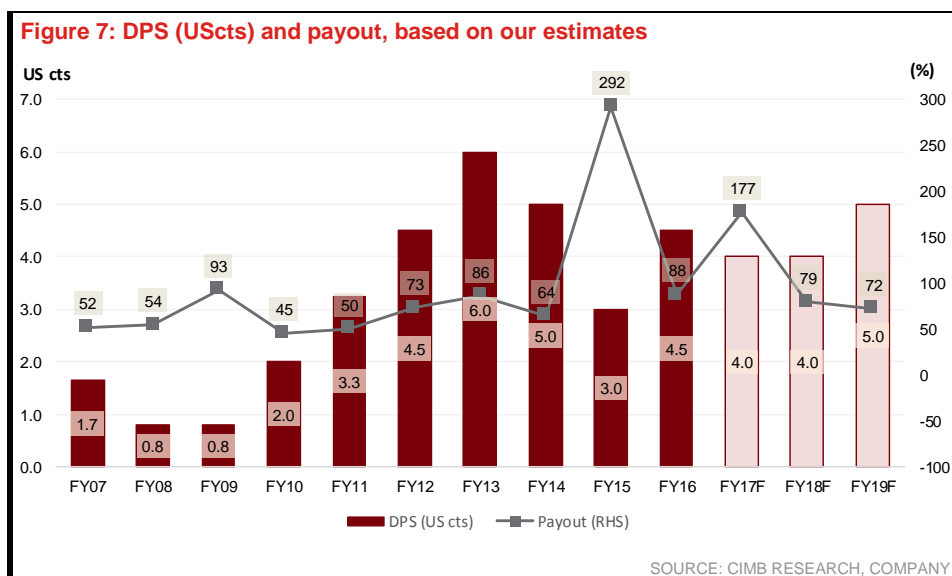


SOURCE: CIMB RESEARCH, COMPANY

Valuation and recommendation

Handsome dividend payout ➤

Sarine's dividend policy provides for the distribution of 2.0 UScts on a semi-annual basis and the company has generally paid out over 50% of EPS in the past ten years. We project DPS of 4.0 UScts for both FY17-18F, which translates into 5.0% dividend yield.



Upgrade to Add with target price of S\$1.56 ➤

We upgrade our recommendation from Hold to Add in view of a recovery in diamond manufacturing activities and Sarine's current compelling valuation of 15.9x CY18F P/E (14.3x CY18F ex-cash P/E) after the sell-off over the past 12 months that pushed the share price down by more than 40%. Our target price is based on 17.2x CY19F P/E, representing a conservative 10% discount to Sarine's historical 9-year average of 19.1x. Potential key catalysts for the stock are rapid growth in the diamond grading segment and strong recovery in manufacturing activities in the diamond market.

Sarine has no direct peer comparable in its dominant market – scanning/processing diamond equipment. While Sarine now trades above the global diamond sector average of 12.3x CY18F P/E, we think its higher multiple is justified in view of its strong earnings growth potential from its shift towards the polished diamond technology space, high recurring revenue stream and sizeable profit margins.

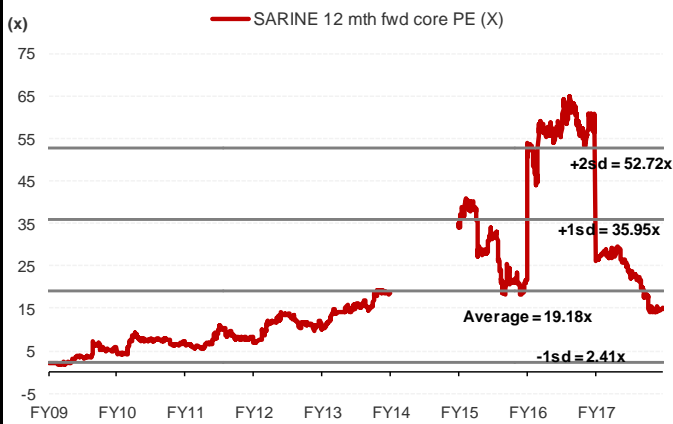
Figure 8: Earnings revisions

	FY17F			FY18F			FY19F		
	Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue (US\$m)	85.6	61.8	(27.8)	97.5	78.2	(19.8)	109.5	92.5	(15.5)
Gross profit (US\$m)	60.2	41.7	(30.9)	69.1	52.9	(23.4)	78.2	62.9	(19.5)
EBITDA (US\$m)	29.3	14.6	(50.4)	42.1	26.7	(36.7)	51.4	35.5	(30.9)
EBIT (US\$m)	25.2	10.7	(57.8)	37.6	22.8	(39.5)	46.7	31.4	(32.7)
Net profit (US\$m)	21.1	7.9	(62.4)	31.4	17.7	(43.7)	38.9	24.4	(37.4)
EPS (US cts)	6.01	2.26	(62.4)	8.95	5.04	(43.7)	11.09	6.94	(37.4)

Note: Decrease in earnings estimates due to new set of assumptions and forecasts following a transfer of analyst coverage

SOURCE: CIMB RESEARCH, COMPANY

Figure 9: Sarine's 12-month forward P/E (2009-2017)



Note: Excluded abnormally high PE (>100) in FY15 which saw net profit plunge 87% resulting from significant drop in diamond manufacturing activity in 2015

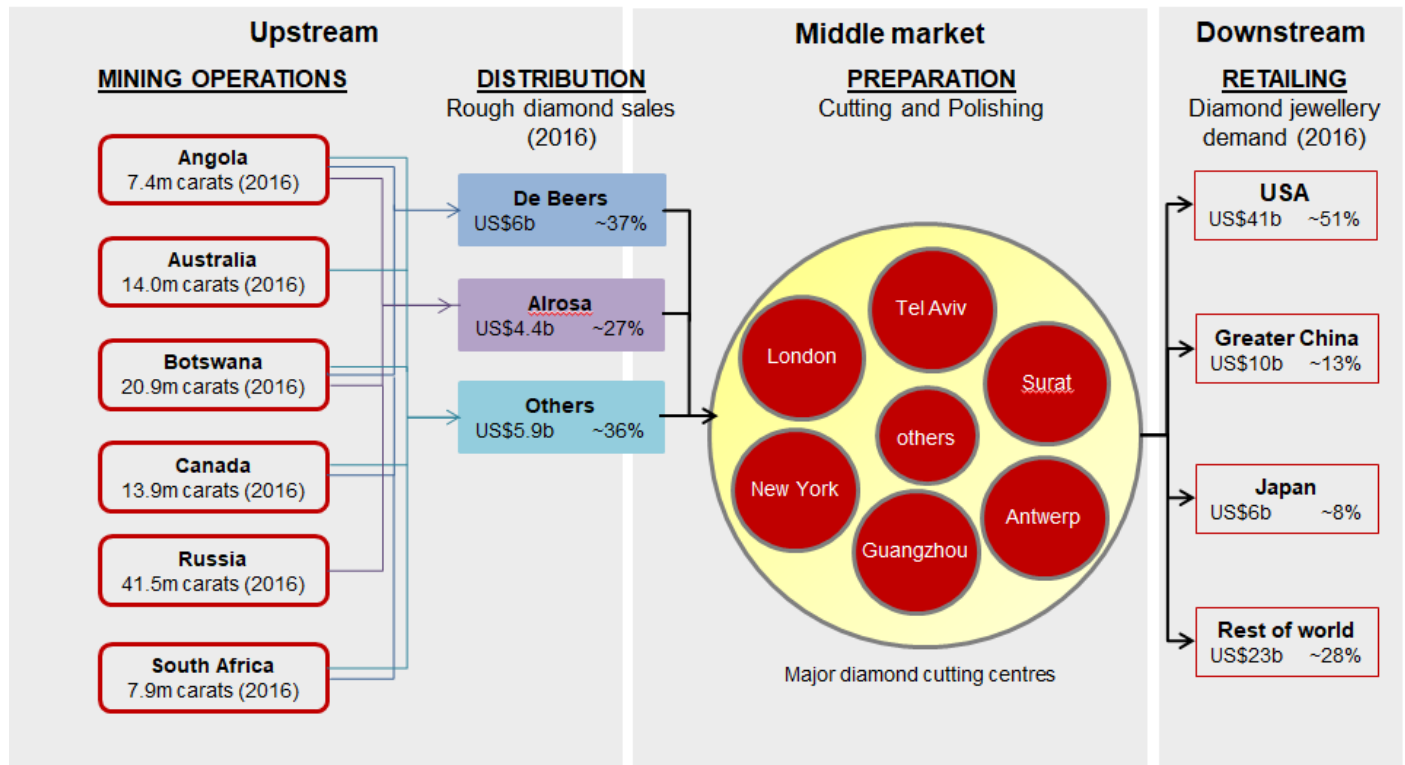
SOURCES: CIMB RESEARCH, BLOOMBERG

Figure 10: Sarine's historical P/BV



SOURCES: CIMB RESEARCH, BLOOMBERG

Figure 11: Diamond industry overview



SOURCE: CIMB RESEARCH, DE BEERS, BAIN & COMPANY, MEDIA SOURCES

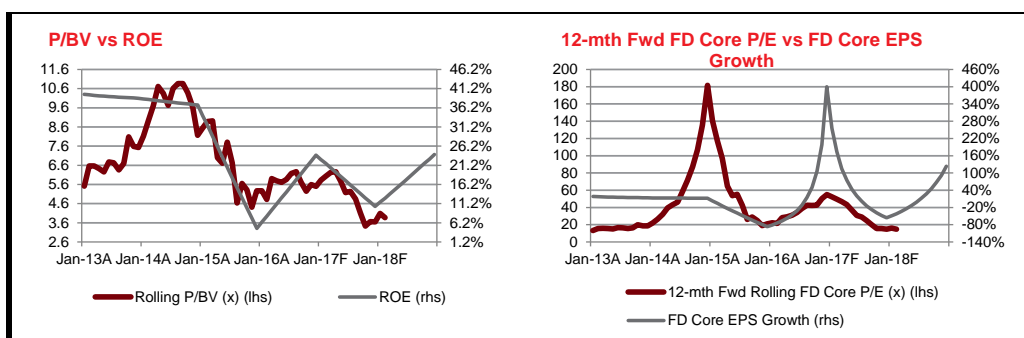
Figure 12: Global diamond sector comparison

Company	Bloomberg Ticker	Price Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	P/E (x) CY18F	P/E (x) CY19F	3-year EPS CAGR (%)	P/BV (x) CY18F	Recurring ROE (%) CY18F	EV/EBITDA (x) CY18F	EV/EBITDA (x) CY19F	Dividend Yield (%) CY18F
Sarine Technologies Ltd	SARINE SP	ADD	1.05	1.56	281	15.9	11.5	56.0%	3.71	24.0%	9.4	7.0	5.0%
Diamond exploration companies/miners													
Alosa PJSC	ALRS RX	Not rated	81.53	na	10,625	7.5	7.3	na	1.96	27.3%	5.2	5.2	6.9%
Anglo American PLC	AAL LN	Not rated	1,663	na	30,348	10.0	11.7	na	1.30	13.1%	4.9	5.5	4.1%
Lucara Diamond Corp	LUC CN	Not rated	2.48	na	765	12.0	9.1	na	2.37	22.2%	5.8	4.2	4.6%
Petra Diamonds Ltd	PDL LN	Not rated	62.60	na	471	4.0	4.7	13.0%	0.63	10.8%	4.3	3.9	2.1%
Rio Tinto PLC	RIO LN	Not rated	3,861	na	98,108	12.0	13.0	na	2.11	18.3%	6.3	6.6	5.1%
Stornoway Diamond Corp	SWY CN	Not rated	0.57	na	384	na	28.5	na	na	-2.8%	11.2	6.8	0.0%
Simple average						9.1	12.4	13.0%	1.67	14.8%	6.3	5.3	3.8%
Diamond retailers													
Chow Sang Sang Holdings	116 HK	Not rated	18.60	na	1,610	12.5	10.8	na	1.22	9.8%	8.8	7.8	3.1%
Chow Tai Fook Jewellery	1929 HK	Not rated	8.73	na	11,163	19.7	17.5	-30.2%	2.62	13.5%	13.6	12.2	3.4%
Signet Jewelers Ltd	SIG US	Not rated	51.37	na	3,109	8.4	7.7	-56.0%	1.28	12.1%	6.4	6.5	2.5%
Tiffany & Co	TIF US	Not rated	105.5	na	13,113	24.4	21.9	-53.3%	3.74	16.8%	13.0	12.4	1.9%
Luk Fook Holdings	590 HK	Not rated	27.25	na	2,046	12.5	11.4	-31.9%	1.62	13.4%	8.5	7.7	4.3%
Simple average						15.5	13.9	-42.8%	2.10	13.1%	10.1	9.3	3.0%
Simple average (ex Sarine)						12.3	13.1	-31.7%	1.89	14.0%	8.0	7.1	3.4%

NOTE: AS OF 5 FEB 2018

SOURCES: CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

BY THE NUMBERS



Profit & Loss

(US\$m)	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Total Net Revenues	48.45	72.52	61.81	78.20	92.46
Gross Profit	32.55	50.29	41.65	52.94	62.91
Operating EBITDA	9.54	25.07	14.55	26.67	35.49
Depreciation And Amortisation	-4.04	-3.86	-3.90	-3.90	-4.06
Operating EBIT	5.50	21.21	10.65	22.77	31.43
Financial Income/(Expense)	-0.20	0.76	0.20	0.20	0.20
Pretax Income/(Loss) from Assoc.	0.00	0.00	0.00	0.00	0.00
Non-Operating Income/(Expense)	0.00	0.00	0.00	0.00	0.00
Profit Before Tax (pre-EI)	5.30	21.97	10.85	22.97	31.63
Exceptional Items	0.00	0.00	0.00	0.00	0.00
Pre-tax Profit	5.30	21.97	10.85	22.97	31.63
Taxation	-1.72	-3.99	-2.93	-5.28	-7.28
Exceptional Income - post-tax					
Profit After Tax	3.59	17.98	7.92	17.69	24.36
Minority Interests	0.00	0.00	0.00	0.00	0.00
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	3.59	17.98	7.92	17.69	24.36
Recurring Net Profit	3.59	17.98	7.92	17.69	24.36
Fully Diluted Recurring Net Profit	3.59	17.98	7.92	17.69	24.36

Cash Flow

(US\$m)	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
EBITDA	9.54	25.07	14.55	26.67	35.49
Cash Flow from Inv. & Assoc.					
Change In Working Capital	-0.50	-2.77	2.05	-5.34	-4.60
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	1.33	1.60	0.00	0.00	0.00
Net Interest (Paid)/Received	-0.41	-0.11	0.00	0.00	0.00
Tax Paid	-3.62	-1.71	-2.93	-5.28	-7.28
Cashflow From Operations	6.34	22.08	13.67	16.04	23.61
Capex	-3.50	-4.34	-4.00	-4.00	-4.00
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	8.85	-5.22	-0.50	-1.30	-1.30
Cash Flow From Investing	5.35	-9.56	-4.50	-5.30	-5.30
Debt Raised/(repaid)	0.00	0.00	0.00	0.00	0.00
Proceeds From Issue Of Shares	0.86	0.69	0.45	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00	0.00
Dividends Paid	-12.22	-12.25	-15.80	-14.03	-15.79
Preferred Dividends					
Other Financing Cashflow	0.00	0.00	0.00	0.00	0.00
Cash Flow From Financing	-11.36	-11.56	-15.35	-14.03	-15.79
Total Cash Generated	0.33	0.96	-6.17	-3.29	2.52
Free Cashflow To Equity	11.69	12.52	9.17	10.74	18.31
Free Cashflow To Firm	12.10	12.63	9.17	10.74	18.31

SOURCE: CIMB RESEARCH, COMPANY DATA

BY THE NUMBERS... cont'd

Balance Sheet

(US\$m)	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Total Cash And Equivalents	32.60	37.99	31.81	28.52	31.04
Total Debtors	11.34	16.96	14.39	18.21	21.53
Inventories	10.15	9.23	8.75	10.97	12.83
Total Other Current Assets	3.71	3.49	3.49	3.49	3.49
Total Current Assets	57.79	67.66	58.44	61.19	68.89
Fixed Assets	12.41	14.06	15.66	17.26	18.71
Total Investments	0.00	0.00	0.00	0.00	0.00
Intangible Assets	7.81	7.47	6.67	6.67	6.67
Total Other Non-Current Assets	3.16	2.53	2.53	2.53	2.53
Total Non-current Assets	23.38	24.06	24.86	26.46	27.90
Short-term Debt	0.00	0.00	0.00	0.00	0.00
Current Portion of Long-Term Debt					
Total Creditors	8.98	11.70	10.70	11.40	11.98
Other Current Liabilities	0.52	0.57	0.57	0.57	0.57
Total Current Liabilities	9.50	12.26	11.27	11.96	12.54
Total Long-term Debt	0.00	0.00	0.00	0.00	0.00
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0.14	0.14	0.14	0.14	0.14
Total Non-current Liabilities	0.14	0.14	0.14	0.14	0.14
Total Provisions	0.00	0.00	0.00	0.00	0.00
Total Liabilities	9.64	12.41	11.41	12.11	12.69
Shareholders' Equity	71.53	79.31	71.89	75.54	84.11
Minority Interests	0.00	0.00	0.00	0.00	0.00
Total Equity	71.53	79.31	71.89	75.54	84.11

Key Ratios

	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Revenue Growth	(44.8%)	49.7%	(14.8%)	26.5%	18.2%
Operating EBITDA Growth	(75%)	163%	(42%)	83%	33%
Operating EBITDA Margin	19.7%	34.6%	23.5%	34.1%	38.4%
Net Cash Per Share (US\$)	0.09	0.11	0.09	0.08	0.09
BVPS (US\$)	0.20	0.23	0.20	0.22	0.24
Gross Interest Cover	13.5	187.7	N/A	N/A	N/A
Effective Tax Rate	32.3%	18.1%	27.0%	23.0%	23.0%
Net Dividend Payout Ratio	292%	88%	177%	79%	72%
Accounts Receivables Days	93.50	71.39	92.56	76.09	78.45
Inventory Days	232.0	159.5	162.8	142.4	147.0
Accounts Payables Days	59.64	50.07	58.47	44.47	45.89
ROIC (%)	11.8%	40.7%	19.5%	43.6%	51.3%
ROCE (%)	7.6%	29.3%	14.4%	31.2%	39.6%
Return On Average Assets	4.3%	20.1%	8.9%	20.5%	26.2%

Key Drivers

	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
ASP Change (% , Main Product)	N/A	N/A	N/A	N/A	N/A
Unit sales growth (% , main prod)	13.2%	39.1%	16.1%	15.9%	13.7%
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)	-53.7%	28.7%	-3.7%	16.3%	11.1%
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: CIMB RESEARCH, COMPANY DATA

DISCLAIMER

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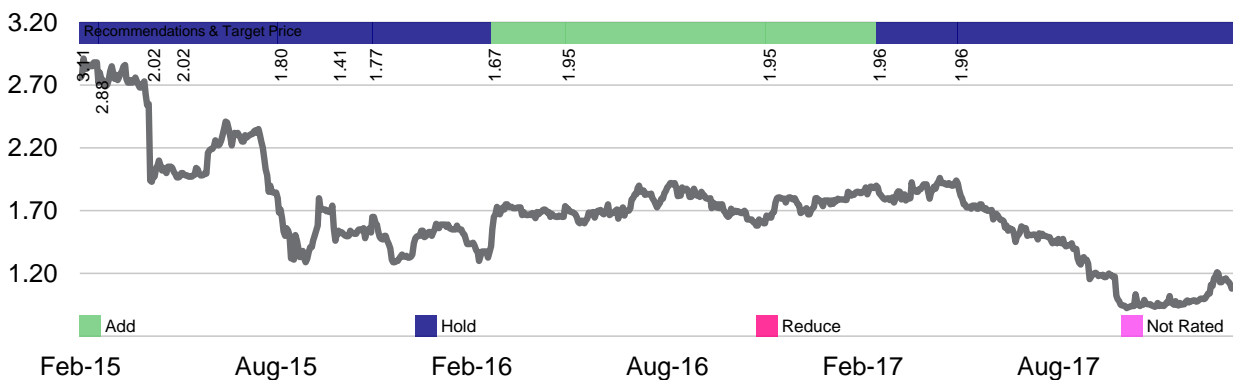
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— Price Close



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

CIMB 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.