

## Singapore

**ADD** (no change)

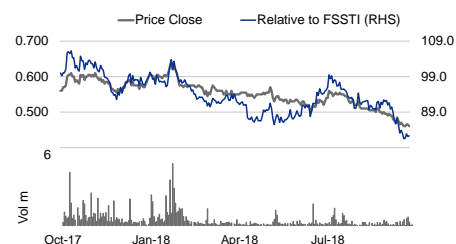
Consensus ratings\*: Buy 2 Hold 2 Sell 0

Current price:	S\$0.46
Target price:	S\$0.58
Previous target:	S\$0.62
Up/downside:	26.1%
CGS-CIMB / Consensus:	2.2%
Reuters:	JUMB.SI
Bloomberg:	JUMBO SP
Market cap:	US\$214.5m
	S\$295.2m
Average daily turnover:	US\$0.09m
	S\$0.12m
Current shares o/s:	641.5m
Free float:	29.2%

\*Source: Bloomberg

**Key changes in this note**

- FY18F EPS decreased by 5.1%
- FY19F EPS decreased by 14.9%.
- FY20F EPS decreased by 7.7%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-8	-13.2	-17.9
Relative (%)	-8.7	-12.8	-17.7

Major shareholders	% held
JBO Holdings Pte Ltd	45.5
Sim Chye Hock	10.0
Tan Gee Jian	6.6

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# Jumbo Group Limited

## In rapid regional expansion mode

- JUMBO is rapidly expanding into new cities in Asia and plans to open more JUMBO Seafood franchise outlets over the next four years.
- Operating cost per sq ft of restaurant space was down 16.5% qoq in 3QFY18 due to cost optimisation efforts, which could lead to margin uplift in future.
- We think JUMBO's net profit will trough in FY18F, before strong recovery in FY19F. Maintain Add with lower TP of S\$0.58 after adjusting cost estimates.

### Number of franchise outlets to quintuple by end-FY18F

JUMBO added three new JUMBO Seafood franchise outlets in Taipei, Taichung and Fuzhou in FY9/18F and plans to open one new franchise outlet in Bangkok by end-2018F. We estimate its franchise outlet count will rise to five by end-FY18F, including one Bak Kut Teh franchise outlet that was opened in Taipei in Jul 2018. JUMBO plans to add 5-6 franchise outlets each year and targets Shenzhen, other Chinese cities, Korea, Hong Kong, Macau and Indonesia for future expansion.

### Renowned chilli crab restaurant chain in Singapore still growing

JUMBO Seafood outlets in Singapore continue to capitalise on their signature chilli crab dish, evidenced by their strong average monthly sales of S\$148-159 per sq ft in Oct 2014-Mar 2018, in comparison to the declining sales of the "No Signboard Seafood" restaurants, based on our estimates (Figure 1). Other F&B brands under the JUMBO group also showed improvement in sales per sq ft over the same period.

### Two new JUMBO Seafood outlets in Singapore in the pipeline

We project that JUMBO would add two new JUMBO Seafood outlets in Singapore – one JUMBO Premium Seafood outlet in ION Orchard shopping mall and another potentially in the upcoming Jewel Changi (due to open in 1HCY19F) – and one new Chui Huay Lim Teochew Cuisine outlet over the next 12 months. We project these three new restaurants could add S\$35m-40m to group revenue by end-FY20F.

### Cost optimisation efforts in 3QFY18 to boost margins in future

JUMBO's operating costs declined 16.5% qoq to c.S\$85 per sq ft per month in 3QFY18, based on our estimates, after the sharp spike in 4QFY17-2QFY18 due to the opening of three new outlets in PRC then (Figure 3). If JUMBO maintains/reduces its costs per sq ft amid the opening of new outlets in Singapore and franchise expansion, we believe this would translate into uplift in FY19-20F net margins.

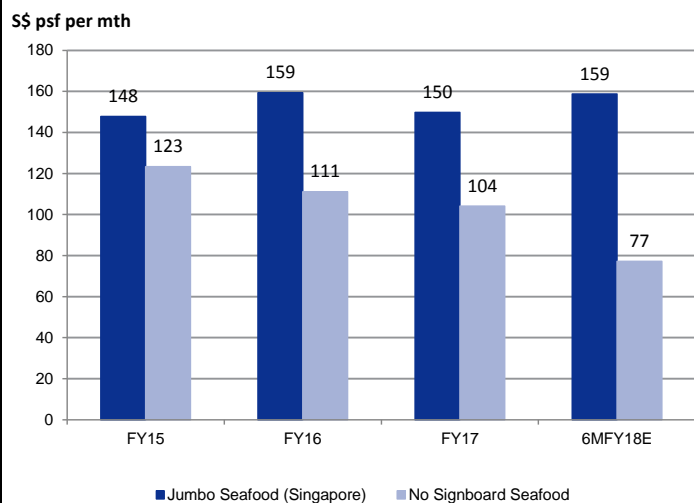
### Maintain Add, with lower TP of S\$0.58

We raise operating cost assumptions, lowering FY18-20F EPS by 5.1-14.9%. We expect JUMBO's EPS to trough in FY18F, before strong recovery in FY19F (+24% yoy). Its 12-month forward P/E is now 19.8x, more than 1 s.d. below historical 3-year mean of 26.7x. Retain Add but lower TP to S\$0.58, pegged to 21x FY20F P/E (c.10% discount to regional F&B peers' 23x CY19F P/E). Risk is escalation in cost per sq ft from new outlets.

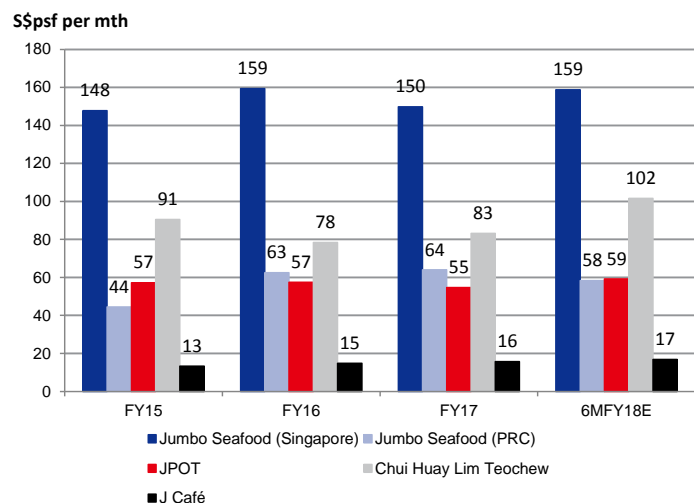
**Financial Summary**

	Sep-16A	Sep-17A	Sep-18F	Sep-19F	Sep-20F
Revenue (S\$m)	136.8	145.1	155.4	178.1	199.3
Operating EBITDA (S\$m)	21.85	22.27	18.28	23.14	27.67
Net Profit (S\$m)	15.51	14.47	11.53	14.31	17.72
Core EPS (S\$)	0.024	0.023	0.018	0.022	0.028
Core EPS Growth	46.3%	(6.7%)	(20.3%)	24.1%	23.8%
FD Core P/E (x)	19.02	20.39	25.58	20.62	16.66
DPS (S\$)	0.017	0.017	0.014	0.017	0.019
Dividend Yield	3.70%	3.70%	3.04%	3.70%	4.13%
EV/EBITDA (x)	10.88	11.07	13.65	10.65	8.62
P/FCFE (x)	24.10	57.51	36.80	22.88	14.86
Net Gearing	(88.7%)	(75.5%)	(70.6%)	(70.0%)	(74.2%)
P/BV (x)	4.55	4.52	4.48	4.14	3.78
ROE	25.5%	22.3%	17.6%	20.9%	23.7%
% Change In Core EPS Estimates			(5.1%)	(14.9%)	(7.7%)
CIMB/consensus EPS (x)			0.95	0.97	1.10

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

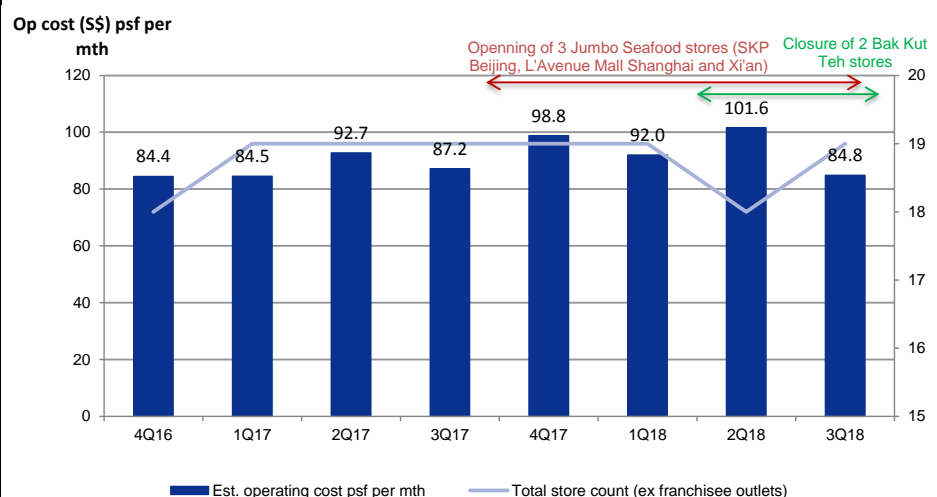
**Figure 1: Average monthly sales per sq ft in Singapore – JUMBO Seafood vs. No Signboard Seafood, based on our estimates**


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Monthly sales per sq ft comparison between brands under JUMBO, based on our estimates**


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

JUMBO opened 3 new stores in the People's Republic of China (PRC) in the past four quarters (4Q17-3QFY18) but closed 3 stores (1 JPOT store and 2 Ng Ah Sio Bak Kut Teh outlets) over the same period.

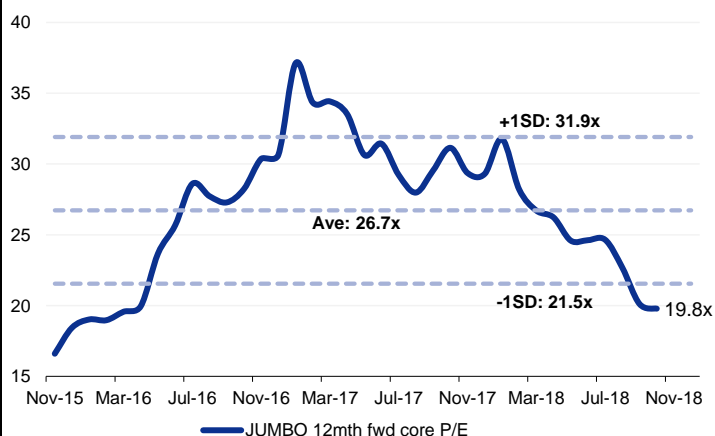
**Figure 3: JUMBO's monthly operating cost per sq ft, based on our estimates**


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

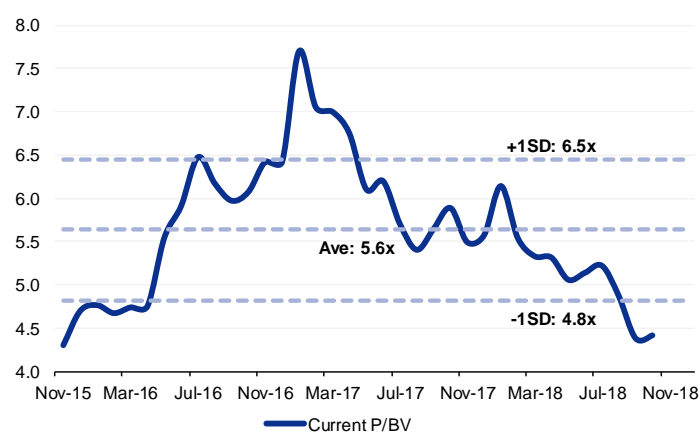
**Figure 4: Earnings revision**

Earnings revision (\$m)	FY18F			FY19F			FY20F		
	Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	152.3	155.4	2.1%	167.6	178.1	6.2%	189.4	199.3	5.2%
EBITDA	19.1	18.3	-4.5%	24.9	23.1	-7.0%	26.9	27.7	3.0%
Net profit	12.2	11.5	-5.1%	16.8	14.3	-14.9%	19.2	17.7	-7.7%
Core net profit	12.2	11.5	-5.1%	16.8	14.3	-14.9%	19.2	17.7	-7.7%
Core EPS (S\$ cents)	1.9	1.8	-5.1%	2.6	2.2	-14.9%	3.0	2.8	-7.7%
Operating cost psf per mth (S\$)	-91.4	-94.1	2.9%	-86.0	-92.9	8.0%	-88.0	-92.7	5.3%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 5: JUMBO's 12-month forward core P/E**


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

**Figure 6: JUMBO's current P/BV**


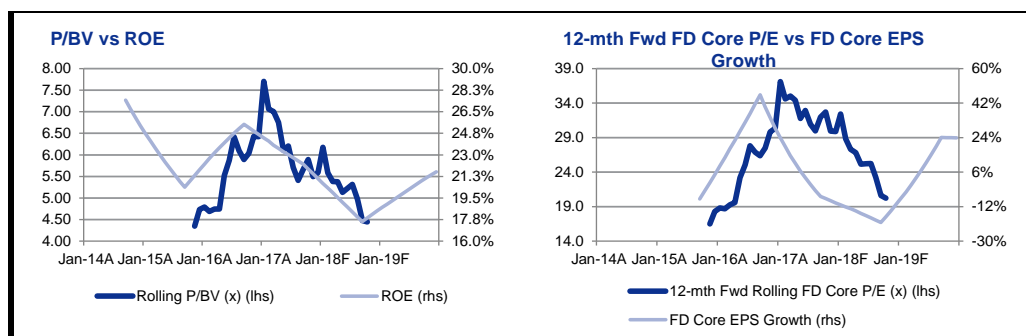
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

**Figure 7: Peers comparison**

Company	Bloomberg Ticker	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
Jumbo Group Limited	JUMBO SP	ADD	0.46	0.58	215	24.1	19.5	9.0%	4.39	18.7%	12.5	10.1	3.2%
<b>Singapore Restaurants/Food courts</b>													
BreadTalk Group Ltd	BREAD SP	Not rated	1.02	na	416	34.0	30.9	0.2%	3.64	10.4%	8.3	7.6	2.0%
Koufu Group Ltd	KOUFU SP	Not rated	0.64	na	255	13.0	12.7	-4.1%	3.53	35.8%	7.1	2.9	3.6%
Kimly Ltd	KMLY SP	Not rated	0.32	na	268	16.0	16.0	-9.3%	4.41	25.5%	9.3	8.5	3.1%
Japan Foods Holding Ltd	JFOOD SP	Not rated	0.50	na	63	15.0	13.6	6.0%	2.42	17.1%	5.7	5.3	4.2%
<b>Simple average</b>						<b>19.5</b>	<b>18.3</b>	<b>-1.8%</b>	<b>3.50</b>	<b>22.2%</b>	<b>7.6</b>	<b>6.1</b>	<b>3.2%</b>
<b>Regional Restaurants</b>													
Minor International	MINT TB	Add	40.50	44.50	5,775	33.2	27.9	15.5%	3.19	10.6%	17.0	16.9	1.0%
Jollibee Foods Corp	JFC PM	Hold	252.0	300.0	5,047	35.5	30.3	12.4%	6.01	18.3%	18.3	16.1	0.9%
MK Restaurant Group	M TB	Hold	72.00	81.00	2,047	25.5	22.8	10.3%	4.71	18.6%	16.6	15.2	3.5%
Cafe de Coral Holdings Ltd	341 HK	Not rated	17.60	na	1,315	22.3	18.7	8.4%	2.99	15.0%	9.7	9.0	4.6%
Berjaya Food Berhad	BFD MK	Hold	1.48	1.44	132	26.4	22.6	17.6%	1.39	5.2%	10.3	8.4	2.7%
<b>Simple average (ex Jollibee)</b>						<b>26.9</b>	<b>23.0</b>	<b>13.0%</b>	<b>3.07</b>	<b>12.4%</b>	<b>13.4</b>	<b>12.4</b>	<b>3.0%</b>

 NOTE: AS OF 4 OCT 2018  
 SOURCES: CGS-CIMB, COMPANY REPORTS, BLOOMBERG

## BY THE NUMBERS



### Profit & Loss

(\$m)	Sep-16A	Sep-17A	Sep-18F	Sep-19F	Sep-20F
<b>Total Net Revenues</b>	<b>136.8</b>	<b>145.1</b>	<b>155.4</b>	<b>178.1</b>	<b>199.3</b>
<b>Gross Profit</b>	<b>86.5</b>	<b>91.9</b>	<b>97.3</b>	<b>111.5</b>	<b>124.8</b>
<b>Operating EBITDA</b>	<b>21.9</b>	<b>22.3</b>	<b>18.3</b>	<b>23.1</b>	<b>27.7</b>
Depreciation And Amortisation	(3.5)	(4.6)	(4.7)	(5.2)	(5.7)
<b>Operating EBIT</b>	<b>18.3</b>	<b>17.7</b>	<b>13.6</b>	<b>17.9</b>	<b>21.9</b>
Financial Income/(Expense)	(0.0)	(0.0)	0.0	0.0	0.0
Pretax Income/(Loss) from Assoc.	0.1	0.1	0.1	0.2	0.3
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0	0.0
<b>Profit Before Tax (pre-EI)</b>	<b>18.4</b>	<b>17.8</b>	<b>13.7</b>	<b>18.1</b>	<b>22.3</b>
Exceptional Items	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>18.4</b>	<b>17.8</b>	<b>13.7</b>	<b>18.1</b>	<b>22.3</b>
Taxation	(2.7)	(2.8)	(2.2)	(2.9)	(3.6)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>15.7</b>	<b>15.0</b>	<b>11.5</b>	<b>15.2</b>	<b>18.7</b>
Minority Interests	(0.2)	(0.6)	0.0	(0.9)	(1.0)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>15.5</b>	<b>14.5</b>	<b>11.5</b>	<b>14.3</b>	<b>17.7</b>
Recurring Net Profit	15.5	14.5	11.5	14.3	17.7
<b>Fully Diluted Recurring Net Profit</b>	<b>15.5</b>	<b>14.5</b>	<b>11.5</b>	<b>14.3</b>	<b>17.7</b>

### Cash Flow

(\$m)	Sep-16A	Sep-17A	Sep-18F	Sep-19F	Sep-20F
<b>EBITDA</b>	<b>21.85</b>	<b>22.27</b>	<b>18.28</b>	<b>23.14</b>	<b>27.67</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(0.14)	(7.84)	(1.27)	(0.44)	(0.41)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(0.19)	0.10	0.00	0.00	0.00
Net Interest (Paid)/Received	(0.03)	(0.00)	0.00	0.00	0.00
Tax Paid	(1.59)	(2.93)	(2.20)	(2.90)	(3.56)
<b>Cashflow From Operations</b>	<b>19.90</b>	<b>11.60</b>	<b>14.81</b>	<b>19.80</b>	<b>23.70</b>
Capex	(7.89)	(5.88)	(6.79)	(6.91)	(3.84)
Disposals Of FAs/subsidiaries	0.19	0.00	0.00	0.00	0.00
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	0.14	0.01	0.00	0.00	0.00
<b>Cash Flow From Investing</b>	<b>(7.56)</b>	<b>(5.87)</b>	<b>(6.79)</b>	<b>(6.91)</b>	<b>(3.84)</b>
Debt Raised/(repaid)	(0.10)	(0.60)	0.00	0.00	0.00
Proceeds From Issue Of Shares	38.84	0.00	0.00	0.00	0.00
Shares Repurchased					
Dividends Paid	(51.74)	(14.11)	(10.91)	(8.98)	(10.91)
Preferred Dividends					
Other Financing Cashflow	(0.14)	1.00	0.00	0.00	0.00
<b>Cash Flow From Financing</b>	<b>(13.14)</b>	<b>(13.71)</b>	<b>(10.91)</b>	<b>(8.98)</b>	<b>(10.91)</b>
Total Cash Generated	(0.80)	(7.98)	(2.89)	3.92	8.96
<b>Free Cashflow To Equity</b>	<b>12.24</b>	<b>5.13</b>	<b>8.02</b>	<b>12.90</b>	<b>19.86</b>
<b>Free Cashflow To Firm</b>	<b>12.36</b>	<b>5.73</b>	<b>8.02</b>	<b>12.90</b>	<b>19.86</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(S\$m)	Sep-16A	Sep-17A	Sep-18F	Sep-19F	Sep-20F
Total Cash And Equivalents	59.60	51.69	48.80	52.72	61.67
Total Debtors	6.03	9.04	11.92	13.66	15.29
Inventories	1.10	1.48	1.43	1.64	1.84
Total Other Current Assets	0.00	0.00	0.00	0.00	0.00
<b>Total Current Assets</b>	<b>66.72</b>	<b>62.20</b>	<b>62.16</b>	<b>68.02</b>	<b>78.80</b>
Fixed Assets	18.01	19.38	21.49	23.19	21.29
Total Investments	0.00	0.00	0.00	0.00	0.00
Intangible Assets	0.78	0.78	0.78	0.78	0.78
Total Other Non-Current Assets	0.73	0.86	1.00	1.18	1.51
<b>Total Non-current Assets</b>	<b>19.52</b>	<b>21.03</b>	<b>23.27</b>	<b>25.15</b>	<b>23.58</b>
Short-term Debt	0.09	0.00	0.00	0.00	0.00
Current Portion of Long-Term Debt					
Total Creditors	14.53	10.09	11.66	13.16	14.58
Other Current Liabilities	4.30	4.36	4.36	4.36	4.36
<b>Total Current Liabilities</b>	<b>18.92</b>	<b>14.45</b>	<b>16.02</b>	<b>17.53</b>	<b>18.95</b>
Total Long-term Debt	0.51	0.00	0.00	0.00	0.00
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0.00	0.00	0.00	0.00	0.00
<b>Total Non-current Liabilities</b>	<b>0.51</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Total Provisions	0.30	0.30	0.30	0.30	0.30
<b>Total Liabilities</b>	<b>19.73</b>	<b>14.75</b>	<b>16.32</b>	<b>17.83</b>	<b>19.25</b>
Shareholders' Equity	64.78	65.25	65.88	71.21	78.02
Minority Interests	1.73	3.23	3.23	4.14	5.12
<b>Total Equity</b>	<b>66.51</b>	<b>68.48</b>	<b>69.11</b>	<b>75.35</b>	<b>83.14</b>

### Key Ratios

	Sep-16A	Sep-17A	Sep-18F	Sep-19F	Sep-20F
Revenue Growth	11.4%	6.1%	7.1%	14.5%	12.0%
Operating EBITDA Growth	17.7%	1.9%	(17.9%)	26.6%	19.6%
Operating EBITDA Margin	16.0%	15.3%	11.8%	13.0%	13.9%
Net Cash Per Share (S\$)	0.092	0.081	0.076	0.082	0.096
BVPS (S\$)	0.10	0.10	0.10	0.11	0.12
Gross Interest Cover	705	4,422	N/A	N/A	N/A
Effective Tax Rate	14.8%	15.6%	16.0%	16.0%	16.0%
Net Dividend Payout Ratio	70.3%	75.4%	77.9%	76.2%	68.8%
Accounts Receivables Days	16.90	18.94	24.61	26.22	26.58
Inventory Days	7.75	8.83	9.14	8.43	8.54
Accounts Payables Days	104.4	84.5	68.3	68.0	68.1
ROIC (%)	324%	226%	80%	87%	96%
ROCE (%)	27.5%	26.0%	19.7%	24.7%	27.6%
Return On Average Assets	18.5%	17.8%	13.7%	17.0%	19.1%

### Key Drivers

Closure of 2 Bak Kut Teh stores in Singapore

	Sep-16A	Sep-17A	Sep-18F	Sep-19F	Sep-20F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	4.0%	2.5%	-0.7%	11.6%	13.2%
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)	90.9%	27.2%	43.8%	24.0%	8.3%
Util. rate (% , 2ndary prod/serv)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, tertiary prod/serv)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% ,tertiary prod/serv)	N/A	N/A	N/A	N/A	N/A
Util. rate (% , tertiary prod/serv)	N/A	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A	N/A
Total Export Sales Growth (%)	N/A	N/A	N/A	N/A	N/A
Export Sales/total Sales (%)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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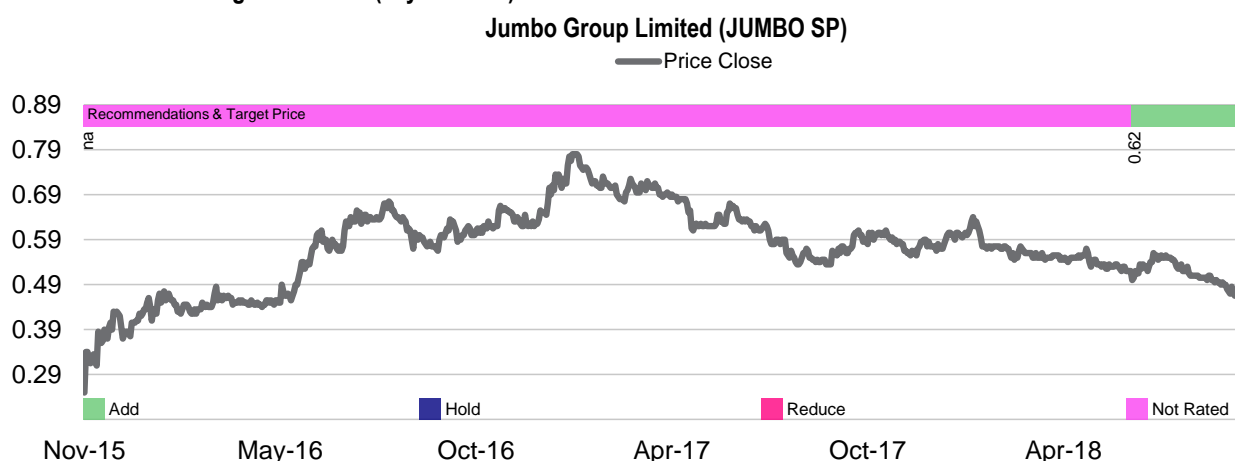
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### Spitzer Chart for stock being researched ( 2 year data )



### 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, **BGP** – Excellent, Certified, **BPCG** – 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, **CENDEL** – 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.