

Hong Kong

ADD (no change)

Consensus ratings*: Buy 41 Hold 5 Sell 2

Current price:	HK\$121.1
Target price:	HK\$152.0
Previous target:	HK\$200.0
Up/downside:	25.5%
CGS-CIMB / Consensus:	-15.0%
Reuters:	2382.HK
Bloomberg:	2382 HK
Market cap:	US\$16,924m HK\$132,847m
Average daily turnover:	US\$128.2m HK\$1,006m
Current shares o/s:	1,097m
Free float:	52.1%

*Source: Bloomberg

Key changes in this note

- FY18-19F revenue decreased 6-7% and FY20F revenue increased 5%.
- FY18-20F GPM decreased 1.7-2.3% pts.
- FY18-20F EPS decreased 2-10%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-20.3	-14.9	25.5
Relative (%)	-18.2	-4.7	21.6

Major shareholders	% held
Wang Wenjian	47.9

Analysts



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Sunny Optical Technology (Group)

Short-term margin strain a drag on earnings growth

- Sunny's 1H18 core net profit grew 29% yoy, 3%/14% below our/Bloomberg consensus estimates. It formed 34% of our previous full-year forecast.
- GPM of both optoelectronics and optical component segments declined in 1H18, by 3.3% and 1.7% pts respectively, mainly due to keen competition.
- We expect stronger GPM in 2H18F amid higher triple-cam output and 3DS launches.
- We cut FY18-20F EPS by 2-10% to reflect lower revenue growth and GPM.
- Maintain Add as Sunny will continue to benefit from significant smartphone camera upgrades. TP declines to HK\$152, now based on 30x CY19F P/E.

1H18 results grew 29% yoy, dragged down by weaker GPM

Sunny's 1H18 core net profit rose 29% yoy to Rmb1.36bn, 3%/14% below our/Bloomberg consensus forecasts. The reported net profit of Rmb1.18bn included Rmb201m FX loss for its US\$600m bonds and Rmb38m fair value gain in financial products. Gross profit margin (GPM) declined 1.2% pts to 19.4% (20.6% in 1H17) in 1H18, dragged down by the optoelectronic segment as segment GPM fell 3.3% pts to 9.4% (12.7% in 1H17). GPM in optical components segment dropped 1.3% pts to 42% (43.7% in 1H17).

Handset camera module (HCM) margin pressure will be short term

HCM revenue grew 13% yoy in 1H18 despite 2% decrease in ASP due to 16% increase in volume. GPM in HCM declined c.3% pts yoy to c.9% in 1H18 (c.12% in 1H17 and 12.7% in 2H17) on the back of keen competition and increased demand for its low-spec dual-cam modules. We expect full-year FY18F volume to grow c.20% (7M18 shipment rose 15% yoy), with slight GPM improvement (+1.5% pts), driven by an expanding domestic market share and higher triple-cam/3D-sensing camera launches in 2H18F.

Handset camera lens (HCL) to be the key earnings driver

1H18 HCL revenue rose c.45% yoy, underpinned by 54% volume growth (ASP declined c.6% yoy though), thanks to continual market share gain and rapid capacity increase (from 70kk/month in FY17 to 90kk/month in FY18F). We believe GPM in HCL declined c.2% pts to c.43% in 1H18 (c.45% in 1H17) amid slow megapixel migration. We now expect HCL shipment to rise c.45% yoy in FY18F (previous forecast: 40%), with 10MP+ proportion of over 55% (48% in FY17); this should lift ASP and GPM.

Vehicle lens sets (VLS) volume to grow 25% yoy

VLS shipment grew only 18% yoy in 6M18 (our FY18 forecast: 30%; management FY18 guidance: 30-35%) due to short-term order delays among some tier-1 customers. VLS revenue rose 29% yoy, thanks to 10% increase in ASP amid rising demand for 4-8MP products. We lower our FY18F VLS shipment growth to 25% to reflect weaker demand.

Cut FY18-20F EPS by 2-10%

Despite Sunny's excellent SG&A expenses control (+0.2% yoy) in 1H18, we see margin pressure for its handset-related products due to sustained competition facing its low- to mid-end products, and delay in 3D-sensing camera (3DS) launches. We cut our FY18-20F EPS by 2-10% as we lower our assumptions for revenue growth and GPM.

Maintain Add, target price lower to HK\$152

We keep our Add call as we believe Sunny will continue to benefit from significant smartphone camera upgrades (triple-cam/3DS/miniature camera module) despite short-term margin pressure. Our TP declines to HK\$152 as we revise our earnings forecasts and lower our valuation to CY19F P/E of 30x (previously 33x) due to the increased competition and slower 3DS adoption rate. Potential share price catalysts include 3DS launches and wider adoption of its triple-cam modules. Risks are sustained GPM pressure and further Rmb depreciation.

Financial Summary

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue (Rmbm)	14,612	22,366	28,779	37,903	49,084
Net Profit (Rmbm)	1,271	2,902	3,399	4,918	6,518
Normalised EPS (Rmb)	1.26	2.58	3.26	4.49	5.95
Normalised EPS Growth	53%	105%	26%	38%	33%
FD Normalised P/E (x)	84.92	41.31	32.72	23.77	17.94
Price To Sales (x)	7.85	5.16	4.05	3.07	2.37
DPS (Rmb)	0.29	0.66	0.77	1.11	1.47
Dividend Yield	0.27%	0.62%	0.72%	1.05%	1.39%
EV/EBITDA (x)	62.08	31.72	23.56	17.15	12.95
P/FCFE (x)	204.1	117.0	66.5	32.1	22.6
Net Gearing	(37.7%)	(26.5%)	(29.2%)	(40.7%)	(50.6%)
P/BV (x)	22.82	14.92	11.50	8.35	6.14
ROE	31.2%	45.4%	41.6%	42.6%	41.3%
% Change In Normalised EPS Estimates			(9.85%)	(9.35%)	(1.79%)
Normalised EPS/consensus EPS (x)			0.90	0.89	0.91

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Short-term margin pressure a drag on earnings growth

Figure 1: Results comparison

FYE Dec (Rmb m)	1HFY18	1HFY17	yoy % chg	hoh % chg	Prev. FY18F	Comments
Revenue	11,976	10,032	19.4	(2.9)	30,941	Revenue grew in all business units: HCM +13% yoy, HLS +45% yoy and VLS +29% yoy
Operating costs	(10,172)	(8,528)	19.3	0.8	(25,693)	
EBITDA	1,804	1,504	20.0	(19.4)	5,248	
EBITDA margin (%)	15	15			17	
Depn & amort.	(223)	(223)	-	(28.6)	(876)	GPM pressure in both optoelectronics and optical components segments which declined by 3.3% and 1.7% pts, respectively
EBIT	1,581	1,281	23.5	(18.0)	4,372	
Interest expense	(91)	(22)	310.3	240.9	(41)	
Interest & invt inc	106	32	232.7	116.2	200	
Associates' contrib	(9)	(5)	94.9	nm	(11)	
Exceptionals	(175)	112	nm	-	-	Included FX loss of Rmb201m for bond of USD600m and Rmb38m fair value gain in derivative financial instruments.
Pretax profit	1,412	1,398	1.0	(26.4)	4,521	
Tax	(223)	(237)	(6.1)	33.2	(542)	
Tax rate (%)	16	17	-	-	12	
Minority interests	(10)	(2)		nm	(14)	
Net profit	1,180	1,159	1.8	(32.3)	3,964	1H18F core net profit was 3%/14% below our/Bloomberg consensus. It formed 34% of our previous full-year forecast.
Core net profit	1,355	1,047	29.4	(23.1)	3,964	
EPS (Rmb cts)	108	107	1.0	(32.8)	362	
Core EPS (Rmb cts)	124	96	28.4	(23.7)	362	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Key products shipments in Jul 2018 ▶

- Sunny's shipment of handset lens sets jumped 69% yoy (+1.3% mom) to 88.4m units in Jul 2018, a record high, mainly due to its continual market share gain in high megapixel products (dual-cam and high megapixel products – 10MP+). Sunny is now participating in the rear-facing camera projects for several flagship smartphone models.
- Shipment of vehicle lens sets rose 25% yoy (+10.5% mom) to 3.4m units in Jul. We expect stronger shipment figures in the next few months, which should help it to meet its full-year guidance of 30-35% yoy growth (volume).
- Shipment of handset camera modules increased 10% yoy in Jul (-25% mom). The relatively weak shipment growth was due to the delay in the shipments for one project.
- Overall 7M18 shipments are still in line with management's target. We would be keeping an eye on Sunny's product mix and margin trend in camera modules manufacturing given the increasing competition in this segment.

Figure 2: Key product shipments, by volume (Jan to Jul 2018)

	1-7 FY17	1-7 FY18	Sunny's guidance	CIMB FY18F	% of full- year FY18F forecast	Comment	01/18	02/18	03/18	04/18	05/18	06/18	07/18
Volume shipment (kpcs)													
Handset lens sets	313,804	490,084		851,304	58%	c.20% ahead of our forecast	51,432	54,541	60,690	70,848	76,924	87,270	88,379
Vehicle lens sets	18,005	21,417		41,458	52%	below our forecast	3,246	2,519	2,858	3,258	3,030	3,090	3,416
Handset camera modules	177,320	204,770		389,797	53%	in line with our forecast	28,910	26,297	24,988	28,577	34,057	35,459	26,482
Volume shipment (yoy %)													
Handset lens sets	NM	56%	+30-35%	40%	NM	maintain high growth in the rest of year	20%	32%	51%	61%	70%	83%	69%
Vehicle lens sets	NM	19%	+30-35%	30%	NM	accelerating shipments growth	19%	3%	11%	31%	20%	23%	25%
Handset camera modules	NM	15%	+15-20%	20%	NM	strong volume growth to be sustained	-9%	-11%	7%	35%	58%	36%	10%
Volume shipment (mom %)													
Handset lens sets							-4%	6%	11%	17%	9%	13%	1%
Vehicle lens sets							24%	-22%	13%	14%	-7%	2%	11%
Handset camera modules							3%	-9%	-5%	14%	19%	4%	-25%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Earnings revision

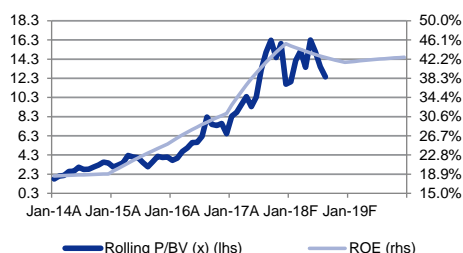
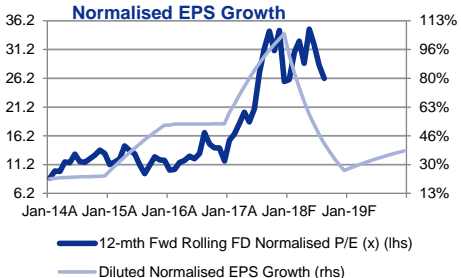
FYE Dec (Rmb m)	Dec-17A	Dec-18F			Dec-19F			Dec-20F		
		Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	22,366	30,941	28,779	-7.0%	40,116	37,903	-5.5%	46,729	49,084	5.0%
Gross profit	4,803	6,613	5,670	-14.3%	8,795	7,604	-13.5%	10,499	9,910	-5.6%
Gross profit margin	21.5%	21.4%	19.7%	-1.7% pts	21.9%	20.1%	-1.9% pts	22.5%	20.2%	-2.3% pts
EBITDA	3,837	5,248	4,943	-5.8%	7,037	6,629	-5.8%	8,373	8,429	0.7%
Net profit	2,902	3,964	3,399	-14.3%	5,425	4,918	-9.4%	6,637	6,518	-1.8%
EPS (Rmb)	2.67	3.62	3.26	-9.9%	4.95	4.49	-9.4%	6.05	5.95	-1.8%

SOURCES: CIMB, COMPANY REPORTS

Figure 4: Peer comparison

Company	Bloomberg Ticker	Price Recom.	Target Price (local curr)	Market Cap (US\$ m)	P/E (x)			3-year EPS CAGR (%)		P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
					CY2018F	CY2019F	CAGR (%)	CY2018F	CY2019F	CY2018F	CY2019F	CY2018F	CY2019F	CY2018F	CY2019F		
Handset vendors																	
Lenovo Group	992 HK	Reduce	4.46	2.82	6,826	20.0	12.6	70.5%	1.6	1.2	8.7%	10.9%	5.9	4.3	6.0%	6.0%	
Xiaomi	1810 HK	Add	17.44	21.80	50,161	41.5	27.1	66.1%	na	na	-7.4%	-13.2%	30.9	21.5	0.0%	0.0%	
LG Electronics	066570 KS	Add	76,300	120,000	11,011	7.9	6.6	16.6%	0.9	0.8	12.3%	13.0%	3.0	2.5	0.9%	1.0%	
Samsung Electronic	005930 KS	Add	45,050	63,000	255,016	6.3	6.2	10.6%	1.2	1.0	20.7%	18.1%	(0.9)	(1.3)	0.0%	0.0%	
Apple	AAPL US	Not Rated	207.53	N/A	1,002,355	17.7	15.3	11.2%	9.5	8.1	48.4%	60.4%	11.1	10.9	1.3%	1.5%	
Average						18.7	13.6	35.0%	3.3	2.8	16.6%	17.8%	10.0	7.6	1.6%	1.7%	
Handset components - Acoustic																	
AAC Technologies	2018 HK	Hold	92.35	101.00	14,376	16.9	14.8	13.4%	5.0	4.1	31.9%	30.5%	10.9	9.7	2.4%	2.7%	
GoerTek Inc	002441 CH	Not Rated	8.80	N/A	4,150	12.8	10.9	16.7%	1.7	1.5	13.8%	14.5%	7.5	6.5	1.1%	1.3%	
Average						14.9	12.9	15.1%	3.3	2.8	22.9%	22.5%	9.2	8.1	1.7%	2.0%	
Handset components - Opticals																	
Cowell Holdings	1415 HK	Hold	1.54	1.67	163	5.6	5.5	2.3%	0.5	0.4	8.3%	8.0%	1.5	1.0	4.4%	4.6%	
Q Technology	1478 HK	Hold	6.03	7.31	869	17.3	12.2	15.7%	2.6	2.0	15.3%	18.8%	9.2	6.9	1.1%	1.6%	
Sunny Optical Tech	2382 HK	Add	121.10	152.00	16,924	32.8	23.7	31.1%	11.5	8.3	42.5%	42.6%	22.9	17.2	0.7%	1.0%	
Zhejiang Crystal-Optech	002273 CH	Not Rated	11.75	N/A	1,474	17.8	14.0	N/A	2.6	2.2	14.0%	14.9%	N/A	N/A	0.0%	0.0%	
O-Film Tech	002456 CH	Not Rated	17.50	N/A	6,903	23.0	16.2	52.1%	4.3	3.5	19.6%	22.7%	13.7	10.9	0.5%	0.7%	
Largan Precision	3008 TT	Not Rated	4,630	N/A	20,137	23.2	18.2	14.3%	5.7	4.7	26.6%	28.1%	15.3	11.7	1.6%	1.9%	
Lite-On Technology	2301 TT	Not Rated	36.60	N/A	2,776	10.5	9.6	N/A	1.1	1.1	11.3%	11.1%	3.1	2.6	7.3%	7.6%	
LG Innotek	011070 KS	Hold	146,500	158,000	3,057	16.4	9.4	38.9%	1.6	1.4	10.4%	15.8%	5.7	4.4	0.2%	0.4%	
Parton	091700 KS	Not Rated	7,190	N/A	343	20.4	11.0	14.4%	1.2	1.1	6.0%	10.5%	6.9	5.1	2.7%	2.8%	
SEMCO	009150 KS	Add	139,000	190,000	9,155	17.2	11.2	88.4%	2.2	1.9	13.5%	18.0%	7.1	5.1	0.5%	0.5%	
Average						18.4	13.1	32.2%	3.3	2.7	16.8%	19.0%	9.5	7.2	1.9%	2.1%	
Handset components - Casings / EMS																	
BYD Electronic	285 HK	Not Rated	9.02	N/A	2,589	6.8	5.8	35.4%	1.1	0.9	16.2%	16.2%	2.9	2.1	2.4%	2.9%	
FIH Mobile Ltd	2038 HK	Not Rated	1.08	N/A	1,114	N/A	N/A	N/A	0.4	0.4	-4.3%	1.2%	N/A	3.1	0.0%	0.0%	
Tongda Group	698 HK	Add	1.44	2.10	1,155	7.9	6.8	12.1%	1.2	1.0	17.5%	17.2%	5.7	4.6	4.0%	4.8%	
Shezhen Everw in Precision	300115 CH	Not Rated	11.14	N/A	1,473	17.5	13.7	2.5%	2.0	1.8	12.1%	13.8%	9.3	7.7	1.4%	1.7%	
Catcher Technology	2474 TT	Not Rated	364.00	N/A	9,092	9.0	8.6	18.7%	1.8	1.6	22.0%	19.9%	4.3	3.4	3.7%	4.0%	
Foxconn Technology	2354 TT	Not Rated	75.80	N/A	3,476	10.6	10.3	N/A	0.7	0.7	7.2%	7.1%	4.7	4.3	4.4%	4.6%	
Hon Hai Precision	2317 TT	Not Rated	83.80	N/A	47,083	11.0	9.7	4.4%	1.2	1.1	11.8%	12.0%	6.5	5.6	4.0%	4.8%	
Wistron Corporation	3231 TT	Not Rated	21.85	N/A	2,016	11.5	9.3	29.9%	0.9	0.9	7.6%	8.9%	5.1	4.5	5.8%	7.3%	
Jabil	JBL US	Not Rated	28.08	N/A	4,730	11.0	9.6	11.7%	2.2	2.0	20.1%	22.9%	4.1	3.7	1.2%	1.2%	
Average						10.3	8.9	16.4%	1.3	1.2	12.2%	13.2%	5.3	4.3	2.7%	3.1%	
Handset components - Displays																	
China Display Optoelectronci	334 HK	Hold	0.54	0.75	144	14.8	8.5	12.0%	1.8	1.5	12.5%	19.0%	6.8	4.5	1.9%	3.3%	
Truly International	732 HK	Not Rated	1.24	N/A	493	6.6	4.2	5.5%	0.5	0.5	8.4%	13.6%	3.6	2.8	4.3%	6.8%	
BOE Technology	000725 CH	Not Rated	3.66	N/A	18,390	14.7	11.3	99.1%	1.4	1.3	10.5%	12.7%	6.7	5.6	1.5%	2.1%	
Sunny Technology	300433 CH	Not Rated	12.12	N/A	6,946	16.1	12.0	40.3%	2.5	2.1	16.2%	18.0%	9.2	7.6	1.4%	1.4%	
Tianma Microelectronics	000050 CH	Not Rated	13.65	N/A	4,063	15.5	12.5	46.1%	1.3	1.2	9.8%	10.7%	9.8	8.0	1.0%	1.3%	
LG Display	034220 KS	Reduce	21,550	15,000	6,800	na	na	N/A	0.6	0.6	-6.3%	-5.9%	4.5	4.4	0.0%	0.0%	
Average						13.2	10.0	40.6%	1.5	1.3	11.5%	14.8%	7.2	5.7	2.0%	3.0%	

PRICE AS AT 13 AUG, 2018
SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

BY THE NUMBERS
P/BV vs ROE

12-mth Fwd FD Normalised P/E vs FD Normalised EPS Growth

Profit & Loss

(Rmbm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Net Revenues	14,612	22,366	28,779	37,903	49,084
Gross Profit	2,680	4,803	5,670	7,604	9,910
Operating EBITDA	1,817	3,575	4,816	6,464	8,270
Depreciation And Amortisation	(317)	(535)	(876)	(1,089)	(1,190)
Operating EBIT	1,501	3,041	3,940	5,375	7,081
Financial Income/(Expense)	30	32	20	73	235
Pretax Income/(Loss) from Assoc.	(12)	(16)	(10)	(7)	(4)
Non-Operating Income/(Expense)	20	168	127	165	159
Profit Before Tax (pre-EI)	1,538	3,225	4,077	5,606	7,470
Exceptional Items	(91)	93	(175)	0	0
Pre-tax Profit	1,446	3,318	3,902	5,606	7,470
Taxation	(175)	(404)	(489)	(673)	(934)
Exceptional Income - post-tax					
Profit After Tax	1,272	2,914	3,413	4,934	6,536
Minority Interests	(1)	(13)	(14)	(16)	(18)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
Net Profit	1,271	2,902	3,399	4,918	6,518
Normalised Net Profit	1,363	2,821	3,588	4,934	6,536
Fully Diluted Normalised Profit	1,362	2,808	3,574	4,918	6,518

Cash Flow

(Rmbm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
EBITDA	1,817	3,575	4,816	6,464	8,270
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(142)	(1,133)	(500)	(853)	(1,033)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	107	390	211	435	438
Net Interest (Paid)/Received	(15)	32	20	73	235
Tax Paid	(150)	(404)	(489)	(673)	(934)
Cashflow From Operations	1,617	2,460	4,058	5,446	6,976
Capex	(792)	(1,170)	(2,000)	(1,500)	(1,500)
Disposals Of FAs/subsidiaries	(181)	0	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0	0
Other Investing Cashflow	(299)	(299)	(299)	(299)	(299)
Cash Flow From Investing	(1,271)	(1,469)	(2,299)	(1,799)	(1,799)
Debt Raised/(repaid)	221	0	0	0	0
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	(228)	(318)	(725)	(842)	(1,219)
Preferred Dividends					
Other Financing Cashflow	124	12	(115)	(125)	(135)
Cash Flow From Financing	117	(306)	(840)	(967)	(1,354)
Total Cash Generated	463	685	919	2,680	3,824
Free Cashflow To Equity	567	991	1,759	3,647	5,178
Free Cashflow To Firm	362	1,040	1,939	3,837	5,378

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd
Balance Sheet

(Rmbm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Cash And Equivalents	2,755	3,340	4,387	7,246	11,269
Total Debtors	3,716	5,666	7,290	9,601	12,434
Inventories	2,828	2,622	3,450	4,523	5,848
Total Other Current Assets	19	8	0	0	0
Total Current Assets	9,318	11,635	15,127	21,370	29,550
Fixed Assets	1,958	2,749	3,873	4,284	4,594
Total Investments	100	125	125	125	125
Intangible Assets	0	392	392	392	392
Total Other Non-Current Assets	261	825	825	825	825
Total Non-current Assets	2,319	4,091	5,215	5,626	5,936
Short-term Debt	904	1,348	1,541	1,785	2,049
Current Portion of Long-Term Debt					
Total Creditors	5,573	6,183	8,135	10,666	13,790
Other Current Liabilities	181	175	308	357	464
Total Current Liabilities	6,658	7,705	9,984	12,809	16,303
Total Long-term Debt	0	0	0	0	0
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	31	395	508	669	866
Total Non-current Liabilities	31	395	508	669	866
Total Provisions	34	107	107	107	107
Total Liabilities	6,723	8,207	10,599	13,585	17,276
Shareholders' Equity	4,895	7,489	9,712	13,381	18,179
Minority Interests	18	31	31	31	31
Total Equity	4,913	7,519	9,743	13,411	18,210

Key Ratios

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue Growth	36.6%	53.1%	28.7%	31.7%	29.5%
Operating EBITDA Growth	57.3%	96.7%	34.7%	34.2%	27.9%
Operating EBITDA Margin	12.4%	16.0%	16.7%	17.1%	16.8%
Net Cash Per Share (Rmb)	1.76	1.89	2.71	5.19	8.77
BVPS (Rmb)	4.65	7.12	9.23	12.72	17.28
Gross Interest Cover	92.74	62.31	21.89	28.29	35.40
Effective Tax Rate	12.1%	12.2%	12.5%	12.0%	12.5%
Net Dividend Payout Ratio	23.4%	25.8%	23.6%	24.8%	24.8%
Accounts Receivables Days	84.15	76.55	82.16	81.33	82.15
Inventory Days	57.13	56.63	47.95	48.02	48.45
Accounts Payables Days	130.2	122.1	113.1	113.2	114.2
ROIC (%)	45.0%	75.3%	50.0%	54.6%	61.7%
ROCE (%)	29.7%	42.1%	40.7%	42.2%	42.1%
Return On Average Assets	13.9%	20.4%	19.8%	20.6%	20.4%

Key Drivers

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
ASP Change (% , Main Product)	-3.0%	-11.0%	0.0%	0.0%	0.0%
Unit sales growth (% , main prod)	25.8%	60.3%	50.0%	30.0%	25.0%
No. Of Lines (main Product)	-	-	-	-	-
Rev per line (US\$, main prod)	N/A	N/A	N/A	N/A	N/A
ASP chg (% , 2ndary prod)	12.1%	7.8%	12.0%	10.0%	10.0%
Unit sales grth (% , 2ndary prod)	37.0%	40.9%	25.0%	30.0%	30.0%
No. Of Lines (secondary Product)	N/A	N/A	N/A	N/A	N/A
Rev per line (US\$, 2ndary prod)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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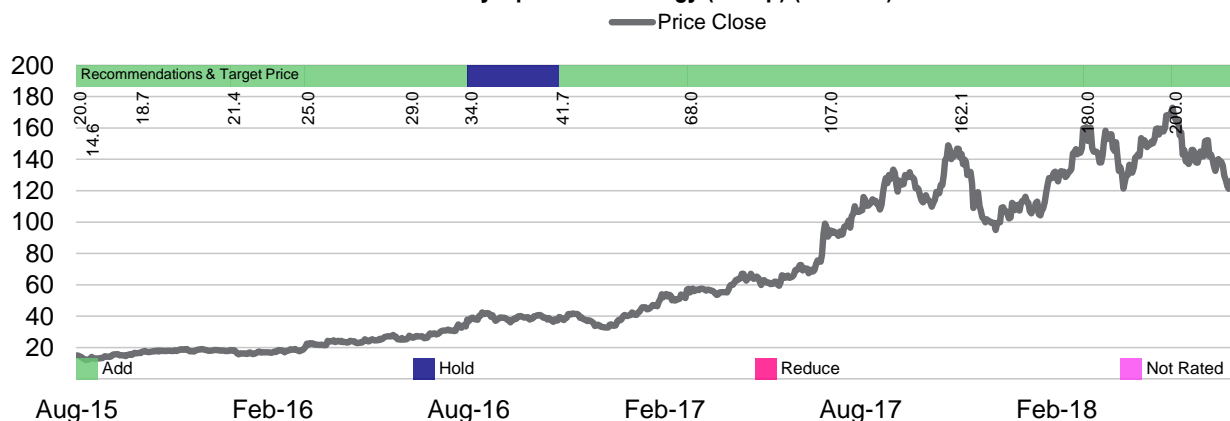
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2018		
1203 companies under coverage for quarter ended on 30 June 2018		
	Rating Distribution (%)	Investment Banking clients (%)
Add	62.3%	4.5%
Hold	26.2%	2.5%
Reduce	9.3%	0.8%

Spitzer Chart for stock being researched (2 year data)

Sunny Optical Technology (Group) (2382 HK)



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.