

## Singapore

**HOLD** (no change)

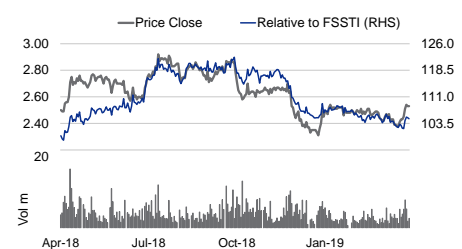
Consensus ratings\*: Buy 1 Hold 4 Sell 1

Current price:	S\$2.53
Target price:	S\$2.64
Previous target:	S\$2.64
Up/downside:	4.2%
CGS-CIMB / Consensus:	1.2%
Reuters:	SPRM.SI
Bloomberg:	SPH SP
Market cap:	US\$2,989m
	S\$4,043m
Average daily turnover:	US\$5.08m
	S\$6.87m
Current shares o/s:	1,598m
Free float:	95.7%

\*Source: Bloomberg

**Key changes in this note**

- FY19F EPS decreased by 4.4%
- FY20F EPS decreased by 5.4%
- FY21F EPS decreased by 5.2%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	3.7	3.3	1.2
Relative (%)	-0.4	-2	4.8

Major shareholders	% held
Vanguard Group	2.2
Blackrock	1.9
Toronto-Dominion Ban	0.8

**Analyst(s)**

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# Singapore Press Holdings

## 2QFY8/19: anchored by property

- 1H19 core PATMI of S\$85m (-25% yoy) deemed a slight miss on media weakness and absence of investment income. Maintain Hold.
- Recurring property income grew by 23.2% yoy in 2Q19, with more to come.
- Neutral on digital transformation and aged care expansion, till further clarity.

**Another weak 2Q19**

SPH reported 2Q19 core PATMI of S\$28.7m, which fell 29% yoy, mainly due to lower media topline (print ad sales -\$14.1m, circulation revenue -\$3.2m) and absence of investment income. 1H19 accounted for 40%/39% of our/consensus full-year numbers, which we deem a slight miss even as we expect higher property contribution in 2H19. 1H19 interim DPS of 5.5 Scts was declared (1H18: 6 Scts).

**Media business still not a pretty sight**

While 2Q is a seasonally weaker quarter, we were negatively surprised by the 13.8% yoy decline in media revenue (1Q19: -6.8% yoy), possibly reflecting some frontloading of sales in the prior quarter. Digital newspaper circulation grew 12% yoy to 23k copies and digital ad revenue rose 6.7% yoy in 1H19, but we think these digital initiatives would take more time before offsetting the revenue shortfall in the print business. The 12.9% yoy reduction in staff costs was unable to mitigate the 31.7% surge in average newsprint charge-out price, resulting in 2Q19 PBT margin of 7.3% (2Q18: 9.8%, 1Q19: 19.9%).

**Property going from strength to strength**

The property segment now forms 2/3 of SPH's profits and delivered higher steady income stream from the recent acquisitions of SPH Reit (69%-owned subsidiary), Figtree Grove in Australia and the Rail Mall. SPH has also expanded its UK student accommodation portfolio to S\$369m with two smaller assets in Lincoln and Glasgow; we expect more sizeable ones in the pipeline. The residential component of Woodleigh Residences is scheduled for official sales launch by May 2019.

**Growth plans include digital transformation, aged care business**

With the completed privatisation of M1 (and increased stake to 16.1%), we now project higher associates' contribution for SPH, but think that any major digital transformation will be spearheaded by Keppel. Bed occupancy rate at its aged care operations remains healthy in the range of 80%, with possible expansion opportunities, both at home and overseas. We think execution is key to watch.

**Maintain Hold with lower FY19-21F EPS**

As we assume lower media revenue and investment income (investible funds of S\$0.46bn as at end-2QFY19), our FY19-21F EPS fall by 4.4-5.4%. Our SOP-based TP of S\$2.64 and Hold rating remain unchanged, with 4% dividend yield as near-term share price support. Deteriorating media performance is a key downside risk, while faster capital recycling could re-rate the stock.

**Financial Summary**

	Aug-17A	Aug-18A	Aug-19F	Aug-20F	Aug-21F
Revenue (S\$m)	1,033	983	991	982	968
Operating EBITDA (S\$m)	239.1	277.1	340.7	343.1	330.1
Net Profit (S\$m)	350.1	281.1	204.6	203.3	199.4
Core EPS (S\$)	0.13	0.17	0.13	0.13	0.12
Core EPS Growth	(19.7%)	32.0%	(27.2%)	(0.6%)	(1.9%)
FD Core P/E (x)	19.21	14.55	19.99	20.12	20.51
DPS (S\$)	0.15	0.13	0.11	0.11	0.11
Dividend Yield	5.93%	5.14%	4.35%	4.35%	4.35%
EV/EBITDA (x)	23.33	21.23	16.93	16.78	17.47
P/FCFE (x)	14.11	13.01	10.31	17.56	18.72
Net Gearing	19.5%	26.6%	30.6%	29.0%	27.8%
P/BV (x)	1.17	1.18	1.22	1.22	1.23
ROE	6.08%	8.08%	5.99%	6.05%	5.96%
% Change In Core EPS Estimates			(4.38%)	(5.41%)	(5.22%)
CIMB/consensus EPS (x)			0.94	0.92	0.86

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 1: Results comparison**

FYE Aug (\$m)	2QFY19	2QFY18	yoy % chg	qoq % chg	2QFY19 Cum	2QFY18 Cum	yoy % chg	Prev. FY19F	Comments
Revenue	223.3	233.7	-4%	-12%	477.6	492.5	-3%	995	2QFY19 formed 22%/23% of our/consensus full-year numbers respectively. Media -13.8% yoy, Property +19.6% yoy, Others -4.1% yoy. 2Q is seasonally weaker for media
Operating costs	(171.9)	(167.0)	3%	6%	(319.5)	(330.5)	-3%	(653.4)	
EBITDA	51.4	66.7	-23%	-44%	158.1	161.9	-2%	341.6	
EBITDA margin (%)	23%	29%	-19%	-36%	33%	33%	1%	34%	In line
Depn & amort.	(6.6)	(8.3)	-21%	0%	(13.2)	(14.8)	-11%	(34.4)	In line
EBIT	44.9	58.4	-23%	-48%	144.9	147.1	-2%	307.3	
Interest expense	(12.3)	(9.1)	36%	15%	(37.5)	(17.9)	110%	(41.0)	Above
Interest & invt inc	(0.7)	9.3	-108%	-124%	2.4	21.7	-89%	36.4	
Associates' contrib	11.8	0.6	nm	-2657%	9.4	0.9	986%	8.4	Above, due to FV gain on Chinatown Point
Exceptionals	1.0	0.0	nm	nm	1.0	(10.3)	-110%	0.0	1H18: one-off retrenchment costs, 1H19: FV changes on investment properties
Pretax profit	44.7	59.3	-25%	-42%	120.3	141.4	-15%	311.1	
Tax	(10.9)	(9.4)	17%	12%	(20.7)	(19.3)	7%	(49.3)	
Tax rate (%)	-24%	-16%	55%	94%	-17%	-14%	26%	-16%	In line
Minority interests	(4.1)	(9.7)	-58%	-59%	(14.0)	(20.2)	-31%	(47.9)	
Net profit	29.7	40.2	-26%	-49%	85.6	102.0	-16%	214.0	
Core net profit	28.7	40.2	-29%	-51%	84.6	112.3	-25%	214.0	Slightly below; 2Q19 core net profit formed 13% of ours/consensus full-year numbers. 1H19 formed 40%/39% of ours/consensus expectations
EPS (cts)	1.8	2.5	-26%	-49%	5.3	6.3	-16%	13.2	
Core EPS (cts)	1.8	2.5	-29%	-51%	5.2	6.9	-25%	13.2	

SOURCES: CGS-CIMB, COMPANY REPORTS


**Figure 2: Earnings revision table**

\$m	New			Old			% Change		
	FY19F	FY20F	FY21F	FY19F	FY20F	FY21F	FY19F	FY20F	FY20F
Revenue	991	982	968	995	986	971	-0.4%	-0.4%	-0.4%
Media	617	594	571	621	597	575	-0.6%	-0.6%	-0.6%
Property	287	299	304	287	299	304	0.0%	0.0%	0.0%
Others	87	89	92	87	89	92	0.0%	0.0%	0.0%
Total expenses	(744)	(737)	(740)	(753)	(749)	(759)	-1.1%	-1.7%	-2.6%
Operating profit	266	266	248	266	262	239	0.0%	1.3%	4.1%
Net profit	205	203	199	214	215	210	-4.4%	-5.4%	-5.2%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS


**Figure 3: SPH now has a UK PBSA portfolio of S\$369m AUM, 3816 beds and 17 assets in 8 cities**

### St Marks



- Added 116 beds in February 2019
- Healthy student-to-bed ratio of 1.9:1 and 100% occupied
- St. Marks is located in the city of Lincoln, 8 minutes walk from University of Lincoln

### Clifton & Stewart House



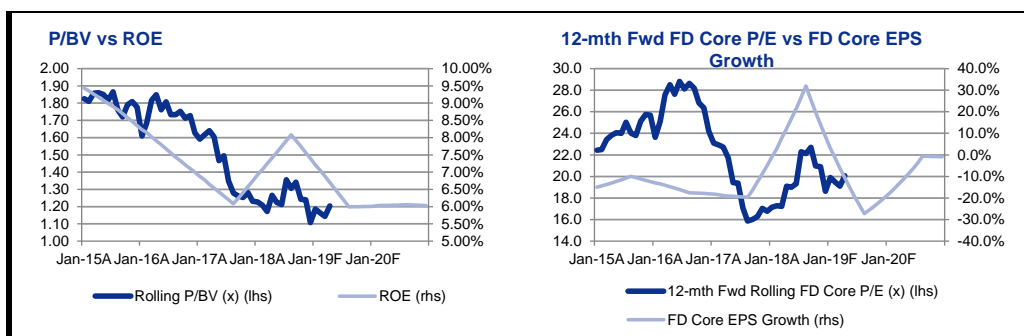
- Added 264 beds in March 2019
- Strong student-to-bed ratio of 2.6:1 and 100% occupied
- University of Glasgow is ranked 17<sup>th</sup>, part of the Russell Group of Universities

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: Peers comparison**

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY2019	CY2020		CY2019	CY2020	CY2019	CY2020	CY2021	CY2019	CY2020	CY2019	CY2020
Singapore Press Holdings	SPH SP	HOLD	2.53	2.64	2,989	20.1	20.2	na	1.22	1.22	6.0%	6.0%	na	16.8	16.9	4.3%	4.4%
Media Chinese Int'l	MCIL MK	Reduce	0.22	0.19	91	10.7	12.8	na	0.47	0.46	4.4%	3.6%	na	1.7	1.7	4.7%	3.9%
Media Prima Bhd	MPR MK	Hold	0.51	0.51	137	na	53.4	na	0.96	0.95	-0.7%	1.8%	3.3%	11.0	5.9	0.0%	1.3%
Star Media Group Bhd	STAR MK	Add	0.73	1.23	132	20.7	16.1	25.3%	0.64	0.63	3.1%	4.0%	3.9%	5.0	3.9	4.1%	4.1%
<b>Simple average</b>						<b>17.1</b>	<b>25.6</b>	<b>25.3%</b>	<b>0.82</b>	<b>0.82</b>	<b>3.2%</b>	<b>3.8%</b>	<b>3.6%</b>	<b>8.6</b>	<b>7.1</b>	<b>3.3%</b>	<b>3.4%</b>
<b>Weighted average</b>						<b>20.9</b>	<b>20.4</b>	<b>na</b>	<b>1.12</b>	<b>1.12</b>	<b>5.3%</b>	<b>5.5%</b>	<b>na</b>	<b>15.0</b>	<b>14.6</b>	<b>4.1%</b>	<b>4.2%</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG (As of 9 April 2019)

**BY THE NUMBERS**

**Profit & Loss**

(\$m)	Aug-17A	Aug-18A	Aug-19F	Aug-20F	Aug-21F
<b>Total Net Revenues</b>	<b>1,052</b>	<b>1,006</b>	<b>1,011</b>	<b>1,002</b>	<b>988</b>
<b>Gross Profit</b>	<b>1,052</b>	<b>1,006</b>	<b>1,011</b>	<b>1,002</b>	<b>988</b>
<b>Operating EBITDA</b>	<b>239</b>	<b>277</b>	<b>341</b>	<b>343</b>	<b>330</b>
Depreciation And Amortisation	(38)	(33)	(27)	(29)	(30)
<b>Operating EBIT</b>	<b>201</b>	<b>244</b>	<b>313</b>	<b>314</b>	<b>300</b>
Financial Income/(Expense)	(31)	(38)	(47)	(48)	(52)
Pretax Income/(Loss) from Assoc.	1	3	8	13	27
Non-Operating Income/(Expense)	111	161	18	18	19
<b>Profit Before Tax (pre-EI)</b>	<b>282</b>	<b>371</b>	<b>292</b>	<b>297</b>	<b>294</b>
Exceptional Items	150	0	0	0	0
<b>Pre-tax Profit</b>	<b>431</b>	<b>371</b>	<b>292</b>	<b>297</b>	<b>294</b>
Taxation	(36)	(47)	(48)	(48)	(45)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>395</b>	<b>324</b>	<b>244</b>	<b>249</b>	<b>249</b>
Minority Interests	(45)	(43)	(40)	(46)	(50)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>350</b>	<b>281</b>	<b>205</b>	<b>203</b>	<b>199</b>
Recurring Net Profit	213	281	205	203	199
<b>Fully Diluted Recurring Net Profit</b>	<b>213</b>	<b>281</b>	<b>205</b>	<b>203</b>	<b>199</b>

**Cash Flow**

(\$m)	Aug-17A	Aug-18A	Aug-19F	Aug-20F	Aug-21F
<b>EBITDA</b>	<b>239.1</b>	<b>277.1</b>	<b>340.7</b>	<b>343.1</b>	<b>330.1</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	3.2	5.4	163.7	(0.7)	(1.2)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	90.6	37.0	0.0	0.0	0.0
Net Interest (Paid)/Received	(31.3)	(37.5)	(46.8)	(48.4)	(51.6)
Tax Paid	(58.5)	(48.7)	(47.9)	(47.8)	(44.7)
<b>Cashflow From Operations</b>	<b>243.1</b>	<b>233.3</b>	<b>409.6</b>	<b>246.2</b>	<b>232.6</b>
Capex	(12.3)	(22.7)	(12.9)	(13.3)	(14.0)
Disposals Of FAs/subsidiaries	312.2	403.2	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(302.6)	(276.1)	(300.0)	0.0	0.0
Other Investing Cashflow	(149.5)	(131.4)	0.0	0.0	0.0
<b>Cash Flow From Investing</b>	<b>(152.2)</b>	<b>(27.0)</b>	<b>(312.9)</b>	<b>(13.3)</b>	<b>(14.0)</b>
Debt Raised/(repaid)	199.0	108.1	300.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased	(4.5)	(3.5)	0.0	0.0	0.0
Dividends Paid	(316.4)	(285.3)	(242.3)	(177.9)	(177.9)
Preferred Dividends					
Other Financing Cashflow	(30.3)	(35.2)	(46.8)	(48.4)	(51.6)
<b>Cash Flow From Financing</b>	<b>(152.2)</b>	<b>(215.9)</b>	<b>10.9</b>	<b>(226.2)</b>	<b>(229.5)</b>
Total Cash Generated	(61.3)	(9.6)	107.7	6.7	(10.9)
<b>Free Cashflow To Equity</b>	<b>290.0</b>	<b>314.4</b>	<b>396.8</b>	<b>232.9</b>	<b>218.6</b>
<b>Free Cashflow To Firm</b>	<b>122.3</b>	<b>243.8</b>	<b>143.6</b>	<b>281.3</b>	<b>270.2</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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

(S\$m)	Aug-17A	Aug-18A	Aug-19F	Aug-20F	Aug-21F
Total Cash And Equivalents	677	481	636	691	731
Total Debtors	314	293	128	126	125
Inventories	22	23	19	19	19
Total Other Current Assets	18	0	0	0	0
<b>Total Current Assets</b>	<b>1,032</b>	<b>797</b>	<b>782</b>	<b>836</b>	<b>875</b>
Fixed Assets	235	225	169	153	137
Total Investments	4,626	4,752	5,052	5,052	5,052
Intangible Assets	204	176	176	176	176
Total Other Non-Current Assets	9	247	247	247	247
<b>Total Non-current Assets</b>	<b>5,074</b>	<b>5,400</b>	<b>5,644</b>	<b>5,628</b>	<b>5,612</b>
Short-term Debt	972	295	295	295	295
Current Portion of Long-Term Debt					
Total Creditors	241	231	225	223	220
Other Current Liabilities	48	50	50	50	50
<b>Total Current Liabilities</b>	<b>1,261</b>	<b>575</b>	<b>570</b>	<b>568</b>	<b>564</b>
Total Long-term Debt	528	1,313	1,613	1,613	1,613
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	45	42	42	42	42
<b>Total Non-current Liabilities</b>	<b>573</b>	<b>1,355</b>	<b>1,655</b>	<b>1,655</b>	<b>1,655</b>
Total Provisions	49	39	39	39	39
<b>Total Liabilities</b>	<b>1,883</b>	<b>1,969</b>	<b>2,263</b>	<b>2,261</b>	<b>2,258</b>
Shareholders' Equity	3,488	3,467	3,362	3,356	3,332
Minority Interests	735	761	801	847	896
<b>Total Equity</b>	<b>4,223</b>	<b>4,228</b>	<b>4,163</b>	<b>4,203</b>	<b>4,229</b>

**Key Ratios**

	Aug-17A	Aug-18A	Aug-19F	Aug-20F	Aug-21F
Revenue Growth	(8.17%)	(4.84%)	0.87%	(0.92%)	(1.48%)
Operating EBITDA Growth	(37.3%)	15.9%	23.0%	0.7%	(3.8%)
Operating EBITDA Margin	23.2%	28.2%	34.4%	34.9%	34.1%
Net Cash Per Share (S\$)	(0.51)	(0.70)	(0.79)	(0.75)	(0.73)
BVPS (S\$)	2.16	2.14	2.08	2.08	2.06
Gross Interest Cover	6.43	6.50	6.69	6.49	5.81
Effective Tax Rate	8.4%	12.6%	16.4%	16.1%	15.2%
Net Dividend Payout Ratio	137%	86%	87%	87%	89%
Accounts Receivables Days	79.8	112.8	77.4	47.3	47.4
Inventory Days	N/A	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A	N/A
ROIC (%)	84.5%	47.5%	45.9%	67.8%	67.0%
ROCE (%)	4.49%	6.17%	5.52%	5.42%	5.17%
Return On Average Assets	4.59%	5.88%	4.61%	4.62%	4.65%

**Key Drivers**

	Aug-17A	Aug-18A	Aug-19F	Aug-20F	Aug-21F
Adex rev. grth (% , main newsppr)	-16.8%	-11.8%	-7.6%	-4.6%	-4.6%
ASP (% chg, main newsppr)	N/A	N/A	N/A	N/A	N/A
Circulation grth (% , main newsppr)	-5.1%	-7.3%	-4.0%	-4.0%	-4.0%
Adex rev. grth (% , 2ndary newsppr)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary newsppr)	N/A	N/A	N/A	N/A	N/A
Circulation grth (% , 2ndary newsppr)	N/A	N/A	N/A	N/A	N/A
Adex rev. grth (% , tertiary newsppr)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, tertiary ppr)	N/A	N/A	N/A	N/A	N/A
Circulation grth (% , tertiary newsppr)	N/A	N/A	N/A	N/A	N/A
Newsprint Cost (% Change)	-5.7%	-8.6%	-8.0%	-4.5%	-2.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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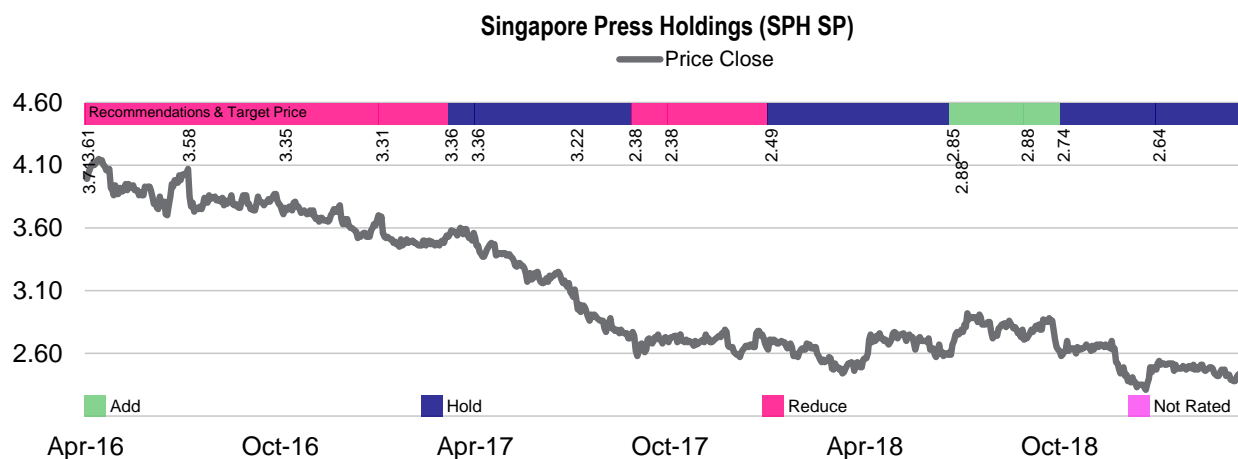
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Spitzer Chart for stock being researched ( 2 year data )



**Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2018, Anti-Corruption 2018**

**ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, Declared, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** - Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** - Good, Declared, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Very Good, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **DELTA** - Excellent, n/a, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HREIT** - Excellent, Certified, **ICHI** – Excellent, Declared, **HUMAN** – not available, n/a, **III** – Good, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD\*** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Declared, **MALEE** – Very Good, Certified, **MC** – Very Good, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Declared, **NETBAY** – Good, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PSH** – Excellent, Certified, **PSTC** – Good, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **RSP** – not available, n/a, **SAMART** - Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Very Good, Certified, **SF** – Good, n/a, **SIRI** – Very Good, Certified, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Declared, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, Declared, **TMB** - Excellent, Certified, **TNR** – Very Good, Declared, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TIPIP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Very Good, Declared, **UNIQ** – Good, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WORK** – Good, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 31, 2018) are categorized into:

- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

\* The company, its director or management had been reportedly accused for breaching proper corporate governance such as violation of the SEC's regulations or charged with corruption.

## Recommendation Framework

### Stock Ratings

Definition:

- 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.

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