

Hong Kong

ADD (no change)

Consensus ratings*: Buy 8 Hold 1 Sell 1

Current price:	HK\$12.74
Target price:	HK\$15.73
Previous target:	HK\$13.38
Up/downside:	23.5%
CGS-CIMB / Consensus:	25.7%
Reuters:	3918.HK
Bloomberg:	3918 HK
Market cap:	US\$7,065m
	HK\$55,304m
Average daily turnover:	US\$5.43m
	HK\$42.28m
Current shares o/s:	4,341m
Free float:	34.0%

*Source: Bloomberg

Key changes in this note

- FY19F EPS increased by 7%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	16.2	41.2	71
Relative (%)	9.1	42	70.7

Major shareholders

	% held
Dr. Chen Lip Keong	44.2
Fourth Star Finance	18.2
Cambodia Development Corp	3.7

Analyst(s)



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NagaCorp Ltd

Defensive in the midst of market turmoil

- Naga's share price outperformance this year has been mainly driven by the relatively defensive nature of its gaming operations.
- Naga's VIP operations have been more defensive compared to Macau; we estimate 30% VIP revenue growth this year for Naga.
- Target price remains based on SOP with a higher EV/EBITDA multiple of 12.5x vs. 11x previously. Maintain Add.

Share price outperforms

YTD Naga's share price has surged 51% vs. the Macau/Hang Seng Index's increase of 9%/6%. This has been due to the outperformance of its gaming operations vs. Macau – we estimate 31%/32% increase in Naga's GGR/EBITDA for FY19F vs. a flattish run-rate for Macau. In addition, we believe Naga is relatively more defensive in terms of growth fundamentals and customer composition vs. Macau. For example, Naga's gaming growth is a function of growing foreign direct investment into Cambodia along with China's Belt and Road initiatives vs. purely tourism growth as is the case with Macau.

VIP decoupling from Macau

From our recent discussions with management, we gather that Naga has seen minimal disruption to its VIP business from some of the macro issues which have negatively impacted Macau. We expect 30% yoy VIP revenue growth this year vs. a mid-teen decline for Macau operators. Due to increased business-related travel from China, reduced scrutiny on capital control measures vs. Macau, and higher junket commissions, we expect Naga's VIP segment to continue to outperform Macau. Naga's VIP revenue base is more defensive and diversified with only c.50% of volume from Greater China.

Proxy betting ban should help Naga

Suncity's current Sihanoukville and future Hoina gaming operations will not feature proxy betting; this should benefit Naga, due to a smaller degree of regional competition. We believe proxy betting could have diverted significant funds from Naga's operations in Cambodia into Suncity's own operations. To a lesser extent, the crackdown on Sihanoukville's online gaming operations and building construction should slow the pace of gaming growth there, which also benefits Naga in terms of lower competition.

Historical discount not justified

We alter our EPS forecasts by +7% to -5% for FY19-21F, mainly due to changes in gross margin and gaming turnover assumptions. Over the past six years, Naga has traded at an average discount of 42% vs. the Macau average. The discount has narrowed to 9% currently due to Naga's outperformance. Given stronger growth metrics of Cambodian gaming operations vs. Macau, we forecast Naga to trade on par with the Macau historical 6-year average of 12.5x. Our valuation remains based on SOP but we now value current operations at 12.5x FY19F EV/EBITDA vs. 11x previously. Risks to our positive views are lower-than-expected gaming volumes and a slowdown in Cambodia's economy.

Financial Summary

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue (US\$m)	956	1,474	1,929	2,246	2,501
Operating EBITDA (US\$m)	320.0	512.0	676.8	787.2	893.1
Net Profit (US\$m)	255.2	390.6	495.0	593.6	689.9
Core EPS (US\$)	0.06	0.09	0.11	0.14	0.16
Core EPS Growth	(26.5%)	53.1%	26.7%	19.9%	16.2%
FD Core P/E (x)	22.19	18.09	14.27	11.90	10.24
DPS (US\$)	0.035	0.054	0.069	0.082	0.096
Dividend Yield	2.17%	3.32%	4.21%	5.05%	5.87%
EV/EBITDA (x)	21.91	13.60	10.30	8.92	7.93
P/FCFE (x)	NA	15.75	26.28	24.25	20.82
Net Gearing	(3.82%)	(6.61%)	(5.38%)	(2.27%)	1.05%
P/BV (x)	5.11	4.59	4.19	3.94	3.74
ROE	19.4%	26.7%	30.7%	34.1%	37.5%
% Change In Core EPS Estimates			6.68%	0.96%	(4.96%)
CGS-CIMB/Consensus EPS (x)			1.00	1.12	1.15

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Defensive in the midst of market turmoil

Naga's key performance indicators vs. Macau >

In the figure below, we highlight some of the key differences in metrics between Macau and Naga. Our overall conclusion is that Naga's gaming operations are more defensive relative to Macau operators as Naga is not completely dependent on Chinese players as Macau operators, making Naga more immune to a China macro slowdown. In addition, we believe that the growing FDI into Cambodia is a primary driver for gaming volumes at Naga as business executives can freely visit Cambodia for business purposes with some gaming activities on the side. This results in less scrutiny from the Chinese government when compared to players in Macau who visit mainly for gaming purposes. The recent online gaming crackdown in Sihanoukville, along with Suncity's overseas proxy ban, makes us more positive on the sustainability of Naga's longer-term gaming growth due to less competition from these outside venues.

Figure 1: Macau operators vs. Naga key metrics

	Naga	Macau
Key financial metrics		
FY19F GGR growth	31%	Flattish
FY19F EBITDA growth	32%	Flattish
Gaming tax	New legislation to go into effect in 1H20F, tax likely at mid single digit of GGR	39%
Market drivers		
Competition	Monopoly + smaller properties in Cambodia. Less competitive threat from Sihanoukville due to online gaming and proxy ban	Internal Macau competition + regional
Visitation	Tourism growth: (1H19 +11% overall, +38% from China)	Tourism growth: (1H19 + 21% overall, +22% from China)
	Foreign direct investment growth: (US\$3.1bn in FY18, +10% yoy) China is 41% of FDI	
FY19F GDP growth	6.7%	1H19: -2.5% yoy
Junket commissions	70-80% of GGR	44% of GGR
Policy risk	Country risk	License renewal, capital control, junket regulation
Gaming mix	Diversified (Asean, locals, Greater China)	95% of players from China

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, World Bank, Macao Statistics and Census Service, Fitch Solutions.

Changes to estimates >

Our estimate changes mainly centre on changes in VIP and mass turnover. We reduce or forecasts for mass by around 7% on average for FY19-21F and VIP by 7-28% for FY19-21F, mainly due to higher base effects. Offsetting the decline in VIP, we increase our gross margin forecasts by 3-5% for FY19-21F, mainly due to less lower-margin VIP composition (27% gross profit margin for VIP vs. 98% for mass in 1H19).

Figure 2: Estimate changes US\$m

US\$ m	2019F			2020F			2021F		
	Old	New	% change	Old	New	% change	Old	New	% change
Public floor buy-ins	1,734	1,610	-7.1%	2,167	1,996	-7.9%	2,492	2,335	-6.3%
win rate	19.0%	19.0%	0.0%	19.0%	19.0%	0.0%	19.0%	19.0%	0.0%
revenue	329	306	-7.1%	412	379	-7.9%	473	444	-6.3%
Electronic gaming bill-ins	2,547	2,879	13.0%	2,852	3,311	16.1%	3,138	3,642	16.1%
revenue	157	177	13.0%	176	204	16.1%	193	224	16.1%
Junket VIP rollings	49,922	46,356	-7.1%	64,899	53,310	-17.9%	81,123	58,640	-27.7%
win rate	3.0%	3.0%	0.0%	3.0%	3.0%	0.0%	3.0%	3.0%	0.0%
revenue	1498	1,391	-7.1%	1947	1,599	-17.9%	2434	1,759	-27.7%
Revenue	2039	1,929	-5.4%	2598	2,246	-13.5%	3175	2,501	-21.2%
gross margin	43.0%	46.0%	3.0%	42.0%	46.0%	4.0%	41.0%	46.0%	5.0%
EBITDA	650	677	4.1%	795	787	-1.0%	955	893	-6.4%
EBITDA margin	31.9%	35.1%	3.2%	30.6%	35.0%	4.5%	30.1%	35.7%	5.6%
Net income	464	495	6.7%	588	593	1.0%	726	690	-5.0%

SOURCES: CGS-CIMB RESEARCH

Figure 3: Financial summary

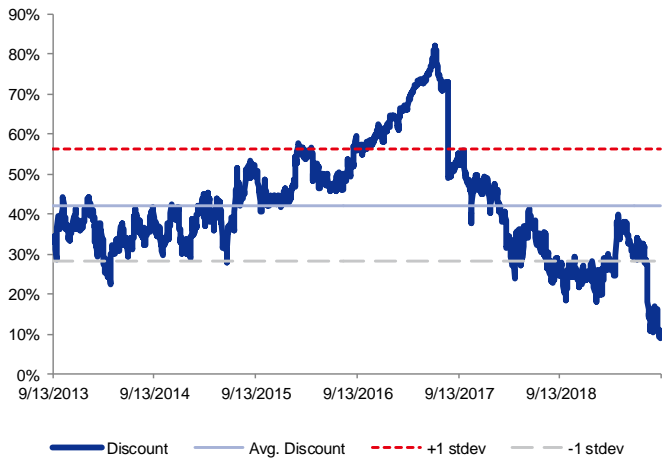
US\$m	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F
Revenue	279	345	404	504	532	956	1,474	1,929	2,246	2,501
yoy% growth	25%	24%	17%	25%	6%	80%	54%	31%	16%	11%
EBITDA	139	173	176	229	258	320	512	677	787	893
yoy% growth	26%	25%	2%	30%	13%	24%	60%	32%	16%	13%
Net Income	113	140	136	173	184	255	391	495	593	690
yoy% growth	23%	24%	-3%	27%	7%	39%	53%	27%	20%	16%
Public floor buy-ins	348	400	465	550	618	788	1,238	1,610	1,996	2,335
yoy% growth	34%	15%	16%	18%	12%	28%	57%	30%	24%	17%
Electronic gaming bill-ins	995	1,098	1,186	1,371	1,499	1,812	2,215	2,879	3,311	3,642
yoy% growth	28%	10%	8%	16%	9%	21%	22%	30%	15%	10%
VIP rollings	3,787	4,574	6,185	7,876	8,714	21,125	35,659	46,356	53,310	58,640
yoy% growth	17%	21%	35%	27%	11%	142%	69%	30%	15%	10%
Public floor revenue	78	90	109	121	130	150	236	306	379	444
yoy% growth	24%	15%	21%	11%	7%	15%	57%	30%	24%	17%
Electronic gaming revenue	88	102	85	137	146	151	129	177	204	224
yoy% growth	28%	16%	-17%	62%	6%	4%	-14%	37%	15%	10%
VIP revenue	95	133	188	223	226	625	1,069	1,391	1,599	1,759
yoy% growth	18%	40%	41%	18%	1%	177%	71%	30%	15%	10%
Public floor win rate	22.4%	22.4%	23.3%	22.0%	21.0%	19.0%	19.0%	19.0%	19.0%	19.0%
Electronic gaming win rate	11.5%	11.0%	10.1%	9.8%	8.2%	7.9%	8.8%	8.8%	8.8%	8.8%
VIP win rate	2.5%	2.9%	3.0%	2.8%	2.6%	3.0%	3.0%	3.0%	3.0%	3.0%
Gross margin	72.9%	72.1%	67.4%	65.1%	69.0%	49.5%	45.7%	46.0%	46.0%	46.0%
EBITDA margin	49.7%	50.0%	43.6%	45.4%	48.5%	33.5%	34.7%	35.1%	35.0%	35.7%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Valuation and target price calculation ►

Our valuation is based on SOP where we value current operations at 12.5x FY19F EV/EBITDA, in line with the historical 6-year average for Macau. The gaming operations in Vladivostok, Russia which we expect to open in FY21F, add HK\$0.48 to our target price for Naga. We value Vladivostok at an 8x EV/EBITDA multiple, with an ROIC of 15% discounted back at 25%. We have yet to factor in Naga3, Cambodia into our valuation. We forecast Naga3 to open in FY25 or FY26F.

Figure 4: Naga discount to Macau average



SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Figure 5: Naga consensus EV/EBITDA



SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Figure 6: Naga SOP-based target valuation

	US\$m	Per share
EBITDA in FY19F	677	
EV in FY19F (12.5x)	8,460	
Total debt	291	
Historical cash	317	
Equity value	8,486	1.95
Total equity value (US\$)		1.95
Russia project value (HK\$)		0.48
Total equity value (HK\$)		15.73

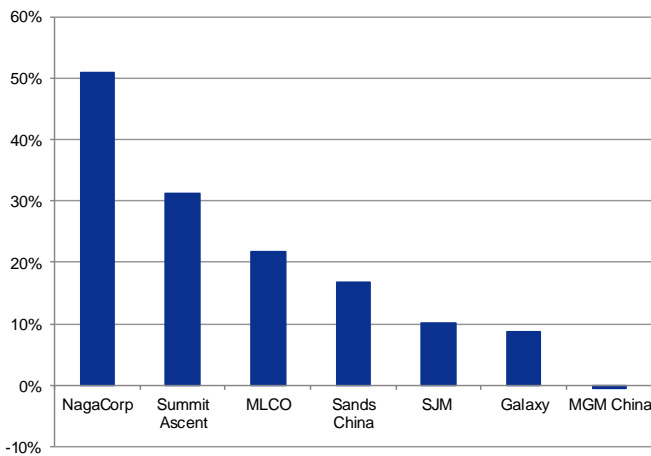
SOURCES: CGS-CIMB RESEARCH

Figure 7: Value of Naga's Russia project

	US\$m
Invested capital	350
ROIC in FY21F	15%
EBITDA	53
FY21F EV/EBITDA multiple	8x
Enterprise value	420
Net debt	-
Equity value	420
# shares fully diluted (m)	4,341
Equity value/share in FY19F (US\$)	0.10
Discount rate	25.0%
Equity value/share in FY19F (US\$)	0.06
Equity value/share in FY19F (HK\$)	0.48

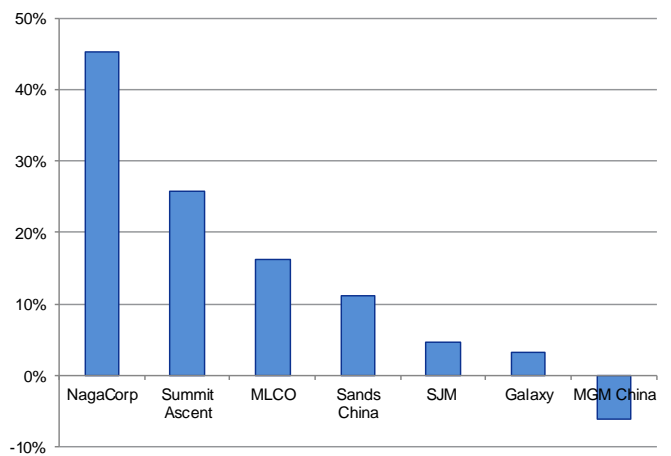
SOURCES: CGS-CIMB RESEARCH

Figure 8: YTD share price performance



SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Figure 9: Relative performance compared to Hang Seng Index



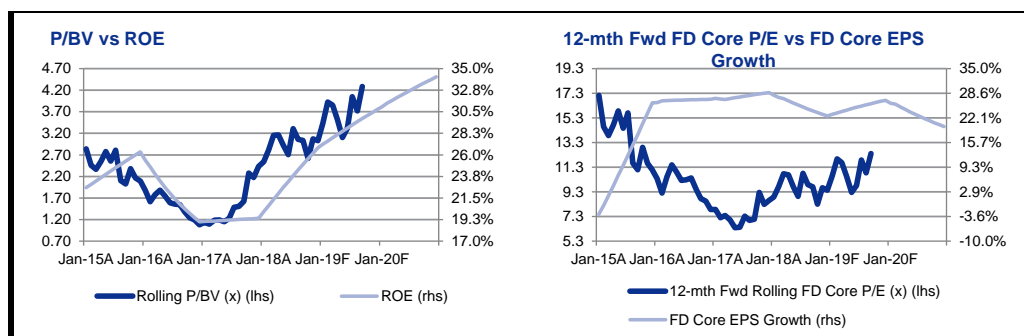
SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Figure 10: Sector Comparisons

Company	Bloomberg		Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		2-year EPS CAGR (%)	P/BV (x)		EV/EBITDA (x)		ROE (%)		Yield (%)	
	Ticker	Recom.				FY19F	FY20F		FY19F	FY20F	FY19F	FY20F	FY19F	FY20F	FY19F	FY20F
Galaxy Entertainment	27 HK	ADD	54.00	58.64	29,886	17.8	17.7	-1%	3.3	2.9	13.8	13.5	20%	17%	1.6%	1.6%
Sands China	1928 HK	ADD	38.90	47.37	40,185	18.9	16.3	12%	8.9	8.3	14.3	12.7	48%	53%	5.1%	6.0%
MGM China Holdings	2282 HK	ADD	13.16	18.56	6,388	20.4	15.4	74%	4.5	3.8	11.9	9.5	25%	27%	2.5%	3.2%
Wynn Macau	1128 HK	ADD	16.88	21.46	11,206	16.1	14.6	-2%	41.3	30.9	11.2	10.3	299%	242%	5.6%	6.2%
SJM Holdings	880 HK	HOLD	8.05	8.85	5,824	15.0	13.8	8%	1.6	1.5	13.6	12.0	11%	11%	3.3%	3.6%
HK listed Macau average						17.7	15.6	18%	11.9	9.5	13.0	11.6	80%	70%	3.6%	4.1%
Genting Bhd	GENT MK	ADD	5.86	7.90	5,418	10.6	10.2	-14%	0.6	0.5	4.6	3.9	5%	5%	2.0%	2.0%
Berjaya Sports Toto	BST MK	HOLD	2.68	2.62	867	14.9	14.9	0%	4.5	4.2	9.1	9.1	31%	29%	5.5%	6.0%
Genting Malaysia	GENM MK	HOLD	3.25	3.15	4,634	12.9	12.6	-14%	1.0	1.0	7.6	7.2	8%	8%	3.1%	3.4%
Malaysia average						12.8	12.6	-9%	2.0	1.9	7.1	6.7	15%	14%	3.6%	3.8%
Paradise	034230 KS	REDUCE	17,750	15,000	1,360	53.5	35.3	na	1.2	1.2	24.4	16.7	2%	3%	0.8%	1.4%
Grand Korea Leisure	114090 KS	ADD	20,450	28,500	1,066	14.2	10.9	21%	2.1	1.8	8.1	6.2	15%	18%	2.7%	3.9%
Kangwon Land	035250 KS	REDUCE	29,600	25,000	5,337	19.8	20.7	1%	1.7	1.7	6.8	6.2	9%	8%	3.3%	3.3%
Korea average						29.2	22.3	11%	1.7	1.6	13.1	9.7	9%	10%	2.3%	2.9%
NagaCorp Ltd	3918 HK	ADD	12.74	15.73	7,065	14.3	11.9	23%	4.2	3.9	10.3	8.9	31%	34%	4.2%	5.0%
Summit Ascent Holdings	102 HK	ADD	1.30	3.14	7,065	96.9	30.0	189%	1.2	1.1	4.6	3.1	1%	4%	0.0%	0.0%
Genting Singapore	GENS SP	ADD	0.90	1.00	7,839	16.3	16.7	-9%	1.3	1.3	6.4	6.6	8%	8%	3.9%	3.9%
Other average						42.5	19.5	68%	2.2	2.1	7.1	6.2	14%	15%	2.7%	3.0%

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

BY THE NUMBERS



Profit & Loss

(US\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Net Revenues	956.3	1,474.3	1,928.6	2,246.2	2,501.5
Gross Profit	472.9	673.5	887.2	1,033.3	1,150.7
Operating EBITDA	320.0	512.0	676.8	787.2	893.1
Depreciation And Amortisation	(56.4)	(93.0)	(78.5)	(78.5)	(78.5)
Operating EBIT	263.6	419.0	598.3	708.6	814.6
Financial Income/(Expense)	0.7	(16.2)	(23.7)	(23.0)	(22.4)
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	(1.0)	(3.4)	(2.4)	(2.2)	(2.2)
Profit Before Tax (pre-EI)	263.3	399.4	572.2	683.4	789.9
Exceptional Items					
Pre-tax Profit	263.3	399.4	572.2	683.4	789.9
Taxation	(8.1)	(8.8)	(77.1)	(89.8)	(100.1)
Exceptional Income - post-tax					
Profit After Tax	255.2	390.6	495.0	593.6	689.9
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	255.2	390.6	495.0	593.6	689.9
Recurring Net Profit	255.2	390.6	495.0	593.6	689.9
Fully Diluted Recurring Net Profit	255.2	390.6	495.0	593.6	689.9

Cash Flow

(US\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
EBITDA	320.0	512.0	676.8	787.2	893.1
Cash Flow from Inv. & Assoc.					
Change In Working Capital	9.6	(26.7)	(12.8)	(8.6)	(6.9)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	2.7	3.1	0.0	0.0	0.0
Other Operating Cashflow	(1.0)	12.8	21.3	20.6	20.1
Net Interest (Paid)/Received	0.0	(16.2)	(23.7)	(23.0)	(22.4)
Tax Paid	(9.0)	(8.2)	(77.1)	(89.8)	(100.1)
Cashflow From Operations	322.2	476.7	584.5	686.3	783.7
Capex	(354.8)	(243.3)	(320.0)	(400.0)	(450.0)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	0.2	(73.6)	4.3	5.0	5.6
Cash Flow From Investing	(354.6)	(316.9)	(315.7)	(395.0)	(444.4)
Debt Raised/(repaid)	0.0	288.8	0.0		
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(125.8)	(170.8)	(266.0)	(327.2)	(385.7)
Preferred Dividends					
Other Financing Cashflow	0.0	(14.1)	(14.1)	(14.1)	(14.1)
Cash Flow From Financing	(125.8)	104.0	(280.1)	(341.2)	(399.7)
Total Cash Generated	(158.1)	263.7	(11.3)	(49.9)	(60.4)
Free Cashflow To Equity	(32.4)	448.6	268.8	291.3	339.3
Free Cashflow To Firm	(32.4)	179.3	296.8	319.3	367.3

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(US\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Cash And Equivalents	53	393	382	332	271
Total Debtors	101	117	153	178	199
Inventories	2	2	3	3	3
Total Other Current Assets	0	0	0	0	0
Total Current Assets	156	512	538	513	474
Fixed Assets	1,149	1,302	1,448	1,601	1,754
Total Investments	0	0	0	0	0
Intangible Assets	63	59	57	54	51
Total Other Non-Current Assets	95	94	94	94	94
Total Non-current Assets	1,306	1,455	1,598	1,748	1,898
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	78	80	104	121	134
Other Current Liabilities	2	12	12	12	12
Total Current Liabilities	80	92	116	133	147
Total Long-term Debt		291	291	291	291
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0	44	44	44	44
Total Non-current Liabilities	0	335	335	335	335
Total Provisions	0	0	0	0	0
Total Liabilities	80	427	451	468	482
Shareholders' Equity	1,383	1,540	1,684	1,793	1,889
Minority Interests					
Total Equity	1,383	1,540	1,684	1,793	1,889

Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	79.9%	54.2%	30.8%	16.5%	11.4%
Operating EBITDA Growth	24.2%	60.0%	32.2%	16.3%	13.5%
Operating EBITDA Margin	33.5%	34.7%	35.1%	35.0%	35.7%
Net Cash Per Share (US\$)	0.012	0.023	0.021	0.009	(0.005)
BVPS (US\$)	0.32	0.35	0.39	0.41	0.44
Gross Interest Cover	N/A	21.52	21.37	25.31	29.09
Effective Tax Rate	3.1%	2.2%	13.5%	13.1%	12.7%
Net Dividend Payout Ratio	60.0%	60.0%	60.1%	60.1%	60.1%
Accounts Receivables Days	33.20	27.05	25.59	27.02	27.52
Inventory Days	1.23	0.88	0.83	0.87	0.89
Accounts Payables Days	43.38	35.93	32.13	33.86	34.48
ROIC (%)	25.3%	31.5%	40.4%	43.3%	45.3%
ROCE (%)	20.1%	26.3%	31.7%	35.2%	38.5%
Return On Average Assets	18.5%	23.7%	25.3%	28.0%	30.8%

Key Drivers

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
VIP Chip Volume (% Change)	142.4%	68.8%	30.0%	15.0%	10.0%
VIP Chip Win Percentage (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Mass mkt chip drop (% chg.)	27.5%	57.2%	30.0%	24.0%	17.0%
Mass mkt chip win (%-tage)	19.0%	19.0%	19.0%	19.0%	19.0%
Slot Handle (% Change)	20.9%	22.2%	30.0%	15.0%	20.9%
Slot Hold Percentage (%)	7.9%	8.8%	8.8%	8.8%	7.9%
Net Win Per Slot (% Change)	5.0%	5.0%	5.0%	5.0%	5.0%
Net Win Per Table (% Change)	70.4%	35.0%	3.8%	16.6%	11.3%
No. Of Slots	2,250	2,000	2,000	2,000	2,000
No. Of Tables	384	479	600	600	600

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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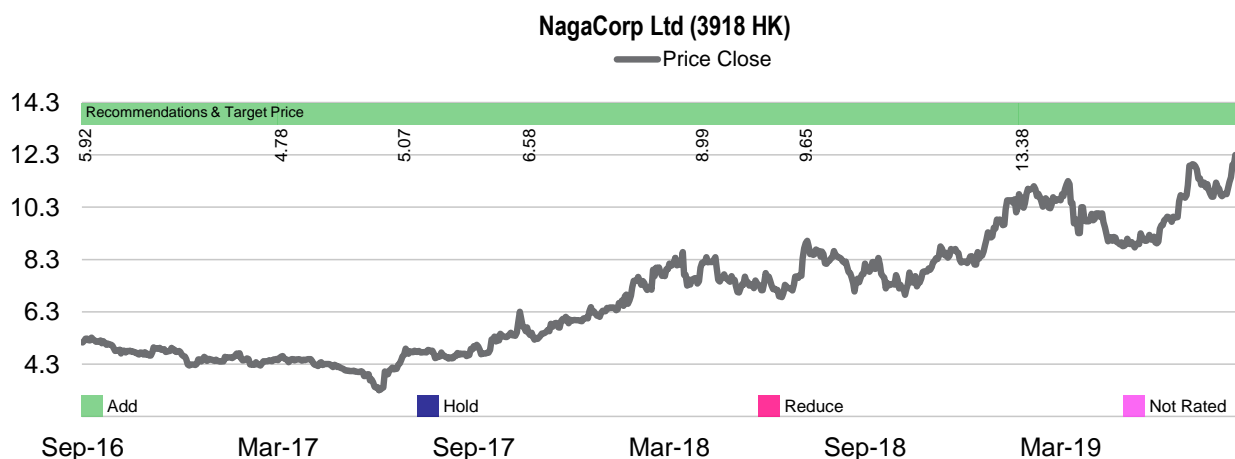
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2019		
791 companies under coverage for quarter ended on 30 June 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	57.9%	4.2%
Hold	26.5%	1.8%
Reduce	15.5%	0.4%

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, **BLA** – 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, **DREIT** – 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, **JWD** – Very Good, 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, **OSP** – not available, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PR9** – not available, n/a, **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, **S** – Very Good, 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, **THANI** – 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, **TPIPP** – 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, **WICE** – Very Good, Certified, **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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