

Singapore

HOLD (previously ADD)

Consensus ratings*: Buy 2 Hold 0 Sell 0

Current price:	S\$1.49
Target price:	S\$1.41
Previous target:	S\$1.87
Up/downside:	-5.5%
CGS-CIMB / Consensus:	-26.6%

Reuters:	CHSN.SI
Bloomberg:	CSSC SP
Market cap:	US\$537.3m
	S\$732.6m
Average daily turnover:	US\$0.94m
	S\$1.27m
Current shares o/s:	491.7m
Free float:	35.0%

*Source: Bloomberg

Key changes in this note

- FY18F core EPS increased by 5.3%
- FY19F core EPS decreased by 0.5%.
- FY20F core EPS decreased by 0.5%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	11.2	-2	72.3
Relative (%)	6.6	3.5	71.7

Major shareholders	% held
Success More Group Limited	63.3

Analyst(s)



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China SunSine Chemical Holdings

Record 2Q18; but marred by declining ASPs

- 2Q18 net profit of Rmb240m above expectations. Rmb48m in tax credit contributed to the 2Q18 earnings surprise.
- 1H18 core net profit accounted for 62% of our previous full-year forecast.
- Overall ASP inched up 0.7% qoq to c.Rmb23,300/tonne in 2Q18; concerns raised over declining ASPs of rubber chemicals since end-Jun.
- Approval for new 20,000 tonne production lines yet to be obtained from authorities.
- Downgrade to Hold with a lower TP of S\$1.41 (7.7x CY19F P/E) in the absence of earnings growth going into FY19F amid normalising ASPs.

Record 2Q18 earnings on better margins, tax credit

Sunsine extended its record quarterly earnings streak as 2Q18 net profit more than tripled yoy to Rmb240m vs. Rmb75m in 2Q17. This was mainly due to gross margin expanding to a record level of 36.7% in 2Q18, supported by high ASPs for its rubber chemical products amid stringent environmental policies in China. 2Q18 revenue gained 34% yoy on higher ASPs and better sales volume.

Rmb48m in tax credit contributed to earnings surprise

An unexpected tax credit of Rmb48m lifted 2Q18 earnings. This was due to SunSine's subsidiary obtaining "High-tech Enterprise" status on 28 Dec 2017, which entitled the group to a concessionary tax rate of 15% with effect from 1 Jan 2017 instead of 2018 after clarifications with the authorities. Excluding exceptional tax credit, net profit would have been Rmb192m – still a record high quarterly profit.

Normalising ASPs could hit profit margins going forward

While rubber accelerators (RAs) still in a tight supply situation in China, prices of RAs are coming off since end-Jun, allegedly due to slowing downstream demand for tyres and possibly for the non-tyre rubber products as well. China's total tyre output in 6M18 was 435.7m pieces, representing a mere 0.3% yoy increase and according to an industry news source on rubber tyres in China, production has reportedly stagnated for many large tyre enterprises in Shandong province amid an overcapacity situation.

No approval yet for production from expanded capacity

Sunsine is still awaiting approval from relevant authorities to start trial run of its new production lines in Shanxian and Dingtao -- 10,000 tonnes of TBBS RAs and 10,000 tonnes of insoluble sulphur, respectively; management had expected to obtain approval by end-2Q18. The added capacity could provide sales volume growth of up to c.13% as SunSine's RA and insoluble sulphur production facilities are already running at around 100% utilisation.

Stronger net cash position but dimmed special dividend prospects

Sunsine remains in a net cash position (Rmb566m cash) with zero borrowings. Based on past indication from management that it would reserve cash for future expansion and as a buffer against any shock from potential economic downturns, the prospects of special dividends would be dim, in our view.

Good times may be over; downgrade to Hold with lower TP S\$1.41

Despite supernormal 2Q18 earnings, we lower our TP to S\$1.41, now based on CY19F P/E of 7.7x (previously 9.8x), a 35% discount to its rubber chemical peers in the absence of earnings growth going into FY19F to tighten the valuation gap amid normalising ASPs. We downgrade our call to Hold, following a 43% rally in its share price since Jan. We revise our FY18-20F core EPS by -0.5% to 5.3% to reflect stronger-than-expected 2Q18 results and delay in its capacity expansion. Key upside risks include recovery in ASPs in China. Downside risks include lower sales volume output.

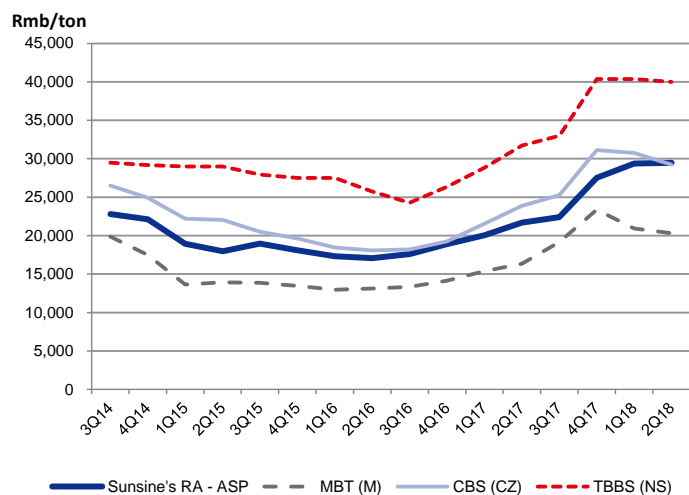
Financial Summary	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue (Rmbm)	2,037	2,738	3,298	3,148	3,419
Operating EBITDA (Rmbm)	403.6	561.9	807.0	655.5	659.7
Net Profit (Rmbm)	221.7	341.3	614.6	450.2	463.1
Core EPS (Rmb)	0.47	0.71	1.17	0.92	0.94
Core EPS Growth	18.7%	51.6%	63.8%	(21.7%)	2.9%
FD Core P/E (x)	15.83	10.44	6.38	8.15	7.92
DPS (Rmb)	0.08	0.15	0.25	0.18	0.20
Dividend Yield	1.01%	2.01%	3.36%	2.35%	2.68%
EV/EBITDA (x)	7.90	5.45	3.59	3.74	3.16
P/FCFE (x)	NA	19.78	10.60	6.48	8.15
Net Gearing	(20.3%)	(28.7%)	(33.8%)	(46.5%)	(52.8%)
P/BV (x)	2.54	2.10	1.61	1.40	1.23
ROE	17.3%	22.0%	28.6%	18.4%	16.5%
% Change In Core EPS Estimates			5.34%	(0.53%)	(0.50%)
CIMB/consensus EPS (x)			1.12	0.92	0.99

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

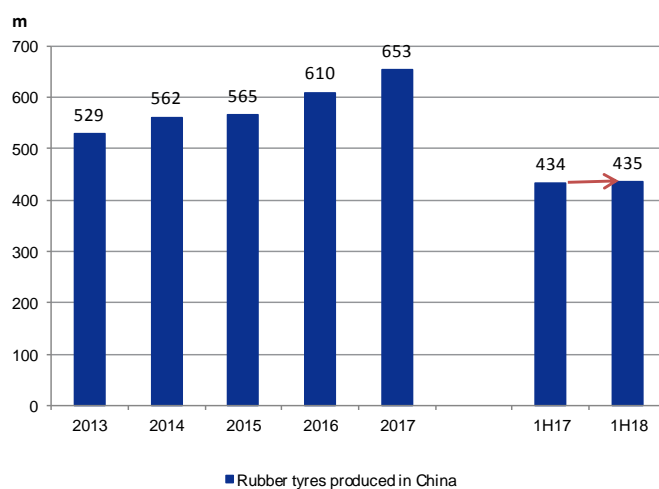
Figure 1: Results comparison

FYE Dec (Rmb m)	2QFY18	2QFY17	yoy % chg	qoq % chg	2QFY18 Cum	2QFY17 Cum	yoy % chg	Prev FY18F	Comments
Revenue	881	656	34	3	1,738	1,231	41	3,232	Above expectations; 1H18 formed 54%/53% of our/consensus full-year forecast
Operating costs	(643)	(540)	19	(1)	(1,295)	(1,008)	29	(2,461)	Higher R&D expenses
EBITDA	238	116	105	16	443	223	98	771	
EBITDA margin (%)	27.0	17.6	53	13	25.5	18.1	40	24	Better gross margins
Deprn. & amort.	(24)	(24)	-	2	(47)	(48)	(1)	(109)	
EBIT	214	92	132	18	396	176	125	662	
Interest expense	-	-	na	na	-	-	na	-	
Interest income	1	1	(13)	600	1	2	(58)	4	
Associates' contrib	-	-	na	na	-	-	na	-	
Exceptionals	48	-	na	na	48	-	na	-	Tax credit on recognition of 15% concessionary tax effecting from 1 Jan 2017
Pretax profit	263	93	183	45	444	178	150	666	
Tax	(23)	(18)	26	(28)	(55)	(46)	20	(120)	
Tax rate (%)	9	20	(56)	(50)	12	26	(52)	18	
Minority interests	-	-	na	na	-	-	na	-	
Net profit	240	75	222	60	389	132	196	546	Distorted by tax credit. 1H18 formed 71% of our/consensus full-year forecast
Core net profit	192	75	157	28	341	132	159	546	Above expectations; 1H18 formed 62% of our/consensus full-year forecasts
EPS (Rmb cts)	48.7	15.5	214	60	79.2	27.9	184.2	111.1	
Core EPS (Rmb cts)	39.0	15.5	151	28	69.4	27.9	149.1	111.1	

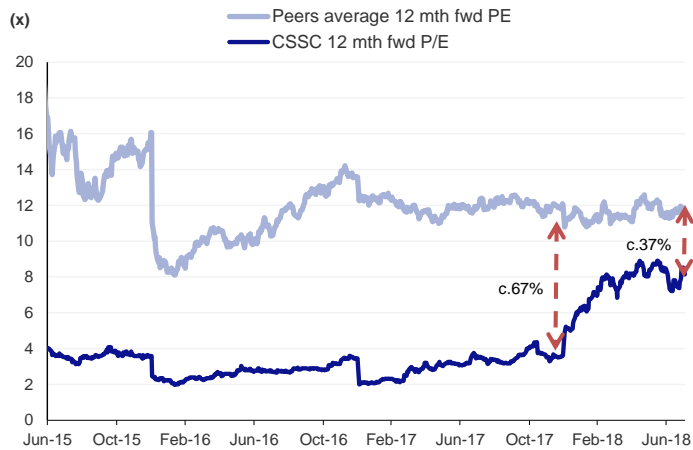
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Accelerator prices in China sliding down


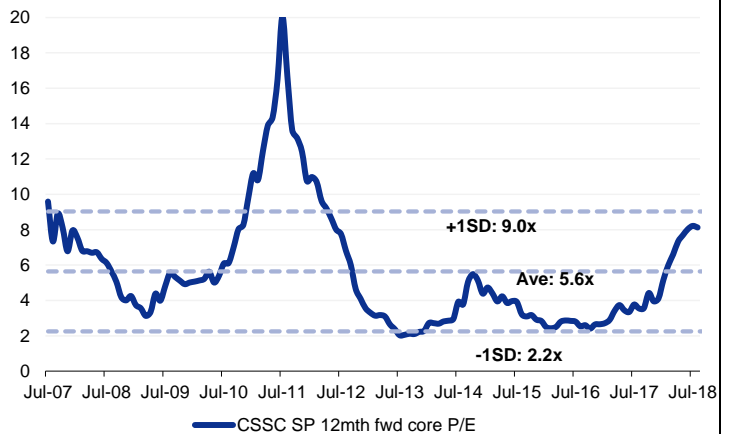
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Tyre production stagnating in China


SOURCES: CGS-CIMB RESEARCH, NATIONAL BUREAU OF STATISTICS

Figure 4: Valuation gap with peers


SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Figure 5: Sunsine's 12-mth fwd P/E trading band (x)


SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Figure 6: Earnings revision

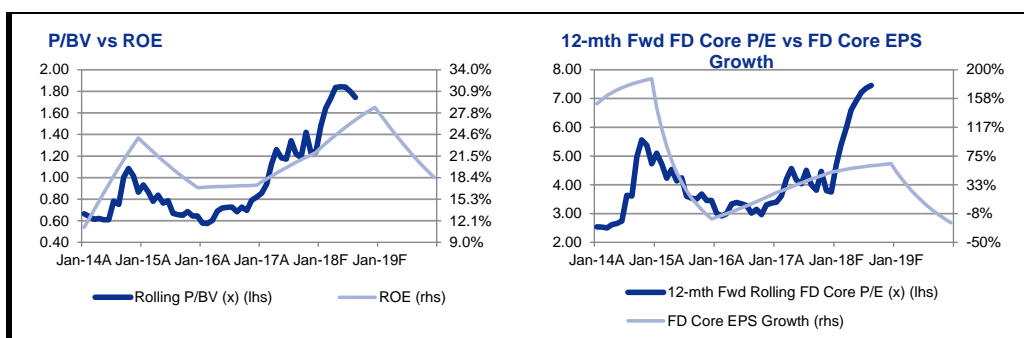
Earnings Revision (Rmb' m)	2018F			2019F			2020F		
	Old	New	% change	Old	New	% change	Old	New	% change
Revenue	3,232.3	3,297.6	2.0	3,159.0	3,148.2	(0.3)	3,429.5	3,419.1	(0.3)
Gross profit	1,057.1	1,100.9	4.1	933.9	929.7	(0.5)	983.7	979.5	(0.4)
EBITDA	771.4	807.0	4.6	658.5	655.5	(0.4)	662.5	659.7	(0.4)
EBIT	662.2	697.8	5.4	548.3	545.4	(0.5)	564.0	561.1	(0.5)
Core net profit	546.0	566.6	3.8	452.6	450.2	(0.5)	465.5	463.1	(0.5)
Core EPS (Rmb)	1.11	1.17	5.3	0.92	0.92	(0.5)	0.95	0.94	(0.5)

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Peer 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
China Sunshine Chemical Holc	CSSC SP	HOLD	1.49	1.41	537	6.4	8.1	10.3%	1.61	29.2%	3.5	3.7	3.4%
Rubber chemical peers													
Shandong Yanggu Huatai	300121 CH	Not rated	13.56	na	745	13.2	10.5	30.4%	4.03	29.0%	10.0	8.6	2.8%
Eastman Chemical Co	EMN US	Not rated	101.8	na	14,379	11.9	10.9	2.3%	2.50	21.9%	9.0	8.6	2.2%
LANXESS AG	LXS GY	Not rated	67.64	na	7,179	15.9	14.3	76.5%	2.56	15.0%	9.9	9.1	1.4%
Simple average (rubber chemical peers)						13.7	11.9	36.4%	3.03	22.0%	9.6	8.7	2.1%
Tyre manufacturers													
Anhui Zhongding	000887 CH	Not rated	13.17	na	2,382	12.4	10.4	16.6%	1.87	14.9%	9.3	8.0	na
Shandong Linglong Tyre Co L	601966 CH	Not rated	15.28	na	2,686	14.8	11.9	13.7%	1.89	13.2%	na	na	1.7%
Bridgestone Corp	5108 JP	Not rated	4,343	na	29,758	10.8	10.2	6.5%	1.29	12.7%	5.0	4.8	3.7%
Yokohama Rubber	5101 JP	Not rated	2,414	na	3,683	9.3	8.8	5.7%	0.96	11.0%	6.8	6.5	2.6%
Cie Generale des Etab.	ML FP	Not rated	110.7	na	22,965	10.9	9.6	9.3%	1.61	15.5%	5.6	5.1	3.4%
Goodyear Tire & Rubber Co/T	GT US	Not rated	24.97	na	5,918	8.3	6.8	46.7%	1.20	16.2%	5.4	5.0	2.2%
Cooper Tire & Rubber Co	CTB US	Not rated	30.00	na	1,502	20.6	11.5	na	na	6.4%	5.7	4.8	1.4%
Apollo Tyres Ltd	APTY IN	Reduce	276.8	211.2	2,305	16.5	13.1	21.5%	1.53	9.8%	9.2	7.3	1.2%
Cheng Shin Rubber Ind	2105 TT	Not rated	49.45	na	5,245	21.4	17.3	22.9%	1.88	9.5%	8.3	7.6	3.8%
Hankook Tire	161390 KS	Add	45,300	62,000	4,994	8.4	6.9	14.5%	0.80	10.2%	4.3	3.7	0.9%
Kumho Tire Co Inc	073240 KS	Not rated	6,190	na	1,587	na	na	-27.9%	1.19	-9.8%	16.4	10.8	na
Nexen Tire Corp	002350 KS	Not rated	10,700	na	933	8.7	7.7	7.4%	0.75	9.1%	5.1	4.6	0.9%
Simple average (tyre manufacturers)						12.9	10.4	12.4%	1.36	9.9%	7.4	6.2	2.2%

 SOURCES: CGS-CIMB RESEARCH, BLOOMBERG
 DATA AS AT 7 AUGUST 2018

BY THE NUMBERS

Profit & Loss

(Rmbm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Net Revenues	2,037	2,738	3,298	3,148	3,419
Gross Profit	540	788	1,101	930	980
Operating EBITDA	404	562	807	656	660
Depreciation And Amortisation	(96)	(89)	(109)	(110)	(99)
Operating EBIT	308	473	698	545	561
Financial Income/(Expense)	(2)	4	4	4	4
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	306	477	701	549	565
Exceptional Items	4	0	48	0	0
Pre-tax Profit	309	477	749	549	565
Taxation	(88)	(136)	(135)	(99)	(102)
Exceptional Income - post-tax					
Profit After Tax	222	341	615	450	463
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	222	341	615	450	463
Recurring Net Profit	219	341	575	450	463
Fully Diluted Recurring Net Profit	219	341	575	450	463

Cash Flow

(Rmbm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
EBITDA	403.6	561.9	807.0	655.5	659.7
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(124.1)	(82.6)	(262.8)	46.0	(71.9)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	8.3	5.5	48.0	0.0	0.0
Net Interest (Paid)/Received	(4.4)	0.0	0.0	0.0	0.0
Tax Paid	(85.0)	(99.5)	(134.9)	(98.8)	(101.7)
Cashflow From Operations	198.5	385.3	457.2	602.7	486.1
Capex	(82.6)	(209.0)	(115.0)	(40.0)	(40.0)
Disposals Of FAs/subsidiaries	0.6	0.2	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0	0.0
Other Investing Cashflow	2.4	3.7	3.7	3.7	3.7
Cash Flow From Investing	(79.6)	(205.1)	(111.3)	(36.3)	(36.3)
Debt Raised/(repaid)	(148.0)	0.0	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	85.9	0.0	0.0	0.0
Shares Repurchased	(3.2)	0.0	0.0	0.0	0.0
Dividends Paid	(33.2)	(46.5)	(72.4)	(123.1)	(86.2)
Preferred Dividends					
Other Financing Cashflow	(4.3)	0.0	0.0	0.0	0.0
Cash Flow From Financing	(188.6)	39.4	(72.4)	(123.1)	(86.2)
Total Cash Generated	(69.7)	219.6	273.6	443.3	363.6
Free Cashflow To Equity	(29.1)	180.2	345.9	566.4	449.8
Free Cashflow To Firm	123.3	180.2	345.9	566.4	449.8

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	276	500	772	1,216	1,579
Total Debtors	629	713	994	949	1,030
Inventories	145	212	235	237	261
Total Other Current Assets	0	0	0	0	0
Total Current Assets	1,051	1,425	2,001	2,402	2,870
Fixed Assets	549	662	668	597	539
Total Investments	0	0	0	0	0
Intangible Assets	43	41	41	41	41
Total Other Non-Current Assets	0	0	0	0	0
Total Non-current Assets	592	703	709	639	580
Short-term Debt	0	0	0	0	0
Current Portion of Long-Term Debt					
Total Creditors	223	290	331	334	368
Other Current Liabilities	58	94	94	94	94
Total Current Liabilities	281	385	425	429	462
Total Long-term Debt	0	0	0	0	0
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0	0	0	0	0
Total Non-current Liabilities	0	0	0	0	0
Total Provisions	0	0	0	0	0
Total Liabilities	281	385	425	429	462
Shareholders' Equity	1,362	1,742	2,285	2,612	2,989
Minority Interests					
Total Equity	1,362	1,742	2,285	2,612	2,989

Key Ratios

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue Growth	9.6%	34.4%	20.4%	(4.5%)	8.6%
Operating EBITDA Growth	7.5%	39.2%	43.6%	(18.8%)	0.6%
Operating EBITDA Margin	19.8%	20.5%	24.5%	20.8%	19.3%
Net Cash Per Share (Rmb)	0.59	1.02	1.57	2.47	3.21
BVPS (Rmb)	2.93	3.54	4.65	5.31	6.08
Gross Interest Cover	70.48	N/A	N/A	N/A	N/A
Effective Tax Rate	28.4%	28.4%	18.0%	18.0%	18.0%
Net Dividend Payout Ratio	16.0%	21.2%	21.7%	19.1%	21.3%
Accounts Receivables Days	101.2	89.4	94.5	112.6	105.9
Inventory Days	35.09	33.45	37.12	38.81	37.34
Accounts Payables Days	52.95	48.00	51.62	54.73	52.65
ROIC (%)	23.6%	32.7%	42.1%	27.1%	30.1%
ROCE (%)	23.1%	30.7%	34.8%	22.4%	20.2%
Return On Average Assets	13.6%	18.0%	23.3%	15.6%	14.2%

Key Drivers

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
ASP (% chg, main prod./serv.)	-3.9%	29.5%	18.5%	-13.9%	2.0%
Unit sales grth (% , main prod./serv.)	8.8%	0.7%	3.0%	5.8%	5.5%
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	-3.1%	12.1%	5.9%	2.0%	2.0%
Unit sales grth (% ,2ndary prod/serv)	29.9%	11.2%	-1.3%	10.2%	9.3%
Util. rate (% , 2ndary 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
Unit raw mat ASP (%chg,2ndary)	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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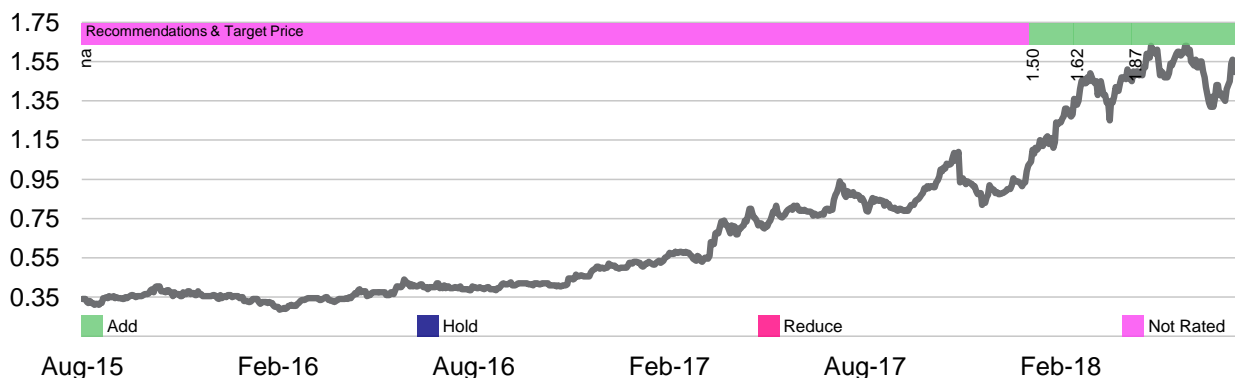
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China Sunshine Chemical Holdings (CSCC SP)

— 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, **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.