


Company Note

I Hong Kong

ADD (no change)

Consensus ratings*: Buy 5 Hold 1 Sell 0

Current price: HK\$4.45
 Target price:  HK\$4.78
 Previous target: HK\$5.92
 Up/downside: 7.5%
 CIMB / Consensus: -21.0%

Reuters: 3918.HK
 Bloomberg: 3918 HK
 Market cap: US\$1,410m
 HK\$10,947m
 Average daily turnover: US\$2.65m
 HK\$20.55m
 Current shares o/s: 2,460m
 Free float: 61.0%
 *Source: Bloomberg

Key changes in this note

- FY17F EPS decreased by 10%.
- FY18F EPS decreased by 4%.
- FY19F EPS of 6.1 US cts



Price performance	1M	3M	12M
Absolute (%)	-0.9	-3.5	-2.4
Relative (%)	-1.6	-13.8	-22.3

Major shareholders	% held
Fourth Star Finance	32.1
Cambodia Development Corp	6.6
Franklin Resources	3.0

Analyst(s)



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NagaCorp Ltd

Waiting for catalysts

- Returns over the past 12 months flat; underperformed the Hang Seng Index by 22%.
- Fundamental concerns on share dilution, growth and tax overhang.
- Stock trading near record discount levels of 69% to Macau gaming sector, with trough valuations of 4x Bloomberg consensus FY17F EV/EBITDA.
- Maintain Add but wait for catalysts.

Continuously de-rating

Relative to the average of Macau operators, Naga is trading at a 69% discount on a Bloomberg consensus FY17F EV/EBITDA basis, which is a four-year low (historical average four-year discount of 41%). Over the past 12 months, the stock has underperformed the Hang Seng Index by 22%, and the share prices of the Macau operators by 12% this year. Reasons for the underperformance are market uncertainty on share dilution, capacity expansion delays and tax uncertainty, in our view.

Concern #1: Share dilution

Naga has 2.46bn shares outstanding. CEO Dr. Tan Sri Chen last year received two sets of convertible bonds which are convertible into 479m and 1.4bn shares, respectively, for his role in financing the construction to NagaCity Walk and Naga2. While he has not exercised any of these bonds, we believe investors see the dilution risk as a major overhang. Dr. Chen owns around 39% of Naga's share capital; 65% on a fully diluted basis. We expect any conversion to be an orderly process.

Concern #2: Naga2 delay

Naga's buy-ins for public floor mass/gaming machines/VIP saw yoy growth rates fall 6/7/16% in 2016. High base effect and increasing competition likely had impacts, in our view. This year, Vietnam will allow locals to gamble in two integrated resorts, resulting in more competition for Naga's mass business. Naga2 is slated to open by Oct 2017, and we expect all of Naga's gaming segments to see rising yoy buy-in growth rates again: 16/22/15% for mass/gaming machines/VIP in 2017F.

Concern #3: Tax overhang still not resolved

The Cambodian government has not revealed its new gaming bill which is widely expected to include a new tax regime. The lack of visibility and resolution on this matter has had a negative overhang on Naga's share price, in our view. The tax rate in Cambodia as a percentage of Naga's revenue rose from 1.5% in 2014 to 4.5% in 2016. We forecast that figure to rise to 5.5% in 2017, still among the lowest in the region. Naga maintains that any increase in tax rate will not be significantly high.

Maintain Add but wait for catalysts

As we factor in full dilution of the NagaCity Walk/Naga2 convertible bonds, our FY17F/18F EPS declines 10%/4%. Our target price remains based on 8x EV/EBITDA (35% discount to historical Macau avg.) but rolled over to FY17F. Including FY17F dividend yield, total upside is 12%. As the stock is trading near trough levels, news on the tax resolution coupled with stronger than expected quarterly earnings could catalyze the shares. Negative share price risk would come from share placement dilution.

Financial Summary

	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Revenue (US\$m)	531.6	619.8	879.7	935.3
Operating EBITDA (US\$m)	257.6	294.0	370.3	389.4
Net Profit (US\$m)	184.2	205.0	249.6	265.7
Core EPS (US\$)	0.080	0.047	0.057	0.061
Core EPS Growth	5.5%	(41.0%)	21.7%	6.5%
FD Core P/E (x)	12.74	12.14	9.97	9.36
DPS (US\$)	0.047	0.028	0.034	0.037
Dividend Yield	8.25%	4.94%	6.02%	6.42%
EV/EBITDA (x)	4.30	6.57	4.71	3.83
P/FCFE (x)	41.70	4.88	12.18	8.72
Net Gearing	(16.9%)	(31.3%)	(37.0%)	(44.4%)
P/BV (x)	1.07	1.40	1.24	1.11
ROE	19.0%	13.5%	13.2%	12.5%
% Change In Core EPS Estimates		(10.4%)	(3.8%)	
CIMB/consensus EPS (x)		1.03	0.93	0.90

SOURCE: COMPANY DATA, CIMB FORECASTS

Lack of catalysts

Stock has de-rated

Underperformed vs. Macau ▶

NagaCorp's Bloomberg consensus forward EV/EBITDA multiple has de-rated from 10x in Mar 2013 to the current 4x. On the other hand, Macau, despite the volatility in share price performance, has seen multiple increases from 11.5x in Mar 2013 to about 12.9x currently on a forward EV/EBITDA Bloomberg consensus basis. In regards to the valuation discount, Naga traded at only a 14% discount in Mar 2013 but now trades at a 69% discount as the gap has steadily widened since Jun 2016.

Figure 1: Naga vs. Macau Bloomberg consensus EV/EBITDA performance

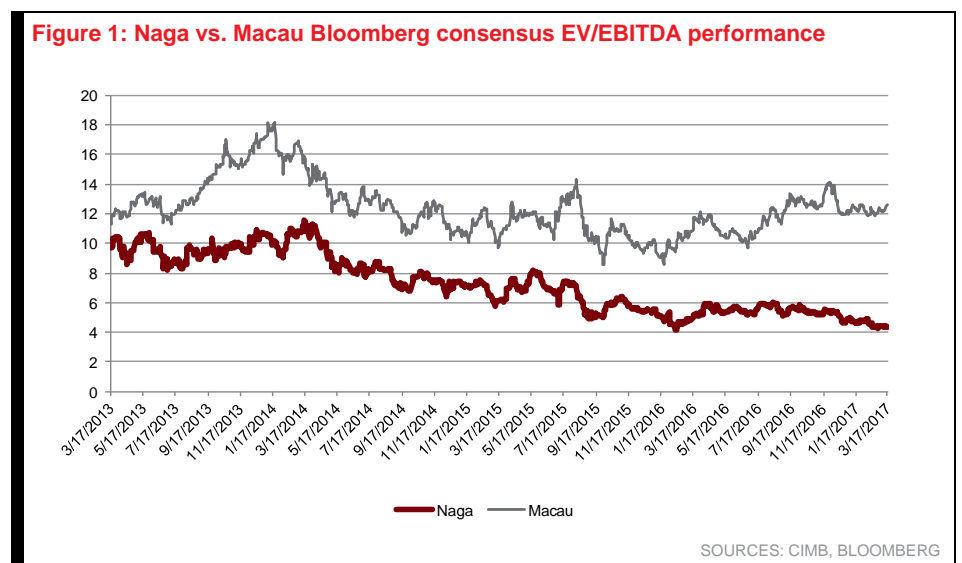


Figure 2: Naga consensus forward EV/EBITDA discount vs. Macau avg.

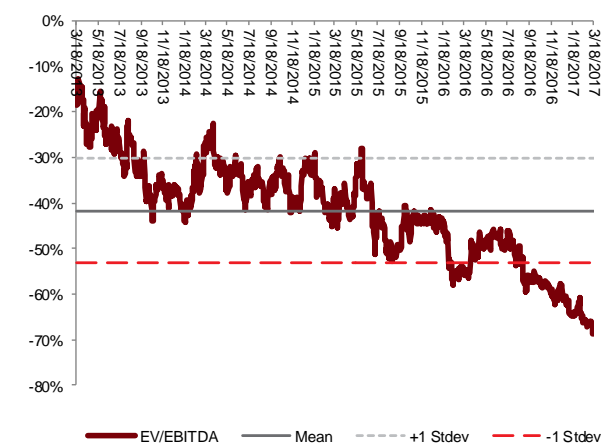
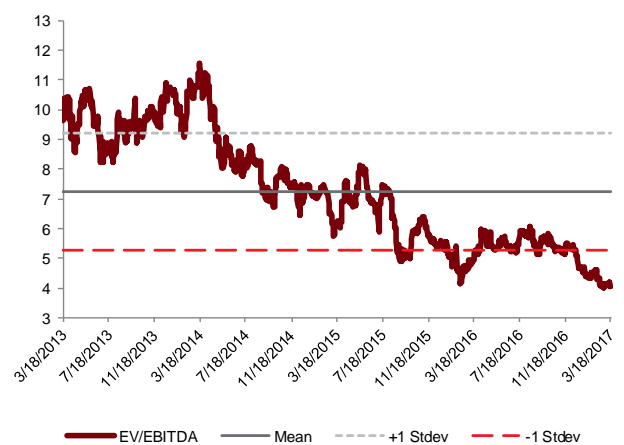


Figure 3: Naga consensus forward EV/EBITDA



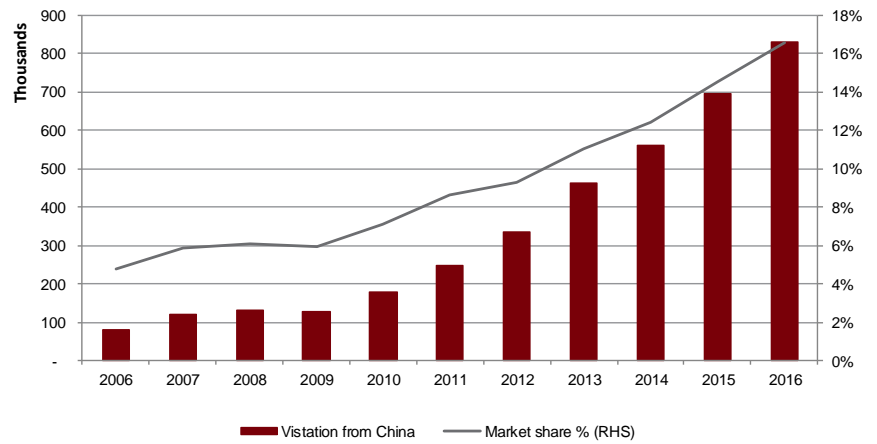
New capacity coming

Naga2 brings additional capacity ➤

Naga2 is currently in fit-out stage, and we forecast the property will open by Oct this year. We believe the 100% increase in gaming tables along with the 119% increase in hotel rooms will help to rectify the recent trend of declining growth rates across all of Naga’s gaming segments. For example, VIP turnover only grew 11% in 2016 vs. 27% growth in 2015. Public floor buy-ins or mass only grew 12% in 2016, down from 18% in 2015. Electronic gaming machine bill-ins experienced 9% yoy growth last year vs. 16% in 2015. We are forecasting stronger growth rates in 2017 due to the opening of Naga2. We forecast 16/22/15% yoy growth in public floor/electronic tables/VIP turnover this year.

We expect one of the primary growth drivers for Naga to be increased visitation from China. Last year, Cambodia saw 20% yoy growth in visitation from China with Chinese visitors accounting for 17% of all visitors to Cambodia in 2016 vs. 5% in 2006. Most visitors to Cambodia are to Siem Reap for the Angkor Wat temples. As Phnom Penh enhances its tourism facilities, some spillover from Chinese players into Naga1 and Naga2 is likely, in our view.

Figure 4: Visitation from China to Cambodia



SOURCES: CIMB, MINISTRY OF TOURISM CAMBODIA

Figure 5: 2017F Naga Complex

	NagaWorld (Dec 2016)	Naga2	Combined	Total capacity increase
Gaming tables	300	300	600	100%
Gaming machines	1,648	500-2,500	2,148-4,148	30-152%
Hotel rooms	713	850	1,563	119%
Private VIP suites	5	38	43	760%
Retail space (sqm)	261	3,900	4,161	1494%
MICE/Theatre facilities (seating capacity)	750	2,000	2,750	267%
Parking spaces	60	400	460	667%

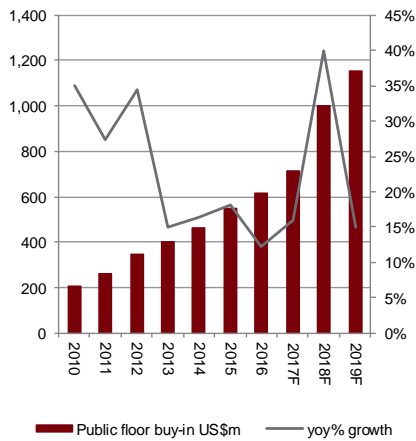
SOURCES: CIMB, COMPANY REPORTS

Figure 6: Naga1 (left), Naga2 (right)



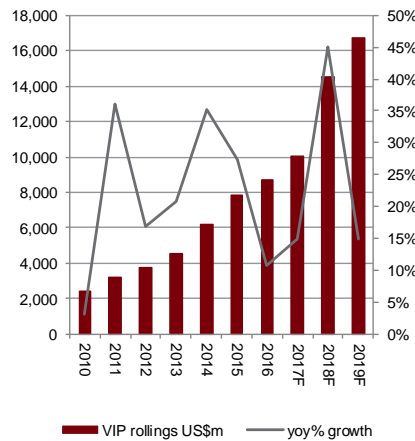
SOURCES: COMPANY REPORTS

Figure 7: Mass



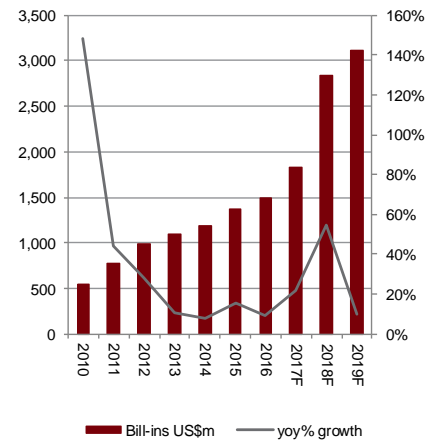
SOURCES: CIMB, COMPANY REPORTS

Figure 8: VIP



SOURCES: CIMB, COMPANY REPORTS

Figure 9: Electronic gaming



SOURCES: CIMB, COMPANY REPORTS

Changes to estimates

Bringing forward our assumptions for Naga2 ▶

Our previous assumption was for Naga2 to open in 2018F but we now forecast a late 3Q/early 4Q opening this year, following the 2016 earnings call. As such, some of our forecasts for Naga2 are brought forward by a year. Our gross margin assumptions increased by 5% pts for FY17F and 4% pts for FY18F to factor in a lower junket commission split assumption of 70% given to the junkets.

We assume an upfront receipt of US\$60m in both 2017F and 2018F for electronic gaming machines which is counted in electronic gaming machine revenue. We assume no such receipt in 2019F hence our 20% yoy decline in gaming machine revenue for that year.

Figure 10: Estimate changes US\$m

	2017F			2018F			2019F		
	Old	New	% change	Old	New	% change	Old	New	% change
Public floor buy-ins	715	717	0.2%	894	1,003	12.3%	NA	1,154	NA
win rate	22.0%	21.0%	-4.5%	22.0%	21.0%	-4.5%	NA	21.0%	NA
revenue	157	150	-4.3%	197	211	7.2%	NA	242	NA
Electronic gaming bill-ins	1,719	1,829	6.4%	2,063	2,834	37.4%	NA	3,118	NA
revenue	108	165	52.3%	130	223	71.3%	NA	179	NA
Junket VIP rollings	11,322	10,021	-11.5%	14,152	14,531	2.7%	NA	16,710	NA
win rate	2.7%	2.7%	0.0%	2.7%	2.7%	0.0%	NA	2.7%	NA
revenue	306	271	-11.5%	382	392	2.7%	NA	451	NA
Revenue	603	620	2.8%	745	880	18.0%	NA	935	NA
gross margin	65.0%	70.0%	+5 ppt	65.0%	69.0%	+4 ppt	NA	68.0%	NA
EBITDA	239	294	23.2%	305	370	21.3%	NA	389	NA
EBITDA margin	39.6%	47.4%	+7.8 ppt	41.0%	42.1%	+1.1 ppt	NA	41.6%	NA
Net income	173	205	18.5%	231	250	8.1%	NA	266	NA

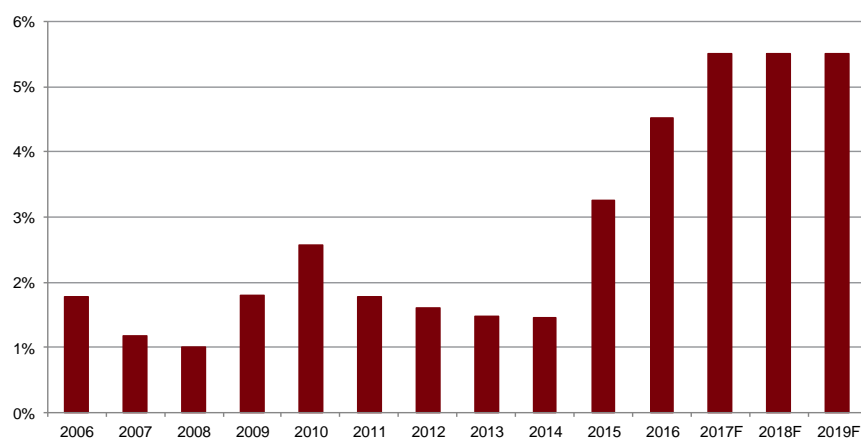
SOURCES: CIMB

Figure 11: Financial summary

US\$m	2012	2013	2014	2015	2016	2017F	2018F	2019F
Revenue	279	345	404	504	532	620	880	935
yoy% growth	25%	24%	17%	25%	6%	17%	42%	6%
EBITDA	139	173	176	229	258	294	370	389
yoy% growth	26%	25%	2%	30%	13%	14%	26%	5%
Net Income	113	140	136	173	184	205	250	266
yoy% growth	23%	24%	-3%	27%	7%	11%	22%	6%
Public floor buy-ins	348	400	465	550	618	717	1,003	1,154
yoy% growth	34%	15%	16%	18%	12%	16%	40%	15%
Electronic gaming bill-ins	995	1,098	1,186	1,371	1,499	1,829	2,834	3,118
yoy% growth	28%	10%	8%	16%	9%	22%	55%	10%
VIP rollings	3,787	4,574	6,185	7,876	8,714	10,021	14,531	16,710
yoy% growth	17%	21%	35%	27%	11%	15%	45%	15%
Public floor revenue	78	90	109	121	130	150	211	242
yoy% growth	24%	15%	21%	11%	7%	16%	40%	15%
Electronic gaming revenue	88	102	85	137	146	165	223	179
yoy% growth	28%	16%	-17%	62%	6%	13%	35%	-20%
VIP revenue	95	133	188	223	226	271	392	451
yoy% growth	18%	40%	41%	18%	1%	20%	45%	15%
Public floor win rate	22.4%	22.4%	23.3%	22.0%	21.0%	21.0%	21.0%	21.0%
Electronic gaming win rate	11.5%	11.0%	10.1%	9.8%	8.2%	8.2%	8.2%	8.2%
VIP win rate	2.5%	2.9%	3.0%	2.8%	2.6%	2.7%	2.7%	2.7%

SOURCES: CIMB, COMPANY REPORTS

Figure 12: Naga tax rate assumption



SOURCES: CIMB, COMPANY REPORTS

Valuation

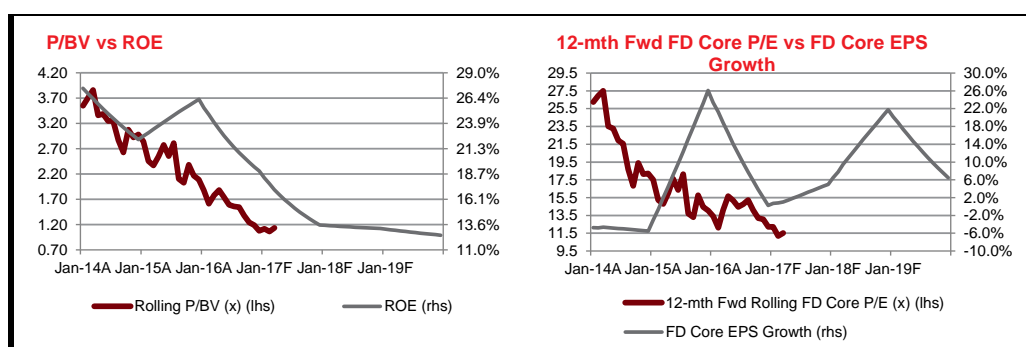
Sector comparables ▶

Figure 13: Sector Comparisons

Company	Bloomberg		Price	Target Price	Market Cap	Core P/E (x)		2-year EPS	P/BV (x)		EV/EBITDA (x)		ROE (%)		Yield (%)	
	Ticker	Recom.	(local curr)	(local curr)	(US\$ m)	FY17F	FY18F	CAGR (%)	FY17F	FY18F	FY17F	FY18F	FY17F	FY18F	FY17F	FY18F
Galaxy Entertainment	27 HK	HOLD	40.00	36.41	22,013	30.0x	25.4x	13%	3.6x	3.3x	16.8x	15.6x	12%	13%	1.7%	2.0%
Sands China	1928 HK	HOLD	34.75	33.37	36,129	22.9x	18.7x	16%	6.3x	6.9x	15.7x	13.9x	25%	35%	6.1%	6.3%
MGM China Holdings	2282 HK	REDUCE	15.36	12.70	7,518	31.4x	26.5x	-7%	7.9x	6.6x	22.0x	16.9x	23%	27%	1.4%	2.3%
Wynn Macau	1128 HK	REDUCE	15.04	10.46	10,065	32.2x	26.4x	22%	18.2x	17.4x	19.2x	17.4x	57%	68%	3.1%	3.8%
SJM Holdings	880 HK	REDUCE	6.25	5.58	4,554	27.5x	24.4x	-16%	1.6x	1.5x	20.2x	14.3x	6%	6%	1.8%	2.1%
HK listed Macau average						28.8x	24.3x	6%	7.5x	7.1x	18.8x	15.6x	0.2x	0.3x	2.8%	3.3%
Genting Bhd	GENT MK	HOLD	9.85	9.40	8,264	19.5x	17.1x	27%	1.0x	1.0x	7.6x	6.6x	5%	6%	0.4%	0.4%
Berjaya Sports Toto	BST MK	HOLD	2.98	3.00	905	14.8x	14.4x	-3%	4.2x	4.0x	8.6x	8.3x	30%	28%	5.9%	6.1%
Genting Malaysia	GENM MK	ADD	5.42	6.14	6,922	17.7x	14.4x	10%	1.5x	1.4x	10.5x	7.9x	9%	10%	1.7%	1.8%
Malaysia average						17.4x	15.3x	11%	2.2x	2.1x	8.9x	7.6	15%	15%	3%	3%
Paradise	034230 KS	HOLD	12,700	14,000	1,020	18.7x	15.6x	8%	1.1x	1.0x	9.0x	7.0x	6%	7%	2%	3%
Grand Korea Leisure	114090 KS	ADD	19,350	31,000	1,057	10.0x	9.4x	10%	2.1x	1.9x	3.6x	3.0x	22%	21%	6%	6%
Kangwon Land	035250 KS	ADD	34,600	43,000	6,539	14.5x	13.4x	11%	2.1x	1.9x	6.9x	5.9x	15%	15%	3%	4%
Korea average						14.4x	12.8x	10%	1.7x	1.6x	6.5x	5.3	14%	14%	4%	4%
NagaCorp Ltd	3918 HK	ADD	4.45	4.78	1,410	12.1x	10.0x	-15%	1.4x	1.2x	2.9x	1.8x	14%	13%	4.9%	6.0%
Macau Legend Development Ltd	1680 HK	REDUCE	1.36	0.91	1,098	na	na	na	1.4x	1.4x	nm	nm	-3%	-3%	0.0%	0.0%
Summit Ascent Holdings	102 HK	ADD	2.48	2.82	475	24.1x	20.2x	96.2%	1.8x	1.6x	18.3x	14.6x	8%	8%	0.0%	0.0%
Genting Singapore	GENS SP	ADD	1.00	1.11	8,577	31.5x	29.6x	18%	1.2x	1.2x	7.3x	7.6x	4%	4%	3.0%	3.0%
Other average						22.6x	19.9x	33%	1.5x	1.4x	9.5x	8.0x	6%	6%	2.0%	2.3%

SOURCES: CIMB, BLOOMBERG

BY THE NUMBERS



Profit & Loss

(US\$m)	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Total Net Revenues	531.6	619.8	879.7	935.3
Gross Profit	366.8	433.8	607.0	636.0
Operating EBITDA	257.6	294.0	370.3	389.4
Depreciation And Amortisation	(47.9)	(53.5)	(71.5)	(71.5)
Operating EBIT	209.7	240.4	298.7	317.8
Financial Income/(Expense)	1.1	1.3	1.8	1.9
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	(2.6)	(2.6)	(2.6)	(2.6)
Profit Before Tax (pre-EI)	208.2	239.1	298.0	317.2
Exceptional Items				
Pre-tax Profit	208.2	239.1	298.0	317.2
Taxation	(24.1)	(34.1)	(48.4)	(51.4)
Exceptional Income - post-tax				
Profit After Tax	184.2	205.0	249.6	265.7
Minority Interests				
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	184.2	205.0	249.6	265.7
Recurring Net Profit	184.2	205.0	249.6	265.7
Fully Diluted Recurring Net Profit	184.2	205.0	249.6	265.7

Cash Flow

(US\$m)	Dec-16A	Dec-17F	Dec-18F	Dec-19F
EBITDA	257.6	294.0	370.3	389.4
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(23.6)	(7.5)	(16.8)	(1.9)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	0.0	0.0	0.0	0.0
Other Operating Cashflow	(2.6)	(2.6)	(2.6)	(2.6)
Net Interest (Paid)/Received	0.0	0.0	0.0	0.0
Tax Paid	(24.1)	(34.1)	(48.4)	(51.4)
Cashflow From Operations	207.3	249.8	302.6	333.5
Capex	(154.6)	(160.0)	(100.0)	(50.0)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments	1.3	418.7		
Other Investing Cashflow	2.2	1.3	1.8	1.9
Cash Flow From Investing	(151.1)	260.0	(98.2)	(48.1)
Debt Raised/(repaid)				
Proceeds From Issue Of Shares	120.0		120.0	120.0
Shares Repurchased				
Dividends Paid	(108.4)	(164.2)	(136.3)	(154.7)
Preferred Dividends				
Other Financing Cashflow	0.0	0.0	0.0	0.0
Cash Flow From Financing	11.6	(164.2)	(16.3)	(34.7)
Total Cash Generated	67.8	345.7	188.1	250.7
Free Cashflow To Equity	56.3	509.8	204.4	285.4
Free Cashflow To Firm	56.3	509.8	204.4	285.4

SOURCE: CIMB RESEARCH, COMPANY DATA

BY THE NUMBERS... cont'd

Balance Sheet

(US\$m)	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Total Cash And Equivalents	211	557	745	995
Total Debtors	73	85	120	128
Inventories	1	2	2	3
Total Other Current Assets	0	0	0	0
Total Current Assets	285	643	867	1,126
Fixed Assets	837	1,014	1,045	1,026
Total Investments	0	0	0	0
Intangible Assets	66	64	61	58
Total Other Non-Current Assets	102	102	102	102
Total Non-current Assets	1,006	1,180	1,208	1,186
Short-term Debt				
Current Portion of Long-Term Debt				
Total Creditors	37	42	61	67
Other Current Liabilities	3	3	3	3
Total Current Liabilities	40	44	64	70
Total Long-term Debt				
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	0	0	0	0
Total Non-current Liabilities	0	0	0	0
Total Provisions	0	0	0	0
Total Liabilities	40	44	64	70
Shareholders' Equity	1,251	1,778	2,011	2,242
Minority Interests				
Total Equity	1,251	1,778	2,011	2,242

Key Ratios

	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Revenue Growth	5.5%	16.6%	41.9%	6.3%
Operating EBITDA Growth	12.6%	14.1%	26.0%	5.2%
Operating EBITDA Margin	48.5%	47.4%	42.1%	41.6%
Net Cash Per Share (US\$)	0.09	0.13	0.17	0.23
BVPS (US\$)	0.54	0.41	0.46	0.52
Gross Interest Cover	N/A	N/A	N/A	N/A
Effective Tax Rate	11.6%	14.3%	16.2%	16.2%
Net Dividend Payout Ratio	60.0%	60.0%	60.0%	60.1%
Accounts Receivables Days	40.82	46.28	42.46	48.34
Inventory Days	2.94	3.07	2.73	3.11
Accounts Payables Days	79.76	77.25	68.89	78.28
ROIC (%)	38.6%	23.1%	24.4%	25.1%
ROCE (%)	21.8%	16.0%	15.9%	15.0%
Return On Average Assets	18.2%	13.1%	12.7%	12.0%

Key Drivers

	Dec-16A	Dec-17F	Dec-18F	Dec-19F
VIP Chip Volume (% Change)	10.6%	15.0%	45.0%	15.0%
VIP Chip Win Percentage (%)	2.6%	2.7%	2.7%	2.7%
Mass mkt chip drop (% chg.)	12.3%	16.0%	40.0%	15.0%
Mass mkt chip win (%-tage)	21.0%	21.0%	21.0%	21.0%
Slot Handle (% Change)	9.4%	22.0%	55.0%	10.0%
Slot Hold Percentage (%)	8.2%	8.2%	8.2%	8.2%
Net Win Per Slot (% Change)	0.0%	0.0%	0.0%	0.0%
Net Win Per Table (% Change)	-1.1%	-40.7%	43.2%	15.0%
No. Of Slots	1,648	2,656	2,656	2,656
No. Of Tables	300	600	600	600

SOURCE: CIMB RESEARCH, COMPANY DATA

DISCLAIMER

#01

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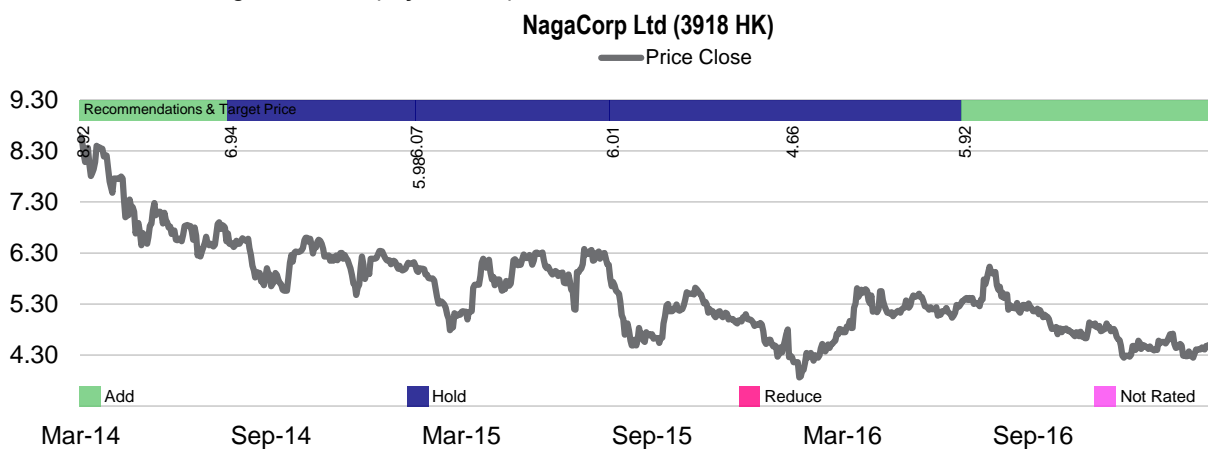
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Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2016, Anti-Corruption 2016.

AAV – Very Good, n/a, **ADVANC** – Very Good, Certified, **AEONTS** – Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Very Good, Declared, **AOT** – Excellent, Declared, **AP** – Very Good, Declared, **ASK** – Very Good, Declared, **ASP** – Very Good, Certified, **BANPU** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – not available, Declared, **BGP** - Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, Declared, **BEC** - Good, n/a, **BH** - Good, Declared, **BIGC** - Excellent, Declared, **BJC** – Good, n/a, **BLA** – Very Good, Certified, **BPP** – not available, n/a, **BTS** - Excellent, Certified, **CBG** – Good, n/a, **CCET** – not available, n/a, **CENTEL** –

Very Good, Certified, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COL** – Very Good, Declared, **CPALL** – not available, Declared, **CPF** – Excellent, Declared, **CPN** - Excellent, Certified, **DELTA** - Excellent, Declared, **DEMCO** – Excellent, Certified, **DTAC** – Excellent, Certified, **EA** – Very Good, Declared, **ECL** – Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Good, n/a, **GFPT** - Excellent, Declared, **GLOBAL** – Very Good, Declared, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Declared, **GRAMMY** - Excellent, n/a, **GUNKUL** – Very Good, Declared, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Declared, **ICHI** – Very Good, Declared, **INTUCH** - Excellent, Certified, **ITD** – 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** – Good, Certified, **KKP** – Excellent, Certified, **KSL** – Very Good, Declared, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Very Good, n/a, **LPN** – Excellent, Declared, **M** – Very Good, Declared, **MAJOR** - Good, n/a, **MAKRO** – Good, Declared, **MALEE** – Very Good, Declared, **MBKET** – Very Good, Certified, **MC** – Very Good, Declared, **MCOT** – Excellent, Declared, **MEGA** – Very Good, Declared, **MINT** - Excellent, Certified, **MTLS** – Very Good, Declared, **NYT** – Excellent, n/a, **OISHI** – Very Good, n/a, **PLANB** – Very Good, Declared, **PSH** – not available, n/a, **PSL** - Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Declared, **RATCH** – Excellent, Certified, **ROBINS** – Very Good, Declared, **RS** – Very Good, n/a, **SAMART** - Excellent, n/a, **SAPPE** - Good, n/a, **SAT** – Excellent, Certified, **SAWAD** – Good, n/a, **SC** – Excellent, Declared, **SCB** - Excellent, Certified, **SCBLIF** – not available, n/a, **SCC** – Excellent, Certified, **SCN** – Good, Declared, **SCCC** - Excellent, Declared, **SIM** - Excellent, n/a, **SIRI** - Good, n/a, **SPALI** - Excellent, Declared, **SPRC** – Very Good, Declared, **STA** – Very Good, Declared, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **TASCO** – Very Good, Declared, **TCAP** – Excellent, Certified, **THAI** – Very Good, Declared, **THANI** – Very Good, Certified, **THCOM** – Excellent, Certified, **THRE** – Very Good, Certified, **THREL** – Very Good, Certified, **TICON** – Very Good, Declared, **TISCO** - Excellent, Certified, **TK** – Very Good, n/a, **TKN** – Good, n/a, **TMB** - Excellent, Certified, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – not available, n/a, **TRUE** – Very Good, Declared, **TTW** – Very Good, Declared, **TU** – 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

CIMB 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.