

Singapore

ADD (no change)

Consensus ratings*: Buy 4 Hold 0 Sell 0

Current price:	S\$0.48
Target price:	S\$0.72
Previous target:	S\$0.74
Up/downside:	49.1%
CGS-CIMB / Consensus:	6.8%

Reuters:	MM2A.SI
Bloomberg:	MM2 SP
Market cap:	US\$416.9m
	S\$558.1m
Average daily turnover:	US\$0.47m
	S\$0.63m
Current shares o/s:	1,163m
Free float:	36.4%

*Source: Bloomberg

Key changes in this note

- FY19F EPS decreased by 2.9%.
- FY20F EPS decreased by 0.6%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-3	4.3	-23.2
Relative (%)	2.2	6.8	-29.1

Major shareholders

	% held
Wee Chye Ang	45.9
Yeo Khee Seng	9.2
Starhub Ltd	8.6

Analyst(s)

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mm2 Asia

Building media clout

- FY3/18 core PATMI met ours/consensus expectations. We like mm2 as a growing regional platform for media/entertainment, with abating concerns on cinema financing.
- Cinema operations to benefit from full-year Cathay contribution and cost synergies.
- We expect its production business to remain as a growth pillar in FY19F (especially from North Asia) and attract more partnerships with 'big boys' e.g. CJ E&M.
- "Train to Busan" VR is on track to launch by Sep 18, starting with two sets in China.
- Synergistic M&As are a key catalyst, while downside risks include unexpected production delay or cost overruns, and balance sheet mismanagement.

FY18 results in line; maintain Add

mm2 posted S\$192m revenue (+101%) in FY18, driven by broad-based growth across all its four segments. This offsets higher admin costs (+139% yoy) and results in higher core PATMI of S\$26.4m (+39% yoy). We deem FY3/18 core net profit in line though 4% above our FY18 forecast as 4Q is a seasonally stronger quarter, forming 35% of our/consensus full-year numbers. Our SOP-based TP is slightly lower at S\$0.72, after cutting our FY19-20 EPS forecasts by 0.6-2.9% on higher financing costs, and tweaking valuation basis.

Core production and cinema operations are key pillars

Core production business recorded 65% topline growth in FY18, of which North Asia now accounts for 57% of total production revenue, vs. 46% in FY17. Its recent 3-year financing partnership with CJ E&M (130960 KS, NR) also underscores mm2's capability and expanding network in Southeast Asian film market. Meanwhile, we expect full-year contribution from Cathay acquisition, better box office performance and improving cost synergies to drive FY19F growth for cinema operations.

Financing secured for cinema acquisition

Apart from an S\$50m MTN (7%) and S\$47.85m convertible debt securities (2% interest), mm2 has also entered into an S\$115m term loan facility, which we think could ease investors' concerns on financing the S\$230m acquisition of Cathay cinemas. We expect net gearing ratio to hike to 0.7x in FY19F (from net cash position as of end-FY18), with overall borrowing costs of 4.5% on average. Management remains on the lookout for synergistic opportunities in return for market share gains in the exhibition business.

Next showing from Vividthree Productions

In Feb 18, mm2's 51%-owned Vividthree Productions (unlisted) secured the licensing rights for "Train to Busan" to develop touring virtual reality (VR) sets, with projected launch before Sep 18. Such VR shows will possibly feature 3D simulation experience, interactive games, and set walkthrough. Based on indicative investor interest, we forecast it to garner two sets in North Asia and add S\$2m net profit for FY19F.

Broader offerings the main driver for Unusual

Unusual (now 39% owned by mm2) contributed S\$10m net profit in FY18, boosted by more production and promotion activities in the region. We expect the increasing number of concerts in North Asia and upcoming 48 "Disney on Ice" shows to underpin its FY19-21F earnings growth, while the proposed 49% stake acquisition of Beijing Wish Entertainment would help strengthen its multi-territory presence. Apart from live concerts, Unusual also plans to diversify into theme-related shows and penetrate Malaysia.

Financial Summary

	Mar-17A	Mar-18A	Mar-19F	Mar-20F	Mar-21F
Revenue (S\$m)	95.7	192.0	294.4	324.6	351.2
Operating EBITDA (S\$m)	41.4	63.4	93.7	111.3	129.8
Net Profit (S\$m)	17.52	26.44	34.22	39.84	44.40
Core EPS (S\$)	0.017	0.023	0.029	0.034	0.038
Core EPS Growth	87.0%	35.1%	26.0%	16.4%	11.4%
FD Core P/E (x)	27.76	20.55	16.31	14.01	12.57
DPS (S\$)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	11.66	8.69	8.30	6.99	5.73
P/FCFE (x)	NA	NA	NA	48.78	11.99
Net Gearing	(14.6%)	(9.6%)	69.7%	54.0%	32.7%
P/BV (x)	5.92	3.08	2.59	2.18	1.86
ROE	28.9%	19.8%	17.2%	16.9%	16.0%
% Change In Core EPS Estimates			(2.87%)	(0.59%)	
CIMB/consensus EPS (x)			0.98	1.04	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Results comparison

FYE March (\$m)	4QFY18	4QFY17	yoy % chg	qoq % chg	4QFY18 Cum	4QFY17 Cum	yoy % chg	Prev FY18F	Comments
Revenue	84	43	96.1	59.6	192	96	100.6	167	4Q/12MFY18 formed 50%/115% of full-year numbers
Operating costs	(55)	(24)	131.7	46.2	(128)	(54)	137.1	(105)	
EBITDA	29	19	51.2	94.1	64	42	53.5	62	
EBITDA margin (%)	34	44	(10.1)	6.1	33	44	(10.2)	37	Below due to greater contribution from North Asia productions
Depn & amort.	(14)	(9)	46.0	219.8	(21)	(16)	30.7	(19)	
EBIT	15	9	56.4	41.4	43	25	68.2	43	
Interest expense	(1)	(1)	35.5	491.8	(2)	(1)	33.8	(3)	
Interest & invt inc	0	0	na	na	0	0	na	-	
Associates' contrib	0	(0)	na	na	0	(0)	na	-	
Exceptionals	-	(1)	na	na	-	(2)	na	-	FY17: professional fees
Pretax profit	13.6	8.4	61.4	30.8	41	24	72.5	40	
Tax	(3)	(1)	212.9	35.7	(8)	(4)	114.0	(8)	
Tax rate (%)	19	10	9.2	0.7	19	15	3.7	20	In line
Minority interests	2	1.2	61.2	(3.1)	7	3	153.0	6	
Net profit	9.0	6.4	41.8	40.2	26.4	17.5	50.9	26	
Core net profit	9.0	7.7	17.1	40.2	26.4	19.1	38.5	26	In line; 4Q/12MFY18 formed 35%/104% of our full-year numbers
EPS (cts)	0.78	0.61	27.8	40.2	2.34	1.73	35.1	2.3	
Core EPS (cts)	0.78	0.74	5.5	40.2	2.34	1.88	24.1	2.3	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Earnings revision

Earnings Revision	FY2018	FY2019F			FY2020F		
mm2 (FYE March)		Old	New	% change	Old	New	% change
Revenue (\$m)	192.0	263.9	294.4	11.6%	287.3	324.6	13.0%
Production & distribution related (\$m)	94.2	84.7	112.4	32.7%	97.4	123.6	26.9%
Post-production (\$m)	6.3	6.0	12.0	100.0%	6.0	16.0	166.7%
Cinema (\$m)	45.0	113.2	100.0	-11.6%	118.9	105.0	-11.6%
Unusual/ Entertainment (\$m)	46.4	60.0	70.0	16.7%	65.0	80.0	23.1%
Gross Margin (%)	47%	47%	45%	-2%	47%	45%	-2%
Core PATMI (\$m)	26.4	35.2	34.2	-2.9%	40.1	39.8	-0.6%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: SOP-based valuation

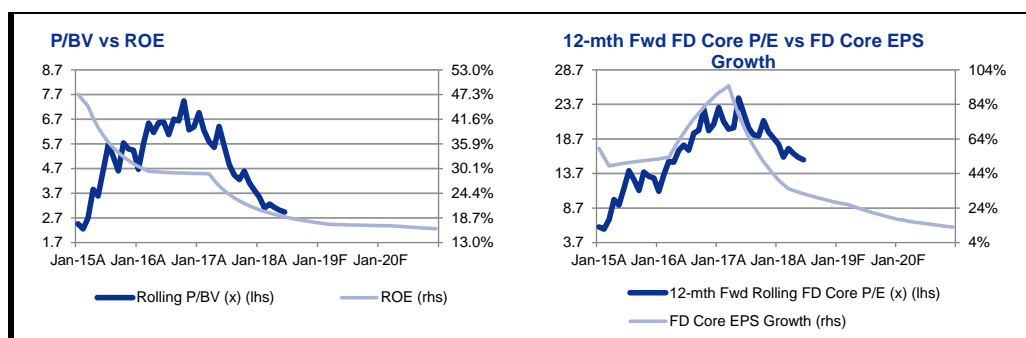
Net profit breakdown by segment	Stake	FY3/18 (\$m)	FY3/19 (\$m)	CY19 (\$m)	Applied PE multiple (x)	Valuation basis	CY19F Value (\$m)	Per share (\$)
Core production and distribution	100.0%	19.2	23.0	24.8	20	15% premium to average	495.2	0.43
Post-production	51.0%	2.7	4.6	5.6	20	15% premium to average	56.9	0.05
Cinema operations	100.0%	1.7	3.0	4.3	20	10% discount to peers' average	87.6	0.08
Unusual Productions	39.2%	10.0	15.1	16.4	-	Market value	192.2	0.17
Total		33.6	45.6	51.0			832.0	0.72
Core PATMI		26.4	34.2	38.4				
Shares outstanding (m)							1,162.8	
Equity Value per share (\$)								0.72
Implied CY19F P/E based on TP								21.6

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Peers comparison

Company	Bloomberg Ticker	Recom.	Price (Icl curr)	Target Price (Icl curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		Dividend Yield (%)	
						CY18F	CY19F		CY18F	CY19F	CY18F	CY19F	CY18F	CY19F
mm2 Asia	mm2 SP	ADD	0.48	0.72	417	22.0	17.2	26.3%	3.5	2.7	20.4%	17.7%	na	na
Movie/ TV production														
Spackman Entertainment Group L	SEG SP	Not rated	0.07	na	34	9.3	5.9	7.2%	0.8	0.7	29.8%	23.9%	2.1%	2.1%
Alibaba Pictures Group Ltd	1060 HK	Not rated	1.03	na	3,346	na	na	na	na	na	na	na	na	na
Zhejiang Talent Television & F	300426 CH	Not rated	16.50	na	1,028	14.4	11.7	52.1%	4.1	3.2	27.3%	27.6%	1.0%	1.3%
Zhejiang Huace Film & TV Co Lt	300133 CH	Not rated	10.20	na	2,812	23.2	18.1	25.3%	2.4	2.1	10.5%	12.4%	0.5%	0.5%
HMV Digital China Group Ltd	8078 HK	Not rated	0.24	na	404	na	na	na	na	na	na	na	na	na
Huayi Brothers Media Corp	300027 CH	Not rated	8.18	na	3,535	21.9	19.4	17.6%	2.0	1.9	9.9%	10.6%	0.4%	0.4%
CJ E&M Corp	130960 KS	Not rated	90,300	na	3,260	25.5	20.5	-23.8%	1.6	1.5	6.2%	7.1%	0.3%	0.4%
Simple average						21.3	17.4	17.8%	2.5	2.2	13.5%	14.4%	0.6%	0.6%
Cinema Theatres														
Wanda Film Holding Co Ltd	002739 CH	Not rated	52.04	na	9,518	26.7	21.7	na	4.4	3.7	17.1%	18.0%	0.7%	0.8%
Orange Sky Golden Harvest Ente	1132 HK	Not rated	0.51	na	182	na	na	na	na	na	na	na	na	na
Major Cineplex Group PCL	MAJOR TB	Add	27.25	30.00	761	30.9	28.9	6.0%	3.8	3.8	11.6%	12.9%	4.6%	4.4%
SHOWBOX Corp	086980 KS	Not rated	5070	na	296	23.7	17.6	na	2.1	1.9	9.2%	11.5%	1.0%	1.0%
Simple average						27.1	22.7	6.0%	3.4	3.1	12.7%	14.1%	2.1%	2.1%
Concert/ Events production														
Live Nation Entertainment Inc	LYV US	Not rated	43.57	na	9,103	573.3	123.8	na	6.5	5.2	3.4%	8.3%	0.0%	0.0%
YG Entertainment Inc	122870 KS	Not rated	28400	na	481	29.4	22.0	20.6	1.6	1.5	5.2%	6.8%	0.6%	0.7%
Media Asia Group Holdings Ltd	8075 HK	Not rated	0.11	na	30	na	na	na	na	na	na	na	na	na
SMC Entertainment Inc	SMCE US	Not rated	0.01	na	0	na	na	na	na	na	na	na	na	na
SM Entertainment Co Ltd	041510 KS	Not rated	42050	na	893	26.8	23.9	111.4	2.7	2.5	10.1%	10.8%	0.0%	0.0%
FNC Entertainment Co Ltd	173940 KS	Not rated	10500	na	141	na	na	na	na	na	na	na	na	na
Simple average						209.8	56.6	66.0%	3.6	3.1	6.2%	8.7%	0.2%	0.2%
Simple average (overall excluding mm2)						86.1	32.2	29.9%	3.2	2.8	10.8%	12.4%	0.9%	1.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG (As of 4 June 2018)

BY THE NUMBERS

Profit & Loss

(\$m)	Mar-17A	Mar-18A	Mar-19F	Mar-20F	Mar-21F
Total Net Revenues	95.72	192.05	294.40	324.63	351.24
Gross Profit	45.25	90.45	133.37	146.06	157.76
Operating EBITDA	41.39	63.45	93.72	111.27	129.78
Depreciation And Amortisation	(16.37)	(21.40)	(27.19)	(36.22)	(48.03)
Operating EBIT	25.02	42.05	66.52	75.05	81.76
Financial Income/(Expense)	(1.41)	(1.89)	(9.70)	(9.50)	(9.00)
Pretax Income/(Loss) from Assoc.	(0.01)	0.11	0.20	0.50	0.70
Non-Operating Income/(Expense)	0.41	1.14	0.00	0.00	0.00
Profit Before Tax (pre-EI)	24.01	41.41	57.02	66.05	73.46
Exceptional Items					
Pre-tax Profit	24.01	41.41	57.02	66.05	73.46
Taxation	(3.67)	(7.86)	(11.40)	(13.21)	(15.06)
Exceptional Income - post-tax					
Profit After Tax	20.34	33.55	45.62	52.84	58.40
Minority Interests	(2.81)	(7.12)	(11.40)	(13.00)	(14.00)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	17.52	26.44	34.22	39.84	44.40
Recurring Net Profit	17.52	26.44	34.22	39.84	44.40
Fully Diluted Recurring Net Profit	17.52	26.44	34.22	39.84	44.40

Cash Flow

(\$m)	Mar-17A	Mar-18A	Mar-19F	Mar-20F	Mar-21F
EBITDA	41.39	63.45	93.72	111.27	129.78
Cash Flow from Inv. & Assoc.	0.01	(0.11)	(0.20)	(0.50)	(0.70)
Change In Working Capital	(30.77)	(57.23)	(257.47)	(61.31)	(41.48)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	0.04	0.01	0.00	0.00	0.00
Other Operating Cashflow					
Net Interest (Paid)/Received	(1.39)	(1.43)	(9.70)	(9.50)	(9.00)
Tax Paid	(1.96)	(5.16)	(11.40)	(13.21)	(15.06)
Cashflow From Operations	7.31	(0.47)	(185.06)	26.74	63.54
Capex	(9.68)	(10.56)	(12.00)	(12.00)	(12.00)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	(19.79)	(61.12)	(3.30)	(3.30)	(5.00)
Other Investing Cashflow	3.01	(0.72)	0.00	0.00	0.00
Cash Flow From Investing	(26.45)	(72.39)	(15.30)	(15.30)	(17.00)
Debt Raised/(repaid)	17.76	60.16	165.00	0.00	0.00
Proceeds From Issue Of Shares	18.04	64.08	0.00	0.00	0.00
Shares Repurchased					
Dividends Paid					
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	35.80	124.24	165.00	0.00	0.00
Total Cash Generated	16.66	51.38	(35.36)	11.44	46.54
Free Cashflow To Equity	(1.38)	(12.71)	(35.36)	11.44	46.54
Free Cashflow To Firm	(17.73)	(70.97)	(190.66)	20.94	55.54

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd
Balance Sheet

(S\$m)	Mar-17A	Mar-18A	Mar-19F	Mar-20F	Mar-21F
Total Cash And Equivalents	25.76	93.46	58.30	70.24	117.49
Total Debtors	46.27	114.10	138.62	150.96	154.54
Inventories	0.65	0.64	0.64	0.64	0.64
Total Other Current Assets	23.41	25.92	38.18	42.00	46.20
Total Current Assets	96.08	234.12	235.74	263.84	318.87
Fixed Assets	11.18	41.57	44.57	46.57	46.57
Total Investments	1.49	2.63	2.83	3.33	4.03
Intangible Assets	56.55	298.36	316.03	330.57	340.74
Total Other Non-Current Assets	0.68	5.19	5.19	5.19	5.19
Total Non-current Assets	69.90	347.74	368.62	385.66	396.53
Short-term Debt	6.22	5.07	5.07	5.07	5.07
Current Portion of Long-Term Debt					
Total Creditors	47.39	282.91	94.78	87.07	94.57
Other Current Liabilities	8.53	10.25	10.25	10.25	10.25
Total Current Liabilities	62.13	298.22	110.10	102.39	109.89
Total Long-term Debt	5.46	68.07	233.07	233.07	233.07
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0.00	0.00	0.00	0.00	0.00
Total Non-current Liabilities	5.46	68.07	233.07	233.07	233.07
Total Provisions	1.87	3.09	3.09	3.09	3.09
Total Liabilities	69.46	369.38	346.26	338.55	346.04
Shareholders' Equity	84.99	181.49	215.71	255.55	299.95
Minority Interests	11.53	31.00	42.40	55.40	69.40
Total Equity	96.51	212.49	258.11	310.95	369.35

Key Ratios

	Mar-17A	Mar-18A	Mar-19F	Mar-20F	Mar-21F
Revenue Growth	150%	101%	53%	10%	8%
Operating EBITDA Growth	117%	53%	48%	19%	17%
Operating EBITDA Margin	43.2%	33.0%	31.8%	34.3%	36.9%
Net Cash Per Share (S\$)	0.01	0.02	(0.15)	(0.14)	(0.10)
BVPS (S\$)	0.08	0.16	0.19	0.22	0.26
Gross Interest Cover	17.69	22.22	6.86	7.90	9.08
Effective Tax Rate	15.3%	19.0%	20.0%	20.0%	20.5%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	134.8	152.4	156.7	163.2	158.7
Inventory Days	3.32	2.32	1.44	1.30	1.20
Accounts Payables Days	254.7	589.8	425.3	183.9	169.0
ROIC (%)	69.1%	50.8%	34.5%	17.1%	17.1%
ROCE (%)	33.1%	21.1%	16.9%	14.3%	14.1%
Return On Average Assets	18.5%	9.5%	9.3%	9.9%	9.9%

Key Drivers

	Mar-17A	Mar-18A	Mar-19F	Mar-20F	Mar-21F
TV Adex Rate (% Change)	N/A	N/A	N/A	N/A	N/A
Average Utilisation Rate (%)	N/A	N/A	N/A	N/A	N/A
Prime Time Utilisation Rate (%)	N/A	N/A	N/A	N/A	N/A
Non Prime Time Utilisation Rate (%)	N/A	N/A	N/A	N/A	N/A
Programming Costs (% Change)	89.7%	65.4%	20.0%	10.0%	10.0%
Newspaper adex rev. grth (%)	158.1%	257.6%	122.1%	5.0%	5.0%
Newspaper ASP (% Change)	N/A	N/A	N/A	N/A	N/A
Newspaper circulation grth (%)	N/A	N/A	N/A	N/A	N/A
Newsprint Cost (% Change)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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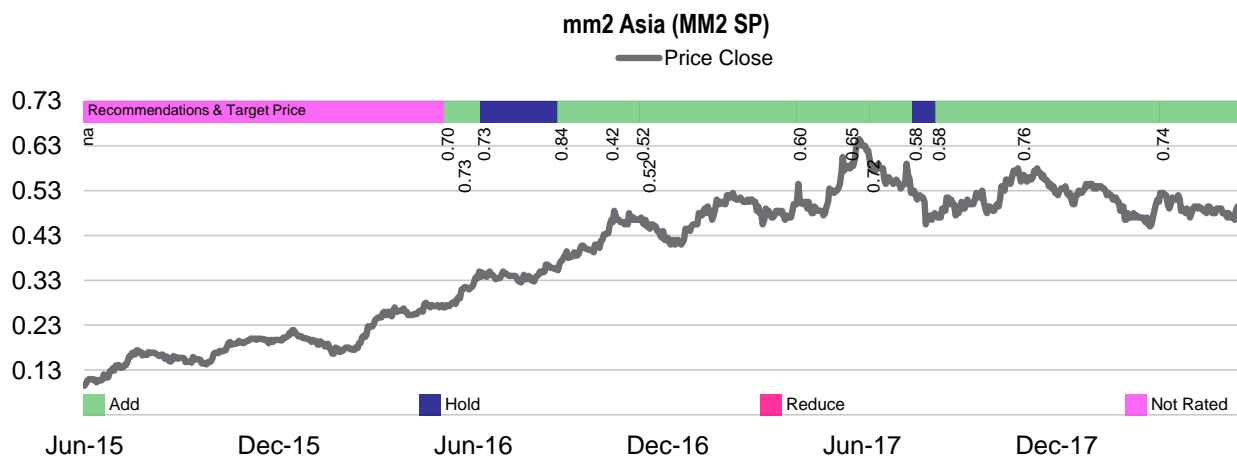
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Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 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, **TIPIP** – 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.