

Thailand

ADD (no change)

Consensus ratings*: Buy 6 Hold 1 Sell 0

Current price:	THB18.10
Target price:	THB21.20
Previous target:	THB23.00
Up/downside:	17.1%
CGS-CIMB / Consensus:	-6.2%
Reuters:	SPA.BK
Bloomberg:	SPA TB
Market cap:	US\$321.8m
	THB10,317m
Average daily turnover:	US\$0.66m
	THB20.73m
Current shares o/s:	570.0m
Free float:	31.3%

*Source: Bloomberg

Key changes in this note

- FY18F EPS decreased by 5.8%.
- FY19F EPS decreased by 7.2%.
- FY20F EPS decreased by 8.3%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-2.2	-15.4	41.4
Relative (%)	-2.2	-13.5	26.5

Major shareholders

	% held
Mr. Wiboon Utsahajit	12.3
Mr. Prasert Jiravanstit	12.3
Mrs. Pranee Suphawanakiat	10.1

Analyst(s)

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Siam Wellness Group

Decent start to 2018

- Although 1Q18 net profit missed our forecast by 7%, net profit of THB56m (+24.4% yoy, +23.2% qoq) was strong and reached its quarterly record.
- Robust earnings growth was mainly driven by 1) SSSG of +14.5% and 2) 13 additional branches over the last 12 months.
- We trim our FY18-20F EPS by 6-8% to reflect lower-than-expected 1Q18 results.
- We maintain our positive view on SPA, backed by 1) rising tourism industry, 2) increasing sales of spa products, and 3) opening of overseas branches.
- Maintain Add with a lower DCF-based TP of THB21.20.

1Q18 net profit reached a record high

Although 1Q18 net profit missed our forecast by 7%, net profit of THB56m (+24.4% yoy, +23.2% qoq) reached its quarterly record and beat the Bloomberg consensus estimate by 3%. Earnings missed our forecast due to lower-than-expected sales in the spa business. Sales increased by 24% yoy and 9% qoq thanks to 1) SSSG of +14.5% and 2) 8 additional branches (6 Let's Relax and 2 Baan Suan Massage). As of 31 Mar 2018, the company had a total of 42 branches.

Tourist arrivals remained strong, supporting sales

In 1Q18, tourist arrivals rose by 15% yoy, mostly driven by Chinese and Russian tourists (+30% and +27% yoy, respectively), according to the Ministry of Transport (MOT). The tourist arrival growth momentum remained strong in Apr at +9.4% yoy (Chinese +32%). As such, with an increasing number of tourists and ASP hikes of 10-15% for spa services and products, we expect SPA's SSSG to remain healthy in FY18F and project SSSG of 7-15% for SPA in FY18-20F.

Overseas operations update

SPA opened one outlet in Phnom Penh in Mar which is now operating at a utilisation rate of 60%, lower than its Thailand utilisation of 70-80%. However, we believe the utilisation will gradually improve thanks to the growing tourism industry in Cambodia. In 2017, Cambodia welcomed 1m Chinese tourists, with the number of Chinese visitors climbing by over 45%. As "Let's Relax" brand is already well-recognised by Chinese tourists, we believe the Cambodian market presents a good opportunity for SPA.

2Q18 outlook

We expect 2Q18F earnings growth to remain strong on a yoy basis, thanks to positive SSSG, store expansion (both overseas and domestic) and GPM improvement. We expect SPA to open 3 more stores in overseas markets in 2Q18, including 1-2 stores in Cambodia and 1 in Tianjin, bringing the total overseas stores to 5. We expect 7 overseas stores by end-FY18F. Earnings are likely to drop slightly on a qoq basis as 2Q is normally its lowest season during the year.

Earnings cut but outlook remains bright

We trim our FY18-20F EPS forecasts by 6-8% to reflect the lower-than-expected 1Q18 results. However, we maintain our positive view on SPA and expect an earnings CAGR of 30% in FY18-20F (above the 16% average for the tourism sector). This will be driven by 1) positive SSSG, 2) store expansion, and 3) contribution from overseas franchises.

Maintain Add

We maintain Add with a lower DCF-based TP of THB21.2 as we expect strong earnings growth, potential upside from the China market and expanding spa products' sales in the long-term. Risks are lower-than-expected SSSG, slower-than-expected branch expansion and slowdown in the tourism industry.

Financial Summary

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue (THBm)	725	948	1,163	1,480	1,743
Operating EBITDA (THBm)	206.8	275.2	353.4	451.6	532.2
Net Profit (THBm)	141.0	175.2	243.2	303.0	365.7
Core EPS (THB)	0.25	0.31	0.43	0.53	0.64
Core EPS Growth	32.4%	24.3%	38.8%	24.6%	20.7%
FD Core P/E (x)	73.19	58.90	42.43	34.05	28.21
DPS (THB)	0.10	0.12	0.17	0.21	0.26
Dividend Yield	0.55%	0.66%	0.92%	1.15%	1.42%
EV/EBITDA (x)	50.13	37.92	29.69	23.05	19.27
P/FCFE (x)	NA	NA	129.1	94.8	43.8
Net Gearing	7.7%	15.8%	20.6%	9.0%	(4.5%)
P/BV (x)	16.15	13.67	12.13	9.79	8.00
ROE	23.6%	25.1%	30.3%	31.8%	31.2%
% Change In Core EPS Estimates			(5.78%)	(7.24%)	(8.27%)
CIMB/consensus EPS (x)			0.95	0.89	0.84

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Decent start to 2018

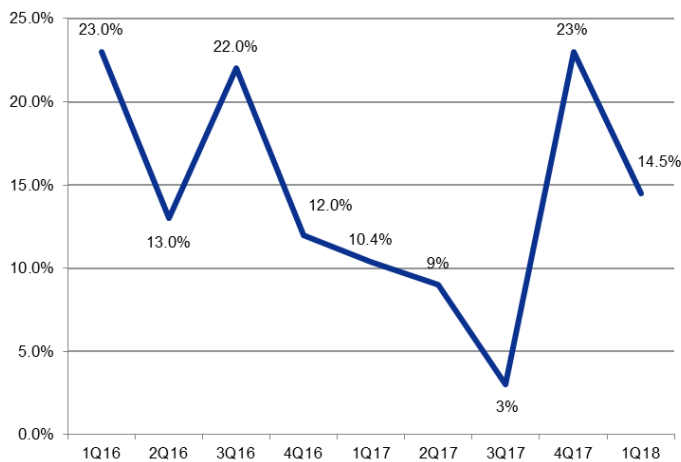
1Q18 results ➤

Figure 1: 1Q18 results review

FYE Dec (THB m)	1Q18	1Q17	%yoy chg	4Q17	%qoq chg	FY18F	%yoy chg	Comment
Revenue	279	225	24%	256	9%	1163	23%	Increased due to positive SSSG and expanded branches
Total revenue	281	227	24%	259	8%	1199		
Operating costs	190	155	23%	183	4%	745	20%	
EBITDA	89	70	27%	72	23%	419	28%	Increased due to positive SSSG and expanded branches
EBITDA margin (%)	32%	31%		28%				
Depn & amort.	22	18	25%	21	3%	254	22%	
EBIT	67	53	27%	51	32%	294	39%	
Interest expense	2	1	118%	3	-14%	8	27%	
Interest & invt inc	0	0	0%	0	0%	0	0%	
Exceptionals	0	0	0%	0	0%	0	0%	
Pretax profit	69	54	29%	54	30%	286	39%	
Tax	-11	-9	20%	-6	67%	43	40%	
Tax rate (%)	15%	16%		12%				
Minority interests	0	0	0%	0	0%	0	0%	
Net profit	56	45	24%	46	23%	243	39%	
Core net profit	56	45	24%	46	23%	243	39%	
EPS (THB)	0.10	0.08	24%	0.08	23%	0.43	39%	
Core EPS (THB)	0.10	0.08	24%	0.08	23%	0.43	39%	Increased due to positive SSSG and expanded branches

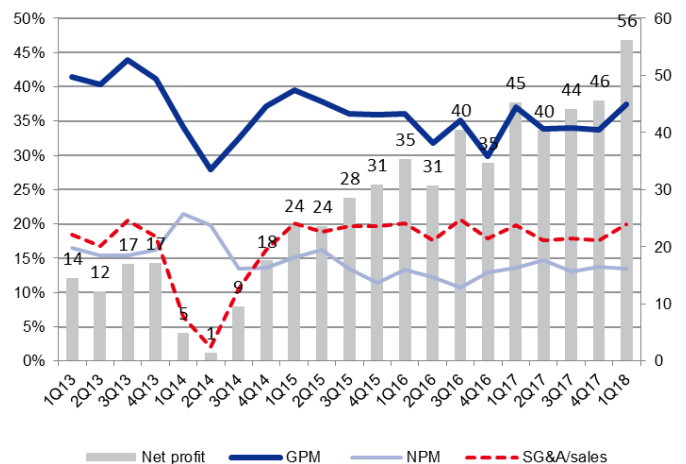
SOURCE: CGS-CIMB RESEARCH, COMPANY

Figure 2: SPA's SSSG (% yoy) by quarter



SOURCE: CGS-CIMB RESEARCH, COMPANY

Figure 3: SPA's net profit and profitability by quarter



SOURCE: CGS-CIMB RESEARCH, COMPANY

Earnings revision ►

To reflect the lower-than-expected 1Q18 results, we revise down our FY18-20F EPS forecasts by 6-8%.

Figure 4: Forecast revisions

	FY18F			FY19F			FY20F		
	Old	New	%chg	Old	New	%chg	Old	New	%chg
Sales (THBm)	1,300	1,163	-10.5%	1,679	1,480	-11.9%	1,993	1,743	-12.5%
Total revenue (THBm)	1,335	1,199	-10.2%	1,708	1,508	-11.7%	2,026	1,777	-12.3%
Net profit (THBm)	258	243	-5.8%	327	303	-7.2%	399	366	-8.3%
EPS (THB)	0.45	0.43	-5.8%	0.57	0.53	-7.2%	0.70	0.64	-8.3%
Revenue growth (%)	37.1%	22.8%	(14.34) %pt	29.2%	27.2%	(2.0) %pt	18.7%	17.8%	(0.9) %pt
Gross margins (%)	35.0%	36.0%	0.99	35.9%	36.9%	1.0	35.9%	36.9%	1.0
SG&A-to-sales (%)	13.7%	13.7%	-	13.2%	13.2%	-	13.2%	13.2%	-
Net margins (%)	19.9%	20.9%	1.00	20.6%	21.5%	0.9	20.0%	21.0%	1.0

SOURCE: CGS-CIMB RESEARCH, COMPANY

Figure 5: DCF

	DCF
WACC	6.1%
Terminal growth rate	3.0%
No of years	5
PV of FCF (THB m)	1,377
PV of TV (THB m)	10,845
Sum of NPV to firm (THB m)	12,223
Net debt (cash) (THB m)	121
Sum of NPV to equity (THB m)	12,101
Outstanding shares (m)	570
DCF based fair value (THB)	21.2

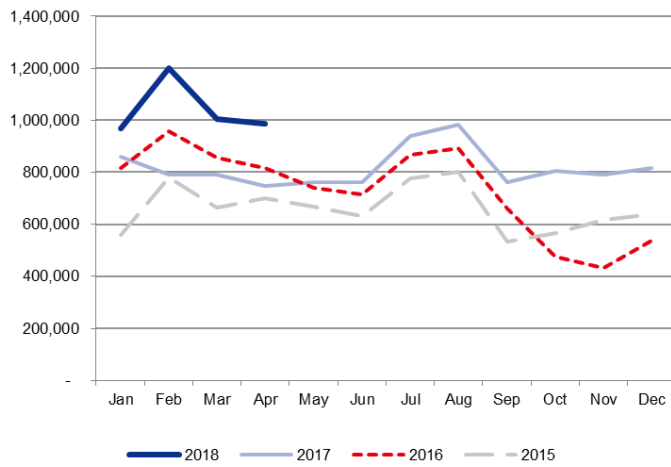
SOURCE: CGS-CIMB RESEARCH, COMPANY

Thailand's tourism industry remains robust ►

In 1Q18, tourist arrivals rose by 15% yoy, mostly driven by Chinese and Russian tourists (+30% and +27% yoy, respectively), according to MOT. The tourist arrival growth momentum remained strong in Apr at +9.4% yoy (Chinese +32%). We expect tourist arrivals in Thailand to rise 9% in 2018F and 10% in 2019F, following the 8.6% growth in 2017.

As such, with an increasing number of tourists traveling to Thailand for spa treatments and ASP hikes of 10-15% for spa services and products, we expect SPA's SSSG to remain healthy in FY18F. We project SSSG of 7-15% for SPA in FY18-20F.

Figure 6: Monthly Chinese tourist arrivals



SOURCES: CGS-CIMB RESEARCH, MINISTRY OF TRANSPORT

Figure 7: Thailand's tourist arrivals and growth breakdown by region/country of origin in 1Q18

	1Q18	% of total	1Q17	(%yoy)
ASEAN	2,235,681	21%	2,070,774	8.0%
China	3,174,524	30%	2,439,076	30.2%
Korea	501,417	5%	463,278	8.2%
Europe-Russia	1,879,373	18%	1,737,066	8.2%
Russia	618,996	6%	488,987	26.6%
US	307,171	3%	283,240	8.4%
India	360,223	3%	304,479	18.3%
Middle East	186,609	2%	192,832	-3.2%
Others	1,344,692	13%	1,214,325	10.7%
Total	10,608,686	100%	9,194,057	15.4%

SOURCES: CGS-CIMB RESEARCH, MINISTRY OF TRANSPORT

Let's Relax Spa in Phnom Penh ➤

Figure 8: Let's Relax Spa in Phnom Penh



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 9: Let's Relax Spa in Phnom Penh



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 10: Let's Relax Spa in Phnom Penh

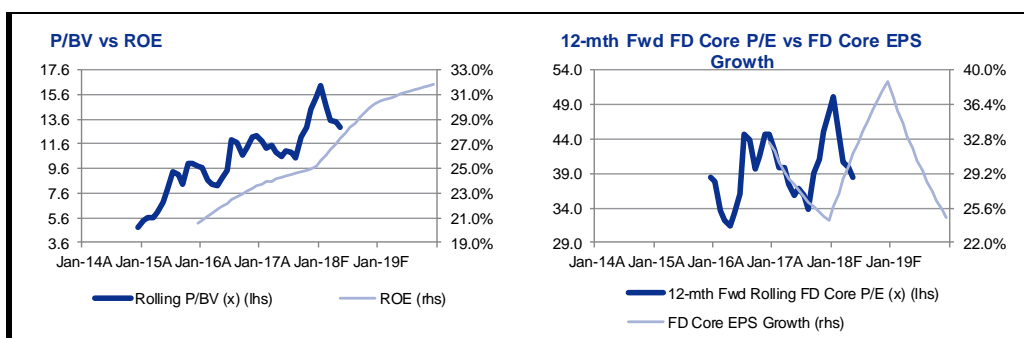


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 11: Peer comparison

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market (US\$ m)	P/E (x)			3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY18F	CY19F	CY20F		CY18F	CY19F	CY18F	CY19F	CY18F	CY19F	CY18F	CY19F
Tourism																	
Central Plaza Hotel	CENTEL TB	Add	50	60	2,106	28.1	24.4	22.1	17.7%	5.21	4.65	19.4%	20.1%	13.9	12.1	1.3%	1.6%
Minor International	MINT TB	Add	37.5	44.5	5,403	28.8	25.3	22.4	14.1%	3.37	3.10	12.1%	12.7%	22.1	20.0	1.0%	1.2%
Erawan Group PCL/The	ERW TB	NR	8.2	NR	624	34.3	29.0	24.9	18.9%	3.50	3.24	11.1%	11.6%	14.6	13.0	1.2%	1.4%
Siam Wellness Group	SPA TB	Add	18.1	21.2	322	42.4	34.1	28.2	30.2%	12.13	9.79	30.1%	31.8%	29.9	23.1	0.9%	1.1%
Tourism Average					8,454	29.3	25.6	22.7	16.3%	3.80	3.49	3.5%	3.9%	18.8	16.7	1.1%	1.3%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS

Profit & Loss

(THBm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Net Revenues	725.2	947.6	1,299.5	1,679.0	1,992.7
Gross Profit	295.8	405.5	549.0	706.7	835.0
Operating EBITDA	206.8	275.2	371.0	480.1	571.9
Depreciation And Amortisation	(55.3)	(77.4)	(94.2)	(108.2)	(119.3)
Operating EBIT	151.5	197.7	276.8	371.8	452.6
Financial Income/(Expense)	(1.6)	(6.6)	(8.3)	(6.9)	(6.1)
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	13.9	14.7	35.2	28.5	33.8
Profit Before Tax (pre-EI)	163.8	205.9	303.6	393.5	480.3
Exceptional Items					
Pre-tax Profit	163.8	205.9	303.6	393.5	480.3
Taxation	(22.9)	(30.8)	(45.5)	(66.9)	(81.6)
Exceptional Income - post-tax					
Profit After Tax	141.0	175.2	258.1	326.6	398.6
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	141.0	175.2	258.1	326.6	398.6
Recurring Net Profit	141.0	175.2	258.1	326.6	398.6
Fully Diluted Recurring Net Profit	141.0	175.2	258.1	326.6	398.6

Cash Flow

(THBm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
EBITDA	206.8	275.2	353.4	451.6	532.2
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(20.4)	(3.9)	(6.4)	(14.3)	(12.4)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	43.9	(8.6)	0.0	0.0	0.0
Net Interest (Paid)/Received	(1.6)	(6.6)	(8.3)	(6.9)	(6.1)
Tax Paid	(22.9)	(30.8)	(42.9)	(62.1)	(74.9)
Cashflow From Operations	205.9	225.4	295.8	368.3	438.8
Capex	(274.2)	(267.8)	(230.0)	(230.0)	(200.0)
Disposals Of FAs/subsidiaries	(16.7)	(12.0)	(15.4)	(14.7)	(10.8)
Acq. Of Subsidiaries/investments	8.2	(62.9)	35.9	(17.9)	9.0
Other Investing Cashflow	6.8	73.3	(6.4)	3.2	(1.6)
Cash Flow From Investing	(275.9)	(269.4)	(215.8)	(259.5)	(203.4)
Debt Raised/(repaid)					
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased					
Dividends Paid	(57.0)	(57.0)	(94.8)	(118.2)	(146.3)
Preferred Dividends					
Other Financing Cashflow	99.5	153.9	(58.1)	(20.4)	(19.8)
Cash Flow From Financing	42.5	96.9	(152.9)	(138.6)	(166.1)
Total Cash Generated	(27.4)	52.9	(73.0)	(29.7)	69.3
Free Cashflow To Equity	(70.0)	(44.0)	79.9	108.8	235.4
Free Cashflow To Firm	(68.4)	(37.4)	88.3	115.7	241.6

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd
Balance Sheet

(THBm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Cash And Equivalents	50.9	142.7	73.6	84.7	217.7
Total Debtors	8.6	12.4	12.9	16.4	19.3
Inventories	20.2	27.8	28.8	36.7	43.5
Total Other Current Assets	8.4	8.3	10.2	13.0	15.3
Total Current Assets	88.1	191.2	125.5	150.8	295.8
Fixed Assets	698.9	889.3	1,041.8	1,177.6	1,269.4
Total Investments	0.0	5.0	5.0	5.0	5.0
Intangible Assets	28.1	33.8	30.9	32.4	31.6
Total Other Non-Current Assets	50.0	56.2	57.7	57.0	57.4
Total Non-current Assets	777.0	984.3	1,135.5	1,272.0	1,363.4
Short-term Debt	0.0	8.0	54.2	4.2	4.2
Current Portion of Long-Term Debt	20.0	68.9	20.0	20.0	80.0
Total Creditors	70.4	85.9	93.8	119.4	141.4
Other Current Liabilities	30.0	43.8	37.5	40.8	39.3
Total Current Liabilities	120.4	206.5	205.5	184.3	264.9
Total Long-term Debt	80.0	185.1	175.1	155.1	75.1
Hybrid Debt - Debt Component	0.0	0.0	0.0	0.0	0.0
Total Other Non-Current Liabilities	11.4	12.2	11.8	12.0	11.9
Total Non-current Liabilities	91.4	197.3	186.9	167.0	86.9
Total Provisions	14.4	16.9	18.1	17.5	17.8
Total Liabilities	226.2	420.7	410.4	368.9	369.6
Shareholders' Equity	638.9	754.8	850.6	1,053.8	1,289.6
Minority Interests					
Total Equity	638.9	754.8	850.6	1,053.8	1,289.6

Key Ratios

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue Growth	36.0%	30.7%	37.1%	29.2%	18.7%
Operating EBITDA Growth	26.5%	33.1%	34.8%	29.4%	19.1%
Operating EBITDA Margin	28.5%	29.0%	28.5%	28.6%	28.7%
Net Cash Per Share (THB)	-0.09	-0.21	-0.31	-0.17	0.08
BVPS (THB)	1.12	1.32	1.48	1.82	2.21
Gross Interest Cover	96.69	30.09	33.20	54.10	73.83
Effective Tax Rate	14.0%	14.9%	15.0%	17.0%	17.0%
Net Dividend Payout Ratio	40.4%	32.5%	39.0%	39.0%	40.0%
Accounts Receivables Days	3.20	4.04	3.76	3.59	3.74
Inventory Days	14.51	16.17	14.86	14.33	14.92
Accounts Payables Days	46.68	52.61	47.19	46.61	48.53
ROIC (%)	26.4%	23.6%	26.2%	29.6%	32.3%
ROCE (%)	22.9%	22.1%	25.8%	31.7%	33.9%
Return On Average Assets	18.7%	17.7%	21.7%	24.6%	26.2%

Key Drivers

(THBm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
No. of stores (Thailand)	30	40	50	60	65
No. of stores (Overseas)	1	1	8	11	14
SSSG (%)	28.0%	24.0%	15.0%	10.0%	7.0%
GPM (%)	33.2%	34.6%	36.0%	36.7%	36.9%
NPM (%)	19.4%	18.5%	20.9%	20.5%	21.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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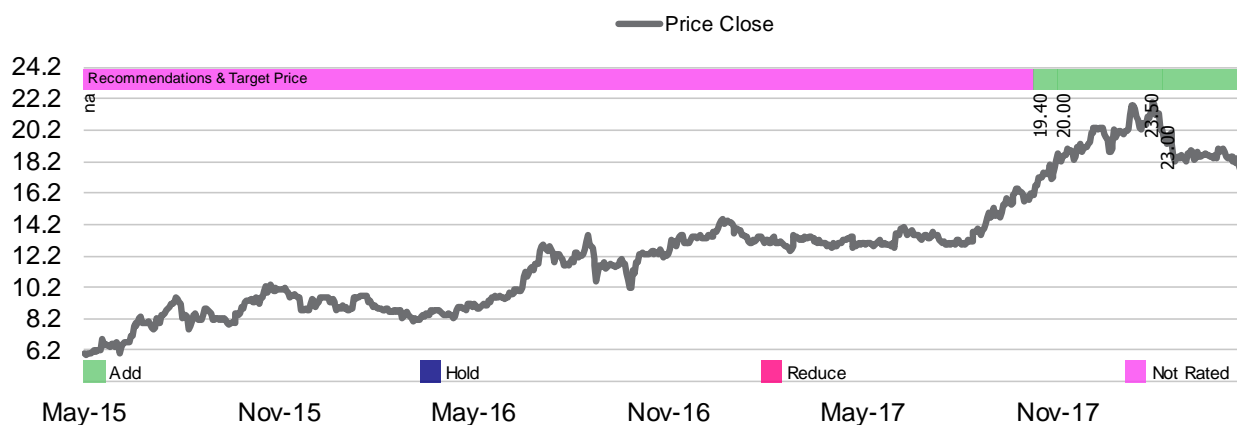
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Siam Wellness Group (SPA TB)



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.