

## Singapore

**ADD** (no change)

Consensus ratings\*: Buy 4 Hold 0 Sell 0

Current price:	S\$0.35
Target price:	S\$0.50
Previous target:	S\$0.72
Up/downside:	42.1%
CGS-CIMB / Consensus:	-18.2%
Reuters:	MM2A.SI
Bloomberg:	MM2 SP
Market cap:	US\$295.8m
	S\$407.0m
Average daily turnover:	US\$0.23m
	S\$0.31m
Current shares o/s:	1,163m
Free float:	36.4%

\*Source: Bloomberg

**Key changes in this note**

- FY19F EPS decreased by 24.9%.
- FY20F EPS decreased by 18.7%.
- FY21F EPS decreased by 4.4%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	4.5	-16.7	-39.1
Relative (%)	2.9	-12.7	-31.4

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

## 2QFY3/19: Higher debt hurts

- 2Q19 core PATMI of S\$3.7m (-17.2% yoy) missed expectations due to higher interest costs and tax rates despite revenue growth of more than 100%.
- Positive on mm2's breakthrough with first Netflix co-production but we expect investors to focus on its cinema turnaround in the coming quarters.
- Maintain Add with lower S\$0.50 TP; unlocking cinema value is a key catalyst.

### 2Q19 disappointed with higher interest costs

mm2's 2QFY19 core PATMI of S\$3.7m was below expectations as it formed only 11% of our/consensus full-year numbers (1H19: 32%). While 2Q19 topline increased 106.8% yoy, thanks to higher contribution from newly-acquired cinema operations, core production and event businesses, earnings were impacted by higher-than-expected tax rates and interest expenses (including a one-off charge relating to the Cathay cinema acquisition). We note that 2H is seasonally stronger across all its segments.

### Core production made breakthrough with first Netflix partnership

The group recently announced its maiden co-production with Netflix ('Triad Princess'). While productions under the B2B model tend to command lower margins vs. B2C ones (for the big screen), their payment terms are better as full funding is usually provided upfront. We see mm2 as a beneficiary of rising demand for Asian content and increasing Netflix penetration into Asia. Pipeline for core production remains robust with 82 shows.

### Key cinema metrics improving but more time needed

Cinema was the main drag in 2Q19, which may take time to translate into significant earnings improvement. Some of the key cinema metrics showed progress in 1H19, including average ticket price (+4.1% yoy), average F&B spending (+8.4% yoy) and F&B cost of sales (-280bp). The general utilisation of its Cathay Singapore cinema assets was also slightly higher than the industry average at c.32%.

### Spun-off subsidiaries in its next growth phase

With a separate listing platform, both Unusual (39%-owned) and Vividthree (42% stake) have embarked on another growth trajectory. Apart from more concerts in North Asia and diversification into family entertainment, Unusual also recently became an IP owner of APOLLO travelling shows. Vividthree will soon open its first 'Train to Busan' VR tour set.

### Maintain Add with lower TP and EPS

We cut our FY19-21F EPS by 4-25% on lower revenue and higher financing costs and lower our SOP-based TP to S\$0.50 on lower EPS forecasts and valuation multiples. Maintain Add as we still see mm2 as a proxy for higher content consumption in the region. Post its recent correction, the stock currently trades at 12.6x FY20F P/E, cheaper than the sector average of 31x P/E. Downside risks are unexpected production delays, cost overruns and balance sheet mismanagement. A re-rating catalyst is unlocking of cinema value.

Financial Summary	Mar-17A	Mar-18A	Mar-19F	Mar-20F	Mar-21F
Revenue (S\$m)	95.7	192.0	275.6	306.4	336.6
Operating EBITDA (S\$m)	41.4	63.4	91.3	114.1	134.8
Net Profit (S\$m)	17.52	26.44	25.70	32.40	42.45
Core EPS (S\$)	0.017	0.023	0.022	0.028	0.037
Core EPS Growth	87.0%	35.1%	(5.4%)	26.1%	31.0%
FD Core P/E (x)	20.25	14.98	15.84	12.56	9.59
DPS (S\$)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	8.47	6.37	6.89	5.52	4.43
P/FCFE (x)	NA	NA	NA	34.81	8.90
Net Gearing	(14.6%)	(9.6%)	73.6%	58.0%	35.4%
P/BV (x)	4.32	2.24	1.96	1.70	1.44
ROE	28.9%	19.8%	13.2%	14.5%	16.3%
% Change In Core EPS Estimates			(24.9%)	(18.7%)	(4.4%)
CIMB/consensus EPS (x)			0.82	0.87	0.96

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 1: Results comparison**

FYE March (\$m)	2QFY19	2QFY18	yoy % chg	qoq % chg	2QFY19 Cum	2QFY18 Cum	yoy % chg	Prev FY19F	Comments
Revenue	65	31	106.8	32.5	114	56	103.3	294	2Q/1H FY19 formed 22%/39% of our/consensus full-year numbers. Below expectations
Operating costs	(47)	(21)	119.9	52.6	(78)	(35)	123.0	(201)	
EBITDA	18	10	78.3	(1.8)	36	21	70.4	94	
EBITDA margin (%)	27	32	(4.3)	(9.6)	31	37	(6.1)	32	In line
Depn & amort.	(3)	(2)	77.3	(2.1)	(7)	(3)	103.8	(27)	
EBIT	14	8	78.6	(1.8)	29	18	64.3	67	
Interest expense	(6)	(0)	2,504.2	71.2	(9)	(0)	2,263.5	(10)	Above; due to a S\$1.6m one-off unwinding interest on deferred purchase consideration for Cathay acquisition
Interest & invt inc	0	0	na	na	0	0	na	-	
Associates' contrib	(0)	(0)	na	na	(0)	-	na	0	
Exceptionals	-	0	na	na	-	(0)	na	-	
Pretax profit	9.0	8.0	12.7	(22.6)	21	18	16.5	57	
Tax	(4)	(2)	115.8	40.9	(6)	(3)	78.3	(11)	
Tax rate (%)	39	21	18.8	17.7	29	19	10.2	20	Above
Minority interests	2	1.8	(1.5)	(7.9)	4	3	16.8	11	
<b>Net profit</b>	<b>3.7</b>	<b>4.6</b>	<b>(18.7)</b>	<b>(48.4)</b>	<b>10.9</b>	<b>11.1</b>	<b>(2.3)</b>	<b>34</b>	2Q/1H FY19 formed 11%/32% of our/consensus full-year numbers
<b>Core net profit</b>	<b>3.7</b>	<b>4.5</b>	<b>(17.2)</b>	<b>(48.4)</b>	<b>10.9</b>	<b>11.3</b>	<b>(3.3)</b>	<b>34</b>	Below expectations
EPS (cts)	0.32	0.40	(19.4)	(48.4)	0.94	1.01	(7.6)	3.0	
Core EPS (cts)	0.32	0.39	(18.0)	(48.4)	0.94	1.02	(8.5)	3.0	

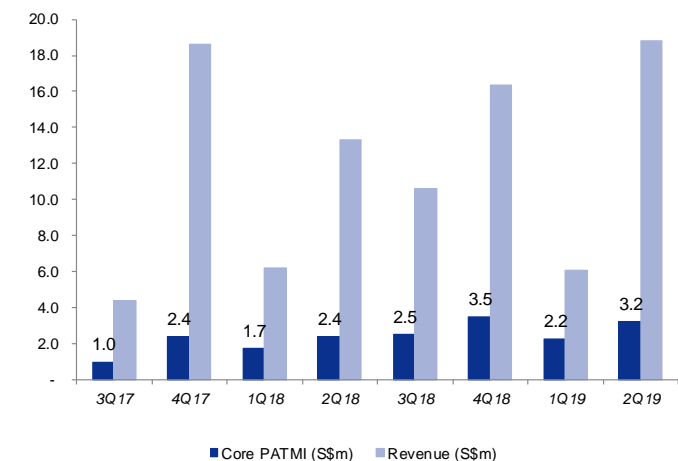
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Earnings revision table**

Earnings Revision mm2 (FYE March)	FY2019F			FY2020F			FY2021F		
	Old	New	% change	Old	New	% change	Old	New	% change
Revenue (\$m)	294.4	275.6	-6.4%	324.6	306.4	-5.6%	351.2	336.6	-4.2%
Production & distribution related (\$m)	112.4	98.5	-12.3%	123.6	108.4	-12.3%	135.9	119.2	-12.3%
Post-production (\$m)	12.0	12.0	0.0%	16.0	16.0	0.0%	20.0	20.0	0.0%
Cinema (\$m)	100.0	100.0	0.0%	105.0	107.0	1.9%	110.3	112.4	1.9%
Unusual/ Entertainment (\$m)	70.0	65.0	-7.1%	80.0	75.0	-6.3%	85.0	85.0	0.0%
Gross Margin (%)	45%	47%	2%	45%	46%	1%	45%	46%	1%
Core PATMI (\$m)	34.2	25.7	-24.9%	39.8	32.4	-18.7%	44.4	42.5	-4.4%

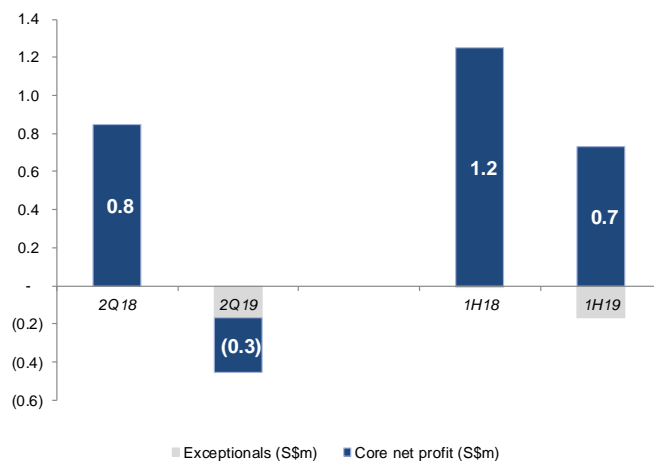
SOURCE: CIMB RESEARCH, COMPANY

**Figure 3: Quarterly revenue and core PATMI trends for Unusual**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: 2Q19 net profit performance of Vividthree**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 5: SOP-based valuation**

Net profit breakdown by segment	Stake	FY3/18 (S\$m)	FY3/19 (S\$m)	CY19 (S\$m)	Applied PE multiple (x)	Valuation basis	CY19F Value (S\$m)	Per share (S\$)
Core production and distribution	100.0%	19.2	18.7	20.9	17	On par with sector average	355.9	0.31
Vividthree	41.5%	2.7	3.4	5.0	-	Market value	29.9	0.03
Cinema operations	100.0%	1.7	1.0	1.9	18	On par with sector average	33.4	0.03
Unusual Productions	39.2%	10.0	13.0	15.1	-	Market value	159.0	0.14
<b>Total</b>		<b>33.6</b>	<b>36.1</b>	<b>42.9</b>			<b>578.2</b>	<b>0.50</b>
Core PATMI		26.4	25.7	30.7				
Shares outstanding (m)							1,162.8	
Equity Value per share (S\$)								<b>0.50</b>
Implied CY19F P/E based on TP								18.8

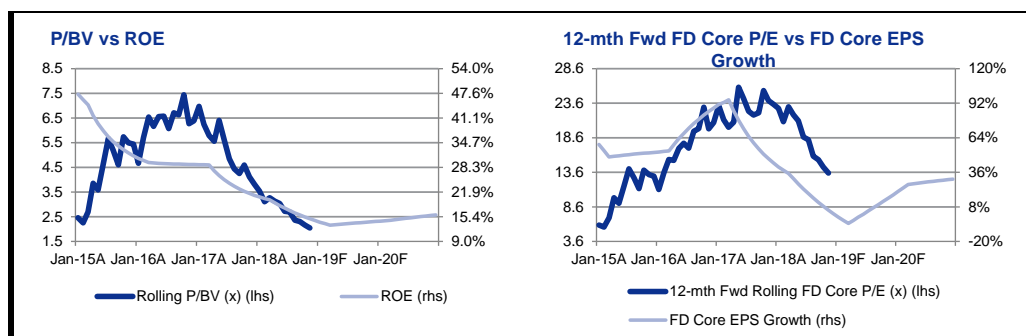
SOURCES: CIMB, COMPANY REPORTS

**Figure 6: Peer comparison**

Company	Bloomberg Ticker	Recom.	Price (Icl curr)	Target Price (Icl curr)	Market Cap (US\$ m)	Core P/E (x) CY18F	CY19F	3-year EPS CAGR (%)	P/BV (x) CY18F	CY19F	Recurring ROE (%) CY18F	CY19F	Dividend Yield (%) CY18F	CY19F
mm2 Asia	mm2 SP	ADD	0.35	0.50	296	15.6	13.3	26.3%	2.0	1.8	14.6%	14.3%	na	na
<b>Movie/ TV production</b>														
Spackman Entertainment Group L	SEG SP	Not rated	0.03	na	20	3.9	2.5	7.2%	0.3	0.3	na	na	5.1%	5.1%
Alibaba Pictures Group Ltd	1060 HK	Not rated	1.14	na	3,710	na	na	na	na	na	na	na	na	na
Zhejiang Talent Television & F	300426 CH	Not rated	8.24	na	474	7.8	6.0	52.4%	na	na	na	na	na	na
Zhejiang Huace Film & TV Co Lt	300133 CH	Not rated	10.95	na	2,795	25.0	19.6	24.4%	2.5	2.3	10.5%	12.2%	0.4%	0.5%
Studio Dragon Corp	253450 KS	Add	108,700	140,000	2,700	61.2	33.1	67.7%	7.3	6.0	12.7%	19.8%	0.0%	0.0%
CJ ENM	035760 KS	Add	217,300	340,000	4,222	15.8	11.9	1.8%	1.7	1.5	15.7%	13.2%	0.9%	1.1%
Huayi Brothers Media Corp	300027 CH	Not rated	5.28	na	2,123	18.9	15.4	12.8%	1.4	1.3	6.9%	7.9%	0.4%	0.5%
<b>Simple average</b>						<b>25.7</b>	<b>17.2</b>	<b>31.8%</b>	<b>3.2</b>	<b>2.8</b>	<b>11.4%</b>	<b>13.3%</b>	<b>0.4%</b>	<b>0.5%</b>
<b>Cinema Theatres</b>														
Wanda Film Holding Co Ltd	002739 CH	Not rated	23.71	na	6,008	18.5	14.8	na	3.1	2.6	15.7%	17.1%	1.3%	1.7%
Orange Sky Golden Harvest Ente	1132 HK	Not rated	0.41	na	145	na	na	na	na	na	na	na	na	na
Major Cineplex Group PCL	MAJOR TB	Add	22.20	30.00	603	23.5	21.2	14.0%	3.1	3.0	12.9%	14.4%	5.4%	5.4%
SHOWBOX Corp	086980 KS	Not rated	3745	na	207	29.6	17.8	2.5	1.6	1.5	5.6%	8.8%	1.3%	1.3%
<b>Simple average</b>						<b>23.9</b>	<b>17.9</b>	<b>132.8%</b>	<b>2.6</b>	<b>2.4</b>	<b>11.4%</b>	<b>13.4%</b>	<b>2.7%</b>	<b>2.8%</b>
<b>Concert/ Events production</b>														
Live Nation Entertainment Inc	LYV US	Not rated	55.44	na	11,617	852.9	118.2	na	9.0	6.8	4.0%	4.5%	0.0%	0.0%
YG Entertainment Inc	122870 KS	Not rated	39850	na	640	60.7	34.0	28.1	2.2	2.1	3.5%	6.1%	0.4%	0.4%
Media Asia Group Holdings Ltd	8075 HK	Not rated	0.06	na	17	na	na	na	na	na	na	na	na	na
SMC Entertainment Inc	SMCE US	Not rated	0.00	na	0	na	na	na	na	na	na	na	na	na
SM Entertainment Co Ltd	041510 KS	Not rated	46500	na	944	29.2	22.9	123.8	2.5	2.3	9.3%	10.6%	0.0%	0.0%
FNC Entertainment Co Ltd	173940 KS	Not rated	6620	na	84	na	na	na	na	na	na	na	na	na
<b>Simple average</b>						<b>314.3</b>	<b>58.4</b>	<b>76.0%</b>	<b>4.6</b>	<b>3.7</b>	<b>5.6%</b>	<b>7.1%</b>	<b>0.1%</b>	<b>0.1%</b>
<b>Simple average (overall excluding mm2)</b>						<b>121.3</b>	<b>31.2</b>	<b>80.2%</b>	<b>3.5</b>	<b>3.0</b>	<b>9.5%</b>	<b>11.3%</b>	<b>1.1%</b>	<b>1.2%</b>

SOURCES: CGS- CIMB, COMPANY REPORTS, BLOOMBERG (As of 16 Nov 2018)

## BY THE NUMBERS



### Profit & Loss

(\$m)	Mar-17A	Mar-18A	Mar-19F	Mar-20F	Mar-21F
<b>Total Net Revenues</b>	<b>95.72</b>	<b>192.05</b>	<b>275.55</b>	<b>306.41</b>	<b>336.60</b>
<b>Gross Profit</b>	<b>45.25</b>	<b>90.45</b>	<b>130.73</b>	<b>140.37</b>	<b>153.32</b>
<b>Operating EBITDA</b>	<b>41.39</b>	<b>63.45</b>	<b>91.26</b>	<b>114.14</b>	<b>134.77</b>
Depreciation And Amortisation	(16.37)	(21.40)	(27.19)	(39.43)	(46.87)
<b>Operating EBIT</b>	<b>25.02</b>	<b>42.05</b>	<b>64.06</b>	<b>74.71</b>	<b>87.90</b>
Financial Income/(Expense)	(1.41)	(1.89)	(16.00)	(14.00)	(12.00)
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
<b>Profit Before Tax (pre-EI)</b>	<b>24.01</b>	<b>41.41</b>	<b>48.26</b>	<b>61.21</b>	<b>76.60</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>24.01</b>	<b>41.41</b>	<b>48.26</b>	<b>61.21</b>	<b>76.60</b>
Taxation	(3.67)	(7.86)	(12.07)	(15.30)	(19.15)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>20.34</b>	<b>33.55</b>	<b>36.20</b>	<b>45.90</b>	<b>57.45</b>
Minority Interests	(2.81)	(7.12)	(10.50)	(13.50)	(15.00)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>17.52</b>	<b>26.44</b>	<b>25.70</b>	<b>32.40</b>	<b>42.45</b>
Recurring Net Profit	17.52	26.44	25.70	32.40	42.45
<b>Fully Diluted Recurring Net Profit</b>	<b>17.52</b>	<b>26.44</b>	<b>25.70</b>	<b>32.40</b>	<b>42.45</b>

### Cash Flow

(\$m)	Mar-17A	Mar-18A	Mar-19F	Mar-20F	Mar-21F
EBITDA	41.39	63.45	91.26	114.14	134.77
Cash Flow from Inv. & Assoc.	0.01	(0.11)	(0.20)	(0.50)	(0.70)
Change In Working Capital	(30.77)	(57.23)	(251.32)	(57.34)	(40.22)
(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)	(16.00)	(14.00)	(12.00)
Tax Paid	(1.96)	(5.16)	(12.07)	(15.30)	(19.15)
<b>Cashflow From Operations</b>	<b>7.31</b>	<b>(0.47)</b>	<b>(188.33)</b>	<b>26.99</b>	<b>62.71</b>
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
<b>Cash Flow From Investing</b>	<b>(26.45)</b>	<b>(72.39)</b>	<b>(15.30)</b>	<b>(15.30)</b>	<b>(17.00)</b>
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					
<b>Cash Flow From Financing</b>	<b>35.80</b>	<b>124.24</b>	<b>165.00</b>	<b>0.00</b>	<b>0.00</b>
Total Cash Generated	16.66	51.38	(38.63)	11.69	45.71
<b>Free Cashflow To Equity</b>	<b>(1.38)</b>	<b>(12.71)</b>	<b>(38.63)</b>	<b>11.69</b>	<b>45.71</b>
<b>Free Cashflow To Firm</b>	<b>(17.73)</b>	<b>(70.97)</b>	<b>(187.63)</b>	<b>25.69</b>	<b>57.71</b>

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	55.03	67.22	113.63
Total Debtors	46.27	114.10	130.88	143.72	148.92
Inventories	0.65	0.64	0.64	0.64	0.64
Total Other Current Assets	23.41	25.92	33.48	36.83	40.51
<b>Total Current Assets</b>	<b>96.08</b>	<b>234.12</b>	<b>220.03</b>	<b>248.41</b>	<b>303.70</b>
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	325.73	335.26
Total Other Non-Current Assets	0.68	5.19	5.19	5.19	5.19
<b>Total Non-current Assets</b>	<b>69.90</b>	<b>347.74</b>	<b>368.62</b>	<b>380.81</b>	<b>391.04</b>
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	88.48	83.15	91.23
Other Current Liabilities	8.53	10.25	10.25	10.25	10.25
<b>Total Current Liabilities</b>	<b>62.13</b>	<b>298.22</b>	<b>103.80</b>	<b>98.47</b>	<b>106.55</b>
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
<b>Total Non-current Liabilities</b>	<b>5.46</b>	<b>68.07</b>	<b>233.07</b>	<b>233.07</b>	<b>233.07</b>
Total Provisions	1.87	3.09	3.09	3.09	3.09
<b>Total Liabilities</b>	<b>69.46</b>	<b>369.38</b>	<b>339.96</b>	<b>334.63</b>	<b>342.70</b>
Shareholders' Equity	84.99	181.49	207.19	239.59	282.04
Minority Interests	11.53	31.00	41.50	55.00	70.00
<b>Total Equity</b>	<b>96.51</b>	<b>212.49</b>	<b>248.69</b>	<b>294.59</b>	<b>352.04</b>

**Key Ratios**

	Mar-17A	Mar-18A	Mar-19F	Mar-20F	Mar-21F
Revenue Growth	150%	101%	43%	11%	10%
Operating EBITDA Growth	117%	53%	44%	25%	18%
Operating EBITDA Margin	43.2%	33.0%	33.1%	37.3%	40.0%
Net Cash Per Share (S\$)	0.01	0.02	(0.16)	(0.15)	(0.11)
BVPS (S\$)	0.08	0.16	0.18	0.21	0.24
Gross Interest Cover	17.69	22.22	4.00	5.34	7.33
Effective Tax Rate	15.3%	19.0%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	134.8	152.4	162.3	164.0	158.7
Inventory Days	3.32	2.32	1.60	1.40	1.27
Accounts Payables Days	254.7	589.8	464.9	186.5	171.2
ROIC (%)	69.1%	50.8%	33.3%	17.3%	18.9%
ROCE (%)	33.1%	21.1%	16.5%	14.6%	15.6%
Return On Average Assets	18.5%	9.5%	8.9%	9.8%	10.5%

**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%	5.2%	10.0%	10.0%
Newspaper adex rev. grth (%)	158.1%	257.6%	122.1%	7.0%	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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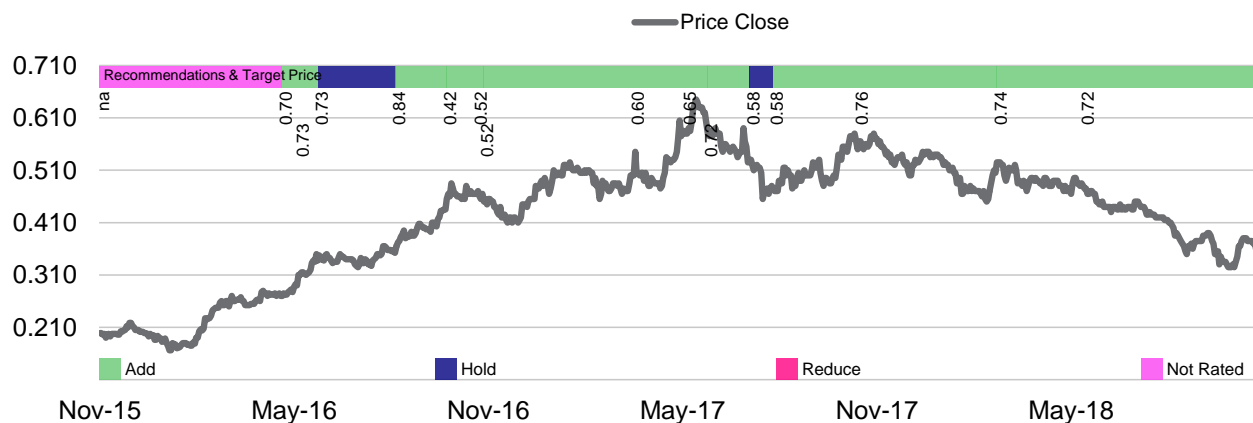
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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2018		
759 companies under coverage for quarter ended on 30 September 2018		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.5%	4.2%
Hold	25.8%	2.4%
Reduce	13.7%	0.4%

### Spitzer Chart for stock being researched ( 2 year data )

mm2 Asia (MM2 SP)



**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, **CENDEL** – 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**

- Add** Definition: The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** Definition: The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** Definition: 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**

- Overweight** Definition: An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** Definition: A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** Definition: An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

**Country Ratings**

- Overweight** Definition: 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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