

Singapore

ADD (no change)

Consensus ratings*: Buy 3 Hold 0 Sell 0

Current price:	S\$1.50
Target price:	S\$1.87 ▲
Previous target:	S\$1.62
Up/downside:	24.8%
CGS-CIMB / Consensus:	16.3%

Reuters:	CHSN.SI
Bloomberg:	CSSC SP
Market cap:	US\$555.4m
	S\$737.5m
Average daily turnover:	US\$1.39m
	S\$1.86m
Current shares o/s:	491.7m
Free float:	35.0%

*Source: Bloomberg

Key changes in this note

- FY18F EPS increased by 45.0%
- FY19F EPS increased by 14.3%
- FY19F EPS increased by 7.5%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	5.6	35.1	104.1
Relative (%)	1	35	91.6

Major shareholders

Success More Group Limited	% held	63.3
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Analyst(s)

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China Sunsine Chemical Holdings

Another sizzling set of quarterly results

- 1Q18 net profit rose 161% yoy to Rmb150m, above expectations at 40%/39% of our/consensus' full-year forecasts.
- Benefitted from lower concessionary tax of 15% after attaining "High-tech Enterprise" status that is valid for three years.
- Still pending for trial-run of new 20,000-ton capacity expansion; we now expect commercial production to kick in by end-3Q18F.
- We raise our FY18-20F earnings forecasts by 7-45%, anticipating a more gradual normalisation in ASPs in FY18F and lower effective tax rate ahead.
- Maintain Add with a higher TP of S\$1.87, pegged to 9.8x CY19F P/E.

Another record set of earnings in 1Q18

Net profit surged 161% yoy to Rmb150m in 1Q18, accounting for 40%/39% of our/Bloomberg consensus' estimates. This came on the back of a surge in revenue amid rising ASP and better-than-expected gross margin, which improved by 10.5% pts to 34.9% in 1Q18. The quarter also witnessed a significant increase of over 3,000 tons in rubber chemicals output to c.36,800 tons compared to 1Q17, mainly due to higher sales volume of anti-oxidants.

Now a high-tech enterprise, enjoying lower 15% tax rate

Effective tax rate in 1Q18 was lowered to 18% as compared to 32% in 1Q17 after its main subsidiary, Shandong Sunsine Chemical Co, was granted "High-tech Enterprise" status from the authorities. List of qualifying criteria includes having R&D expenditure (c.Rmb22m incurred in 1Q18) accounting for over 3% of revenue over the last three years. The status is valid for three years and renewable every three years. We now factor in recurring R&D costs in our forecast period.

Trial-run approval for 20,000-ton capacity expansion still pending

Sunsine is still awaiting approval from relevant authorities for the trial-run of the two new production lines – a 10,000-ton TBBS production line and 10,000-ton insoluble sulphur production line without much progress being made since the last quarter. Management is hopeful of starting the trial-run by end-2Q18F and we now think the commercial production could commence by end-3Q18F. The expansion will add 20,000 tons to its 152,000-ton production capacity.

Anticipate a more gradual normalisation in ASPs in FY18F

Our channel checks reveal that prices of most rubber accelerators, apart from its high-grade TBBS accelerator, have started to dip in Mar 18, albeit at a slow steady pace. We expect a more gradual normalisation in rubber accelerator ASPs for Sunsine for the rest of FY18F, forecasting a blended ASP of c.Rmb21,600/ton (compared to c.Rmb19,400/ton in FY17) for rubber chemicals products. Prices of TBBS have remained firm (c.Rmb40,000/ton) as only a handful are capable of producing it, in our view.

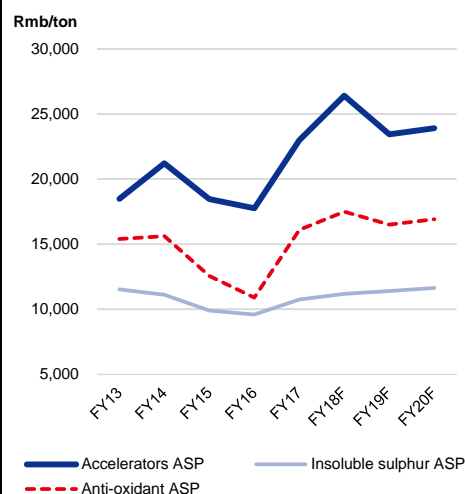
Maintain Add with a higher TP of S\$1.87

We lift our FY18-20F EPS by 7-45% to reflect a more gradual normalisation in ASPs and lower tax rate ahead. We could possibly expect another positive earnings alert in 2Q18F. Our target price is revised to S\$1.87 accordingly, pegged to 9.8x CY19F at c.18% discount to peers' average of 12.1x. The stock is trading at 7.8x CY19F P/E. We maintain our Add call. Catalysts include stronger-than-expected earnings growth. Key risks include weaker gross margins and delays in capacity expansion.

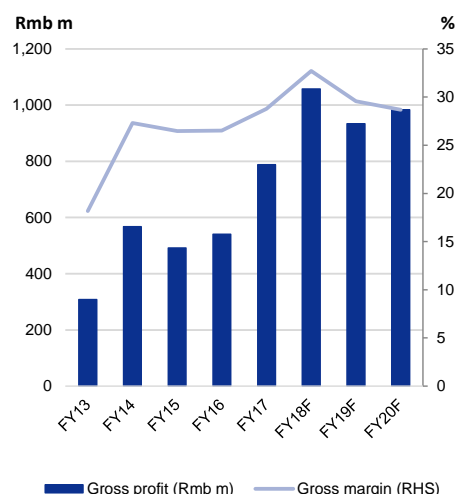
Financial Summary

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue (Rmbm)	2,037	2,738	3,232	3,159	3,430
Operating EBITDA (Rmbm)	403.6	561.9	771.4	658.5	662.5
Net Profit (Rmbm)	221.7	341.3	546.0	452.6	465.5
Core EPS (Rmb)	0.47	0.71	1.11	0.92	0.95
Core EPS Growth	18.7%	51.6%	55.5%	(17.1%)	2.8%
FD Core P/E (x)	15.17	10.01	6.44	7.76	7.55
DPS (Rmb)	0.07	0.14	0.24	0.19	0.19
Dividend Yield	1.01%	2.02%	3.37%	2.70%	2.70%
EV/EBITDA (x)	7.55	5.19	3.62	3.58	3.02
P/FCFE (x)	NA	18.95	11.87	6.42	7.77
Net Gearing	(20.3%)	(28.7%)	(32.7%)	(45.2%)	(51.7%)
P/BV (x)	2.44	2.02	1.58	1.38	1.20
ROE	17.3%	22.0%	27.6%	19.0%	17.0%
% Change In Core EPS Estimates			45.0%	14.3%	7.5%
CIMB/consensus EPS (x)			1.43	1.10	1.08

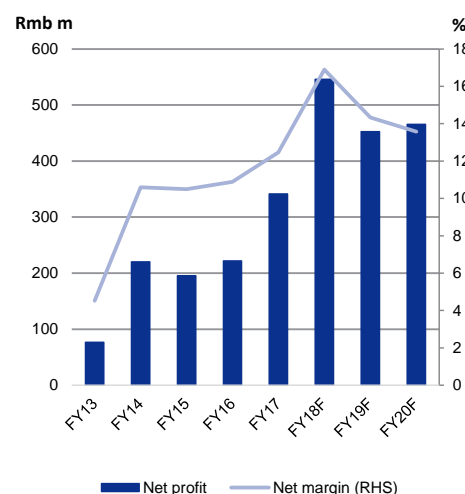
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: ASPs (Rmb/ton)


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Gross profit (Rmb m) and gross margin (%)


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Net profit (Rmb m) and net margin (%)


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Results Comparison

FYE Dec (Rmb m)	1QFY18	1QFY17	yoy % chg	qoq % chg	1QFY18 Cum	1QFY17 Cum	yoy % chg	Prev FY18	Comments
Revenue	857	575	49	(2)	857	575	49	2,888	Above expectations; 4Q/FY17 formed 30%/29% of full-year forecasts/consensus
Operating costs	(652)	(467)	40	(1)	(652)	(467)	40	(2,260)	Comprises higher R&D expenses (c.Rmb25m to qualify for concessionary tax rate)
EBITDA	205	107	91	(5)	205	107	91	629	
EBITDA margin (%)	23.9	18.7	28	(3)	23.9	18.7	28	21.8	Better gross margins
Deprn. & amort.	(23)	(24)	(3)	11	(23)	(24)	(3)	(109)	
EBIT	182	84	117	(6)	182	84	117	519	
Interest expense	-	-	na	na	-	-	na	-	
Interest income	0	1	(91)	(93)	0	1	(91)	4	
Associates' contrib	-	-	na	na	-	-	na	-	
Exceptionals	-	-	na	na	-	-	na	-	
Pretax profit	182	85	114	(7)	182	85	114	523	
Tax	(32)	(28)	17	(50)	(32)	(28)	17	(146)	
Tax rate (%)	18	32	(46)	(46)	18	32	(46)	28	
Minority interests	-	-	na	na	-	-	na	-	
Net profit	150	57	161	13	150	57	161	377	Above expectations; 4Q/FY17 formed 40%/39% of full-year forecasts/consensus
Core net profit	150	57	161	13	150	57	161	377	Above expectations; 4Q/FY17 formed 40%/39% of full-year forecasts/consensus
EPS (Rmb cts)	30.4	12.3	147	13	30.4	12.3	146.7	76.6	
Core EPS (Rmb cts)	30.4	12.3	147	13	30.4	12.3	146.7	76.6	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Earnings Revision

Earnings Revision (Rmb' m)	2018F			2019F			2020F		
	Old	New	% change	Old	New	% change	Old	New	% change
Revenue	2,888.2	3,232.3	11.9	3,205.1	3,159.0	(1.4)	3,507.5	3,429.5	(2.2)
Gross profit	813.1	1,057.1	30.0	873.8	933.9	6.9	957.3	983.7	2.8
EBITDA	628.6	771.4	22.7	656.6	658.5	0.3	696.5	662.5	(4.9)
EBIT	519.4	662.2	27.5	546.5	548.3	0.3	597.9	564.0	(5.7)
Core net profit	376.6	546.0	45.0	396.1	452.6	14.3	433.2	465.5	7.5
Core EPS (Rmb)	0.77	1.11	45.0	0.81	0.92	14.27	0.88	0.95	7.47

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: Peers 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 Hold	CSSC SP	ADD	1.50	1.87	555	6.4	7.8	13.4%	1.58	27.2%	3.7	3.6	3.4%
Rubber chemical peers													
Shandong Yanggu Huatai	300121 CH	Not rated	13.54	na	803	14.6	11.6	41.4%	4.20	28.9%	11.7	10.0	2.8%
Eastman Chemical Co	EMN US	Not rated	105.2	na	15,011	12.4	11.5	1.0%	2.62	22.3%	9.2	8.9	2.2%
LANXESS AG	LXS GY	Not rated	61.32	na	6,838	15.6	13.1	77.2%	2.22	13.3%	9.4	8.5	1.6%
Simple average (rubber chemical peers)						14.2	12.1	39.8%	3.01	21.5%	10.1	9.1	2.2%
Tyre manufacturers													
Anhui Zhongding	000887 CH	Not rated	16.23	na	3,168	14.8	12.8	15.2%	2.30	15.0%	10.6	9.1	na
Shandong Linglong Tyre Co L	601966 CH	Not rated	16.35	na	3,102	14.6	11.6	17.4%	1.99	13.8%	na	na	2.1%
Bridgestone Corp	5108 JP	Not rated	4,640	na	32,332	11.3	10.7	7.1%	1.39	12.9%	4.8	4.6	3.4%
Yokohama Rubber	5101 JP	Not rated	2,589	na	4,016	10.1	9.5	5.7%	1.03	10.9%	7.3	6.9	2.4%
Cie Generale des Etab.	ML FP	Not rated	116.8	na	25,542	11.3	10.4	8.7%	1.69	15.6%	5.0	4.7	3.3%
Goodyear Tire & Rubber Co/T	GT US	Not rated	25.51	na	6,118	7.1	6.0	53.7%	1.18	17.9%	4.9	4.4	2.3%
Cooper Tire & Rubber Co	CTB US	Not rated	27.40	na	1,394	8.8	7.4	na	1.11	13.6%	3.6	3.3	1.5%
Apollo Tyres Ltd	APTY IN	Reduce	284.8	197.5	2,435	16.7	13.2	na	1.69	10.7%	8.7	7.0	1.2%
Cheng Shin Rubber Ind	2105 TT	Not rated	47.05	na	5,144	18.2	15.1	27.1%	1.77	9.9%	8.1	7.3	4.4%
Hankook Tire	161390 KS	Add	47,700	79,000	5,467	7.3	6.8	na	0.81	11.8%	4.2	4.0	0.8%
Kumho Tire Co Inc	073240 KS	Not rated	6,150	na	901	na	na	na	1.00	-6.0%	10.8	8.5	na
Nexen Tire Corp	002350 KS	Not rated	12,100	na	1,095	8.3	7.4	12.0%	0.84	10.4%	5.2	4.7	0.8%
Simple average (tyre manufacturers)						11.7	10.1	18.4%	1.40	11.4%	6.6	5.9	2.2%

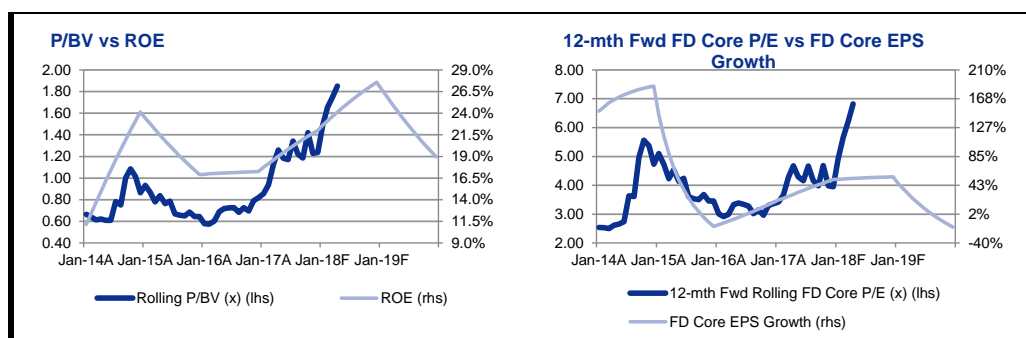
SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Figure 7: Criteria for qualifying as a high-tech enterprise in China
Status Eligibility and Requirements

Enterprises seeking to obtain high-tech enterprise status must meet the following criteria:

- Be a fully or partly foreign owned company registered within the People's Republic of China, not including the regions of Hong Kong, Macau or Taiwan;
- Be operating within the specified fields stated in the "high-tech fields supported by the state;"
- Implement continued research and development and technological achievements;
- Have acquired the intellectual property rights that technically support their main products (services) by means of independent R&D or purchasing and transferring;
- Have been established for a year or more;
- The technical personnel of enterprises engaged in research and development and related technological innovation activities account for no less than 10 percent of the total number of employees in that year;
- In the last three financial years, R&D expenditure accounts for sales income adhere to one of the following:
 1. In the last year, total income is not less than five percent if latest annual sales income is less than RMB 50 million;
 2. Not below four percent if the latest annual sales income is between RMB 50 million and RMB 200 million; and
 3. Not below three percent if the latest annual sales income is upwards of RMB 200 million.
- R&D expenditure within China is not less than 60 percent;
- The ratio of income from high-tech related operations against total income is not lower than 60 percent.

SOURCES: CGS-CIMB RESEARCH, MEDIA RELEASES

BY THE NUMBERS

Profit & Loss

(Rmbm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Net Revenues	2,037	2,738	3,232	3,159	3,430
Gross Profit	540	788	1,057	934	984
Operating EBITDA	404	562	771	658	663
Depreciation And Amortisation	(96)	(89)	(109)	(110)	(99)
Operating EBIT	308	473	662	548	564
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	666	552	568
Exceptional Items	4	0	0	0	0
Pre-tax Profit	309	477	666	552	568
Taxation	(88)	(136)	(120)	(99)	(102)
Exceptional Income - post-tax					
Profit After Tax	222	341	546	453	465
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	222	341	546	453	465
Recurring Net Profit	219	341	546	453	465
Fully Diluted Recurring Net Profit	219	341	546	453	465

Cash Flow

(Rmbm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
EBITDA	403.6	561.9	771.4	658.5	662.5
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(124.1)	(82.6)	(244.1)	24.3	(71.9)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	8.3	5.5	0.0	0.0	0.0
Net Interest (Paid)/Received	(4.4)	0.0	0.0	0.0	0.0
Tax Paid	(85.0)	(99.5)	(119.9)	(99.4)	(102.2)
Cashflow From Operations	198.5	385.3	407.5	583.4	488.5
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)	(69.7)	(118.5)	(94.8)
Preferred Dividends					
Other Financing Cashflow	(4.3)	0.0	0.0	0.0	0.0
Cash Flow From Financing	(188.6)	39.4	(69.7)	(118.5)	(94.8)
Total Cash Generated	(69.7)	219.6	226.5	428.6	357.4
Free Cashflow To Equity	(29.1)	180.2	296.2	547.1	452.2
Free Cashflow To Firm	123.3	180.2	296.2	547.1	452.2

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	725	1,154	1,511
Total Debtors	629	713	974	952	1,034
Inventories	145	212	232	238	261
Total Other Current Assets	0	0	0	0	0
Total Current Assets	1,051	1,425	1,932	2,344	2,806
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	328	335	369
Other Current Liabilities	58	94	94	94	94
Total Current Liabilities	281	385	422	430	463
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	422	430	463
Shareholders' Equity	1,362	1,742	2,219	2,553	2,924
Minority Interests					
Total Equity	1,362	1,742	2,219	2,553	2,924

Key Ratios

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue Growth	9.6%	34.4%	18.0%	(2.3%)	8.6%
Operating EBITDA Growth	7.5%	39.2%	37.3%	(14.6%)	0.6%
Operating EBITDA Margin	19.8%	20.5%	23.9%	20.8%	19.3%
Net Cash Per Share (Rmb)	0.59	1.02	1.48	2.35	3.07
BVPS (Rmb)	2.93	3.54	4.51	5.19	5.95
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	15.4%	20.4%	21.7%	20.9%	20.4%
Accounts Receivables Days	101.2	89.4	95.3	111.3	106.0
Inventory Days	35.09	33.45	37.30	38.56	37.34
Accounts Payables Days	52.95	48.00	51.86	54.38	52.66
ROIC (%)	23.6%	32.7%	39.9%	27.5%	30.2%
ROCE (%)	23.1%	30.7%	33.6%	23.1%	20.7%
Return On Average Assets	13.6%	18.0%	22.8%	16.0%	14.5%

Key Drivers

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
ASP (% chg, main prod./serv.)	-3.9%	29.5%	14.9%	-11.2%	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%	3.9%	2.0%	2.0%
Unit sales grth (% ,2ndary prod/serv)	29.9%	11.2%	5.1%	9.6%	8.8%
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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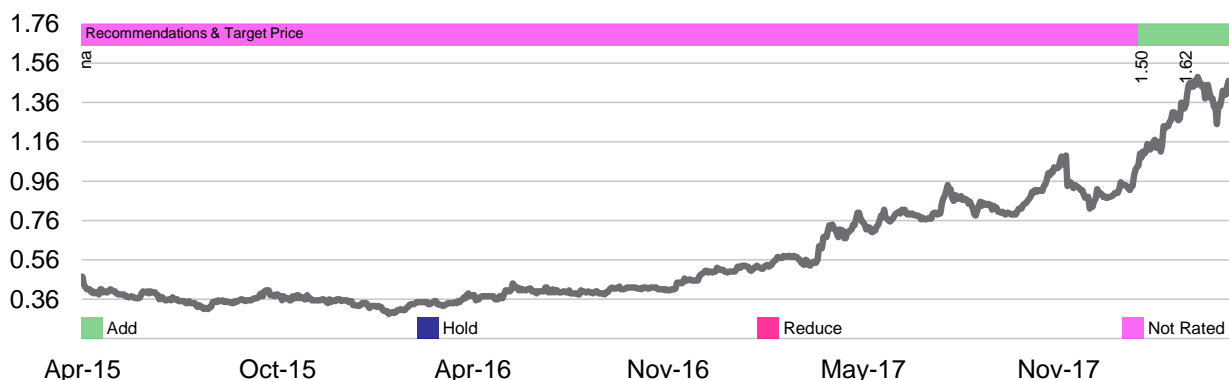
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— Price Close



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, **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.