

## Company Note

### I Malaysia

#### ADD (no change)

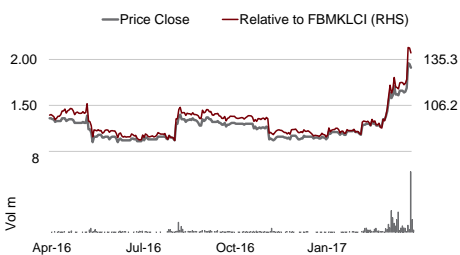
Consensus ratings\*: Buy 1 Hold 0 Sell 0

Current price: RM1.91  
 Target price: RM2.40  
 Previous target: RM2.40  
 Up/downside: 25.7%  
 CIMB / Consensus: 0.0%

Reuters: EITA.KL  
 Bloomberg: EITA MK  
 Market cap: US\$56.37m  
 RM248.3m  
 Average daily turnover: US\$0.15m  
 RM0.66m  
 Current shares o/s: 130.0m  
 Free float: 41.5%  
 \*Source: Bloomberg

#### Key changes in this note

No changes.



Source: Bloomberg

| Price performance | 1M   | 3M   | 12M  |
|-------------------|------|------|------|
| Absolute (%)      | 50.4 | 64.7 | 40.4 |
| Relative (%)      | 51.1 | 60.4 | 40.1 |

| Major shareholders | % held |
|--------------------|--------|
| CBG Holdings       | 23.8   |
| Fu Wing Hoong      | 19.2   |
| Lin Joo Swee       | 15.6   |

#### Analyst(s)



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## EITA Resources Bhd

### Lift me higher

- We arranged a meeting with EITA's management and 10 of our institutional clients.
- More than 60% of FY16 group revenue was derived from its in-house brands.
- The tender period for MRT 2 Phase 1 elevator job should close by end-Apr.
- We are optimistic of EITA winning at least one of the MRT 2 elevator jobs.
- EITA remains an Add, with an unchanged target price of RM2.40.

#### Focus on growing export revenue

We organised a meeting with EITA's management and 10 of our institutional clients today. EITA was represented by MD Fu Wing Hoong, CFO Kow Poh Gek and Corporate Affairs Manager MK Tan. There were no surprises at the meeting. Over the next few years, EITA will stay focused on growing its export markets, particularly in ASEAN. Exports formed 20% of group revenue in FY16. The domestic market outlook is stable with ongoing infrastructure jobs and launches of affordable apartments in major cities.

#### 60% revenue from in-house brands

When EITA started its business 20 years ago, it was its intention to grow its in-house brands. Profits from its distribution and marketing business were reinvested in the company. Today, EITA's in-house brands like Schneider, Furutec and Pyrotec contribute more than 60% to its group revenue.

#### Tenders for MRT 2 Phase 1 job to close by end-Apr

EITA indicated tenders for MRT 2 Phase 1 elevator job should close by end-Apr and we believe results for the tender should be out within the next two quarters. We understand MRT 2 elevator jobs should be divided into a few packages. With the successful completion of EITA's existing MRT job expected by end-Apr, we think that the company stands a strong chance of getting at least one of the packages for the MRT 2 job.

#### EITA's strengths

When asked about EITA's strengths in the elevator market, management cited these three areas: i) maintenance and service, as its staff are in Malaysia and can respond to clients' requests quickly; ii) design, as the manufacturing facilities are in Klang Valley and EITA can meet its clients' specific requests which is not so easy for its foreign competitors whose production operations are not in Malaysia; and iii) brand awareness, as EITA is a relatively young company but is gaining a strong reputation in the industry.

#### Maintenance revenue to rise in the long term

As at end-Dec, c.2,500 elevators nationwide were maintained by EITA. On average, 90% of elevators manufactured by EITA are still maintained by the company for a fee after the two-year warranty has expired. We estimate on average, EITA produces 250 elevators p.a. and as such, c.225 units should be serviced by its maintenance division annually after end of warranty period, i.e. additional RM1m maintenance revenue annually. The gross profit margin from maintenance services is above 50%.

#### Remains an Add

We maintain our EPS forecasts and target price based on 12x 2018 P/E, a 20% discount to the construction sector's 15x target P/E. The discount is to reflect its small market cap and indirect exposure to the sector. Our earnings forecasts exclude potential profits from MRT 2 or LRT 3 jobs. Potential rerating catalysts are securing the MRT 2 elevator job and strong export sales. Downside risks are failure to win the MRT 2 elevator job.

| Financial Summary              | Sep-15A | Sep-16A | Sep-17F | Sep-18F | Sep-19F |
|--------------------------------|---------|---------|---------|---------|---------|
| Revenue (RMm)                  | 214.9   | 288.0   | 265.0   | 312.2   | 340.6   |
| Operating EBITDA (RMm)         | 17.63   | 37.89   | 33.30   | 36.20   | 39.00   |
| Net Profit (RMm)               | 19.57   | 15.64   | 21.08   | 25.15   | 26.78   |
| Core EPS (RM)                  | 0.09    | 0.19    | 0.16    | 0.19    | 0.21    |
| Core EPS Growth                | (8%)    | 114%    | (15%)   | 19%     | 6%      |
| FD Core P/E (x)                | 21.33   | 9.99    | 11.78   | 9.87    | 9.27    |
| DPS (RM)                       | 0.040   | 0.040   | 0.050   | 0.060   | 0.065   |
| Dividend Yield                 | 2.09%   | 2.09%   | 2.62%   | 3.14%   | 3.40%   |
| EV/EBITDA (x)                  | 13.20   | 6.76    | 6.33    | 6.34    | 6.12    |
| P/FCFE (x)                     | NA      | 12.11   | 4.78    | NA      | NA      |
| Net Gearing                    | (12.2%) | 4.4%    | (24.9%) | (12.0%) | (6.5%)  |
| P/BV (x)                       | 1.88    | 1.75    | 1.58    | 1.42    | 1.29    |
| ROE                            | 9.4%    | 18.1%   | 14.1%   | 15.2%   | 14.6%   |
| % Change In Core EPS Estimates |         |         | 0%      | 0%      | 0%      |
| CIMB/consensus EPS (x)         |         |         | 1.01    | 1.02    | 0.98    |

SOURCE: COMPANY DATA, CIMB FORECASTS

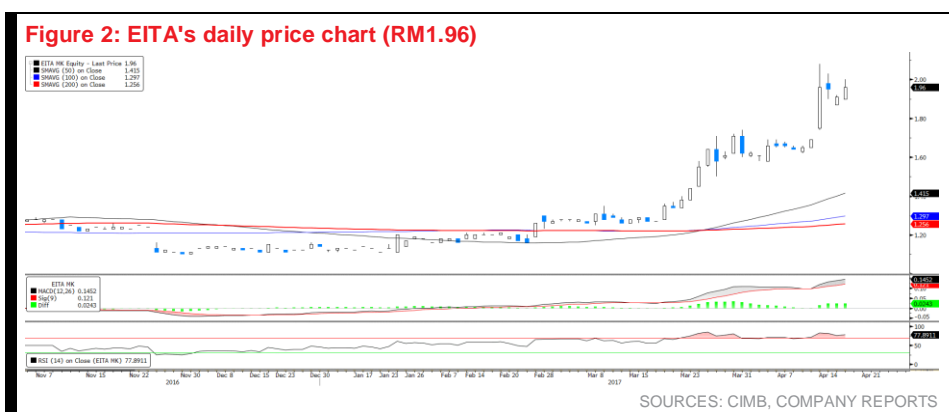
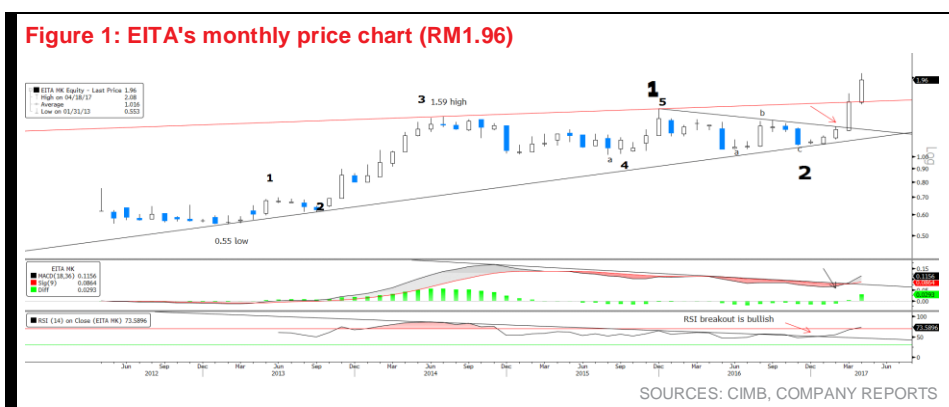
# Lift me higher

## EITA looking to boost institutional shareholdings? »

Yesterday, the company announced its managing director Fu Wing Hoong sold 0.8m shares on 14 Apr and his stake is now 19.2%. We see this as a positive sign for the stock as we believe the 0.8m shares were placed to institutional investors, as the start of the company's plan to boost institutional shareholding in EITA. Based on the 2016 annual report, there was only one institutional shareholder, with a 2.1% stake in the company.

## Charts: long-term uptrend has started? »

EITA's long-term uptrend appears to have started this month after the share price broke out of its major resistance trendline. The monthly moving average convergence divergence (MACD) and relative strength index (RSI) have also broken past their respective resistance trendlines, which is usually medium-term bullish. EITA's daily MACD still does not show any negative divergence signs, which indicates the immediate term uptrend remains up.

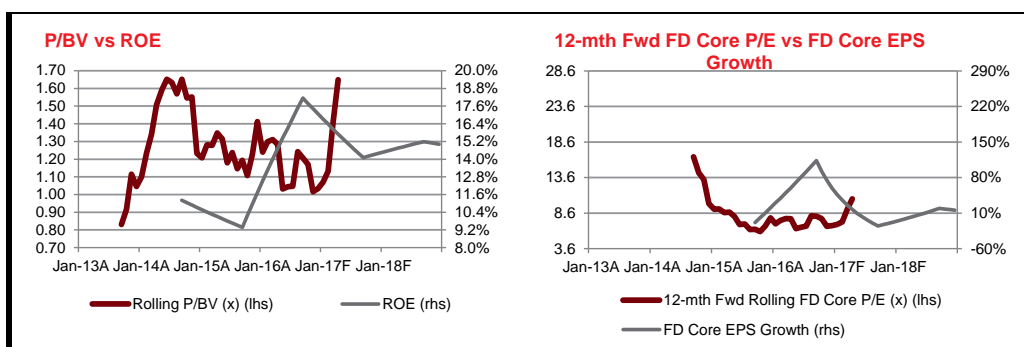


**Figure 2: Sector comparisons**

| Company                       | Bloomberg Ticker | Reco m. | Target Price (local curr) | Market Cap (US\$ m) | Core P/E (x) |             | 3-year EPS CAGR (%) | P/BV (x)     | Recurring ROE (%) |             | EV/EBITDA (x) |             | Dividend Yield (%) |             |
|-------------------------------|------------------|---------|---------------------------|---------------------|--------------|-------------|---------------------|--------------|-------------------|-------------|---------------|-------------|--------------------|-------------|
|                               |                  |         |                           |                     | CY2017       | CY2018      |                     |              | CY2017            | CY2018      | CY2017        | CY2018      |                    |             |
| EITA Resources Bhd            | EITA MK          | Add     | RM1.91                    | RM2.40              | 56           | 11.9        | 9.9                 | 3.0%         | 1.2               | 14.0%       | 14.6%         | 4.5         | 4.7                | 2.8%        |
| Muhibbah Engineering          | MUHI MK          | Add     | RM2.81                    | RM3.09              | 306          | 11.7        | 10.2                | 9.5%         | 1.3               | 11.2%       | 12.2%         | 4.0         | 3.4                | 1.6%        |
| Salcon                        | SALC MK          | Add     | RM0.65                    | RM0.68              | 96           | 20.2        | 18.5                | 29.7%        | 0.9               | 4.5%        | 4.8%          | 4.4         | 4.2                | 4.5%        |
| Signature International       | SIGN MK          | Add     | RM0.92                    | RM1.30              | 49           | 13.6        | 13.6                | 1.0%         | 1.6               | 12.6%       | 11.4%         | 6.7         | 6.4                | 2.2%        |
| WCT Holdings                  | WCTHG MK         | Hold    | RM1.86                    | RM2.00              | 619          | 18.5        | 17.9                | 28.0%        | 0.8               | 4.7%        | 4.7%          | 38.7        | 37.1               | 1.2%        |
| <b>Sector average ex-EITA</b> |                  |         |                           |                     | <b>268</b>   | <b>15.2</b> | <b>14.0</b>         | <b>14.3%</b> | <b>1.2</b>        | <b>9.4%</b> | <b>9.5%</b>   | <b>13.4</b> | <b>12.8</b>        | <b>2.5%</b> |

SOURCES: CIMB, COMPANY REPORTS

## BY THE NUMBERS



### Profit & Loss

| (RMm)                                     | Sep-15A      | Sep-16A      | Sep-17F      | Sep-18F      | Sep-19F      |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>Total Net Revenues</b>                 | <b>214.9</b> | <b>288.0</b> | <b>265.0</b> | <b>312.2</b> | <b>340.6</b> |
| <b>Gross Profit</b>                       | <b>214.9</b> | <b>288.0</b> | <b>265.0</b> | <b>312.2</b> | <b>340.6</b> |
| <b>Operating EBITDA</b>                   | <b>17.6</b>  | <b>37.9</b>  | <b>33.3</b>  | <b>36.2</b>  | <b>39.0</b>  |
| Depreciation And Amortisation             | (2.1)        | (2.3)        | (2.5)        | (2.9)        | (3.0)        |
| <b>Operating EBIT</b>                     | <b>15.6</b>  | <b>35.6</b>  | <b>30.8</b>  | <b>33.3</b>  | <b>36.0</b>  |
| Financial Income/(Expense)                | 0.8          | (1.9)        | (1.9)        | 0.9          | 0.5          |
| Pretax Income/(Loss) from Assoc.          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Non-Operating Income/(Expense)            | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Profit Before Tax (pre-EI)</b>         | <b>16.4</b>  | <b>33.7</b>  | <b>28.9</b>  | <b>34.2</b>  | <b>36.5</b>  |
| Exceptional Items                         | 11.1         | (12.2)       | 0.0          | 0.0          | 0.0          |
| <b>Pre-tax Profit</b>                     | <b>27.5</b>  | <b>21.5</b>  | <b>28.9</b>  | <b>34.2</b>  | <b>36.5</b>  |
| Taxation                                  | (7.8)        | (5.3)        | (7.2)        | (8.6)        | (9.1)        |
| Exceptional Income - post-tax             | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Profit After Tax</b>                   | <b>19.6</b>  | <b>16.2</b>  | <b>21.7</b>  | <b>25.7</b>  | <b>27.4</b>  |
| Minority Interests                        | (0.1)        | (0.6)        | (0.6)        | (0.5)        | (0.6)        |
| Preferred Dividends                       | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| FX Gain/(Loss) - post tax                 | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Other Adjustments - post-tax              | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Net Profit</b>                         | <b>19.6</b>  | <b>15.6</b>  | <b>21.1</b>  | <b>25.2</b>  | <b>26.8</b>  |
| Recurring Net Profit                      | 11.6         | 24.8         | 21.1         | 25.2         | 26.8         |
| <b>Fully Diluted Recurring Net Profit</b> | <b>11.6</b>  | <b>24.8</b>  | <b>21.1</b>  | <b>25.2</b>  | <b>26.8</b>  |

### Cash Flow

| (RMm)                            | Sep-15A        | Sep-16A       | Sep-17F        | Sep-18F        | Sep-19F       |
|----------------------------------|----------------|---------------|----------------|----------------|---------------|
| EBITDA                           | 17.63          | 37.89         | 33.30          | 36.20          | 39.00         |
| Cash Flow from Inv. & Assoc.     | 0.00           | 0.00          | 0.00           | 0.00           | 0.00          |
| Change In Working Capital        | 7.39           | (41.85)       | 28.50          | (40.56)        | (31.14)       |
| (Incr)/Decr in Total Provisions  | 0.00           | 0.00          | 0.00           | 0.00           | 0.00          |
| Other Non-Cash (Income)/Expense  | 0.00           | 0.00          | 0.00           | 0.00           | 0.00          |
| Other Operating Cashflow         | (11.20)        | 12.20         | 10.50          | 2.10           | 2.10          |
| Net Interest (Paid)/Received     | 0.00           | 0.00          | 0.00           | 0.00           | 0.00          |
| Tax Paid                         | (8.14)         | (8.56)        | (7.23)         | (8.55)         | (9.13)        |
| <b>Cashflow From Operations</b>  | <b>5.68</b>    | <b>(0.33)</b> | <b>65.08</b>   | <b>(10.81)</b> | <b>0.84</b>   |
| Capex                            | (1.62)         | (2.02)        | (12.20)        | (3.10)         | (3.10)        |
| Disposals Of FAs/subsidiaries    | 0.00           | 0.00          | 0.00           | 0.00           | 0.00          |
| Acq. Of Subsidiaries/investments | 0.00           | 0.00          | 0.00           | 0.00           | 0.00          |
| Other Investing Cashflow         | (2.80)         | (1.15)        | (0.90)         | (0.90)         | (0.90)        |
| <b>Cash Flow From Investing</b>  | <b>(4.42)</b>  | <b>(3.16)</b> | <b>(13.10)</b> | <b>(4.00)</b>  | <b>(4.00)</b> |
| Debt Raised/(repaid)             | (8.10)         | 24.00         | 0.00           | 0.00           | 0.00          |
| Proceeds From Issue Of Shares    | 0.00           | 0.00          | 0.00           | 0.00           | 0.00          |
| Shares Repurchased               | 0.00           | 0.00          | 0.00           | 0.00           | 0.00          |
| Dividends Paid                   | (5.20)         | (5.20)        | (6.32)         | (7.55)         | (8.03)        |
| Preferred Dividends              | 0.00           | 0.00          | 0.00           | 0.00           | 0.00          |
| Other Financing Cashflow         | 1.80           | 0.40          | 2.00           | 3.20           | 2.10          |
| <b>Cash Flow From Financing</b>  | <b>(11.50)</b> | <b>19.20</b>  | <b>(4.32)</b>  | <b>(4.35)</b>  | <b>(5.93)</b> |
| Total Cash Generated             | (10.24)        | 15.71         | 47.65          | (19.15)        | (9.10)        |
| <b>Free Cashflow To Equity</b>   | <b>(6.84)</b>  | <b>20.51</b>  | <b>51.98</b>   | <b>(14.81)</b> | <b>(3.16)</b> |
| <b>Free Cashflow To Firm</b>     | <b>1.26</b>    | <b>(3.49)</b> | <b>51.98</b>   | <b>(14.81)</b> | <b>(3.16)</b> |

SOURCE: CIMB RESEARCH, COMPANY DATA

## BY THE NUMBERS... cont'd

### Balance Sheet

| (RMm)                                | Sep-15A      | Sep-16A      | Sep-17F      | Sep-18F      | Sep-19F      |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Cash And Equivalents           | 29.5         | 36.4         | 82.2         | 64.0         | 55.5         |
| Total Debtors                        | 81.9         | 126.5        | 95.4         | 112.4        | 122.6        |
| Inventories                          | 40.9         | 51.1         | 47.7         | 80.7         | 107.3        |
| Total Other Current Assets           | 17.2         | 5.1          | 5.1          | 5.1          | 6.9          |
| <b>Total Current Assets</b>          | <b>169.5</b> | <b>219.1</b> | <b>230.4</b> | <b>262.2</b> | <b>292.3</b> |
| Fixed Assets                         | 23.7         | 24.6         | 34.3         | 34.5         | 34.6         |
| Total Investments                    | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Intangible Assets                    | 2.1          | 2.3          | 2.3          | 2.3          | 2.3          |
| Total Other Non-Current Assets       | 4.6          | 5.8          | 5.8          | 5.8          | 5.8          |
| <b>Total Non-current Assets</b>      | <b>30.4</b>  | <b>32.7</b>  | <b>42.4</b>  | <b>42.6</b>  | <b>42.7</b>  |
| Short-term Debt                      | 4.2          | 34.1         | 34.1         | 34.1         | 34.1         |
| Current Portion of Long-Term Debt    | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Total Creditors                      | 49.0         | 59.0         | 53.0         | 62.4         | 68.1         |
| Other Current Liabilities            | 2.3          | 6.4          | 18.1         | 22.6         | 27.8         |
| <b>Total Current Liabilities</b>     | <b>55.4</b>  | <b>99.5</b>  | <b>105.2</b> | <b>119.1</b> | <b>130.0</b> |
| Total Long-term Debt                 | 9.2          | 8.6          | 8.6          | 8.6          | 8.6          |
| Hybrid Debt - Debt Component         | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Total Other Non-Current Liabilities  | 2.9          | 0.1          | 0.1          | 0.1          | 0.1          |
| <b>Total Non-current Liabilities</b> | <b>12.1</b>  | <b>8.8</b>   | <b>8.7</b>   | <b>8.7</b>   | <b>8.7</b>   |
| Total Provisions                     | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Total Liabilities</b>             | <b>67.6</b>  | <b>108.2</b> | <b>113.9</b> | <b>127.9</b> | <b>138.7</b> |
| Shareholders' Equity                 | 131.8        | 142.1        | 156.8        | 174.4        | 193.2        |
| Minority Interests                   | 0.6          | 1.5          | 2.1          | 2.6          | 3.2          |
| <b>Total Equity</b>                  | <b>132.4</b> | <b>143.5</b> | <b>158.9</b> | <b>177.0</b> | <b>196.4</b> |

### Key Ratios

|                           | Sep-15A | Sep-16A | Sep-17F | Sep-18F | Sep-19F |
|---------------------------|---------|---------|---------|---------|---------|
| Revenue Growth            | 8.1%    | 34.0%   | (8.0%)  | 17.8%   | 9.1%    |
| Operating EBITDA Growth   | 14%     | 115%    | (12%)   | 9%      | 8%      |
| Operating EBITDA Margin   | 8.2%    | 13.2%   | 12.6%   | 11.6%   | 11.5%   |
| Net Cash Per Share (RM)   | 0.12    | (0.05)  | 0.30    | 0.16    | 0.10    |
| BVPS (RM)                 | 1.01    | 1.09    | 1.21    | 1.34    | 1.49    |
| Gross Interest Cover      | N/A     | N/A     | N/A     | N/A     | N/A     |
| Effective Tax Rate        | 28.6%   | 24.5%   | 25.0%   | 25.0%   | 25.0%   |
| Net Dividend Payout Ratio | 61.4%   | 18.7%   | 24.7%   | 20.7%   | 19.4%   |
| Accounts Receivables Days | 129.5   | 132.4   | 152.8   | 121.5   | 125.9   |
| Inventory Days            | N/A     | N/A     | N/A     | N/A     | N/A     |
| Accounts Payables Days    | N/A     | N/A     | N/A     | N/A     | N/A     |
| ROIC (%)                  | 10.5%   | 22.4%   | 15.4%   | 20.9%   | 17.3%   |
| ROCE (%)                  | 11.6%   | 20.3%   | 14.9%   | 16.2%   | 15.9%   |
| Return On Average Assets  | 4.3%    | 13.2%   | 8.8%    | 8.6%    | 8.4%    |

### Key Drivers

| (RMm)                                  | Sep-15A | Sep-16A | Sep-17F | Sep-18F | Sep-19F |
|--|---------|---------|---------|---------|---------|
| Outstanding Orderbook                  | 150     | 150     | 170     | 190     | 210     |
| Order Book Depletion                   | 200     | 200     | 200     | 200     | 200     |
| Orderbook Replenishment                | N/A     | 250     | 270     | 300     | 330     |
| ASP (% chg, main prod./serv.)          | N/A     | N/A     | N/A     | N/A     | N/A     |
| Unit sales grth (% , main prod./serv.) | N/A     | N/A     | N/A     | N/A     | N/A     |
| Util. rate (% , main prod./serv.)      | N/A     | N/A     | N/A     | N/A     | N/A     |
| ASP (% chg, 2ndary prod./serv.)        | N/A     | N/A     | N/A     | N/A     | N/A     |
| Unit sales grth (% ,2ndary prod/serv)  | N/A     | N/A     | N/A     | N/A     | N/A     |
| Util. rate (% , 2ndary prod/serv)      | N/A     | N/A     | N/A     | N/A     | N/A     |

SOURCE: CIMB RESEARCH, COMPANY DATA

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|                     |           |           |         |             |                  |
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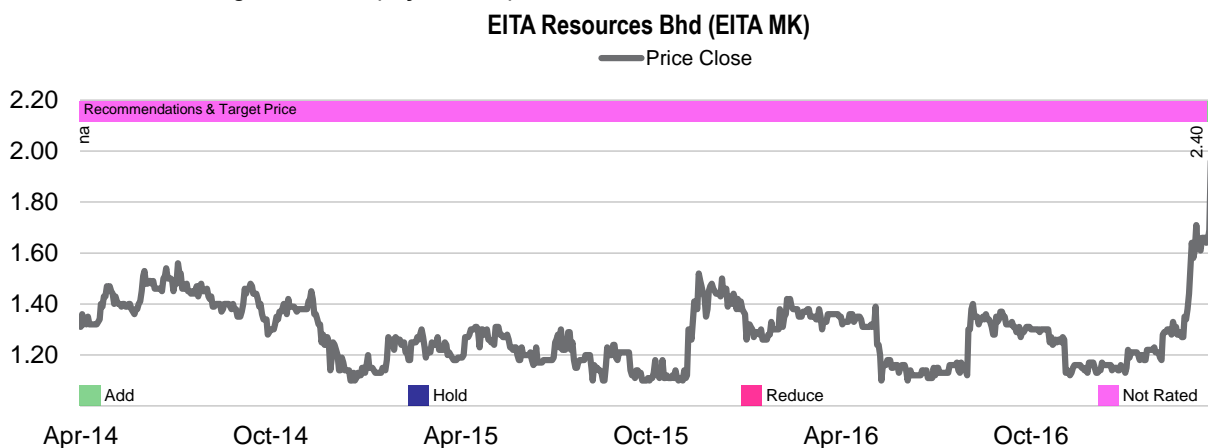
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| Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2016 |                         |                                |
|--|-------------------------|--------------------------------|
| 1626 companies under coverage for quarter ended on 31 December 2016                                |                         |                                |
|  | Rating Distribution (%) | Investment Banking clients (%) |
| Add  | 58.4%                   | 5.4%                           |
| Hold   | 29.6%                   | 1.4%                           |
| Reduce   | 11.6%                   | 0.4%                           |

**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 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, **BCP** – 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, **TIPIP** - 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.