

October 19, 2018

OUTPERFORM

# Banpu

(BANPU TB)

Share Price: Bt18.2

Target Price: Bt24.0 (+31.8%)

## Improving core, but FX loss dampened net profit

- Expect solid 3Q18F core earnings (+33% qoq, +24% yoy), driven by sales volume at ITM and CEY; FX loss to drag net profit down 27% qoq to Bt2.9bn (but +42% yoy on higher ASP)
- Healthy demand and tight supply to support coal prices
- OUTPERFORM, rolled over valuation base to FY19F and nudged down SoTP to Bt24 (from Bt28); undemanding valuation helps cushion near-term volatility

### Expect 3Q18F earnings at Bt2.9bn, down 27% qoq but up 42% yoy

Coal operations should improve qoq led by strong sales volume at ITM and higher ASP at ITM and CEY. Sales volume should recover to 6.3m tons from 5.3m tons in 2Q18 at ITM but soften to 3.3m tons from 3.8m tons at CEY. CEY changed a long-wall at its largest Mandalong mine (shut for three weeks vs. two weeks in 2Q18). Strong coal prices should lift ASP to US\$85 for ITM (US\$77.9 in 2Q18) and A\$96 for CEY (A\$94.4 in 2Q18). Its power subsidiary, BPP, should deliver softened qoq operations due to weaker operations at BLCP (95% EAF vs 100% in 2Q18) and Hongsa (80% EAF vs 82% in 2Q18). Hence, equity income should drop 10% qoq despite improving coal operations in China. As BANPU uses US dollars as functional currency, stronger THB against USD at end quarter should contribute Bt960m FX loss (vs. Bt1.2bn gain in 2Q18). Overall, we expect BANPU to report net profit of Bt2.9bn (Bt0.56/sh), -27% qoq but +42% yoy. Results will be out on 9 Nov.

### Healthy demand and tight supply to support coal prices

Coal demand has been strong despite stricter energy policies in many countries. Demand has been driven by Southeast Asia and India where steady economic growth has led to additional coal-fired power plants. India is facing supply deficit, and most of its coal mines are concentrated in the east while demand is largely in coastal areas, making imported coal more competitive. Further, the poor infrastructure limits coal shipment. The Indian government is building railway to transport coal from inland to coastal areas, which would take 3 years to complete. Meanwhile, China's ban of coal import at small ports since last year has continued to tighten supply in its domestic market.

### OUTPERFORM, nudged down TP to Bt24 (from Bt28); undemanding valuation helps cushion near-term volatility

Healthy coal demand should ease market concerns on coal price correction. We revised down our earnings forecast by 14%/2%/4% in FY18-20F to incorporate FX loss and reflect our downward revision of BPP and rolled over our valuation to 2019 to derive SoTP at Bt24.0/sh, implying 9.4x PE. BANPU, along with other commodity stocks, is facing near-term headwind from global volatile market. A US\$1/ton increase in ASP would raise BANPU's earnings by 2%.

#### Financial Summary (Btm)

Year to Dec	2016	2017	2018F	2019F	2020F
Sales (Btm)	79,737	97,324	106,727	112,575	108,671
Growth (%)	(5.8)	22.1	9.7	5.5	(3.5)
EBITDA (Btm)	13,124	22,652	29,601	30,749	27,295
Growth (%)	7	73	31	4	(11)
Recurring profit (Btm)	2,307	9,871	12,853	13,209	12,555
Growth (%)	na	328	30	3	(5)
Net profit (Btm)	1,677	7,900	9,258	13,209	12,555
FDEPS (Bt) (Core)	0.47	1.91	2.49	2.56	2.43
Growth (%)	na	309	30	3	(5)
PE (x)	38.9	9.5	7.3	7.1	7.5
DPS (Bt)	0.50	0.65	0.85	1.00	1.00
Yield (%)	2.7	3.6	4.7	5.5	5.5
BVPS (Bt)	16.0	16.5	17.6	19.2	20.6
P/BV (x)	1.1	1.1	1.0	0.9	0.9



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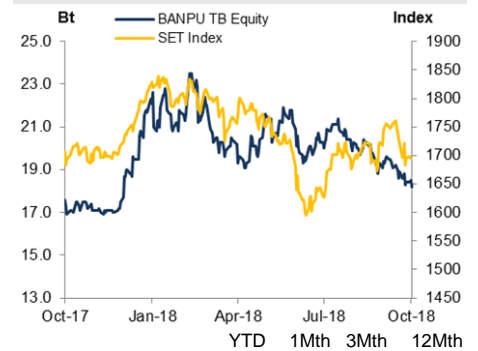
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#### Key Data

12-mth high/low (Bt)	24.2 / 16.8
Market capital (Btm/US\$m)	9,3947 / 2,888.5
3m avg. turnover (Btm/US\$m)	984.4 / 30.3
Free float (%)	88.9
Issued shares (m shares)	5,162
Major shareholders:	
-Thai NVDR	9.6
-MITR PHOL SUGAR CORP	5.6
-KRUNGSRI ASSET MGMT	3.1

#### Share Price Performance



Absolute (%)	(6.7)	(6.2)	(10.3)	3.4
Relative to index (%)	(3.5)	(7.2)	(13.7)	4.4

#### Krungsri Securities vs Market

	Positive	Neutral	Negative
Market Recommend	14	4	0
Target Price (Bt)	Krungsri: 24.0	Market: 25.7	% +/-: (6.5)
'18 Net Profit (Btm)	9,258	12,874	(28.1)
'19 Net Profit (Btm)	13,209	11,744	12.5

#### Krungsri's earnings revision

	2018F	2019F
Earnings revision (%)	(14.0)	(1.9)

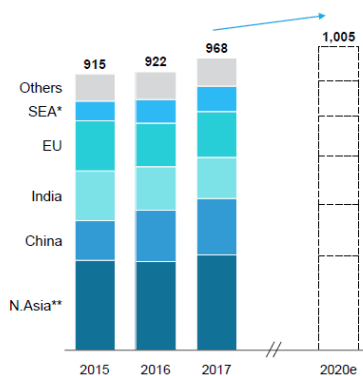
Source: Bloomberg, Krungsri Securities

## Robust demand and tight supply

Coal demand has been strong despite stricter energy policies in many countries. Demand has been driven by Southeast Asia and India where steady economic growth has led to additional coal-fired power plants.

India is facing supply deficit while most of its coal is low quality (lower than 5,000 kcal). Coal supply is also concentrated in the east while demand is largely in coastal areas, making imported coal more competitive. Further, India is facing infrastructure problem to transport coal. The government is building railway to transport coal from inland to coastal areas, which would take 3 years to complete. Indian government recognizes such situation and encourage state-utilities to import coal.

### Seaborne thermal coal demand

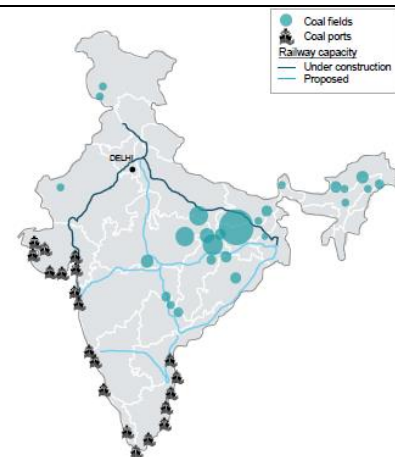


Note: SEA includes Malaysia, Thailand, Philippines, and Vietnam

North Asia includes Japan, Taiwan, and South Korea

Source: Company data, Krungsri Securities

### Coal infrastructure in India

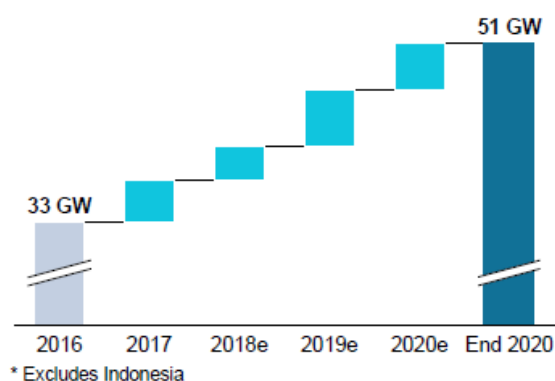


Source: Company data, Woodmac, Krungsri Securities

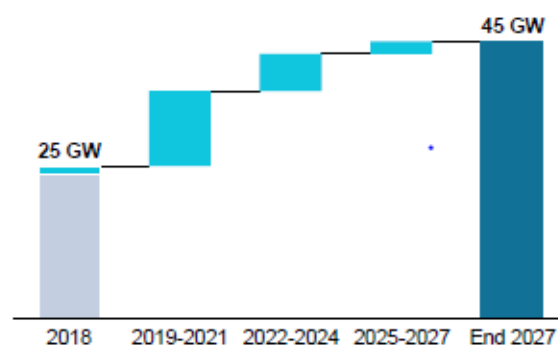
For Indonesia, the Indonesian government implemented short-term measure last April to tackle high coal price problem by requiring coal miners to sell 25% of their production volume at US\$70/ton prices (6,300kcal) until the end of 2019. Most Indonesian power plants use lower quality coal (5,000kcal) than BANPU's coal (6,000kcal). This prompted BANPU to source coal in the market to comply with the regulation. This incurs additional US\$2-3/ton cost on 6m-ton sales volume or US\$15m expenses p.a. This is minimal impact on BANPU's earnings and we incorporated this into our model.

Coal remains the most competitive fuel for electricity. Indonesia plans to build 20 GW coal-fired capacity over the next 10 years. This means that they would need additional 50m ton of coal from current 90m tons. Greater domestic demand would make the coal supply tight and keep coal prices at high level. For China, YTD, coal import has remained strong even though the government reintroduced the ban of coal import at small ports last April.

### 19GW new coal-fired capacity in Southeast Asia



### 20GW new coal-fired capacity in Indonesia



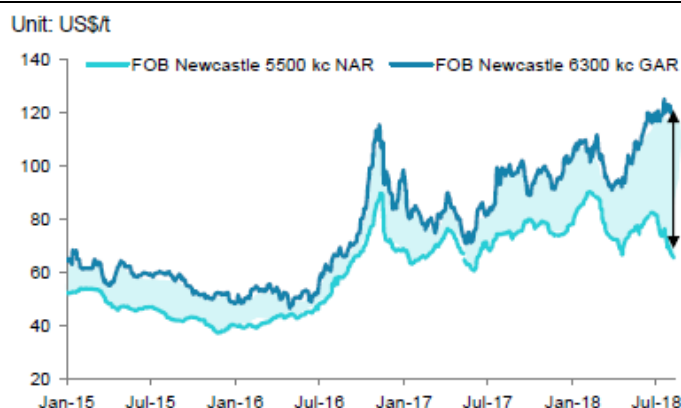
Source: Company data, Krungsri Securities

Source: Company data, Woodmac, Krungsri Securities

## Pricing reflects tight supply for high CV coal

The Newcastle (6,300kcal) price has been hovering at US\$110 per ton throughout this year. But prices for low quality coal (5,500kcal) is more or less flat. As high CV coal is mostly supplied from Australia and there has been no new supply, this led to wider price differential between low and high quality coal. Key market demand for high CV coal is in North Asia, including Japan, Taiwan, and South Korea.

### FOB Newcastle coal prices



Note: NAR: Net as received, GAR: Gross as received

Source: Company data, Krungsri Securities

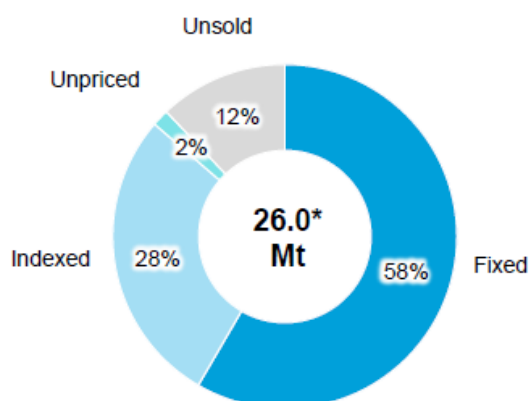
## Maintain OUTPERFORM, nudged down TP to Bt24 (from Bt28)

Healthy coal demand should ease market concerns on coal price correction. We revised down our earnings forecast by 14%/2%/4% in FY18-20F mainly to incorporate extraordinary items (e.g. FX loss for FY18F) and reflect our downward revision of power business (from BPP). We rolled over our valuation to 2019 to derive SoTP at Bt24.0/sh, implying 9.4x PE. BANPU, along with other commodity stocks, is facing near-term headwind from global volatile market. A US\$1/ton increase in ASP would raise BANPU's earnings by 2%.

**BANPU: 3Q18F results preview**

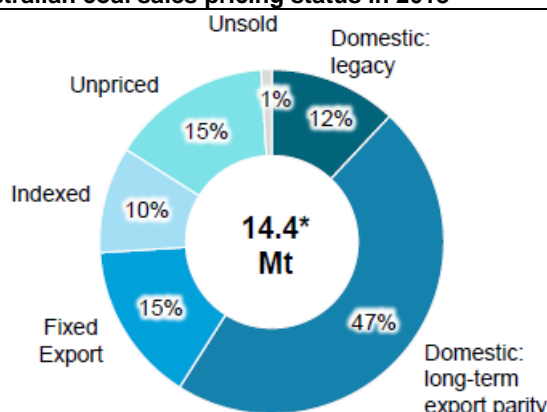
Quarterly P&L (Bt m)	3Q17	4Q17	1Q18	2Q18	3Q18F	Chg qoq	Chg yoy
Sales	24,026	29,365	22,083	25,962	27,429	6%	14%
COGS (inc dep'n)	-16,364	-20,503	-16,587	-18,665	-19,271	3%	18%
<b>Gross Profit</b>	<b>7,662</b>	<b>8,862</b>	<b>5,496</b>	<b>7,297</b>	<b>8,158</b>	<b>12%</b>	<b>6%</b>
SG&A	-3,492	-3,894	-2,596	-3,400	-3,425	1%	-2%
<b>Operating Profit</b>	<b>4,170</b>	<b>4,968</b>	<b>2,901</b>	<b>3,897</b>	<b>4,733</b>	<b>21%</b>	<b>13%</b>
Net other income/expense	0	-510	935	149	143	-4%	na
Net interest	-1,135	-1,200	-1,237	-1,390	-1,260	-9%	11%
<b>Pretax profit</b>	<b>3,035</b>	<b>3,258</b>	<b>2,599</b>	<b>2,656</b>	<b>3,616</b>	<b>36%</b>	<b>19%</b>
Income Tax	-1,035	-1,487	-1,219	-1,881	-1,666	-11%	61%
Associates	2,019	833	1,941	2,981	2,680	-10%	33%
Minority interest	-912	-978	-724	-862	-788	-9%	-14%
<b>Profit after tax (pre-ex)</b>	<b>3,108</b>	<b>1,627</b>	<b>2,597</b>	<b>2,893</b>	<b>3,842</b>	<b>33%</b>	<b>24%</b>
Extraordinaries, GW & FX	-1,082	554	-3,860	1,078	-960	-189%	-11%
<b>Reported net profit</b>	<b>2,025</b>	<b>2,180</b>	<b>-1,263</b>	<b>3,971</b>	<b>2,882</b>	<b>-27%</b>	<b>42%</b>
Shares out (end Q, m)	5,162	5,162	5,162	5,162	5,162		
Adjusted shares (m)	5,162	5,162	5,162	5,162	5,162		
<b>Pre-ex EPS</b>	<b>0.602</b>	<b>0.315</b>	<b>0.503</b>	<b>0.560</b>	<b>0.74</b>	<b>33%</b>	<b>24%</b>
<b>EPS</b>	<b>0.392</b>	<b>0.422</b>	<b>-0.245</b>	<b>0.769</b>	<b>0.56</b>	<b>-27%</b>	<b>42%</b>

**Indonesia coal sales pricing status in 2018**



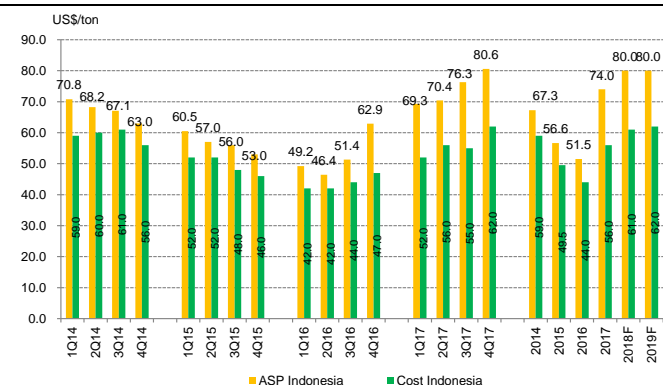
Source: Company data, Krungsri Securities

**Australian coal sales pricing status in 2018**



Source: Company data, Krungsri Securities

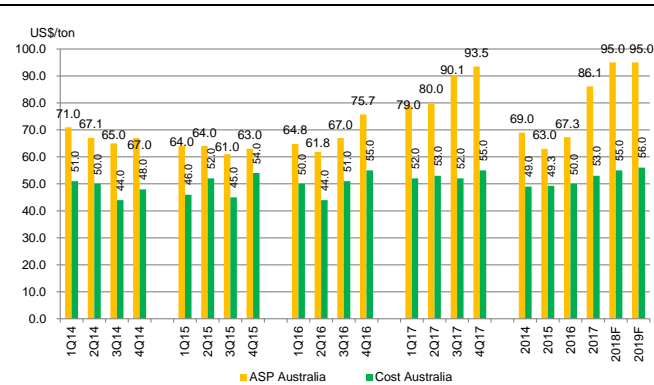
**ASP and cost for ITM (Indonesian mines)**



Source: Company data, Krungsri Securities

Note: Costs include SG&A and royalty expenses

**ASP and cost for CEY (Australian mines)**



Source: Company data, Krungsri Securities

Note: Costs exclude SG&A and royalty expenses

**BANPU: Sum of the parts valuation**

Total reserve (m tons)	556
Long-term cash profit/ton (US\$/ton)	16.0
<b>Equity value (US\$m)</b>	<b>8,897</b>
Discount (based on 7% disc rate and 13-year reserve life)	63%
<b>Equity value (US\$m)</b>	<b>5,644</b>
FX (Bt/US\$)	32.2
Equity value (Btm)	181,751
Less: Net debt (Btm)	-100,187
<b>Residual value (Btm)</b>	<b>81,563</b>
Residual value/sh (Bt/sh)	<b>15.8</b>
BLCP (Bt/sh)	2.0
China power (Bt/sh)	1.1
Hongsa (Bt/sh)	2.9
Shanxi Lu Guang (SLG) (Bt)	1.0
Japan Solar	0.3
Shale gas	1.0
<b>Residual value/sh (Bt)</b>	<b>24.0</b>

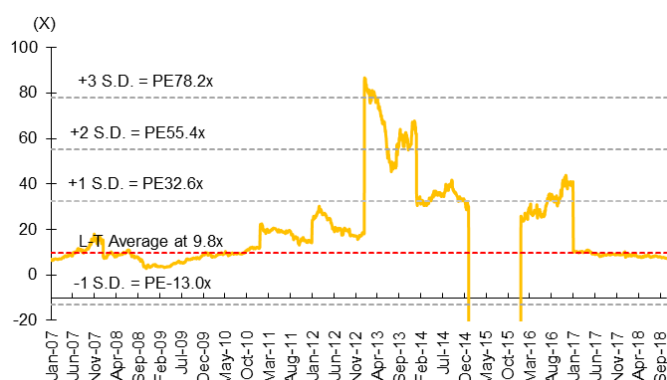
Source: Krungsri Securities

**BANPU: Key assumption**

	2017	2018F	2019F	2020F
<b>New:</b>				
FX (Bt/US\$)	34.3	32.2	32.2	32.2
<b>Indonesian coal:</b>				
Sales volume (m tons)	23.2	24.0	26.0	26.0
Avg selling price (US\$/ton)	74.0	80.0	80.0	75.0
Total cost (US\$/ton)	56.0	61.0	61.0	61.0
<b>Australian coal:</b>				
Sales volume (m tons)	13.4	14	14	14
Avg selling price (A\$/ton)	86.1	95	95	95
Production cost (A\$/ton)	53.0	55	56	57

Source: Krungsri Securities

**P/E Band**



Source: Bloomberg, Krungsri Securities

**P/BV Band**



Source: Bloomberg, Krungsri Securities

**Peer Comparison**

BB Ticker	Name	Market Cap US\$	PE (x)		P/BV (x)		EPS G%		Div Yield ROE (%)			Share Price Performance		
			18F	19F	18F	19F	18F	19F	18F	18F	1M	3M	6M	YTD
<b>BANPU TB</b>	<b>BANPU PUBLIC CO LTD</b>	<b>2,883</b>	<b>7.3</b>	<b>7.1</b>	<b>1.0</b>	<b>0.9</b>	<b>30.2</b>	<b>2.8</b>	<b>4.7</b>	<b>14.6</b>	<b>(6.2)</b>	<b>(10.3)</b>	<b>(5.7)</b>	<b>(6.7)</b>
RIO AU	RIO TINTO LTD	87,678	11.5	12.6	3.0	2.8	(0.6)	(8.7)	5.0	19.2	7.7	(0.9)	(0.2)	3.9
BUMI IJ	BUMI RESOURCES TBK PT	763	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(20.3)	(21.7)	(36.3)	(34.4)
PTBA IJ	TAMBANG BATUBARA BUKIT	3,407	9.8	9.4	3.0	2.6	7.3	4.7	5.8	34.3	8.7	3.7	29.0	82.5
ITMG IJ	INDO TAMBANGRAYA MEGAH	1,935	7.5	7.6	N/A	N/A	(1.3)	(1.3)	12.6	26.2	(0.6)	4.7	(3.4)	25.6
1088 HK	CHINA SHENHUA ENERGY CO-H	53,106	7.0	7.2	1.1	1.0	(5.0)	(2.9)	6.0	14.4	7.6	5.1	(4.4)	(10.9)
1171 HK	YANZHOU COAL MINING CO-H	6,545	N/A	N/A	0.7	0.7	N/A	(11.6)	7.3	17.0	(3.1)	(11.7)	(15.2)	(10.4)
1898 HK	CHINA COAL ENERGY CO-H	7,940	N/A	N/A	0.5	0.4	N/A	(7.2)	3.8	5.7	2.5	6.2	5.8	(7.4)
ADRO IJ	ADARO ENERGY TBK PT	3,645	7.6	7.1	N/A	N/A	(0.7)	6.7	4.4	12.5	(1.1)	(7.2)	(17.6)	(7.0)
	<b>Average (simple)</b>		<b>8.5</b>	<b>8.5</b>	<b>1.5</b>	<b>1.4</b>	<b>5.0</b>	<b>(2.2)</b>	<b>6.2</b>	<b>18.0</b>				

Source: Bloomberg, Krungsri Securities

<b>INCOME STATEMENT (Btm)</b>	<b>2016</b>	<b>2017</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>
Turnover	79,737	97,324	106,727	112,575	108,671
Cost of sales (COGS)	(54,623)	(61,911)	(65,015)	(69,045)	(69,055)
Depreciation & amortization	(6,428)	(6,958)	(7,163)	(7,634)	(8,092)
Gross profit	18,687	28,455	34,550	35,896	31,524
S&A expenses	(12,017)	(12,793)	(12,685)	(13,357)	(12,908)
<b>Operating profit</b>	<b>6,670</b>	<b>15,662</b>	<b>21,865</b>	<b>22,539</b>	<b>18,616</b>
Other operating income	26	32	573	576	587
<b>EBIT</b>	<b>6,695</b>	<b>15,694</b>	<b>22,438</b>	<b>23,115</b>	<b>19,203</b>
Interest expense	(4,590)	(4,744)	(4,962)	(4,798)	(4,787)
Interest income	219	194	260	163	202
Other income	0	0	0	0	0
Goodwill amortization	0	0	0	0	0
<b>Pre-tax profit</b>	<b>2,324</b>	<b>11,144</b>	<b>17,737</b>	<b>18,480</b>	<b>14,618</b>
Income tax on company & subsidiaries	(2,441)	(4,524)	(7,641)	(7,974)	(6,445)
<b>Profit after tax</b>	<b>(117)</b>	<b>6,621</b>	<b>10,096</b>	<b>10,506</b>	<b>8,172</b>
Minority interests	(1,756)	(3,716)	(3,151)	(3,746)	(2,577)
Share of associate net income	4,180	6,966	5,908	6,449	6,959
Preferred dividends	0	0	0	0	0
<b>Recurring attributable net profit</b>	<b>2,307</b>	<b>9,871</b>	<b>12,853</b>	<b>13,209</b>	<b>12,555</b>
Extraordinary items	(630)	(1,970)	(3,595)	0	0
<b>Reported net profit</b>	<b>1,677</b>	<b>7,900</b>	<b>9,258</b>	<b>13,209</b>	<b>12,555</b>
Shares in issue (Y/E, m)	4,937	5,162	5,162	5,162	5,162
Shares in issue (weighted avg, m)	4,937	5,162	5,162	5,162	5,162
EPS (before extraordinary items, Bt)	0.47	1.91	2.49	2.56	2.43
DPS (Bt)	0.50	0.65	0.85	1.00	1.00
DPS/EPS (%)	147	42	47	39	41
<b>CASH FLOW (Btm)</b>	<b>2016</b>	<b>2017</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>
Operating profit	6,670	15,662	21,865	22,539	18,616
Other operating income	26	32	573	576	587
EBIT	6,695	15,694	22,438	23,115	19,203
Depreciation & amortization	6,428	6,958	7,163	7,634	8,092
<b>EBITDA</b>	<b>13,124</b>	<b>22,652</b>	<b>29,601</b>	<b>30,749</b>	<b>27,295</b>
Notional cash taxes on ungeared operations	(3,786)	(5,918)	(9,090)	(9,389)	(7,851)
Net change in working capital	(410)	(1,602)	(2,187)	(2,759)	(3,555)
CAPEX	(9,841)	(19,087)	(11,424)	(11,445)	(11,453)
<b>Operating free cashflow (OpFCF)</b>	<b>(913)</b>	<b>(3,955)</b>	<b>6,900</b>	<b>7,156</b>	<b>4,436</b>
Net interest income adjusted for tax impact	(3,027)	(3,155)	(3,252)	(3,220)	(3,180)
<b>Net free cashflow (NetFCF)</b>	<b>(3,940)</b>	<b>(7,111)</b>	<b>3,648</b>	<b>3,936</b>	<b>1,256</b>
Non-operating income (net of tax)	0	0	0	0	0
Equity income from associates	4,180	6,966	5,908	6,449	6,959
Investments	(9,683)	(8,274)	0	0	0
Net change in other assets/liabilities	(3,160)	7,297	0	0	0
Other items	(1,269)	1,247	(3,700)	0	0
<b>Residual cashflow (RCF)</b>	<b>(13,872)</b>	<b>126</b>	<b>5,856</b>	<b>10,385</b>	<b>8,216</b>
Dividends	(1,234)	(1,807)	(3,613)	(5,162)	(5,162)
Equity capital raised	11,776	1,118	0	0	0
Other items	10,397	(5,660)	(1,471)	(1,873)	(1,288)
<b>Cashflow from financing</b>	<b>20,940</b>	<b>(6,349)</b>	<b>(5,084)</b>	<b>(7,035)</b>	<b>(6,450)</b>
<b>Net change in cash</b>	<b>7,068</b>	<b>(6,223)</b>	<b>772</b>	<b>3,350</b>	<b>1,766</b>
Net cash/(debt) at YS	(104,375)	(97,307)	(103,530)	(102,758)	(99,408)
<b>Ending net cash /(debt)</b>	<b>(97,307)</b>	<b>(103,530)</b>	<b>(102,758)</b>	<b>(99,408)</b>	<b>(97,642)</b>
Increase/(decrease) in cash & equivalents	599	5,732	(8,435)	3,350	1,766
(Increase)/decrease in debt	6,469	(11,955)	9,207	0	0
NOPLAT (net op profit less adjusted tax)	2,910	9,776	13,348	13,726	11,352
Normalised OpFCF (est. maintenance CAPEX)	8,928	15,132	15,598	15,639	12,691
FCFE (free cashflow to equity)	(20,340)	12,080	(3,351)	10,385	8,216

<b>BALANCE SHEET (Btm)</b>	<b>2016</b>	<b>2017</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>
Cash & equivalents	16,805	22,536	14,101	17,451	19,217
A/C receivable	7,674	10,488	13,575	16,830	19,973
Inventory	3,936	5,531	5,809	6,169	6,170
Others	8,253	7,583	8,316	8,772	8,467
<b>Total Current Assets</b>	<b>36,668</b>	<b>46,140</b>	<b>41,800</b>	<b>49,222</b>	<b>53,826</b>
Property and equipment	46,001	58,131	62,392	66,203	69,564
Investments & associates	33,645	41,919	41,919	41,919	41,919
Other assets	114,749	105,434	105,434	105,434	105,434
Goodwill	18,787	17,129	17,129	17,129	17,129
<b>Total Assets</b>	<b>249,850</b>	<b>268,751</b>	<b>268,674</b>	<b>279,906</b>	<b>287,872</b>
Short-term debt	21,956	24,207	15,000	15,000	15,000
A/C payable	1,994	3,685	3,870	4,110	4,110
Other current liabilities	17,404	17,851	19,575	20,648	19,932
<b>Total Current Liabilities</b>	<b>41,354</b>	<b>45,743</b>	<b>38,445</b>	<b>39,758</b>	<b>39,042</b>
Long-term debt	92,155	101,859	101,859	101,859	101,859
Other liabilities	18,238	16,220	16,220	16,220	16,220
<b>Total Liabilities</b>	<b>151,747</b>	<b>163,822</b>	<b>156,524</b>	<b>157,837</b>	<b>157,121</b>
Share capital	4,937	5,162	5,162	5,162	5,162
Share premium	14,479	15,372	15,372	15,372	15,372
Revaluation/Warrants/Treasury	0	0	0	0	0
Translation adjustment	(2,511)	(2,265)	(2,265)	(2,265)	(2,265)
Retained earnings	61,969	67,046	72,690	80,738	88,131
<b>Total ordinary equity</b>	<b>78,875</b>	<b>85,315</b>	<b>90,959</b>	<b>99,007</b>	<b>106,399</b>
Preferred equity	0	0	0	0	0
Minorities	19,227	19,614	21,190	23,063	24,351
<b>Total equity &amp; minorities</b>	<b>98,102</b>	<b>104,929</b>	<b>112,149</b>	<b>122,069</b>	<b>130,751</b>
Accumulated depreciation	49,171	49,796	54,988	60,630	66,722
BV per ordinary share (Y/E, Bt)	15.98	16.53	17.62	19.18	20.61
Adjusted book value ps (Y/E, Bt)	15.98	16.53	17.62	19.18	20.61
<b>RATIOS (%)</b>	<b>2016</b>	<b>2017</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>
<b>Growth</b>					
Turnover	(5.8)	22.1	9.7	5.5	(3.5)
EBITDA	7.4	72.6	30.7	3.9	(11.2)
EBIT	15.9	134.4	43.0	3.0	(16.9)
Net profit	(209.3)	371.1	17.2	42.7	(5.0)
EPS pre extraordinary items	(229.3)	309.2	30.2	2.8	(5.0)
EPS (diluted)	(229.3)	309.2	30.2	2.8	(5.0)
DPS	(50.0)	30.0	30.8	17.6	0.0
<b>Accounting ratios</b>					
Cash profit margin	31.5	36.4	39.1	38.7	36.5
Gross profit margin	23.4	29.2	32.4	31.9	29.0
Operating profit margin	8.4	16.1	20.5	20.0	17.1
Net profit margin	2.1	8.1	8.7	11.7	11.6
Turnover/avg total assets (x)	0.3	0.4	0.4	0.4	0.4
ROA	0.9	3.8	4.8	4.8	4.4
ROE	3.2	12.0	14.6	13.9	12.2
S&A/turnover	15.1	13.1	11.5	11.5	11.5
Effective tax rate	103.9	40.5	40.5	40.5	40.5
<b>Operating performance</b>					
EBITDA margin	16.5	23.3	27.7	27.3	25.1
EBIT margin	8.4	16.1	21.0	20.5	17.7
NOPLAT margin (NOPLAT/Turnover)	3.6	10.0	12.5	12.2	10.4
Asset turnover (Turnover/avg Op assets)	0.6	0.7	0.7	0.7	0.6
<b>ROCE (NOPLAT/avg Op assets)</b>	<b>2.1</b>	<b>6.6</b>	<b>8.6</b>	<b>8.5</b>	<b>6.8</b>
ROCE incl. capitalised goodwill	1.8	5.9	7.8	7.7	6.1



<b>EQUITY VALUATIONS (Bt)</b>	<b>2016</b>	<b>2017</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>
EPS	0.47	1.91	2.49	2.56	2.43
FDEPS	0.47	1.91	2.49	2.56	2.43
FDEPS growth (%)	(229)	309	30	3	(5)
DPS	0.50	0.65	0.85	1.00	1.00
BVPS	15.98	16.53	17.62	19.18	20.61
Adjusted BVPS	15.98	16.53	17.62	19.18	20.61
Free cashflow to equity (FCFE) per share	(4.12)	2.34	(0.65)	2.01	1.59
<b>Share price (Bt)</b>					
PE (x)	38.9	9.5	7.3	7.1	7.5
PE (fully diluted, x)	38.9	9.5	7.3	7.1	7.5
PE/FDEPS growth (x)	(0.2)	0.0	0.2	2.6	(1.5)
Yield (%)	2.7	3.6	4.7	5.5	5.5
P/BV (x)	1.14	1.10	1.03	0.95	0.88
P/ABV (x)	1.14	1.10	1.03	0.95	0.88
P/FCFE (x)	(4.4)	7.8	(28.0)	9.0	11.4
<b>ENTERPRISE VALUATIONS (Btm)</b>	<b>2016</b>	<b>2017</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>
Ordinary shares (m)	4,937	5,162	5,162	5,162	5,162
Share price (Bt)	19.20	19.50	18.20	18.20	18.20
Ordinary equity MV	94,794	100,658	93,947	93,947	93,947
MI & deferred taxes	19,227	19,614	21,190	23,063	24,351
<b>Equity MV (adjusted ord)</b>	<b>114,021</b>	<b>120,272</b>	<b>115,137</b>	<b>117,010</b>	<b>118,298</b>
Preferred equity	0	0	0	0	0
Debt	114,111	126,066	116,859	116,859	116,859
<b>Enterprise value</b>	<b>228,133</b>	<b>246,338</b>	<b>231,996</b>	<b>233,869</b>	<b>235,157</b>
Net non-core assets	67,642	79,637	71,014	74,247	76,091
<b>Core enterprise value (EV)</b>	<b>160,490</b>	<b>166,701</b>	<b>160,982</b>	<b>159,622</b>	<b>159,066</b>
Turnover	79,737	97,324	106,727	112,575	108,671
EBITDA	13,124	22,652	29,601	30,749	27,295
EBIT	6,695	15,694	22,438	23,115	19,203
NOPLAT	2,910	9,776	13,348	13,726	11,352
OpFCF	-913	-3,955	6,900	7,156	4,436
OpFCF (normalised)	8,928	15,132	15,598	15,639	12,691
Op (core) capital employed (CE)	144,572	151,358	157,994	164,681	171,519
Avg core capital employed	141,130	147,965	154,676	161,338	168,100
<b>Core EV multiples</b>					
EV/Turnover (x)	2.0	1.7	1.5	1.4	1.5
EV/EBITDA (x)	12.2	7.4	5.4	5.2	5.8
EV/EBIT (x)	24.0	10.6	7.2	6.9	8.3
EV/NOPLAT (x)	55.2	17.1	12.1	11.6	14.0
EV/OpFCF (x)	(175.8)	(42.1)	23.3	22.3	35.9
EV/OpFCF normalised (x)	18.0	11.0	10.3	10.2	12.5
EV/capital employed (YE, x)	1.1	1.1	1.0	1.0	0.9
EV/avg capital employed (x)	1.1	1.1	1.0	1.0	0.9
<b>RISK MEASURES</b>	<b>2016</b>	<b>2017</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>
Equity multiplier (avg total assets/avg equity)	3.4	3.2	3.0	2.9	2.8
Net debt/equity & MI	1.0	1.0	0.92	0.81	0.75
<b>Interest cover (x)</b>					
Interest cover (EBIT & int inc/int expense)	1.5	3.3	4.6	4.9	4.1
NOPLAT/interest paid	0.6	2.1	2.8	3.0	2.5
Debt service (OpFCF/net interest paid)	(0)	(1)	2	2	1
<b>Short term ratios (x)</b>					
Current assets/current liabilities	0.9	1.0	1.1	1.2	1.4
Current assets less inventory/current liabilities	0.8	0.9	0.9	1.1	1.2
A/C receivable, days Turnover	35.1	39.3	46.4	54.6	67.1
Inventory, days COGS	26.3	32.6	32.6	32.6	32.6
A/C payable, days COGS	13.3	21.7	21.7	21.7	21.7

## CG Rating 2017 Companies with CG Rating



ADVANC	AKP	ANAN	AOT	AP	BAFS	BANPU	BAY	BCP	BTS	BWG	CFRESH	CHO	CK
CNT	CPF	CPN	CSL	DELTA	DEMCO	DRT	DTAC	DTC	EASTW	EGCO	GC	GCAP	GFPT
GOLD	GPSC	GRAMMY	GUNKUL	HANA	HMPRO	ICC	ICHI	INTUCH	IRPC	IVL	JSP	KBANK	KCE
KKP	KTB	KTC	LHFG	LPN	MBK	MCOT	MINT	MONO	NCH	NKI	NYT	OTO	PDJ
PHOL	PLANB	PPS	PRG	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SDC	SE-ED	SIS	SITHAI	SNC
SPALI	SPRC	SSSC	STEC	SVI	SYNTEC	TCAP	THANA	THCOM	THREL	TISCO	TKT	TMB	TNDT
TOP	TRC	TRUE	TSC	TTCL	TU	TVD	UV	VGI	WACOAL	WAVE			



2S	AAV	ACAP	AGE	AH	AHC	AIRA	AIT	ALT	AMANAH	AMATA	AMATAV	APCO	ARIP
ASIA	ASIMAR	ASK	ASP	AUCT	AYUD	BBL	BCPG	BDMS	BEC	BEM	BFIT	BJC	BJCHI
BLA	BOL	BROOK	BRR	BTW	CEN	CENTEL	CGH	CHARAN	CHEWA	CHG	CHOW	CI	CIG
CIMBT	CKP	CM	CNS	COL	COM7	CPI	CSC	CSP	CSS	DCC	EA	EASON	ECF
ECL	EE	EPG	ERW	FN	FNS	FORTH	FPI	FSMART	FVC	GBX	GEL	GLOBAL	GLOW
HARN	HYDRO	ILINK	INET	IRC	IT	ITD	JCKH	JWD	K	KGI	KKC	KOOL	KSL
KTIS	L&E	LALIN	LANNA	LH	LHK	LIT	LOXLEY	LRH	LST	M	MACO	MAJOR	MAKRO
MALEE	MBKET	MC	MEGA	MFC	MFEC	MOONG	MSC	MTC	MTI	NOBLE	NOK	NSI	NTV
NWR	OCC	OGC	OISHI	ORI	PAP	PATO	PB	PCSGH	PDI	PE	PG	PJW	PLANET
PLAT	PM	PPP	PREB	PRINC	PT	RICHY	RML	RS	RWI	S	S & J	SABINA	SALEE
SAMCO	SAWAD	SCG	SCI	SCN	SEAFCO	SEAOIL	SENA	SFP	SIAM	SINGER	SIRI	SMK	SMPC
SMT	SNP	SORKON	SPC	SPI	SPPT	SR	SSF	SST	STA	STPI	SUC	SUSCO	SUTHA
SWC	SYMC	SYNEX	TAE	TAKUNI	TASCO	TBSP	TCC	TEAM	TFG	TGCI	THAI	THANI	THIP
THRE	TICON	TIPCO	TIW	TK	TKN	TKS	TMC	TMI	TMILL	TMT	TNITY	TNL	TOG
TPAC	TPCORP	TRT	TRU	TSE	TSR	TSTE	TSTH	TTA	TTW	TVI	TVO	TWP	TWPC
U	UAC	UMI	UP	UPF	UPOIC	UWC	VIH	VNT	WICE	WINNER	XO	YUASA	ZMICO



7UP	AEC	AEONTS	AF	AJ	AKR	ALLA	ALUCON	AMA	AMARIN	AMC	APURE	AQUA	ARROW
AS	ASEFA	ASIAN	ASN	ATP30	AU	B	BA	BCH	BEAUTY	BH	BIG	BIZ	BLAND
BPP	BR	BROCK	BTNC	CBG	CCET	CCP	CGD	CITY	CMR	COLOR	COMAN	CPL	CSR
CTW	CWT	DCON	DIGI	DNA	EFORL	EKH	EPCO	ESSO	ETE	FE	FOCUS	FSS	GENCO
GIFT	GJS	GLAND	GSTEL	GTB	GYT	HPT	HTC	HTECH	IFS	IHL	INSURE	IRCP	J
JCK	JMART	JMT	JUBILE	KASET	KBS	KCAR	KIAT	KWC	KYE	LDC	LEE	LPH	MATCH
MATI	M-CHAI	MDX	META	METCO	MGT	MILL	MJD	MK	MODERN	MPG	NC	NCL	NDR
NEP	NETBAY	NPK	NPP	NUSA	OCEAN	PDG	PF	PICO	PIMO	PK	PL	PLE	PMTA
PRECHA	PRIN	PSTC	QLT	RCI	RCL	RJH	ROJNA	RPC	S11	SANKO	SAPPE	SCP	SE
SGP	SKR	SKY	SLP	SMIT	SOLAR	SPA	SPCG	SPG	SPVI	SQ	SRICHA	SSC	STANLY
SUPER	SVOA	T	TACC	TCCC	TCMC	TIC	TLUXE	TM	TMD	TNP	TNR	TOPP	TPA
TPBI	TPCH	TPIPL	TPOLY	TPP	TRITN	TTI	TVT	TYCN	UOBKH	UPA	UREKA	UT	VIBHA
VPO	WIJK	WIN											

## Disclaimer

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an assessment of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date or when there is any change to the relevant information. Nevertheless, Krungsri Securities Public Company Limited does not confirm, verify, or certify the accuracy and completeness of such survey result.

# Anti-corruption Progress Indicator 2018

## Companies that have declared their intention to join CAC

A	ABICO	AIE	AJ	AMATA	AMATAV	ANAN	AOT	APCO	APCS	ARROW	ASIAN	B	BGRIM
BJC	BJCHI	BLAND	BLISS	BM	BPP	BR	BSBM	BUI	CEN	CGH	CHEWA	CHG	CHO
CI	COL	COM7	CPR	DDD	EFORL	EKH	ESTAR	FLOYD	FN	FPI	FTE	GJS	GPI
GSTEL	GYT	HARN	ICHI	ILINK	ITEL	JAS	JTS	KWC	KWG	LDC	LEE	LIT	LRH
MATCH	MATI	MBAX	MFEC	MILL	MTC	NCL	NEP	NNCL	NWR	PAP	PK	PL	PLANB
POST	PRM	PRO	PYLON	QTC	ROJNA	RWI	SAPPE	SCI	SELIC	SHANG	SST	STA	STANLY
SUPER	SWC	SYMC	SYNEX	THE	THIP	TKN	TMC	TNP	TNR	TOPP	TRITN	TTI	TVO
TWPC	UEC	UKEM	UPA	UWC	VIH	XO	YUASA						

## Companies certified by CAC

ADVANC	AKP	AMANAH	AP	ASK	ASP	AYUD	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BKI	BLA	BROOK	BRR	BTS	BWG	CENTEL	CFRESH	CIG	CIMBT	CM	CNS	CPALL	CPF
CPI	CPN	CSC	CSL	DCC	DEMCO	DIMET	DRT	DTAC	DTC	EASTW	ECL	EGCO	EPCO
FE	FNS	FSS	GBX	GC	GCAP	GEL	GFPT	GGC	GLOW	GOLD	GPSC	GUNKUL	HANA
HMPRO	HTC	ICC	IFEC	IFS	INET	INTUCH	IRPC	IVL	K	KASET	KBANK	KBS	KCE
KGI	KKP	KSL	KTB	KTC	L&E	LANNA	LHFG	LHK	LPN	M	MAKRO	MALEE	MBK
MBKET	MC	MCOT	MFC	MINT	MONO	MOONG	MSC	MTI	NBC	NINE	NKI	NMG	NSI
OCC	OCEAN	OGC	PATO	PB	PCSGH	PDG	PDI	PDJ	PE	PG	PHOL	PLANET	PLAT
PM	PPP	PPS	PREB	PRG	PRINC	PSH	PSL	PSTC	PT	PTG	PTT	PTTEP	PTTGC
Q-CON	QH	QLT	RATCH	RML	ROBINS	S & J	SABINA	SAT	SC	SCB	SCC	SCCC	SCG
SCN	SE-ED	SENA	SGP	SINGER	SIRI	SIS	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON
SPACK	SPC	SPI	SPRC	SRICHA	SSF	SSI	SSSC	SUSCO	SVI	SYNTEC	TAE	TASCO	TCAP
TCMC	TFG	TFI	TFMAMA	TGCI	THANI	THCOM	THRE	THREL	TICON	TIP	TIPCO	TISCO	TKT
TLUXE	TMB	TMD	TMILL	TMT	TNITY	TNL	TOG	TOP	TPA	TPCORP	TRU	TRUE	TSC
TSTH	TTCL	TU	TVD	TVI	U	UBIS	UOBKH	VGI	VNT	WACOAL	WHA	WICE	

## N/A

2S	7UP	AAV	ABM	ACAP	ACC	ADAM	ADB	AEC	AEONTS	AF	AFC	AGE	AH
AHC	AI	AIRA	AIT	AJA	AKR	ALLA	ALT	ALUCON	AMA	AMARIN	AMC	APEX	APURE
AQ	AQUA	ARIP	AS	ASAP	ASEFA	ASIA	ASIMAR	ASN	ATP30	AU	AUCT	BA	BAT-3K
BDMS	BEAUTY	BEC	BEM	BFIT	BGT	BH	BIG	BIZ	BKD	BOL	BROCK	BSM	BTNC
BTW	CBG	CCET	CCP	CGD	CHARAN	CHAYO	CHOTI	CHOW	CHUO	CITY	CK	CKP	CMAN
CMO	CMR	CNT	COLOR	COMAN	CPH	CPL	CPT	CRANE	CRD	CSP	CSR	CSS	CTW
CWT	D	DCON	DCORP	DELTA	DIGI	DNA	DOD	DTCI	EA	EARTH	EASON	ECF	EE
EIC	EMC	EPG	ERW	ESSO	ETE	EVER	F&D	FANCY	FC	FMT	FOCUS	FORTH	FSMART
FVC	GENCO	GIFT	GL	GLAND	GLOBAL	GRAMMY	GRAND	GREEN	GTB	GULF	HFT	HPT	HTECH
HUMAN	HYDRO	ICN	IEC	IHL	III	INGRS	INOX	INSURE	IRC	IRCP	IT	ITD	J
JCK	JCKH	JCT	JKN	JMART	JMT	JSP	JUBILE	JUTHA	JWD	KAMART	KC	KCAR	KCM
KDH	KIAT	KKC	KOOL	KTECH	KTIS	KYE	LALIN	LH	LOXLEY	LPH	LST	LTX	LVT
MACO	MAJOR	MANRIN	MAX	M-CHAI	MCS	MDX	MEGA	META	METCO	MGT	MIDA	MJD	MK
ML	MM	MODERN	MPG	MPIC	NC	NCH	NDR	NETBAY	NEW	NEWS	NFC	NOBLE	NOK
NPK	NPP	NTV	NUSA	NVD	NYT	OHTL	OISHI	ORI	OTO	PACE	PAE	PAF	PERM
PF	PICO	PIMO	PJW	PLE	PMTA	POLAR	POMPUI	PORT	PPM	PRAKIT	PRECHA	PRIN	PTL
RAM	RCI	RCL	RICH	RICHY	RJH	ROCK	ROH	RP	RPC	RPH	RS	RSP	S
S11	SAFARI	SALEE	SAM	SAMART	SAMCO	SAMTEL	SANKO	SAUCE	SAWAD	SAWANG	SCP	SDC	SE
SEAFKO	SEAOIL	SF	SFP	SGF	SIAM	SIMAT	SKE	SKN	SKR	SKY	SLP	SMART	SMM
SMT	SOLAR	SPA	SPALI	SPCG	SPG	SPORT	SPPT	SPVI	SQ	SR	SSC	SSP	STAR
STEC	STHAI	STPI	SUC	SUN	SUTHA	SVH	SVOA	T	TACC	TAKUNI	TAPAC	TBSP	TC
TCB	TCC	TCCC	TCJ	TCOAT	TEAM	TGPRO	TH	THAI	THANA	THG	THL	THMUI	TIC
TITLE	TIW	TK	TKS	TM	TMI	TMW	TNDT	TNH	TNPC	TOA	TPAC	TPBI	TPCH
TPIPL	TPIPP	TPOLY	TPP	TR	TRC	TRT	TRUBB	TSE	TSF	TSI	TSR	TSTE	TTA
TTL	TTM	TTW	TUCC	TVT	TWP	TWZ	TYCN	UAC	UMI	UMS	UNIQ	UP	UPF
UPOIC	UREKA	UT	UTP	UV	UVAN	VARO	VCOM	VI	VIBHA	VNG	VPO	WAVE	WG
WHAUP	WIJK	WIN	WINNER	WORK	WORLD	WP	WPH	WR	YCI	YNP	ZIGA	ZMICO	

## Disclaimer

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, Krungsri Securities Public Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment result."

## Reference

Disclosure: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of July 31, 2017) are categorised into:

- Companies that have declared their intention to join CAC
- Companies certified by CAC.



A member of MUFG  
a global financial group

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## Definition of Ratings

- OUTPERFORM** - Stocks with an expected capital gain above 10% in the next 12 months for small-caps, above 5% for big-caps  
**NEUTRAL** - Stocks with an expected capital gain between -10% and +10% in the next 12 months for small-caps, -5% to +5% for big-caps  
**UNDERPERFORM** - Stocks with an expected capital gain below 10% in the next 12 months for small-caps, below 5% for big-caps

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