

## BUY

Last Traded Price ( 15 Mar 2017): Bt7.05 (SET : 1,540.80)

Price Target 12-mth: Bt8.20 (16% upside) (Prev Bt8.50)

Potential Catalyst: Full-year contribution from SOE and MRT Purple Line

Where we differ: n.a.

### Analyst

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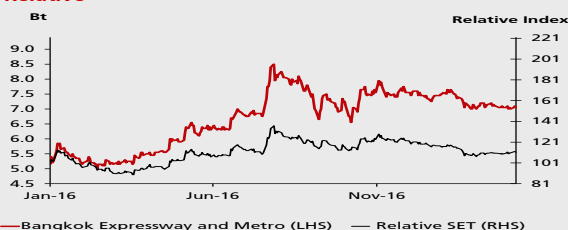
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### What's New

- **MRT Blue Line concession is close to being signed within March 2017**
- **Expressway business to benefit from full-year contribution of Sirat Outer Ring Road Expressway**
- **Commercial development business is on a roll**
- **Maintain BUY with new TP of Bt8.20**

### Price Relative



### Forecasts and Valuation

FY Dec (Bt m)	2015A	2016A	2017F	2018F
Revenue	11,738	13,104	15,129	16,885
EBITDA	8,201	8,845	9,736	11,190
Pre-tax Profit	3,093	3,176	4,203	5,609
Net Profit	2,650	2,606	3,419	4,698
Net Pft (Pre Ex.)	2,160	2,575	3,419	4,698
Net Pft Gth (Pre-ex) (%)	(2.2)	19.2	32.8	37.4
EPS (Bt)	0.17	0.17	0.22	0.31
EPS Pre Ex. (Bt)	0.14	0.17	0.22	0.31
EPS Gth Pre Ex (%)	(2)	19	33	37
Diluted EPS (Bt)	0.17	0.17	0.22	0.31
Net DPS (Bt)	0.12	0.11	0.13	0.18
BV Per Share (Bt)	1.90	1.94	2.09	2.26
PE (X)	40.7	41.4	31.5	22.9
PE Pre Ex. (X)	49.9	41.9	31.5	22.9
P/Cash Flow (X)	25.2	30.4	14.1	13.1
EV/EBITDA (X)	17.4	16.7	15.1	13.6
Net Div Yield (%)	1.8	1.6	1.9	2.6
P/Book Value (X)	3.7	3.6	3.4	3.1
Net Debt/Equity (X)	1.2	1.3	1.2	1.2
ROAE (%)	9.6	8.9	11.1	14.1
Earnings Rev (%)			(6)	(11)
Consensus EPS (Bt):			0.24	0.29
Other Broker Recs:		B: 9	S: 5	H: 2

Source of all data on this page: Company, DBSVTH, Bloomberg Finance L.P

## Strong growth outlook

**Maintain BUY, with new TP of Bt8.20.** Post amalgamation, Bangkok Expressway and Metro (BEM)'s operations have become healthier due to its strong cash flows, access to cheaper funding sources and strong growth prospects. Its recent weak share price performance was due to the delay in negotiations for the MRT Blue Line Extension. However, the concession agreement for the MRT Blue Line Extension is now expected to be approved by the Cabinet within March 2017. Hence, with the improving outlook, we maintain our BUY rating on BEM.

**Largest integrated ground transportation company.** BEM is the largest transportation company in Thailand with a current market capitalisation of c.Bt109bn (US\$3.1bn), and was included in the SET100 index. BEM holds the highest market share in terms of length of existing toll roads (34% share or 99.6km out of the total 290.4km) and electric rail lengths (52% share or 70km out of the total 134.8km).

**Impressive growth outlook.** We expect BEM's earnings to surge 33% in 2017 and 37% in 2018, driven by the new MRT Purple Line and Sirat Outer-Ring Road Expressway since August 2016 and lower finance costs. Longer term, the MRT Blue Line Extension will be completed and ready for service in 2020, and will act as a key growth driver from 2020. BEM also stands a good chance of securing other mass transit projects in the future, given its expertise in the business.

### Valuation:

We derived BEM's new TP of Bt8.2 using SOP valuation. We employed DCF valuation method for BEM's core operations, as it captures the value of future expansions, with a WACC of 7.0%. Plus, we value the investments in associates using consensus estimates.

### Key Risks to Our View:

The key risks to BEM are delays in project bidding process and construction.

### At A Glance

Issued Capital (m shrs)	15,285
Mkt. Cap (Btm/US\$m)	107,759 / 3,074
Major Shareholders (%)	
Ch. Karnchang Pcl. (%)	28.16
The Mass Rapid Transit Authority of Thailand (%)	8.22
Krungthai Bank Pcl. (%)	6.85
Free Float (%)	55.55
3m Avg. Daily Val (US\$m)	11.1
ICB Industry : Industrials / Industrial Transportation	

**WHAT'S NEW**

**Key takeaways from NDR in Singapore during 22-23 March 2017**

**Rail business**

**The MRT Blue Line Extension concession to be approved and signed within March 2017:** After the long delay, BEM has concluded the direct negotiations with the MRTA on the concession of MRT Blue Line Extension. The company expects the Cabinet to approve the concession within March 2017 and contract signed soon.

**MRT Blue Line Extension (Bangsue–Thapra):** The MRT Blue Line Extension covers a distance of 27km with 20 stations. BEM expects a total budget of c.Bt25bn for the operation of MRT Blue Line Extension under the concession. The MRT Blue Line Extension is expected to start full operations from 2020 onwards. According to management, the operation of MRT Blue Line Extension will double the overall ridership of its rail business (to c.600,000 ridership per day from 274,000 currently).

**Missing-link station (Bangsue-Taopoon) will be ready in August 2017:** BEM is engaged by MRTA to operate a missing link for one station (Bangsue–Taopoon). Note that the construction of the track has already been completed. BEM will need to only install the signaling system and signage. Total capex for such project is c.Bt1bn. BEM believes the system will be set and it will be able to operate the missing-link station in August 2017. With the operation of the missing-link station, management believes the number of pass-through passengers from MRT Purple Line to MRT Blue Line Existing will increase from the current c.15,000 passengers per day to c.30,000, which is in line with our estimate.

**Toll business**

**Full contribution from Sirat Outer-Ring Road Expressway (SOE) from 2017:** After SOE started operating from August 2016, BEM has been enjoying the former's additional traffic volume. In 2M17, the overall traffic volume increased by 4% while traffic revenue surged by 9%. The higher percentage increase in revenue was due to BEM's entitlement to 100% revenue on the new SOE expressway, unlike the toll roads where BEM has to share revenue with the Expressway Authority of Thailand (EXAT). For the Chalem Mahanakorn Expressway and the Second Stage Expressway (Section A and BES), BEM has to share 60% of its toll revenue with EXAT. We have revised down our forecast on SOE traffic volume in FY17 and FY18 to be in tune with the current actual traffic volume.

**Toll road concession for Sectors A,B,C will expire in 2020:** The revenue from the expiring concession currently accounts for c.65% of total toll revenue. Under the concession, BEM has

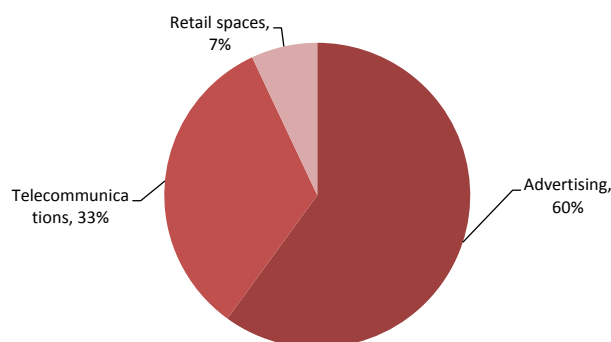
right to extend the contract twice for a period of ten years each. The extension is subject to negotiations with EXAT, which will probably start in 2018. The successful extension of the concession will be a great catalyst for the share price. Under our conservative assumptions, we have not included the extension of such toll roads and leave it as an upside to our target price.

**Commercial development business**

**Expanding commercial development business:** BEM operates the commercial development business under its subsidiary, Bangkok Metro Networks Limited (BMN). The commercial development business includes the advertising in trains and stations, the telecommunication network rental services, retail spaces, etc. This year, BMN plans to expand its retail space from the current five to seven stations. Also, the company is now on the process of filling up the shops with the strong retail brands (i.e. Starbucks, Amazon café and Gourmet Market) to attract more traffic. The management expects revenue growth of 10% p.a. for the commercial development business from 2017 onwards.

**Maintain BUY with a new TP of Bt8.20.** We have revised down our forecast by 6% for this year and 11% for next year to reflect the lower-than-expected traffic volume at SOE. As a result, our TP has slightly decreased from Bt8.50 to Bt8.20. Given the potential upside and strong growth prospects, we maintain our BUY rating on BEM.

**BMN: Revenue structure (as of 2016)**



Source: Company, DBSVTH

**CRITICAL DATA POINTS TO WATCH**

**Earnings Drivers:**

**Toll traffic volume of expressways continues to rise.** Traffic volume reached 1.2m trips/day (+3.2% y-o-y) in FY16, driven by i) increase in traffic volume following rising car sales, ii) real estate development surrounding the expressways, and iii) operation of the new Sirat Outer-Ring Road expressway (SOE). For FY17, we assume traffic volume growth of 4.5% y-o-y which can be divided into the 1.2% growth from the existing expressways and 3.3% growth from traffic volume on the SOE, or an increase of up to 50,000 trips/day. Our forecast is conservative, as we did not factor in the extension of the main toll road concession agreement in 2020 (which currently covers 60% of its toll road revenue). BEM has the right of first refusal to renew the concession but this is still subject to negotiations with EXAT. According to the concession agreement, all toll rates will be raised proportionately every five years with the increase calculated based on the increase in Bangkok's Consumer Price Index (CPI); the next toll rate revision will occur in FY18.

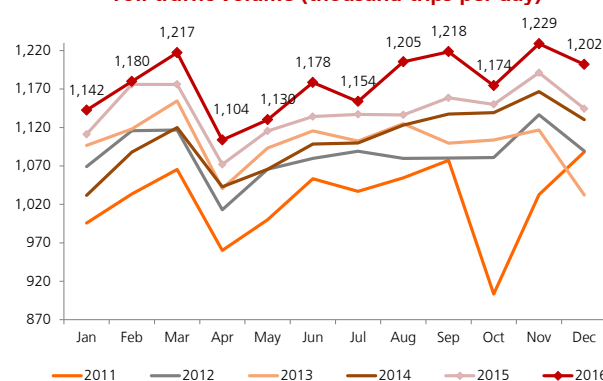
**Strong growth from MRT operations.** The MRT's average ridership in FY16 came in at 283,700 riders/day (+5.1% y-o-y), driven by the increase in population and mass transit network. In 3Q16, BEM started receiving service revenues from the MRT Purple Line (Bt468m/Bt1,361m in FY16/FY17). Besides the service income, we also expect the pass-through ridership in the existing systems to increase. We expect a jump in ridership of 11.8% in FY17, 12.5% in FY18 and 6.9% in FY19, as the number of pass-through passengers from MRT Purple Line rises from FY17onwards after the missing-link station connection between the new system and the existing system is completed in August 2017. In the long term, after the opening of the MRT Blue Line Extension in 2020, we expect the ridership to rise by 112% in FY20 and 1-10% p.a. thereafter. The fare box rate should be raised proportionately every two years with the increase calculated based on the increase in Bangkok's non-food CPI, in accordance with the concession agreement, and the next fare box rate revision will occur in FY18.

**BMN to list in the next few years.** BEM operates its commercial development business through Bangkok Metro Networks Limited (BMN), a 65.19%-owned subsidiary. BEM expects to launch BMN's initial public offering (IPO) in the next few years, which will enable BEM to benefit from the resultant cash flow and BMN's strong growth going forward.

**Summary of expressway**

Expressway	Length (km.)	Opening Date
<u>FES</u> Center to outer districts; Bangna, Dao	12.4	2-Sep-93
<u>SES</u> Sector A: Rama 9 - Ratchadapisek	12.4	2-Sep-93
Sector B: Phayathai - Bangkhlo	9.4	6-Oct-96
Sector C: Ratchadapisek - Chaeng	8	2-Sep-93
Sector D: Rama 9 - Srinagarindra	8.7	2-Dec-98
<u>Udon Ratthaya (NECL)</u> Chaeng Watthana - Chiang Rak	22	2-Dec-98
Chiang Rak - Bang Sai	10	1-Nov-99
<u>Si Rat Outer Ring Road</u> Northern Sirat to Kanjanapisek	16.7	3Q16

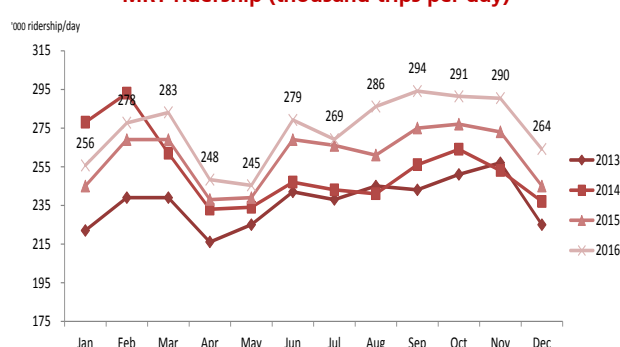
**Toll traffic volume (thousand trips per day)**



**Summary of existing MRT Lines**

MRT Projects	Blue line	Purple line	Blue Line Extension
<b>Service areas</b>	Hua Lamphong – Bang Sue	Khlong Bang Pai – Tao Poon	Tao Poon –Tha Phra & Hua Lamphong - Bangkae
<b>Execution Date</b>	1-Aug-00	4-Dec-13	2016*
<b>Commencement period</b>	3-Jul-04	6-Aug-16	2020*
<b>Period</b>	25 years	30 years	25 years*
<b>Type</b>	PPP Net Cost	PPP Gross Cost	PPP Net Cost*
<b>Distances</b>	20 km.	22 km.	27 km.
<b>No. of trains /stations</b>	19 trains / 18 stations	21 trains / 16 stations	30 trains / 20 stations

**MRT ridership (thousand trips per day)**



Source: Company, DBSVTH

## Bangkok Expressway and Metro

### Balance Sheet:

BEM had a net gearing of 1.35x at end-2016. We expect the net gearing to remain steady in the new few years before the debenture redemption. In the next few years, based on management's guidance, BEM is likely to decrease its dividend payout ratio as it needs to reserve cash for new projects. We assume a dividend payout ratio of 60% in FY17/FY18 (still higher than its 40% dividend payout ratio policy).

### Share Price Drivers:

**Renewal of expressway concession.** In the event that BEM is able to renew the expressway concession that will partially expire in 2020 (c.65% of toll revenue), this could provide another key catalyst to re-rate BEM's share price.

### Key Risks:

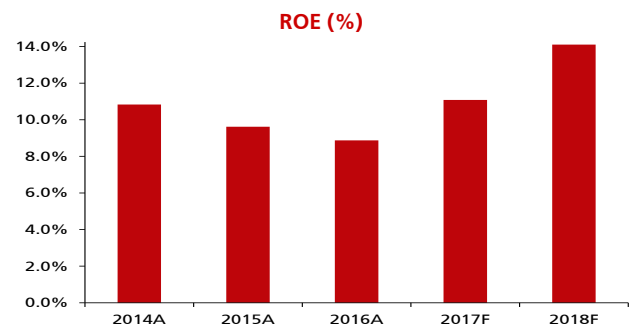
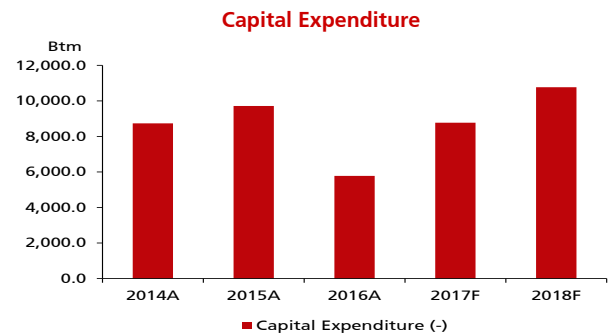
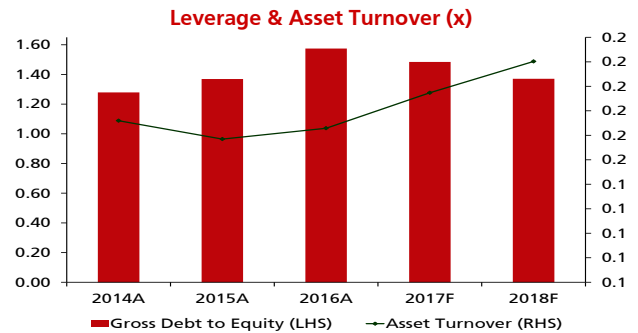
**Delays in project bidding and construction.** The infrastructure construction and operation projects normally require several approvals from related authorities. If there is any delay, the company's growth may be limited. Also, any delay in construction will affect revenue growth and BEM might need to pay a penalty to the government authorities.

### Company Background

BEM operates three core businesses – toll, rail and commercial development. For the toll business, BEM operates expressways in Bangkok and has the rights to manage the expressways and receive a share of revenue from (i) Second Stage Expressway (SES), and (ii) Udon Rattaya Expressway, and BEM is entitled to a share of revenue from the First Stage Expressway (FES).

BEM operates the rail business under concession agreements with the Mass Rapid Transit Authority of Thailand (MRTA). Currently, BEM has obtained two concessions as follows: i) MRT Blue Line, and ii) MRT Purple Line. BEM is currently in negotiations for the concession to operate the Blue Line Extension with MRTA and expects this to be finalised in 2017.

The commercial development business is operated through Bangkok Metro Network (BMN), a 65.19%-owned subsidiary of BEM, which provides advertising, retail space and telecommunication services.



Source: Company, DBSVTH

## i) Toll road business

## Key assumptions

FY Dec	2014A	2015A	2016A	2017F	2018F
Average traffic volume ('000 trips/day)	1,104	1,142	1,178	1,229	1,277
Traffic volume growth	0.1%	3.2%	2.7%	4.5%	4.0%
Gross margin (%)	47.8%	47.0%	47.9%	49.5%	51.1%
SG&A to sales (%)	7.6%	7.7%	7.9%	7.6%	7.4%

## ii) Rail business

## Key Assumptions

FY Dec	2014A	2015A	2016A	2017F	2018F
Average ridership volume ('000 trips/day)	253	260	274	307	345
Ridership growth	6.9%	2.8%	5.4%	11.8%	12.5%
Gross margin (%)	13.6%	13.9%	10.1%	11.8%	26.3%
SG&A to sales (%)	13.2%	13.2%	14.5%	12.1%	11.1%

## iii) Commercial development business (BMN), 65%-owned subsidiary

## Key Assumptions

FY Dec	2014A	2015A	2016A	2017F	2018F
Revenue growth (Bt m)	470	549	576	633	692
Revenue growth (%)	11.5%	16.7%	4.9%	9.9%	9.3%
Gross margin (%)	64.3%	61.7%	62.2%	64.3%	66.2%
SG&A to sales (%)	13.2%	13.2%	14.5%	12.1%	11.1%

Source: Company, DBSVTH

## Income Statement (Btm)

FY Dec	2014A	2015A	2016A	2017F	2018F
Revenue	11,234	11,738	13,104	15,129	16,885
Cost of Goods Sold	(6,556)	(7,094)	(7,828)	(9,230)	(9,505)
<b>Gross Profit</b>	<b>4,677</b>	<b>4,643</b>	<b>5,276</b>	<b>5,899</b>	<b>7,380</b>
Other Opng (Exp)/Inc	(854)	(1,104)	(1,101)	(1,010)	(1,091)
<b>Operating Profit</b>	<b>3,824</b>	<b>3,540</b>	<b>4,175</b>	<b>4,889</b>	<b>6,289</b>
Other Non Opng (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	546	461	347	479	496
Net Interest (Exp)/Inc	(1,394)	(1,397)	(1,378)	(1,164)	(1,175)
Exceptional Gain/(Loss)	537	490	31.1	0.0	0.0
<b>Pre-tax Profit</b>	<b>3,513</b>	<b>3,093</b>	<b>3,176</b>	<b>4,203</b>	<b>5,609</b>
Tax	(702)	(392)	(563)	(690)	(802)
Minority Interest	(65.9)	(51.3)	(7.0)	(94.8)	(109)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>2,745</b>	<b>2,650</b>	<b>2,606</b>	<b>3,419</b>	<b>4,698</b>
Net Profit before Except.	2,208	2,160	2,575	3,419	4,698
EBITDA	8,269	8,201	8,845	9,736	11,190
<b>Growth</b>					
Revenue Gth (%)	6.3	4.5	11.6	15.5	11.6
EBITDA Gth (%)	10.0	(0.8)	7.9	10.1	14.9
Opg Profit Gth (%)	15.0	(7.4)	18.0	17.1	28.6
Net Profit Gth (Pre-ex) (%)	72.5	(2.2)	19.2	32.8	37.4
<b>Margins &amp; Ratio</b>					
Gross Margins (%)	41.6	39.6	40.3	39.0	43.7
Opg Profit Margin (%)	34.0	30.2	31.9	32.3	37.2
Net Profit Margin (%)	24.4	22.6	19.9	22.6	27.8
ROAE (%)	10.8	9.6	8.9	11.1	14.1
ROA (%)	4.1	3.6	3.2	4.0	5.3
ROCE (%)	5.8	5.2	5.1	5.8	7.2
Div Payout Ratio (%)	70.1	71.6	64.5	60.0	60.0
Net Interest Cover (x)	2.7	2.5	3.0	4.2	5.4

Source: Company, DBSVTH

## Bangkok Expressway and Metro

## Quarterly / Interim Income Statement (Btm)

FY Dec	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016
Revenue	3,004	3,026	2,919	3,431	3,728
Cost of Goods Sold	(788)	(1,777)	(1,707)	(2,009)	(2,335)
<b>Gross Profit</b>	<b>2,216</b>	<b>1,248</b>	<b>1,212</b>	<b>1,422</b>	<b>1,393</b>
Other Oper. (Exp)/Inc	(421)	(215)	(233)	(276)	(377)
<b>Operating Profit</b>	<b>1,796</b>	<b>1,033</b>	<b>980</b>	<b>1,146</b>	<b>1,016</b>
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	0.0	93.0	102	113	39.6
Net Interest (Exp)/Inc	(811)	(263)	(472)	(277)	(367)
Exceptional Gain/(Loss)	62.2	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>1,047</b>	<b>863</b>	<b>610</b>	<b>982</b>	<b>689</b>
Tax	(21.9)	(162)	(104)	(171)	(127)
Minority Interest	0.0	(0.2)	2.33	3.46	1.46
<b>Net Profit</b>	<b>1,026</b>	<b>702</b>	<b>509</b>	<b>815</b>	<b>563</b>
Net profit bef Except.	965	702	509	815	563
EBITDA	1,796	2,201	2,119	2,385	2,140

## Growth

Revenue Gth (%)	1.7	0.7	(3.5)	17.6	8.7
EBITDA Gth (%)	(14.2)	22.5	(3.7)	12.6	(10.3)
Opg Profit Gth (%)	90.2	(42.5)	(5.1)	17.0	(11.4)
Net Profit Gth (Pre-ex) (%)	48.1	(27.3)	(27.4)	60.0	(30.8)

## Margins

Gross Margins (%)	73.8	41.3	41.5	41.4	37.4
Opg Profit Margins (%)	59.8	34.1	33.6	33.4	27.3
Net Profit Margins (%)	34.1	23.2	17.4	23.7	15.1

## Balance Sheet (Btm)

FY Dec	2014A	2015A	2016A	2017F	2018F
Net Fixed Assets	52,901	58,415	59,873	59,928	66,293
Invt in Associates & JVs	9,593	10,750	10,906	14,343	14,343
Other LT Assets	2,507	3,086	2,788	3,351	3,351
Cash & ST Invt	4,725	4,981	6,718	9,193	4,646
Inventory	0.0	0.0	0.0	0.0	0.0
Debtors	102	84.6	1,615	117	135
Other Current Assets	198	804	886	876	1,004
<b>Total Assets</b>	<b>70,026</b>	<b>78,120</b>	<b>82,786</b>	<b>87,809</b>	<b>89,772</b>
ST Debt	2,000	22,410	4,716	767	4,415
Creditor	2,009	2,580	819	2,556	2,593
Other Current Liab	2,587	2,207	1,956	1,681	1,774
LT Debt	31,514	17,473	42,187	47,365	43,773
Other LT Liabilities	5,707	4,321	3,325	3,024	2,044
Shareholder's Equity	26,052	29,044	29,689	31,995	34,615
Minority Interests	157	86.4	93.5	432	540
<b>Total Cap. &amp; Liab.</b>	<b>70,026</b>	<b>78,120</b>	<b>82,786</b>	<b>87,820</b>	<b>89,755</b>
Non-Cash Wkg. Capital	(4,297)	(3,898)	(274)	(3,245)	(3,228)
Net Cash/(Debt)	(28,789)	(34,902)	(40,184)	(38,938)	(43,543)
Debtors Turn (avg days)	3.0	2.9	23.7	20.9	2.7
Creditors Turn (avg days)	182.1	209.5	134.7	104.9	151.8
Inventory Turn (avg days)	N/A	N/A	N/A	N/A	N/A
Asset Turnover (x)	0.2	0.2	0.2	0.2	0.2
Current Ratio (x)	0.8	0.2	1.2	2.0	0.7
Quick Ratio (x)	0.8	0.2	1.2	2.0	0.7
Net Debt/Equity (X)	1.1	1.2	1.3	1.2	1.2
Net Debt/Equity ex MI (X)	1.1	1.2	1.4	1.2	1.3
Capex to Debt (%)	26.1	24.4	12.3	18.2	22.4
Z-Score (X)	1.7	1.2	1.6	1.8	1.8

Source: Company, DBSVTH

## Cash Flow Statement (Btm)

FY Dec	2014A	2015A	2016A	2017F	2018F
Pre-Tax Profit	3,513	3,093	3,176	4,203	5,609
Dep. & Amort.	3,899	4,200	4,323	4,368	4,406
Tax Paid	(983)	(673)	(855)	(936)	(1,046)
Assoc. & JV Inc/(loss)	546	461	347	479	496
Chg in Wkg.Cap.	50.3	363	(3,122)	415	93.3
Other Operating CF	(1,750)	(3,664)	(352)	(869)	(1,306)
<b>Net Operating CF</b>	<b>5,812</b>	<b>4,270</b>	<b>3,548</b>	<b>7,661</b>	<b>8,252</b>
Capital Exp.(net)	(8,738)	(9,715)	(5,780)	(8,773)	(10,771)
Other Invt.(net)	0.0	0.0	0.0	0.0	0.0
Invt in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0
Other Investing CF	0.0	0.0	0.0	0.0	0.0
<b>Net Investing CF</b>	<b>(8,738)</b>	<b>(9,715)</b>	<b>(5,780)</b>	<b>(8,773)</b>	<b>(10,771)</b>
Div Paid	(1,309)	(2,137)	(1,857)	(1,873)	(2,078)
Chg in Gross Debt	(4,011)	(9,291)	(5,072)	(541)	(78.1)
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	7,733	17,128	10,898	6,000	128
<b>Net Financing CF</b>	<b>2,413</b>	<b>5,700</b>	<b>3,970</b>	<b>3,587</b>	<b>(2,029)</b>
Currency Adjustments	1,431	0.0	0.0	0.0	0.0
Chg in Cash	918	256	1,738	2,475	(4,548)
Opg CFPS (Bt)	0.38	0.26	0.44	0.47	0.53
Free CFPS (Bt)	(0.2)	(0.4)	(0.1)	(0.1)	(0.2)

Source: Company, DBSVTH

## Target Price &amp; Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	15 Mar 16	5.30	5.90	BUY
2:	04 May 16	5.90	5.90	BUY
3:	13 May 16	6.35	6.40	HOLD
4:	27 Jun 16	6.90	6.40	HOLD
5:	10 Aug 16	8.05	8.40	HOLD
6:	01 Sep 16	7.80	8.20	HOLD
7:	16 Sep 16	7.45	8.20	BUY
8:	11 Nov 16	7.65	8.20	HOLD
9:	28 Nov 16	7.70	8.20	HOLD
10:	14 Dec 16	7.45	8.20	HOLD
11:	23 Dec 16	7.35	8.20	HOLD
12:	19 Jan 17	7.35	8.20	HOLD
13:	23 Feb 17	7.10	8.50	BUY

Note: Share price and Target price are adjusted for corporate actions.

Source: DBSVTH

Analyst: Thailand Research Team

Chanpen SIRITHANARATTANAKUL

THAI-CAC

Corporate Governance CG Rating 2016

n/a



**THAI-CAC** is 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 categorised into:

Score	Description
Declared	Companies that have declared their intention to join CAC
Certified	Companies certified by CAC.

**Corporate Governance CG Rating** is based on Thai Institute of Directors (IOD)'s annual assessment of corporate governance practices of listed companies. The assessment covers 235 criteria in five categories including board responsibilities (35% weighting), disclosure and transparency (20%), role of stakeholders (20%), equitable treatment of shareholders (10%) and rights of shareholders (15%). The IOD then assigns numbers of logos to each company based on their scoring as follows:

Score	Range Number of Logo	Description
90-100		Excellent
80-89		Very Good
70-79		Good
60-69		Satisfactory
50-59		Pass
<50	No logo given	N/A

DBSVTH recommendations are based on Absolute Total Return\* Rating system, defined as follows:

**STRONG BUY** (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

**BUY** (>15% total return over the next 12 months for small caps, >10% for large caps)

**HOLD** (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

**FULLY VALUED** (negative total return i.e. > -10% over the next 12 months)

**SELL** (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

*Share price appreciation + dividends*

Completed Date: 16 Mar 2017 06:53:34 (THA)

Dissemination Date: 16 Mar 2017 07:01:03 (THA)

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