

# SABINA

Strong fundamentals with steady growth profile

THAILAND | SET | FASHION | INITIATION OF COVERAGE

BLOOMBERG SABINA TB | REUTERS SABINA.BK

## One of Thailand's leading lingerie makers

SABINA is one of Thailand's top two lingerie makers. It is mainly engaged in the design, manufacture and sale of ladies lingerie under its registered trademark 'SABINA.' Its products, which are uniquely designed to serve females of different ages and sizes, are marketed both domestically and internationally, especially CLMV (Cambodia, Laos, Myanmar, and Vietnam). It also acts as an OEM for other overseas famous ladies lingerie brands. Domestic sales, non-store retailing, exports and OEM markets are major sources of revenue for SABINA. Currently, it has five factories in Chainat, Yasothorn, Burirum, Bangkok, and Nakorn Pathom with a combined production capacity of 12.83mn pieces per year.

## Continuous product development key to growth

Continuous product development is seen as one of its key growth strategies to boost sales and margins. Other growth strategies include (i) efforts to increase sales contribution from non-store retailing, (ii) margin enhancement through effective cost management, (iii) adaptive marketing campaigns and (iv) product innovations to cover more market segments. The above strategies have largely contributed to its track record of consistent profit growth. Its strategic shift from OEM to own brand development also allowed SABINA to boost gross margins significantly in FY06. Its gross margins nearly doubled to 52% in FY18 from a mere 27% in FY06 after share of sales from OEM business dropped sharply to 9% of its total sales from 60% In 1QFY19, its gross margins climbed further to 55%.

## FY19 net profit seen up 10.0% y-y on back of strong sales and margins

We believe strong sales and margins will set the stage for SABINA to continue its run of profit growth in FY19. In our view, its flexibility to adapt to changing market demands could allow it to maintain its healthy sales growth momentum while the shift of focus to own brand development from OEM and cheaper outsourcing services from China would hold the key to margin growth. We expect its gross margins will expand to 54.3% in FY19 from 51.6% in FY18. In addition, SABINA also stands to reap the windfall from the ongoing US-China trade war and the baht's rise. Full-year sales are projected to rise 13.2% y-y to Bt3,498mn based on assumptions that non-store sales, seen as key driver of growth, will jump 67% y-y and sales from 'SABINA' brand, which accounts for the largest share of total sales will grow sequentially by 8.8% y-y. On this basis, core profit is estimated to rise 13.9% y-y to Bt412mn. However, as SABINA is expected to book a Bt14mn charge for employee benefit expenses under the new labor law, its net profit for the whole of FY19 is forecast to grow 10.0% y-y to Bt398mn. ROE is also predicted to increase to 21.6% in FY19 from 19.4% in FY18.

## Initiation of coverage with 'BUY' rating and FY19 target price of Bt36.50/share

We initiate our coverage of SABINA with a 'BUY' rating and a FY19 target price of Bt36.50/share. The rating reflects its sound fundamentals with a steady growth profile and attractive valuation. We have a very positive view towards its future growth prospects as it is flexible to adapt its strategy to changing market conditions to boost sales and margins. Its valuation also looks appealing at the current level, offering a 30% upside to our FY19 target price. The target is based on a P/E multiple of 32x, a discount to its three-year historical average of 36x. Currently SABINA sports a P/E of only 25x. We assumes a 100% dividend payout ratio for SABINA over the FY19-FY21 period after it has increasingly turned to cheaper outsourcing services from China to cut costs and as no major investment is anticipated.

05 August 2019

**BUY**

Closing Price(Bt) 28.00  
Target Price(Bt) 36.50 (+34.59%)

### COMPANY DATA

O/S Shares (mn):	348
Market Cap. (Btmn):	9,730
Market Cap. (USDmn):	317
52-WK Hi/Lo (Bt):	38.75/24.9
3M Average Daily T/O (mn):	2.25
Par Value (Bt):	1.00

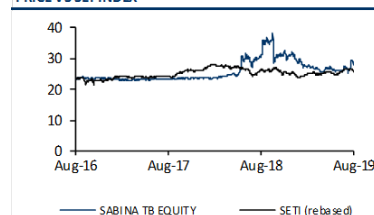
### MAJOR SHAREHOLDERS (%) 08 May 2019

Mr. VIROJ THANALONGKORN	45.8
STATE STREET EUROPE LIMITED	6.5
Mrs. Wannee Thongluck	4.0

### PRICE PERFORMANCE (%)

	1MTH	3MTH	1YR
ABS	5%	3%	-10%
REL TO SET INDEX	8%	2%	-10%

### PRICE VS SET INDEX



Source: Bloomberg, PSR

### KEY FINANCIALS

FYE Dec	FY17	FY18	FY19E	FY20E
Sales(Btmn)	2,663	3,090	3,498	3,980
Net Profit(Btmn)	243	362	398	457
EPS (Bt)	0.70	1.04	1.14	1.31
P/E (X)	40.0	26.9	24.5	21.3
BVPS (Bt)	5.45	5.28	5.34	5.43
P/B (X)	5.1	5.3	5.2	5.2
DPS (Bt)	0.82	1.04	1.14	1.31
Dividend Yield (%)	2.9	3.7	4.1	4.7
ROE (%)	13.32	19.38	21.55	24.41

Source: Company, PSR Est.

\*\*Multiples and yields are based on latest closing price

### VALUATION METHOD

P/E'19 (32x)

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Napas Techa Siriwan

Research Assistant

Ref. No.: CO2562\_0166

## Investment Thesis

- SABINA is one of Thailand's largest lingerie makers. Its products are marketed both domestically and internationally, especially CLMV (Cambodia, Laos, Myanmar, and Vietnam) with a sales turnover of over Bt3bn. Domestic sales under 'SABINA' brand, non-store retailing, exports, and OEM markets are major sources of revenue for SABINA.
- SABINA has a good track record of consistent sales and margin growth and this trend is expected to continue ahead after it has increasingly turned to cheaper outsourcing services from China. It is also flexible to adapt its strategy to changing market conditions to boost sales and margins and bring its inventory days down.
- We initiate our coverage of SABINA with a 'BUY' rating based on its sound fundamentals with a steady growth profile and attractive valuation. Our FY19 target price of Bt36.50/ share also implies a 30% potential upside from current trading levels.

### Company background

SABINA, formerly known as J&D Apparel, was founded by the second generation of the Thanalongkorn family, led by Khun Viroj Thanalongkorn on Aug 17, 1985. Khun Viroj has over 40 years of experience in the lingerie industry. J&D Apparel changed its name to SABINA on May 18, 2007 after it acquired 99.90% of shares in Sabina Fareast Co on May 16, 2007.

### Business profile

SABINA is mainly engaged in the contract manufacture of ladies lingerie for overseas lingerie suppliers under OEM contracts while its subsidiary Sabina Fareast operates a lingerie business under its registered trademark 'SABINA' and contract manufactures ladies lingerie for famous brands in the UK, USA, Europe, Russia and Scandinavia.

**Figure 1: Revenue structure**

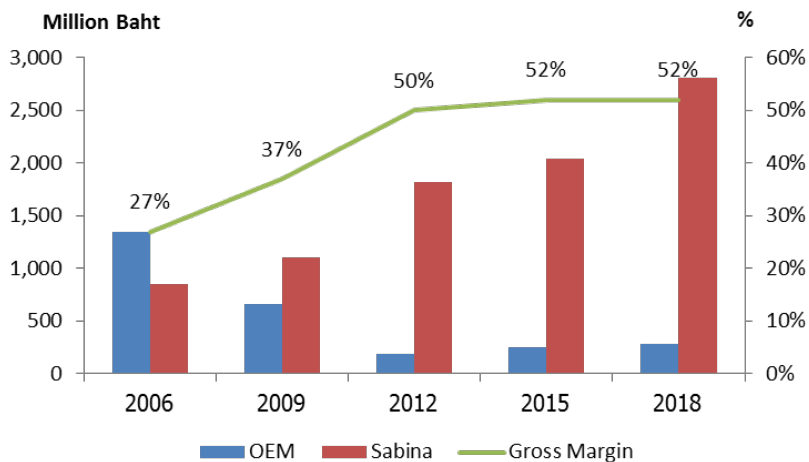
Product lines	FY16		FY17		FY18	
	Value	%	Value	%	Value	%
Sales of subsidiary's brand name products	2,167.01	90.40	2,438.85	91.03	2,803.04	90.34
Sales of OEM products	215.90	9.01	220.17	8.22	286.80	9.24
Other income	14.13	0.59	20.10	0.75	13.06	0.42
Total	2,397.04	100.00	2,679.12	100.00	3,102.90	100.00

Source: SABINA

### Shift from OEM to own brand development and cheaper outsourcing services from China hold key to margin growth

Its strategic shift of focus from OEM to own brand development since FY06 has provided a meaningful lift to gross margins as strict materials specifications under OEM contracts erode its bargaining power. Its gross margins nearly doubled to 52% in FY18 from 27% in FY06 after share of sales from OEM business dropped dramatically from 60% to the current level of around 10%. In 1QFY19, its gross margins also climbed further to 55%. We expect its gross margins will remain strong throughout this year as it stands to reap the windfall from the ongoing US-China trade friction and the baht's gains.

**Figure 2: SABINA brand and OEM sales (FY06-FY18)**

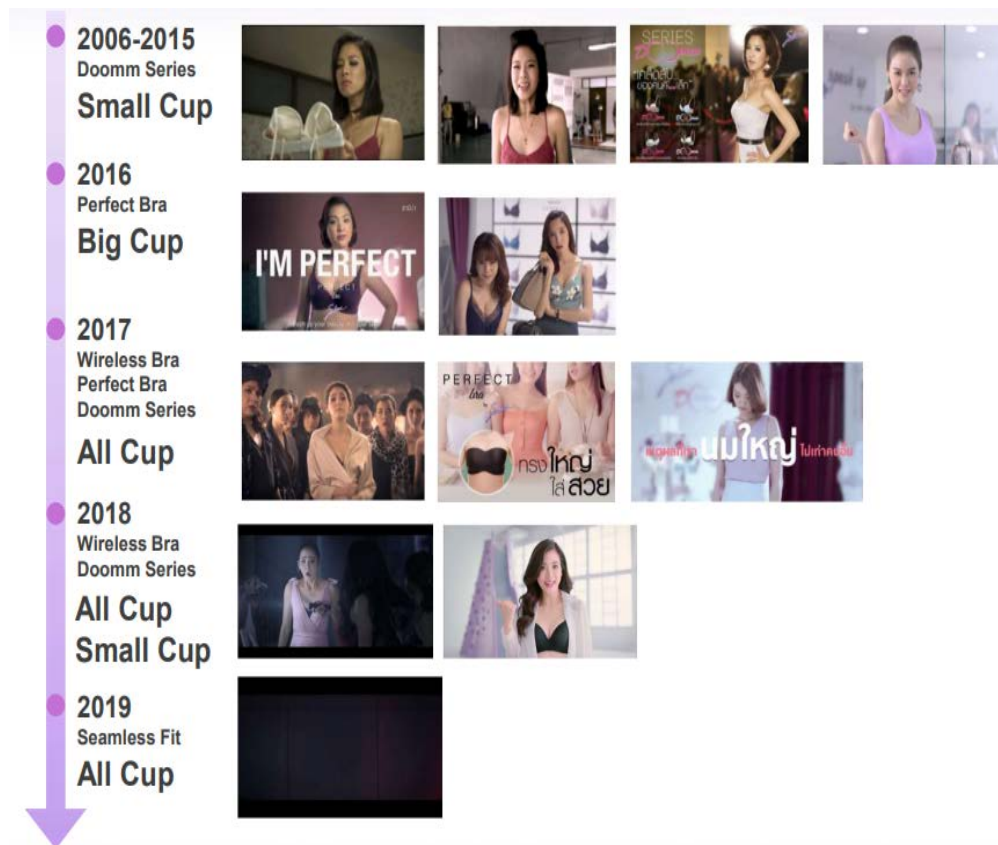


Source: SABINA

**Consistent adaptation to changing market demands supports sales growth**

SABINA has consistently adapted to changing market demands. Earlier it focused on customers with A-cup size, which accounted for only 35-40% of the market. After it conducted market survey in 2016, it had shifted its focus to customers with larger cup sizes, which made up 65% of the market. Thanks to its full market coverage and the above shift of focus, SABINA delivered impressive revenue growth at a CAGR of 9.4% from FY14-FY18.

**Figure 3: SABINA's product timeline**



Source: SABINA

### Customer characteristics

SABINA conducts market research and survey to develop its products that meet consumers' demands. It divides its target customers into the following groups according to age and types of products:

- **Child and early age**

This age group is SABINA's main customers, comprising of primary school to junior high school students. It produces children's underwear under the trademark "Sabine" and uses colors and product appearance to attract this customer group.

- **Teenagers**

This age group comprises of high school to university students. It adapts its products to popular fashion and functions to meet the needs of this customer group.

- **Young and adults**

This customer group comprises of university students to working people who are easily influenced by friends, salesmen, and trademarks. It plans to increase products for this customer group as they have higher purchasing power.

- **Overseas customers (OEM)**

Most of the customers in this group are famous overseas lingerie companies which have their own brands in the US and Europe. Most of them are its old partners who emphasize function and fashion.

### Major competitors

*Thai Wacoal* under the brand "Wacoal" and *Triumph International (Thailand)* under the brand "Triumph" are its main domestic competitors. As one of the country's top two leaders in the lingerie market, SABINA has come up with the following strategies to compete with its rivals.

- Product quality
- Product design and merchandise innovation
- Highly-trained workers with strong sewing skills
- Factory management and staff preparation
- Learning organization

Despite intensifying market competition, we expect SABINA's sales will continue to grow at a consistent pace ahead, supported in large part by its adaptive marketing campaigns and product innovations.

## Key growth drivers

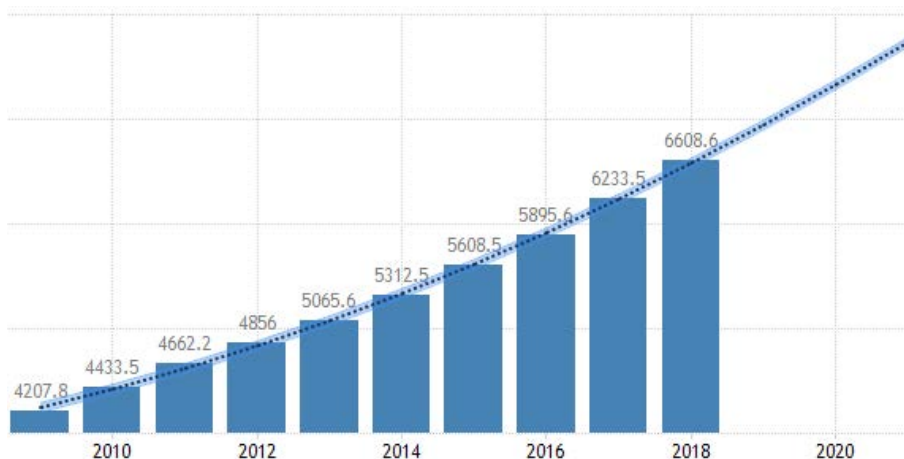
### 1. US-China trade war

SABINA is likely to reap the windfall from the ongoing US-China trade tensions as China could face excess capacity due to fewer orders from the US. This could enhance SABINA's bargaining power, allowing it to outsource its products to China at a lower cost. For this reason, it plans to lower its own manufacturing share and turn to cheaper outsourcing services from China in the future. It aims to increase the share of outsourcing from 30% to 50% within two years. SABINA produces complex products that command higher gross profit margins by itself and outsources other easy-to-sew product groups. Thanks to cheaper outsourcing services, we expect SABINA's gross profit margins will expand by 1%-3% in the future.

### 2. Vietnam's rising purchasing power

SABINA also stands to benefit from the fast-growing Vietnam market as penetration into the CLMV market, especially Vietnam is one of its growth strategies for FY18-FY23. Last year Vietnam saw a 6.0% growth in its annual GDP per capita PPP, which hit its all-time high of US\$6,608.60. Its GDP per capita PPP is also expected to rise further and reach US\$7,100.00 in FY20. Sales in Vietnam increased by about 20% after SABINA took steps to develop and educate sales representatives in Vietnam. Currently there are a total of 41 SABINA stores in Vietnam, and we expect Vietnam sales to rise further ahead.

**Figure 4: Vietnam's GDP per capita PPP forecast**

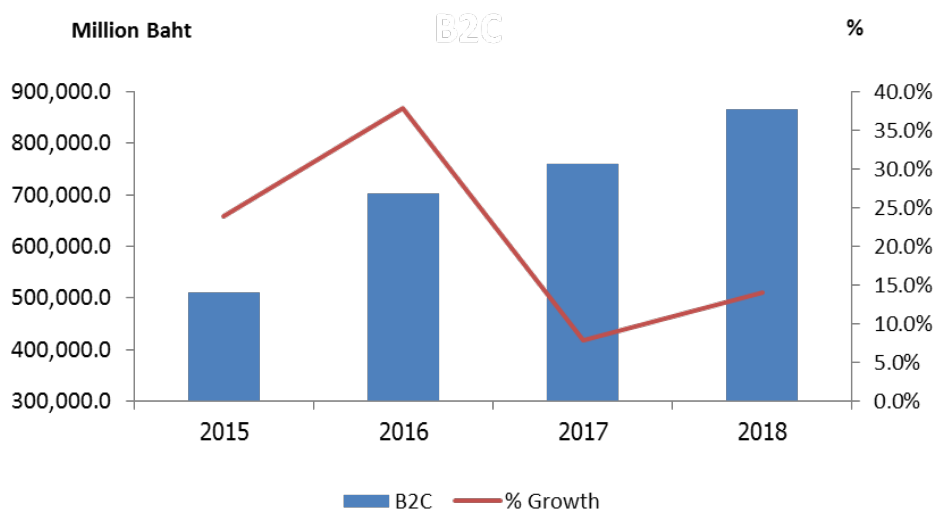


Sources: Tradingeconomics.com, World Bank

### 3. Constant growth in Thailand's e-commerce

ETDA data shows Thailand's e-commerce market grew the most within the ASEAN bloc. Over the last 10 years, Thailand saw an almost fourfold increase in the number of internet users while the value of the country's e-commerce grew by 8-10% per annum to Bt3.2trn. In our view, SABINA seems well positioned to ride a wave of growth in the country's e-commerce as it plans to expand its non-store retailing into online and TV channels such as *Shopee*, *Lazada*, and *Line@*. This is seen as one of the key drivers of sales growth for SABINA.

**Figure 5: Value of e-commerce (B2C)**



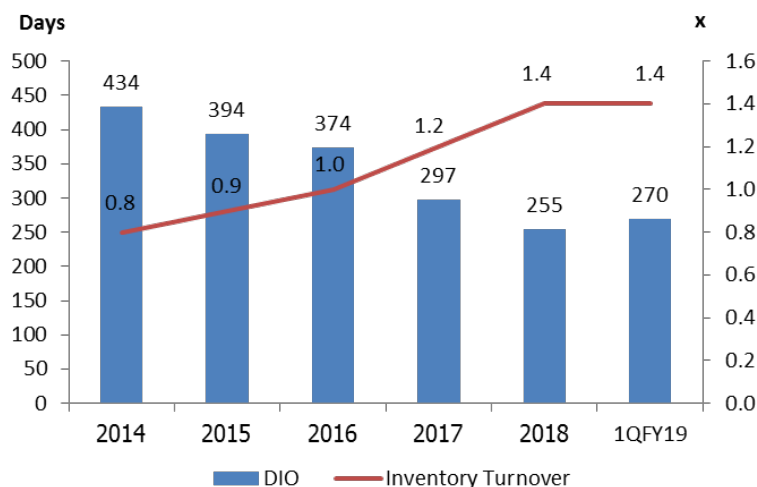
Sources: Value of e-Commerce Survey 2018, ETDA

### 4. Improvement in working capital efficiency

One of its key strengths lies in improvement in working capital efficiency. SABINA has analyzed its sales data to improve its working capital efficiency. Earlier, it focused on sales of fashion products but these products had longer inventory days than those of other basic collections. As a result, it shifted its focus to sales of basic lingerie collections. The shift allowed SABINA to bring its inventory days down sharply to 270 days in FY1Q19 from 434 days in FY14.



**Figure 6: Days of outstanding inventory and inventory turnover**



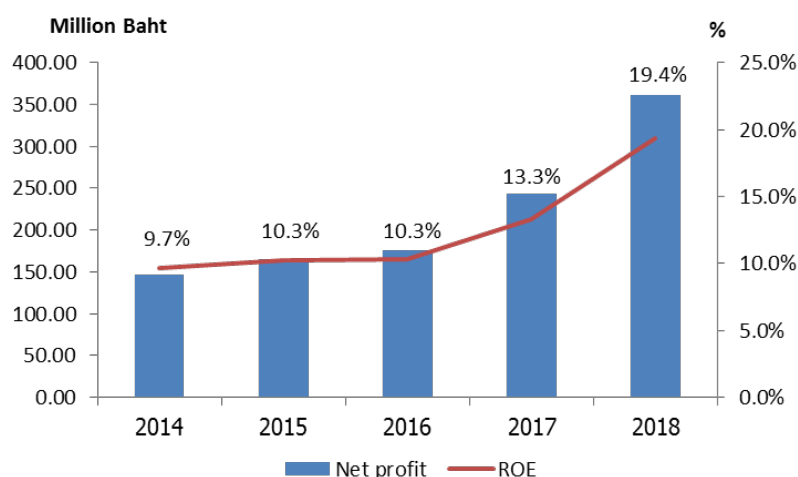
Source: SABINA

## Earnings performance

### FY16-FY18 earnings review

SABINA's sales and services revenue grew at a healthy pace over the last three years from FY16-FY18. Its sales and service revenue growth jumped to 11.7% in FY17 and 16.0% in FY18. The strong sales performance was fueled by brisk sales growth through SABINA's core channels, particularly non-store retailing. Growing customer base thanks to more advertising and marketing promotions and addition of new sales counters in large department stores also contributed to the strong sales showing in this period. Effective cost controls also gave a boost to overall gross margins. Its gross margins expanded to 50.9% and 51.6% in FY17-FY18 respectively. Much of the increase was due chiefly to a lower share of sales from low-margin OEM business and lower outsourcing costs. Costs are expected to decline further this year as SABINA has increasingly turned to cheaper outsourcing services from China. Strong sales performance in non-store retailing channels, which have lower SG&A expenses would also be one of the key contributors to the decline in overall costs. Its net profit continued to grow annually during the FY16-FY18 period as SABINA could maintain its overall gross profit margins at around 50%. Return on equity (ROE) also increased along with the strong performance. SABINA saw its ROE rise from 10.3% in FY16 to 13.3% and 19.4% in FY17-FY18 respectively.

**Figure 7: Net profit and return on equity (FY14-FY18)**



Source: SABINA

### 1QFY19 earnings review

SABINA reported a 20% y-y growth in 1QFY19 net profit to Bt95mn. Much of the growth was chiefly credited to (i) a 12.3% y-y rise in sales revenue after the successful launch of 'Seamless Fit' campaign, and (ii) a jump in overall gross profit margins from 53.0% in 1QFY18 to 54.7% in 1QFY19 following an increase in share of outsourcing products to 33% in 1QFY19 from 18% in FY18. Outsourcing margins also climbed to 62.2% in 1QFY19 from 59.0% in FY18.

### 2QFY19 core profit seen rising 12.6% y-y and 14.0% q-q

We expect SABINA to report another quarter of strong profit growth in 2QFY19 on the back of buoyant sales growth and better margins. For the quarter, sales revenue is forecast to grow 12.5% y-y and 14.3% q-q thanks largely to a steady growth in non-store sales and the successful launch of the new 'Sumikko Gurashi' and 'Woonser' collections. Gross profit margins are expected to rise further to 54.5% from 50.5% in the same year-ago period, helped by cheaper costs of outsourcing services from China. However, SG&A expenses to sales ratio is set to climb to 39.3% from 35.4% in 2QFY18 because of more marketing activities. With all things considered, its core profit is estimated at Bt109mn, up 12.6% y-y and 14.0% q-q. As SABINA is expected to book a Bt14mn charge for employee benefit expenses in this period, its net profit is expected to drop 1.9% y-y and 0.7% q-q to Bt95mn. We also expect SABINA to pay an interim dividend of Bt0.55/share based on a 100% dividend payout ratio.

### FY19 net profit seen up 10.0% y-y on back of strong sales and margins

We believe strong sales and margins will set the stage for SABINA to continue its run of profit growth in FY19. In our view, its flexibility to adapt to changing market demands could allow it to maintain its healthy sales growth momentum while the shift of focus to own brand development from OEM and the shift to cheaper outsourcing services from China would hold the key to margin growth. We expect its gross margins will expand to 54.3% in FY19 from 51.6% in FY18. In addition, SABINA also stands to reap windfalls from the ongoing US-China trade war and the baht's rise. Full-year sales are projected to rise 13.2% y-y to Bt3,498mn based on assumptions that non-store sales, seen as key driver of growth will jump 67% y-y and sales from 'SABINA' brand, which accounts for the largest share of total sales will grow sequentially by 8.8% y-y. SG&A expenses to sales ratio tends to increase to 40.0% from 37.4% a year earlier due to fiercer competition in domestic market and more marketing activities. On this basis, core profit is estimated to rise 13.9% y-y to Bt412mn. However, as SABINA is expected to book a Bt14mn charge for employee benefit expenses under the new labor law, its net profit for the whole of FY19 is forecast to grow 10.0% y-y to Bt398mn. ROE is also predicted to increase to 21.6% in FY19 from 19.4% in FY18.

### Initiation of coverage with 'BUY' rating and FY19 target price of Bt36.50/share

We initiate our coverage of SABINA with a 'BUY' rating and a FY19 target price of Bt36.50/share. The rating reflects its sound fundamentals with a steady growth profile and attractive valuation. We have a very positive view towards its future growth prospects as it is flexible to adapt its strategy to changing market conditions to boost sales and margins. Its valuation also looks appealing at the current level, offering a 30% upside to our FY19 target price. The target is based on a P/E multiple of 32x, a discount to its three-year historical average of 36x. Currently SABINA sports a P/E of only 25x. We assume a 100% dividend payout ratio for SABINA over the FY19-FY21 period after it has increasingly turned to cheaper outsourcing services from China to cut costs and as no major investment is anticipated.

**Key risk factors**

- **Weak domestic consumption**

Up to 80% of SABINA's sales come from the domestic market. For this reason, if domestic consumption or economic conditions deteriorate, its sales may take a hit.

- **Heavy dependence on modern trade channels**

SABINA relies heavily on modern trade channels. Most of its products are sold in large department stores and discount stores across the country. Up to 53% of its products are sold in discount stores i.e. *Big C* and *Tesco Lotus*, 14% in department stores i.e. *Central*, *Robinson* and *The Mall*, 14% in its own outlets, and 19% through other sales channels. In this sense, SABINA could be at risk of facing tougher price competition as some modern trade stores may offer their in-house products at a lower price.

- **Shortage of skilled workers and rising wages**

The underwear industry requires skilled workers with strong technical expertise in sewing compared to other textile industries. If labor supply in the domestic underwear industry shrinks, SABINA may face higher labor costs. In addition, the government's plan to increase daily minimum wages could also take a bite out of its gross margins.



## Financials

### Income Statement

FYE Dec, Btmn	FY17	FY18	FY19E	FY20E
Revenue	2,663	3,090	3,498	3,980
EBITDA	355	497	563	629
Depreciation & Amortisation	50	44	49	53
EBIT	305	452	514	576
Net Finance (Expense)/Inc	(1)	(1)	(3)	(5)
Other items	16	13	15	14
Associates & JVs	0	0	0	0
Exceptional items	0	0	(14)	0
Profit Before Tax	304	451	511	571
Taxation	(61)	(89)	(99)	(114)
Profit After Tax	243	362	412	457
Non-controlling Interest	0	0	0	0
Net Income, reported	243	362	398	457
Net Income, adj.	243	362	412	457

### Per share data

FYE Dec, Bt	FY17	FY18	FY19E	FY20E
EPS, reported	0.70	1.04	1.14	1.31
EPS, adj.	0.70	1.04	1.18	1.31
DPS	0.82	1.04	1.14	1.31
BVPS	5.45	5.28	5.34	5.43

### Balance Sheet

FYE Dec, Btmn	FY17	FY18	FY19E	FY20E
Cash	44	60	108	98
Investments	425	299	296	293
Accounts Receivables	351	466	525	597
Inventories	976	1,118	1,199	1,403
Others	75	87	98	111
Total current assets	1,869	2,029	2,225	2,502
PPE	283	294	290	281
Intangibles	4	9	8	7
Associates & JVs	0	0	0	0
Investments	5	5	5	5
Others	226	266	267	270
Total non-current assets	518	573	569	563
Total Assets	2,387	2,602	2,795	3,065
Short term loans	18	156	186	286
Accounts Payables	328	409	537	664
Others	58	99	102	105
Total current liabilities	404	664	825	1,055
Long term loans	0	0	0	0
Others	88	102	113	124
Total liabilities	492	767	939	1,180
Non-controlling interests	0	0	0	0
Shareholder Equities	1,895	1,835	1,856	1,885

Source: Company Data, PSR est

\*\*Based on latest closing price

### Cash Flow

FYE Dec, Btmn	FY17	FY18	FY19E	FY20E
CFO				
PBT	243	362	398	457
Adjustments	130	161	172	193
WC changes	219	(193)	(30)	(172)
Cash generated from ops	593	330	540	478
Others	(58)	(93)	(103)	(119)
Cashflow from ops	535	237	437	359
CFI				
CAPEX, net	(28)	(55)	(45)	(45)
Others	(317)	106	3	3
Cashflow from investments	(345)	52	(42)	(42)
CFF				
Share issuance	0	0	0	0
Loans, net of repayments	(90)	138	30	100
Dividends	(97)	(410)	(377)	(427)
Others	0	0	0	0
Cashflow from financing	(187)	(272)	(347)	(327)
Net change in cash	3	17	48	(10)
Effects of exchange rates	0	0	0	0
CCE, end	44	60	108	98

### Valuation Ratios

FYE Dec	FY17	FY18	FY19E	FY20E
P/E (X), adj.**	40.0	26.9	23.6	21.3
P/B (X), adj.**	5.1	5.3	5.2	5.2
Dividend Yield (%)	2.9	3.7	4.1	4.7

### Growth

FYE Dec, %	FY17	FY18	FY19E	FY20E
Revenue	11.74	16.04	13.22	13.77
EBITDA	28.93	39.90	13.36	11.71
EBIT	38.04	48.17	13.68	11.95
Net Income, adj.	38.41	48.71	13.86	10.92

### Margins

FYE Dec, %	FY17	FY18	FY19E	FY20E
EBITDA margin	13.33	16.07	16.09	15.80
EBIT margin	11.46	14.64	14.70	14.46
Net Profit Margin	9.13	11.70	11.37	11.47

### Key Ratios

FYE Dec	FY17	FY18	FY19E	FY20E
ROE (%)	13.32	19.38	21.55	24.41
ROA (%)	10.51	14.49	14.74	15.59
Net Debt/(Cash) (Btmn)	(26)	96	78	188
Net Gearing (X)	0.36	0.53	0.59	0.70

## Fact Sheet

### GENERAL INFORMATION

Address: 177 Moo 8, Wangkaithurn, Hanka Chainart 17130

Tel: 0-2422-9400

Fax: 0-2434-5911

URL: www.sabina.co.th

Market/Sector: SET/Consumer Products/Fashion

### BUSINESS DESCRIPTION

The Company manufactures and sell ladies lingerie brandname Sabina and the distributors of highly popular brandnames in Europe.

### RISK FACTORS

1. Risk from relying on domestic consumption
2. Risk from relying on large distributors and modern trade
3. Risk from shortages of skilled workers and rising wages

### KEY DEVELOPMENT

YE19; The company launched Seamless Fit and ABC to SML collections.

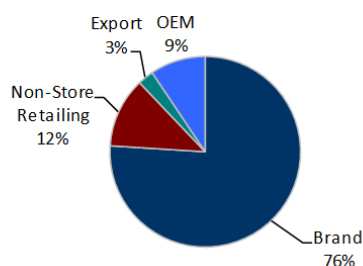
YE18; The company launched Wireless Bra and Doomm Series for all cup sizes.

YE17; The company won a Brand Award from the Faculty of Commerce and Accountancy, Chulalongkorn University in Fashion category for five years straight.

YE17; The company established a molding factory to reduce production cost from 45-50 Baht (import) to 18-20 Baht (in-house production).

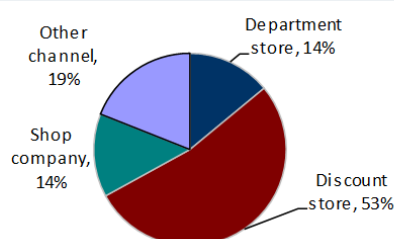
YE16; The company shifted its focus to customer group with larger cup sizes which made up 65% of the market, leading to higher sales revenue.

### REVENUE BREAKDOWN as of 31 March 2019



Source: Company, PSR

### DISTRIBUTION BREAKDOWN as of 31 December 2018



Source: Company, PSR

### KEY FINANCIAL SUMMARY

Btmn	1Q19	4Q18	3Q18	2Q18	1Q18
Sales	770	772	849	783	686
Gross profit	421	417	419	396	364
Net profit	95	75	110	96	79
Assets	2,714	2,602	2,438	2,370	2,461
Liabilities	777	767	668	541	488
Equities	1,937	1,835	1,771	1,829	1,973
EPS (Bt)	0.27	0.22	0.32	0.28	0.23
BVPS (Bt)	5.57	5.28	5.10	5.26	5.68
GPM (%)	55%	54%	49%	51%	53%
NPM (%)	12%	10%	13%	12%	12%

Source: Company, PSR

### PEER COMPARISON \* updated on 05 August 2019

Company name	as of	Mkt Cap. (Btmn)	P/E (x)	P/BV (x)	Div Yield (%)
Sabina PCL					
SABINA TB	3/19	9,730	25.8	5.3	3.7
Thai Wacoal PCL					
WACOAL TB	3/19	5,550	16.0	1.0	3.9

Source: Bloomberg, PSR

\*Data based on trailing 12 months earnings, book value and dividend per share

**Corporate Governance - 2018**


ADVANC	AKP	AMATA	AMATAV	ANAN	AOT	AP	BAFS	BANPU	BAY
BCP	BCPG	BRR	BTS	BWG	CFRESH	CHO	CK	CKP	CM
CNT	COL	CPF	CPI	CPN	CSL	CSS	DELTA	DEMCO	DRT
DTAC	DTC	EA	EASTW	EGCO	GC	GEL	GFPT	GGC	GOLD
GPSC	GRAMMY	GUNKUL	HANA	HMPRO	ICC	ICHI	INTUCH	IRPC	IVL
JSP	KBANK	KCE	KKP	KSL	KTB	KTC	LHFG	LIT	LPN
MAKRO	MBK	MCOT	MINT	MONO	MTC	NCL	NKI	NVD	NYT
OISHI	OTO	PCSGH	PDJ	PG	PHOL	PLANB	PLANET	PPS	PRG
PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS	S & J	SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC
SCCC	SDC	SE-ED	SIS	SITHAI	SNC	SPALI	SPRC	SSSC	STEC
SVI	SYNTEC	TASCO	TCAP	THAI	THANA	THANI	THCOM	THIP	THREL
TIP	TISCO	TKT	TMB	TNDT	TOP	TRC	TRU	TRUE	TSC
TSTH	TTCL	TU	TVD	UAC	UV	VGI	VIH	WACOAL	WAVE
WHA	WINNER								



2S	AAV	ACAP	AGE	AH	AHC	AIRA	AIT	AKR	ALLA
ALT	AMA	AMANAH	APCO	AQUA	ARIP	ARROW	ASIA	ASIMAR	ASK
ASN	ASP	ATP30	AU	AUCT	AYUD	BA	BBL	BDMS	BEC
BEM	BFIT	BGRIM	BIZ	BJC	BJCHI	BLA	BOL	BPP	BROOK
BTW	CBG	CEN	CENTEL	CGH	CHEWA	CHG	CHOW	CI	CIMBT
CNS	COM7	COMAN	CPALL	CSC	CSP	DCC	DCORP	DDD	EASON
ECF	ECL	EE	EPG	ERW	ETE	FN	FNS	FORTH	FPI
FSMART	FVC	GBX	GCAP	GLOBAL	GLOW	GULF	HARN	HPT	HTC
HYDRO	ICN	ILINK	INET	IRC	ITD	JAS	JCKH	JKN	JWD
K	KBS	KCAR	KGI	KKC	KOOL	KTIS	L&E	LANNA	LDC
LH	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MALEE	MBKET
MC	MEGA	METCO	MFC	MFEC	MK	MOONG	MSC	MTI	NCH
NEP	NINE	NOBLE	NOK	NSI	NTV	NWR	OCC	OGC	ORI
PAP	PATO	PB	PDI	PJW	PLAT	PM	PORT	PPP	PREB
PRECHA	PRINC	PRM	PT	QLT	RICHY	RML	RS	RWI	S
S11	SALEE	SANKO	SAWAD	SCGS	SCI	SCN	SE	SEAFCO	SEAOIL
SELIC	SENA	SFP	SIAM	SINGER	SIRI	SKE	SMK	SMPC	SMT
SNP	SORKON	SPC	SPI	SPPT	SPVI	SR	SSF	SST	STA
SUC	SUSCO	SUTHA	SWC	SYMC	SYNEX	TACC	TAE	TAKUNI	TBSP
TCC	TEAM	TFG	TFMAMA	THRE	TICON	TIPCO	TK	TKN	TKS
TM	TMC	TMI	TMILL	TMT	TNITY	TNL	TNP	TNR	TOA
TOG	TPA	TPAC	TPBI	TPCORP	TRITN	TRT	TSE	TSR	TSTE
TTA	TTW	TVI	TVO	TWP	TWPC	U	UMI	UOBKH	UP
UPF	UPOIC	UT	UWC	VNT	WHAUP	WICE	WIJK	XO	YUASA
ZMICO									



7UP	ABICO	ABM	AEC	AEONTS	AF	AJ	ALUCON	AMARIN	AMC
AS	ASAP	ASEFA	ASIAN	BCH	BEAUTY	BGT	BH	BIG	BLAND
BM	BR	BROCK	BSBM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO
CITY	CMO	CMR	COLOR	CPL	CPT	CRD	CSR	CTW	CWT
D	DCON	DIGI	DIMET	EKH	EMC	EPCO	ESSO	ESTAR	EE
FLOYD	FOCUS	FSS	FTE	GENCO	GIFT	GJS	GLAND	GPI	GREEN
GTB	GYT	HTECH	IFS	IHL	III	INOX	INSURE	IRCP	IT
ITEL	J	JCK	JMART	JMT	JTS	JUBILE	KASET	KCM	KIAT
KWC	KWG	KYE	LALIN	LEE	LPH	MATCH	MATI	MBAX	M-CHAI
MDX	META	MILL	MJD	MM	MODERN	MPG	NC	NDR	NETBAY
NNCL	NPK	OCEAN	PAF	PDG	PF	PICO	PIMO	PK	PL
PLE	PMTA	PPPM	PRIN	PSTC	PTL	RCI	RCL	RJH	ROJNA
RPC	RPH	SAMCO	SAPPE	SCP	SF	SGF	SGP	SKN	SKR
SKY	SLP	SMIT	SOLAR	SPA	SPCG	SPG	SQ	SRICHA	SSC
SSP	STANLY	STPI	SUN	SUPER	SVOA	T	TCCC	TCMC	THE
THG	THMUI	TIC	TITLE	TIW	TMD	TOPP	TPCH	TPIPP	TPOLY
TTI	TVT	TYCN	UEC	UMS	UNIQ	VCOM	VBIHA	VPO	WIN
WORK	WP	WPH	ZIGA						

**Results Presentation**

Score Range	Number of Logo
< 50%	No logo given
50-59%	
60-69%	
70-79%	
80-89%	
90-100%	



The disclosure of the survey result of the Thai Institute of Directors Association (IOD) regarding corporate governance is made pursuant to 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 disclosure to the public and able to be accessed by a general public investor. The results, therefore, is from the perspective of a third party. It is not an evaluation 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 data. Phillip Securities (Thailand) of securities company does not confirm nor certify the accuracy of such survey result.

## Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of May 21, 2018)

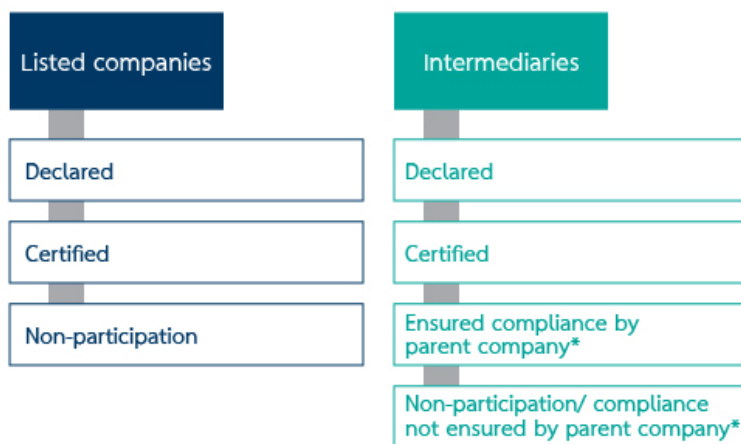
Declared										
A	ABICO	ASIAN	BUI	EFORL	HARN	LRH	PAP	SAPPE	THE	UEC
AIE	AJ	B	CEN	EKH	ICH	MATCH	PK	SCI	THIP	UKEM
AMATA	AMATAV	BGRIM	CGH	ESTAR	ILINK	MATI	PL	SELC	TKN	UPA
ANAN	APCO	BJC	CHEWA	FLOYD	ITEL	MBAX	PLANB	SHANG	TMC	UWC
ARROW	BSBM	BJCHI	CHG	FN	JAS	MFEC	POST	SST	TNP	VIH
		BLAND	CHO	FPI	JTS	MILL	PRM	STA	TNR	XO
		BLISS	CI	FTE	KWC	MTC	PRO	STANLY	TOPP	YUASA
		BM	COL	GJS	KWG	NCL	PYLON	SUPER	TRITN	
		BPP	COM7	GPI	LDC	NEP	QTC	SWC	TTI	
		BR	CPR	GSTEL	LEE	NNCL	ROJNA	SYMC	TVO	
		DDD	GYT	LIT	NWR	RWI	SYNEX	TWPC		
Certified										
ADVANC	AKP	CENTEL	EPCO	INET	MAKRO	PATO	PSTC	SCN	SSI	TKT
AMANA	AMANA	CFRESH	FE	INTUCH	MALEE	PB	PT	SE-ED	SSSC	UBIS
AP	ASK	CIG	FNS	IRPC	MBK	PCSGH	PTG	SENA	SUSCO	UOBKH
ASP	AYUD	CIMBT	FSS	IVL	MBKET	PDG	PTT	SGP	SVI	VGI
BAFS	BANPU	CM	GBX	K	MC	PDI	PTTEP	SINGER	SYNTEC	VNT
BCH	BCP	CNS	GC	KASET	MCOT	PDJ	PTTGC	SIRI	TAE	WACOAL
BPG	BKI	CPALL	GCAP	KBANK	MFC	PE	Q-CON	SIS	TASCO	WHA
BRR	BWG	CPF	GEL	KBS	MINT	PG	QH	SITHAI	TCAP	WICE
		CPI	GFPT	KCE	MONO	PHOL	QLT	SMIT	TCMC	
		CPN	GGC	KGI	MOONG	PLANET	RATCH	SMK	TFG	
		CSC	GLOW	KKP	MSC	PLAT	RML	SMPC	TFI	
		DCC	GOLD	KSL	MTI	PM	ROBINS	SNC	TFMAMA	
		DEMCO	GPSC	KTG	NBC	PPP	S & J	SNP	THANI	
		DIMET	GUNKUL	KTC	NINE	PPPM	SABINA	SORKON	THCOM	
		DRT	HANA	L&E	NKI	PPS	SAT	SPACK	THRE	
		DTAC	HMPRO	LANNA	NMG	PREB	SC	SPC	THREL	
		DTC	HTC	LHFG	NSI	PRG	SCB	SPI	TICON	
		EASTW	ICC	LHK	OCC	PRINC	SCC	SPRC	TIP	
		ECL	IFEC	LPN	OCEAN	PSH	SCCC	SRICHA	TIPCO	
		EGCO	IFS	M	OGC	PSL	SCG	SSF	TISCO	
Non-participation										
2S	7UP	BA	CPT	GLOBAL	KOOL	NOK	RPC	SPORT	TKS	UREKA
AAV	ABM	BAT-3K	CRANE	GRAMMY	KTECH	NPK	RPH	SPPT	TM	UT
ACAP	ACC	BCT	CRD	GRAND	KTIS	NPPG	RS	SPVI	TMI	UTP
ADAM	ADB	BDM	CSP	GREEN	KWM	NTV	RSP	SQ	TMW	UV
AEC	AEON	BEAUTY	CSR	GTB	KYE	NUSA	S	SR	TNDT	UVAN
AEON	AF	BEC	CSS	GULF	LALIN	NVD	S11	SSC	TNH	VARO
AF	AFC	BEM	CTW	HFT	LH	NYT	SAFARI	SSP	TNPC	VCOM
AGE	AHC	BFIT	CWT	HPT	LOXLEY	OHTL	SALEE	STAR	TOA	VI
AH	AIR	BGC	D	HTECH	LPH	OISHI	SAM	STEC	TPAC	VIBHA
AIR	AIT	BGT	DCON	HUMAN	LST	ORI	SAMART	STHAI	TPBI	VNG
AM	AMC	BH	DCORP	HYDRO	LTX	OSP	SAMCO	STPI	TPCH	VPO
AMC	ALLA	BIG	DELTA	ICN	LVT	OTO	SAMTEL	SUC	TPIL	WAVE
ALT	ALU	BIZ	DIGI	IEC	MACO	PACE	SANKO	SUN	TPIP	WG
ALU	AMA	BKD	DNA	IHL	MAJOR	PAE	SAUCE	SUTHA	TPAS	WHAUP
AMA	AMARIN	BOL	DOD	III	MANRIN	PAF	SAWAD	SVH	TPOLY	WIK
AMARIN	AMC	BROCK	DTCI	INGRS	MAX	PERM	SAWANG	SVOA	TPP	WIN
AP	APC	BSM	EA	INOX	M-CHAI	PF	SCP	T	TR	WINNER
APC	APU	BTNC	EARTH	INSURE	MCS	PICO	SDC	TACC	TRC	WORK
APU	AQ	BTW	EASON	IRC	MDX	PIMO	SE	TAKUNI	TRT	WORLD
AQ	AQA	CBG	ECF	IRCP	MEGA	PJW	SEAF	TAPAC	TRUBB	WP
AQA	ARIP	CCET	EE	IT	META	PLE	SEAOIL	TBSP	TSE	WPH
ARIP	AS	CCP	EIC	ITD	METCO	PMTA	SF	TC	TSF	WR
AS	ASAP	CGD	EMC	J	MGT	POLAR	SFP	TCC	TSI	YCI
ASAP	ASEFA	CHARAN	EPG	JCK	MIDA	POMPUI	SGF	TCCC	TSR	YNP
ASEFA	ASIA	CHAYO	ERW	JCKH	MJD	PORT	SIAM	TCJ	TSTE	ZIGA
ASIA	ASIMAR	CHOTI	ESSO	JCT	MK	PPM	SIMAT	TCOAT	TTA	ZMICO
ASIMAR	ASN	CHOW	ETE	JKN	ML	PR9	SKE	TEAM	TTL	
ASN	ATP30	CHUO	EVER	JMART	MM	PRAKIT	SKN	TEAMG	TTTM	
ATP30	AU	CITY	F&D	JMT	MODERN	PRECHA	SKR	TGPRO	TTW	
AU	AUCT	CK	FANCY	JSP	MPG	PRIN	SKY	TH	TVT	
AUCT		CKP	FC	JUBILE	MPIC	PTL	SLP	THAI	TWP	
		CMAN	FMT	JUTHA	MVP	RAM	SMART	THANA	TWZ	
		CMO	FOCUS	JWD	NC	RCI	SMM	THG	TYCN	
		CMR	FORTH	KAMART	NCH	RCL	SMT	THL	UAC	
		CNT	FSMART	KC	NDR	RICH	SOLAR	THMUJ	UMI	
		COLOR	FVC	KCAR	NETBAY	RICHY	SONIC	TIC	UMS	
		COMAN	GENCO	KCM	NEW	RJH	SPA	TIGER	UNIQ	
		COTTO	GIFT	KDH	NEWS	ROCK	SPALI	TITLE	UP	
		CPH	GL	KIAT	NFC	ROH	SPCG	TIW	UPF	
		CPL	GLAND	KKC	NOBLE	RP	SPG	TK	UPOIC	

## Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of May 21, 2018)

The SEC has a policy to promote listed companies and intermediaries, i.e. securities companies, asset management companies, derivative business companies ("intermediaries") to establish anti-corruption measures as part of their business operation. The SEC has supported Thaipat Institute in developing the Anti-corruption Progress Indicator of listed companies and intermediaries. The Indicator comprises five levels: Level 1: Committed, Level 2: Declared, Level 3: Established, Level 4: Certified, and Level 5: Extended.

The SEC continues to develop business sustainability among listed companies and intermediaries with a focus on anti-corruption by supporting them to join Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) and to disclose their corporate governance progress on <http://www.cgthailand.org>.

### Levels of Commitment



\* Only parent companies subject to the Bribery Act or other similar laws that requires parent companies be accountable for bribery of its overseas subsidiaries. Parent companies' responsibilities include the establishment of policies and guidelines and the monitoring of their subsidiaries' regular compliance therewith.

## Industry Group

Name	Sector Name	Sector Index
Agro & Food Industry[AGRO]	Agribusiness	AGRI
	Food & Beverage	FOOD
Consumer Products [CONSUMP]	Fashion	FASHION
	Home & Office Products	HOME
	Personal Products & Pharmaceuticals	PERSON
Financials [FINCIAL]	Banking	BANK
	Finance & Securities	FIN
	Insurance	INSUR
Industrials [INDUS]	Automotive	AUTO
	Industrial Materials & Machinery	IMM
	Packaging	PKG
	Paper & Printing Materials	PAPER
	Petrochemicals & Chemicals	PETRO
	Steel	STEEL
Property & Construction[PROPCON]	Construction Materials	CONMAT
	Construction Services	CONS
	Property Development	PROP
	Property Fund & REITs	PF&REIT
Resources [RESOURC]	Energy & Utilities	ENERG
	Mining	MINE
Services [SERVICE]	Commerce	COMM
	Media & Publishing	MEDIA
	Health Care Services	HEALTH
	Tourism & Leisure	TOURISM
	Professional Services	PROF
	Transportation & Logistics	TRANS
Technology [TECH]	Electronic Components	ETRON
	Information & Communication Technology	ICT

## PSR Rating System

Capital Gain	Recommendation
> 15%	BUY
> 5% - 15%	ACCUMULATE / TRADING BUY
> 0% - 5%	NEUTRAL
0 <=	SELL

### Remarks

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation



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Naree Apisawaittakan	Securities Investment Analyst #17971	662 635 1700 Ext 484	Transportation, Media & Publishing
Siam Tiyanont	Securities Investment Analyst #17970	662 635 1700 Ext 483	Banking, Securities & Finance, Health Care, Tourism
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Hathaichanoke Moonwong	Securities Investment Analyst #64324	662 635 1700 Ext 530	
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Napas Chailapakul	Assistant Analyst		
Strategy			
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	Technical Investment Analyst		
Chutikan Santimetvirul	Derivatives Investment Analyst #37928	662 635 1700 Ext 491	
	Technical Investment Analyst		
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Sungsit Eungkaneungkiat	Assistant Analyst		
Technical			
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Suttipong Siriphan	Assistant Technical Analyst		
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Manunpat Yuenyongwatanakorn			
Kanittha Sriwong			
Nannaphat Thanasuwannapong			
Translation			
Chaiyot Ingkhasorarat			
Chaloempong Phantupo			

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Bangkapi 2	3522 The Mall Office Tower-Bangkap, 8th Fl., Lad Prao Rd., Klongchan, Bangkapi, Bangkok 10240
Hualumphong	320 Tang Hua Pak Bldg., 4th Fl., Rama 4 Rd., Mahaprutharam, Bangrak, Bangkok 10500
Rangsit	94 Future Park Rangsit, G Fl., Room#PLZ.G.SHP065A, Paholyothin Rd., Prachathipat, Thunyaburi, Pathumthani 12130
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Central World	999/9 The Offices at CentralWorld, 17 FL. Unit ML 1707, Rama I Rd, Pathumwan, Pathumwan, Bangkok 10330
Sindhorn	130-132 Sindhorn Tower 3 Building, 19 Floor, Wireless Rd., Lumpini, Pathumwan, Bangkok 10330
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Amarin	496-502 Amarin Tower, 8th floor, Unit 6-7, Ploenchit Rd., Lumpini, Pathumwan, Bangkok 10330

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Had Yai - Petkaseam	607 Redar Group Bldg., 3rd Fl., Unit 3D, Petkaseam Rd., Had Yai, Had Yai, Songkla 90110
KhonKaen	359/2 Kow Yoo Hah Bldg., 4th Fl., Mittapap Rd., Naimuang, Muang Khon Kaen, Khon Kaen 40000
Phitsanulok	59/15 Thai Sivarat Bldg., 2nd Fl., Baromtrilokanad 2 Rd., Naimuang, Muang Pitsanulok, Phitsanulok 65000
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