



TOA Paint (Thailand)

(TOA.BK/TOA TB) *

Underperform·Downgraded

Price as of 7 Nov 2018	34.00
12M target price (Bt/share)	32.25
Unchanged / Revised up (down)	(15.7)
(%)	
Upside/downside (%)	(5.1)

Key messages

We expect TOA to report a 3Q18 net profit of Bt365mn (+4.1% YoY, -18.1% QoQ). The drop QoQ would be due to a weaker gross margin. We expect 3Q18 revenue of Bt3.9bn, flat QoQ as price hikes should help offset the effects of the monsoon season. Gross margin is expected to weaken to 32.5% from 34.2% in 2Q18. We anticipate SG&A to sales to increase from 20.9% in 2Q18 to 21.3% due to an increase in marketing campaigns during the low season. As we are concerned about raw material cost, FX and slower than expected domestic demand, we cut our 2018-2020 earnings forecasts by 11.4%-16.0%. We downgrade our rating to Underperform, from Neutral, and roll our target price over to 2019 at Bt32.25, based on PER 32.0x.

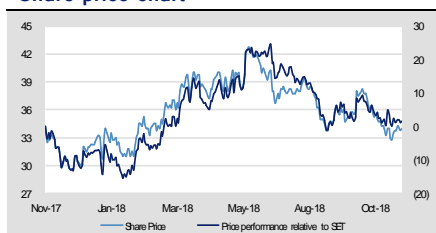
Trading data

Mkt cap (Btbn/US\$m)	68.9/2,090
Outstanding shares (mn)	2,029
Foreign ownership (mn)	189.3
3M avg. daily trading (mn)	8.3
52-week trading range (Bt)	29.0-43.0
Performance (%)	3M 6M 12M
Absolute	-10.5 -11.1 -2.2
Relative	-8.0 -6.3 0.1

Quarterly EPS

Bt	1Q	2Q	3Q	4Q
2016	0.84	0.73	0.66	0.58
2017	0.47	0.22	0.20	0.2
2018	0.27	0.22	N.A.	N.A.

Share price chart



Source: SET

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3Q18 earnings preview: Cost pressure and low season

Event

3Q18 earnings preview.

Impact

Net profit to weaken QoQ

We expect TOA to report a 3Q18 net profit of Bt365mn (+4.1% YoY, -18.1% QoQ). The drop QoQ would be due to a weaker gross margin. We expect 3Q18 revenue of Bt3.9bn, flat QoQ as price hikes should offset the domestic seasonal effect (monsoon season). We expect 3Q18 gross margin to weaken to 32.5% from 34.2% in 2Q18 due i) Thai baht depreciated against the US dollar (+3.15% QoQ), ii) high raw material prices (oil-based derivatives (~8.5% of COGS) are linked to crude price (+1.1% QoQ), and iii) lower utilization rate during the low season. We anticipate SG&A to sales to increase from 20.9% in 2Q18 to 21.3% due to an increase in marketing campaigns. TOA's 9M18F earnings are expected to account for 63.3% of our previous earnings forecast.

Mild recovery expected in 4Q18

Despite sluggish domestic demand during the third quarter as it is the monsoon season, we expect improving demand due to restart of construction activities including decorative painting and coating. The high season for the company is typically in the first and fourth quarters.

Cut 2018-2020 earnings by 11.4%-16.0%

As we are concerned about raw material cost, FX and slower than expected domestic demand, we cut our 2018 -2020 earnings forecasts by 11.4%-16.0%. We revised down 2018-2020 gross margin by 1.1ppts-1.3ppts and revised down sales by 2.1%-6.0% to reflect i) slower than expected domestic demand, ii) cost pressure, and, and iii) the amount of time it takes for its overseas plants to break even. We also increased SG&A/sales from 20.3% to 20.5% in 2018-2020 to reflect increasing marketing costs to increase brand awareness and market penetration after commercial operations of its overseas plants begin (Indonesia - 4Q18, Myanmar - 1Q19 and Cambodia - 2Q19).

Valuation and action

We downgrade our rating to Underperform, from Neutral, and roll the target price over to 2019 at Bt32.25 based on PER 32.0x. Since our 2018 forecast is 5.5% below the Bloomberg consensus, there may be some downgrades by the market after the 3Q18 earnings are announced. We recommend investors to trim positions.

Risks

Rise in production costs, fluctuation in THB/US\$, intense competition in regional markets.

Key financials and valuations

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue (Bt mn)	16,297	15,718	17,046	18,455	19,992
Gross profit (Bt mn)	6,203	5,367	6,017	6,551	7,137
EBIT (Bt mn)	3,207	2,180	2,652	2,975	3,279
Net profit (Bt mn)	2,526	1,710	2,134	2,398	2,648
EPS (Bt)	2.81	0.84	1.05	1.18	1.31
DPS (Bt)	7.25	0.74	0.42	0.47	0.65
EPS growth (%)	18.5	(70.0)	24.8	12.4	10.4
P/E (x)	n.a.	38.6	32.8	29.2	26.4
P/B (x)	n.a.	7.8	7.5	6.5	5.8
EV/EBITDA (x)	n.a.	25.6	23.0	20.3	18.2
Net Debt to Equity (x)	2.7	-0.1	0.0	-0.1	-0.2
Dividend Yield (%)	n.a.	2.3	1.2	1.4	1.9

Source: Company data, KGI Research

Figure 1: TOA's 3Q18 earnings preview

Btmn	3Q18F	3Q17	YoY (%)	2Q18	QoQ (%)	9M18	9M17	YoY (%)
Revenue	3,900	3,740	4.3	3,840	1.6	11,956	11,458	4.3
Cost of goods sold	(2,633)	(2,515)	4.7	(2,516)	4.6	(7,874)	(7,536)	4.5
Gross profit	1,268	1,224	3.5	1,325	(4.3)	4,082	3,922	4.1
SG&A	(831)	(801)	3.7	(803)	3.5	(2,462)	(2,391)	3.0
Operating profit	437	445	(1.9)	539	(19.0)	1,671	1,599	4.5
Operating EBITDA	523	531	(1.5)	624	(16.2)	1,925	1,852	3.9
Interest expense	(6)	(19)	(68.5)	(6)	(6.3)	(20)	(59)	(66.9)
Pre-tax profit	451	426	5.7	541	(16.6)	1,678	1,539	9.0
Current Taxation	(90)	(84)	7.8	(108)	(16.4)	(347)	(302)	15.0
Minority Interest	4	8	(47.8)	13	(68.6)	20	7	185.7
Net profit	365	350	4.1	445	(18.1)	1,351	1,244	8.6
EPS(Bt)	0.18	0.20	(8.8)	0.22	(18.1)	0.67	0.89	(24.9)
Percent	3Q18F	3Q17	YoY (ppts)	2Q18	QoQ (%)	9M18	9M17	YoY (%)
Gross margin	32.5	32.7	(0.2)	35.3	(2.8)	34.1	34.2	(2.8)
EBIT margin	11.2	11.9	(0.7)	16.5	(5.3)	14.0	14.0	(5.3)
SG&A to Sales	21.3	21.4	(0.1)	20.9	0.4	20.6	20.9	0.4

Source: Company data, KGI Research

Cut 2018–2020 earnings by 11.4%–16.0%

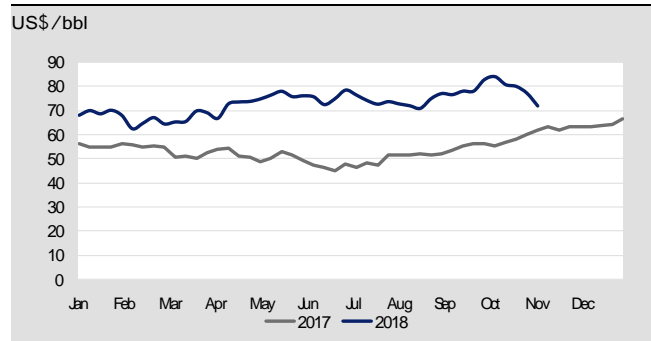
As we are concerned about raw material cost, FX and slower than expected domestic demand, we cut our 2018–2020 earnings forecasts by 11.4%–16.0%. We revised down 2018–2020 sales by 2.1%–6.0% to reflect to reflect slower than expected domestic demand and the time it takes to increase market penetration in overseas markets (Myanmar, Cambodia, and Indonesia). We revised down gross margin by 1.1ppts–1.3ppts to reflect i) cost pressure (crude oil, titanium dioxide and THB/US\$ exchange rate), and ii) lower utilization rates for the new commercial operations at its overseas plants. We also increased SG&A/sales from 20.3% to 20.5% in 2018–2020 to reflect an increase in marketing campaigns and promotions to increase brand awareness and market penetration after commercial operations of its overseas plants begin (Indonesia – 4Q18, Myanmar – 1Q19 and Cambodia – 2Q19). Despite slower than expected domestic demand, we expect TOA to benefit from premiumisation effect in 2020 due to an uptrend in wages across CLMV countries which should shift consumer preference from eco-medium to premium products.

Figure 2: Earnings revisions

Btmn	2018F			2019F			2020F		
	Revised	Previous	Change (%)	Revised	Previous	Change (%)	Revised	Previous	Change (%)
Sales	16,696.4	17,046.4	(2.1)	17,715.6	18,454.8	(4.0)	18,800.0	19,991.8	(6.0)
Gross profit	5,676.8	6,017.4	(5.7)	6,076.4	6,551.4	(7.3)	6,504.8	7,137.1	(8.9)
SG&A	(3,422.8)	(3,460.4)	(1.1)	(3,631.7)	(3,672.5)	(1.1)	(3,854.0)	(3,958.4)	(2.6)
Net profit	1,890.2	2,134.1	(11.4)	2,048.7	2,398.2	(14.6)	2,223.4	2,648.4	(16.0)
Key financial ratio	Revised	Previous	ppts	Revised	Previous	ppts	Revised	Previous	ppts
Gross margin	34.0	35.3	(1.3)	34.3	35.5	(1.2)	34.6	35.7	(1.1)
SG&A/sales	20.5	20.3	0.2	20.5	19.9	0.6	20.5	19.8	0.7
Assumptions	Revised	Previous	Change (%)	Revised	Previous	Change (%)	Revised	Previous	Change (%)
Sales-Thailand	14,194.1	14,544.1	(2.4)	14,761.9	15,416.7	(4.2)	15,352.4	16,341.7	(6.1)
Sales-Vietnam	1,348.6	1,348.6	-	1,483.4	1,483.4	-	1,631.8	1,631.8	-
Sales-Others	1,153.7	1,153.7	-	1,470.3	1,554.6	(5.4)	1,815.8	2,018.3	(10.0)

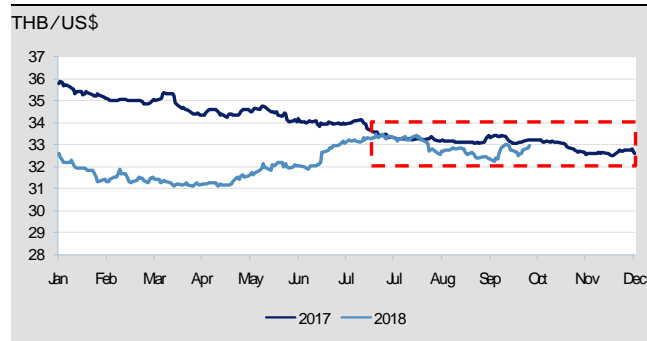
Source: KGI Research

Figure 3: Brent crude



Source: Bloomberg, KGI Research

Figure 4: THB/US\$ exchange rate



Source: Bloomberg, KGI Research

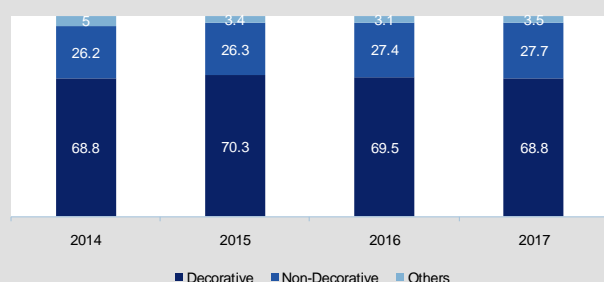
Figure 5: Company profile

TOA Paint (Thailand) (TOA) is the largest paint and coating producer in Thailand with a market share of 48.7%. Its main products are decorative paint, coating products, and non-decorative paint and coating products, such as protective wood lacquers and heavy paints for chemical construction. TOA serves households and industrial markets in Southeast Asia, where it has a 13% market share.

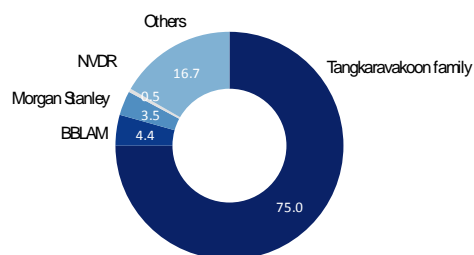
Source: Company data

Figure 7: Revenue breakdown by product

Total revenue, percent



Source: Company data, KGI Research

Figure 6: Major shareholders


Source: Company data, KGI Research

Figure 8: Revenue breakdown by distribution channels

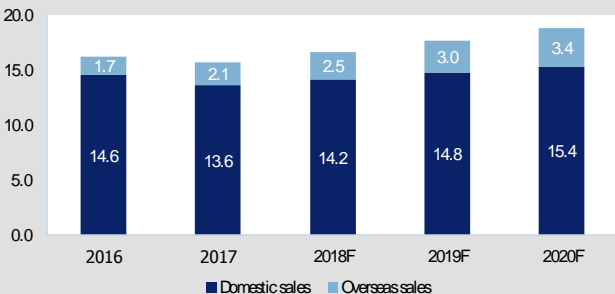
Total revenue, percent



Source: Company data, KGI Research

Figure 10: Revenue outlook

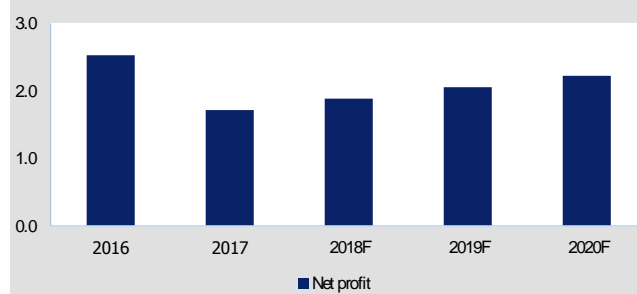
Bt bn



Source: Company data, KGI Research

Figure 11: Net profit

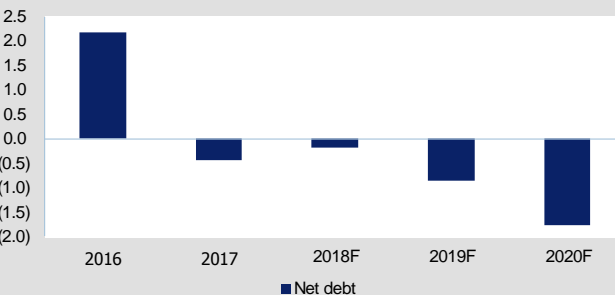
Bt mn



Source: Company data, KGI Research

Figure 12: From net debt to net cash

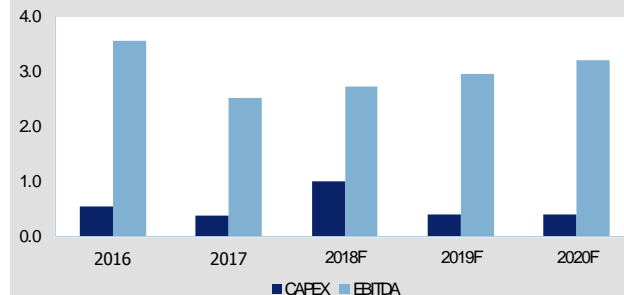
Bt mn



Source: KGI Research

Figure 13: CAPEX and EBITDA

Bt bn



Source: KGI Research

Quarterly Income Statement

Quarterly Income Statement (Bt mn)	2016 Mar-16A	2016 Jun-16A	2016 Sep-16A	2016 Dec-16A	2017 Mar-17A	2017 Jun-17A	2017 Sep-17A	2017 Dec-17A	2018 Mar-18A	2019 Jun-18A
Revenue	4,220	4,120	3,848	4,109	3,951	3,767	3,740	4,260	4,216	3,840
Cost of Goods Sold	(2,559)	(2,533)	(2,400)	(2,602)	(2,542)	(2,479)	(2,515)	(2,816)	(2,726)	(2,516)
Gross Profit	1,661	1,587	1,448	1,507	1,410	1,288	1,224	1,445	1,490	1,325
Operating Expenses	(778)	(816)	(781)	(852)	(799)	(791)	(801)	(902)	(828)	(803)
Other incomes	63	69	71	28	26	20	22	39	33	18
Operating Profit	946	840	739	682	637	516	445	581	694	539
Depreciation of fixed assets	94	87	88	87	84	84	85	86	84	85
Operating EBITDA	1,041	927	827	769	721	600	531	667	778	624
Non-Operating Income	-	0	-	(0)	-	0	-	(0)	-	8
Interest Income	-	-	-	-	-	-	-	-	-	-
Other Non-op Income	-	0	-	0	-	0	-	(0)	-	8
Non-Operating Expenses	23	25	19	20	21	19	19	16	7	6
Interest Expense	23	25	19	20	21	19	19	16	7	6
Other Non-op Expenses	-	-	-	-	-	-	-	-	-	-
Pre-tax Profit	924	814	720	662	616	497	426	565	687	541
Current taxation	(166)	(166)	(135)	(145)	(120)	(99)	(84)	(99)	(149)	(108)
Minorities	(0)	2	5	12	1	(1)	8	(0)	3	13
Extraordinary items	-	-	-	-	-	-	-	-	-	-
Net Profit	757	651	589	529	497	397	350	466	541	445
EPS (Bt)	0.84	0.73	0.66	0.58	0.47	0.22	0.20	0.23	0.27	0.22
Margins (%)										
Gross profit margin	39.4	38.5	37.6	36.7	35.7	34.2	32.7	33.9	35.3	34.5
Operating margin	22.4	20.4	19.2	16.6	16.1	13.7	11.9	13.6	16.5	14.0
Operating EBITDA margin	24.7	22.5	21.5	18.7	18.3	15.9	14.2	15.7	18.5	16.3
Net profit margin	17.9	15.8	15.3	12.9	12.6	10.5	9.4	10.9	12.8	11.6
Growth (%)										
Revenue growth		(2.4)	(6.6)	6.8	(3.8)	(4.7)	(0.7)	13.9	(1.0)	(8.9)
Operating growth		(11.3)	(12.0)	(7.6)	(6.7)	(18.9)	(13.7)	30.6	19.4	(22.3)
Operating EBITDA growth		(10.9)	(10.8)	(7.0)	(6.3)	(16.8)	(11.6)	25.7	16.6	(19.8)
Net profit growth		(14.0)	(9.4)	(10.3)	(6.0)	(20.2)	(11.7)	32.9	16.1	(17.6)

Source: KGI Research

Balance Sheet

As of 31 Dec (Bt mn)	2016	2017	2018F	2019F	2020F
Total Assets	9,644	14,095	14,623	15,876	17,027
Current Assets	7,297	11,698	11,618	12,885	14,079
Cash & ST Investments	2,156	6,284	6,099	7,062	7,932
Inventories	2,019	2,232	2,204	2,328	2,459
Accounts Receivable	2,840	2,936	3,019	3,203	3,399
Others	283	246	296	292	289
Non-current Assets	2,347	2,397	3,005	2,990	2,948
LT Investments	0	0	0	0	0
Net fixed Assets	1,935	1,945	2,572	2,549	2,498
Others	412	452	433	442	450
Total Liabilities	8,866	5,682	5,496	5,532	5,582
Current Liabilities	8,441	5,422	5,221	5,250	5,291
Accounts Payable	3,602	3,826	3,774	3,986	4,211
ST Borrowings	3,727	1,371	1,000	800	600
Others	1,112	225	448	464	480
Long-term Liabilities	426	260	275	283	291
Long-term Debts	166	0	0	0	0
Others	259	260	275	283	291
Shareholders' Equity	778	8,413	9,127	10,343	11,445
Common Stock	900	2,029	2,029	2,029	2,029
Capital Surplus	0	5,762	5,762	5,762	5,762
Retained Earnings	(97)	647	1,376	2,598	3,701
Non-controlling interests	(25)	(25)	(40)	(45)	(47)

Source: KGI Research

Key Ratios

Year to 31 Dec (Bt mn)	2016	2017	2018F	2019F	2020F
Forecast Drivers					
Growth (% YoY)					
Sales	(2.7)	(3.6)	6.2	6.1	6.1
OP	15.0	(32.0)	7.8	8.2	8.3
EBITDA	11.7	(29.3)	8.1	8.9	8.1
NP	18.5	(32.3)	10.5	8.4	8.5
EPS	18.5	(70.0)	10.5	8.4	8.5
Profitability (%)					
Gross Margin	38.1	34.1	34.0	34.3	34.6
Operating Margin	19.7	13.9	14.1	14.3	14.6
EBITDA Margin	21.9	16.0	16.3	16.7	17.0
Net Profit Margin	15.5	10.9	11.3	11.6	11.8
ROAA	22.3	14.4	15.8	13.4	13.5
ROAE	324.7	20.3	20.7	19.8	19.4
Stability					
Gross Debt/Equity (%)	1,104.3	67.3	60.0	53.3	48.6
Net Debt/Equity (%)	271.5	(5.3)	(2.0)	(8.2)	(15.3)
Interest Coverage (x)	36.9	28.9	97.9	127.0	183.4
Interest & ST Debt Coverage (x)	0.8	1.6	2.4	3.2	4.7
Cash Flow Interest Coverage (x)	31.9	23.9	86.8	119.8	172.8
Cash Flow/Interest & ST Debt (x)	0.7	1.2	2.0	2.9	4.2
Current Ratio (x)	0.9	2.2	2.2	2.5	2.7
Quick Ratio (x)	0.6	1.7	1.8	2.0	2.2
Net Debt (Bt mn)	2,180	(445)	(184)	(855)	(1,764)
Per Share Data (Bt)					
EPS	2.8	0.8	0.9	1.0	1.1
CFPS	2.1	0.9	1.1	1.2	1.3
BVPS	0.9	4.2	4.5	5.1	5.7
SPS	18.1	7.7	8.2	8.7	9.3
EBITDA/Share	4.0	1.2	1.3	1.5	1.6
DFS	7.3	0.7	0.4	0.4	0.5
Activity					
Asset Turnover (x)	1.4	1.3	1.2	1.2	1.1
Days Receivables	65.1	67.1	64.0	64.1	64.1
Days Inventory	72.4	74.9	70.9	71.1	71.1
Days Payable	132.2	131.0	121.4	121.7	121.7
Cash Cycle	5.2	11.0	13.5	13.5	13.5

Source: KGI Research

Profit & Loss

Year to 31 Dec (Bt mn)	2016	2017	2018F	2019F	2020F
Revenue	16,297	15,718	16,696	17,716	18,800
Cost of Goods Sold	(10,095)	(10,351)	(11,020)	(11,639)	(12,295)
Gross Profit	6,203	5,367	5,677	6,076	6,505
Operating Expenses	(3,227)	(3,294)	(3,423)	(3,632)	(3,854)
Other incomes	231	107	95	96	101
Operating Profit	3,207	2,180	2,349	2,541	2,752
Depreciation of fixed assets	357	340	374	423	451
Operating EBITDA	3,564	2,520	2,723	2,964	3,203
Non-Operating Income	0	0	0	0	0
Interest Income	0	0	0	0	0
Other Non-op Income	0	0	0	0	0
Non-Operating Expenses	(87)	(75)	(24)	(20)	(15)
Interest Expense	(87)	(75)	(24)	(20)	(15)
Other Non-op Expenses	0	0	0	0	0
Equity Income/(Loss)	0	0	0	0	0
Pretax Income	3,120	2,105	2,325	2,521	2,737
Current taxation	(613)	(401)	(453)	(492)	(534)
Minorities	19	6	19	19	20
Extraordinary items	0	0	0	0	0
Net Profit	2,526	1,710	1,890	2,049	2,223
Norm. Profit	2,526	1,710	1,890	2,049	2,223
EPS (Bt)	2.81	0.84	0.93	1.01	1.10

Source: KGI Research

Cash Flow

Year to 31 Dec (Bt mn)	2016	2017	2018F	2019F	2020F
Operating Cash Flow	2,775	1,804	2,084	2,395	2,592
Net Profit	2,526	1,710	1,890	2,049	2,223
Depreciation & Amortization	357	340	374	423	451
Change in Working Capital	(52)	(197)	(281)	(86)	(92)
Others	(56)	(49)	102	9	10
Investment Cash Flow	2,920	(4,374)	(1,475)	(900)	(571)
Net CAPEX	(542)	(382)	(1,000)	(400)	(400)
Change in LT Investment	0	0	0	0	0
Change in Other Assets	3,462	(3,992)	(474)	(500)	(171)
Free Cash Flow	5,695	(2,570)	610	1,495	2,021
Financing Cash Flow	(6,697)	2,777	(1,139)	(1,024)	(1,313)
Change in Share Capital	0	6,870	0	0	0
Net Change in Debt	(183)	(2,599)	(368)	(199)	(199)
Change in Other LT Liab.	(6,514)	(1,495)	(771)	(824)	(1,114)
Net Cash Flow	(952)	103	(529)	471	708

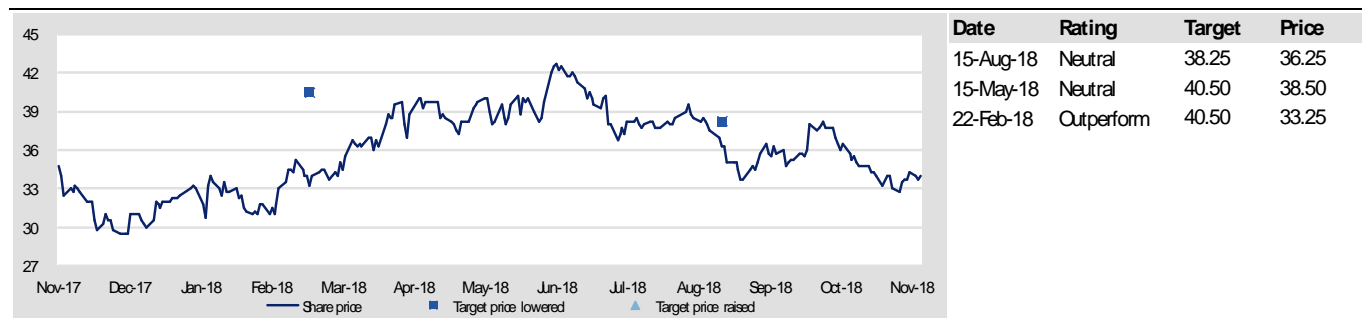
Source: KGI Research

Rates of Return on Invested Capital

Year	1- $\frac{\text{COGS}}{\text{Revenue}}$	+ $\frac{\text{Depreciation}}{\text{Revenue}}$	+ $\frac{\text{Operating Exp.}}{\text{Revenue}}$	= Operating Margin
2016	59.7%	2.2%	19.8%	18.3%
2017	63.7%	2.2%	21.0%	13.2%
2018F	63.8%	2.2%	20.5%	13.5%
2019F	63.3%	2.4%	20.5%	13.8%
2020F	63.0%	2.4%	20.5%	14.1%
Year	1/ $\frac{\text{Working Capital}}{\text{Revenue}}$	+ $\frac{\text{Net PPE}}{\text{Revenue}}$	+ $\frac{\text{Other Assets}}{\text{Revenue}}$	= Capital Turnover
2016	7.7%	0.12	0.03	4.52
2017	8.5%	0.12	0.03	4.20
2018F	8.7%	0.15	0.03	3.75
2019F	8.7%	0.14	0.02	3.91
2020F	8.8%	0.13	0.02	4.09
Year	Operating Margin	x Capital Turnover	x Cash Tax Rate	= After-tax Return on Inv. Capital
2016	18.3%	4.5	80.36	66.36
2017	13.2%	4.2	80.93	44.87
2018F	13.5%	3.7	80.50	40.74
2019F	13.8%	3.9	80.50	43.39
2020F	14.1%	4.1	80.50	46.43

Source: KGI Research

TOA Paint (Thailand)- Recommendation & target price history



Source: KGI Research

Corporate Governance Report of Thai Listed Companies



Companies with Excellent CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
EGCO	ELECTRICITY GENERATING	KTB	KRUNG THAI BANK	TISCO	TISCO FINANCIAL GROUP
KBANK	KASIKORNBANK	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING		
KKP	KIATNAKIN BANK	SCB	THE SIAM COMMERCIAL BANK		



Companies with Very Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	ERW	THE ERAWAN GROUP	SCC	THE SIAM CEMENT
AOT	AIRPORTS OF THAILAND	GFPT	GFPT	SPALI	SUPALAI
AP	ASIAN PROPERTY DEVELOPMENT	IFEC	INTER FAR EAST ENGINEERING	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
BBL	BANGKOK BANK	LPN	L.P.N. DEVELOPMENT	SVI	SVI
BH	BUMRUNGRAD HOSPITAL	MINT	MINOR INTERNATIONAL	TASCO	TIPCO ASPHALT
BIGC	BIG C SUPERCENTER	PS	PRUKSA REAL ESTATE	TCAP	THANACHART CAPITAL
CK	CH. KARNCHANG	QH	QUALITY HOUSES	TMB	TMB BANK
CPALL	CP ALL	ROBINS	ROBINSON DEPARTMENT STORE	TRUE	TRUE CORPORATION
CPN	CENTRAL PATTANA	RS	RS		
DRT	DIAMOND ROOFING TILES	SAMART	SAMART CORPORATION		



Companies with Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
CENTEL	CENTRAL PLAZA HOTEL	HMPRO	HOME PRODUCT CENTER	MAKRO	SIAM MAKRO
DCC	DYNASTY CERAMIC	ILINK	INTERLINK COMMUNICATION	MODERN	MODERNFORM GROUP
GL	GROUP LEASE	KTC	KRUNGTHAI CARD	TRT	TIRATHAI
GLOW	GLOW ENERGY	MAJOR	MAJOR CINEPLEX GROUP	TVO	THAI VEGETABLE OIL

Companies classified Not in the three highest score groups

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	CHG	CHULARAT HOSPITAL	NOK	NOK AIRLINES
ANAN	ANANDA DEVELOPMENT	CKP	CK POWER	PACE	PACE DEVELOPMENT CORPORATION
BA	BANGKOK AIRWAYS	DTAC	TOTAL ACCESS COMMUNICATION	SAWAD	SRISAWAD POWER 1979
BCH	BANGKOK CHAIN HOSPITAL	GLOBAL	SIAM GLOBAL HOUSE	TMT	THAI METAL TRADE
BDMS	BANGKOK DUSIT MEDICAL SERVICES	GPSC	GLOBAL POWER SYNERGY	TPCH	TPC POWER HOLDING
BEM	BANGKOK EXPRESSWAY AND METRO	GUNKUL	GUNKUL ENGINEERING	WHA	WHA CORPORATION
BJCHI	BJC HEAVY INDUSTRIES	LPH	LADPRAO GENERAL HOSPITAL	WORK	WORKPOINT ENTERTAINMENT
CBG	CARABAO GROUP	MTLS	MUANGTHAI LEASING		

Source: www.thai-iod.com

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, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.

Anti-corruption Progress Indicator

Level 5: Extended

Stock	Company name	Stock	Company name	Stock	Company name
CPN	CENTRAL PATTANA	SCC	THE SIAM CEMENT		

Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	IFEC	INTER FAR EAST ENGINEERING	SVI	SVI
BBL	BANGKOK BANK	KBANK	KASIKORN BANK	TCAP	THANACHART CAPITAL
DCC	DYNASTY CERAMIC	KKP	KIATNAKIN BANK	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	KTB	KRUNG THAI BANK	TMB	TMB BANK
EGCO	ELECTRICITY GENERATING	MINT	MINOR INTERNATIONAL		
ERW	THE ERWAN GROUP	SCB	THE SIAM COMMERCIAL BANK		

Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	DTAC	TOTAL ACCESS COMMUNICATION	PACE	PACE DEVELOPMENT CORPORATION
ANAN	ANANDA DEVELOPMENT	GFPT	GFPT	PS	PRUKSA REAL ESTATE
AP	ASIAN PROPERTY DEVELOPMENT	GL	GROUP LEASE	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BA	BANGKOK AIRWAYS	GLOW	GLOW ENERGY	ROBINS	ROBINSON DEPARTMENT STORE
BDMS	BANGKOK DUSIT MEDICAL SERVICES	GPSC	GLOBAL POWER SYNERGY	SAMART	SAMART CORPORATION
BIGC	BIG C SUPERCENTER	HMPRO	HOME PRODUCT CENTER	SPALI	SUPALAI
BJCHI	BJC HEAVY INDUSTRIES	KTC	KRUNGTHAI CARD	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
CENTEL	CENTRAL PLAZA HOTEL	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CHG	CHULARAT HOSPITAL	MAKRO	SIAM MAKRO	TMT	THAI METAL TRADE
CK	CH. KARNCHANG	MODERN	MODERNFORM GROUP	TPCH	TPC POWER HOLDING
CKP	CK POWER	NOK	NOK AIRLINES	WHA	NOK AIRLINES

Level 2: Declared

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	GUNKUL	GUNKUL ENGINEERING	QH	QUALITY HOUSES
BH	BUMRUNGRAD HOSPITAL	ILINK	INTERLINK COMMUNICATION	TRT	TIRATHAI
GLOBAL	SIAM GLOBAL HOUSE	MTLS	MUANGTHAI LEASING	TVO	THAI VEGETABLE OIL

Level 1: Committed

Stock	Company name	Stock	Company name	Stock	Company name
CBG	CARABAO GROUP	RS	RS	SAWAD	SIRISAWAD POWER 1979
MAJOR	MAJOR CINEPLEX GROUP				

No progress

Stock	Company name	Stock	Company name	Stock	Company name
BCH	BANGKOK CHAIN HOSPITAL	CPALL	CP ALL	WORK	WORKPOINT ENTERTAINMENT
BEM	BANGKOK EXPRESSWAY AND METRO	LPH	LADPRAO GENERAL HOSPITAL		

Source: www.cgthailand.org

Disclaimer: The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution 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 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, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

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KGI's Ratings

Rating	Definition
Outperform (OP)	The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan)..
Neutral (N)	The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan)
Under perform (U)	The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Not Rated (NR)	The stock is not rated by KGI.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances. <i>Excess return = 12M target price/current price-</i>
Note	When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.

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