

## LBS Bina Group

LBS MK / LBSB.MK

**NOT RATED**

➤ **Market Cap**  
**US\$100.7m**  
RM309.2m

➤ **Avg Daily Turnover**  
**US\$0.61m**  
RM1.87m

➤ **Free Float**  
**52.4%**  
386.6 m shares

Current	<b>RM0.80</b>
Target	N/A
Previous Target	N/A
Up/downside	N/A

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Company Visit  Expert Opinion   
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# Makeover is in the home stretch

*LBS's proposed sale of its China landbank for RM660m is hugely positive on several fronts as it unlocks the company's hidden value, beefs up its finances and the potential for a special dividend and redirects its efforts to its booming domestic projects.*

LBS is trading at a 76% discount to its RM3.33 FD RNAV. Given its small market cap, it should trade at a 40% discount to RNAV, in line with the widest discount for property stocks under our coverage. This suggests a value of RM2.00 or 150% upside.

### Recent sale of China JV ➤

LBS announced on 18 Apr the signing of an MOU with Jiuzhou Development Company Ltd to sell part or all of its 100% stake in Dragon Hill Corporation Ltd for up to HK\$1.65bn (RM660m). Jiuzhou intends to acquire up to 100% but not less than 60% of Dragon Hill Corp, which owns 60% of 197 acres of land and a golf course in Zhuhai, China. Jiuzhou has six months to do due diligence on Dragon Hill.

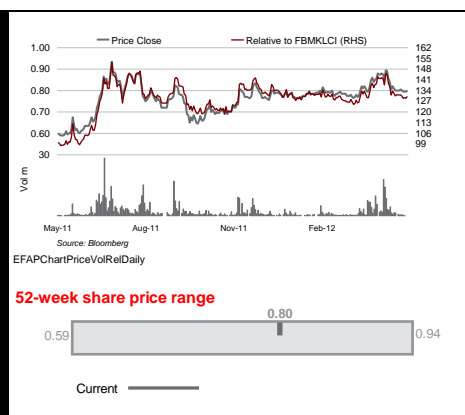
### China sale is a big positive ➤

In our Jun 11 report on LBS, we highlighted its cheap valuations and the deep hidden value of its China landbank. We strongly encouraged the company to dispose of the 197 acres which had shot up in value over the years. Our view is unchanged

after our recent visit of its properties in Zhuhai. With the eventual sale, LBS will be able to pare down its RM345m net debt. Assuming at least 50% payment in cash and the rest in shares of Jiuzhou and other securities, net gearing could fall from 81% to only 4%. Should LBS keep net gearing at a comfortable level of 40-50%, it would be able to pay out up to 28-35 sen DPS.

### Revamp almost complete? ➤

LBS's strategy since last year was to unlock the value of its China assets, refocus on domestic projects and move up the product pricing range. Last year, it undertook a big rebranding effort to shift its focus from low- to medium-cost housing to medium- to higher-end projects. This strategy is paying off handsomely as the group enjoyed record new sales of RM663m in FY11, helping net profit to jump 108% to RM34.3m. Up to the first week of May, LBS has chalked up RM370m new sales, putting it ahead of schedule in meeting its full-year target of RM800m.



Financial Summary		Dec-07A	Dec-08A	Dec-09A	Dec-10A	Dec-11A
Revenue (RMm)		281.3	261.3	198.5	340.9	445.5
EBITDA (RMm)		28.4	31.9	16.3	44.4	61.3
Pretax Profit (RMm)		13.8	10.3	(6.6)	27.0	65.0
Net Profit (RMm)		5.6	21.5	(17.2)	16.5	34.3
EPS (RM)		1.5	5.6	(4.4)	4.3	8.9
EPS Growth		(0.7)	282.9%	-179.8%	-196.0%	107.9%
P/E (x)		55.0	14.4	(18.0)	18.7	9.0
DPS (RM)		0.0	0.0	0.0	0.0	2.5
Dividend Yield		0.0%	0.0%	0.0%	0.0%	3.1%
EV/EBITDA (x)		18.7	16.1	34.3	13.2	10.7
Net Gearing		56.7%	48.0%	57.2%	65.0%	81.1%
P/BV (x)		0.78	0.73	0.70	0.73	0.73
ROE		1.4%	5.1%	-3.9%	3.9%	8.1%
ROA		0.4%	1.7%	-1.4%	1.3%	2.3%
Pretax Margins		4.9%	3.9%	-3.3%	7.9%	14.6%

SOURCE: CIMB, COMPANY REPORTS

## 1. BACKGROUND

### 1.1 LBS relooked ▶

When we wrote about LBS last June, the company had set itself several goals 1) redirecting its efforts back to Malaysia given the delays that dogged it in China, 2) shifting away from its historical bread-and-butter mass affordable housing in the Klang Valley to the higher-priced mid-to high-end product range and 3) unlocking the hidden value of its China landbank through joint ventures or outright sale. LBS appears to have delivered on all three fronts. Arguably the most exciting of the three objectives is the sale of the landbank in China as land values there have appreciated significantly over the years and the stake in Dragon Hill Corp alone is worth more than LBS's market cap.

### 1.2 Sale of 197 acres in China ▶

The sale of Dragon Hill Corp is a significant rerating catalyst as the sale price of up to RM660m translates into RM1.70 per share, which is 113% above the stock's last traded price. Even after factoring in the dilution from the 154m warrants, RM660m works out to RM1.22 per share. Assuming that the payment is split 50:50 between cash and shares in Jiuzhou Development Corp (908 HK; Not rated) and other securities, the cash proceeds of up to RM330m will come in handy as the group has RM477m total borrowings (gross debt to equity of 112%). Net of RM132m cash, the group has RM345m net debt, which is still significant as net debt to equity is 81%. With the cash proceeds, net gearing will fall to as low as only 4%. Should LBS keep net gearing at a comfortable level of 40-50%, it would be able to pay out RM150m-190m or up to 28-35 sen DPS. This may be the maximum amount of dividends that the company would be willing to distribute as it needs funds for working capital and landbanking.

### 1.3 Re-strategising Malaysia ▶

LBS's original strategy was to focus on affordable mass housing, i.e. the low- to medium-cost range. But that strategy got the company into trouble during the 2008/9 global financial crisis when there were issues with its subcontractors. To avoid problems with subcontractors, LBS has brought back construction in-house and has since undergone a rebranding exercise to focus on the medium- to high-end residential property range. Even its flagship project Bandar Saujana Putra is no longer selling cheap homes given that the township has matured and is flanked by several highways. Linkhouses there were recently launched at RM330,000 instead of around RM290,000 in early 2010.

An even more impressive piece of evidence of LBS's shift is the success of its D'Island project in Puchong. Measuring 192 acres and located in the middle of ex-tin mining land, the leasehold project has set new benchmarks for upscale homes in the area. Most recently, it held a soft launch of 24 bungalow lots of 8,000+ sq ft each at RM200-230 psf, of which 14 lots have been sold. The pricing is considerably higher than prices of freehold bungalow lots in older and more established housing estates in the area. Semi-Ds at D'Island are priced at RM2.4m-2.5m while superlinks are priced at above RM1.4m.

## 2. VISIT TO ZHUHAI

### 2.1 2-day visit ▶

Two days spent in Zhuhai gave us a better understanding of why management is so excited and attached to the property market there. Zhuhai is located next to Macau and construction of the Rmb73bn bridge-cum-tunnel connecting Hong Kong to Macau and Zhuhai is already in full swing and will be completed by 2016. Prices of properties in Zhuhai are similar to those in the Klang Valley but a short distance away in Macau and Hong Kong, prices are far higher. Zhuhai is an attractive holiday and winter destination for affluent Chinese from cities

such as Beijing and Shanghai as its weather is moderate, it is close to Macau and Hong Kong, pollution levels are low and it is very clean and well-landscaped. Prices of properties, as with most places in China, have gone up significantly over the past few years.

LBS owns 60% of a joint venture with the local government for two recreational projects in Zhuhai. The first is the only 36-hole golf course in Zhuhai, Lakewood Golf Club, within which 197 acres is set aside for property development. LBS's 100%-owned Dragon Hill Corp is the 60% joint venture owner that is being sold to Jiuzhou Development Company Ltd. Should Jiuzhou decide to buy 100% of Dragon Hill, LBS could be retained as the project manager for the development as Jiuzhou may want to ride on LBS's expertise in property development. If Jiuzhou decided on only a 60% stake in Dragon Hill, LBS would retain a direct 24% (remaining 40% of Dragon Hill which in turn has a 60% stake in the joint venture) in the project. Approvals for development appear finally to be at advanced stages and development of the 197 acres looks set to start in 2013. The 197 acres are estimated to have a GDV of RM7.5bn, with LBS's share of profits being RM2.5bn.

Figure 1: Lakewood Golf Club clubhouse



SOURCES: CIMB, LBS

Figure 2: Lakewood Golf Club clubhouse interior



SOURCES: CIMB, LBS

Figure 3: Lakewood Golf Club greens



SOURCES: CIMB, LBS

Figure 4: LRT station next to Lakewood Golf Club



SOURCES: CIMB, LBS

The second recreational project run by LBS in Zhuhai is the 260-acre Zhuhai International Circuit (ZIC), China's first race circuit that meets international standards. ZIC is located right next door to Lakewood Golf Club and is profitable though it is not on LBS's balance sheet. LBS still retains the option to purchase 60% of the joint venture for ZIC for US\$1. Although land for development in ZIC is very limited, we would not discount the possibility of the entire circuit being moved further away from Zhuhai, freeing up the entire 260 acres of land for future development. We have not valued ZIC in our RNAV estimates but the upside could be very significant as prime raw land in Zhuhai has appreciated to RM300-400 psf and even the 197 acres of development land surrounding Lakewood Golf Club have been priced at RM128 psf (excluding the golf club). A lower RM100 psf would still lead to a massive RM1.13bn valuation for ZIC.

Figure 1: ZIC grandstand



SOURCES: CIMB, LBS

Figure 2: Race cars at ZIC



SOURCES: CIMB, LBS

Figure 7: Workshops at ZIC



SOURCES: CIMB, LBS

Figure 8: ZIC control room



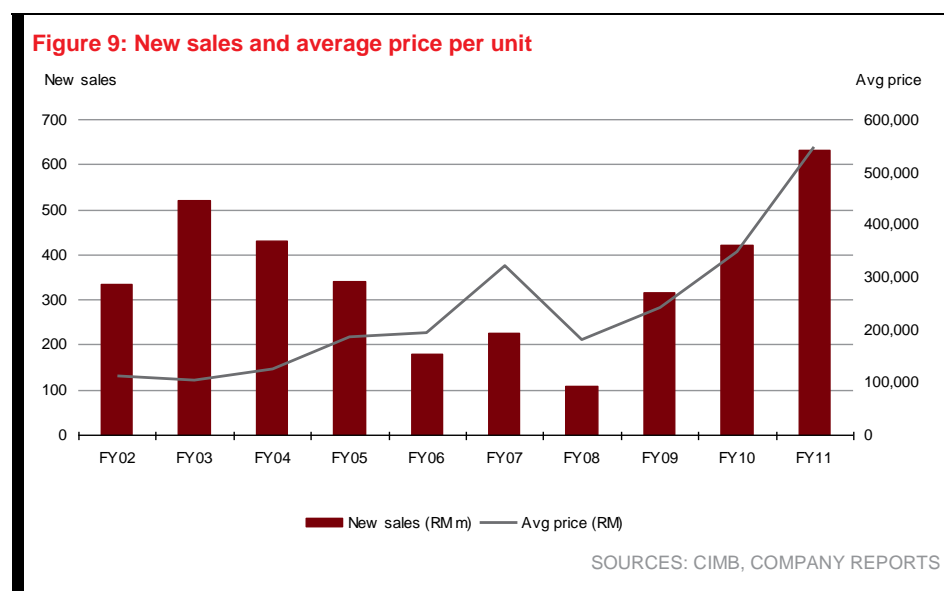
SOURCES: CIMB, LBS

### 3. OUTLOOK

#### 3.1 High growth targets >

LBS's new sales have been on the rise over the past three years, reaching a record in FY11. At the same time, the average price per property sold has surged

from just over RM100,000 each in the early 2000s to above RM500,000 in 2011. The big jump in average price really took place in the past two years as part of the company's drive to move into the medium-to high-end price range. Up to early May, LBS has achieved RM370m of new sales, of which the bulk comes from D'Island and Bandar Saujana Putra (BSP). Of the group's RM693m unbilled sales, 54% is from BSP, 34% from D'Island and the rest from its Cameron Highlands (9%) and Johor projects (3%).



LBS is targeting RM800m new sales in FY12 and RM950m in FY13. This represents a CAGR of 20% and is achievable. All in all, the group has RM10bn of undeveloped GDV, of which 74% comes from its two key projects in the Klang Valley. Based on RM900m-1bn sales per annum, the landbank will last approximately 10 years. This means that LBS needs to keep adding to its landbank as it is pushing out properties at a fast pace. It is eyeing landbank in areas that it is familiar with including the Klang Valley, Johor and Cameron Highlands.

**Figure 10: Landbank and undeveloped GDV**

	Acres	GDV (RM m)	%
Bandar Saujana Putra, Selangor	296.7	3,997	39%
D'Island, Puchong, Selangor	156.0	3,509	35%
Bandar Putera Indah, Batu Pahat, Johor	559.4	858	8%
Taman Golden Hills, Cameron Highlands	46.7	668	7%
Taman Green Hill, Shah Alam, Selangor	150.0	421	4%
Land in Ipoh, Perak	374.7	300	3%
Magma Destar, Selangor	100.0	279	3%
Taman Tasik Puchong Phase 2, Selangor	48.2	92	1%
Puncak Jelapang Maju, Perak	31.6	27	0%
<b>Total</b>	<b>1,763.3</b>	<b>10,151</b>	<b>100%</b>

SOURCES: CIMB, COMPANY REPORTS

## 4. RISKS

### 4.1 Sale of China land not yet complete ►

Due diligence on Dragon Hill Corp will take up to six months to Oct 2012. After the sale is completed and proceeds are repatriated to Malaysia, we believe that LBS will consider paying out a special dividend. After the sale of Dragon Hill Corp, however, LBS should still have a 20%+ stake in Jiuzhou Development Company and still play a role in the development of the 197 acres in Zhuhai.

That means that the group's resources would still be spread over Malaysia and China.

#### 4.2 LBS is behind the curve ▶

While we commend the group for biting the bullet and switching its focus to the medium-to high-end residential market where demand is robust and prices continue to appreciate strongly, LBS is nonetheless late in the game. Leading developers such as SP Setia and Mah Sing moved into this segment many years ago and recently started to switch their focus to the underserved medium-cost market where residential properties are priced at RM500,000 and below. This encroaches on the market that Bandar Saujana Putra is still catering to.

### 5. VALUATION

#### 5.1 Deep value and under-researched ▶

LBS remains a deep-value and under-researched property stock due to its relatively small size and patchy track record. Its China story has tested the patience of investors for many years and a long-awaited conclusion is finally close at hand. Earlier, we would have preferred it to wash its hands of China and refocus fully on Malaysia but the group decided to keep its option to purchase the 260-acre race course in Zhuhai for US\$1. After visiting Zhuhai and seeing for ourselves the property development potential there, we think that this may not be a bad idea.

In terms of valuations, LBS is very attractive relative to its larger peers. Assuming 20% EPS growth in FY12-13, LBS is trading at an FY13 P/E of only 7x. It is also trading at a discount to its NTA of RM1.10, which compares with an average premium of 35% for the property stocks we cover. Relative to RNAV, it is at a steep discount of 76% vs. a sector discount of 34%. LBS recently proposed a gross dividend of 2.5 sen for FY11, giving a net yield of just over 2%. This is its first dividend since FY05.

#### 5.2 LBS valued at RM2.00 ▶

We estimate LBS's fully diluted RNAV to be RM3.33 based on the MOU price of RM660m for Dragon Hill and zero value for the race course land. Given its small market cap, it should trade at a 40% discount to RNAV, in line with the widest discount for property stocks under our coverage. This suggests a value of RM2.00, which would provide investors with huge upside potential of 150%. The finalisation of the sale and the likely special dividend after that would be the key short- to medium-term rerating catalysts. LBS's transformation, robust earnings outlook and cheap valuations are the longer-term additional catalysts.

Figure 11: Discount to RNAV and NTA

	Share	RNAV/shr (Discount)/		NTA/shr (Discount)/		Target Upside	
	price (RM)	(RM)	Premium	(RM)	Premium	(RM)	
E&O	1.41	2.53	-44.3%	1.13	24.8%	1.77	25.5%
Mah Sing	1.98	2.79	-29.0%	1.29	53.5%	2.51	26.8%
SP Setia	3.70	4.30	-14.0%	1.88	96.8%	4.30	16.2%
UEM Land	2.02	2.69	-24.9%	1.12	80.4%	2.56	26.7%
UM Land	1.69	3.42	-50.6%	3.04	-44.4%	2.05	21.3%
UOA Dev	1.49	2.62	-43.1%	1.51	-1.3%	1.84	23.5%
<b>Average</b>			<b>-34.3%</b>		<b>35.0%</b>		<b>23.3%</b>

SOURCES: CIMB, COMPANY REPORTS

Figure 12: Recommendations, basis and target prices

	Recomm endation	Target price (RM)	Target basis
E&O	Trading Buy	1.77	30% discount to RNAV
Mah Sing	Trading Buy	2.51	10% discount to RNAV
SP Setia	Trading Buy	4.30	Parity with RNAV
UEM Land	Trading Buy	2.56	5% discount to RNAV
UM Land	Trading Buy	2.05	40% discount to RNAV
UOA Dev	Trading Buy	1.83	30% discount to RNAV
<b>Sector</b>	<b>Trading Buy</b>		

SOURCES: CIMB, COMPANY REPORTS

Figure 13: LBS Bina Group Bhd - RNAV

Type	Location	Size/units	Area (sq. ft.)	Price (RM)	Effective Stake	Value (RM m)
Township	Bandar Saujana Putra, S'gor	256.6 ac	11,177,496	20.00	100.0%	223.5
Commercial land	Bandar Saujana Putra, S'gor	40.1 ac	1,746,756	70.00	100.0%	122.3
Industrial	Tmn Perindustrian Tasek Perdana	27.2 ac	1,184,832	10.00	100.0%	11.8
Commercial land	Taman Perindustrian Greenhill, Bukit Raja, Klang	150.0 ac	6,534,000	20.00	70.0%	91.5
JV with Azam Perspektif	Tmn Tasek Puchong	48.2 ac	2,099,592	40.00	100.0%	84.0
D'Island	Puchong, Selangor	156.0 ac	6,795,360	60.00	100.0%	407.7
Chemor Land	Mukim Hulu Kinta, Perak	374.7 ac	16,322,803	5.00	71.0%	57.9
Taman Villa Putra	Sepang, Selangor	100.0 ac	4,356,000	10.00	100.0%	43.6
Bandar Putera Indah	Batu Pahat, Johor	559.4 ac	24,367,464	6.00	100.0%	146.2
Sinaran Restu	Puncak Jelapang Maju, Ipoh, Perak	31.6 ac	1,375,625	15.00	100.0%	20.6
Bukit Cherakah	Mukim Bukit Raja, Daerah Petaling	58.4 ac	2,541,726	15.00	35.0%	13.3
Cergas Asal	Taman Golden Hill, Cameron Highlands	46.7 ac	2,034,252	20.00	100.0%	40.7
Mixed development	Jingding Town, Zhuhai, China	197.0 ac	8,581,320	110.00	60.0%	566.4
Long term assets (including Lakewood Golf Club)						277.6
Investment property + associates						16.6
Net current assets less dev. prop.						71.8
Long term liabilities						(168.8)
Long term borrowings						(378.4)
<b>Total RNAV</b>						<b>1,648.6</b>
No. of shares (m)						386.6
RNAV per share						4.26
Warrants @ RM1						154.1
<b>F. diluted RNAV per share</b>						<b>3.33</b>

SOURCES: CIMB, COMPANY REPORTS

Figure 12: Sector Comparison

Company	Bloomberg Ticker	Recom.	Price (local curr)	Tgt Px (local curr)	Mkt Cap (US\$ m)	Core P/E (x)		RNAV CY2012	Prem./(Disc.) to RNAV (%)	P/BV (x) CY2012	Div. Yield (%) CY2012
						CY2012	CY2013				
Bukit Sembawang Estates	BS SP	Outperform	4.62	5.80	954	5.6	5.8	9.67	-52%	0.96	3.3%
CapitalLand	CAPL SP	Outperform	2.70	3.61	9,154	32.9	20.0	4.81	-44%	0.76	1.5%
CapitaMalls Asia	CMA SP	Underperform	1.41	1.41	4,372	22.6	22.0	1.88	-25%	0.86	2.1%
City Developments	CIT SP	Underperform	10.18	9.14	7,383	17.1	14.1	11.43	-11%	1.34	1.5%
Fraser & Neave	FNN SP	Neutral	6.80	7.20	7,705	15.6	14.0	8.47	-20%	1.30	2.6%
Global Logistic Properties	GLP SP	Outperform	2.02	2.37	7,405	23.2	19.9	2.37	-15%	1.02	0.8%
Ho Bee Investments	HOBEE SP	Underperform	1.31	1.28	737	9.4	8.9	2.13	-39%	0.55	1.0%
Keppel Land	KPLD SP	Neutral	2.89	3.43	3,437	10.6	10.8	4.58	-37%	0.76	3.1%
Overseas Union Enterprise	OUE SP	Outperform	2.32	2.98	1,684	20.8	17.0	3.98	-42%	0.74	2.4%
Singapore Land	SL SP	Outperform	5.74	6.76	1,889	12.2	9.4	12.28	-53%	0.53	3.5%
United Engineers	UEM SP	Outperform	1.94	2.14	428	2.2	5.7	3.86	-50%	0.42	5.2%
UOL Group	UOL SP	Outperform	4.52	5.47	2,770	10.9	10.4	7.29	-38%	0.65	2.0%
Wheelock Properties (S)	WP SP	Neutral	1.73	1.79	1,646	16.1	12.4	2.55	-32%	0.70	3.5%
Wing Tai Holdings	WINGT SP	Outperform	1.18	1.38	732	5.6	5.5	2.13	-45%	0.44	4.4%
<b>Singapore average</b>						<b>16.4</b>	<b>14.1</b>		<b>-33%</b>	<b>0.87</b>	<b>2.0%</b>
Agile Property	3383 HK	Neutral	9.05	9.40	4,021	5.9	5.5	19.18	-53%	1.03	4.3%
China Overseas Grand Ocean	81 HK	Outperform	9.97	12.50	1,954	8.5	6.4	13.70	-27%	2.25	1.2%
China Overseas Land	688 HK	Outperform	16.02	20.10	16,865	8.5	7.6	22.28	-28%	1.59	2.3%
China Resources Land	1109 HK	Outperform	13.70	18.00	10,283	12.5	11.0	22.53	-39%	1.23	2.2%
Evergrande Real Estate	3333 HK	Outperform	4.39	6.30	8,422	5.4	4.5	10.45	-58%	1.35	5.6%
Guangzhou R&F	2777 HK	Neutral	10.28	8.90	4,267	5.6	5.3	14.91	-31%	1.06	7.1%
KWG Property Holding	1813 HK	Neutral	4.58	5.00	1,707	4.9	4.4	9.07	-50%	0.72	6.5%
Longfor Properties	960 HK	Outperform	11.82	15.70	7,849	9.2	7.5	20.92	-43%	1.93	3.3%
Poly Hong Kong	119 HK	Neutral	3.50	4.80	1,627	5.9	5.2	9.76	-64%	0.48	1.7%
Shimao Property	813 HK	Outperform	9.77	13.50	4,368	5.7	5.1	20.83	-53%	0.83	5.6%
Sino-Ocean Land	3377 HK	Neutral	3.15	4.40	2,297	5.5	5.0	8.90	-65%	0.39	4.5%
SOHO China	410 HK	Neutral	5.83	5.70	3,897	6.1	4.9	9.66	-40%	1.01	5.7%
<b>Hong Kong average</b>						<b>7.4</b>	<b>6.4</b>		<b>-56%</b>	<b>1.16</b>	<b>3.6%</b>
Alam Sutera	ASRI IJ	Outperform	580.0	780.0	1,231	10.6	9.9	942.8	-38%	2.98	2.4%
Bumi Serpong Damai	BSDE IJ	Outperform	1,400	1,600	2,646	21.7	18.6	2,486	-44%	3.13	0.6%
Ciputra Development	CTRA IJ	Outperform	720.0	850.0	1,179	21.6	14.3	1,088	-34%	1.98	0.9%
Ciputra Property	CTRP IJ	Outperform	750.0	870.0	498	18.8	10.9	1,336	-44%	1.22	1.0%
Lippo Karawaci	LPKR IJ	Trading Buy	810.0	800.0	2,019	19.3	17.1	1,037	-22%	2.25	1.6%
Metropolitan Land	MTLA IJ	Outperform	510.0	650.0	417	20.8	14.4	1,231	-59%	2.61	1.0%
Summarecon Agung	SMRA IJ	Neutral	1,670	1,800	1,240	24.4	22.2	2,619	-36%	4.07	0.7%
<b>Indonesia average</b>						<b>18.7</b>	<b>15.5</b>		<b>-36%</b>	<b>2.56</b>	<b>1.2%</b>
Eastern & Oriental	EAST MK	Trading Buy	1.41	1.77	521	14.0	10.6	2.86	-51%	1.21	2.9%
KLCC Property Holdings	KLCC MK	Underperform	3.37	3.03	1,025	10.1	9.4	5.05	-33%	0.50	3.6%
Mah Sing Group	MSGB MK	Trading Buy	1.98	2.51	537	7.1	5.8	3.07	-35%	1.34	4.5%
SP Setia	SPSB MK	Trading Buy	3.70	4.30	2,313	17.0	14.2	4.52	-18%	1.85	3.3%
UEM Land Holdings	ULHB MK	Trading Buy	2.02	2.56	2,846	23.4	17.4	2.82	-28%	1.69	0.4%
UOA Development	UOAD MK	Trading Buy	1.49	1.84	580	6.0	5.4	2.78	-46%	0.91	8.1%
<b>Malaysia average</b>						<b>13.8</b>	<b>11.4</b>		<b>-30%</b>	<b>1.21</b>	<b>2.7%</b>
Amata Corporation	AMATA TB	Outperform	17.30	25.44	594	15.1	9.5	21.77	-21%	2.73	2.4%
Asian Property	AP TB	Outperform	6.75	6.48	613	9.5	7.3	7.00	-4%	1.60	4.2%
Hemraj	HEMRAJ TB	Outperform	3.04	2.72	949	15.9	14.5	2.80	9%	3.05	3.4%
Land And Houses	LH TB	Outperform	7.45	7.46	2,402	22.9	20.4	6.00	24%	2.52	4.2%
LPN Development	LPN TB	Neutral	16.20	15.70	769	10.7	8.8	7.40	119%	2.88	4.7%
Pruksa Real Estate	PS TB	Outperform	15.90	17.61	1,130	9.2	7.2	22.80	-30%	1.77	3.3%
Quality Houses	QH TB	Underperform	1.72	1.29	508	25.6	14.6	3.60	-52%	1.05	3.5%
Sansiri Public Co	SIRI TB	Outperform	2.24	2.75	519	7.2	5.2	2.48	-9%	1.30	6.9%
Supalai PCL	SPALI TB	Neutral	16.10	15.44	889	8.6	7.8	9.05	78%	2.06	4.7%
<b>Thailand average</b>						<b>12.5</b>	<b>9.9</b>		<b>2%</b>	<b>2.03</b>	<b>4.2%</b>
<b>Average (all)</b>						<b>10.5</b>	<b>9.0</b>		<b>-45%</b>	<b>1.10</b>	<b>2.8%</b>

SOURCES: CIMB, BLOOMBERG, COMPANY REPORTS



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Score Range	90 – 100	80 – 89	70 – 79	Below 70 or No Survey Result
Description	Excellent	Very Good	Good	N/A

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**Recommendation Framework #1 \***

**Stock**

**OUTPERFORM:** The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 12 months.

**NEUTRAL:** The stock's total return is expected to be within +/-5% of a relevant benchmark's total return.

**UNDERPERFORM:** The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 12 months.

**TRADING BUY:** The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 3 months.

**TRADING SELL:** The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 3 months.

**Sector**

**OVERWEIGHT:** The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months.

**NEUTRAL:** The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

**UNDERWEIGHT:** The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months.

**TRADING BUY:** The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 3 months.

**TRADING SELL:** The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 3 months.

\* This framework only applies to stocks listed on the Singapore Stock Exchange, Bursa Malaysia, Stock Exchange of Thailand and Jakarta Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.

**Recommendation Framework #2 \*\***

**Stock**

**OUTPERFORM:** Expected positive total returns of 15% or more over the next 12 months.

**NEUTRAL:** Expected total returns of between -15% and +15% over the next 12 months.

**UNDERPERFORM:** Expected negative total returns of 15% or more over the next 12 months.

**TRADING BUY:** Expected positive total returns of 15% or more over the next 3 months.

**TRADING SELL:** Expected negative total returns of 15% or more over the next 3 months.

**Sector**

**OVERWEIGHT:** The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +15% or better over the next 12 months.

**NEUTRAL:** The industry, as defined by the analyst's coverage universe, has either (i) an equal number of stocks that are expected to have total returns of +15% (or better) or -15% (or worse), or (ii) stocks that are predominantly expected to have total returns that will range from +15% to -15%; both over the next 12 months.

**UNDERWEIGHT:** The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -15% or worse over the next 12 months.

**TRADING BUY:** The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +15% or better over the next 3 months.

**TRADING SELL:** The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -15% or worse over the next 3 months.

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**Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (IOD) in 2011.**

ADVANC - Excellent, AMATA - Very Good, AOT - Excellent, AP - Very Good, BANPU - Excellent, BAY - Excellent, BBL - Excellent, BCP - Excellent, BEC - Very Good, BECL - Very Good, BGH - not available, BH - Very Good, BIGC - Very Good, BTS - Very Good, CCET - Good, CK - Very Good, CPALL - Very Good, CPF - Very Good, CPN - Excellent, DELTA - Very Good, DTAC - Very Good, GLOBAL - not available, GLOW - Very Good, HANA - Very Good, HEMRAJ - Excellent, HMPRO - Very Good, ITD - Good, IVL - Very Good, KBANK - Excellent, KTB - Excellent, LH - Very Good, LPN - Excellent, MAJOR - Very Good, MCOT - Excellent, MINT - Very Good, PS - Excellent, PSL - Excellent, PTT - Excellent, PTTGC - not available, PTTEP - Excellent, QH - Excellent, RATCH - Excellent, ROBINS - Excellent, SCB - Excellent, SCC - Excellent, SCCC - Very Good, SIRI - Very Good, SPALI - Very Good, STA - Very Good, STEC - Very Good, TCAP - Very Good, THAI - Very Good, TISCO - Excellent, TMB - Excellent, TOP - Excellent, TRUE - Very Good, TUF - Very Good: