

**BUY** (unchanged)

CGR Scoring Rating 

Offering price: THB3.62  
Target price: THB5.00 (unchanged)

Jaroontan Wattanawong  
http://www.maybank-ke.co.th  
(662) 658-6300

### Stock Information

**Description:** The Company develops and rents out warehouses, distribution centres and factories, these projects consist of customized requirements projects (built-to-suit) and high standard projects (general warehouse).

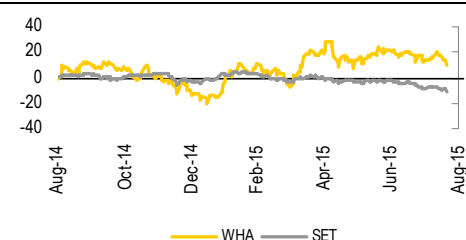
Ticker :	WHA
Shares Issued (m):	13,143
Market Cap (THBm)	47,581
Market Cap (USDm)	1,340
3-mth Avg. Daily Turnover (THBm)	122.97
SET index	1,372.61
Free float (%)	24.07

<b>Major Shareholders :</b>	%
WHA CORPORATION PUBLIC Co.Ltd.	25.10
Mrs. JAREEPORN ANANTAPRAYOON	12.91

### Key Indicators

ROE – annualised (%)	20.1
Net cash (THB m):	(29,859)
NTA/shr (THB):	1.9
Interest cover (x):	5.4

### Historical Chart



### Performance

52-week High/Low	THB 4.34/THB 2.62				
	1-mth	3-mth	6-mth	1-yr	YTD
Absolute (%)	-5.7	-4.7	-0.3	12.1	27.0
Relative (%)	0.7	5.9	15.9	25.9	38.6

## WHA Corporation PCL (WHA)

### Differentiation seen

**We reiterate a BUY call with a TP of THB5.00 (P/E 30x).** Management believes earnings will grow continuously after the acquisition of HEMRAJ. The restructuring of four business hubs will further differentiate WHA from its peers and strengthen its growth in 2019 when the national transportation system will be able to support global investors.

**2Q15 earnings summary and 3Q15 outlook.** WHA reported 2Q15 net profit of THB226m, a turnaround from loss last quarter and expanding +345% YoY (double our estimate). Although there interest expenses from the acquisition deal increased THB447m and FA expenses of THB127m, they were offset by HEMRAJ profit. In 3Q15, we expect growth will be bolstered by lower interest expenses (a decrease of THB400-500m/year), higher rental income after applying new technology in its warehouses, low-cost sources of funds, and recurring income from the power and water businesses, despite slow economic recovery. Management revealed that demand on build-to-suit warehouses remains solid, so the 200K sq m presales target remains unchanged. In 4Q15, assets should be sold to the fund as planned.

**The four new hubs will be able to respond to demand well.** After the issuance of WHA-W2, WHA will acquire the remaining stake in HEMRAJ (7%) and delist it from the market in Jan 2016. The reason behind this is to keep all proceeds from HEMRAJ's minority shareholders and time management of the cash flow. The business restructure will consist of four hubs, of which, the warehouse and IE development businesses will be taken care of by WHA. Meanwhile, the utility business, which will include the existing HEMRAJ power plant, will be listed in the market in 3Q16 (including the waste power plant in the IE and solar rooftops). The fourth business, data centres, which has the public sector as its main customer, should receive a TOR and start operations in 3Q15. There is also demand for it from IE customers and it could be listed in the market in the future.

**Recommendation.** ST growth will be driven by synergy benefits from HEMRAJ (as seen in 2Q15), while LT growth will be supported by business restructuring to include the new digital business, which will drive WHA's growth above its peers. Earnings have only been limitedly affected by market volatility. We thus reiterate a BUY call for long term investment.

**Risks.** Severe competition and any change in government regulations.

### WHA – Summary Earnings Table

FYE: Dec 31 (THB m)	2012	2013	2014	2015F*	2016F*
Revenue	2,169	7,085	4,888	25,671	20,028
EBITDA	462	1,950	1,514	7,040	5,810
Recurring Net Profit	212	1,463	979	5,237	4,550
Net profit	212	1,463	979	5,338	4,550
EPS (THB)	0.03	0.15	0.10	0.41	0.35
EPS growth (%)	(86.3)	406.7	(32.9)	298.2	(14.8)
DPS (THB)	0.12	0.77	-	-	-
PER	120.7	23.8	35.5	8.9	10.5
EV/EBITDA (x)	62.0	20.0	28.7	11.1	10.9
Div Yield (%)	3.4	21.1	-	-	-
P/BV(x)	9.0	8.4	7.8	2.6	2.1
Net Gearing (%)	90.6	100.4	192.9	116.1	45.6
ROE (%)	7.4	35.2	21.8	20.1	12.9
ROA (%)	2.6	13.2	6.1	7.5	6.8
Cons. Net Profit (THB m)	-	-	-	3,438	3,838

Source: Company reports and MBKET. \* Prelim. Fin stmt. with 92.88% stake of HEMRAJ

### Quarterly income statement

(THBm)	2Q15	1Q15	QoQ	2Q14	YoY	Note
Revenues	1,369	427	220.9%	121	1027.4%	Fully recognized from HEMRAJ
COGs	653	252	159.0%	37	1679.6%	
<b>Gross profits</b>	<b>716</b>	<b>174</b>	<b>310.3%</b>	<b>85</b>	<b>744.9%</b>	
Gross margin (%)	52.3%	40.9%	-	69.8%	-	
SG&A	326	82	297.8%	34	852.0%	FA fees around THB127m
Operating profit	390	93	321.4%	50	672.3%	
Operating margin (%)	28.5%	21.7%	-	41.6%	-	
<b>EBITDA</b>	<b>651</b>	<b>163</b>	<b>299.8%</b>	<b>81</b>	<b>701.9%</b>	
EBITDA margin (%)	47.6%	38.2%	-	66.9%	-	
Interest expense	730	205	256.6%	50	1356.3%	Acquisition exp. THB447
Share profit from associates	402	76	432.1%	(2)	n.m.	Better than expected
<b>Normalised earning</b>	<b>125</b>	<b>(5)</b>	<b>n.m.</b>	<b>28</b>	<b>345.5%</b>	
Extra ordinary gain (loss)						
- Forex gain (loss)	0	0	n.m.	0	n.m.	
- Extra items	101	0	n.m.	0	n.m.	Properties sold by HEMRAJ
<b>Net profit</b>	<b>226</b>	<b>(5)</b>	<b>n.m.</b>	<b>28</b>	<b>707.9%</b>	
EPS (THB) before extra item	0.013	0.000	n.m.	0.003	3.21	
<b>EPS (THB)</b>	<b>0.023</b>	<b>0.000</b>	<b>n.m.</b>	<b>0.003</b>	<b>6.63</b>	

Source : Company reports and MBKET

**INCOME STATEMENT (THB m)**

FY December	2013	2014	2015F	2016F
Revenue	7,085	4,888	25,671	20,028
EBITDA	1,950	1,514	7,040	5,810
Depreciation & Amortisation	137	179	470	507
<b>Operating Profit (EBIT)</b>	<b>1,813</b>	<b>1,335</b>	<b>6,570</b>	<b>5,304</b>
Interest (Exp)/Inc	(183)	(295)	(1,227)	(1,257)
Associates	(1)	(8)	890	1,272
One-offs	-	-	102	-
<b>Pre-Tax Profit</b>	<b>1,714</b>	<b>1,210</b>	<b>5,615</b>	<b>4,388</b>
Tax	(249)	(224)	(1,123)	(878)
Minority Interest	-	-	(145)	(233)
<b>Net Profit</b>	<b>1,463</b>	<b>979</b>	<b>5,338</b>	<b>4,550</b>
<b>Recurring Net Profit</b>	<b>1,463</b>	<b>979</b>	<b>5,237</b>	<b>4,550</b>
Revenue Growth %	226.7	(31.0)	425.2	(22.0)
EBITDA Growth (%)	322.0	(22.3)	364.9	(17.5)
EBIT Growth (%)	406.9	(26.3)	391.9	(19.3)
Net Profit Growth (%)	589.0	(33.1)	445.5	(14.8)
Recurring Net Profit Growth (%)	589.0	(33.1)	435.1	(13.1)
Tax Rate %	14.5	18.5	20.0	20.0

**CASH FLOW (THBm)**

FY December	2013	2014	2015F	2016F
Profit before taxation	1,714	1,210	5,615	4,388
Depreciation	137	179	470	507
Net interest receipts/(payments)	(183)	(295)	(1,227)	(1,257)
Working capital change	522	(543)	(544)	3,602
Cash tax paid	(249)	(224)	(1,123)	(878)
Others (incl'd exceptional items)	(1,776)	(324)	2,337	2,614
<b>Cash flow from operations</b>	<b>166</b>	<b>4</b>	<b>5,528</b>	<b>8,976</b>
Capex	(6,913)	(6,605)	(5,890)	(5,630)
Disposal/(purchase)	-	-	(21,683)	11,112
Others	5,209	2,005	(60)	(20)
<b>Cash flow from investing</b>	<b>(1,705)</b>	<b>(4,599)</b>	<b>(27,633)</b>	<b>5,462</b>
Debt raised/(repaid)	993	5,305	13,317	(11,802)
Equity raised/(repaid)	-	-	8,938	-
Dividends (paid)	(96)	(652)	-	-
Interest payments	(183)	(295)	(1,227)	(1,257)
Others	171	288	1,227	1,663
<b>Cash flow from financing</b>	<b>884</b>	<b>4,647</b>	<b>22,255</b>	<b>(11,397)</b>
Change in cash	(655)	51	150	3,042

**BALANCE SHEET (THB m)**

FY December	2013	2014	2015F	2016F
Fixed Assets	6,275	8,078	8,895	5,840
Other LT Assets	1,442	2,191	34,368	35,169
Cash/ST Investments	983	2,185	5,422	7,963
Other Current Assets	2,349	3,497	22,944	17,956
<b>Total Assets</b>	<b>11,049</b>	<b>15,952</b>	<b>71,628</b>	<b>66,928</b>
ST Debt	199	250	11,015	3,015
Other Current Liabilities	2,331	2,681	11,632	12,028
LT Debt	4,202	8,369	20,464	14,697
Other LT Liabilities	164	172	1,932	2,029
Minority Interest	-	-	1,179	1,323
Shareholders' Equity	4,154	4,480	25,407	33,836
<b>Total Liabilities-Capital</b>	<b>11,049</b>	<b>15,952</b>	<b>71,628</b>	<b>66,928</b>
Share Capital (m)	9,639	9,639	13,144	13,144
Gross Debt/(Cash)	4,491	9,012	35,281	23,479
Net Debt/(Cash)	3,508	6,827	29,859	15,515
Working Capital	802	2,751	5,719	10,876
BVPS	0.43	0.46	1.38	1.74

**RATES & RATIOS**

FY December	2013	2014	2015F	2016F
Gross Margin %	27.4	33.1	29.5	33.4
EBITDA Margin %	27.5	31.0	27.4	29.0
Op. Profit Margin %	25.6	27.3	25.6	26.5
Net Profit Margin %	20.7	20.0	20.8	22.7
ROE %	35.2	21.8	21.0	13.4
ROA %	13.2	6.1	7.5	6.8
Net Margin Ex. EI %	20.7	20.0	20.4	22.7
Dividend Cover (x)	5.0	0.0	0.0	0.0
Interest Cover (x)	9.9	4.5	5.4	4.2
Asset Turnover (x)	0.6	0.3	0.4	0.3
Asset/Debt (x)	1.6	1.4	1.6	2.1
Debtors Turn (days)	2.5	7.8	12.2	7.8
Creditors Turn (days)	79.7	66.7	121.7	121.7
Inventory Turn (days)	4.5	2.8	365.0	365.0
Net Gearing %	84.5	152.4	117.5	45.9
Debt/ EBITDA (x)	3.5	7.6	6.4	5.5
Debt/ Market Cap (x)	0.2	0.3	0.9	0.6

Source: Company reports and MBKET, \* after HEMRAJ acquisition

## RESEARCH OFFICES

## REGIONAL

## Wong Chew Hann, CA

Regional Head, Institutional Research  
(603) 2297 8686 wchewh@maybank-ib.com

## Alexander GARTHOFF

Institutional Product Manager  
(852) 2268 0638 agarthoff@maybank-ke.com.sg

## ONG Seng Yeow

Regional Head, Retail Research  
(65) 6432 1453 ongsengyeow@maybank-ke.com.sg

## MALAYSIA

## WONG CHEW HANN, CA Head of Research

(603) 2297 8686 wchewh@maybank-ib.com

- Strategy

## DESMOND CH'NG, ACA

(603) 2297 8680 desmond.chng@maybank-ib.com

- Banking & Finance

## LIAW THONG JUNG

(603) 2297 8688 tjliaw@maybank-ib.com

- Oil & Gas – Regional
- Shipping

## ONG CHEE TING, CA

(603) 2297 8678 ct.ong@maybank-ib.com

- Plantations – Regional

## MOHSHIN AZIZ

(603) 2297 8692 mohshin.aziz@maybank-ib.com

- Aviation – Regional
- Petrochem

## YIN SHAO YANG, CPA

(603) 2297 8916 samuel.y@maybank-ib.com

- Gaming – Regional
- Media

## TAN CHI WEI, CFA

(603) 2297 8690 chiwei.t@maybank-ib.com

- Power
- Telcos

## WONG WEI SUM, CFA

(603) 2297 8679 weisum@maybank-ib.com

- Property & REITs

## LEE YEN LING

(603) 2297 8691 lee.yl@maybank-ib.com

- Building Materials
- Glove producers

## CHAI LI SHIN

(603) 2297 8684 lishin.c@maybank-ib.com

- Plantation
- Construction & Infrastructure

## KANG CHUN EE

(603) 2297 8675 chunee@maybank-ib.com

- Consumer

## IVAN YAP

(603) 2297 8612 ivan.yap@maybank-ib.com

- Automotive

## LEE Cheng Hooi, Regional Chartist

(603) 2297 8694 chenghooi.lee@maybank-ib.com

## Tee Sze Chiah, Head of Retail Research

(603) 2297 8685 szechiah.t@maybank-ib.com

## ON KONG / CHINA

## Howard WONG Head of Research

(852) 2268 0648 howardwong@kimeng.com.hk

- Oil & Gas - Regional

## Alexander LATZER

(852) 2268 0647 alexanderlatzer@kimeng.com.hk

- Metals & Mining - Regional

## Jacqueline Ko, CFA

(852) 2268 0633 jacquelineko@kimeng.com.hk

- Consumer

## Karen KWAN

(852) 2268 0640 karenkwon@kimeng.com.hk

- HK & China Property

## Philip Tse

(852) 2268 0643 philiptse@kimeng.com.hk

- HK & China Property

## Simon QIAN

(852) 2268 0634 simonqian@kimeng.com.hk

- Telecom & Internet

## Steven CHAN

(852) 2268 0645 stevenchan@kimeng.com.hk

- Banking & Financials

## Warren LAU

(852) 2268 0644 warrenlau@kimeng.com.hk

- Technology – Regional

## INDIA

## Jigar SHAH Head of Research

(91) 22 6623 2601 jigar@maybank-ke.co.in

- Oil & Gas
- Automobile
- Cement

## Anubhav GUPTA

(91) 22 6623 2605 anubhav@maybank-ke.co.in

- Metal & Mining
- Capital goods
- Property

## Urmil SHAH

(91) 22 6623 2606 urmil@maybank-ke.co.in

- Technology
- Media

## ECONOMICS

## JUNIMAN

## Chief Economist, BI

Indonesia  
(62) 21 29228888 ext 29682 Juniman@bankbii.com

## Josua PARDEDE

## Economist / Industry Analyst, BI

Indonesia  
(62) 21 29228888 ext 29695 JPardede@bankbii.com

## SINGAPORE

## Ng Wee Siang Head of Research

(65) 6432 1467 ngweesiang@maybank-ke.com.sg

- Banking & Finance

## Gregory YAP

(65) 6432 1450 gyap@maybank-ke.com.sg

- SMID Caps – Regional
- Technology & Manufacturing
- Telcos

## Wilson LIEW

(65) 6432 1454 wilsonliaw@maybank-ke.com.sg

- Property Developers

## ONG Kian Lin

(65) 6432 1470 ongkianlin@maybank-ke.com.sg

- S-REITs

## James KOH

(65) 6432 1431 jameskoh@maybank-ke.com.sg

- Consumer - Regional

## YEAK Chee Keong, CPA

(65) 6432 1460 yeakcheekeong@maybank-ke.com.sg

- Offshore & Marine

## Derrick HENG

(65) 6432 1446 derrickheng@maybank-ke.com.sg

- Transport (Land, Shipping & Aviation)

## Wei Bin

(65) 6432 1455 weibin@maybank-ke.com.sg

- Commodity
- Logistics
- S-chips

## Alison FOK

(65) 6432 1447 alisonfok@maybank-ke.com.sg

- Small & Mid Caps
- Construction

## John CHEONG

(65) 6432 1461 johncheong@maybank-ke.com.sg

- Small & Mid Caps
- Healthcare

## INDONESIA

## Lucky ARIESANDI, CFA

(62) 21 2557 1127 lucky.ariesandi@maybank-ke.co.id

- Base metals
- Mining
- Oil & Gas
- Wholesale

## Pandu ANUGRAH

(62) 21 2557 1137 pandu.anugrah@maybank-ke.co.id

- Automotive
- Heavy equipment
- Plantation
- Toll road

## Rahmi MARINA

(62) 21 2557 1128 rahmi.marina@maybank-ke.co.id

- Banking
- Multi-finance

## Adi N. WICAKSONO

(62) 21 2557 1128 adi.wicaksono@maybank-ke.co.id

- Generalist

## Anthony YUNUS

(62) 21 2557 1139 anthony.yunus@maybank-ke.co.id

- Cement
- Infrastructure
- Property

## PHILIPPINES

## Luz LORENZO Head of Research

(63) 2 849 8836 luz\_lorenzo@maybank-atrke.com

- Strategy

## Laura DY-LIACCO

(63) 2 849 8840 laura\_dyliacco@maybank-atrke.com

- Utilities
- Conglomerates
- Telcos

## Lovell SARREAL

(63) 2 849 8841 lovell\_sarreal@maybank-atrke.com

- Consumer
- Media
- Cement

## Rommel RODRIGO

(63) 2 849 8839 rommel\_rodrigo@maybank-atrke.com

- Conglomerates
- Property
- Ports/Logistics
- Gaming

## Katherine TAN

(63) 2 849 8843 kat\_tan@maybank-atrke.com

- Banks
- Construction

## Ramon ADVIENTO

(63) 2 849 8845 ramon\_adviento@maybank-atrke.com

- Mining

## THAILAND

## Sukit UDOMSIRIKUL Head of Research

(66) 2658 6300 ext 5090  
Sukit.u@maybank-ke.co.th

## Mayuree CHOWVIKARN

(66) 2658 6300 ext 1440 mayuree.c@maybank-ke.co.th

- Strategy

## Padon Vannarat

(66) 2658 6300 ext 1450 Padon.v@maybank-ke.co.th

- Strategy

## Surachai PRAMUALCHAROENKIT

(66) 2658 6300 ext 1470 Surachai.p@maybank-ke.co.th

- Auto
- Conmat
- Contractor
- Steel

## Suttatip PEERASUB

(66) 2658 6300 ext 1430 suttatip.p@maybank-ke.co.th

- Media
- Commerce

## Sutthichai KUMWORACHAI

(66) 2658 6300 ext 1400 sutthichai.k@maybank-ke.co.th

- Energy
- Petrochem

## Termporn TANTIVIVAT

(66) 2658 6300 ext 1520 termporn.t@maybank-ke.co.th

- Property

## Jaroontan WATTANAWONG

(66) 2658 6300 ext 1404 jaroontan.w@maybank-ke.co.th

- Transportation
- Small cap.

## Chatchai JINDARAT

(66) 2658 6300 ext 1401 chatchai.j@maybank-ke.co.th

- Electronics

## Institutional Research

## Maria LAPIZ Head of Institutional Research

Dir (66) 2257 0250 | (66) 2658 6300 ext 1399  
Maria.L@maybank-ke.co.th

- Consumer / Materials

## Jesada TECHAHUSIN, CFA

(66) 2658 6300 ext 1394 Jesada.T@maybank-ke.co.th

- Financial Services

## Kittisorn PRUITPAT, CFA, FRM

(66) 2658 6300 ext 1395 Kittisorn.P@maybank-ke.co.th

- Real Estate

## SITTICHAI DUANGRATTANACHAYA

(66) 2658 6300 ext 1393 Sittichai.D@maybank-ke.co.th

- Services Sector

## VIETNAM

## Nguyen Thi Ngan TUYEN

(84) 844 55 58 88 x 8081 tuyen.nguyen@maybank-kimeng.com.vn

- Food and Beverage
- Oil and Gas

## Hang Vu

(84) 844 55 58 88 x 8087 hang.vu@maybank-kimeng.com.vn

- Banking

## Trinh Thi Ngoc Diep

(84) 844 55 58 88 x 8242 diep.trinh@maybank-kimeng.com.vn

- Technology
- Utilities
- Construction

## Dang Thi Kim Thoa

(84) 844 55 58 88 x 8083 thoa.dang@maybank-kimeng.com.vn

- Consumer

## Nguyen Trung Hoa

(84) 844 55 58 88 x 8088 hoa.nguyen@maybank-kimeng.com.vn

- Steel
- Sugar
- Resources

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Adex = Advertising Expenditure	FCF = Free Cashflow	PE = Price Earnings
BV = Book Value	FV = Fair Value	PEG = PE Ratio To Growth
CAGR = Compounded Annual Growth Rate	FY = Financial Year	PER = PE Ratio
Capex = Capital Expenditure	FYE = Financial Year End	QoQ = Quarter-On-Quarter
CY = Calendar Year	MoM = Month-On-Month	ROA = Return On Asset
DCF = Discounted Cashflow	NAV = Net Asset Value	ROE = Return On Equity
DPS = Dividend Per Share	NTA = Net Tangible Asset	ROSF = Return On Shareholders' Funds
EBIT = Earnings Before Interest And Tax	P = Price	WACC = Weighted Average Cost Of Capital
EBITDA = EBIT, Depreciation And Amortisation	P.A. = Per Annum	YoY = Year-On-Year
EPS = Earnings Per Share	PAT = Profit After Tax	YTD = Year-To-Date
EV = Enterprise Value	PBT = Profit Before Tax	

- Malaysia**  
**Maybank Investment Bank Berhad**  
 (A Participating Organisation of Bursa Malaysia Securities Berhad)  
 33rd Floor, Menara Maybank,  
 100 Jalan Tun Perak,  
 50050 Kuala Lumpur  
 Tel: (603) 2059 1888;  
 Fax: (603) 2078 4194
- Stockbroking Business:  
 Level 8, Tower C, Dataran Maybank,  
 No.1, Jalan Maarof  
 59000 Kuala Lumpur  
 Tel: (603) 2297 8888  
 Fax: (603) 2282 5136
- Philippines**  
**Maybank ATR Kim Eng Securities Inc.**  
 17/F, Tower One & Exchange Plaza  
 Ayala Triangle, Ayala Avenue  
 Makati City, Philippines 1200
- Tel: (63) 2 849 8888  
 Fax: (63) 2 848 5738
- South Asia Sales Trading**  
 Kevin FOY  
 kevinfoy@maybank-ke.com.sg  
 Tel: (65) 6336-5157  
 US Toll Free: 1-866-406-7447
- Singapore**  
**Maybank Kim Eng Securities Pte Ltd**  
**Maybank Kim Eng Research Pte Ltd**  
 9 Temasek Boulevard  
 #39-00 Suntec Tower 2  
 Singapore 038989
- Tel: (65) 6336 9090  
 Fax: (65) 6339 6003
- Hong Kong**  
**Kim Eng Securities (HK) Ltd**  
 Level 30,  
 Three Pacific Place,  
 1 Queen's Road East,  
 Hong Kong
- Tel: (852) 2268 0800  
 Fax: (852) 2877 0104
- Thailand**  
**Maybank Kim Eng Securities (Thailand) Public Company Limited**  
 999/9 The Offices at Central World,  
 20<sup>th</sup> - 21<sup>st</sup> Floor,  
 Rama 1 Road Pathumwan,  
 Bangkok 10330, Thailand
- Tel: (66) 2 658 6817 (sales)  
 Tel: (66) 2 658 6801 (research)
- North Asia Sales Trading**  
 Eddie LAU  
 eddielau@kimeng.com.hk  
 Tel: (852) 2268 0800  
 US Toll Free: 1 866 598 2267
- London**  
**Maybank Kim Eng Securities (London) Ltd**  
 6/F, 20 St. Dunstan's Hill  
 London EC3R 8HY, UK
- Tel: (44) 20 7621 9298  
 Dealers' Tel: (44) 20 7626 2828  
 Fax: (44) 20 7283 6674
- Indonesia**  
**PT Kim Eng Securities**  
 Plaza Bapindo  
 Citibank Tower 17<sup>th</sup> Floor  
 Jl Jend. Sudirman Kav. 54-55  
 Jakarta 12190, Indonesia
- Tel: (62) 21 2557 1188  
 Fax: (62) 21 2557 1189
- Vietnam**  
*In association with*  
**Maybank Kim Eng Securities JSC**  
 1st Floor, 255 Tran Hung Dao St.  
 District 1  
 Ho Chi Minh City, Vietnam
- Tel : (84) 844 555 888  
 Fax : (84) 838 38 66 39
- New York**  
**Maybank Kim Eng Securities USA Inc**  
 777 Third Avenue, 21st Floor  
 New York, NY 10017, U.S.A.
- Tel: (212) 688 8886  
 Fax: (212) 688 3500
- India**  
**Kim Eng Securities India Pvt Ltd**  
 2nd Floor, The International 16,  
 Maharishi Karve Road,  
 Churchgate Station,  
 Mumbai City - 400 020, India
- Tel: (91).22.6623.2600  
 Fax: (91).22.6623.2604
- Saudi Arabia**  
*In association with*  
**Anfaal Capital**  
 Villa 47, Tujjar Jeddah  
 Prince Mohammed bin Abdulaziz  
 Street P.O. Box 126575  
 Jeddah 21352
- Tel: (966) 2 6068686  
 Fax: (966) 26068787

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				Score Range	Number of Logo	Description		
▲▲▲▲▲				90-100	▲▲▲▲▲	Excellent		
BAFS IRPC PTTEP SIM				80-89	▲▲▲▲	Very Good		
BCP IVL PTTGC SPALI				70-79	▲▲▲	Good		
BTS KBANK SAMART THCOM				60-69	▲▲	Satisfactory		
CPN KKP SAMTEL TISCO				50-59	▲	Pass		
EGCO KTB SAT TMB				Lower than 50	No logo given	N/A		
GRAMMY MINT SC TOP								
HANA PSL SCB								
INTUCH PTT SE-ED								
▲▲▲▲								
AAV	CENDEL	GUNKUL	NKI	RATCH	TCAP	TVO		
ACAP	CFRESH	HEMRAJ	NMG	ROBINS	TF	UAC		
ADVANC	CIMBT	HMPRO	NSI	RS	THAI	VGI		
ANAN	CK	ICC	OCC	S&J	THANI	VNT		
AOT	CNT	KCE	OFM	SAMCO	TIP	WACOAL		
ASIMAR	CPF	KSL	PAP	SCC	TIPCO			
ASK	CSL	LANNA	PE	SINGER	TK			
ASP	DELTA	LH	PG	SIS	TKT			
BANPU	DRT	LHBANK	PHOL	SITHAI	TNITY			
BAY	DTAC	LOXLEY	PJW	SNC	TNL			
BBL	DTC	LPN	PM	SNP	TOG			
BECL	EASTW	MACO	PPS	SPI	TRC			
BIGC	EE	MC	PR	SSF	TRUE			
BKI	ERW	MCOT	PRANDA	SSI	TSTE			
BLA	GBX	NBC	PS	SSSC	TSTH			
BMCL	GC	NCH	PT	STA	TTA			
BROOK	GFPT	NINE	QH	SVI	TTW			
▲▲▲▲								
ZS	BEC	DEMCO	IRCP	MOONG	PTG	SPC	TIC	UPOIC
AF	BFIT	DNA	ITD	MPG	QLT	SPCG	TICON	UT
AH	BH	EA	KBS	MTI	QTC	SPPT	TIW	UV
AHC	BJC	ESSO	KGI	NC	RCL	SST	TKS	UWC
AIT	BJCHI	FE	KKC	NTV	SABINA	STANLY	TLUXE	VIH
AJ	BOL	FORTH	KTC	NUSA	SALEE	STEC	TMI	WAVE
AKP	BTNC	FPI	L&E	NWR	SCBLIF	STPI	TMT	WHA
AKR	BWG	GENCO	LRH	NYT	SCCC	SUC	TNDT	WIN
AMANAH	CCET	GLAND	LST	OGC	SCG	SWC	TPC	WINNER
AMARIN	CGD	GLOBAL	MAJOR	OISHI	SEAFCO	SYMC	TPCORP	YUASA
AMATA	CGS	GLOW	MAKRO	PACE	SEAOIL	SYNEX	TRT	ZMICO
AP	CHOW	GOLD	MATCH	PATO	SFP	SYNTEC	TRU	
APCO	CI	HOTPOT	MBK	PB	SIAM	TASCO	TSC	
APCS	CKP	HTC	MBKET	PDI	SIRI	TBSP	TTCL	
AQUA	CM	HTECH	MEGA	PICO	SKR	TEAM	TUF	
ARIP	CMR	HYDRO	MFC	PPM	SMG	TFD	TVD	
AS	CSC	IFS	MFEC	PPP	SMK	TFI	TWFP	
ASIA	CSP	IHL	MJD	PREB	SMPC	THANA	UMI	
AYUD	CSS	INET	MODERN	PRG	SMT	THIP	UP	
BEAUTY	DCC	IRC	MONO	PRIN	SOLAR	THREL	UPF	

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