

Seegene (096530 KS)

Base effect continues in 2Q

BUY (Maintain)

CP (Jun. 13) KRW29,500
TP (6 months) KRW34,000
Upside 15.3%

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KOSPI	2,103.15p
KOSDAQ	726.68p
Market cap	KRW773.9bn/USD678.9mn
Par value	KRW500
Outstanding shares	26.2mn
Free float	17.4mn(66.3%)
52-week high/low	KRW31,700/KRW14,750
60-day avg. trading volume	169,427shrs
60-day avg. turnover	KRW4,336mn
Foreign ownership	19.31%
Major shareholders	
Jong-Yun Chun and 23 others	32.76%
KB Asset Management	5.10%
Absolute performance	3M 23.4% 6M 73.0% 12M -6.9%
Relative performance	3M 28.2% to KOSDAQ 6M 62.3% 12M 12.1%

- ◆ 2Q19 OP forecast at KRW3.8bn (+KRW2.4bn YoY) on low base effect
- ◆ 2H19 OP to grow 19.9% YoY to KRW7.3bn
- ◆ Retain BUY and raise target price by 13.3% to KRW34,000

2Q19 OP forecast at KRW3.8bn (+KRW2.4bn YoY) on low base effect

Seegene should continue to enjoy low base effect in 2Q. Sales are expected to come in at KRW28.2bn (+14.6% YoY) in line with the market consensus (KRW29.2bn) — reagents KRW19.9bn (+18.8% YoY) and equipment/others KRW8.3bn (+5.5% YoY). Sales of reagents for infectious diseases are forecast at KRW7.8bn (+8.2% YoY) and respiratory diseases at KRW7.1bn (+24.8% YoY). Sales of other reagents including digestive system diseases should grow sharply by 29.6% YoY to KRW5.1bn.

Operating profit is projected at KRW3.8bn (+182.3% YoY) thanks to strong base effect, but will likely miss the upward-adjusted consensus (KRW4.7bn). Operating profit margin is expected to rise 8.1%p YoY to 13.5%, backed by: 1) COGS ratio improving 2.3%p YoY to 31.6% on higher sales share of profitable reagents (+2.9%p YoY); and 2) SG&A ratio falling markedly by 5.7%p YoY to 54.9% on top-line growth.

2H19 OP to grow 19.9% YoY to KRW7.3bn

We expect moderate profit growth in 2H, albeit at a slower pace than in 1H. The number of clients using Allplex (roughly 50% of Seegene's reagent sales) is on a steady rise (519 in 2017 → 903 in 2018 → 990 in 1Q19). For 2H, we forecast sales of KRW58.9bn (+13.8% YoY), operating profit of KRW7.3bn (+19.9% YoY), and operating profit margin of 12.3% (+0.6%p YoY).

Retain BUY and raise target price by 13.3% to KRW34,000

Our target price for Seegene is raised by 13.3% to KRW34,000 based on our earnings forecast upgrade (2019F net profit +11%). We keep our BUY rating on expectations for: 1) 2Q operating profit growth (+KRW2.4bn YoY) and positive 2H outlook; 2) 2019F operating profit margin of 14.7%, surpassing the 10% mark for the first time since 2015; and 3) share price re-rating along with earnings improvement. Seegene is currently trading in the lower end of the valuation range. Although share price gains will likely be weaker in 2H compared to 1H, we believe it is yet early to take profit.

Year to December	Sales (bn KRW)	OP (bn KRW)	Pre-tax (bn KRW)	NP (bn KRW)	EPS (KRW)	Growth (%)	BPS (KRW)	PER (x)	EV/EBITDA (x)	PBR (x)	ROE (%)	Net debt ratio (%)
2017	86.9	7.1	0.9	2.0	76	(72.1)	4,766	441.9	63.1	7.0	1.5	(18.3)
2018	100.8	9.0	9.6	9.8	375	394.2	5,245	42.7	23.5	3.1	7.5	(19.7)
2019F	114.6	16.9	19.1	14.4	547	46.0	5,793	53.9	28.3	5.1	9.9	(26.7)
2020F	126.7	20.5	20.7	15.5	592	8.2	6,384	49.8	24.0	4.6	9.7	(31.7)
2021F	140.0	24.5	26.7	20.0	764	29.1	7,148	38.6	20.4	4.1	11.3	(36.9)

Source: Company data, Shinhan Investment Corp. / Note: TB = turn black, TR = turn red, RR = remain red

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2Q19 forecast

(bn KRW, %)	2Q19F	1Q19	QoQ	2Q18	YoY	SHIC	Consensus
Sales	28.2	27.5	2.6	24.6	14.6	28.2	29.2
OP	3.8	5.8	(34.2)	1.4	182.3	3.4	4.7
Pre-tax profit	6.0	6.6	(9.2)	2.1	183.4	3.7	4.9
NP	4.5	5.1	(12.2)	1.6	181.7	2.7	3.1
OPM	13.5	21.1	(7.6)p	5.5	8.1p	12.1	16.1
Pre-tax margin	21.2	24.0	(2.7)p	8.6	12.6p	13.1	16.8
NPM	15.9	18.6	(2.7)p	6.5	9.5p	9.6	10.6

Source: FnGuide, Shinhan Investment Corp.

Earnings forecast revision

(bn KRW, KRW, %)	Previous		Revised		Change	
	2019F	2020F	2019F	2020F	2019F	2020F
Sales	114.6	126.2	114.6	126.7	0.2	0.4
OP	15.8	18.4	16.9	20.5	7.2	11.5
Pre-tax profit	17.2	18.5	19.1	20.7	11.0	12.0
NP	12.9	13.9	14.4	15.5	11.0	12.0
BPS	5,738	6,267	5,793	6,384	1.0	1.9
OPM	13.8	14.6	14.7	16.2		
Pre-tax margin	15.1	14.6	16.7	16.3		
NPM	11.3	11.0	12.5	12.2		

Source: Shinhan Investment Corp.

Target price calculation

(KRW, x)	2019F	Remark
BPS	5,793	
Target PBR	5.9	10% premium to 2018 average PBR of 5.4x
Calculated price	34,331	
Target price	34,000	

Source: Shinhan Investment Corp.

Note: 1) Based on PBR valuation due to high volatility of net profit

2) 10% premium applied to 2018 average PBR on forecasts for 2019 operating margin of 14.7%, higher than 8.9% in 2018

PBR and operating profit margin

(x, %)	2014	2015	2016	2017	2018	2019F
PBR (term-end)	8.7	7.4	6.5	7.0	3.1	5.1
PBR (high)	11.5	13.9	8.2	8.6	7.7	
PBR (low)	7.8	5.9	5.5	5.5	3.0	
PBR (average)	10.1	7.9	6.6	6.9	5.4	
OPM	17.3	13.3	13.7	8.2	8.9	14.7

Source: QuantilWise, Shinhan Investment Corp.

Earnings trend and outlook

(bn KRW, %)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19F	3Q19F	4Q19F	1Q20F	2Q20F	3Q20F	4Q20F	2018	2019F	2020F
Sales	24.5	24.6	21.8	29.9	27.5	28.2	25.6	33.3	30.5	31.5	28.4	36.3	100.8	114.6	126.7
OP	1.6	1.4	1.4	4.7	5.8	3.8	2.5	4.8	6.8	4.7	3.4	5.6	9.0	16.9	20.5
Pre-tax profit	1.9	2.1	1.3	4.3	6.6	6.0	1.9	4.6	7.2	4.4	3.5	5.6	9.6	19.1	20.7
NP	1.9	1.6	0.9	5.4	5.1	4.5	1.5	3.2	5.5	3.3	2.7	4.0	9.8	14.4	15.5
Growth (YoY)															
Sales	17.5	11.6	8.7	25.2	12.4	14.6	17.3	11.3	10.8	11.6	11.1	9.1	16.1	13.6	10.6
OP	(0.9)	19.5	(9.6)	64.6	265.2	182.3	79.1	2.3	17.3	23.4	34.6	18.2	26.6	87.7	21.4
Pre-tax profit	TB	(29.5)	(24.5)	TB	251.6	183.4	43.5	8.5	9.6	(26.6)	82.3	20.7	983.9	99.4	8.2
NP	TB	(32.7)	(30.4)	3,514.3	170.5	181.7	65.8	(40.5)	7.9	(26.6)	77.6	24.6	380.5	46.0	8.2
Margin															
OPM	6.5	5.5	6.4	15.6	21.1	13.5	9.8	14.3	22.4	15.0	11.8	15.5	8.9	14.7	16.2
Pre-tax margin	7.7	8.6	6.1	14.3	24.0	21.2	7.5	13.9	23.7	13.9	12.3	15.4	9.5	16.7	16.3
NPM	7.7	6.5	4.2	18.1	18.6	15.9	5.9	9.7	18.1	10.4	9.4	11.1	9.7	12.5	12.2

Source: Company data, Shinhan Investment Corp

Note: Reflects changes in accounting guidelines for R&D spend

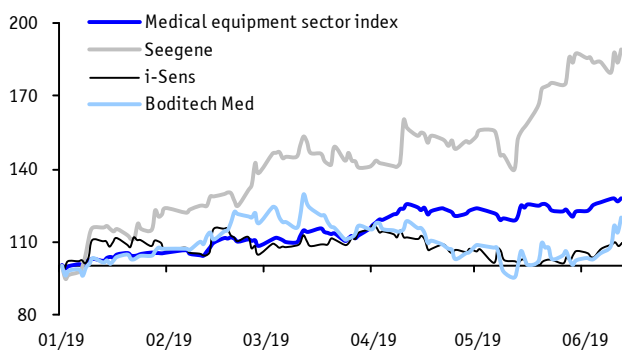
Sales by division

(bn KRW, %)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19F	3Q19F	4Q19F	1Q20F	2Q20F	3Q20F	4Q20F	2018	2019F	2020F
Sales	24.5	24.6	21.8	29.9	27.5	28.2	25.6	33.3	30.5	31.5	28.4	36.3	100.8	114.6	126.7
Reagent	17.1	16.8	15.1	18.6	20.7	19.9	18.5	21.5	23.3	22.8	21.1	24.0	67.5	80.6	91.3
Infectious	6.6	7.2	6.2	7.8	7.3	7.8	6.8	8.5	8.1	8.8	7.6	9.3	27.8	30.4	33.8
Respiratory	6.8	5.7	4.6	7.2	8.5	7.1	6.1	8.2	9.4	7.9	6.8	9.1	24.3	29.9	33.2
Others	3.7	3.9	4.3	3.6	4.9	5.1	5.6	4.7	5.8	6.2	6.7	5.5	15.5	20.3	24.2
Equipment/others	7.4	7.8	6.7	11.4	6.8	8.3	7.0	11.9	7.1	8.6	7.3	12.3	33.3	34.0	35.4
YoY growth															
Sales	17.5	11.6	8.7	25.2	12.4	14.6	17.3	11.3	10.8	11.6	11.1	9.1	16.1	13.6	10.6
Reagent	18.9	16.9	6.0	14.8	21.2	18.8	22.6	15.5	12.8	14.6	13.8	11.8	14.2	19.4	13.2
Infectious	110.2	35.3	17.9	28.4	10.4	8.2	10.6	9.7	10.9	12.9	11.6	9.5	22.8	9.7	11.1
Respiratory	11.1	(14.8)	(24.4)	24.5	25.2	24.8	32.6	13.5	11.1	12.1	11.4	10.8	(1.5)	23.0	11.3
Others	63.2	64.2	47.7	(17.2)	33.3	29.6	29.1	32.2	18.5	20.6	19.1	17.7	30.5	30.9	19.0
Equipment/others	14.2	1.7	15.3	46.9	(8.0)	5.5	5.2	4.3	4.8	4.4	4.1	4.2	20.1	2.0	4.3

Source: Company data, Shinhan Investment Corp.

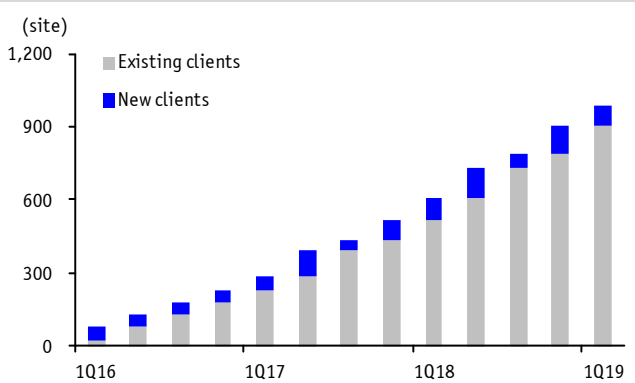
Relative share performance vs. medical equipment peers

(2019.01.02=100)



Source: QuantiWise, Shinhan Investment Corp.

Number of clients using Allplex

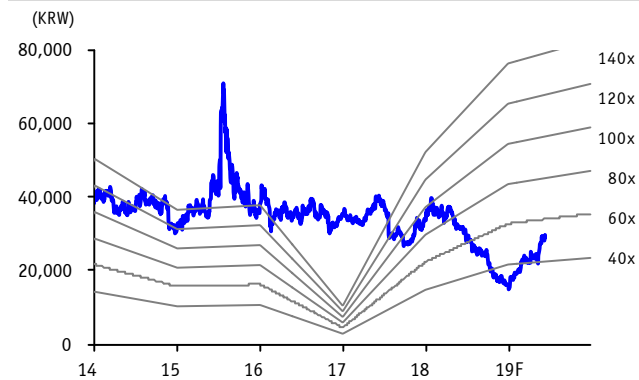


Source: Company data, Shinhan Investment Corp.

Peer group valuation								
		Seegene	Roche Holding	Abbott Laboratories	Becton, Dickinson & Co	Hologic	Qiagen	Luminex
Ticker		096530 KS	ROG VX	ABT US	BDX US	HOLX US	QGEN US	LMNX US
Market cap	(bn KRW)	773.9	282,329.8	171,060.7	75,628.2	15,271.1	10,548.5	1,155.3
Sales	2018	100.8	63,943.3	33,652.4	17,504.9	3,524.3	1,652.9	347.6
(bn KRW)	2019F	114.6	71,578.3	37,875.7	20,455.5	3,967.3	1,868.0	398.3
	2020F	126.7	72,730.6	40,490.7	21,505.0	4,107.9	2,021.5	439.3
OP	2018	9.0	16,612.9	4,017.0	1,639.5	(260.6)	293.4	30.6
(bn KRW)	2019F	16.9	25,384.0	8,497.9	5,234.3	1,135.1	517.6	10.9
	2020F	20.5	26,152.0	9,443.1	5,875.7	1,210.3	577.1	26.2
NP	2018	9.8	11,810.9	2,606.1	340.6	(121.9)	209.5	20.4
(bn KRW)	2019F	14.4	19,535.4	6,804.4	3,822.7	782.0	396.9	5.2
	2020F	15.5	20,241.2	7,610.4	4,324.7	846.7	442.9	24.7
OPM	2018	8.9	26.0	11.9	9.4	(7.4)	17.8	8.8
(%)	2019F	14.7	35.5	22.4	25.6	28.6	27.7	2.7
	2020F	16.2	36.0	23.3	27.3	29.5	28.5	6.0
NPM	2018	9.7	18.5	7.7	1.9	(3.5)	12.7	5.9
(%)	2019F	12.5	27.3	18.0	18.7	19.7	21.2	1.3
	2020F	12.2	27.8	18.8	20.1	20.6	21.9	5.6
EPS growth	2018	393.4	21.4	560.0	(86.8)	-	366.7	(37.3)
(%)	2019F	45.9	11.6	18.4	14.8	18.0	14.5	(83.5)
	2020F	8.2	2.5	12.2	11.6	8.6	11.7	349.0
PER	2018	42.7	19.8	40.4	24.7	33.5	39.4	47.2
(x)	2019F	53.9	14.4	25.9	20.2	19.9	27.4	297.4
	2020F	49.8	14.0	23.0	18.1	18.3	24.6	64.8
PBR	2018	3.1	7.3	3.9	2.6	4.9	3.4	2.2
(x)	2019F	5.1	6.7	4.3	2.8	5.0	3.2	2.0
	2020F	4.6	5.7	3.3	2.6	4.1	2.9	2.0
EV/EBITDA	2018	23.5	13.4	22.8	19.8	29.8	20.9	26.1
(x)	2019F	28.3	10.3	19.4	16.4	14.6	17.7	37.7
	2020F	24.0	10.1	17.0	13.7	13.7	16.4	24.2
ROE	2018	7.5	38.8	7.7	1.1	(4.3)	7.4	4.1
(%)	2019F	9.9	49.3	18.0	13.9	25.3	8.4	(0.0)
	2020F	9.7	42.2	18.5	14.4	24.8	9.1	2.7

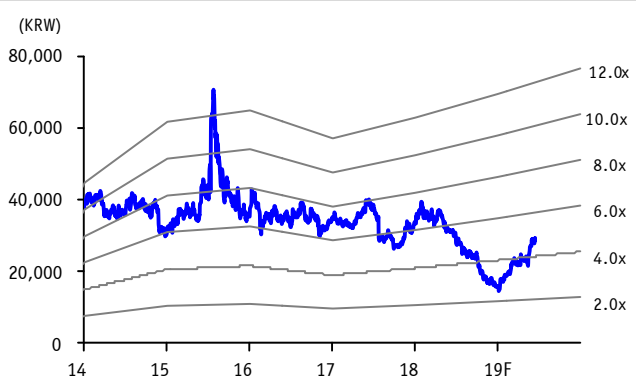
Source: Bloomberg, Shinhan Investment Corp.

PER band



Source: QuantiWise, Shinhan Investment Corp.

PBR band



Source: QuantiWise, Shinhan Investment Corp.

Statement of financial position

Year to December (bn KRW)	2017	2018	2019F	2020F	2021F
Total assets	164.8	173.4	191.2	209.7	233.0
Current assets	120.5	124.5	145.9	167.7	194.0
Cash and equivalents	27.8	32.6	45.4	57.4	72.8
Accounts receivable	49.9	52.0	57.9	64.0	70.8
Inventories	19.3	22.6	23.8	26.3	29.1
Non-current assets	44.4	48.9	45.3	42.0	39.0
Tangible assets	18.4	18.6	13.9	9.5	5.3
Intangible assets	6.4	6.0	6.3	6.7	7.1
Investment assets	5.4	6.1	6.9	7.6	8.4
Other financial assets	0.0	0.0	0.0	0.0	0.0
Total liabilities	39.5	35.4	38.9	41.9	45.2
Current liabilities	19.7	26.1	28.5	30.6	32.9
Short-term borrowings	6.3	7.8	7.8	7.8	7.8
Accounts payable	7.4	11.5	13.1	14.5	16.0
Current portion of long-term debt	0.7	0.7	0.7	0.7	0.7
Non-current liabilities	19.7	9.4	10.4	11.3	12.3
Bonds	12.0	0.0	0.0	0.0	0.0
Long-term borrowings	0.8	1.8	1.8	1.8	1.8
Other financial liabilities	0.0	0.0	0.0	0.0	0.0
Total shareholders' equity	125.3	137.9	152.3	167.8	187.8
Capital stock	13.1	13.1	13.1	13.1	13.1
Capital surplus	83.8	83.3	83.3	83.3	83.3
Other capital	(11.2)	(11.2)	(11.2)	(11.2)	(11.2)
Accumulated other comprehensive income	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Retained earnings	40.0	53.0	67.4	82.9	102.9
Controlling interest equity	125.0	137.6	152.0	167.5	187.6
Non-controlling interest equity	0.3	0.3	0.3	0.3	0.2
*Total debt	19.8	10.3	10.3	10.3	10.3
*Net debt (cash)	(22.9)	(27.2)	(40.7)	(53.2)	(69.3)

Statement of cash flow

Year to December (bn KRW)	2017	2018	2019F	2020F	2021F
Cash flow from operations	10.1	14.0	16.8	18.8	21.2
Net profit	2.0	9.8	14.3	15.5	20.0
Depreciation expense	5.0	6.5	8.2	8.6	9.1
Amortization expense	1.4	1.2	0.8	0.9	1.0
FX translation loss (gain)	3.3	(1.4)	(1.8)	0.4	(1.7)
Asset disposal loss (gain)	(0.0)	(0.1)	0.0	0.0	0.0
Equity method loss (gain)	(0.2)	(0.9)	(0.3)	(0.3)	(0.3)
Change in working capital	(1.8)	(4.1)	(4.4)	(6.3)	(6.9)
(Payment of income tax)	(3.0)	0.0	(4.8)	(5.2)	(6.7)
Others	3.4	3.0	4.8	5.2	6.7
Cash flow from investments	6.1	0.9	(3.9)	(6.9)	(5.8)
Increase in tangible assets	(4.8)	(2.9)	(3.5)	(4.2)	(5.0)
Decrease in tangible assets	1.6	0.3	0.0	0.0	0.0
Change in intangible assets	(1.5)	(1.0)	(1.1)	(1.3)	(1.4)
Change in investment assets	(1.1)	(0.4)	(0.5)	(0.4)	(0.5)
Others	11.9	4.9	1.2	(1.0)	1.1
Free cash flow	18.4	15.6	12.7	13.5	15.6
Cash flow from financing	(37.5)	(10.1)	0.0	0.0	0.0
Change in borrowings	(34.5)	(10.1)	0.0	0.0	0.0
Change in treasury stock	3.0	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
Others	(6.0)	0.0	0.0	0.0	0.0
Other cash flow	0.0	0.0	0.0	0.0	0.0
Change in consolidated scope	0.0	(0.0)	0.0	0.0	0.0
Change in FX rates	(0.6)	(0.0)	0.0	0.0	0.0
Change in total cash	(22.0)	4.8	12.9	11.9	15.4
Beginning cash	49.8	27.8	32.6	45.5	57.4
Ending cash	27.8	32.6	45.5	57.4	72.8

Source: Company data, Shinhan Investment Corp.

Statement of comprehensive income

Year to December (bn KRW)	2017	2018	2019F	2020F	2021F
Sales	86.9	100.8	114.6	126.7	140.0
Growth (%)	17.9	16.1	13.6	10.6	10.5
COGS	28.7	34.6	36.1	39.1	42.0
Gross profit	58.2	66.3	78.5	87.6	98.0
GPM (%)	67.0	65.7	68.5	69.2	70.0
SG&A	51.1	57.3	61.6	67.1	73.5
Operating profit	7.1	9.0	16.9	20.5	24.5
Growth (%)	(29.5)	26.6	87.7	21.4	19.3
OPM (%)	8.2	8.9	14.7	16.2	17.5
Non-operating profit	(6.2)	0.6	2.2	0.2	2.2
Financial profit	(5.1)	0.6	1.7	(0.3)	1.7
Other non-operating profit	(1.3)	(0.3)	0.2	0.2	0.2
Equity method gain (loss)	0.2	0.2	0.3	0.3	0.3
Pre-tax profit	0.9	9.6	19.1	20.7	26.7
Income tax	(1.6)	0.4	4.8	5.2	6.7
Continuing operations	2.5	9.2	14.3	15.5	20.0
Discontinued operations	(0.4)	0.6	0.0	0.0	0.0
Net profit	2.0	9.8	14.3	15.5	20.0
Growth (%)	(71.5)	380.5	46.0	8.2	29.1
NPM (%)	2.4	9.7	12.5	12.2	14.3
Controlling interest	2.0	9.8	14.4	15.5	20.0
Non-controlling interest	0.1	(0.0)	(0.0)	(0.0)	(0.0)
Comprehensive income	0.8	9.4	14.3	15.5	20.0
Controlling interest	0.7	9.4	14.4	15.5	20.1
Non-controlling interest	0.0	(0.0)	(0.0)	(0.0)	(0.1)
EBITDA	13.6	16.7	25.9	30.0	34.6
Growth (%)	(18.4)	23.3	54.7	15.9	15.3
EBITDA margin (%)	15.6	16.6	22.6	23.7	24.7

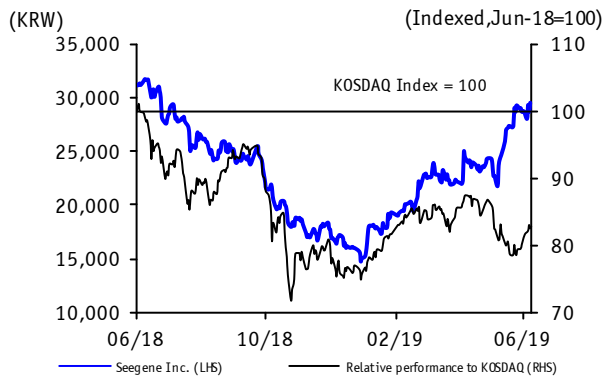
Key ratios

Year to December	2017	2018	2019F	2020F	2021F
EPS (KRW)	78	374	546	591	763
EPS of controlling interest (KRW)	76	375	547	592	764
BPS (KRW)	4,778	5,258	5,804	6,395	7,158
BPS of controlling interest (KRW)	4,766	5,245	5,793	6,384	7,148
DPS (KRW)	0	0	0	0	0
PER (x)	430.4	42.8	54.0	49.9	38.7
PER of controlling interest (x)	441.9	42.7	53.9	49.8	38.6
PBR (x)	7.0	3.0	5.1	4.6	4.1
PBR of controlling interest (x)	7.0	3.1	5.1	4.6	4.1
EV/EBITDA (x)	63.1	23.5	28.3	24.0	20.4
Dividend payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Profitability					
EBITDA margin (%)	15.6	16.6	22.6	23.7	24.7
OPM (%)	8.2	8.9	14.7	16.2	17.5
NPM (%)	2.4	9.7	12.5	12.2	14.3
ROA (%)	1.1	5.8	7.9	7.7	9.0
ROE (%)	1.5	7.5	9.9	9.7	11.3
ROIC (%)	17.3	8.6	14.4	17.1	19.6
Stability					
Debt to equity ratio (%)	31.5	25.7	25.5	25.0	24.1
Net debt ratio (%)	(18.3)	(19.7)	(26.7)	(31.7)	(36.9)
Cash ratio (%)	140.8	125.1	159.7	187.7	221.3
Interest coverage ratio (x)	4.3	22.6	54.9	66.7	79.6
Activity (%)					
Working capital turnover (times)	1.4	1.6	1.7	1.8	1.8
Inventory turnover (days)	69.1	75.9	74.0	72.3	72.3
Receivable turnover (days)	214.2	184.5	175.2	175.7	175.8

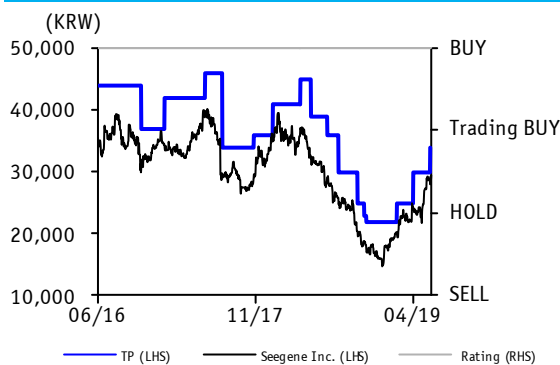
Source: Company data, Shinhan Investment Corp.

Seegene (096530 KS)

Share performance



Target price



Date	Rating	Target price (KRW)	Target price gap (%)	
			Average	Max/Min
2016.05.15	BUY	44,000	(19.1)	(10.6)
2016.11.01	BUY	37,000	(9.9)	(1.1)
2017.01.17	BUY	42,000	(17.6)	(4.8)
2017.05.31	BUY	46,000	(20.4)	(12.6)
2017.07.27	BUY	34,000	(15.0)	(6.9)
2017.11.08	BUY	36,000	(9.7)	0.6
2018.01.10	BUY	41,000	(12.2)	(3.5)
2018.04.11	BUY	45,000	(22.3)	(17.3)
2018.05.16	BUY	39,000	(21.5)	(16.9)
2018.07.09	BUY	36,000	(25.9)	(20.4)
2018.08.15	BUY	30,000	(20.4)	(13.8)
2018.10.17	BUY	25,000	(23.9)	(18.6)
2018.11.08	BUY	23,000	(24.1)	(20.9)
2018.11.15	BUY	22,000	(19.7)	(7.7)
2019.02.24	BUY	25,000	(9.3)	(0.2)
2019.04.19	BUY	30,000	-	-

Note: Calculation of target price gap based on past 6 months

Rating Distribution - SHIC Universe (as of 12 June 2019)

BUY (BUY)	96.70%	Trading BUY (HOLD)	0.94%	HOLD (HOLD)	2.36%	SELL (SELL)	0%
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Rating Distribution - SHIC Investment Banking Clients (as of 12 June 2019)

BUY (BUY)	91.30%	Trading BUY (HOLD)	4.35%	HOLD (HOLD)	4.35%	SELL (SELL)	0%
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SHIC Ratings (as of 1 April 2017)

Stock	Sector
<ul style="list-style-type: none"> ◆ BUY: Expected 6-month gain of 10% or more ◆ Trading BUY: Expected 6-month gain of 10% to loss of 10% ◆ HOLD: Expected 6-month loss of 10% to 20% ◆ SELL: Expected 6-month loss of 20% or more 	<ul style="list-style-type: none"> ◆ OVERWEIGHT: Based on market cap, largest share of sector stocks under coverage is rated BUY ◆ NEUTRAL: Based on market cap, largest share of sector stocks under coverage is rated Trading BUY or HOLD ◆ UNDERWEIGHT: Based on market cap, largest share of sector stocks under coverage is rated SELL

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