Health Management International

A visit to the crown jewel in Melaka

SINGAPORE | HEALTHCARE| COMPANY VISIT

- Regency taps onto unmet local demand gap whilst Mahkota attracts foreign patients
- Investment thesis remains intact: Increasing capacity, stronger patient demand, and higher revenue intensity to boost revenue growth
- Unique ability to attract and retain specialist doctors
- Maintained “**Buy**” rating with a DCF derive **TP of SGD0.83**

We attended an analyst site visit to Regency Specialist Hospital (“Regency”) in Johor and Mahkota Medical Centre (“Mahkota”) in Melaka on 5th to 6th May 2017. The visit provided an opportunity for us to understand how Health Management International (“HMI”) position itself amidst competitive landscape, and how it structures its growth strategies around the diverse operating environment in Johor and Melaka. We also had a brief overview of the performances of new and maturing hospitals.

During the trip, the Group CEO, as well as CEOs, Directors and General Manager of the two hospitals, shared with us some of their market insights and technicalities of the hospital operations.

Site visit key takeaways

1. **The newly launched PET-CT scan in Mahkota dominates diagnostic nuclear imaging service in Melaka.** The imaging service is gaining traction, with a total of 54 cases in Apr 2017, i.e. an average if 6-8 patients/day (industry maximum of 10-12 patients/day). Management is optimistic of wider usage of PET-CT scan in Malaysia on the back of its growing prominence; and (ii) increasing incidence of cancer.

2. **Expansion pipeline on track:** (i) a new ward with c.30 operational beds to be added to each of Mahkota and Regency by 1H FY18; and (ii) Hospital Extension Block at Regency by FY2020. Next prospective expansion in the medium to long term could be a multi-storey car park and a new hospital extension block for Mahkota. Two plots of car park space available for potential expansion. Currently there are still capacity at the Level 9 Administration Office. Mahkota could move its back office to another location, freeing some space in the existing block to add new beds before constructing a new hospital extension block.

3. **Investment thesis remains intact:** (i) Growing patient demand supported by favourable macro backdrop; (ii) Higher average bill size driven by its expanding range of specialist and sub-specialists, facilities and services; and (iii) Expanding capacity. The Group’s positioning and growth strategy for the two hospitals varies – Regency to focus on meeting local demand gap; while Mahkota to tap on foreign market demand amidst saturated local market. Higher foreign patient load will boost revenue intensity; higher utilization rate of its facilities and services will increase profitability.

4. **Unique partnership model to attract and retain specialist doctors**. Malaysia is suffering from specialist shortage. There are There are only about 9,000 specialist doctors nationwide serving the 30.33 million population of Malaysia (equivalent to 0.3 specialist doctor per 1,000 people). The Group offers specialist doctors a chance to start their own medical practise while able to enjoy as the benefit of being part of a hospital ecosystem. The doctors under the Group earn procedure fees and drugs margins, which has a higher earning potential compared to other private hospitals in Malaysia. Management also shared that collaboration with Kaohsiung Medical University could help in terms of medical staff trainings and attracts Malaysian specialists graduated in Taiwan to return and practise in Malaysia.

17 May 2017

Buy (Maintained)

LAST CLOSE PRICE	SGD 0.610
FORECAST DIV	SGD 0.002
TARGET PRICE	SGD 0.83
TOTAL RETURN	36.0%

COMPANY DATA

BLOOMBERG CODE	HMI SP
O/S SHARES (MN) :	821
MARKET CAP (USD mn / SGD mn) :	358 / 501
52 - WK HI/LO (SGD) :	0.75 / 0.32
3M Average Daily T/O (mn) :	0.91

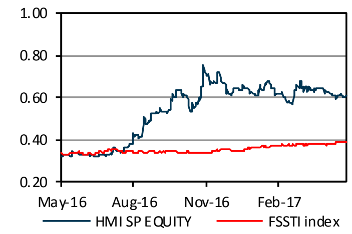
MAJOR SHAREHOLDERS (%)

Nam See Investment Pte Ltd	52.4%
Maju Medik (Malaysia) Sdn Bhd	18.8%
Kabouter Management LLC	6.0%
Cheah Way Mun	3.5%
Gan See Khem	13%

PRICE PERFORMANCE (%)

	1MTH	3MTH	1YR
COMPANY	(5.5)	(5.8)	87.7
STI RETURN	3.90	6.67	23.82

PRICE VS. STI



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Jun	FY15	FY16	FY17F	FY18F
Revenue (RM mn)	345	398	449	494
EBITDA (RM mn)	73	85	87	98
NPAT (RM mn)	28	20	24	60
EPS (RM cts)	4.79	3.45	3.44	7.42
EPS (S cts)	1.65	1.15	1.09	2.35
PER, adj. (x)	21.5	29.3	55.8	25.9
P/BV, x	4.1	3.4	5.2	4.8
DPS (S cts)	-	0.25	0.22	0.48
Div Yield (%)		0.4%	0.4%	0.8%
ROE (%)	21.7%	12.6%	11.1%	20.7%

Source: Bloomberg

VALUATION METHOD

DCF (WACC: 7.0%; terminal g: 1.0%)

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Mahkota Medical Centre – the Crown Jewel in Melaka

PET-CT Scan: A revolutionary technology with promising prospect

The PET-CT (Positron Emission Tomography-Computed Tomography) scan combines both PET and CT scan images to produce one image, which can ***detect most cancers in the human body at an earlier stage*** than most well-known imaging techniques (such as MRI, CT, and Ultrasound scanning), and even blood tests could. Note that cancer treatment is often more successful in early detection cases.

Essentially, the PET-CT scan can be used in diagnostic imaging procedures in oncology, surgical planning, radiation therapy and cancer staging. It helps physicians to diagnose, stage, treat and mange cancer/tumour with more specificity and accuracy, resulting in a better outcome for the patient.

- It gives a more complete picture of a tumour's location, size, growth, and spread.
- It also improves the ability to diagnose cancer, to determine how far a tumour has spread, to plan treatment, and to monitor response to the treatment.
- It may also reduce the number of additional imaging tests and other procedures a patient need, thus reducing the cost of treatment.

However, PET-CT scan is less common in Malaysia because of resource scarcity – it requires (i) substantial investment in the PET-CT scanner; and (ii) highly trained personnel to operate and manage the radiopharmaceuticals.

Mahkota is the first and the only one in Melaka, ***to install a PET-CT scanner***. Mahkota dominates diagnostic nuclear imaging service in Melaka while offers hospitals in vicinity a nearer solution. The other hospital which offers PET-CT scan service in South Malaysia is KPJ Johor Specialist Hospital (since Nov 2015).

Management is optimistic of a wider usage of PET-CT scan in Malaysia on the back of (i) its growing prominence; and (ii) increasing incidence of cancer.

Table 1:

PET-CT scan in Mahkota	Remarks
Capital outlay	RM6-7 million + Maintenance fees for the scanner
Variable cost	The radiotracer used in PET/CT imaging, *i.e. F-18 Fluorodeoxyglucose* (F18-FDG)*
Usage fee payable by patient	RM4,000/scan (compared to Singapore's ~S$4,000/scan)
Target market	All cancer patients, from internal or external referrals for local and foreign patients The Group is reaching out to the healthcare service providers in Seremban, Malaysia
Utilisation rate	Currently only opens for two days per week (for effective cost management); Operational days to increase as it gains patient volume Positive reception and has been gaining traction (cases per month is growing) Receipt of 100 over cases since commencement of service in end-Nov 2016 54 cases in Apr 2017, i.e. an average of 6-8 patients/day (industry maximum of 10-12 patients/day).

Source: Company, PSR

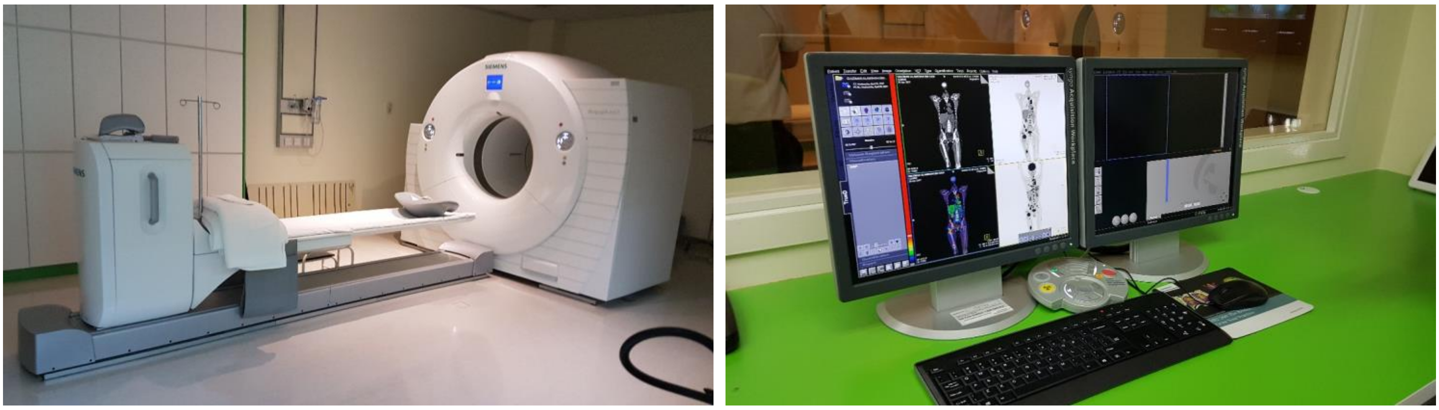
** MMC does not produce the radiotracer, and as the radioactivity of the F-18 FDG reduces by 50% over 110 minutes, it cannot be imported. The F-18 FDG market in Malaysia is controlled by duopoly, i.e. Beacon Hospital and IBA RadioPharma Solutions, which are located near Kuala Lumpur.*

Figure 1 & 2: The newly launched PET-CT scan machine

Preparation work includes pre-injection briefing to patient, preparation of radiotracer for injection, and injection of radiotracer into patient.

The scanning process takes about 20 to 30minutes and patient will be isolated for 2 hours after the scan.

The whole process will take about 4 hours to complete.



Source: PSR

Potential expansion in Mahkota of in existing hospital block, as well as additional parking space, and potentially a new hospital extension block

Mahkota owns two parking lots which would be the plots for its potential expansion plan. Management shared that, in medium to long term plan, Mahkota would build a multi-storey carpark, which we think likely to be at **Car Park 2 (see *Figure 4*)**.

We also think that it is possible that Mahkota will move its back office to another location – freeing some space in the existing block to add new beds before construction of extension block. We think the extension block could be at **Car Park 1 (*see Figure 3*)** as it is closer to Mahkota.

We think that a potentially new hospital extension block in the medium to long term plan would mainly add more clinical service areas and clinic suites, expanding the range of specialty and sub-specialty offered. The additional capacity would be supported by the growing patient base, from both local and foreign, particularly arising from the development in Melaka (such as Melaka Gateway project and several Chinese investments in Melaka).

(i) Figure 3: Car Park 1 (Next to Mahkota; or between Hatten Hotel and Mahkota)

Source: Google Map, Image captured on Dec 2015

(ii) Figure 4: Car Park 2: Across the street (Opposite Mahkota)

Source: PSR

(iii) Figure 5: Satellite view of Car Park 1 and 2

Source: Google Map, Image captured on 2017

Strategic Positioning and Growth Strategy

RSH, a Regional Solution for Locals; MMC, a Magnet to Medical Tourists

Recall that in our ***Initiation Report***, we mentioned that, healthcare facilities in Johor is under-supplied with bed-to-population ratio* at 1.7, when compared to Malaysia's at 1.9. On the other hand, Malacca has higher bed density at 2.5.

**Number of beds available in both public and private hospitals per 1,000 people (Source: CEIC)*

Hence, the Group's growth strategy for the two hospitals are very different, with Regency focusing on meeting local demand gap; and Mahkota to tap on foreign market demand amidst saturated scene in the local market. This can be well reflected on the patient mix in ***Table 2***.

Regency's next initiative would be collaboration with insurance and corporates to grow its corporate account

- Management noted that only 70% of Regency's patients are insurance-covered.
- Being the closest tertiary hospital and the only private hospital to have 24-hour A&E staffed by emergency specialists in Pasir Gudang industrial area and new Petronas oil refinery-petrochemicals complex area (i.e. RAPID), gives Regency an edge to attract corporate clients. (*Note: Petronas is now a corporate client of Regency due to the reason mentioned*)

Nonetheless, management does not discount that there is room for Regency to attract foreign patients. It has recently started its marketing outreach to international patients, in particular from Indonesia and Singapore. Being one of the two hospitals in Johor, Malaysia, approved for Medisave use, offers a stronger value proposition for Singapore patients.

Meanwhile, the strategic location of Mahkota offers a full ecosystem for medical tourists, including food, accommodation, and transportation

- Mahkota is the only private healthcare provider in Melaka which provide transportation arrangement (via third party vendor) from Kuala Lumpur International Airport ("KLIA") to facilitate foreign patients travelling by air.
- It also offers same-day repot for health screening and same-day surgeries, which help to save time and limit travel costs for foreign patients.

It is not surprising when Management shared that ***Mahkota has the highest foreign patient load in Malaysia.*** Its main competitor by states within Malaysia would be the private hospitals in Penang. Foreign patients in private hospitals in Kuala Lumpur are mainly expats, and note that the costs of living in Melaka is lower than Kuala Lumpur.

Within the state of Melaka, Mahkota being Indonesian's top preferred private hospital, despite Pantai Medical Centre Ayer Keroh having an 8 years of head start before the establishment of Mahkota, is a testament of effective marketing of its 17 representative offices in Indonesia.

Table 2: Recap on HMI's healthcare facilities, workforce strength and expansion plan

	Regency Specialist Hospital	Mahkota Medical Centre
Number of Beds	218 bed capacity 166 operational beds New ward (with additional 34 beds) to be added in 1H FY2018	288 bed capacity 266 operational beds New ward (with additional 36 beds) to be added in 1H FY2018
Number of Doctors	Over 70 practising consultants ▪ c.40 Resident consultants ▪ c.20 Part Time consultants ▪ c.10 Visiting consultants	Over 120 practising consultants ▪ 92 Resident consultants (excluding a new Resident consultant joining soon) ▪ 5 Part-Time consultants ▪ 36 Visiting consultants
Patient mix *(in terms of revenue)*	**95% Local : 5% Foreign** Majority of its foreign patient are Indonesian, due to proximity and availability of direct flights and ferry. As mentioned in our ***Initiation Report***, Indonesian patients tend to have 1.5x larger hospital bill size.	**67% Local : 33% Foreign**
Capacity expansion	**New hospital extension block** The 10-Storey hospital extension wing will more than double existing capacity at the hospital with 300 more inpatient beds, clinical service areas, operating theatres as well as clinic suites. Construction is expected to commence in 1H FY2018, and take up to 2.5 years to complete.	**Potential to build new hospital extension on adjacent plot of land** (in medium to long term plan)

Figure 6: Designated business counter in Mahkota for enquiries and ticketing for bus, flights, ferry, taxi and shuttle van

Source: PSR

Investment Thesis Remains Intact

Growing demand from local and overseas markets

(a) Lack of healthcare facilities in Indonesia

- The Indonesian government targets to provide universal health care under the National Health Insurance Programme (JKN) to all Indonesians by the year 2019.
- **However, the number of facilities remains limited:** undersupplied public hospitals coupled with handful of private hospitals that have opted to join the scheme as providers (due to unattractive scheme in terms of amount and time).
- With a growing middle-income class, Indonesians seek medical treatment abroad for quality healthcare services. Malaysia, being a neighbouring country with similar culture and language, while offering a more competitive pricing (compared to the private healthcare providers in Singapore, and even in Indonesia), has been a popular destination for Indonesian patients.
- **Some potential initiatives the Group may implement to boost Indonesian patient load**: (i) engage Third Party Administrator Services, and (ii) extending cashless admission to Indonesian patients.

(b) Macro tailwinds at play at local scene

- Increasing access to healthcare/medical insurance will propel patients transition from public to private healthcare services.
- Both Melaka and Johor are undergoing major development:
  (i) Melaka Gateway project and several Chinese investments in Melaka; and
  (ii) Pasir Gudang Industrial Area and new RM60 billion Petronas RAPID (Refinery and Petrochemical Integrated Development) project in Johor

  Bright prospects in property market, growing population and consumer affluence, improving standards of living as well as infrastructure upgrade in both states, will boost demand for quality healthcare.

Higher average bill size per patient

Recall that Malaysia's healthcare fees are regulated under the Private Healthcare Facilities and Services Act 1998 and Regulations 2006. The professional fees of doctors are controlled with a maximum ceiling. While the cost of hospital care, day surgeries, screening and diagnosis services, ambulance services, and clinical laboratories, are not covered under these Acts.

Hence, the number of complex cases treated in the hospitals and the utilisation of its services and facilities are the main drivers for to average bill size per patient.

Management shared that services and facility fees are the main contributors to its bottom line, as compared to ward room fees. These higher margin items include charges from operating theatre ("OT") usage, intensive care and monitoring costs, nursing care costs, etc. Mahkota has 12 OTs and 2 Day Surgery Units; while Regency has 6 OTs.

Factors which could increase utilization rate of Operating Theatre ("OT") and Day Surgery facilities:

(i) Deepening of insurance coverage on day surgery will increase day surgery load. Only some private insurance providers in Malaysia cover medical expenses for day surgery, and Malaysia is still in the midst of considering a national health insurance scheme. (*Note: Singapore government has already included day surgery under Medisave*)

(ii) Higher patient volume, especially foreign patients who typically involve complex cases. Approximately 40-50% of outpatient revenue in Mahkota are contributed by day surgery).

The increasing day surgery load would effectively also lift bed turnover ratio.

Management shared that the fees for OT usage are charged based on a certain percentage of procedure fees. As most of the procedure fees are capped by the Private Healthcare Act, Mahkota's model has a more competitive pricing, as compared to other hospitals which charge based on number of hours of usage.

Quality assurance builds and sustains brand equity

HMI will renew its wards every six years to improve a patient's experience during the hospital stay. Recently, Mahkota has went through a minor ward renovation (aesthetic); while Regency is still in the midst of refitting its six wards (four wards completed renovation, one undergoing, and one pending to be completed by end-2017).

We also noted that the two hospitals would be up for review for the Malaysian Society for Quality in Health (MSQH) Hospital Accreditation Standards in 15-17 May 2017. MSQH is a local system of accreditation, developed based on national standards and best practices in Malaysia's healthcare industry. It gives hospitals a government certified standard of quality and cost much less than the internationally recognised Joint Commission International ("JCI") accreditation.

Currently, none of the public hospital in Melaka is accredited and all three private hospitals in Melaka, including Mahkota, are accredited. On the other hand, only one public hospital and six private hospitals in Johor are accredited.

Management is open to undertake JCI accreditation in future. This would further improves its profile on the international platform, as well as attracts medical tourists from United States, Europe and Middle East.

Figure 7:
Logo for MSQH Accreditation

Source: MSQH website

An Industry-wide Challenge, to Attract and Retain Medical Specialists

Scarcity of specialists in Malaysia

Malaysia is facing a shortage of specialist doctors. There are more than 46,000 doctors nationwide, but only c.20% of them are specialists, majority are general practitioners.

According to the Malaysia's Ministry of Health, there has been a continued departure of medical specialist from public sector. Over the past six years, c.150 medical specialists left the public service every year.

Management shared the main pull factors for specialists to join private healthcare institutes in Malaysia:

- Work-life balance as compared to the work overload issue in overcrowded public hospitals
- To stay close to their families
- Better compensation package in private healthcare sector

While we may see some brain drain to overseas countries, particularly to Singapore due to its proximity, but Malaysia has a greater unmet demand gap as compared to a more saturated healthcare market in Singapore. In addition, the starting costs in Singapore is much higher as compared to Malaysia's.

In addition to a well-established referral network, HMI also offers a unique partnership model to attracts and retains top specialist doctors.

Table 3: In HMI, doctors own their clinic business, but also enjoy the benefit of being part of a hospital ecosystem

	HMI	Other Private Hospitals in Malaysia
Medical suite ownership	Yes	Mostly no
Individual private clinic license required	Yes	Mostly no
Drug dispensing rights	Yes	No
Compensation package to doctors	Procedure fees + drugs margin	Procedure fees only

Source: Company, PSR

Collaboration with Kaohsiung Medical University, KMU

According to China Times dated 16 April 2017, KMU has signed a Memorandum of Cooperation (MOC) with HMI to provide HMI support in terms of medical staff training, manpower, hospital management, and seek opportunities of potential partnership in building a new international hospital in future.

There had been an increasing trend of returning Malaysian doctors from Taiwan. Malaysia now houses over 400 KMU alumni, according to the news article. *(Source: http://www.chinatimes.com/newspapers/20170416000402-260107)*

KMU is one of the eight Taiwan medical universities recognised by The Malaysian Medical Council under Second Schedule Medical Act 1971. Any medical graduate who holds a medical qualification from an institution not listed in the Second Schedule of the Medical Act is required to sit and passed an examination approved by the Minister of Health to practise medicine in Malaysia.

We believe the trend of Malaysian doctors returning and practising in Malaysia will continue as:

(i) Malaysian government has implemented Returning Expert Programme via Talent Corp to encourage Malaysians abroad with expertise in selected priority sectors to return and work in Malaysia.

(ii) The compensation package offered by Malaysia healthcare institutions could be more attractive as compared to Taiwan's. The healthcare providers in Taiwan are facing challenges as profits are eroded by increasing medical and operating costs, while medical fees are limited by the national health insurance system.

Financials

Income Statement

Y/E Jun, MYR mn	FY14	FY15	FY16	FY17F	FY18F
Revenue	**293**	**345**	**398**	**449**	**494**
EBITDA	**58**	**73**	**85**	**87**	**98**
Depreciation & Amortisation	(14)	(16)	(18)	(22)	(26)
EBIT	**42**	**53**	**63**	**64**	**72**
Share of results of assoc.	5	3	2	2	0
Net Finance Inc/(Exp)	(1)	(2)	(2)	(3)	(8)
Profit before tax	**46**	**55**	**63**	**64**	**72**
Taxation	(10)	(1)	(18)	(19)	(12)
NPAT before NCI, reported	**36**	**53**	**45**	**46**	**60**
NPAT before NCI, adjusted	**38**	**57**	**48**	**56**	**60**
Non-controlling interest	(20)	(26)	(26)	(22)	0
PATMI, reported	**16**	**28**	**20**	**24**	**60**
PATMI, adjusted	**18**	**31**	**23**	**35**	**60**

Per share data (MYR Cents)

Y/E Jun	FY14	FY15	FY16	FY17F	FY18F
EPS, reported	2.78	4.79	3.45	3.44	7.42
DPS	0.00	0.00	0.75	0.70	1.50
BVPS	19.14	25.02	29.58	37.08	39.78

Per share data (SGD Cents)

Y/E Jun	FY14	FY15	FY16	FY17F	FY18F
FX rate (SGD/MYR)	0.39	0.34	0.33	0.32	0.32
EPS, reported	1.09	1.65	1.15	1.09	2.35
DPS	0.00	0.00	0.25	0.22	0.48
BVPS	7.52	8.62	9.90	11.77	12.63

Cash Flow

Y/E Jun, MYR mn	FY14	FY15	FY16	FY17F	FY18F
CFO					
Profit before tax	46	55	63	64	72
Adjustments	14	21	27	23	33
WC changes	4	17	(4)	(21)	8
Cash generated from ops	64	92	86	66	113
Others	(11)	(11)	(13)	(23)	(22)
Cashflow from ops	**52**	**82**	**73**	**43**	**91**
CFI					
CAPEX, net	(12)	(10)	(11)	(18)	(83)
Others	2	3	(11)	(209)	2
Cashflow from investments	**(10)**	**(7)**	**(22)**	**(227)**	**(81)**
CFF					
Share issuance, net	0	0	(1)	58	0
Loans, net of repayments	(8)	(15)	1	183	64
Dividends	0	0	0	(4)	(5)
Others	(10)	(9)	(25)	(12)	0
Cashflow from financing	**(18)**	**(24)**	**(25)**	**225**	**59**
Net change in cash	**25**	**50**	**26**	**41**	**69**
Effect of FX	0	0	1	1	1
CCE, end	**26**	**39**	**79**	**58**	**137**

Balance Sheet

Y/E Jun, MYR mn	FY14	FY15	FY16	FY17F	FY18F
ASSETS					
PPE	143	180	178	174	231
Others	38	48	50	263	263
Total non-current assets	**180**	**228**	**228**	**436**	**494**
Accounts receivables	71	88	58	82	82
Cash	26	39	79	58	137
Inventories	5	13	14	15	15
Others	5	4	4	4	4
Total current assets	**107**	**144**	**155**	**159**	**238**
Total Assets	**287**	**372**	**383**	**595**	**732**
LIABILITIES					
Accounts payables	56	66	79	83	91
Short term loans	34	29	27	27	27
Others	3	2	6	6	6
Total current liabilities	**93**	**97**	**113**	**117**	**124**
Long term loans	22	12	14	198	262
Others	20	58	24	24	24
Total non-current liabilities	**42**	**69**	**38**	**222**	**286**
Total Liabilities	**135**	**167**	**151**	**338**	**410**
EQUITY					
Non-controlling interests	42	61	62	0	0
Shareholder Equity	**110**	**144**	**171**	**257**	**321**

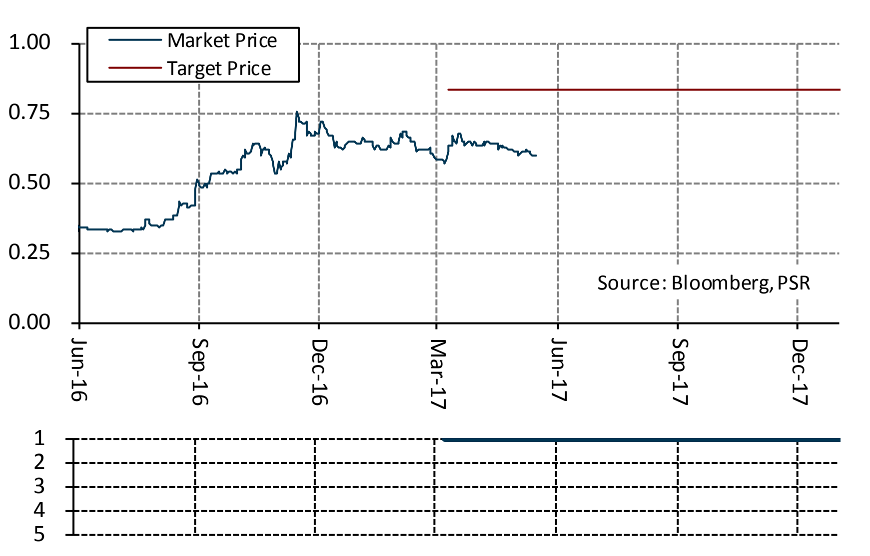
Valuation Ratios

Y/E Jun	FY14	FY15	FY16	FY17F	FY18F
P/E (X), adj.	19.0	21.5	29.3	55.8	25.9
P/B (X)	2.8	4.1	3.4	5.2	4.8
EV/EBITDA (X), adj.	5.2	8.1	6.9	17.9	15.9
Dividend Yield (%)	0.0%	0.0%	0.4%	0.4%	0.8%
Growth & Margins (%)					
Growth					
Revenue	19.4%	17.9%	15.2%	12.9%	9.9%
EBITDA	26.8%	26.3%	15.4%	2.6%	12.9%
EBIT	25.7%	25.8%	18.7%	1.5%	12.4%
Net profit, adj.	142.1%	77.7%	-27.1%	51.1%	73.5%
Margins					
EBITDA margin	19.8%	21.2%	21.2%	19.3%	19.8%
EBIT margin	14.5%	15.4%	15.9%	14.3%	14.6%
Net profit, adj. margin	6.0%	9.1%	5.7%	7.7%	12.1%
Key Ratios					
ROE (%)	15.7%	21.7%	12.6%	11.1%	20.7%
ROA (%)	5.8%	8.4%	5.3%	4.9%	9.0%
Net Debt / (Cash)	29	2	(37)	168	153
Net Gearing (X)	19.3%	0.7%	Net Cash	65.3%	47.6%

Source: Company, Phillip Securities Research (Singapore) Estimates

*Forward multiples & yields based on current market price; historical multiples & yields based on historical market price.

Ratings History



PSR Rating System

Total Returns	Recommendation	Rating
> +20%	Buy	1
+5% to +20%	Accumulate	2
-5% to +5%	Neutral	3
-5% to -20%	Reduce	4
<-20%	Sell	5

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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