

Singapore

ADD (previously HOLD)

Consensus ratings*: Buy 3 Hold 4 Sell 0

Current price:	US\$3.85
Target price:	US\$4.50
Previous target:	US\$4.63
Up/downside:	16.9%
CGS-CIMB / Consensus:	-7.8%
Reuters:	DAIR.SI
Bloomberg:	DFI SP
Market cap:	US\$5,208m
	US\$5,208m
Average daily turnover:	US\$3.09m
	US\$3.09m
Current shares o/s:	1,352m
Free float:	22.2%

*Source: Bloomberg

Key changes in this note

- FY20F EPS trimmed by 4.6%.
- FY21F EPS trimmed by 3.3%.
- FY22F EPS trimmed by 2.1%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-11.7	-23	-45
Relative (%)	-9.9	-12.4	-24.4

Major shareholders	% held
Jardine Matheson Holdings	77.6
Commonwealth Bank of Australia	5.5
First State Investments	2.7

Analyst(s)

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Dairy Farm Int'l

Back at palatable valuations

- Share price has retraced closer to YTD trough of US\$3.70, at 17.2x forward P/E (close to -1.5 s.d. of historical mean), pricing in the weaker FY20F.
- Medium-term prospects are uncertain, but we think sentiments for the stock will improve, at least to its -1 s.d. levels, once recovery plays are revisited.
- We view the risk-rewards as favourable for longer-term investors. Upgrade our call to Add, with a lower TP of US\$4.50 (on unchanged 20x FY21F P/E).

Better value now for longer-term investors; upgrade to Add

We stayed neutral post-Dairy Farm International's (DFI) last results, on concerns of HK's 2H20F prospects, but with its share price correcting by c.7% since our last report on 30 Jul (trending closer to its YTD trough share price of US\$3.70) and forward valuations now at c.17.2x FY21 P/E (closer to 1.5 s.d. below its historical mean), we believe the near-term uncertainties are priced in. With an upside potential of 16.9% to our 12-month TP of US\$4.50 (still based on 20x FY21F P/E, close to -1 s.d. from its 13-year average mean), we think valuations are favourable for longer-term investors who are looking to revisit recovery plays and willing to ride out the volatilities of the stock (due to HK uncertainties and uneven recovery in SEA markets). We upgrade our call to Add (from Hold). Potential re-rating catalysts are a swifter-than-expected resolution to the HK protests, better sales growth and margin expansion. Downside risks are continued HK protests, weaker sales/margins in all segments and further dividend payout cuts.

HK data points see lower mom growth declines

HK retail sales in Jul 20 was still lower yoy (-23.1%), but the rate of decline has been reducing on a mom basis since Mar 20 (Figs. 4-7). Interestingly, HK's medicine and cosmetic sales improved to a 50.9% yoy decline (from Jun's 57.7% yoy decline), despite a still negligible number of China visitors to HK (-99.9% yoy) (Fig. 6).

Covid-19 cases declining; hopes for cross-border relaxation soon

According to our HK team, the number of new confirmed cases of Covid-19 in HK has declined in the past few weeks (Fig. 8), and post the completion of the Universal Community Testing Programme (UCTP) for Covid-19 (scheduled for 11 Sep), they believe there could be a gradual relaxation of cross-border travel within the Greater Bay Area. This bodes well for HK's services sector.

Full-on recovery slow; but valuations are increasingly palatable

We have trimmed our FY20-22F EPS by 2.1-4.6%, as tighter HK restrictions in mid-Jul to Aug could hit 3Q20F earnings. We forecast FY20F EPS to fall c.29% yoy, and FY21F to still be below FY19's EPS despite a c.32% yoy growth. Even post our earnings cuts; forward valuations are still below average 13-year mean of 25.8x and below regional peers' forward P/E of c.21x. We have pegged DFI's TP close to its -1 s.d. from its long-term average (19.5x) to account for the medium-term uncertainties (social unrest, no definite date of border opening in HK and uneven recovery in SEA markets).

Financial Summary

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (US\$m)	11,749	11,192	10,659	11,052	11,250
Operating EBITDA (US\$m)	441.3	612.9	633.5	607.2	640.8
Net Profit (US\$m)	84.8	324.0	229.0	302.9	338.7
Core EPS (US\$)	0.26	0.24	0.17	0.22	0.25
Core EPS Growth	(24.4%)	(9.5%)	(29.3%)	32.3%	11.8%
FD Core P/E (x)	14.54	16.07	22.74	17.19	15.37
DPS (US\$)	0.21	0.21	0.16	0.16	0.16
Dividend Yield	5.45%	5.45%	4.20%	4.20%	4.20%
EV/EBITDA (x)	8.96	6.45	6.50	6.67	6.21
P/FCFE (x)	4.92	4.83	5.96	5.05	5.04
Net Gearing	64.0%	66.2%	82.8%	75.4%	67.0%
P/BV (x)	4.62	4.31	4.43	4.14	3.78
ROE	28.7%	27.7%	19.2%	24.9%	25.7%
% Change In Core EPS Estimates			(4.60%)	(3.30%)	(2.15%)
CGS-CIMB/Consensus EPS (x)			0.94	0.96	0.86

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

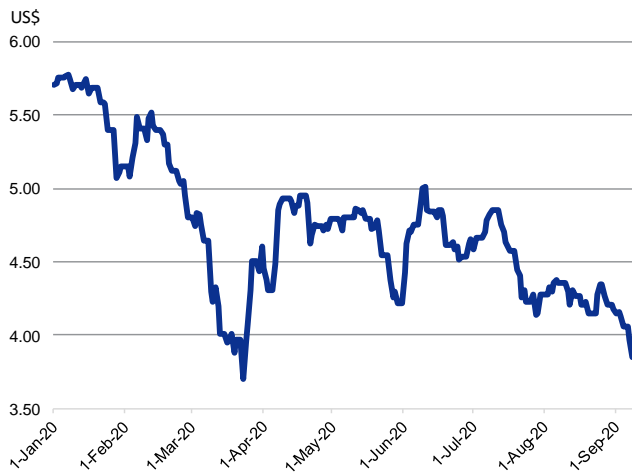
Back at palatable valuations

Valuations closer to 2015-16 levels and below peers >

DFIs share price shed 32.7% YTD and 33.3% from its YTD peak, to underperform the STI (Fig. 2).

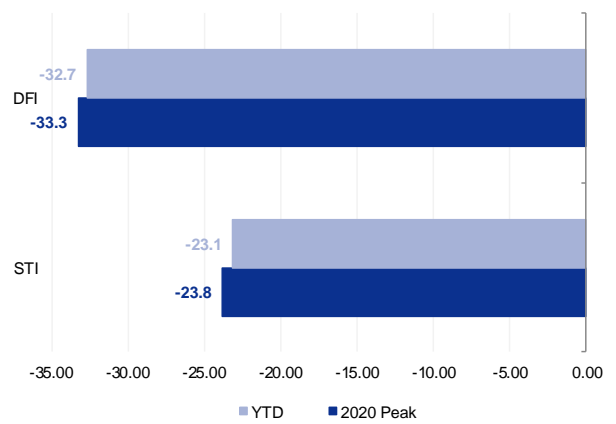
At 17.2x FY21F P/E, DFI is currently trading closer to 1.5 s.d. below its historical 13-year mean of 25.8x (Fig. 3) and below its regional peers' forward average of c.21x (Fig. 11).

Figure 1: DFIs share price is closer to its trough of US\$3.70



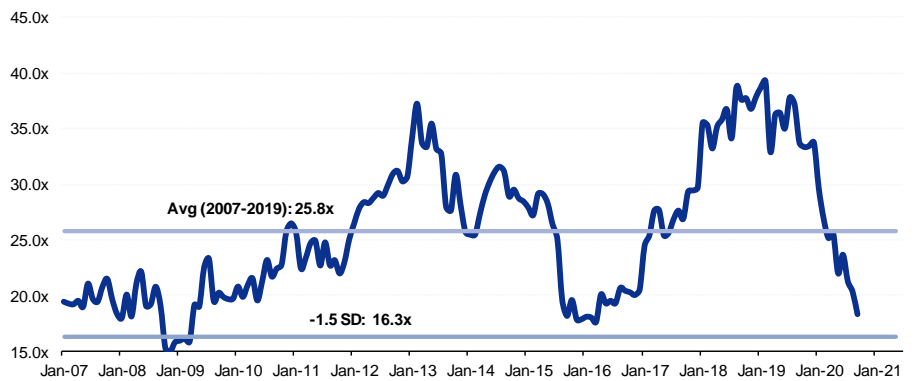
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: DFI vs. STI: YTD share price performance (%)



SOURCE: BLOOMBERG

Figure 3: DFI's is trading closer to its -1.5 s.d. levels now



CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

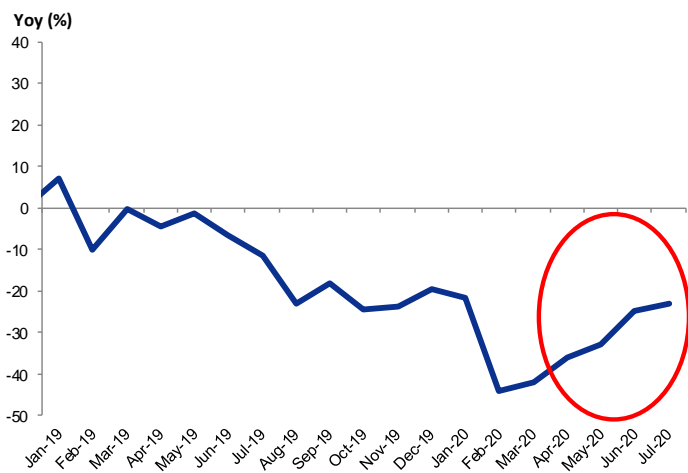
HK retail data points still in the red, but better mom ▶

In Jul 20, HK retail sales was still down yoy, but the declines have improved on a mom basis since Mar 20. Estimated HK retail sales improved to a 23.1% yoy decline (from Jun's 24.7% yoy decline), with the bright spark being HK supermarket sales, which jumped to a yoy growth of 26.5% in Jul (Fig. 5), likely due to the spike in new Covid-19 cases since mid-month.

HK medicine and cosmetics sales improved to a 50.9% yoy decline (from Jun's 57.7% yoy decline), despite the negligible number of China visitors to Hong Kong in Jul 20 (Fig. 6), with HK's borders still closed since end-Mar.

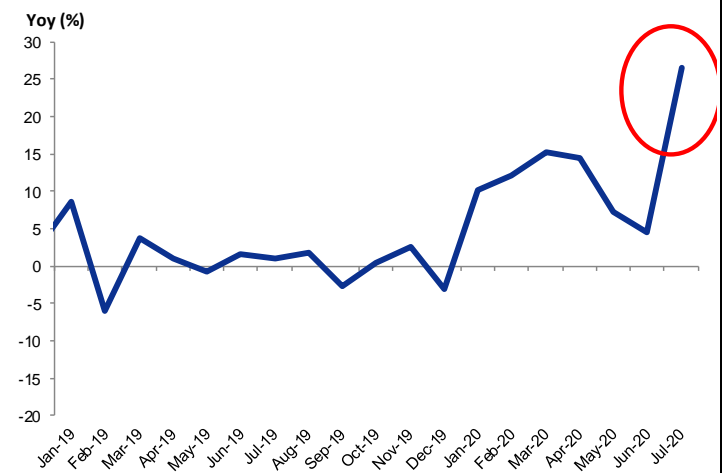
HK's restaurant receipt values improved to a 25.9% yoy decline in 2Q20, from a 31.3% yoy decline in 1Q20 (Fig. 7), but we think 3Q20F statistics could be impacted by the tighter social distancing measures in Jul and Aug.

Figure 4: The decline in HK retail sales bottomed in Feb-Mar 2020



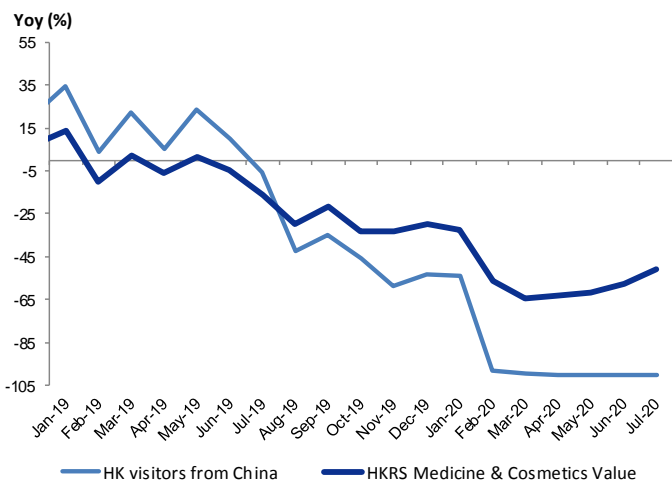
SOURCES: CGS-CIMB RESEARCH, HK CENSUS AND STATISTICS DEPARTMENT

Figure 5: HK supermarket sales value spiked in Jul 2020



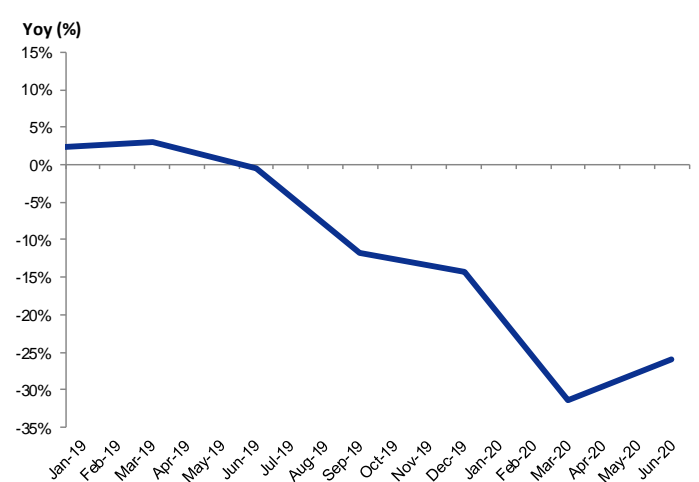
SOURCES: CGS-CIMB RESEARCH, HK CENSUS AND STATISTICS DEPARTMENT

Figure 6: HK medicine and cosmetics outlets' retail sales value saw lower yoy decline (-50.9% yoy) in Jul, despite there being negligible tourists from China (-99.9% yoy)



SOURCES: CGS-CIMB RESEARCH, HK CENSUS AND STATISTICS DEPARTMENT, BLOOMBERG

Figure 7: HK restaurant receipt declines improved slightly in 2Q20

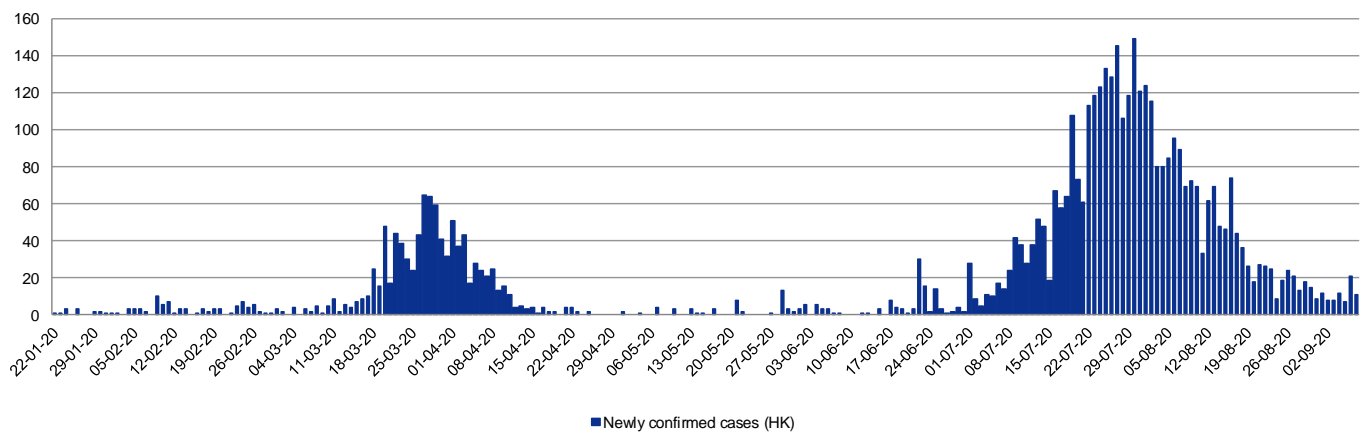


SOURCES: CGS-CIMB RESEARCH, HK CENSUS AND STATISTICS DEPARTMENT

New Covid-19 dwindling; cross-border opening hopes ►

According to our HK team referencing Wind, the highest daily number of confirmed cases in HK was on 3 August, at about 150 cases. Since then, there has been a downward trend in daily infections, with the daily number of new confirmed cases as low as single digits in the past week (Fig. 8). Our HK team believes once the UCTP for Covid-19 is completed (tentatively scheduled for 11 Sep), a further relaxation of social distancing measures (the government has already relaxed some social-distancing measures, including allowing dine-in restaurant service until 10pm), and a gradual reopening of cross-border traffic with the Greater Bay Area could occur soon. This would bode well for HK's service industry, including DFI's North Asia business, which was the main downer in 1H20.

Figure 8: New confirmed cases of Covid-19 in HK



SOURCES: CGS-CIMB RESEARCH, CGIS RESEARCH, WIND

Forecast changes ►

We opt to be more conservative on Maxim's (restaurants segment) earnings as we think the stricter social-distancing measures since mid-Jul to Aug will have an impact on its 3Q20F prospects. Hence we reduce FY20-22F associate earnings by 19.8%/4.4%/2.3% respectively. That, and some minor adjustments to IFRS 16 impact, results in us trimming our FY20-22F EPS by 4.6%/3.3%/2.1%.

Figure 9: Forecast changes

FYE Dec (US\$m)	New			Old			% Change		
	2020F	2021F	2022F	2020F	2021F	2022F	2020F	2021F	2022F
Supermarkets/hypermarkets	5,573.7	5,699.1	5,813.1	5,573.7	5,699.1	5,813.1	0.0%	0.0%	0.0%
Convenience stores	2,128.7	2,272.4	2,329.2	2,128.7	2,272.4	2,329.2	0.0%	0.0%	0.0%
Health and beauty stores	2,128.7	2,235.2	2,245.6	2,128.7	2,235.2	2,245.6	0.0%	0.0%	0.0%
Home furnishing stores/property	828.3	844.9	861.8	828.3	844.9	861.8	0.0%	0.0%	0.0%
Revenue	10,659.4	11,051.5	11,249.6	10,659.4	11,051.5	11,249.6	0.0%	0.0%	0.0%
Supermarkets/hypermarkets	286.2	114.0	116.3	286.2	114.0	116.3	0.0%	0.0%	0.0%
Convenience stores	2.1	79.5	81.5	2.1	79.5	81.5	0.0%	0.0%	0.0%
Health and beauty stores	85.6	156.5	179.6	85.6	156.5	179.6	0.0%	0.0%	0.0%
Home furnishing stores/property	47.7	47.1	51.7	47.7	47.1	51.7	0.0%	0.0%	0.0%
Support costs	(94.0)	(100.0)	(100.0)	(94.0)	(100.0)	(100.0)	0.0%	0.0%	0.0%
IFRS 16 adjustment	84.0	87.1	88.7	81.9	91.4	93.0	2.6%	-4.8%	-4.7%
EBIT	410.5	384.2	417.8	409.5	388.5	422.1	0.2%	-1.1%	-1.0%
EBIT margin (%)	3.9%	3.5%	3.7%	3.8%	3.5%	3.8%	0%	-1%	-1%
JV and Associates	40.5	142.3	152.8	50.5	148.9	156.4	-19.8%	-4.4%	-2.3%
Net profit	229.0	302.9	338.7	240.0	313.2	346.1	-4.6%	-3.3%	-2.1%
EPS	0.17	0.22	0.25	0.18	0.23	0.26	-4.6%	-3.3%	-2.1%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Upgrade to Add ➤

We have pegged DFI's TP to 20x FY21F P/E, close to -1 s.d. from its long-term average, given the current medium-term uncertainties (social unrest/no definite date of border reopening) in HK, which accounts for a large part of DFI's North Asian business (DFI's North Asia business accounted for 64% of its 1H20 revenue and c.70% of 1H20 EBIT before support and extraordinary costs); and the potential uneven recovery of its South East Asia businesses moving forward.

As share price has fallen below the -1 s.d. levels and now presents an upside potential of 16.9% to our FY21F target price of US\$4.50, we upgrade our call on DFI to Add (from Hold previously).

Figure 10: DFI's historical forward P/E trading band (x)

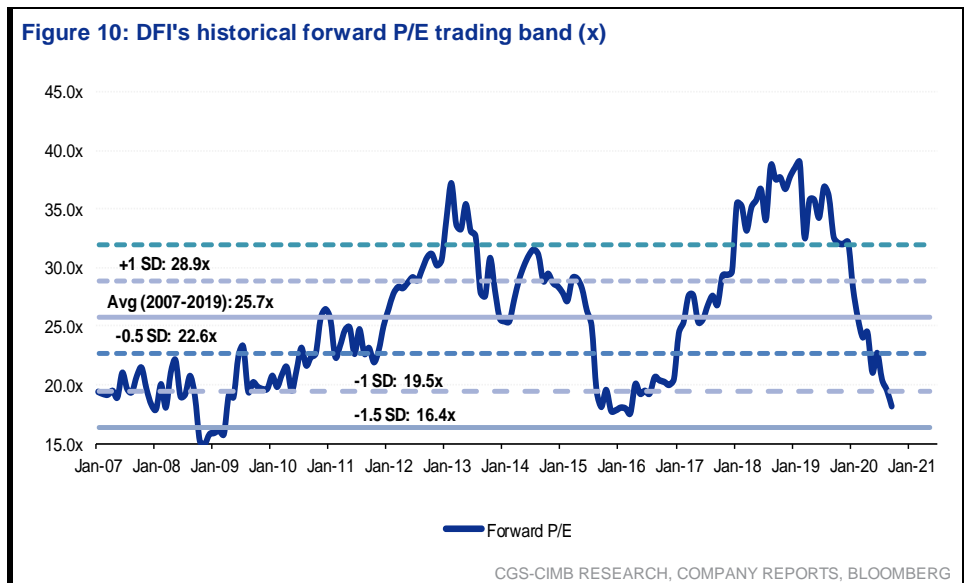


Figure 11: Global peer comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	P/E (x) CY20F	P/E (x) CY21F	2-year EPS CAGR (%)	P/BV (x) CY20F	Recurring ROE (%) CY20F	Dividend Yield (%) CY20F
Dairy Farm Int'l	DFI SP	Add	3.85	4.50	5,208	22.7	17.2	-3.3%	4.4	19.2%	4.2%
Sheng Siong Group	SSG SP	Add	1.67	1.95	1,833	20.4	22.7	20.4%	7.2	37.4%	3.4%
Singapore grocery retail simple average						21.6	19.9	8.5%	5.8	28.3%	3.8%
Sun Art Retail Group	6808 HK	Add	9.23	12.90	11,361	24.7	21.5	12.6%	3.0	12.7%	1.6%
Yonghui Superstores	601933 CH	Add	8.58	13.00	11,928	33.9	24.9	29.3%	3.9	11.8%	2.2%
Jiayayue Group Co Ltd	603708 CH	NR	36.54	na	3,247	39.1	32.4	22.7%	6.9	17.4%	1.2%
Hong Kong/China grocery retail simple average						32.6	26.3	21.5%	4.6	14.0%	1.7%
7-Eleven Malaysia Holdings	SEM MK	Add	1.34	1.63	367	21.8	19.7	12.7%	11.6	60.3%	2.7%
Aeon Co M Bhd	AEON MK	NR	0.81	na	271	18.7	12.2	-7.9%	0.7	3.6%	4.2%
Malaysia retail simple average						20.3	16.0	2.4%	6.1	32.0%	3.5%
Ace Hardware Indonesia	ACES IJ	Hold	1,580	1,750	1,835	32.3	25.3	0.2%	5.2	17.4%	1.1%
Ramayana Lestari	RALS IJ	Hold	615.0	550.0	296	108.5	12.8	-30.4%	1.0	1.0%	6.3%
Mitra Adi Perkasa	MAPI IJ	Add	650.0	800.0	731	na	13.5	-9.4%	1.8	-5.5%	0.0%
Industri Jamu dan Farmasi Sidk	SIDO IJ	Hold	1,480	1,250	1,504	24.4	21.1	11.3%	6.8	29.5%	3.3%
Indonesia retail simple average						55.1	18.2	-7.1%	3.7	10.6%	2.7%
Puregold Price Club Inc	PGOLD PM	Add	50.50	52.00	3,000	18.0	16.2	12.7%	2.1	12.6%	0.9%
Robinsons Retail Holdings Inc	RRHI PM	Add	68.15	86.00	2,198	24.9	22.2	13.7%	1.2	5.8%	0.7%
Philippines grocery retail average						21.4	19.2	13.2%	1.7	9.2%	0.8%
CP All	CPALL TB	Add	62.50	81.00	17,852	30.5	24.3	0.3%	5.6	19.3%	1.5%
Siam Makro	MAKRO TB	Add	45.00	46.25	6,868	34.5	27.0	11.7%	9.7	30.4%	2.1%
Berli Jucker	BJC TB	Add	37.25	41.50	4,747	26.5	22.1	-3.3%	1.3	5.1%	1.7%
Home Product Center	HMPRO TB	Hold	14.70	15.80	6,147	37.2	30.4	1.0%	8.8	24.8%	2.2%
Thai grocery retail simple average						32.2	26.0	2.4%	6.4	19.9%	1.9%
Average (simple)						30.5	20.9	6.8%	4.7	19.0%	2.4%
Average (simple) - Excluding DFI						30.3	21.4	8.8%	4.9	20.5%	2.3%

NOTE: AS OF 9 SEP 2020

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

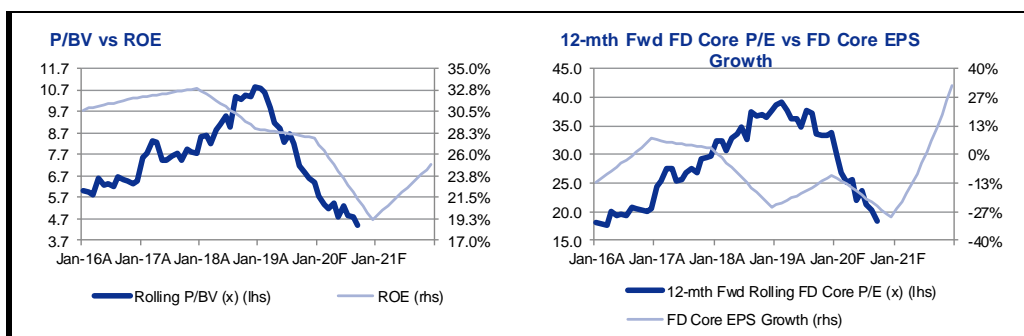
Catalysts and risks ►

Catalysts include:

- i) Swifter-than-expected resolution to the HK protests/Covid-19 outbreak;
- ii) Swifter-than-expected return of China tourists post the resolution of HK protests; and
- iii) Better-than-expected sales and margins for all divisions.

De-rating catalysts include:

- i) Slower-than-expected resolution to the HK situation/Covid-19 outbreak;
- ii) Further reduction in its dividend payout; and
- iii) Slower-than-expected recovery for its SEA business.

BY THE NUMBERS

Profit & Loss

(US\$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	11,749	11,192	10,659	11,052	11,250
Gross Profit	3,649	3,534	3,342	3,426	3,514
Operating EBITDA	441	613	634	607	641
Depreciation And Amortisation	(225)	(187)	(223)	(223)	(223)
Operating EBIT	217	426	410	384	418
Financial Income/(Expense)	(167)	(158)	(155)	(168)	(168)
Pretax Income/(Loss) from Assoc.	114	126	41	142	153
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	164	394	296	358	403
Exceptional Items					
Pre-tax Profit	164	394	296	358	403
Taxation	(97)	(69)	(67)	(55)	(64)
Exceptional Income - post-tax					
Profit After Tax	67	325	229	303	339
Minority Interests	17	(1)	0	0	0
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	85	324	229	303	339
Recurring Net Profit	358	324	229	303	339
Fully Diluted Recurring Net Profit	358	324	229	303	339

Cash Flow

(US\$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	441	613	634	607	641
Cash Flow from Inv. & Assoc.	94	89	28	100	107
Change In Working Capital	(21)	(77)	(68)	47	15
(Incr)/Decr in Total Provisions	877	815	787	787	787
Other Non-Cash (Income)/Expense	327	33	0	0	0
Other Operating Cashflow					
Net Interest (Paid)/Received	(164)	(160)	(155)	(168)	(168)
Tax Paid	(96)	(25)	(67)	(55)	(64)
Cashflow From Operations	1,458	1,288	1,158	1,317	1,318
Capex	(479)	(309)	(285)	(285)	(285)
Disposals Of FAs/subsidiaries	33	28	0	0	0
Acq. Of Subsidiaries/investments	(55)	(3)	0	0	0
Other Investing Cashflow					
Cash Flow From Investing	(501)	(283)	(285)	(285)	(285)
Debt Raised/(repaid)	102	73	0	0	0
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased					
Dividends Paid	(284)	(284)	(264)	(218)	(218)
Preferred Dividends					
Other Financing Cashflow	(818)	(797)	(787)	(787)	(787)
Cash Flow From Financing	(1,001)	(1,008)	(1,050)	(1,005)	(1,005)
Total Cash Generated	(44)	(2)	(177)	26	28
Free Cashflow To Equity	1,059	1,079	873	1,032	1,033
Free Cashflow To Firm	1,125	1,172	1,032	1,203	1,204

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(US\$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	296	301	124	151	178
Total Debtors	326	281	304	316	321
Inventories	913	896	841	877	890
Total Other Current Assets	35	26	26	26	26
Total Current Assets	1,571	1,505	1,296	1,369	1,415
Fixed Assets	757	820	847	874	901
Total Investments	2,038	2,109	2,121	2,163	2,209
Intangible Assets	571	589	624	659	694
Total Other Non-Current Assets	3,597	3,347	3,347	3,347	3,347
Total Non-current Assets	6,963	6,865	6,939	7,044	7,151
Short-term Debt	1,026	938	938	938	938
Current Portion of Long-Term Debt					
Total Creditors	2,364	2,315	2,216	2,309	2,342
Other Current Liabilities	905	911	911	911	911
Total Current Liabilities	4,295	4,164	4,065	4,158	4,191
Total Long-term Debt	15	184	184	184	184
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	2,856	2,591	2,591	2,591	2,591
Total Non-current Liabilities	2,871	2,775	2,775	2,775	2,775
Total Provisions	206	191	191	191	191
Total Liabilities	7,371	7,130	7,031	7,124	7,157
Shareholders' Equity	1,126	1,209	1,174	1,259	1,379
Minority Interests	36	30	30	30	30
Total Equity	1,162	1,240	1,205	1,289	1,409

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	4.08%	(4.74%)	(4.76%)	3.68%	1.79%
Operating EBITDA Growth	(25.2%)	38.9%	3.4%	(4.2%)	5.5%
Operating EBITDA Margin	3.76%	5.48%	5.94%	5.49%	5.70%
Net Cash Per Share (US\$)	(0.55)	(0.61)	(0.74)	(0.72)	(0.70)
BVPS (US\$)	0.83	0.89	0.87	0.93	1.02
Gross Interest Cover	1.26	2.58	2.58	2.25	2.44
Effective Tax Rate	58.9%	17.4%	22.7%	15.5%	15.9%
Net Dividend Payout Ratio	335%	88%	95%	72%	65%
Accounts Receivables Days	10.43	9.90	10.06	10.24	10.33
Inventory Days	41.97	43.11	43.46	41.13	41.68
Accounts Payables Days	108.0	111.5	113.3	108.3	109.7
ROIC (%)	4.9%	12.1%	12.5%	11.1%	12.0%
ROCE (%)	9.4%	18.4%	17.2%	15.9%	16.6%
Return On Average Assets	2.37%	5.40%	4.31%	5.32%	5.63%

Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	-2.2%	-11.9%	7.4%	2.2%	2.0%
No. of POS (main prod/serv)	5,035	5,060	5,160	5,238	5,238
SSS grth (% , main prod/serv)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod/serv)	N/A	N/A	N/A	N/A	N/A
No. of POS (2ndary prod/serv)	N/A	N/A	N/A	N/A	N/A
SSS grth (% , 2ndary prod/serv)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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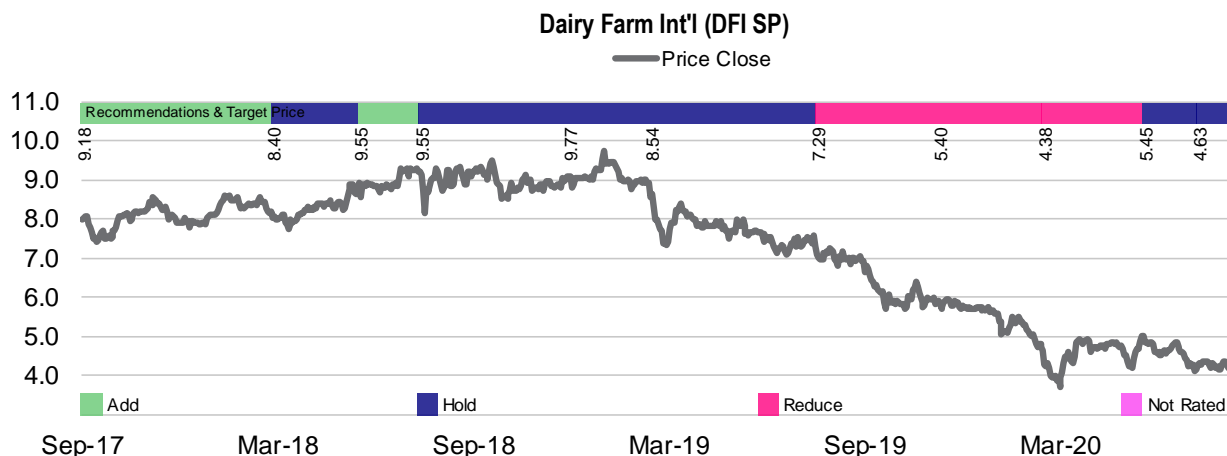
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2020		
800 companies under coverage for quarter ended on 30 June 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.1%	0.4%
Hold	25.9%	0.1%
Reduce	14.0%	0.3%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2019, Anti-Corruption 2019

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, n/a, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENTEL** – Very Good, Certified, **CHAYO** – Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** – Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TNR** – Very Good, Certified, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI)

Recommendation Framework**Stock Ratings**

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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