

Singapore

ADD (no change)

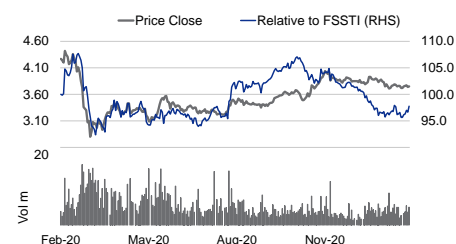
Consensus ratings*: Buy 10 Hold 1 Sell 2

Current price:	S\$3.75
Target price:	S\$4.00
Previous target:	S\$4.00
Up/downside:	6.7%
CGS-CIMB / Consensus:	-1.7%
Reuters:	STEG.SI
Bloomberg:	STE SP
Market cap:	US\$8,807m
	S\$11,684m
Average daily turnover:	US\$10.68m
	S\$14.30m
Current shares o/s:	3,120m
Free float:	37.8%

*Source: Bloomberg

Key changes in this note

- FY21 EPS cut by 8%
- FY22 EPS cut by 13%
- Introduced FY23 forecasts



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-2.1	-4.1	-13
Relative (%)	1.8	-7.8	-2.6

Major shareholders

	% held
Temasek	50.8
Aberdeen Asset Management	6.0
Capital Research Global Investor	5.5

Analyst(s)

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ST Engineering

Relatively stronger than peers

- STE plans to make up for the absence of an S\$250m grant in FY21F via S\$180m cost reduction and S\$70m modest recovery and less impairment.
- The outlook for Aero PTF is strong, driven by airfreight market buffering weak aircraft MRO. Electronics and Land systems are backed by order execution.
- FY20F results were in line and relatively better vs. conglomerate peers with modest impairment. DPS firm yoy at S\$0.15 and likely to remain in FY21F.

Confident of closing the government grant gap

STE's 2H20 net profit of S\$264m was in line and formed 51% of our FY20 forecast and consensus, helped by tax credit. FY20 net profit of S\$521m also included S\$54m impairments & fair value changes of associates and provision made for onerous contracts. FY20 net profit was in line at c.101% of our full-year forecast. STE received a total of S\$350m government grant in FY20 and expects to receive c.S\$100m in FY21F (including the latest round of handouts from the Singapore government which were announced in the Feb 21 Budget). Management was confident in the earnings call that the shortfall of S\$250m can be met by efforts put in since 2020, i.e. reducing remuneration for sub-contractors, contract staff and overtime.

Aerospace outlook lifted by PTF as slots are booked till 2022

The demand for Passenger to Freighter (PTF) conversion is strong as STE inducted 10 aircraft in 2020 and will induct more than 30 aircraft in 2021 and 40 in 2022. Aero has four PTF conversion lines and is increasing this to eight lines by end-FY21 to meet the rising demand. Conversion of aircraft takes about 3-12 months, depending on the model and learning curve. The conversion slots are fully booked till end-22 with new slots opening for 2023. We expect Aero profit to decline 5% yoy in FY21F to factor in fewer nacelle deliveries and slow recovery in aviation travel. Aero secured S\$821m worth of new contracts in 4Q20. Aero is on the lookout for new growth opportunities including engine/aircraft leasing to enhance recurring income. Aero's 2H20 net profit of S\$87.9m (-16% hoh, -38% yoy) was below expectations due to impairment of assets which led to a loss of S\$1.5m in Engineering & Material Services (EMS). Aircraft Maintenance & Modification's (AMM) net profit of S\$60m (+44% hoh, +67% yoy) could have been boosted by government relief.

Reiterate Add with a TP of S\$4.00, strong ROE of 22%

We keep our TP, still based on blended valuations (DCF, 19x CY22 P/E and 4% yield). We cut our FY21F-22F EPS by 8-13% to account for weakness in shipbuilding in Marine and slower recovery in aircraft MRO for Aero. We have assumed S\$0.15 DPS in FY21F, yielding 4%. Relative to its peers in the industrial/conglomerate space, STE has fared better in FY20 earnings although largely helped by the grant. We like the diversification of the group, disciplined cost management and strong ROE. Catalysts: defence contracts and lifting of travel border restrictions. Risk: significant cost overrun and new pandemic.

Financial Summary

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Revenue (S\$m)	7,868	7,158	7,677	8,146	8,753
Operating EBITDA (S\$m)	1,061	836	863	937	1,037
Net Profit (S\$m)	577.9	521.8	524.4	563.7	624.9
Core EPS (S\$)	0.19	0.17	0.17	0.18	0.20
Core EPS Growth	17.0%	(9.7%)	0.5%	7.5%	10.9%
FD Core P/E (x)	20.25	22.42	22.31	20.76	18.72
DPS (S\$)	0.15	0.15	0.15	0.15	0.15
Dividend Yield	4.00%	4.00%	4.00%	4.00%	4.00%
EV/EBITDA (x)	12.64	15.45	14.85	13.56	12.06
P/FCFE (x)	NA	64.08	23.71	22.16	17.67
Net Gearing	75.4%	54.3%	49.3%	44.5%	37.0%
P/BV (x)	5.20	5.10	4.88	4.66	4.44
ROE	25.7%	23.0%	22.4%	23.0%	24.3%
% Change In Core EPS Estimates			(8.1%)	(13.1%)	
CGS-CIMB/Consensus EPS (x)			0.97	0.91	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Relatively stronger than peers

Electronics is Covid-proof ▶

Electronics secured S\$516m worth of contracts in 4Q20, bringing the FY20 total to S\$2.9bn, similar to FY19's. Electronics is in a sweet spot with secular demand for Internet of Things (IoT) solutions, cyber security and AI capabilities along with outsourcing by government agencies. We forecast Electronics segment's net profit to rise 3% yoy to S\$210 in FY21F on the back of more than S\$2bn annual order wins. Electronics' 2H20 net profit of S\$116m (+33% hoh, +14% yoy) beat expectations mainly due to the iDirect US profits that were significantly impacted by Covid-19 in 1H20.

Land systems already in EV (bus) ▶

Land systems' 2H20 net profit of S\$116m (+43% hoh, +43% yoy) was in line with expectations, boosted by stronger service trading and munition & weapon as well as government grant. We forecast the division to achieve 13% yoy net profit growth in FY21F, driven by more deliveries of Hunter Armoured Fighting Vehicle for Singapore Ministry of Defence for the next 2-3 years. Land systems will also progressively deliver the 3-door double decker buses and electric buses to Singapore's Land Transport Authority (LTA). STE was awarded the contract to provide 20 electric buses in 2018, joining the fleet of 60 electric buses. The Singapore government aims to phase out diesel buses (5,800 units) by 2040.

Marine watchful on costs ▶

Marine's 2H20 net profit of S\$6.9m (-68% hoh, -73% yoy) was a miss mainly due to cost overruns in the repair of Q-LNG Bunkering Articulated Tug Barge contracts in its US yard. The contracts were clinched in 2017 at low pricing and have encountered cost overruns. The vessels have been delivered. Ship repair delivered consistent net profit of S\$22m in 2H20, supporting the overall earnings of Marine. We forecast shipbuilding division to be in a loss of S\$23m in FY21F given the absence of grant and high fixed costs in its US yard. All eyes are now on the execution of the S\$1bn icebreaker vessel, the Polar Security Cutter for the US Navy which is scheduled for delivery in 2024.

Figure 1: Results comparison

FYE Dec (\$ m)	2HFY20	2HFY19	yoy % chg	1HFY20 0.0	hoh % chg	FY20 Cum	FY19 Cum	yoy % chg	Prev. FY20F	Comments
Revenue	3,586.4	4,356.9	(17.7)	3,571.9	0.4	7,158.3	7,868.3	(9.0)	7,128.4	In line
Operating costs	(3,143.5)	(3,784.4)	(16.9)	(3,070.2)	2.4	(6,322.7)	(6,806.9)	(7.1)	(6,255.2)	
EBITDA	442.9	572.5	(22.6)	501.7	(11.7)	835.6	1,061.4	(21.3)	873.2	
EBITDA margin (%)	12.4	13.1	(6.0)	14.0	(12.1)	11.7	13.5	(13.5)	12.2	
Depn & amort.	(182.8)	(196.9)	(7.2)	(195.9)	(6.7)	(269.7)	(368.5)	(26.8)	(267.6)	
EBIT	260.2	375.6	(30.7)	305.8	(14.9)	566.0	692.9	(18.3)	605.5	In line
Interest expense	(31.8)	(29.8)	6.7	(39.4)	(19.4)	(71.2)	(50.9)	39.9	(50.9)	Above
Interest & invt inc	3.0	2.4	22.1	6.3	(52.5)	9.3	14.3	(35.1)	12.7	Below
Associates' contrib	16.6	17.3	(4.1)	13.8	20.9	30.4	39.0	(22.0)	43.7	Below
Exceptionals	0.0	0.0	nm	0.0	nm	0.0	0.0	nm	0.0	
Pretax profit	248.0	365.6	(32.2)	286.4	(13.4)	534.4	695.2	(23.1)	610.9	Below
Tax	22.3	(48.3)	146.1	(31.1)		(8.8)	(102.6)	(91.4)	(79.4)	Below, tax credit
Tax rate (%)	(9.0)	13.2	(168.0)	10.8		1.6	14.8	(88.9)	116.6	Lower than usual effective tax rate
Minority interests	(5.9)	(8.6)	(32.0)	2.1	(381.4)	(3.8)	(14.7)	(74.3)	(15.5)	
Net profit	264.4	308.7	(14.3)	257.4	2.7	521.8	577.9	(9.7)	516.0	In line
EPS (cts)	8.5	9.9	(13.8)	8.2	3.9	16.7	18.5	(9.6)	0.16	

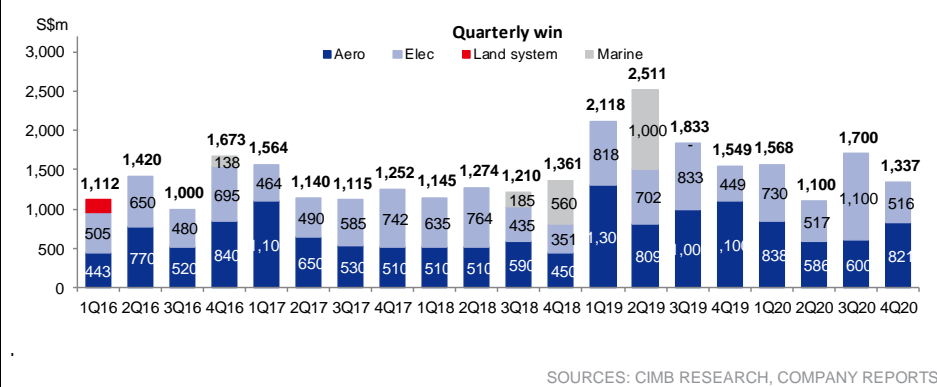
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Breakdown by segment

STE net profit	1H19	2H19	1H20	2H20	yoy%	hoh	Comments
Aerospace	126.9	141.9	105.0	87.9	-38%	-16%	Below expectations
Electronics	87.7	103.1	87.6	116.3	13%	33%	Above expectations
Land Systems	35.5	41.8	41.8	59.6	43%	43%	Broadly in line
Marine	26.3	25.2	21.4	6.9	-73%	-68%	Below expectations
Others	(7.1)	(3.4)	1.6	(6.3)	85%	-494%	
Total	269.3	308.6	257.4	264.4	-14%	3%	In line
Aerospace							
Aircraft Maintenance & Modification	41.5	36.1	41.9	60.4	67%	44%	Above, likely boosted by JSS
Component Engine Repair & Overhaul	35.2	60.7	21.8	29.0	-52%	33%	In line
Engineering & Material Services	50.2	45.1	41.3	(1.5)	-103%	-104%	Impacted by impairment of assets and lower work volume
Total	126.9	141.9	105.0	87.9	-38%	-16%	Below expectations
Electronics							
Large scale systems	32.4	22.5	36.2	14.3	-36%	-60%	In line, project delay due to Covid
Communication & Sensor Systems	24.6	36.5	3.5	49.4	35%	1311%	Above expectations, strong iDirect
Software Systems	30.7	44.1	47.9	52.6	19%	10%	Above expectations
Total	87.7	103.1	87.6	116.3	13%	33%	Above expectations
Land Systems							
Automotive	9.7	4.9	17.8	17.6	259%	-1%	
Munition & Weapon	4.0	14.1	6.4	14.8	5%	131%	In line
Service Trading	21.8	22.8	17.6	27.2	19%	55%	Above expectations, contracts fr facilities mgt
Total	35.5	41.8	41.8	59.6	43%	43%	Broadly in line
Marine							
Shipbuilding	3.9	(8.3)	(6.3)	(13.1)	58%	108%	Below expectations, cost overrun fr Q-LNG ATB
Ship repair	19.7	29.7	24.7	22.8	-23%	-8%	In line
Eng	2.7	3.8	3.0	(2.8)	-174%	-193%	Below expectations
Total	26.3	25.2	21.4	6.9	-73%	-68%	Below expectations

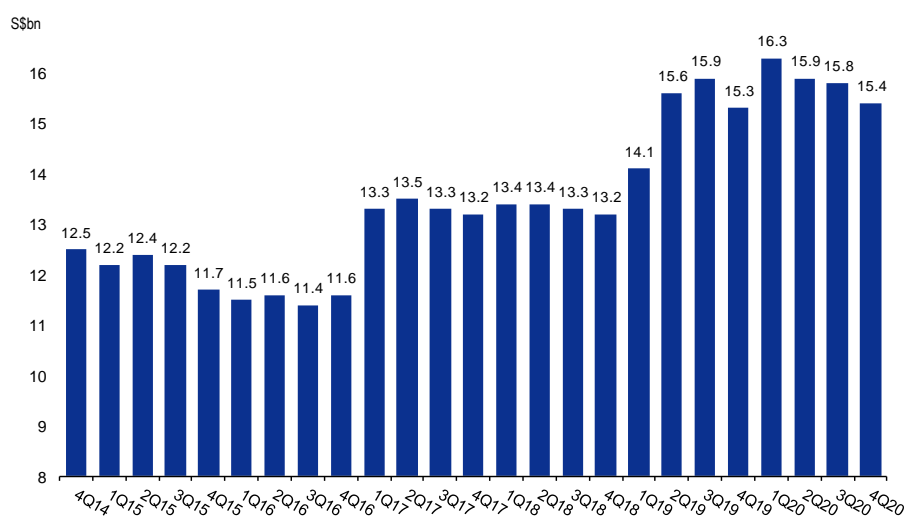
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: STE secured S\$1.1.3bn of orders in 4Q20



SOURCES: CIMB RESEARCH, COMPANY REPORTS

Figure 4: Order book at S\$15.4bn



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

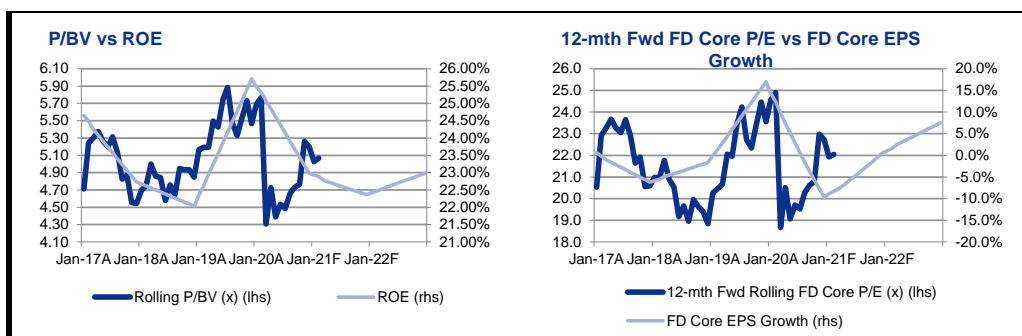
Figure 5: Earnings revision

S\$m	FY20A	New			Old			Change (%)		
		FY21F	FY22F	FY23F	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F
Group revenue	7,158.3	7,677.2	8,146.3	8,753.1	7,955.5	8,687.5	-	-3%	-6%	-
Aerospace profit	192.9	187.6	199.7	218.9	205.3	240.4	-	-9%	-17%	-
Electronics profit	203.9	210.5	231.5	272.1	191.7	220.4	-	10%	5%	-
Land systems profit	101.4	114.6	120.3	128.9	122.1	134.5	-	-6%	-11%	-
Marine profit	28.3	25.6	52.1	61.9	61.6	63.5	-	-58%	-18%	-
EPS (S\$)	0.17	0.17	0.18	0.20	0.18	0.21	-	-8.1%	-13.1%	-

Figure 6: Blended valuations

Method	Value per share (S\$)	Basis
P/E	3.43	19x CY22F earnings
DCF	4.82	WACC 5.3%, LTG 2%
Dividend yield(%)	3.75	4% net yield on FY20F DPS
Average	4.00	

SOURCES: CIMB

BY THE NUMBERS

Profit & Loss

(\$m)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Total Net Revenues	7,868	7,158	7,677	8,146	8,753
Gross Profit	1,635	1,527	1,516	1,635	1,792
Operating EBITDA	1,061	836	863	937	1,037
Depreciation And Amortisation	(369)	(270)	(275)	(288)	(307)
Operating EBIT	693	566	588	649	730
Financial Income/(Expense)	(37)	(62)	(62)	(63)	(64)
Pretax Income/(Loss) from Assoc.	39	30	32	34	35
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	695	534	558	619	701
Exceptional Items	0	0	0	0	0
Pre-tax Profit	695	534	558	619	701
Taxation	(103)	(9)	(28)	(50)	(70)
Exceptional Income - post-tax					
Profit After Tax	593	526	530	569	631
Minority Interests	(15)	(4)	(5)	(6)	(6)
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	578	522	524	564	625
Recurring Net Profit	578	522	524	564	625
Fully Diluted Recurring Net Profit	578	522	524	564	625

Cash Flow

(\$m)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
EBITDA	1,061	836	863	937	1,037
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(433)	515	(81)	(92)	(40)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	(47)	(52)	(62)	(63)	(64)
Tax Paid	(90)	(78)	(28)	(50)	(70)
Cashflow From Operations	491	1,221	691	732	863
Capex	(290)	(200)	(200)	(200)	(200)
Disposals Of FAs/subsidiaries	118	9	0	0	0
Acq. Of Subsidiaries/investments	0	(7)	0	0	0
Other Investing Cashflow	(1,101)	(96)	3	(4)	(0)
Cash Flow From Investing	(1,273)	(295)	(197)	(204)	(200)
Debt Raised/(repaid)	(1,119)	(743)	0	0	0
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased					
Dividends Paid	(468)	(468)	(420)	(451)	(500)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	(1,587)	(1,211)	(420)	(451)	(500)
Total Cash Generated	(2,369)	(285)	74	77	162
Free Cashflow To Equity	(1,901)	183	494	528	662
Free Cashflow To Firm	(725)	984	566	602	738

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(S\$m)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Total Cash And Equivalents	453	731	805	882	1,044
Total Debtors	1,627	1,412	1,530	1,583	1,689
Inventories	2,558	2,422	2,610	2,770	2,976
Total Other Current Assets	1	24	24	24	24
Total Current Assets	4,639	4,589	4,968	5,258	5,732
Fixed Assets	1,805	1,757	1,683	1,594	1,487
Total Investments	470	492	521	558	594
Intangible Assets	1,980	1,946	1,946	1,946	1,946
Total Other Non-Current Assets	627	776	776	776	776
Total Non-current Assets	4,882	4,971	4,926	4,875	4,804
Short-term Debt	1,882	578	578	578	578
Current Portion of Long-Term Debt					
Total Creditors	2,083	1,691	1,933	1,989	2,171
Other Current Liabilities	1,481	1,625	1,689	1,710	1,741
Total Current Liabilities	5,446	3,894	4,200	4,278	4,490
Total Long-term Debt	469	1,551	1,551	1,551	1,551
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,115	1,373	1,293	1,335	1,394
Total Non-current Liabilities	1,584	2,924	2,843	2,885	2,944
Total Provisions	0	167	167	167	167
Total Liabilities	7,030	6,985	7,209	7,330	7,601
Shareholders' Equity	2,249	2,293	2,397	2,510	2,635
Minority Interests	269	282	287	293	299
Total Equity	2,518	2,575	2,685	2,803	2,935

Key Ratios

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Revenue Growth	17.5%	(9.0%)	7.2%	6.1%	7.4%
Operating EBITDA Growth	25.0%	(21.3%)	3.2%	8.6%	10.7%
Operating EBITDA Margin	13.5%	11.7%	11.2%	11.5%	11.9%
Net Cash Per Share (S\$)	(0.61)	(0.45)	(0.42)	(0.40)	(0.35)
BVPS (S\$)	0.72	0.73	0.77	0.80	0.84
Gross Interest Cover	13.61	7.95	8.09	8.75	9.66
Effective Tax Rate	14.8%	1.6%	5.0%	8.0%	10.0%
Net Dividend Payout Ratio	81.0%	89.7%	80.0%	80.0%	80.0%
Accounts Receivables Days	55.29	58.64	52.72	53.47	52.90
Inventory Days	140.9	161.9	149.1	150.8	150.6
Accounts Payables Days	112.5	119.6	105.0	107.1	106.4
ROIC (%)	18.8%	9.3%	9.7%	10.9%	12.1%
ROCE (%)	17.9%	11.8%	12.1%	13.1%	14.4%
Return On Average Assets	7.29%	6.05%	5.98%	6.21%	6.62%

Key Drivers

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Aerospace sales growth (%)	30.5%	-21.5%	7.0%	4.2%	7.4%
Electronics sales growth (%)	7.8%	-1.0%	6.5%	10.0%	10.0%
Land Systems sales growth (%)	13.7%	-3.2%	12.3%	5.0%	5.7%
Marine sales growth (%)	12.7%	9.7%	0.1%	2.7%	2.7%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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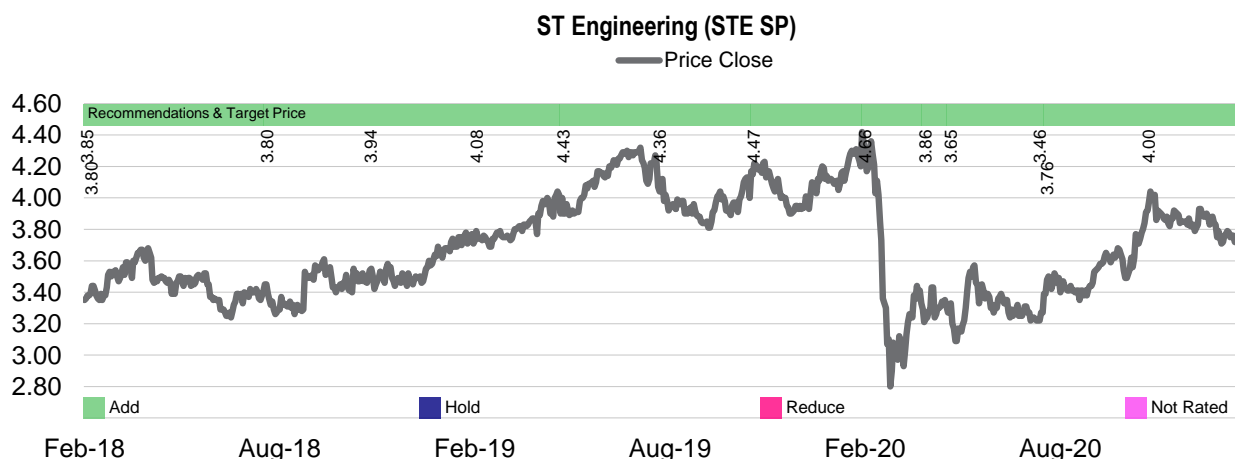
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Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2020, Anti-Corruption 2020

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, **AU** – Good, n/a, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BPCG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BEM** – Excellent, n/a, **BGRIM** – Very Good, Certified, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Certified, **BR** – Good, n/a, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** – Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COL** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** – Excellent, Certified, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DOHOME** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, Declared, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, Declared, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **JKN** – Excellent, Declared, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – not available, n/a, **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, Declared, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – not available, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **PTTOR** – not available, n/a, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **RBF** – not available, n/a, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAK** – not available, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – not available, n/a, **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, **SSP** – Good, Declared, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **THCOM** – 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** – not available, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **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 2020 from Thai Institute of Directors Association (IOD)

2 AGM Level 2019 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 June 24, 2019) 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 2019" 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)

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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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